

8th

ANNUAL REPORT

2016-17

HIMACHAL PRADESH STATE ELECTRICITY BOARD LIMITED
(A State Govt. Undertaking)

Regd. Office : Vidyut Bhawan, Shimla-171004

Phone No. 0177-2801762, Fax No. 2658908 e-mail ID www.md@hpseb.in

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Himachal Pradesh State Electricity Board Limited, Shimla-4

(A State Govt. Undertaking)

Notice of 8th Annual General Meeting of the HPSEB Ltd.

"Notice is hereby given that the 8th Adjourned Annual General Meeting of the Members of the Himachal Pradesh State Electricity Board Limited, Shimla-4 will be held on 24th April, 2019 at 2.00 PM at Committee Room, Vidyut Bhawan, Shimla-171004 to transact the following business:

ORDINARY BUSINESS:

To receive, consider and adopt the consolidated & standalone Financial Statements (Annual Accounts) of the Company for the year ended 31st March, 2017, Boards' Report, Report of Auditors and comments of the Comptroller and Auditors General of India along with replies thereto as on that date.

To note and approve the appointment of the Statutory Auditors of the Company for the FY 2018-19.

By order of the Board of Directors

Place: Shimla

Dated: 24th April, 2019

Director (Finance & Accounts)

Note:—1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

2. The Memorandum for Shareholders is enclosed.

3. Proxy Form is attached.

PROXY FORM

I/We member (s) of the Himachal Pradesh State Electricity Board Limited, Shimla, 171004 do hereby appoint_____ of _____as my proxy to attend and vote for me/us in the 8th Annual General Meeting of the Company on 24-04-2019 at 2.00 PM and at any adjournment thereof.

Signatures

Signed this on ……

Affix Rs. 5/-

Revenue Stamp

HIMACHAL PRADESH STATE ELECTRICITY BOARD LIMITED

(A State Govt. Undertaking)
Regd. Officer: Vidyut Bhawan, Shimla-171004.

List of Board of Directors as on 31-03.2017.

Sl. No.	Name	Particulars
1.	Sh. Tarun Shridhar, IAS	Chairman, Addl. Chief Secretary (MPP& Power)
2.	Sh. Pratap Chand Negi	Managing Director
3.	Dr. Shrikant Baldi, IAS	Nominee Director
4.	Sh. Ajay Sharma, IAS	Nominee Director
5.	Sh. Akshay Sood, IAS	Nominee Director
6.	Smt. Anita Tegta,Retired, IAS	Independent Woman Director
7.	Sh. Sharabh Chhopel Negi, Retired, IAS	Independent Director
8.	Sh. Rajeev Sharma, IAS	Director (F&A)/Personnel
9.	Sh. Pavan Kumar Kohli	Director (Civil)
10.	Sh. Ravinder Kumar Sharma	Director (Op)
11.	Sh. Brij Mohan Sud	Director (Tech.)

Statutory Auditors for FY 2016-17.

M/s Anil K. Sood & Co.
Chartered Accountants
U/F 56, Lower Bazar, Shimla-1
0177-2652285.

Secretarial Auditors for FY 2016-17

Sh. P.S.R. Murthy,
Practicing Company Secretary,
178 PRS flats, Sheik Sarai Phase-1,Ph. No.
New Delhi-110017.

Cost Auditors for FY 2016-17.

M/s SDM & Associates,
Cost Accountants,
#2122, Sector 71, Mohali-160071,

Regulatory Accounts Auditors for FY 2016-17

M/s Mukesh K Sharma & Associates,
Chartered Accountant ,
118 B No 10 SDA Complex, Kasumpti,
Shimla-171 009 (H.P.)

Principal Bankers:-

1. State Bank of India, Shimla-3
2. Punjab National Bank, The Mall, Shimla-1
3. The H.P. State Co-Op. Bank Ltd., Shimla-4
4. The Kangra Central Co-Op. Bank Ltd., Dharamshala
5. UCO Bank, Vidhan Sabha, Shimla-3
6. State Bank of Patiala, Shimla
7. Punjab and Sind Bank, Shimla
8. Canara Bank, The Mall, Shimla
9. Bank of Maharshtra, Shimla
10. ICICI, The Mall Shimla
11. Vijaya Bank, The Mall, Shimla
12. United Bank of India, Shimla
13. Bank of India, Shimla
14. Bank of Baroda, Shimla
15. Union Bank of India, Shimla
16. Oriental Bank of Commerce, Lower Bazar, Shimla
17. IDBI, Solan
18. Yes Bank, Shimla
19. Indian Oversea Bank, The Mall, Shimla
20. Central Bank of India, Shimla
21. Syndicate Bank, The Mall, Shimla
22. Indian Bank, The Mall, Shimla
23. J&K Bank, The Mall, Shimla
24. Axis Bank, Shimla
25. Maharastra Bank, Shimla
26. HDFC, The Mall, Shimla

HIMACHAL PRADESH STATE ELECTRICITY BOARD LIMITED
(A State Govt. Undertaking)
Regd. Officer: Vidyut Bhawan, Shimla-171004.

BOARDS' REPORT

Dear Members,

Your Directors are pleased to present the 8th Annual Report of the Company for the year ended March 31, 2017 along with the financial Statements (Annual Accounts), Report of Statutory Auditors and Comments of the Comptroller and Auditor General of India and replies thereto.

1. GENESIS

Himachal Pradesh State Electricity Board Limited (HPSEBL), an undertaking of Government of Himachal Pradesh, was incorporated on 03-12-2009 with the objective to maintain and operate generation, distribution and trading of electricity, electricity used in the State of Himachal Pradesh and to purchase of electrical energy and sale of energy to the other agencies and to co-ordinate, maintain and operate an integrated power distribution system in all aspects including; to acquire, establish, construct erect, lay, operate, run, manage, maintain, enlarge, alter, renovate, modernize, work in the State of Himachal Pradesh. The Financial highlights for the year ending 31 March, 2017 briefly encapsulate the performance of your company.

FINANCIAL RESULTS:

Yours Directors have immense pleasure in placing of record the financials of the Company having registered a good annual growth in revenue to the tune of Rs. 6621.92 crore in 2015-16 as against an amount of Rs. 6189.71 crore in previous year showing an increase of 6.52%. This was achieved due to tariff hike, sale of power through trader on market rate, low cost power procurement from power exchange and short term market The net loss of the Company has been increased from Rs. 10.51 crore of previous years to an amount of Rs. 44.21 crore due to drastically increase of Rs. 200 crore in Employee cost. The comparative statement showing revenue from operation, Net Profit/ Loss of the Company for the year 2014-15 to 2016-17 is furnished here below:

(*Rs.* in crores)

PARTICULARS	2014-15	2015-16	2016-17
Income:-			
Sale of Power	5584.34	5980.02	6291.54
Revenue subsidies & Grants	0.00	0.00	0.00
Other Incomes	382.42	209.69	330.38
Total Income	**5966.76**	**6189.71**	**6621.92**
Expenses:-			
Purchase of Power	3706.99	3733.69	3883.77
Employee cost	1305.94	1503.29	1703.84
Other Expenses	1067.34	963.24	1078.52
Total Expenses	**6080.27**	**6200.22**	**6666.13**
Profit/Loss	**(113.51)**	**(10.51)**	**(44.21)**
Loss transferred from Previous Years	**(1875.61)**	**(1989.12)**	**(1999.63)**
Accumulated Loss	**(1989.12)**	**(1999.63)**	**(2043.84)**

FINANCIAL REVIEW:

Capital Structure: The Authorized Share Capital of the Company as on 31.3.2017 stood at Rs.1100.00 Crore and the paid up Capital was Rs. 653.28 Crore (Previous year Rs. 603.30 Crore).

BORROWINGS: The Company mobilized a loan of Rs. 280.24 Crore from various FIs i.e REC, PFC and ADB and made repayment Rs. 350.01 Crore during the year 2016-17. The Company has also restructured the Loan of Rs. 2890.50 Crore under UDAY Scheme introduced by the GOI for Discom through GOHP and repayment of STL/ higher rates Loan under UDAY was Rs. 1732.49 Crore. The total borrowing (including OD) of the Company as on 31.3.2017 was Rs. 4859.74 Crore (Previous year Rs. 4881.91).

NETWORTH: The net Worth of the Company as on 31st March, 2017 was Rs. 208.05 crore against Rs.487.66 Crore as on 31.3.2016 representing decrees of 57.34% due to increase in losses.

GROSS OPERATING MARGIN: The Gross operating Margin of the Company as on 31st March, 2017 was Rs. 215.02 crore against Rs. 305.50 Crore as on 31st March, 2016.

2. VISION, MISSION, AIMS AND TARGETS

Vision:- Availability of reliable and quality power at competitive rates on a sustainable basis to all**.**

Mission: To provide environment friendly, qualitative and reliable power to all sections of the society by creating a value based, customer centric, employee oriented organization, with an aim to enhance the standard of life of the society in which the organization operates.

Targets: During the year under review, the targets for achieving the goals set out under Power Sector Reforms, implementation of IT initiatives under R-APDRP, computerized billing and accounting, asset based valuation, ERP etc.

Objectives

The objectives of Himachal Pradesh State Electricity Board Limited are:-

(a) To plan, promote, organize, maintain and operate an integrated power distribution system in all aspects including; to acquire, establish, construct erect, lay, operate, run, manage, maintain, enlarge, alter, renovate, modernize, work and use in the State of Himachal Pradesh and elsewhere, extra high voltage (EHV), high voltage (HV), medium voltage (MV) and low voltage (LV) lines and associated sub-stations, including distribution centers, cables, wires, accumulators, plants motors, meters, apparatus, computers and materials connected with transmission, distribution, supply of electrical energy, communication and telemetering equipments.

(b) To plan, promote, organize, maintain and execute Power Project within and outside the State of Himachal Pradesh including execution of new projects.

(c) To undertake, for and on behalf of others the erection, operation, maintenance, management of extra high voltage, high voltage, medium voltage and low voltage lines and associated sub-stations, equipment apparatus, cables and wires.

(d) To carry on the business of purchasing, selling, trading electrical energy and co-importing, exporting, wheeling, trading of electrical energy, including formulation of tariff, billing and collection thereof.

(e) Universal power access through various electrification schemes/ processes/ Programs.

(f) To improves quality and reliability of power by system strengthening.

(g) To avoid cost and time overruns on the schemes under execution through effective TMR System.

(h) Reduction of T&D and AT&C losses.

3. FUNCTIONS

(i) Distribution of Electricity in the State of H.P.
(ii) Sale, Purchase and Trading of Electricity.
(iii) Operation and Maintenance of all existing Power Generation Plants & Electrical System infrastructure associated with evacuation & distribution of electricity.

(iv) Completion of ongoing HEPs and execution of HEPs so allotted by GoHP along with associated electrical networks.

(v) R&M of existing EHV, HV & LV Electrical System networks in the State of H.P. for distribution of electricity.

(vi) Creation of New and Augmentation of EHV, HV & LV Electrical System Network commensurate with load growth, rural electrification system extension, distribution loss reduction and quality improvement of power in the State of Himachal Pradesh.

4. Works

The Company has 487.450 MW installed capacity of Hydel Generating Stations and the Beas Valley Power Corporation Ltd subsidiary Company of HPSEB Ltd. is executing the Uhl–III projects continue to progress satisfactorily during the period under review:-

Sl. No.	Name of Project	Installed capacity (MW)	Revised Estimated cost (Rs. in crores)	Date of start	Target date of commissioning
1	Uhl-III in Distt. Mandi	100	94084.00	Oct,2002	December, 2019

The following EHV lines/Sub-Stations and HV distribution lines/ Sub-Stations were completed/ commissioned during the year 2016-17.

Sr. No.	**Name of Scheme**
1.	C/O 66/33/11 KV 2x20 MVA Stn. Malpura.
2.	Add. Of 1x25/31.5 MVA Power transformer at 132/33 KV S/Stn Tahliwala.
	Sub-Station Completed/Augmented
1.	66KV Transfer line from 220/66 KV S/Stn. at Upperla Nangal to Malpur.
	HV Distribution lines & Sub-Stations
1.	33/11 KV, S/Stn. Rampurghat.
2.	33/11 KV Sub-Station khairi.
3.	33/11KV, S/Stn. Tara Devi.
4.	33/22KV, S/Stn. Bhatakufer.
5.	Aug. of 33/11 KV, 3x2.5 MVA Sub-Station Nogrota into 2x6.3 MVA
6.	Aug. of 33/11 KV, 2x1 MVA Sub-Station Drang into 2x1.6 MVA.
7.	Aug. of 331/11 KV 2x4+1x2.5 MVA Sub-Station Maranda to 2x10 MVA, under ED Palampur
8.	Aug. of 33/11 KV 1x2.5 MVA Sub-Station Khad into 1x6.3 MVA.

5. HUMAN RESOURCES

A) **Manpower Position**:-HPSEBL has an overall sanctioned posts of 24930 as on 31-3-2017 and 5 (five) Whole Time Directors are on the rolls. The class wise position of sanctioned posts as on 31.3.2017 is as under:-

Class	**Sanctioned**	**Existing**	**Vacant**
I	1087	991	96
II	635	604	31
III	15660	9971	5689
IV	7548	3805	3743
G. Total	**24930**	**15371**	**9559**

Personal Post:		
i	Personal Post (Regular)	535
i	Work Charged	85
ii	Daily wages/ Part-time	239

In order to meet the immediate requirement of technical professional personnel for O&M/projects your Company during FY 2016-17 created 160 posts of Jr. Helper (P/H)/E and 100 Post of Jr. Helper P/H (H/M), 50 posts of Jr. Helper S/Stn., 400 Posts of Jr. T/Mate, 225 posts of Junior Office Assistant (IT) and 25 posts of Jr. Helper (M&T). HPSEBL has also skilled/ semi-skilled outsourced manpower from services providers.

B) Training_: In the present day competitive World when numerous technological and other changes are taking place in every sphere of activity, it has become increasingly challenging to the Power Utilities to vie with other stake- holders that are now coming into play in the Power Sector and provide quality Power Supply to Electricity Consumers with efficiency and promptness. Your Company gives utmost importance for the enrichment of skills and towards this in-house and external training programme are proposed to be organized in all disciplines and at all levels. Training to field Technical Staff of the HPSEBL are imparted at the HPSEBL Lineman Training Centre at Solan. During the year FY 2016-17, the figures tabulated here below show at a glance the numbers of personnel sponsored by the HPSEBL to undergo training and participate in various Conference/ Workshops and Seminars:

(i) Technical Staff = 130

(ii) Non Technical Staff = 228

6. Dividend

Since the Company has no profits, the information, therefore, is Nil.

7. Reserves

The information may kindly be treated as Nil.

8. Change in the nature of business, if any

No such changes occurred during the year. However, Company has entered into joint venture with State owned newly created Company namely "Himachal Renewable Limited" for the construction of 2.5 MW hybrid (Solar+Wind) Power Plant with large battery storage at Kaza in Lahual and Spite District and other Renewable Power Projects in HP.

9. Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

No such changes occurred during the year.

10. Significant and material orders passed by the Regulators or Courts or Tribunals impacting the Going Concern status and Company's operations

There were no such orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations during the financial year ending 31St March, 2017**.".** However, HPERC had imposed penalty for non achievement of Renewable Power obligation (RPO) of Rs. 6.762 Crore for FY 14-15 vide its order dated 14.2.2017.

11. Subsidiary/Joint Ventures/Associate Companies

The Himachal Pradesh State Electricity Board Limited has a subsidiary Company named Beas Valley Power Corporation Limited, which was earlier incorporated by the erstwhile Himachal Pradesh State Electricity Board. Beas Valley Power Corporation Limited is having its registered office at Shimla.

Presently, the Authorized Share Capital of the Company is Rs. 300 crore and paid up capital is Rs.300 crore. The Nominees of the State Govt. and Himachal Pradesh State Electricity Board Limited are on the Board of Directors of the Beas Valley Power Corporation Limited. The Beas Valley Power Corporation Limited has adopted its Annual Accounts for FY 2016-17 in its 12th Annual General Meetings (AGM) held on 18.12.2015 at corporate office i.e. C-208, Sector-III, Phase-II, New Shimla-09. Further, in order to meet the statutory requirements of Section 129 (3) of the Companies Act, 2013 and Rules (6) of the Companies (Accounts) Rules, 2014, its annual accounts for FY 2016-17 have been consolidated with annual accounts of HPSEB Ltd. (Holding Company) and the Consolidated Financial Statement (CFSs) have been prepared as per the statutory requirements.

Company has entered into joint venture with State owned newly created Company namely "Himachal Renewable Limited" for the construction of 2.5 MW hybrid (Solar+ Wind) Power Plant with large battery storage at Kaza in Lahual and Spite District and other Renewable Power Projects in HP and having 50% shareholding therein. HPSEBL has been invested an amount of Rs. 25.00 Lac as share application money pending allotment of shares as on 28.2.2017 and same amount has been invested by the Solar Energy Corporation of India (CPSUs), New Delhi and Chief Engineer (Gen) HPSEBL, Sundernagar is holding additional charges of Managing Director of joint ventures. Himachal Renewable Limited" was incorporated on 14.9.2016 and initial financial were made during the year.

12. Performance and Financial Position of each of the Subsidiaries, Associates and Joint Venture Companies included in the Consolidated Financial Statement

In order to meet the statutory requirements of Section 129 (3) of the Companies Act, 2013 and Rules (6) of the Companies (Accounts) Rules, 2014, annual accounts for FY 2016-17 of Beas Valley Power Corporation Limited (BVPCL) a subsidiary Company of HPSEB Ltd., Himachal Renewable Limited" (JVs) have been consolidated with annual accounts of HPSEB Ltd. (Holding Company) and the Consolidated Financial Statement (CFSs) have been prepared as per the statutory requirements of Schedule- III and annexed with this annual report for the purpose of approval and e-filing the same with ROC/MOC.

13. Deposits

The Company has not accepted deposits (except consumer's contribution for capital works). Hence the information is Nil.

14. Auditors' Report

M/s Anil K. Sood & Company, Chartered Accountants, Upper Floor 56, Lower Bazar, Shimla-1 were appointed as the Statutory Auditors of the Company for the financial year ended 31st March, 2017 by the Comptroller & Auditor General of India. The Auditors have audited the accounts and submitted their report on 11th January, 2019, **which is annexed.**

14.1 Cost Audit

Pursuant to the Central Government directions to audit Cost Accounting Records as maintained by the Company, your Company has appointed M/s Anirudh Joshi & Associates, Cost Accountants, 203 Railways Road , opposite Shastri Market, Hoshiarpur (Punjab) 146001 as Cost Auditors for the year 2015-16 and M/s SDM Associates, SAS Nagar (Punjab) as Cost Auditors for the year 2016-17 with the approval of Ministry of Corporate Affairs. The Auditors have audited the Cost accounting Record for FY 2015-16 & 2016-17 and submitted their report on 29th June, 2018 and 23.03.2019 respectively **which is annexed as per Annexure-V**.

15. Share Capital

The Authorized Share Capital of the Company as on dater is Rs.1100, 00, 00,000/- (Rs. Eleven Hundred crore only). The issued, subscribed & paid up capital of the Company on 31.3.2017 was Rs.653, 29, 58,000/-.

A) Issue of equity shares with differential rights

The information is Nil.

B) Issue of sweat equity shares

The information is Nil.

C) Issue of employee stock options

The information is Nil.

D) Provision of money by Company for purchase of its own shares by employees or by trustees for the benefit of employees

The information is Nil.

16. Extract of the Annual Return:

The Information pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014 is appended hereunder in annexure MGT-9 as Annexure I.

17. The Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as per Rule 8 of the Companies (Accounts) Rules, 2014

(a) Conservation of Energy

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

(b) Foreign Exchange Earning and Out-Go

There is no import and export of foreign exchange during this year and as such this information is treated as Nil.

(c) Technology Absorption

This information can be treated as Nil.

18. Directors:

(A) The Board of Directors

1.1 Size of the Board

Being a State owned Company, the power to appoint Directors of HPSEB Ltd. vests with the Government of H.P. During the Financial Year, the approved strength of Board of Directors was minimum 3 and maximum 10 & as on date the minimum approved strength is 3 and maximum 15.

1.2 Composition & Tenure of the Board

As on 31.03.2017, the Board is comprised of 9 (Nine) Directors, consisting of 5 (five) Whole Time (Functional Directors) including Managing Director, 04 (Four) part time Directors.

1.3 Board Meetings

The meetings of Board of Directors are held at Shimla to facilitate full participation by the Directors during the FY 2016-17, (4) Board Meetings were held, on the following dates: 01.07.2016, 19.10.2016, 30.12.2016 & 21.03.2017. Almost all the Directors have attended these meetings.

PARTICULARS OF THE PERSONS WHO ARE/WERE DIRECTORS/SECRETARY OF THE COMPANY AS ON THE CLOSURE OF FINANCIAL YEAR (2016-17)

Sl. No.	Name	Usual Address	Date of Birth	Date of Appointment	Date of Cessation (If Any)
1.	Sh. Tarun Shridhar, IAS	SET NO 13/VI RICHMOND, JAKHU SHIMLA Himachal Pradesh India 171001	13.07.1959	01.10.2015	In position as Chairperson
2.	Sh. Pratap Chand Negi	V.P.O. Jeori, Tehsil-Rampur Distt.-Shimla, Himachal Pradesh, India 172101	21.04.1957	12.10.2011	In position as Managing Director
3.	Dr. Shrikant Baldi, IAS	Old Brock Hourst No. 1, Chotta Shimla, Shimla, 171002, Himachal Pradesh,	12.12.1959	25.07.2011	In position as Nominee Director
4.	Dr. Ajay Sharma, IAS	VPO. Kharanal, Via Paprola, Tehsil- Baijnath, Kangra, 176115, Himachal Pradesh, INDIA	21.01.1963	27.11.2014	In position as Nominee Director
5.	Sh. Akshay Sood, IAS	B 227, Sector 3 Tehsil Shimla (Rural) Distt Shimla,171009, Himachal Pradesh	04.08.1963	28.06.2011	In position as Nominee Director
6.	Sh. Rajeev Sharma, IAS	House No.-24, Type-V, Officers Colony, Kasumpti,, Shimla, 171009, H.P.	15.10.1963	05.11.2014	In position as Whole-time- Director
7.	Sh. Brij Mohan Sud	SWASTIK DUDHLI, P. O. BHARARI, SHIMLA-171003 HP IN	13.05.1959	27.04.2016	In position as Whole-time- Director
8.	Sh. Pavan Kumar Kohli	House No.-62, Housing Board Colony, Saproon, Solan, 173211, Himachal Pradesh, INDIA	12.03.60	16.12.2013	In position as Whole-time- Director
9.	Sh. Ravinder Kumar Sharma	Type-IV, HPSEB Colony, Kelston, Shimla, 171001, Himachal Pradesh, INDIA	06.03.61	07.02.2014	In position as Whole-time- Director
10.	Smt. Anita Tegta	B-IV/14 ,NEW BROCK HURST, SHIMLA Himachal Pradesh India-171002	16.10.1954		In position as Women Director
11.	Sh. S.C. Negi	Set No 4 Willy Park Chaura Maidan, Shimla Himachal Pradesh, India 171004	03.08.1955		In position as Independent-Director

PARTICULARS OF CHANGE IN THE PERSONS WHO ARE/WERE DIRECTORS/SECRETARY OF THE COMPANY DURING THE FINANCIAL YEAR (2016-17).

1.	Shri Brij Mohan Sud	SWASTIK DUDHLI, P. O. BHARARI, SHIMLA-171003 HP IN	13.05.1959	27.04.2016	Appointed as Whole-time- Director
2.	Shri Jai Prakash Kalta	KALTA VILLA, BELOW BCS PLASE-III NEW SHIMLA, SHIMLA-171009 HP IN.	10.05.1960	08.04.2016	Ceased as Whole time Director

PARTICULARS OF DIRECTOR/ SECREATRY AS ON DATE

- Dr. Shrikant Baldir, IAS, ACS (CM) GoHP - Chairman
- Er. Jai Prakash Kalta – Managing Director
- Sh.Anil Kumar Khachi, IAS, ACS (Finance) GoHP- Director
- Sh. Prabodh Saxena, IAS Pr. Secretary(MPP & Power)GoHP-Director
- Sh. Dev Dutt Sharma, IAS Special Secretary(Finance)GoHP-Director
- Smt. Manasi Sahay, IAS Director(Enegry)-Director
- Sh. K. R. Bharti, Retired IAS –Independent Director
- Smt. Priyanta Sharma- Independent / Woman Director
- Sh.S.K. Mokhta, IAS, Director (F&A)/ Persl.
- Sh. Ashutosh Darg, IAS , Special Secretary (MPP & Power) –Director
- Sh. Brij Mohan Sud - Director (Tech)
- Sh.Vipan Pal Singh - Director (Op)
- Sh. Arvind Sharma – Company Secretary

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

The Company has been appointed Independent & Woman Directors and Independent Directors have devised proper system to ensure compliance with the provision of all applicable laws and that such system are adequate and operating effectively.

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

No such formal evaluation has been done. However, all intricate issues are discussed and settled after consultation among the directors.

19. Audit Committee

In accordance with the provisions of Section 177 (2) of the Companies Act, 2013, Audit Committee of the Company has now been re-constituted on 06.04.2016 with the following Directors of the Company:-

(i) Addl. Chief Secretary/Pr. Secretary (MPP & Power) to the Govt. H.P.

(ii) Addl. Chief Secretary/Pr. Secretary (Finance) to the Govt. H.P.

(iii) Director (Finance & Accounts), HPSEBL

(iv) Sh. S. C. Negi, IAS (Retd.) Independent Director

(v) Smt. Anita Tegta, IAS (Retd.) Woman Director

The Chief Accounts Officer is the Secretary to the Audit Committee. The meetings of the Audit Committee are being held from time to time during the financial year 2016-17.

20. Details of establishment of vigil mechanism for Directors and employees

HPSEBL is following conduct, discipline and appeal rules of the Govt. of Himachal Pradesh/Himachal Pradesh State Electricity Board Ltd. covering all the employees below the Board level and at the Board level in whole-time employment. Grievance Redressal Mechanism applicable to all employees is also in place. To meet the requirement of Section 177 (9) of the Companies Act, Vigil Mechanism policy 2016 has been approved by Vigil Mechanism Committee on 06.05.2016.

21. Nomination and Remuneration Committee

The Nomination and Remuneration Committee has been constituted as per the provisions of section 178 of the Companies Act, 2013.

22. Particulars of loans, guarantees or investments under section 186

The Company has availed Secured Loans of Rs.186354.98 Lac as on 31.03.2017.

23. Particulars of contracts or arrangements with related parties

The information in this respect is nil as the Company is owned by the State Govt.

24. Secretarial Audit Report

Sh. P.S.R. Murthy, Practicing Company Secretary has been appointed by the Company as Secretarial Auditor for the FY 2016-17 with the approval of the Board and he has conducted the Secretarial Audit during first week of Sept., 2018 and submitted his Report Form No MR 3 Annexure III**.**

25. Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made.

(I) By the Auditor in his report: The comments on the annual accounts have been received from CAG of India on 29.3.2019 and reply prepared by the Company is annexed.

(II) By the Secretarial Auditor in his report: --- The observations of the Secretarial Auditor shall be replied in the Boards' Report for FY 2016-17 Annexure -IV.

(III) By the Statutory Auditors in his report: -- Replies of the audit reports of Statutory Auditors are furnished & annexed with the Annual Accounts.

26. Risk Management Policy

The Company monitors risk-prone areas in its projects and offices. However, in the current financial year, the Company may form a Risk Management Policy**.**

27. Directors' Responsibilities Statement

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

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

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

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

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

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

28. Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178.

Since being a State Govt. Company, the appointment of all directors is being done by the State Govt. only. Further, their remuneration, qualification, etc. are being regulated as per the norms/notifications of the State Govt. issued from time to time.

29. Corporate Social Responsibility initiatives taken during the year

Under the provisions Section 135 of the Companies Act, 2013, a CSR Committee has been constituted and Company is extending all help for the development of various section of the State.

(a) Environment

All the Environment Management Plans (EMP) of the State Government or the Company are proposed to be implemented diligently with a view to ensure safeguarding environment and improving the same, wherever possible. To this end, the HPSEBL may go beyond the provisions in EMP.

(b) Industrial Relations

The work of Hydel generation, distribution and transmission is extended mostly through Contractors/Contractors Companies/itself by the HPSEBL. In order to accomplish goals and objectives of organization, due attention has been focused on Industrial Relation issues. During the year 2016-17, we have taken number of steps to maintain peaceful and proper Industrial Relations. Regular Meetings are held with the representatives of the various Associations/Unions to sort out the issues as well as policies related matters. Better employee-employer relations and cordial industrial relations have been maintained during the year. Industrial relations remained peaceful and cordial during the period under review. It has always been our endeavor to strengthen the relations with all trade unions.

30. Accounts

The Profit & Loss Account Statement for the period ended 31st March, 2017 and Balance Sheet as on that date of the Himachal Pradesh State Electricity Board Limited have been prepared and are annexed along with the annual accounts of its subsidiary Company, Beas Valley Power Corporation Limited for the same year. The Annual Accounts of both these companies are placed for the perusal and further directions of the Shareholders to the BOD to file them with the Registrar of Companies/MCA.

31. Internal Control Systems

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

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

32. Particulars of employees pursuant to section 217 (2a) of the Companies Act, 1956 and now as per the Companies Act, 2013.

The information under Section 217 (2a) of the Companies Act, 1956 for the year ending 31st March, 2017 is Nil.

33. Statutory and other information

a) Industry Overview

Power is the backbone for economic development. India needs to sustain 8% to 10% economic growth rate over the next 30 years, if it is to eradicate poverty and meet its human development goals. To deliver a sustained growth rate of 8% till 2031-32 and to meet the lifeline energy needs of all citizens, India needs at least increase in its primary energy supply by 3 to 4 times and its electricity generation capacity by 5 to 6 times of 2003-04 levels. With this base, India's commercial energy supply would need to grow from 5.2% to 6.1% per annum, while its total primary energy supply would need to grow at 4.3% to 5.1.% annually. By 2030-31, power generation capacity must increase to nearly 8,00,000 MW from the current capacity of around 2,98,000 MW inclusive of all captive plants during March, 2016.

As regards hydro potential, India has an estimated hydro potential of about 1,50,000 MW of which only about 42783.42 MW has been commissioned so far. Himachal Pradesh has huge potential in its five river basins and state can play a major role in the power development. Out of this potential 487.45 MW installed capacity is under the control of HPSEBL. No Power cut was imposed during the year FY 2016-17 in the state except periodical maintenance shut downs/ breaks downs and repair work in various power houses.

The above Industry scenario signifies that there is an ample opportunity for consistent growth in the business of power sector in the times to come. All efforts are being made and we hope that HPSEBL and its subsidiary BVPCL will certainly be one of the producers and distributors of hydro power in Himachal Pradesh.

b) Corporate Governance

The Companies Act, 2013 has been implemented with effect from 1st April, 2014 and as per provisions of this Act, HPSEBL has formulated Corporate Social Responsibility (CSR) Policy which has been approved by the Board in its 29th Board meeting vide agenda item No 29.14 dated 21.03.2017. The CSR Committee in its meeting held on 30-12-2016 decided and recommended that HPSEBL has accumulated loss to the tune of Rs. 1999.64 Crore in the FY 2015-16, therefore in the absence of any net profit; the Company is not required to spent any amount towards Corporate Social Responsibility obligation.

The above recommendation of the CSR Committee were approved by the Board with the direction to incorporate these recommendation in the Board's Report for the financial year 2014-15, 2015-16 & 2016-17. Therefore, the policy would be implemented as per the requirement of the Act.

The approved policy along with requisite perform is attached at Annexure –II.

c) Others

There is no decision to buy back its shares during the year under report under Section-77 (A) of the Companies Act, 1956 and as per the provisions of Companies Act, 2013.

Further, as per requirement of the Companies Act, 2013, a Remuneration and Nomination Committee, Audit Committee, Vigil Mechanism Committee of the Company have been constituted & Woman Director/Independent Director have been appointed with the prior approval of the Board. The Chairman and Director (F&A) have been appointed as the Key Managerial Personnel and appointment of Independent Company Secretary is under consideration of the management.

Acknowledgements

Your Directors gratefully acknowledge the continuous support and assistance provided by the State Govt. and its Departments such as Deptt. of Power, Deptt. of Finance, Deptt. of Forests, Deptt. of I&PH, HPERC, Pollution Control Board etc. The Board of Directors also acknowledge with thanks the guidance and help extended by various Ministries/Departments of the Government of India, Central Electricity Authority, and Financial Institutions, such as ADB, PFC, REC and Banks etc.

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

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

Thanking you.

For and on behalf of Board of Directors

Sd/-
Er. J.P. Kalta
Managing Director

Place: Shimla

Date: 24-04-2019

ANNEXURE-I TO THE BOARDS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31st MARCH, 2017

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

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	**U40109HP2009SGC031255**
ii.	Registration Date	03/12/2009
iii.	Name of the Company	Himachal Pradesh State Electricity Board Limited
iv.	Category / Sub-Category of the Company	Company Limited by shares (State Govt. Company)
v.	Address of the Registered office and contact details	Vidyut Bhawan, HPSEB, Shimla HP INDIA 171004
vi.	Whether listed company	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Nil

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shars held	Applicable Section
1.	Beas Valley Power Corporation Limited	U40101HP2003SGC025877	Subsidiary	100	2(46)

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

i. *Category-wise Share Holding*

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Phys ical	Total	% of Total Shares	Dem at	Phy sica l	Total	% of Total Shares	
A. Promoter									
1) Indian	0	0	0	0	0	0	0	0	-
a) Individual/ HUF	0	0	0	0	0	0	0	0	-
b) Central Govt	0	0	0	0	0	0	0	0	-
c) State Govt(s)	6,03,26,780				6,53,25,380			100.00	-

d) Bodies Corp	0	0	0	0	0	0	0	0	-
e) Banks / FI	0	0	0	0	0	0	0	0	-
f) Any Other	0	0	0	0	0	0	0	0	-
Sub-total(A)(1):-			**6,03,26,780**	**100.00**			**6,53,25,380**	**100.00**	-
2) Foreign	0	0	0	0	0	0	0	0	-
g) NRIs-Individuals	0	0	0	0	0	0	0	0	-
h) Other-Individuals **(Six Sr. Officers of the State Govt./HPSEBL holding 1400 Shares on behalf Himachal Pradesh State Electricity Board Limited)**			1400	0.00			1400	0.00	-
i) Bodies Corp.	0	0	0	0	0	0	0	0	-
j) Banks / FI	0	0	0	0	0	0	0	0	-
k) Any Other….	0	0	0	0	0	0	0	0	-
Sub-total (A)(2):-			**1400**	**0.00**			**1400**	**0.00**	-
B. Public Shareholding									
1. *Institutions*									
a) Mutual Funds	0	0	0	0	0	0	0	0	-
b) Banks / FI	0	0	0	0	0	0	0	0	-
c) Central Govt	0	0	0	0	0	0	0	0	
d) State Govt(s)	0	0	0	0	0	0	0	0	-
e) Venture Capital Funds	0	0	0	0	0	0	0	0	-
f) Insurance Companies	0	0	0	0	0	0	0	0	-
g) FIIs	0	0	0	0	0	0	0	0	-
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	-
i) Others (specify)	0	0	0	0	0	0	0	0	-
Sub-total (B)(1)	0	0	0	0	0	0	0	0	-
2. Non Institutions									
a) Bodies Corp. (i) Indian (ii) Overseas	0	0	0	0	0	0	0	0	-
b) Individuals (i) Individual shareholders holding nominal share capital upto Rs. 1 lakh (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0	0	0	0	0	-
c) Others(Specify)	0	0	0	0	0	0	0	0	-
Sub-total (B)(2)	0	0	0	0	0	0	0	0	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	0	0	0	0	0	0	0	0	-
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	-
Grand Total (A+B+C)			**6,03,28,180**	**100**	**6,53,26,780**			**100**	-

ii. *Shareholding of Promoters*

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	% change in share holding during the year
1.	Governor of Himachal Pradesh	6,03,26,780	100	-	6,53,25,380	100	-	-
2.	Sh. Parthasarathi Mitra	200	0.00	-	-	0.00	-	-
3.	Sh. Vidya Chandra Pharka	-	0.00	-	200	0.00	-	-
4.	Sh. S. K. B.S. Negi	400	0.00	-	-	-	-	-
5.	Shri Tarun Shridhar				400	0.00		
6.	Sh. Pavan Kumar Kohli	200	0.00	-	200	0.00	-	-
7.	Sh. Akshay Sood	200	0.00	-	-	-	-	-
8.	Shri Rajiv Sharma				200	0.00		
9.	Dr. Shrikant Baldi	200	0.00	-	200	0.00	-	-
10.	Sh. Jai Parkash Kalta	200	0.00	-	-	-	-	-
11.	Shri Ravinder Kumar Sharma				200	0.00		
	Total	**60328180**	**100**		**65326780**	**100**		

Sl. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	60328180	100	65326780	100
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):		NO. OF SHARES	TO WHOM ISSUED	REASON
	ALLOTMENT		**49,98,600**	The Governor of H. P.	Allotment to existing Shareholders
				The Governor of H. P.	-do-
	TRANSFER		NO. OF SHARES	Transferor's & Transferee's Name	REASON
		19.10.2016	200	Sh. Parthasarathi Mitra To V.C. Parkha	As per Orders of State Government & approval of BOD

		21.03.2017	400	Sh. S.K. B. Negi, IAS to Sh. Tarun Shridhar, IAS	As per Orders of State Government & approval of BOD
		21.03.2017	200	Sh. Akshay Sood, IAS to Sh. Rajiv Sharma	As per Orders of State Government & approval of BOD
		21.03.2017	200	Sh. J.P. Kalta To Sh. R. K. Sharma	As per Orders of State Government & approval of BOD
	At the End of the yea	60328180	100	65326780	100

iii. Change in Promoters' Shareholding:

V. INDEBTEDNESS

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

	Secured Loans excluding deposits (including Deb.)	**Unsecured Loans**	**Deposits**	**Total Indebtedness**
Indebtedness at the beginning of the financial year (2016-17) **i)** Principal Amount **ii)** Interest due but not paid **iii)** Interest accrued but not due	- - -	- - -	- - -	- - -
Total (i+ii+iii)			-	
Change in Indebtedness during the financial year(2016-17) - Addition - Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year(2016-17) **i)** Principal Amount(**ii)** Interest due but not paid iii) Interest accrued but not due	17,64,86,36,462	*39295752082* -	- -	56,944,388,544 -
Total (i+ii+iii)	**17,64,86,36,462**	***39,29,57,52,082***		**56,944,388,544**

Vi. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Designation	Total Amount (in Rs.)
1.	**Name of MD/WTD/ Manager:** **1) Sh. Pratap Chand Negi:** Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income- tax Act,1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961.	**(Managing Director)**	22,71,068
	2) Sh. Brij Mohan Sud: Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income- tax Act,1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961.	**(Whole Time Director)**	22,81,373
	3) Sh. Rajeev Sharma: Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income- tax Act,1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961.	**(Whole Time Director)**	24,88,235
	4) Sh. Jai Parkash Kalta: Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961.	**(Whole Time Director)**	93,395
	5) Sh. Pavan Kumar Kohli: Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income- tax Act,1961	**(Whole Time Director)**	22,50,796

	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961.		
	6) Sh. Ravinder Kumar Sharma: Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act,1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961.	**(Whole Time Director)**	22,76,728
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit - others, specify…	-	-
5.	Others, please specify	-	-
6.	Total (A)	-	1,16,61,595
	Ceiling as per the Act	-	-

B. Remuneration to other directors:

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

C. **Remuneration to Key Managerial Personnel Other Than MD /Manager /WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
	(Name)	CEO	Company Secretary	CFO	Total
12.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
13.	Stock Option	-	-	-	
14.	Sweat Equity	-	-	-	
15.	Commission - as % of profit - others, specify…	-	-	-	
16.	Others, please specify	-	-	-	
17.	Total				

Vii. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

Sd/-

S.K. Mohkta, IAS
Director (Finance & Personnel)

Sd/-

Er. J.P. Kalta
Managing Director

Annexure -II

Annual Report on Corporate Social Responsibility and Sustainability for the financial year 2016-17.

1. Brief outlines of the Company's CSR policy and overview of CSR

HPSEBL has formulated a well perceived corporate social Responsibility Policy in its 29th meeting held on 21-03-2017 which is in consonanance with Company Act, 2013 and CSR guidelines, 2014 of DPE. To meet this commitment HPSEBL will respect the rule of law, local communities and socities at large and it will make conscious efforts to enhance the quality of life and environmental sustainability through its CSR. In accordance with the provisions of Section 135 of the Companies Act, 2013, CSR Committee of the Company has now been re-constituted on 30-12-2016 with the following Directors of the Company:-

(i) Addl. Chief Secretary (MPP & Power) to the Govt. H.P.
(ii) Managing Director, HPSEBL
(iii) Director (Finance & Accounts), HPSEBL
(iv) Sh. S.C. Negi, IAS (Retd.) Independent Director
(v) Smt. Anita Tegta, IAS (Retd.) Woman Director

The Executive Director (Pers) is the Secretary to the CSR Committee.

The Corporate Social Responsibility Committee in its meeting held on 30-12-2016 has approved that as per CSR policy the Company is required to spend in every financial year, two (2%) of the average net profit of the Company made during the three immediately preceding financial years towards CSR obligation. Since, HPSEBL has accumulated loss to the tune of Rs.1989.12 Crore in the financial year 2014-15, Rs.1999.64 Crore in FY 2015-16, Rs.2043.85 Crore in FY 2016-17 and at the end of FY 2017-18 (Provisional) these losses will decrease above Rs. 2038.15 crore, therefore, in the absence of any net profit, the Company is not required to spend any amount towards CSR obligation.

Sd/-	Sd/-	Sd/-
Kumad Singh, HAS	**Rajeev Sharma, IAS**	**Tarun Shridhar, IAS**
Executive Director (Pers)	**Director (Personnel)**	**Addl. Chief Secretary (MPP & Power)**

Annexure- III

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,
Himachal Pradesh State Electricity Board Limited,
Vidyut Bhawan,
Shimla – 171 004

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Himachal Pradesh State Electricity Board Limited (the "company")** CIN U40109HP2009SGC031255 The Company is a State Government Company and is Listed on Bombay Stock Exchange for its Debt Securities issued on Private Placement. Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the financial year ended on 31st March 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

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

a) The Company was yet to comply with Section 129(2) of the Act governing the placement of Financial Statement for the years 2016-17 and 2017-18 before the Annual General Meeting ought to have been held on or before 30th September 2017, and 30th September 2018 respectively.

b) During the financial year 2016-17, there was no Company Secretary appointed prescribed under the provisions of Section 203 read with the provisions of Rule 8A of Companies (Appointment and Remuneration) Rules 2014. However, for the first time the Company appointed qualified Company Secretary, key managerial personnel in June 2018.

c) The Company complied with Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 excepting few provisions.

d) The charge creation against various borrowings in favour of lenders requires review in view of huge number of charge creations are filed against Movable properties of the Company.

e) The constitution of the Audit Committee and proceedings thereof are not in accordance with the provisions of Section 177 of the Companies Act 2013 read with the Rules there under. The Committee is not headed by the Independent Director as Chairman.

I further report compliance under:

(i) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not applicable for the period ending 31st March 2017 as there were no transactions reported)**

(iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not Applicable for the period ending 31st March 2017)**.

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **(Not Applicable for the period ending 31st March 2017)**.

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not Applicable for the period ending 31st March 2017).**

(e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable for the period ending 31st March 2017);** and,

(g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998**(Not Applicable for the period ending31st March 2017);**

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

I further report that

The Board of Directors of the Company is constituted with Executive Directors, Non-Executive Directors and Independent Directors for the financial year 2016-17. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice of the Meeting was given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda however were sent in advance less than seven days prescribed. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that the Company was yet to introduce system to monitor the compliance with applicable laws, rules, regulations and guidelines commensurate with the size and operations of the company.

During the year of Report, the Company proposes to raise Rs. 500 crore in two tranches through issue of unsecured taxable non-convertible bonds through private placement. However, the decision has not been implemented.

Sd/-
(P.S.R. Murthy)
Practicing Company Secretary
A-5880 CP 13090

Place: New Delhi
Date: 27th October, 2018

This Report is to be read with our letter of even date which is annexed as Annexure A and forms integral part of this Report.

Annexure-A

The Members
Himachal Pradesh State Electricity Board Limited
Shimla – 171 004

My Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Sd/-
(P. S. R. Murthy)

Place: New Delhi
Date: 27th October 2018

Annexure- IV

Reply to the Secretarial Auditor's Observations

Sl. No.	Secretarial Audit Observation	Reply
a)	The Company was yet to comply with Section 129(2) of the Act governing the placement of Financial Statement for the years2016-17 and 2017-18 before the Annual General Meeting ought to have been held on or before 30th September 2017, and 30th September 2018 respectively.	All out efforts are being made to clear the backlog of financial statements.
b)	During the financial year 2016-17, there was no Company Secretary appointed prescribed under the provisions of Section 203 read with the provisions of Rule 8A of Companies (Appointment and Remuneration) Rules 2014. However, for the first time the Company appointed qualified Company Secretary, key managerial personnel in June 2018.	Shri Arvind Sharma, Company Secretary appointed through H.P. Public Service Commission and joined on 06.06.2018. The Audit Committee and Nomination and Remuneration Committee have been re-constituted with Independent Directors/ woman Director and mandatory requirement of the Act.
c)	The Company complied with Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 excepting few provisions.	All efforts are being made for compliances under the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015
d)	The charge creation against various borrowings in favour of lenders requires review in view of huge number of charge creations are filed against Movable properties of the Company.	The Charges are created and filed as per loan agreements.
e)	The constitution of the Audit Committee and proceedings thereof are not in accordance with the provisions of Section 177 of the Companies Act 2013 read with the Rules thereunder. The Committee is not headed by the Independent Director as Chairman	The re-constitution of Audit Committee in under process and be complied soon.
(ii)	I Further Report compliance under:- The Securities Contracts (Regulation) Act., 1956 (SCRA) and the rules made there under;	

(iii)	The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;	Statement of facts. No action required.
(iv)	Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not applicable for the period ending 31st March 2016 as there were no transactions as reported).**	
(v)	The following Regulations and guidelines prescribed under the Securities and Exchange Board of India Act., 1992 (SEBI Act):	
(a)	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (**Not Applicable for the period ending 31st March 2016).**	
(b)	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, **1992; (Not Applicable for the period ending 31st March 2016).**	All out efforts are being made to comply with the Secretarial Standard.
(c)	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.	
(d)	The Securities and Exchange Board of India (Employee Stock option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not Applicable for the period ending 31st March 2016).**	
(e)	The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.	
(f)	The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable for the period ending 31st March 2016)** and;	
(g)	The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable for the period ending 31st March 2016);**	

FORM—CRA-3

(Pursuant to Rule 6 (4) of the Companies (Cost Records and Audit), rules, 2014)

FORM OF THE COST AUDIT REPORT

1. We, **SDM & Associates**, Cost Accountants, having been appointed as Cost Auditors under section 148 of the Companies Act, 2013 of **Himachal Pradesh State Electricity Board Limited,** having its registered office at Vidyut Bhawan, Shimla-171004 (hereinafter referred to as the Company), have audited the Cost Records maintained under section 148 of the said Act, in compliance with the Cost Auditing standard, in respect of the **GENERATION,TRANSMISSION & DISTRIBUTION of ELECTRICITY** for the Period 2016-17 maintained by the company and report, in addition to our observation and **suggestions in Para 2.**

(i) We have obtained the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of this audit.

(ii) In our opinion, proper cost records, as per Rule 5 of the Companies (Cost Records and Audit) Rules, 2014 have not been maintained by the company in respect of units/products/services under reference.

(iii) In our opinion, proper returns adequate for the purpose of the Cost Audit have not been received from the branches not visited by us.

(iv) In our opinion and to the best of our information, the said books and records not give the information required by the Companies Act, 2013, in the manner so required.

(v) In our opinion, company has not adopted adequate systems of internal audit of cost records which to our opinion is commensurate to its nature and size of its business.

(vi) In our opinion, information statements in the annexure to this Cost Audit Report does not gives true and fair view of the Cost of Production of product/ rendering of services, Cost of Sales, Margin and Other Information relating to product/services under reference.

(vii) Details unit-wise and product/services-wise cost statements and schedules thereto in respect of the product /services under reference of the company duly audited and certified by us are kept in the company.

2. Observations and suggestions, if any, of the Cost Auditor, relevant to the cost auditor

a) Capacity Utilisation

The installed capacity of company is same as compared to the previous year i.e (48753 KW) and power generation has increased to 1595.92 MKwh (P/Y 1573.1 MKwh) which is 32.73% of Installed capacity. (P/Y 32.27%).

The consumption of power within the state has increased to 7959.652 MKW (P/Y 7951.086).
The capacity utilisation is at less than 50 % which has increased the cost of power generated. So, company should plan to increase its power generation for better results as it operates at less than 50% capacity.

On the other side Company purchased 80% (P/Y 80%) of its total requirement from outside the state.

b) Electricity Generation Cost

The per unit cost of generation and distribution has gone up this year to Rs. 5.69 pu (P/y Rs. 5.39 pu). Realisation per unit in case of MSMES has reduced by 30% from Rs. 0.607 pu. to Rs. 0.421/pu.

c) Increase in Employee cost

Employee cost has increased by 13% (P/Y increased by 15%) as compared to previous year which seems to be on higher side. So average increase per year comes to 14%.

d) Excessive stock of spares and stores

Company carries stock of Spares and Stores to its monthly consumption by 13 times (P/Y 15 TIMES) which is very much on higher side (Ref Para E-2 of Part-D4 of Annexure to Audit Report). During the year company has reported 513.41 lakh as Inventory scrap including Rs. 230.11 lakh found short.

As inventory carried out is on higher side Management should take thorough review while ordering fresh material.

e) Repairs & Maintenance cost

The company undertakes repairs and maintenance with their own staff or through the contractors. In number of cases stores and spares are purchased by the company and issued for repairs and maintenance. **The value of consumables issued in circles/wings and divisions are recorded under heading repairs and maintenance**. Also all capital spares have been booked under this head. For better control it is suggested to record the consumption of stores and spares under separate headings.

Cost under Repair and Maintenance has increased by 55% in year under audit.

f) Depreciation: In case where assets have been acquired out of subsidies, depreciation is charged on full value of assets which has direct impact on cost of power generated**.**

Depreciation has been charged on Straight Line Method at the rates as given by Regulatory Commission for electricity companies. Where rates are not provided by HPREC, rates as per Companies Act as been taken.

The impact of difference with rates as applicable under Companies Act, 2013 has to be worked out.

g) Effect on net worth

Profitability to Net worth ration has drastically reduced this year and touched the figure at

-21.99% (P/y -2.21%) which needs a review.

Further company's profitability to Capital employed has also reduced to -1.05% from -0.27% previous year.

h) Company has charged cost of new meters replacing old one to revenue fully and not withdrawn the cost of old/damaged meters and accumulated depreciation there on. It has increased the cost per unit. As the impact has not been workout we are not in position to comment upon.

i) Company's transit loss of power distribution has come down this year also from 11.66% p/y to 11.18%. But in case of Rohru losses are at 45% and in Kangra and Dalhousie T&D losses are more than 20% which needs a review. Total number of units lost is 1437.2 MU.

j) Considering the activities and size of the organisation we suggest that a formal Costing mechanism of Cost Records and Internal Audit must be introduced at all power generating units of the company.

k) Apart from other cost, company's administrative cost as also gone up by 35% as compared to previous year Cost.

l) Company's finance cost is around 8% of total cost of units sold which need a review and cheap source of finance must be looked into.

m) Company's overall operational loss has jumped by 34% to RS. 27484/- lakh (P/y 20430.93 lakh).

2. COST ACCOUNTING POLICIES:

General information

The Himachal Pradesh State Electricity Board was constituted on 1st September 1971 in accordance with the Electricity (Supply) Act, 1948 for Generation, Transmission and Distribution of electricity within the State of Himachal Pradesh. The Board has been re-organised as Himachal Pradesh State Electricity Board Limited with effect from 14.06.2010. The Company has own hydel generation. HPSEBL also purchased electricity from PSEB on banking basis, it also purchased/obtained energy against HP's share from BBMB, PSEB, SJVNL, UJVNL, UPPCL, NHPC, NTPC and NPCL. HPSEBL also sell electricity to other states after meeting its own demand.

Process of Manufacture

The Himachal Pradesh State Electricity Board Limited (HPSEBL) has huge hydel potential in its five river basins. The Company has generated about 1950.790 MKwh units of electricity during the year from its.

Electricity is generated with renewable source of energy i.e. water. Water is dropped from certain height to rotate the turbines which in turn generate electricity. This electricity is evacuated with the help of transmission lines and distributed within and outside the state. The shortage of electricity to meet the demand in the state is made by purchasing from other states.

In case of excessive supply of electricity, it is sold to other states.

Cost Accounting System

The division of the company has maintained cash and bank books. The adjustment entries are passed in the memorandum statement. The divisions extract monthly Trial balance for the purpose of consolidation of records by Circles and wings. The Head office on the basis of memorandum statement submitted by Circles and Wings compile the records. At the Head office level cost records and annexure there to are derived from above said records and company has not maintained formal cost records. So, in the absence of formal cost records we are unable to comment upon and give our opinion on true and fair costing of power generated/purchased and sold.

a) Identification of cost centres/cost objects

The Company has apportioned the cost on the different cost centres such as Generation, Transmission, SLDC, Distribution, Head Office, Maintenance, System Operation, and Projects.

b) Accounting for material cost including packing materials, stores and spares etc, employee cost, utilities and other relevant cost

The company has no material cost because electricity is generated with help of water through turbines. The company maintains separate stores and spares account. Cost of Stores and spares is determined on weighted average method. The issues are made for both capital and revenue spares. Generally, for repairs and maintenance Company has its own staff. The company also takes major repairs with the help of contractors. All consumptions are booked under Repair and Maintenance heads. All items are codified on the basis of Tata Consultancy Report of 1984.

Employee cost is directly allocated to respective cost centres. Employees cost at Head Office has been allocated to respective cost centre based upon their assets value.

c) Disclosure regarding accounting, allocation and absorption of overheads

Production overheads are allocated to cost centres on actual basis and overhead incurred at Head office has been allocated to cost centre on their asset value.

d) Disclosure regarding accounting for depreciation or amortization

Depreciation has been charged at the rates as given by Regulatory Commission for electricity companies. The same has been taken to work out the cost of power units generated. The impact of difference with rates as applicable under Companies Act, 2013 has to be work out. So, we are not in a position to comment the cost implication of the same.

As per the practices followed by the company depreciation has been booked at Head office and the same has been allocated to cost centre at their assets value basis.

e) Disclosure regarding accounting for by products, joint products and scraps or wastage

Company has been generating, transmitting and distributing single product i.e. electricity. There is no by product and joint product. Scraps and wastage arises due usage are recorded under separate cost centres. Loss or gain arising due to sale of these products is taken into reconciliation statement.

f) Disclosure regarding basis of inventory valuation

Company produces the electricity with help of water which is renewable source of energy so there is no stock of inventory except Stores and Spares. Stores and Spares are valued at weighted average method

g) Disclosure regarding valuation of inter unit or inter-company and related party transaction

Company works as single organisation for generation, transmission and distribution so there is no inter-unit or inter-company transaction. HPSEBL transfers free power to HP Govt. as their share as per agreement signed.

h) Disclosure regarding treatment of abnormal and non-recurring costs including classification of non-cost items

Abnormal and non-recurring costs are not considered while calculating the cost of production and cost of sales. These items are considered as non-cost items and its effect is considered in reconciliation statement.

i) Disclosure regarding other relevant cost accounting policy

Costing policies not define above are as per generally accepted Cost Accounting Principles and Cost accounting standards as prescribed by The Institute of Cost Accountant of India..

j) Disclosure regarding changes in cost accounting policy during reporting period.

Company has changed the method of charging of depreciation from 2010-11. Prior to that company had used average rate of 2.5% per annum. So impact for the same on cost of units generated during current year has to be determined.

Depreciation has been charged on Straight Line Method at the rates as given by Regulatory Commission for electricity companies. Where rates are not provided by HPREC, rates as per Companies Act are considered except in case of Computers.

The impact of difference with rates as applicable under Companies Act, 2013 has to be worked out. So we are not in a position to determine the cost implication of the same.

k) Disclosure regarding adequacy of budgetary control system

The Finance & Accounts wing of HPSEBL has been assigned the functions of preparation of final Accounts and Budget of the company. This wing is responsible for all financial planning and forecasting, funds management of the Company. Annual budgets on capital projects and revenues are made. These budgeted figures are compared with actual.

HIMACHAL PRADESH STATE ELECTRICITY BOARD LIMITED

(A State Govt. Undertaking)

Replies to cost auditor Observations and suggestions on Cost Audit Records of Himachal Pradesh State Electricity Board Limited for the year ended 31st March, 2017.

CAG Comments	Management Reply
We, **SDM & Associates**, Cost Accountants, having been appointed as Cost Auditors under section 148 of the Companies Act, 2013 of **Himachal Pradesh State Electricity Board Limited,** having its registered office at Vidyut Bhawan, Shimla-171004 (hereinafter referred to as the Company), have audited the Cost Records maintained under section 148 of the said Act, in compliance with the Cost Auditing standard, in respect of the **GENERATION, TRANSMISSION & DISTRIBUTION of ELECTRICITY** for the Period 2016-17 maintained by the company and report, in addition to our observation and **suggestions in Para 2.** (i) We have obtained the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of this audit. **(ii)** In our opinion, proper cost records, as per Rule 5 of the Companies (Cost Records and Audit) Rules, 2014 have not been maintained by the company in respect of units/products/services under reference. **(iii)** In our opinion, proper returns adequate for the purpose of the Cost Audit have not been received from the branches not visited by us. **(iv)** In our opinion and to the best of our information, the said books and records not give the information required by the Companies Act, 2013, in the manner so required. **(v)** In our opinion, company has not adopted adequate systems of internal audit of cost records which to our opinion is commensurate to its nature and size of its business. **(vi)** In our opinion, information statements in the annexure to this Cost Audit Report does not gives true and fair view of the Cost of Production of product/ rendering of services, Cost of Sales, Margin and Other Information relating to product/services under reference. **(vii)** Details unit-wise and product/ services-wise cost statements and schedules thereto in respect of the product /services under reference of the company duly audited and certified by us are kept in the company.	Statement of facts, hence no comments are required.

2. Observations and suggestions, if any, of the Cost Auditor, relevant to the cost auditor **a) Capacity Utilisation** The installed capacity of company is same as compared to the previous year i.e (487.450 MKW) and power generation has increased to 1595.92 MKwh (P/Y 1573.1 MKwh) which is 38.18% of Installed capacity. (P/Y 37.63%). The consumption of power within the state has increased to 8991.57 MKW (P/Y 7951.086). The capacity utilisation is at less than 50 % which has increased the cost of power generated. So, company should plan to increase its power generation for better results as it operates at less than 50% capacity. On the other side Company purchased 70% (P/Y 80%) of its total requirement from outside the state.	In reply to this para, it is submitted that due to technical, geographical and climatic reasons, HPSEBL was not position to utilize the available capacity during the FY 2016-17. The average plant availability factor of its all own generation Units for FY 2016-17 was as per enclosed Annexure- A. Further, the utilization of average plant availability factor is depend upon the availability of adequate water in sourced rivers since all generating units are hydro based. Other reason of poor utilization of available capacity were as under:- i) Apart from closing the generating units for their routine maintenance and routine works, these units could not generate the electricity due to some technical breakdown caused by the failure of equipments and components. ii) Most of generating units are situated in deep terrain hills which are severely affected by heavy flood during rainy season. The silt in muddy water affects the smooth operation of these Generating units and is responsible for frequent breakdown of these Units. iii) Many generating units are forced to shut down in extreme winter season due to non-availability of water in sourced rivers. The management of HPSEB Ltd. is making all possible efforts to increase capacity utilization to improve its operation efficiency.
b) Electricity Generation Cost The per unit cost of generation and distribution has gone up this year to Rs. 5.69 pu (P/y Rs. 5.39 pu). Realisation per unit in case of MSMES has reduced by 30% from Rs. 0.607 pu. to Rs. 0.421/pu. Further, in current year company has started generation of electricity from Solar Power systems and during the year total 51.556 MU produced. Due to non-availability of cost records for the same we could not compare it with other sources.	The cost of generation and distribution has gone up this year to Rs. 5.69 pu (P/y Rs. 5.39 pu) due to ther reason that employee cost provision are being made as per AS17. The Company has not started the generation of electricity from solar power System. The 51.556 MU mentioned in the report are purchased solar power. Hence the version of the auditor is denied and para may be dropped.
c) Increase in Employee cost Employee cost has increased by 13% (P/Y increased by 15%) as compared to previous year which seems to be on higher side. So average increase per year comes to 14%.	(i) reply to this para, It is submitted that average increase of 14% in employee cost is due to provision of terminal benefits as per the requirement of AS17. (ii) In order to reduce the employee cost HPSEB Ltd. is outsourcing many commercial activities to the private Parties and Companies. (iii) The HPSEBL proposes to rationalize the staff and utilizing the existing man power in proper way by re-deployment . (iv) The efforts are being made to reduce the employee cost by restricting the recruitment to some essentials

	technical trades only which are essential for maintaining the operation efficiency of the Company. (v) The transfer schemes notified by the H.P Govt vide Notification No MPP(A) (3)- 1/2001-IV dated 10.06.2010 all assets and liabilities of erstwhile Board which stand vested in the Govt. of H.P has been re-vested in HPSEBL and Pension inclusive terminal benefits is major cause of increasing in high employee cost.
d) Excessive stock of spares and stores Company carries stock of Spares and Stores to its monthly consumption by 13 times (P/Y 15 TIMES) which is very much on higher side. It is suggested that company should get it physically verified and all items of obsolete in nature should be identified and disposed off. Management should also take thorough review while ordering fresh material. There is no information regarding shortage/excess of material during physical verification of the inventory. Consumption of Stores and Spare has gone up by 55% during current years.	(i) The HPSEB Ltd. maintains the optimum level ofstocks which is divided into critical and non–critical items. The minimum stock of critical items has to maintain at every Divisional level for restoring the electricity immediately being an essential organization. (ii) The Company is taking all possible steps to streamlines its overall inventory system and overstocking of any items will not be allowed in future.
e) Repairs & Maintenance cost The company undertakes repairs and maintenance with their own staff or through the contractors. In number of cases stores and spares are purchased by the company and issued for repairs and maintenance. **The value of consumables issued in circles/wings and divisions are recorded under heading repairs and maintenance**. With this practice it is not possible to work out the consumption of stores materials. Also all capital spares have been booked under this head. For better control it is suggested to record the consumption of stores and spares under separate headings. Cost under Repair and Maintenance has increased by 55% in year under audit.	Separate accounts head 22.321 to 22.339 are existing for the accounting of consumption of stores and spares issued for O&M and these value mentioned in Sr.No 22.(a) Note No. 2.31 (Signification Accounting Policies) of Annual Report However, the value of consumables issued form store shall be recorded under heading repairs and maintenance (Note 2.29) by giving explanatory note in future.
f) Effect on net worth Profitability to Net worth ration has drastically reduced this year and touched the figure at -21.99% (P/y -2.21%) which needs a review. Further company's profitability to Capital employed has also reduced to -1.05% from -0.27% previous year.	Due to continuous losses for the past years, the net worth of the Company is diminishing year by year and management has been taken various steps to reduce expense and increase income. By the virtue of UDAY package of Rs. 2890.50 cr by which all current liabilities of the Company will be converted into long term liabilities and further infusion of shares capital by Govt. of HP, the Company is quite optimistic to reduce its accumulated losses in the coming years.

g) company has charged cost of new meters replacing old one to revenue fully and not withdrawn the cost of old/damaged meters and accumulated depreciation there on. It has increased the cost per unit. As the impact has not been workout we are not in position to comment upon.	g) The new meter are being replaced as per the policy of the Company. Hence the version of the audit are not acceptable.
h) Company's transit loss of power distribution has come down this year also from 11.66% p/y to 11.18%. But in case of Rohru losses are at 45% and in Kangra and Dalhousie T&D losses are more than 20% which needs a review. Total number of units lost is 1437.2 MU.	h) Every effort are being made to reduce the T&D lossed of Rohru , Kangra & Dalhousie.
i) Considering the activities and size of the organisation we suggest that a formal Costing mechanism of Cost Records and Internal Audit must be introduced at all power generating units of the company.	i) formal Costing mechanism of Cost Records shall be made from next year and Internal Audit are being made each Division/ll power generating units of the company.
j) Apart from other cost, company's administrative cost as also gone up by 35% as compared to previous year Cost.	j to l) Statements of facts, hence no comments required
k) Company's finance cost is around 8% of total cost of units sold which need a review and cheap source of finance must be looked into.	
l) Company's overall operational loss has jumped to RS. 27484/- lakh (P/y 20430.93 lakh)	

Sd/-
Chief Accounts Officer,
F&A Wing, HPSEB Ltd.,
Shimla-171004.

Place: Shimla
Dated: 30-03-2019

HIMACHAL PRADESH STATE ELECTRICITY BOARD LTD.
(A state govt Undertaking)
Balance Sheet as at 31st March, 2017

(Amount in Lacs.)

	Particulars	Note No.	As at 31st March,2017		As at 31st March,2016	
	1	2	3	4	5	6
I.	**EQUITY AND LIABILITIES**					
1	**Shareholders' Funds**					
	(a) Share Capital	2.1	65328.18		60329.58	
	(b) Reserves and Surplus	2.2	(44520.13)		(11564.07)	
	(c) Money Received against Share Warrants		0.00	**20808.05**	0.00	**48765.51**
2	**Share Application Money Pending Allotment**	2.3		**1.40**		**0.00**
3	**Non-Current Liabilities**					
	(a) Long-Term Borrowings	2.4	456164.30		324683.22	
	(b) Deferred Tax Liabilities (Net)		0.00		0.00	
	(c) Other Long Term Liabilities	2.5	63939.79		48615.11	
	(d) Long-Term Provisions	2.6	0.00	**520104.09**	0.00	**373298.33**
4	**Current Liabilities**					
	(a) Short-Term Borrowings	2.7	12240.28		123346.56	
	(b) Trade Payables	2.8	173720.64		172609.63	
	(c) Other Current Liabilities	2.9	117585.39		192063.59	
	(d) Short-Term Provisions	2.10	61716.00	**365262.31**	55115.04	**543134.82**
	TOTAL			**906175.85**		**965198.66**
II.	**ASSETS**					
	Non-Current Assets					
1	**(a) Fixed Assets**					
	(i) Tangible Assets	2.11	547839.53		530274.46	
	(ii) Intangible Assets	2.12	705.75		1154.49	
	(iii) Capital Work-in-Progress	2.13	89650.76		97194.39	
			638196.04		**628623.34**	
	(b) Non-Current Investments	2.14	43102.51		43077.51	
	(c) Deferred Tax Assets (net)		0.00		0.00	
	(d) Long-Term Loans and Advances	2.15	9172.81		26218.88	
	(e) Other Non-Current Assets	2.16	15129.98	**705601.34**	18057.40	**715977.13**
2	**Current Assets**					
	(a) Current Investments	2.17	0.00		631.20	
	(b) Inventories	2.18	5842.18		9384.14	
	(c) Unbilled Revenue		0.00		0.00	
	(c) Trade Receivables	2.19	93002.93		114433.23	
	(d) Cash and Cash equivalents	2.20	18278.47		16185.75	
	(e) Short-Term Loans and Advances	2.21	58462.41		40868.02	
	(f) Other Current Assets	2.22	24988.52	**200574.51**	67719.19	**249221.53**
	TOTAL			**906175.85**		**965198.66**

The accompanying notes form an integral part of these financial statements

For and on behalf of Company

Sd/-
(Er. J.P. Kalta)
Managing Director
DIN 5299040

Sd/-
(Rajeev Sharma, IAS)
Director(F&A) cum CFO
DIN 06929504

Sd/-
(Gulshan Aggarwal)
Chief Accounts Officer

Place: Shimla
Date : 11-01-2019

Auditors Report
As per our report of even date

For Anil K. Sood & Co.
Charterted Accountants
FRN 007360 N

Sd/-
(Anil Kumar Sood)
Partner
M.No 086068

HIMACHAL PRADESH STATE ELECTRICITY BOARD LTD.

Statement of Profit and Loss for the year ended 31st March, 2017

(Amount in Lacs)

Sl. No.	Particulars	Refer Note No.	Year ended 31st March, 2017	Year ended 31st March, 2016
I.	Revenue from Operations	2.23	629153.79	598001.62
II.	Other Income	2.24	33038.70	20969.43
III.	**Total Revenue (I + II)**		**662192.49**	**618971.05**
IV.	**Expenses:**			
	Purchase of Power	2.25	388376.78	373368.83
	Employee Benefits Expense	2.26	170383.70	150328.79
	Finance Costs	2.27	50334.65	51855.33
	Depreciation and Amortization expense	2.28	33900.98	32707.42
	Other expenses	2.29	24704.52	12491.71
	Total Expenses		**667700.63**	**620752.08**
V.	**Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)**		**(5508.14)**	**(1781.03)**
VI.	Exceptional items		0.00	0.00
VII.	**Profit / (Loss) before extraordinary items and tax (V - VI)**		**(5508.14)**	**(1781.03)**
VIII.	Extraordinary Items	2.30	(1087.03)	(729.92)
IX.	**Profit / (Loss) before tax (VII- VIII)**		**(4421.10)**	**(1051.11)**
X	Tax expense:			
	(1) Current Tax		0.00	0.00
	(2) Deferred Tax		0.00	0.00
XI	**Profit / (Loss) for the period from operations (VII-VIII)**		**(4421.10)**	**(1051.11)**
	Earning (Loss) per equity share:			
	(1) Basic	2.31	(7.28)	(1.93)
	(2) Diluted		(7.28)	(1.86)

The accompanying notes form an integral part of these financial statements

For and on behalf of Company

Sd/-

(Er. J.P. Kalta)
Managing Director
DIN 05299040

Sd/-

(Rajeev Sharma, IAS)
Director(F&A) cum CFO
DIN 06929504

Sd/-

(Gulshan Aggarwal)
Chief Accounts Officer
Place: Shimla
Date : 11-01-2019

Auditors Report
As per our report of even date

For Anil K. Sood & Co.
Charterted Accountants
FRN 007360 N

Sd/-

(Anil Kumar Sood)
Partner
M.No 086068

HIMACHAL PRADESH STATE ELECTRICITY BOARD LIMITED
Cash Flow Statement for the year ended 31st March, 2017

Sr. No.	Description	March 2017		March 2016	
A.	**Cash Flow from Operating Activities**				
	Profit before tax		(4,421.10)		(1,051.11)
	Adjustments for:				
	Amortization of Capital Grants	(6,139.94)		(5,859.19)	
	Depriciation and Amortization	33,900.98		32,707.42	
	Interest Income	(45.14)		(36.81)	
	Provision for Doubtful Debts	(1.10)		15.32	
	Finance Cost	50,334.65	78,049.45	51,855.33	78,682.07
	Operating Profit before Working Capital Changes		73,628.35		77,630.97
	Changes in Working Capital:				
	Adjustments for (Increase)/Decrease in Operating Assets:				
	Inventories	3,541.95		(2,261.42)	
	Trade receivebale	21,430.30		(9,837.10)	
	Short Term Loans and Advances	10,405.60		5,585.22	
	Long term Loans & Advances	128.25		(10.02)	
	Other Current Assets	42,730.69		24,961.30	
	Other Non-Current Assets	2,928.52	81,165.31	(1,301.64)	17,136.34
	Adjustments for Increase/(Decrease) in Operating Liabilities:				
	Short term Borrowings	(111,106.28)		11,466.10	
	Trade payable	1,111.02		(18,155.28)	
	Other Current liabilities	(61,253.84)		(15,770.52)	
	Short Term Provisions	6,600.97		9,202.35	
	Other Long Term Liabilities	(21,193.63)	(185,841.77)	4,327.84	(8,929.51)
	Cash Generated from Operations		(31,048.11)		85,837.79
	Tax paid (Net)		0.00		0.00
	Net Cash Generated from Operating Activities (A)		**(31,048.11)**		**85,837.79**
B.	**Cash Flow From Investing Activities.**				
	Purchase of Fixed Assets	(43,473.69)		(53,158.56)	
	Decrease in Capital advances	166.86		(719.61)	
	Proceeds from Sale of Current Investments	631.20		516.65	
	Proceeds from GPF Investments	9,931.22		(5,131.10)	
	Purchase of Investment in Joint Ventures	(25.00)		0.00	
	Interest received on Investments	45.14		36.81	
	Loan given to Subsidiaries	(11,249.04)		(6,912.00)	
	Net Cash Used in Investing Activities (B)		**(43,973.31)**		**(65,367.81)**
C.	**Net Cash Used in Financing activities**				
	Proceed from issue of Share Capital	4,998.60		5,000.00	
	Proceed from Share Application Money	1.40		0.00	

Payment against Balance of General Reserve	(631.20)		(516.65)	
Proceeds from Capital Grants / Consumer Contributions	4,823.27		11,664.13	
Proceeds from Long Term Borrowings	131,481.08		15,610.68	
Payment of Finance Cost	(63,559.02)		(50,589.07)	
Net Cash Generated from Financing Activities (C)		**77,114.14**		**(18,830.90)**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		**2,092.71**		**1,639.08**
Cash and Cash Equivalents as at 1st April (Opening Balance)		**16,185.74**		**14,546.68**
Cash and Cash Equivalents as at 31st March (Closing Balance)		**18,278.46**		**16,185.74**

Sd/-
(Er. J.P. Kalta)
Managing Director

Sd/-
(Rajeev Sharma, IAS)
Director(F&A)

Sd/-
(Gulshan Aggarwal)
Chief Accounts Officer

Place: Shimla
Date : 11.01.2019

For Anil K. Sood & Co.
Charterted Accountants
FRN 007360N

Sd/-
(Anil Kumar Sood)
Partner
M. No 086068

2 Notes to Accounts

The Amounts in financial statements are presented in Indian Rupees and all figures have been rounded off to the neareast rupees lakh except when otherwise stated.

The financial statement for the year ended 31st March, 2017 were prepared as per the provision under revised scheduled VI to the Companies Act, 1956. The previous year figures have also been reclassified/ regrouped/ rearranged wherever necessary to conform to this year's classification.

2.1. Share Capital

(Amount in Lac)

	As at 31st March, 2017		As at 31st March, 2016	
	No. of Shares	Amount	No. of Shares	Amount
Authorised				
Equity Shares at par value ` 100/- each	110000000	110,000.00	110000000	110,000.00
		-		-
EQUITY SUBSCRIBED AND FULLY PAID UP		-		-
Equity Shares at par value ` 100/- each fully paid up	65328180	65,328.18	60329580	60,329.58
Total		**65,328.18**		**60,329.58**

2.1.1 Disclosure pursuant to No of Shares at the beginning & at the end of reporting period

(Amount in Lac)

Accounts Code	Name of Shareholder	As at 31st March, 2017		As at 31st March, 2016	
		No. of Shares	Amount	No.of Shares	Amount
54.505	Number of shares Outstanding at the beginning	60329580	60,329.58	52203180	52,203.18
	Number of shares issued during the year.	4998600	4,998.60	8126400	8,126.40
	Share bought back during the year	0	-	0	-
	Number of shares outstanding at the end.	**65328180**	**65,328.18**	**60329580**	**60329.58**

2.1.2 Terms/write attached to equity Share:-

The Company has only one class of equity shares having par value of Rs. 100/- per share.

Each holders of equity shares are entilted to voting rights proportionate to their share holding at the meeting of sharholders.

No terms and condition has been mentioned in investment made by Govt in HPSEBL

2.1.3 Disclosure pursuant to Note No 6 (A) (g) of Part I of Revised Scheduled VI to the Companies Act, 1956- Details of Shareholding more than 5% shares in the company:

Name	As at 31st March, 2017	As at 31st March, 2016		
	No. of Equity Shares	% of Shareholding	No. of Equity Shares	% of Shareholding
1. Governor of Himachal Pradesh The remaining shares are in the name of nominee Directors of HP Govt.	65328180	100.00	60329580	100.000
Total				

2.2 Reserves & Surplus (Amount in Lac)

Accounts Code		As at 31st March, 2017	As at 31st March, 2016
	Capital Reserves / Capital Grants from Go HP & GOI		
54.6, 55.3, 55.5	Opening Balance	93,670.44	92,251.83
	Add: addition during the year	1,330.40	1,418.60
	Less : Utilised during the year	-	-
	Closing balance	95,000.84	93,670.44
56,55.1, 55.2,55.5 55.901	**Capital Reserves / Other Grants and Subsidies**		
	Opening Balance	94,097.88	89,711.53
	Add: addition during the year	-23,094.22	10,245.53
	less: Utilised/ amortized during the year	6,139.94	5,859.19
	Closing balance	64,863.71	94,097.88
57.182	**General Reserves**		
	Opening Balance (Leave encashment fund)	631.20	1,147.85
	Add: addition during the year	-	-
	less : Utilised during the year	631.20	516.65
	Closing balance	-	631.20
58	**Deficit**		
	Opening Balance	- 199,963.58 -	- 198,912.47
	Add: Loss during the year as per statement of P & L A/c	- 4,421.10	- 1,051.11
	Closing balance	-204,384.68	- 199,963.58
	Total	**- 44,520.13**	**- 11,564.07**

2.2.1 During the year Company received follwing grants :-

MNES Grants for Rs. 85.00 Lac, Grants for Smarts Grid Piolet Projects from GOI Rs. 944.90 Lac
Assistance for Solar Power Projects at Kaza Rs. 300.00 Lac
REC subsidy from RGGVY Rs. 27917.49 Lac was difference in GAP a/c which has been settled
Leave encashment payment has been made from General Reserve and no balance are outstanding in this funds.

2.3 Share Application Money Pending Allotment (Amount in Lac)

Accounts Code		As at 31st March, 2017	As at 31st March, 2016
54.506	Application money pending allotment	1.40	—

Equity share of Rs. 1.40 Lac pending for allotment was recoverable amount from GoHP which has been received and share has been issued \in favour of State Govt vide agenda item 32.09 on dated 30-07-2018.

2.4 Long Term Borrowings (Amount in Lac)

	Accounts Code		As at 31st March, 2017	As at 31st March, 2016
A		**Term Loans Secured**		
	52, 53	Banks		-
	54.2	Financial Institutions	83,336.36	111,114.40
		Others	-	-
		Total A	**83,336.36**	**111,114.40**
B		**Unsecured**		
		Banks	-	2,493.98
		Financial Institutions	82,558.13	121,033.94
		Others (Govt of HP Loan under UDAY Schemes)	290,269.80	1,163.15
		Loan Restructured under FRP	-	88,877.75
		Total B	**372,827.94**	**213,568.82**
		Total Long Term Borrowings (A+B)	**456,164.30**	**324,683.22**

2.4.1 Loans from Financial Institutions PFC / REC / LIC were obtained under different schemes for creation of fixed assets. The assets created with the loans are hypothecated with the REC/PFC/LIC.

Secured		
REC	42,943.59	77,706.19
PFC	13,005.82	14,67566
LIC	-	-
PFC (APDRP Part-A)	3,149.82	3,529.60
PFC (APDRP Part-B)	21,608.95	12,585.00
PFC (APDRP Part-B) CP Loan	2,628.18	2,617.96
Total	**83,336.36**	**111,114.40**
	-	-
Unsecured	-	-
Banks	-	-
H P State Coop. Bank, Shimla	-	2,493.98
Kangra Central Cooperative Bank	-	-
SBI new Loan under FRP	-	-
Total	-	**2,493.98**
	-	-
Financial Institutions	-	-
REC (RGGVY)	58.13	2,316.94
Non SLR Bonds	80,000.00	113,717.00
LIC	2,500.00	5,000.00
	-	-
Total	**82,558.13**	**121,033.94**
	-	-

Others	-	-
ADB Loan through H P Government	1,219.80	1,163.15
APDRP Loan through H P Government incl. Interest accrued	-	-
RGGVY Loan H P Government	289,050.00	-
Total under Uday Schemes	290,269.80	1,163.15
Term Loan Restructure under FRP	-	-
Kangra Central Cooperative Bank 290 cro	-	29,000.00
SBI new Loan under FRP	-	28,596.37
Central Bank of India	-	4,523.81
Kangra Central Cooperative Bank	-	2,360.81
Punjab & Sind Bank	-	24,396.76
	-	88,877.75

2.4.2

* There has been no defaults in repayments of any of the loan or interest thereon at the end of the year.
* Detail in respect of rate of interest and terms of repayments of secured and unsecured Non current maturities of long terms debt indicated above are disclosed in Note.
* The borrowing limit of the Company had Rs. 5000 Crore which has now been enhanced Rs. 5500 Crore during FY 2018-19.

2.5 Other Long Term Liabilities (Amount in Lac)

Accounts Code		As at 31st March, 2017	As at 31st March, 2016
46101-128, 47.1,	Deposits, Retention Money from Contractors and Others	7,809.03	9,357.93
57.110	Contributory Provident Fund	-	-
57.120	GPF	127,918.75	132,147.24
20.140	less : GPF Investments	-102,433.51	-112,364.72
57.180-181,170	Other Funds-CPS	1.69	97.13
47.501,47.7, 47.9, 47.320	Advance for Infrastructure development / Others	18,192.56	19,377.54
46.127-28	Interst accured on RGGVY & APDRP	-2,845.86	-
46.734	Interest accured but not due on PFC	9,600.40	-
46.730	Unclaimed Interest (Bonds)	5.00	-
	Total	**63,939.78**	**48,615.11**

2.5.1

* The GPF investment amounting to Rs. 77066.41 Lakh are under lien with various Bank against OD/ Cash Credit Limit

* The amount of Unpaid /unclaimed Rs. 5.00 Lac are relating to NSLR Bonds 10.46% for Indian Seamless Superannuations Schemes, Lunkad Towe -Pune

2.6 Long Term Provisions (Amount in Lac)

	As at 31st March, 2017	As at 31st March, 2016
Provision by losses pending Investigation	**0.00**	**0.00**

2.7 Short Term Borrowings (Amount in lac)

Accounts code		As at 31st March, 2017	As at 31st March, 2016
	Secured Loans		
50.2, 50.3	Overdraft / Cash Credit limit from banks	12,240.28	69,351.17
	Cash Credit limit from banks	-	-
	Unsecured Loans	-	-
50.1	Over Draft / Cash Credit limits from banks	-	53,995.39
	Short Term Loans from banks	-	-
	Total	**12,240.28**	**123,346.56**

2.71 Overdraft from banks are secured against FDR's.

a)	**Over drafts**		
	State Bank of India	1,199.62	11,376.90
	UCO Bank	985.05	5,173.84
	State Bank of Patiala	-	5,147.69
	Bank of Baroda	689.42	3,425.84
	Kangra Central Coop Bank	988.53	18,090.17
	Union Bank of India	-	-
	H P Cooperative Bank	7,833.25	15,948.84
	Indian Overseas bank	-	-
	Punjab National Bank	208.92	4,006.54
	Central bank of India	-	903.51
	Punjab & Sind bank	335.48	4,290.52
	Indian Bank	-	987.31
	IDBI -	0.00	-
	State bank of Patiala	-	-
	Cenara Bank	-	-
	Working Capital (50.3)	-	-
	H.P. Co-op Bank	-	-
	UCO Bank	-	-
	Punjab national Bank	-	-
	Indian Overseas Bank	-	-
	Central bank of India	-	-
	Total	**12,240.28**	**69,351.17**
	Unsecured Cash Credit limit against Escrow cover		
	State Bank of India	-	9,976.23
	Kangra Central Coop Bank	-	14,000.00
	PNB	-	10,036.81
	Cenara bank	-	19,982.34
	Total	**-**	**53,995.39**

(b) Security against OD/Cash Credit Limit from Banks against GPF Funds Investments:-

Punjab Nation Bank	8,869.37	-
UCO	6,412.21	-

KCC	2,565.88	-
H.P. State Co-op Bank	37,139.84	-
Central bank	1,399.86	
Punjab and Sind Bank	5,906.58	
SBI	14,452.53	
SBI (SBOP)	320.13	
Total	**77,066.41**	**-**

8. Trade Payables (Amount in Lac)

A/c		As at 31st March, 2017		As at 31st March, 2016
	Sundry Creditors			
41	Purchase of Power	173,720.64		172,609.63
	Others	-		-
	Related Party (Subsidiary/ Joint Venture & others)	-		-
	Micro & small Scale Enterprises	-		-
	Total	**173,720.64**		**172,609.63**

2.9 Other Current Liabilities (Amount in Lac)

Accounts code		As at 31st March, 2017	As at 31st March, 2016
	Current Liabilities of Long Term debt		
	Secured	13,150.00	19,050.00
52, 53	Unsecured	4,419.93	21,110.95
54.2			
	Interest accrued but not due on :		
46.710-735	Term loans	620.80	13,552.92
46.127-46.128			
46.714	Bonds	1,791.51	2,083.75
46.74	Borring under Uday	1,898.19	-
	Other Payables:		
46.71-46.719, 46.31-35	Liability for employees remuneration and benefits	4,375.36	4,707.86
46.730	Unclaimed Interest	4.00	61.00
46.920&21	Security deposits from employees	0.25	-
			17.83
46.922,934	Advances received from contractors/others	1,383.13	28.45
46.2, 46.3,	Amounts payable to GoHP / other departments	29,883.31	38,301.84
44.406-420, 46.910	Other payable for expenses / employee deductions	1,452.62	1,414.49
42.1, 42.3, 43.1-2	Liability for Purchases -Capital / Others	15,760.89	27,795.50
	Capital Rs. 7807.92		
	O&M Rs. 7952.97		

46.924,925, 46.901,46.902	TDS and other Statutory Taxes payable	509.06	335.82
46.9,47.3,47.5,47.6	Deposits, Retention Money from Contractors and Others	42,215.31	63,638.83
48.1		-	
57.180-81	Other Funds-CPS	121.04	
	Total	**117,585.39**	**192,063.59**

2.9.1

There has been no defaults in repayments of any of the loan or interest thereon at the end of the year.

Detail in respect of rate of interest and terms of repayments of secured and unsecured current maturities of long terms debt indicated above are disclosed in Note.

Unclaimed Interest of Rs. 4.00 Lakh are NSLR Bonds 10.22% relating to M/s Syal Investment Ltd , Jalandhar, Punjab) which has been paid 0n 22.9.2017.

2.10 Short Term Provisions (Amount in Lac)

Accounts code		As at 31st March, 2017	As at 31st March, 2016
	Unfunded Employee Benefits		
44.340	Leave Salary	5,595.04	3,858.18
44.110	Gratuity	4,114.36	-
44.120	Pension	4,526.26	-
44.130	Exgratia	-	-
		-	-
	Others	-	-
44.320	Bonus	-	12.84
44.330	Medical expenses	371.89	625.67
48.1	Consumers Security Despoit	27,402.48	31,463.04
48.3	Interest Payable on Consumer deposits	798.08	1,677.17
46.430, 44.110, 44.120	Provision for expenses	18,907.90	17,478.14
	Total	**61,716.00**	**55,115.03**

2.10.1 Interest on consumers scerutrity are being provdied as per HPERC Regulations and adjsted in energy bill of consumers July & August, 2017.

HIMACHAL PRADESH STATE ELECTRICITY BOARD LTD. **Note No. 2.11**

FIXED ASSETS AND PROVISION FOR DEPRECIATION FOR FY 2016-17

(Amount in Lacs)

			GROSS BLOCK					PROVISION FOR DEPRECIATION				NET BLOCK	
Sl.No.	Asset Group	Account Code	OB as on 01.04.2016	Additions during FY 2016-17	Adjustments during FY 2016-17	Deductions during FY 2016-17	Gorss Block At the end of March, 2017	Opening fund as on 01.04.2016	Depreciation for the period 01.04.2016 to 31.03.2017	Adjust-ments or deductions 2016-17	At the end of March 2017.	At the end of March 2017.	At the end of March 2016.
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1.	Land & Land Rights	10.101	8309.88	431.08	0.00	0.00	8740.96	0.00	0.00	0.00	0.00	8740.96	8309.88
2.	Land held under lease	10.102 &103	1086.33	46.83	0.00	0.00	1133.16	196.04	96.60	0.00	292.64	840.51	890.29
3.	Buildings	10.2	23291.57	506.55	0.00	0.00	23798.12	12254.00	615.43	0.00	12869.43	10928.69	11037.57
4.	Hydraulic Works	10.3	117195.96	313.78	0.00	0.00	117509.74	52839.88	6261.73	0.00	59101.61	58408.13	64356.08
5.	Other Civil Works	10.4	57718.23	790.33	0.00	0.00	58508.56	13764.63	1897.85	0.00	15662.48	42846.07	43953.60
6.	Plant & Machinery	10.5	248973.03	27240.03	0.00	0.00	276213.05	70055.32	12276.12	0.00	82331.44	193881.61	178917.71
7.	Lines & Cable Net	10.6	272738.60	21661.54	0.00	0.00	294400.14	58595.60	11037.00	0.00	69632.59	224767.55	214143.01
8.	Vehicles	10.7	1744.17	26.92	0.00	0.00	1771.09	1295.62	76.36	0.00	1371.99	399.10	448.55
9.	Furniture & Fixtures	10.8	1096.74	6.20	0.00	0.00	1102.94	802.94	46.97	0.00	849.91	253.04	293.80
10.	Office Equipments	10.9	6700.80	-5.50	0.00	0.00	6695.30	3080.81	1153.28	0.00	4234.09	2461.21	3619.99
11.	Date Processing Euipments	10.95	4303.98	8.66	0.00	0.00	4312.64	0.00	0.00	0.00	0.00	4312.64	4303.98
		10(s)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Sub-Total		743159.30	51026.41	0.00	0.00	794185.71	212884.83	33461.35	0.00	246346.18	547839.53	530274.46
			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	Capital expenditure resulting in an assets not belonging to the Board.	11.101	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11		11.102	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Assets Transfer I/Ward	13.4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total		**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
			0.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	Grand Total		**743159.30**	**51026.41**	**0.00**	**0.00**	**794185.71**	**212884.83**	**33461.35**	**0.00**	**246346.18**	**547839.53**	**530274.46**

Gross Block does not include value of small and low value assets each costing below Rs. 500/- charged to revenue accounts in the year in which they are first put to use.

Value of such assets charges to revenue accounts during the year 2016-17 Rs. 90,66,000/-

HIMACHAL PRADESH STATE ELECTRICITY BOARD LTD. **Note No. 2.12.**

INTANGIBLE ASSETS AND PROVISION FOR DEPRECIATION FOR FY 2016-17. **(Amount in Lac)**

			GROSS BLOCK					**PROVISION FOR DEPRECIATION**				NET BLOCK	
Sl. No.	Asset Group	Account Code	OB as on 01.04.2017	Additions during FY 2016-17	Adjustments during FY 2016-17	Deductions during FY 2016-17	Gorss Block At the end of March, 2017	Opening fund as on 01.04.2016	Depreciation for the period 01.04.2016 to 31.03.2017	Adjustments or deductions 2016-17	At the end of March 2017	At the end of March 2017	At the end of March 2016
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1.	Intangible Assets	18.301	2243.70	0.00	0.00	0.00	2243.70	1089.22	448.74	0.00	1537.96	705.75	1154.49
		Total	**2243.70**	**0.00**	**0.00**	**0.00**	**2243.70**	**1089.22**	**448.74**	**0.00**	**1537.96**	**705.75**	**1154.49**

HIMACHAL PRADESH STATE ELECTRICITY BOARD LTD **Note No. 2.13**

Sl. No.	Particulars	Accounts Code	As at 1st April, 2016	Additions during the year 2016-17	Transfers/ Adjustment	Total	Capitalised during the year 2016-17	As at 31st March,2017
1.	Land & Land Rights	14.1	-1361.27	15895.98	0.00	14534.71	8799.24	5735.47
2.	Building& civil structure	14.2	6909.92	1547.81	0.00	8457.72	579.35	7878.37
3.	Hydraulic Works	14.3	1454.47	8055.60	0.00	9510.07	9606.99	-96.91
4.	Other Civil Works	14.4	17377.81	4293.45	0.00	21671.26	15427.22	6244.04
5.	Plant & Machinery-T&D	14.5	20412.13	36612.34	0.00	57024.47	33582.34	23442.13
6.	Lines & Cable Network etc.	14.6	51384.91	15093.11	0.00	66478.02	20881.30	45596.72
7.	Vehicles	14.7	555.45	32.36	0.00	587.81	21.51	566.30
8.	Furniture & Fixtures	14.8	47.59	3.43	0.00	51.02	0.20	50.82
9.	Office Equipments	14.9	185.74	3.71	0.00	189.45	0.00	189.45
	14s		0.00	0.00	0.00	0.00	0.00	0.00
	Sub-Total		**96966.75**	**81537.79**	**0.00**	**178504.54**	**88898.15**	**89606.39**
	Other Assets at construction stage		0.00	0.00	0.00	0.00	0.00	0.00
1.	Contract- in Progress	15.1	44.37	0.00	0.00	44.37	0.00	44.37
	15 s		183.26	0.00	0.00	183.26	183.26	0.00
2.	Revenue Expense Reclassified Pending Allocation over capital works	15.2	0.00	0.00	0.00	0.00	0.00	0.00
	Sub Total		**227.63**	**0.00**	**0.00**	**227.63**	**183.26**	**44.37**
	Total:-		**97194.39**	**81537.79**	**0.00**	**178732.17**	**89081.41**	**89650.76**
			0.00	0.00	0.00	0.00	0.00	0.00
	Previous Year		93777.89	78488.85	0.00	172266.74	75072.35	97194.39

2.14 Non Current Investments (Amount in Lac)

Accounts code		As at 31st March, 2017	As at 31st March, 2016
20.31 **(A)**	**Subsidiary -3**0000000 equity shares of `100/- each In Beas Valley Power Corp Ltd. **(BVPCL)**	30,000.00	30,000.00
20.340	**Others (HPPCL)** 1307751 equity shares of ` 1000/- each	13,077.51	13,077.51
20.430	Investment in BBMB for upgradation of Bhakra Dam P/H Right Bank in HP	349.06	755.20
	Investment in BBMB for upgradation of Bhakra Dam P/H	2,155.82	566.22
	Less / Diminations:- BBMB Expenses with POP		
		2,504.88	1,321.42
	Balance Investment in BBMB	-	-
(B)	**Joint Venture Company**		
20.411	2500 equity Share of Rs. 1000/- each Investment in Himachal Renewal Ltd	25.00	-
	Total Investment in Equity Instuments	**43,102.51**	**43,077.51**

2.15 Long Term Loans & Advances (Amount in Lac)

Accounts code		As at 31st March, 2017	As at 31st March, 2016
	Capital Advances		
	Secured	-	-
25	Unsecured - Considered Good	2,318.93	2,485.78
20.330	Loan to subsidary BVPCL-Considered Good	6,390.42	23,141.38
	Loans & Advances to Employees	-	-
27.1	Secured	254.91	295.02
	Unsecured - Considered Good	-	-
		-	-
	Prepaid expenses	-	-
	Interest Accrued & due on	-	-
	Staff loans & advances	-	-
	Others	-	-
		-	-
	Loans & Committed Advances Others	-	-
28.860-861	Unsecured - Considered Good	208.56	200.43

	(Sakigopal Mega Altra & Tatiya Mega Power Ltd)	-	-
	Interest Accrued but not due on	-	-
	Staff loans & advances	-	-
28.304, 330, 220	Others	-	96.27
	Total	**9,172.81**	**26,218.88**

2.16 Other Non Current Assets (Amount in Lac)

Accounts code		As at 31st March, 2017	As at 31st March, 2016
16	Assets not in use	2,857.81	3,083.23
17	Deferred Miscellenous expenses (S&I Expenses)	8,201.50	11,606.32
23.5 & 23.9	Trade receivables-defaulters (Net after provsion)	2,625.97	2,390.87
22.7, 22.8	Inventories-Scrap/other materials/excess/shortages	513.41	671.46
		-	-
	Interest Accrued & due on	-	-
	Staff loans & advances	-	-
28.290	Others	-	0.45
27.410	Advance Tax deducted at source	538.25	-
	Interest Accrued but not due on	-	-
28.2, 28.3	Staff loans & advances	393.04	217.72
28.390	Others	-	87.34
	Total	**15,129.98**	**18,057.40**

2.16. 1. The detail of Advance tax deducted at Sources/ paid are disclsoed at Note 2.21.1

2. The expenditure of Survey & Investigation are shown as deffered cost and charged to CWIP after the allotemnt of Project to to HPSEBL and recovered from

3. concerend IPPs who haave alloted the Project as per direction of State Govt.

4. Shortage/ excess found on physical verification of stock are booked under Accounts code 22.7.& 22.8 and are recoverable from the persons responsible or written off as the case may be on completion of investigation.

2.17 Current Investments (Amount in Lac)

Accounts code		As at 31st March, 2017	As at 31st March, 2016
20.112, 113	Leave Encashment and CPS fund Investment	-	631.20

2.18 Inventories (Amount in Lac)

Accounts code		As at 31st March, 2017	As at 31st March, 2016
22.6	Store and Spares	5,842.18	9,384.14
	Less : Provision for Shortage and Obsolescence	-	-
	Total	**5,842.18**	**9,384.14**

2.19 Trade Receivables (Amount in Lac)

Accounts code		As at 31st March, 2017	As at 31st March, 2016
23.1, 23.6, 23.7, 23.8	Outstandings for sale of power	76,240.25	91,585.87
23.4	Others (un billed Revenue)	16,762.68	22,847.36
23.9	Less: Provision for doubtful debts	-	-
	Related parties amount receivable	-	-
	BVPCL Nil	-	-
	Himachal Renwable Ltd (JV) Nil	-	-
	Board of Directors: Nil	-	-
	Total	**93,002.93**	**114,433.23**
	Out of above		
	Trade receivables outstanding for period exceeding six months from the date they were due for payment		
	Unsecured considered good	6,542.63	71,554.43
	Unbilled amount considered good	16,762.68	22,847.36
	Other Trade Receivable	-	-
	Unsecured considered good	69,697.62	20,031.44
	Total	**93,002.93**	**114,433.23**

2.19.1

In the opinion of Company, trade receivable are the value as stated in the accounts, if realised in the ordinary course of Business.

2.20 Cash and Bank Balances (Amount in Lac)

Accounts code		As at 31st March, 2017	As at 31st March, 2016
	Cash and Cash equivalents		
24.110	Cash in hand	11.39	0.06
24.120	Postage stamps in Hand	4.52	3.57
24.130	Drafts/ Cheque on hand	-	-
24.2	Imprest with Staff	0.80	1.44
24.3,24.4,24.5	Balances with Banks	18,259.46	15,554.97
	FDR's < 3M (having original maturity of upto 3 months)	-	-
20.290, 296 (s)	FDR's > 3M	2.29	625.72
	Other Bank Balances:		
	Earmarked Balances (Unpaid dividend)	-	-
	Margin Money for BG/ LC/ pledged deposit	-	-
	Other Terms deposits (having orginal maturity more 3 months)	-	-
	Total	**18,278.47**	**16,185.75**

2.21 Short Term Loans & Advances (Amount in Lac)

Accounts code		As at 31st March, 2017	As at 31st March, 2016
	Advances to Contractors and Suppliers		
26	Secured Considered Good	5,832.42	6,096.86
	Less : Provision for doubtful advances	-	-
	Others		
27.1, 27.2, 9	Advance recoverable from employees	460.63	219.54
28.820	Prepaid expenses	8.37	8.65
27.4	Advance tax and tax deducted at source	440.65	2,843.26
28.7, 28.8	Amount recoverable- Government departments	329.04	3,536.68
28.761, 773	Amt recoverable- HPPTCL	6,972.49	11,018.68
287, 28.8	Amount recoverable others	4,708.64	5,689.16
28.9	Deposits with High Court / Lower Courts, HPPTCL & etc.	9,083.49	8,151.99
28.4	Amount recoverable from employees	106.63	137.66
	Interest accrued but not due from	-	-
28.365	Employees	-	1.15
28.310	Others	2,520.07	3,164.40
	Related Parties:		
20.330	Loan/ advance to subsidiary BVPCL	28,000.00	-
	Loan/ advance to Joint Venture/ Directors	-	-
	Total	**58,462.41**	**40,868.02**

2.21.1 Detail of Advance Income Tax/ Tax deducted at source (Amount in Lakh)

Financial year	Particulars	Amount of Tax deposited	Provision of Tax	Refund received	Net Balance
2010-11	TDS	1.02	-	-	1.02
2011-12	TDS	1,130.48	-	643.26	487.22
2012-13	TDS	921.42	-	-	921.42
2013-14	TDS	1,060.90	-	804.76	256.14
2014-15	TDS	1,493.15	-	-	1493.15
2015-16	TDS	534.58		850.26	-315.68
2016-17	TDS	129.60		1,993.96	-1864.36
	Total upto 31.3.2017	**5,271.14**	**-**	**4,292.24**	**978.90**

(Non Current Rs. 538.25 Current Rs. 440.65)

2.21.2

(i) In the opinion of Company, receivable are the value as stated in the accounts, if realeised in the ordinary course of Business.

(ii) The Company has not surrender the PAN No of erstwhile Board and some TDS was deposited in this account by the deductors which has been rectified during the year.

(ii) The negative value/ Net balance during the year inculdes the adjustment of TDS deposoted erstwhile Board PAN, income tax adjusted against the refund of TDS etc.

2.22 Other Current Assets (Amount in Lac)

Accounts code		As at 31st March, 2017	As at 31st March, 2016
28.1	Receivables from scrap sale / miscellenous.	83.18	- 4.23
23.2	Electricity duty recoverable from consumers	- 1,906.42	- 1,462.83
28.620-626	Grant /Subsidies receivable GoHP	22,426.26	14,899.65
30-39	Inter unit transactions	572.64	51,360.94
	Total	**24,988.52**	**67,719.19**

Note 2.23. Revenue from Operations

(Amount in Lacs)

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
Total Inter State Sale of Power			
PSEB	61.101	0.00	0.00
UPSEB	61.103	0.00	0.00
Sangroli (NTPC)	61.110	0.00	0.00
Uttranchal Jal Vidyut Nigam Ltd.	61.113	0.00	0.00
Power Trading Corp. of India	61.114	7045.43	3273.07
Through Banking-BRPL/BYPL	61.119	53.54	5886.53
BYPL		12.77	0.00
Through Banking-Haryana Power Corp. Ltd.	61.120	25.90	10184.70
Through Banking-P.S.E.B	61.121	25560.23	36439.81
Consumers Deviation of Malana.	61.123	74.79	30.44
Reactive Engergy from various CPU's/SEBs	61.124	1224.74	42.64
UI Charges /Sale of Power NREB Through PGCIL.	61.130	0.00	0.00
M/S Indian Energy Exchange & Power exc. Of India	61.148	5858.98	10878.32
Bkg Sale for MPPL		68944.60	0.00
MPPL		66798.24	0.00
IEX (open access)		576.16	0.00
MESEB Bkg		0.00	623.70
TPDDL Bkg		0.00	11108.38
Sale of Power UPPCL& other through MPPCL	61.149	0.00	82239.70
Chitassgarh	61.150	0.00	2202.64
Sub-Total(A)		**176175.37**	**162909.93**

REVENUE FROM SALE OF POWER OTHER CONSUMERS

(Amount in Lacs)

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
Domestic	61.201 to 209	81636.15	78173.80
Commercial	61.211 to 219	32330.73	28148.90
Small Power	61.221 to 229 & 377	6521.55	3828.16
Medium Power	61.231 to 240 & 378	2238.84	8936.38
Large supply	61.241 to 250 & 379	247370.08	233942.42
Agriculture/Irrigation	61.251 to 259	4648.12	3764.70
Public Lighting	61.261 to 269	1247.24	1211.16
Bulk and Grid supply	61.271 to 290	10058.08	8787.54
Revenue from Sale of Power Non Domestic/Non commercial	61.301 to 309	9469.97	8076.85
Other (Water Works and sewerage)	61.350 to 357 & 376	40166.24	37759.71
Temporary Metered Supply	61.373 to 375	2041.15	1643.39
Total (B)		**437728.16**	**414273.00**
Total Revenue (A+B)		**613,903.53**	**577,182.93**
Electricity Duty recovery	61.501 to 514	28600.17	30702.46
Meter Rent/Service Line Rentals	61.6	4752.74	4658.90
Recoveries for theft of power and Mal practice.	61.711 to 61.729	1.37	4.30
Peak Load vialotion charges	61.741 to 61.744	4608.34	4191.92
Sub- Total		**37962.62**	**39557.58**
Wheeling charges recoveries	61.8	0.00	11526.46
Malana		700.97	0.00
HVPNL		74.08	0.00
PTC		3188.18	0.00
GOHP		32.31	0.00
BYPL		56.97	0.00
BRPL		3.18	0.00
PSPCL		458.67	0.00
UPCL		0.98	0.00
NTPC		209.38	0.00
Yogindra Power Company		156.06	0.00
Kanchanga Power		118.99	0.00
O&M Genration		71.66	0.00
O&M Trans		378.90	0.00
O&M Distribution		105.88	0.00
Misc. Charges from consumers	61.9	331.62	437.11
Electricity consumption tax levied by MCs/NACS	61.941 to 953	387.20	364.06
Sub- Total		**6275.00**	**12327.63**
GROSS REVENUE FROM SALE OF POWER		**658141.15**	**629068.14**
Less: Electy. Duty Payable (Contra)	61.541 to 553	28600.17	30702.46
Electricity consumption tax (Contra)	61.961 to 973	387.20	364.06
Sub- Total		**28987.36**	**31066.52**
Total		**629,153.79**	**598,001.62**

Note 2.24 Other Income

(Amount in Lacs)

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
Interest on staff loans and advances.	62.210 to 219	46.01	35.40
Income from investments	62.220 to 240	45.14	36.81
Delayed payment charges from consumers.	62.250	8308.98	9235.38
Delayed payment charges PGCIL.	62.251	78.98	0.00
Interest on advances to suppliers / contractors.	62.260	106.55	44.19
Income from Trading.	62.3	272.67	200.04
Other Misc receipt from trading	62.4	3.31	0.00
Income from staff Welfare activities.	62.6	8.31	12.10
Miscellaneous receipts.	62.9	3031.08	2200.66
Total		**11901.04**	**11764.57**
Revenue grant and subsidies	63.121	0.00	0.00
Amortization of Govt. grants and consumers contributions	63.140	6139.94	5859.19
Prior Period income			
Receipt from consumers relating to prior period	65.2	0.00	3345.67
Interest income for prior period	65.4	0.00	0.00
Excess prov. for income tax p/year	65.5	0.00	0.00
Excess prov of depriciation in prior period	65.6	2.73	0.00
Excess prov. of Intt & Finance charges	65.7	1824.30	0.00
Other excess prov in prior period	65.8	13096.21	0.00
Other income relating to prior period	65.9	74.47	0.00
Total Prior Period income	**65**	**14997.71**	**3345.67**
Total		**33,038.70**	**20,969.43**

Note 2.25 Purchase of Power

(Amount in Lacs)

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
PSEB	70.101	0.00	0.00
HVPNL	70.102	116.56	0.00
U.P.P.C.L (through Banking)	70.103	0.00	0.00
B.B.M.B	70.106	2865.05	2415.79
NTPC	70.11O	70840.75	56396.49
NPCC	70.112	2513.43	3028.38
Power Grid Corp. of Inda	70.114	30231.71	20725.06
POP from Rajaystan atomic Power Project of NPCIL	70.119	3121.34	4890.69

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
Malana HEP	70.120	242.56	145.72
UPCL	70.121	84.07	6.88
Uttranchal Power Corp. Ltd.	70.121	0.00	129.28
UPCL BKg	70.121	0.00	45396.98
Uttranchal Jal Vidyut Nigam Ltd.	70.122	4186.05	3285.21
NHPC	70.123	5859.59	10216.04
Reactive Energy from various CPUs/SEB	70.124	0.00	0.00
Purchase of Power through banking-BRPL/BYPL	70.125	983.24	5886.53
Purchase of Power through banking-Haryana Power Gen Corporation Ltd.	70.126	0.00	0.00
Purchase of Power through banking-P.S.E.B.	70.127	28679.83	23410.02
Purchase of Power U.P.J.V.N.L.	70.129	386.09	521.39
NREB Through PGCIL.	70.130	9531.83	8781.48
POP- Aravali power Co.	70.132	329.82	2162.62
Solar Energy	70.135	2683.79	1958.82
PSL	70.132	0.00	140.42
Chattisgarh Bkg	70.132	0.00	3257.89
NLDC		12.42	0.00
APPCPL		12.76	0.00
HPPCL		1469.84	0.00
IEX		3706.03	0.00
Total	**70.1**	**167856.75**	**192755.68**
Wheeling chares	70.4	0.00	0.00
Wheeling charges -UPPCL Charges	70.401	0.00	0.00
Wheeling charges -PSPCL Charges	70.403	0.00	0.00
POP fromKotlu HEP	70.801	133.17	181.26
POP from Balij Ka nallah HEP	70.802	251.34	277.49
POP from Tulang HEP	70.803	158.50	249.37
POP from Kalm	70.804	218.37	230.72
POP from Aello-II	70.805	632.43	622.82
POP fromNanti	70.806	812.49	979.11
POP from Kurtha	70.807	430.51	506.67
POP from Himachal Baspa	70.808	17702.54	11748.26
POP from Awa	70.809	57.08	31.08
POP from Banner-II	70.810	290.52	267.29
POP from Jogni-II	70.811	644.35	610.05
POP from Ubharah	70.812	158.06	183.09
POP from Simla	70.813	216.81	93.42
POP from Raskat HEP	70.816	75.09	93.18

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
POP from Titang Mini HEP.	70.817	30.63	34.55
POP form Baspa-II HEP through Jai Prakash Ltd.	70.818	0.00	16834.41
Satluj Jal Vidyut Nigam Ltd.	70.819	70753.61	71790.80
Manjhi HEP M/S Dharamshala Hydro Power Ltd.	70.820	192.15	313.22
Deher HEP M/S Astha Project India	70.821	444.33	613.87
Baragaon HEP M/S K.K.K. Hydro Power Ltd.Faridabad	70.822	644.53	789.10
Ching HEP M/S Hateshwari Om Power Enterprises Ltd.	70.823	54.27	45.18
POP Aleo Hydro Project	70.824	264.08	303.93
POP Manal Hydro Project	70.825	359.68	377.07
POP from Power Trading Corp. of India Ltd.	70.826	19423.61	26794.62
POP Manjhal HEP M/S Virender Dogra Power Project.	70.827	112.25	125.95
POP- Salag HEP M/S Dhaluladar Hydro System Pvt. Ltd.	70.828	20.58	15.38
POP- Tehri Hydro Power Project.	70.829	0.66	3669.49
POP- Jiwa Kothkhai HEP	70.830	191.80	163.88
POP from Director Energy		233.99	270.60
POP- Marhi Mini hydro project	70.832	822.38	752.21
POP-Taraila HEP	70.833	787.61	59.29
POP- Kothi HEP	70.834	15.64	17.92
POP-JHTHED HEP	70.835	4.01	5.26
POP-Patikari HEP	70.836	954.97	1270.73
POP-Salag HEP (M/S -A-Himalya Ltd.) Field Unit	70.837	7.56	44.98
POP-Salag HEP (M/S -A-Himalya Ltd.) Field	70.837	0.00	111.94
POP- Braham ganga M/S Harison Hydel Construction (P) Ltd.	70.838	568.14	648.82
POP- Gharola HEP(Him Urja)	70.839	5.43	4.61
POP-Sahu HEP M/S. Him kailash Hydro Power Ltd.	70.840	448.25	558.51
POP- Sarabai HEP (M/S DSL Hydrowati Ltd.)	70.842	692.65	740.27
POP- Awa HEP (M/s Astha Project India Ltd.)	70.843	745.56	948.87
POP-Lingti HEP (Him Unja)	70.844	3.60	0.00
POP- Sural HEP	70.845	9.63	9.26
POP_IKU-II HEP	70.848	508.71	667.12
POP- M/S Toss HEP	70.849	1123.44	893.20
POP- M/S Shyang HEP	70.850	189.55	231.61
POP- M/S Tarailla-II HEP	70.851	936.88	979.61
POP-M/S Luni-111	70.852	485.03	724.46
POP-M/S-Andhra Stage-11	70.853	432.25	521.07

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
POP-M/S-Changer Vidyut Karanti PVTLtd.	70.854	97.23	110.86
POP-M/S-A.T.Hydro Pvt-Ltd.(Upper Tarila)	70.855	869.36	887.84
POP-M/S -Sri Sai Krishna Hydro Eng.Pvt.Ltd.	70.856	604.14	816.66
POP-M/S-Vamshi Hydro Eng.Pvt.Ltd against Baner 111 HEP	70.857	284.32	412.14
POP- Manglar HEP	70.858	557.98	643.49
POP-Dirni Dhar HEP	70.859	596.85	788.23
POP- Sainj HEP	75.860	307.70	368.04
POP-Purthi HEP	70.861	4.05	3.61
POP-DSL Hydro HEP	70.862	773.11	866.62
POP-Gurcharan HEP	70.864	85.10	120.29
POP-Dharamshalla HEP	70.865	315.09	435.74
POP-Sach HEP	70.866	55.59	58.71
POP-Tanging HEP	70.867	352.04	379.28
POP-Polar-Ist HEP	70.868	141.53	164.28
POP-Bharhi HEP	70.869	387.03	517.44
POP-Gaj-IIrd HEP	70.870	191.11	245.04
POP-Jirah HEP	70.871	516.33	390.62
POP-Upper Khauli HEP	70.872	494.42	676.28
POP-Rikchad HEP	70.873	867.58	887.50
POP-Chirchand HEP	70.874	752.91	834.07
POP Koteshwar HEP	70.875	0.00	214.14
POP-TimbiHEP	70.876	35.11	47.24
POP from Binwa parari HEP	70.877	494.25	716.10
POP from Dehar _II HEP	70.878	183.37	234.24
POP from Torela Power Ltd.	70.879	938.84	822.86
POP from Jaina HEP	70.880	786.70	700.85
POP from TATa Power Trading Company	70.881	0.00	0.00
POP from Knowledge Infrastructure system	70.882	0.00	0.00
POP from Rukti-II	70.883	672.29	760.85
POP from Sach HEP	70.884	384.91	447.91
POP from Sumer	70.885	844.77	930.68
POP from Chakshi HEP	70.886	261.94	212.68
POP from Beas Kund HEP	70.887	780.63	726.74
POP from Bely HEP	70.888	703.82	790.60
POP from Balso HEP	70.889	733.45	701.32
POP from Suman Suwari HEP	70.890	538.71	577.14
Purchase of power from M/sJala Shakti Ltd. Dunali.	70.891	657.91	635.15
Purchase of power from M/s Om power Corp. Ltd. HEP	70.892	750.94	923.43

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
Purchase of power from M/s Ascent Hydro Project.	70.893	516.94	495.43
POP from NSL Power Genration (P) Ltd. Rohru.	70.894	222.86	306.22
POP from M/s Mani Mahesh Hydro Project.	70.895	266.11	292.26
POP from M/s Bhavani Renewable Energy Pvt. Ltd.	70.896	483.84	425.21
POP from M/s hamal Hydel Pvt. Ltd.	70.897	127.99	220.75
POP from M/s Jogni Hydel Pvt. Ltd.	70.898	915.44	1277.38
POP from M/s Kurni Pvt. Ltd.	70.899	477.76	483.91
POP from Negugal II		48.92	141.86
POP from Baragoan		295.80	305.50
POP from IKU Ist		59.13	16.60
POP from Billing		35.64	0.00
POP from Brua		726.16	0.00
POP from Kuhred		306.00	0.00
POP from Shaung		359.84	0.00
POP from Yogindera Power		3.30	0.00
	70.8	145115.53	170419.37
POP- Different utilities on a day ahead availibility	70.901	0.00	0.00
Sub-Total		0.00	0.00
O & M charges payable	70.5	0.00	0.00
HPPC	70.601	25.90	403.92
BRPL/BYPL	70.601	1.83	158.78
NRLDC	70.601	1791.31	470.76
MPPL	70.601	72283.36	3791.26
APPCL	70.601	3.77	0.00
HPPTCL	70.603	1056.96	347.46
	70.6	75163.13	5172.18
Operation circle Nahan	70.8	99.31	4771.59
System/ Marketing operation charges Power System (op) Ltd.	70.733	142.06	250.00
Sub-Total		**150567.63**	**15365.95**
Total		**388376.78**	**373368.83**

Note 2.26 Employee Benefits Expenses

(Amount in Lac)

Employee Benefits Expenses

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
Dearness Pay	75.0	0.00	0.00
Grade Pay (Regular)	75.008	6621.53	6971.74
Grade Pay (work charged)	75.009	70.19	98.07
Salary	75.1	39150.36	30360.35
Overtime.	75.2	601.10	535.46
Dearness Allowance.	75.3	44060.06	41567.37
Other Allowances.	75.4	3499.66	3207.50
Bonus.	75.5	98.44	196.15
Sub-Total		**94101.35**	**82936.64**
Fee & Honorarium.	75.610	40.29	1.44
Medical Expenses reimbursement.	75.611	880.62	928.73
Leave Travel Assistenance.	75.612	14.02	17.20
Salary/ wages of outsourced /contractor	75.613	2551.33	1736.17
Earned Leave Encashment.	75.617	8395.12	8265.18
Payment under Workmen's Compensation Act.	75.629	120.38	119.98
Leave Salary contributions.(Employees on Deputation)	75.633	0.00	0.00
Leave encashment Fund	75.635	0.00	0.00
Sub-Total		**12001.77**	**11068.70**
Staff welfare expenses.	75.7	25.42	53.48
Terminal Benefits.	75.8	67932.45	62171.87
Sub-Total		**67957.88**	**62225.35**
Total		**174060.99**	**156230.69**
Less: Expenses Capitalised	75.9	3677.29	5901.90
Net Employees Cost		**170383.70**	**150328.79**

Note 2.27 Finance Cost

(Amount in Lac)

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
Interest on State Government Loans.	78.1	1898.18	0.00
Interest on Bonds	78.2.	0.00	0.00
Sub-Total		**1898.18**	**0.00**
Interest on loans from LIC	78.501	557.26	758.36
Interest on loans from REC	78.502	10551.98	10570.89
and other loans etc.	78.504 to 509	0.00	0.00
Interest on stock other loan	78.510	3534.98	4519.87
Interest on PFC Loan	78.511	4626.22	3963.71
Interest on stock PNB loan	78.512	0.00	0.00
Interest on stock canara Bank loan	78.513	0.00	0.00
Interest on stock Punjab & Sind Bank Loan	78.514	2432.08	2769.15
Interst on SIDBI	78.515	0.00	0.00
Interest on Private Bonds	78.516	5728.89	2991.32
Interest on UCO Bank Loan	78.517	0.00	0.00
Interest on loans from Bank of Maharashtra	78.522	0.00	0.00
Interest on loans from State Bank of India.	78.524	2809.42	3178.07
Interest on loans from ADB against clean energy.	78.525	107.10	104.68
Interest on loans from RAPDRP Part-B PFC	78.526	0.00	0.00
Interst on loan from Vijay Bank	78.527	0.00	0.00
Interst on loan from Central Bank of India	78.529	457.72	541.64
Sub-Total	**78.5**	**30805.65**	**29397.69**
Penal interest			
Interest to consumers (securities)	78.601	1272.79	1792.51
Sub-Total		**1272.79**	**1792.51**
Total interest on capital liabilities		33976.62	31190.20
Interest on borrowing For working capital.	78.7	11067.61	13423.95
Sub-Total		**11067.61**	**13423.95**
Rebate allowed for timely payment to Inter-state SOP Bulk Supply under bilateral agreement	78.831 & 833	1300.14	765.85
Sub-Total	**78.82 & 78.831**	**1300.14**	**765.85**
Other interest and finance charges	78.841	82.28	0.00
Interest on GPF	78.852	504.85	2488.34
Interest on Contributory Pension Fund.	78.854	0.00	0.00
Cost of raising finance.	78.861 to 869	109.61	124.63

			(Amount in Lac)
Particulars	**Account Code**	**Year ended 31st March, 2017**	**Year ended 31st March, 2016**
Discount/ redumption premium on Bound	78.878	0.00	0.00
Surcharge on delayed payment of POP	78.880	7943.90	11342.18
Bank charges between Board offices	78.881	0.58	0.00
Bank commission for collection from consumers	78.882	6.71	11.39
Other Bank charges	78.883	20.15	18.33
On line bank tranction charges	78.889	4.09	0.04
Margin money paid for SOP through trader	78.897	0.00	0.00
Sub-Total		**8672.18**	**13984.92**
Total		**55016.54**	**59364.91**
Less: Interest capitalised	78.9	4681.89	7509.59
Total		**50334.65**	**51855.33**

Note 2.28 Depreciation and Amortization expenses

(Amount in Lac)

Particulars	**Account Code**	**Year ended 31st March, 2017**	**Year ended 31st March, 2016**
Depreciation.	77.1,2 &77.3	33817.28	32707.42
Sub-Total		**33817.28**	**32707.42**
Small and Low value items written off	77.610	90.66	0.00
WDV of assets scrapped- Land & Land rights	77.711	0.00	0.00
WDVof assets scrapped- Buildings	77.712	0.00	0.00
	77.713	5.04	0.00
WDV of assets scrapped -Other Civil Works	77.714	0.00	0.00
Written down value of assets scrapped- Plant & Mechinery	77.715	0.00	0.00
Written down value of assets scrapped- Vechile	77.717	3.33	0.00
Write off of deficits of fixed assets absorbed on physical verification –vehicles	77.727	0.00	0.00
Loss on sale on fixed assets ie. Plant Machniery	77.736	0.00	0.00
Loss on sale on fixed assets ie. Vechile	77.737	(13.66)	0.00
Sub-Total		**85.37**	**0.00**
Less: Amount capitalised	77.9	1.66	0.00
Sub-Total		**1.66**	**0.00**
Total		**33900.98**	**32707.42**

Note 2.29 Other Expenses

(Amount in Lac)

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
Repair & Manitenance			
Plant & Machinery.	74.1	1735.86	1140.66
Buildings.	74.2	585.10	383.33
Civil Works.	74.3	949.29	425.21
Hydraulic Works.	74.4	234.16	171.80
Lines cables,Net works etc.	74.5	5246.55	4483.75
Vehicles.	74.6	1705.95	2262.23
Furniture & Fixtures.	74.7	16.84	8.35
Office Equipments.	74.8	1891.30	743.45
Others i.e. cost of vehicle other than vehicle/	74.9	(190.97)	(236.54)
Re-allocated to capital works			
Total cost (including employee costs.)		**12174.08**	**9382.24**
Less:- Employee costs and Admn. & Gen. Expenses		732.62	97.57
Less:- Other costs reallocated such as Depreication		2464.53	3646.43
Recovery of cost of vehicle from O&M and other Units.		0.00	0.00
Sub-Total		**3197.14**	**3744.00**
Total (Net Repair and Maintenance)		**8976.94**	**5638.24**
Administration and General expenses			
Rent	76.101	209.26	107.71
Rates & Taxes.	76.102	89.48	43.65
Total		**298.73**	**151.35**
Insurance	76.104 to 107	3.25	2.06
Telephone charges,postage,telegrams & telex charges.	76.111 to 113	285.64	286.29
Legal charges.	76.121	159.20	259.72
Audit fee	76.122	2.61	19.04
Consultancy charges.	76.123	60.93	53.24
Technical fees.	76.124	0.28	0.00
Other professional Charges	76.125	49.45	66.66
Income Tax Uploading Charges.	76.126	15.13	10.03
Statutory Audit fee	76.127	2.13	1.72
Charges on a\c of service rendered by central board keeping agency under new pension scheme	76.128	5.02	3.08

			(Amount in Lac)
Particulars	**Account Code**	**Year ended 31st March, 2017**	**Year ended 31st March, 2016**
Internal Audit Fee.	76.129	0.02	0.11
Conveyance & Travel expenses	76.131 to 139 & 76.141.	1343.89	1632.37
Expenditure on foreign travel.	76.14O	0.00	0.00
TA/ Das to Statutory Auditor	76.143	10.32	8.09
TA / DA to Internal Auditors	76.144	0.08	3.79
Sub-Total		**1937.93**	**2346.20**
Other expenses:-			
Fee & Subscription.	76.151	1197.57	22.17
Books & Periodicals	76.152	9.04	8.71
Printing & Stationary.	76.153	365.75	123.77
Exp. Under Right to Information Act- Paper & Processing fee.	76.154	0.00	0.17
Advertisement expenses.	76.155	62.36	51.69
Public Interaction Programme Expenses	76.156	15.55	15.52
Contribution/Donations.	76.157	0.00	0.00
Electricity charges.	76.158	545.29	569.69
Cold weather expenses/water charges.	76.159 & 160	28.63	33.61
Expenditure on Gift/Presentation.	76.161	0.59	0.51
Entertainment.	76.162	8.78	5.24
Incentives to informer regarding theft of energy etc.	76.163	0.00	0.03
Expenditure on display of Models.	76.164	0.00	0.00
Expenditure on training to staff within the state.	76.165	20.17	24.61
Expenditure on training to staff outside the state.	76.166	12.56	15.74
Petition fee payment to HPERC	76.167	95.09	102.17
Consumer grievances redressal forum	76.168	48.14	52.26
Licence fee for Distribution & Trans payable to HPERC	76.169	25.00	25.00
Fees for SAS Examination	76.170	1.68	1.79
Exp. On promotion of energy effeiciency	76.171	0.00	0.00
Exp. On Geographically information system/Global Position System (GIS/GPS)	76.173	14.99	119.56
Transction charges to SCAs for collection of energy bills	76.174	123.88	131.84
Compensation paid for non compliance of Renewale Power purchase obligations compensation fund	76.175	676.21	1223.00

(Amount in Lac)

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
Exp. On providing cost free CFL bulb to domestic Consumers	76.183	0.01	0.00
Exp. Incurred on capacity building for Poverty Reduction Projects CBPRS for sponser HPSEB personnel to attend training programme.	76.185	0.89	0.73
Misc Expenses	76.190	79.30	104.09
Publicity expenses	76.191&95	5.79	2.71
Providing ID to staff at Vidyut Bhawan	76.196	0.19	0.00
Exp on IPAVAST connectivity charges etc.	76.198	299.92	175.01
Sub-Total		**3637.36**	**2809.63**
Freight.	76.210 to 220	0.00	9.56
Other purchase related expenses.	76.230 to 299	139.37	250.56
Sub-Total		**139.37**	**260.12**
Total		**6013.40**	**5567.30**
Less : Expenses Capitalised	76.9	0.00	158.66
Net Expenditure		**6013.40**	**5408.64**
Short provision for power purchase previous year	83.1	4978.61	0.00
Operating expense of previous year	83.3	0.12	0.00
Employee cost relating to previous year	83.5	1019.00	1101.06
Deprication under provided in previous year	83.6	47.45	0.00
Interest and other finance charges relating previous year	83.7	2053.15	0.00
Other charges relating to previous year	83.8	176.71	0.00
Total Prior Period Expenses	**83**	**8275.05**	**1101.06**
Other Debits			
Cost Variance	79.1	32.86	0.00
Bad & Doubtful debts written off / provided for.	79.4	321.27	15.32
Miscellaneous Losses & write offs.	79.5	1085.01	328.45
	79.7	0.00	0.00
Total		**24704.52**	**12491.71**

Note 2.30 Exceptional and Extraordinary items

(Amount in Lac)

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
Extra -Ordinary credits (including subsidies against loss on account of flood, cyclone, fire etc.	63.2	1680.00	2,219
Total		**1680.00**	**2219.00**
Extra-Ordinary debits (including subsidies against	79.8	592.97	1489.08
loss on account of flood, cyclone, fire etc.)			
Total		**592.97**	**1489.08**
Extraordinary items (Net)		**(1087.03)**	**(729.92)**

Note 2.31 Earning Per Share (EPS)

(Amount in Lac)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
I Net Profit as per Profit and Loss A/c available for equity Shareholder (in Rupees)	(4,421.10)	(1051.11)
II Weighted average number of equity shares for Earning Per Share Computation:		
(A) For Basic Earning Per Share of Rs. 100/- each (in Nos)	607.46	545.48
(B) For Diluted Earning Per Share of Rs. 100/- each No of Shares of Basic EPS as per II (A) (in Nos)	607.46	477.42
Add: Weighted Average outstanding Shares related to Share Application Money (in Nos)	0.01	18.54
Nos of Shares for Diluted Earning Per Share of Rs. 100- each (in Nos)	607.47	564.02
III. Earning Per Share (Face Value of Rs. 100/- Each)		
BASIC (in Rupees)	(7.28)	(1.93)
DILUTED (in Rupees)	(7.28)	(1.86)

Note : 2.32

Himachal Pradesh State Electricity Board Limited

Segregated Balance Sheet as at 31st March 2017

Sl. No.	Particulars	Note No.					
I	Equity and Liabilities		**Distribution**	**Transmission**	**Genration**	**Projects**	**Total**
	Share Holders' Funds Share Capital	2.01	65328.18	0	0	0	65328.18
	Reserves & Surplus	2.02	-150651	101899.44	-9264.63	13496.1	-44520.13
	Share Application Money Pending Allotment	2.03	1.4	0	0	0	1.4
	Non Current Liabilities Long Term Borrowings	2.04	456164.3	0	0	0	456164.3
	Other Long Term Liabilities	2.05	59331.83	3200.21	1307.01	100.74	63939.79
	Long Term Provisions	2.06	0	0	0	0	0
	Current Liabilities Short Term Borrowings	2.07	12240.28	0	0	0	12240.28
	Trade Payables	2.08	173720.64	0	0	0	173720.64
	Other Current Liabilities	2.09	96400.98	16346.11	4438.85	399.45	117585.39
	Short Term Provisions	2.10	61714.3	0	1.7	0	61716
	Total		**774250.87**	**121445.76**	**-3517.07**	**13996**	**906175.85**
II	Assets		0	0	0	0	
	Non Current assets		0	0	0	0	
	Fixed Assets Tangible Assets	2.11	101220.04	172621.59	266438.45	7559.45	547839.53
	Capital Works in progress	2.12	74536.69	18679.65	88.41	-3654	89650.76
	Intangible Assets Work in Progress	2.13	705.75	0	0.00	0	705.75
	Non Current Investments	2.14	43102.51	0	0.00	0	43102.51
	Long Term Loans and Advances	2.15	9157.72	7.25	6.39	1.45	9172.81
	Other Non Current Assets	2.16	1326.67	223.76	2513.42	11066.1	15129.98
	Current Assets Current Investments	2.17	0	0	0.00	0	0.00
	Inventories	2.18	4205.38	964.65	527.82	144.33	5842.18
	Trade Receivables	2.19	92093.53	909.4	0.00	0	93002.93
	Cash & Cash equivalents	2.20	18262.9	8.57	6.99	0.01	18278.47
	Short Term Loans and advances	2.21	48319.73	7022.55	2870.55	249.58	58462.41
	Other Current Assets	2.22	381319.95	-78991.66	-275969.10	-1370.7	24988.52
	Total		**774250.87**	**121445.76**	**-3517.07**	**13996.29**	**906175.85**
			0	0	0	0	0

Note-2.32.1

The Segregated Accounts have been prepared pursuant to the requirement laid down under Accounting Standard 17, the segment wise profitability and financial position of the Company as on 31st March, 2017 is Given in Note 2.33.

(a) The Company,s principal business is DISCOM/ Distribution of power in the State.

(b) Revenue directely attributed to the segment is considred as segment revenue and common income allocated on the basis HPERC Tariff regulation. and reasonable basis as segment income The cost of own generation is fixed 186 paisa per unit and net own generation is 1491.59 Kwh during this year. the Transmission segment income on wheeling charges is considred @ Rs. 46 paisa determine by the HPERC for wheeling EHT on energy sold with in state.

(c) Expense directly attributed to the segments and common expense allocated on the reasonable basis are considred as segment expenses.

(d) The Company adjustment assets and liabilites transferred from erstwhile are under reconcilation and entire gap has been allocated in Distribution segments .

(e) The Company is maintaining loan and working loan, Depreciation , share capital, investment in head office level and entire amount has been allocated to Distribution function and further cahnges in this regards shall be done in due courses.

Himachal Pradesh State Electricity Board Limited

Segregated Profit and Loss for the year ended 31st March 2017

Note 2.32 (a)

Sr.	**Particulars** **Note**		**2016-17**	**2016-17**	**2016-17**	**2016-17**
	Income		**Distribution**	**Transmission**	**Generation**	**Total**
1	Revenue from Operation	2.23	628703.23	378.9	71.66	629153.79
2	Other Income 2.24	2.24	31864.67	744.57	429.46	33038.7
3	**Total Revenue (1+2)**		**660567.9**	**1123.47**	**501.12**	**662192.5**
4	**Expenses**					
b)	Purchase of Stock- in -Trade (POP)	2.25	388376.78	0	0	388376.78
d)	Employees benefits expenses	2.26	151478.9	7514.35	11390.44	170383.69
e)	Finance Costs	2.27	51341.79	-540.92	-466.22	50334.65
f)	Depreciation and other amortizatization expenses	2.28	33896.81	-9.62	13.79	33900.98
g)	Other Expenses	2.29	21226.64	894.4	2583.48	24704.52
	Total Expenses		**646320.92**	**7858.21**	**13521.05**	**667700.6**
5	Profit (Loss) before exceptional and extraordinary items and		14246.98	-6734.74	-13020.4	-5508.13
6	Exceptional items		0		0	0
7	Profit (Loss) before extraordinary items and taxes(5+6)		14246.98	-6734.74	-13020.4	-5508.13
8	Extraordinary item		-1087.03	0	0	-1087.03
9	Profit (Loss) before the taxes		15334.01	**-6734.74**	**-13020.37**	**-4421.10**
10	Tax Expenses		0		0	0
11	**Profit and (Loss) for the year ended**		15334.01	**-6734.74**	**-13020**	**-4421.10**

Note 2.33

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2017

(A) Significant Accounting Policies

1. Basis of accounting and preparation of financial statements

The Financial Statements of the Company are being prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Indian Accounting Standards notified in the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (amendments) Rules, 2016 under Section 133 of the Companies Act, 2013. The Financial Statements are being prepared on accrual basis under the historical cost convention with exception of assets held for sale, financial instruments and, government grants that are measured at fair value, and are in line with the fundamental accounting principles of prudence, consistency and materiality except otherwise stated. The accounting policies adopted in the preparation of the Financial Statements shall be consistent with those followed in the previous year.

2. Investments

Investments in subsidiary companies held in the Company shall be stated at Cost. Investments in BBMB have been shown to the extent of Company's shares in power plant/ fixed assets/ Renovation/ Moderations/ up gradation (RM&U) of the above entities. Diminution in the value of investment held in BBMB is being provided on yearly basis on entire amount invested in the year by taking these amount revenue expenses of the Company.

Current investments are valued at lower of cost and fair market value.

3. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and have been reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements shall be prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates shall be recognized in the periods in which the results are known / materialize. Key sources of estimation uncertainty and areas where significant judgments are made and discussed throughout the notes in these financial statements.

4. Inventories

Inventories are valued at the lower of cost (on weighted average basis) and the net realizable value after providing for obsolescence and other losses, where considered necessary. Cost are included all charges in bringing the goods to the point of sale, including other levies, transit insurance and receiving charges.

5. Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand, Bank Overdraft and demand deposits with banks. Cash equivalents shall be short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that shall be readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

6. Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

7. Depreciation and amortization

Depreciation is charged on straight line method to the extent of 90% of the cost of asset following the rates notified by the H.P. State Electricity Regulatory Commission for the purpose of fixation of tariff. In respect of asset, where rate has not been notified by regulation of HPERC, depreciation shall be provided on straight line method at the rates corresponding to the rates laid down under the Companies Act 2013 except in case of Computer and peripherals which are depreciated @15% on SLM.

Depreciation on vehicles is charges by the units to the extent of 90% of the cost of the asset, life of vehicle is taken as 7 years, deprecation is charged on SLM basis. No depreciation is charged on addition to fixed assets during the year and depreciation is charged for the whole year in respect of assets ceased/ sold during the year as per accounting policy of the Company.

Deprecation of assets during the year has been adjusted for the less/ excess deprecation charged up to 31.3.2017 and effect of the same has been adjusted against prior period items.

Where, during any financial year, any addition has been made to an asset, depreciation shall be charged on the asset from the date of addition of the asset. Where an asset has been sold, discarded, demolished or destroyed during any financial year, depreciation shall be calculated till the date of sale.

Capital expenditure on assets not owned by the Company shall be amortized as per normal rate of deprecation on similar assets owned by the Company as provided under HPERC.

8. Revenue recognition

Sale of Power:

Sale of Power is accounted for on accrual basis on the basis of bills raised by the Company except as under:—

- Unbilled revenue are accounted for at the close of year on the basis of average billing of a year of concerned group by remaining days of numbers of unbilled period.

- Difference on account of adjustments of undercharged/ overcharged billing with actual billing are adjusted in the year of rectification.
- Earning from sale of electricity are not include Electricity duty payable to State Govt. and Municipal Taxes (octroi) payable to Municipal Committee/ Municipal Corporation.

- Bill raised for theft of energy, whether on consumption or outsides shall be recognized in full as soon as assessment order is received from the competent authority. Payments made by the consumer under protest are treated as part payment against the bill raised.

9. Other income

Interest income has been accounted on accrual basis.

10. Fixed Assets :

(a) The Fixed Assets are carried forward at the original/ transfer cost including appropriate expenses capitalized less depreciation thereof.

(b) The interest on the borrowed funds attributable to the acquisition/ construction of fixed assets till commissioning of such assets, is being capitalized.

(c) Capital Expenditure on assets not owned by the company is reflected as a distinct item in the Fixed Assets.

(d) Payments made towards compensation and other expenses relatable to land are treated as cost of land.

(e) Leasehold Land is amortized over the period of the lease.

11. Capital work-in-progress

Projects under which assets are not ready for their intended use and other capital work-in-progress has been carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Administrative and other general overheads at the head office attributable to the construction of fixed assets has been identified and allocated on systematic basis on major assets.

In respect of supply cum erection contracts, the value of supplies received and accepted are treated as capital work in progress.

Expenditure against 'Deposit Work' has been accounted for on the basis of statement of accounts received from the concerned agency and accepted by the company.

12. Intangible assets

Intangible assets have been initially measured at cost. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

After recognition, each class of Intangible assets is measured on Cost as provided in AS- 26 (Ind AS 38.).

Subsequent expenditure on an intangible asset after its purchase / completion shall be recognized as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

The cost of Computer software recognized as intangible shall be amortized on straight line method over a period of five years.

13. Government grants and subsidies

Government grants and subsidies are recognized when there is reasonable assurance that the Company will comply with the conditions attached to them and the grant / subsidy will be received.

Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets shall be treated as deferred income and charged into profit and loss in proportion to depreciation over the useful life of the assets. The acquired or constructed assets from government grants are recognized at fair value and depreciated over the useful life of the asset.

Government grants in the nature of promoters' contribution, where no repayment is ordinarily expected in respect thereof, shall be recognized as deferred income and charged into income to match with the expense in respect of the related cost for which they are intended to be compensate on a systematic basis.

Non-monitory grants, assets given at concessional rate has been recognized at fair value by setting up the grant as deferred income. The deferred income is charged into profit and loss in proportion to depreciation over the useful life of the asset.

Forgivable loans shall be recognized as a government grant when there is a reasonable assurance that the company will meet the terms of forgiveness of the loan.

Loans receive at a concessional rate shall be recorded at fair value and the benefits of concessional rate of interest are recognized as government grant.

Other government grants and subsidies shall be recognized as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

14. Employee benefits

Employee benefits are including provident fund, superannuation fund, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

Retirement Benefits & Pension.

Actual liabilities in respect of Earned Leave and Gratuity & Pension have been accounted for at the time of actual encashment of leave/ payment of gratuity on death/ resignation/ superannuation. Pension shall be paid by the Company on cash basis. However, to comply the requirement of AS 15 Company has made total provision of Rs. 14235.65 Lac. During the year provision of Rs. 3558.91 Lac (gratuity Rs. 1398.76 +Leave encashment Rs. 1028.59 Lac Pension Rs. 1131.56 Lac) on accounts of Leave encashment & gratuity. The Company has made total provisions on accounts of Earned Leave and Gratuity & Pension Rs. 14235.65 Lac up to 31.3.2017. “Here the Company deviates from the Accounting Standard 15 “Employee Benefits” issued by ICAI, which requires the contribution to be made on the basis of actuarial valuation and the company is partially complying with this requirement”.

(ii) Employees who have joined the Company on or after 01.04.2006 are covered under “ New Defined Contributory Pension Schemes (NPCPS” and Company contribution at fixed percentage of salary is ascertained and paid/ provided regularly.

General Provident Funds (GPF) of employees

GPF of employees are accounted for in books of accounts, as per government rules governing GPF. Liabilities with respect of GPF and interest accrued thereon is met by the Company out of own resources. Short-term employee benefits.

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees shall be recognized during the year when the employees render the service. These benefits shall include performance incentive and compensated absences which are expected to be settled wholly before twelve month after the end of the annual reporting period.

15. Borrowing costs

Borrowing costs include interest; amortization of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets shall be charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset shall be added to the cost of the assets. Capitalization of borrowing costs shall be suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

16. Segment reporting

The Company has only one integrated business i.e. Generation & Distribution of Power. However based on the financial information that is regularly reviewed by the Company how to allocate resources and in assessing performance, management has been identified five segments i.e. Distribution, Transmission, Generation, Projects, SL&DC and Head office as separate unit. The Segments wise reports are explained in additional items of notes to Accounts.

17. Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

18. Provisions and contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount. When the effect of time value of money is material, the amount of provision is discounted at the present value of the expenditure expected to be required to settle the obligation. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

A contingent liability has been disclosed where the existence of an obligation has been confirmed by future events or where the amount of the obligation cannot be measured reliably. Contingent assets are not recognized, but are disclosed where an inflow of economic benefits is probable.

19. Operating Cycle

All assets and liabilities have been classified as current or non current as per Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of business and the time between acquisition of assets for processing and their realization in cash and cash equivalents the Company has ascertained its operating cycle as 12 months for the purpose of current and non current classification of assets and liabilities.

20. Miscellaneous

* Expenses on training and recruitment, research and development, if any are charged to revenue.

- Expenses on raising of finance and financial loan are charged to revenue.

- Income from surcharge levied on consumers for delayed payment of energy bills is accounted for on accrual basis.

- Interest on loans and advances paid to the staff is recovered after full recovery of principal amount. However, effective rate of interest is calculated and accounted for on accrual basis in the accounts.

- Expenditure incurred on identification, survey & feasibility study of project, before project is considered for sanction or rejection, is accounted for under separate head and shown under deferred Cost. As and when the decision of competent authority is received, expenditure is adjusted accordingly by transferring expenditure to work concerned if accepted or written off to profit & Loss Accounts in case of rejection.

* Cost of new meter used to replace the damaged meter is charged to revenue and the cost of damaged meter and its accumulated depreciation is not withdrawn.

* Payment received against debtors from sale of power are adjusted as per their chronological order date i.e. old outstanding dues are cleared first.

* All revenue expenses/ income pertaining to prior period and losses for which no provision was made in the previous year due to error or omission are treated Prior period revenue income/ expenditure which have been shown in separate accounts head. Detailed disclosure of prior period expenses/ income till the finalization of balance sheet has disclosed in Notes forming part of the Accounts No 47 of 2.31 (B).

(B) NOTES FORMING PART OF THE ACCOUNTS:-

1. The financial year of the working of the Company is from 1-4-2016 to 31-3-2017 (Previous year from 1-4-2015 to 31-3-2016. The consolidated statement of assets and liabilities complied on the basis of Divisions; Circles with consolidated balance sheet used for compilation of these financial statements. The assets & liabilities transferred from erstwhile Board in accordance with "Transfer Scheme" has now been reconciliation with Divisions/ Circle. The following balances which was not traceable has now been reconciled with the balances of fields Units and adjusted with the accounts after approval of the competent authority:-

(Amount in Lacs)

		Current year	previous year
Code	**Main Head**	**Debit (Credit)**	**Debit (Credit)**
	Reserve And Surplus		
55	Contribution , Grants and Subsidies Towards Cost of Capital Assets	0	(2664.21)
56	Reserve	0	(266.70)
	Profit & Loss Accounts	00	(81726.37)
			(78795.46)
	Other Long Terms Liabilities	0	—
41	Trade Payable	0	—
42	Other Current Liabilities Liability for Capital Supplier/ Capital Works	0	(166.15)
43	Liability for O&M Supplies/ Works	0	—
44	Staff Related Liabilities & Provisions	0	102.35
46	Other Liabilities and Provisions	0	(8535.82)
47	Deposit for Electrification, Service Connection Etc	0	(3973.14)
		0	**(12572.76)**
48	Security Deposit from Consumers	0	439.18
		0	**(13216.64)**
	Tangible Assets	0	
10	Fixed Assets		841.79
11	Capital Expenditure Resulting in an Asset Not Belonging to the Board	0	0
12& 13	Depreciation	0	0
		0	**841.79**
	Capital Work In Progress		
14	Capital Works in Progress Accounts	0	(9617.34)
15	Contracts- in Progress	0	182.93

	Long Terms Loans And Advances	0	(9434.40)
25	Advances to Suppliers/ Contractors- (Capital)	0	143.19
28	Sundry Receivables	0	6192.26
	Other Noncurrent Assets	0	
16	Assets Not in Use		180.59
17	Deferred Revenue Expenditure	0	3509.19
		0	**8843.58**
	Inventories		
22	Stock And Related Accounts	0	58.71
	Trade Receivable	0	
23	Sundry Debtors for Sale Of Power	0	2749.53
	Cash And Cash Equivalents		
20	Investment Against Funds	0	76.32
24	Cash And Bank	0	(120.57)
		0	**(2763.99)**
	Short Term Loans And Advances		
26	Advances to Suppliers/ Contractors- (O&M)		97.97
27	Other Loans and Advances	0	(72.87)
	Other Currents Assets	0	
30-39	Inter Unit Accounts	0	**(86911.53**
	Total		**0.00**

- The Gap in previous year heads includes balances of Khauli, Larji PCC, Dharamshala and Investigation Division, R/Peo has been written back from consolidated books opf accounts of HPSEBL and Divisions/ Circle books of accounts after the approval of Board of Directors. Now the books balances consolidated Balance sheet of the HPSEBL are reconciled with the balances of Divisions/ Circle.

- Net balance of Larji Khouli & R/Peo charge to expense Rs. 20,53,02,605/-

- Net income by written back of suspense A/c Rs. 130,26,39,028/

- Net adjustment (ie. Profit for the year (BH 65.8) Rs. 109,73,36,423/-

2. The details of Capital Work in Progress (Except AG 15) and expenses capitalized are as under:-

(₹ in Lacs)

	Current Year 2016-17	**Previous year 2015-16**
Opening Capital Work in Progress (Excluding Advances To Supplier/ Contractor) (1-4-2014)	96966.76	88632.12
Addition During the Year Including Interest Capitalized on World Bank Loan Funded Project	81537.79	70978.86
Interest Capitalized During the Year	4681.89	7509.59
Employee Cost And Other Expenses Capitalized During the Year	3778.95	5901.90
Less: Transferred To Fixed Assets During the Year	89081.40	62444.23
Closing Capital Work In Progress at the End of the Year (Excluding Advances to Suppliers)	89650.77	96966.76

3. The Assets not in use amounting to Rs. 2857.81 Lac as shown in note 2.16.1 are in the nature of discarded/ surveyed off assets and these have been taken at its written down value.

4. The Company has not insured the fixed assets (except Vehicles & hypothecated to LIC against Loan).

5. In view of multiplicity and difficulty in identification of accounts relating to small scale industries undertaking information for determining the particulars relating to current indebtedness to such undertaking as required under Part-I of Scheduled III of the Companies Act-2013 is not readily available.

6. As required by the Accounting Standard (AS-28) "Impairment of Assets" issued by the ICAI , the Company has carried out the assessment of impairment of assets. There has been no impairment loss during the year.

7. The Income Tax assessment of the Company completed upto FY 2013-14 .HPSEBL has been filed appeal against FY 2012-13 assessment order passed by the Income Tax Commissioner before the Commissioner of Income Tax (Appeals) , Solan/ Shimla for disallowing Rs. 9958.35 Lac on accounts of non deposit GPF, employee contribution and CPF , Rs. 11954.51 Lacs on accounts of expenditure booked under the accounts head prior period expenses.

8. No earning in foreign exchange was accrued during the year.

9. The company has taken loans from APDRP towards 100% financing of its approved projects, APDRP scheme is subject to a condition requiring projects to be completed within Five years and rewards with 100% conversion of loan along with interest into grant else no conversion of loan and interest to grant shall be made if projects are not completed within 5 years i.e April/ 2017 & july/ 2018. In the absence of the rate of interest applicable to the scheme, the Company has provided lump sum provision of Rs, 9600.40 Lac for the interest on loan up to 31st March, 2017 in its books of account.

10. In the absence of terms and conditions of the Loans taken under RGGVY scheme from GoHP(Rs. 5, 00, 00,000/- and ADB through GoHP Rs. 8,40,45,967/-) no provision for interest has been made.

11. No major incident has been occurred after the Balance date which can be quantified except normal business of the Company which cane disclosed as per AS 4.

12. Disclosure of Contingent Liabilities as on 31-3-2017 (amount in Lac)

(i) Arbitrations cases: -

(a) M/s SAB, Chandigarh (R.E. Khauli P/H) Rs. 757.00
(b) M/s Anshul Prop., Delhi (R.E. Khauli P/H) Rs. 205.00
(c) M/s Ansal Properties Delhi (R.E. Khauli P/House) Rs. 347.00
(d) M/s Ansal Properties Delhi (R.E. Khauli P/House) Rs. 346.00
(e) M/s P&R Engineering, Chandigarh (R.E. Khauli P/House) Rs. 265.00
(f) M/s P&R Engineering, Chandigarh (R.E. Khauli P/House) Rs. 345.00
(g) M/s P&R Engineering, Chandigarh (R.E. Khauli P/House) Rs.405.00
(h) M/S SSJV Ltd. Banglore (Sr. Xen Arb. & Mtd. Divn. Thalout) Rs. 12345.00.
(i) M/s SSJV Ltd. Banglore (Sr. Xen Arb. & Mtd. Divn. Thalout) Rs. 14806.00
(j) M/s Prem Laxmi (Sr. Xen Arb. & Mtd. Divn. Thalout) Rs. 557.00
(k) M/s SSJV Ltd. Banglore (Addl. S.E. Thirot Construction Divn. Pandoh) Rs. 7364.00
(l) M/S Prem Laxmi (Addl. S.E. Thirot Construction Divn. Pandoh) Rs.239.00.
(m) M/s Continantal Construction Ltd. (Addl. S.E. Thirot Const. Pandoh) Rs.1004.00
(n) M/s Continantal Construction Ltd. (Addl. S.E. Thirot Const. Pandoh) Rs.274.00.
(o) M/s SSJV Ltd. Banglore (Addl. S.E. Thirot Const. Divn. Pandoh) Rs. 5228.00.

(p) M/s On A/C of difference of rates of Shanan share sold to the Board by the PSEB Rs. 1884.00. (A.O. SL&D).
(q) M/s UPJVNL on A/C of energy bills Rs. 528.00 Crore. (A.O. SL&D).
(r) Arb. Case between Uhl Power Company Ltd. Rs. 910.27 Lac (C.E. (PCA)).
(s) Arb. Case between M/S SSJV Project (P) Ltd. Rs.309.04 Lac (C.E. (PCA).
(t) M/s Himalya Const Private Ltd vs HPSEBL Rs. 206.60 Lac (C.E. (PCA Arb No 36/ 2013).
(u) M/s Himalya Const Private Ltd vs HPSEBL Rs 200.36 Lac (C.E. (PCA Arb No 37/ 2013).
(v) vt Ltd vs HPSEB
(w) Arbitration case lodged with SE HPPWD , Solan by Sh Rajeev Kapoor , Contractor Rs. 6774.00 (CE (OP) CZ.
(x) Counter claim against Arbitration case lodged with SE HPPWD, Solan by Sh Rajeev Kapoor , Contractor Rs. 2537.00 (CE (OP) CZ).
(y) M/s Himalyan Intent Limited recovery suit for payment of energy bill of Rs. 1.98 crore (ED Ponta).
(z) M/s Arsh Casting Limited recovery suit for payment of energy bill of Rs. 1.84 crore (ED Ponta).
(aa) M/s Steel Strips Limited recovery suit for payment of energy bill of Rs. 19.00 crore (ED Ponta).
(bb) M/s SAB Industries Limited recovery suit for payment of energy bill of Rs. 8.79 crore (ED Ponta).
(cc) Arbitration case JPJV (Baspa-II) vs HPSEB for releasing of Rs. 12.05 crore on accounts of lease money of accommodation occupied at Kaultu (CE PSP/ GCD).

13. Generating Station :

Sl No.	Location	Capacity (MW)
1	Hydel Generating Plant, Bhaba	120.000
2	Hydel Generating Plant, Giri	60.000
3	Hydel Generating Plant, Bassi	66.000
4	Hydel Generating Plant, Binwa	6.000
5	Hydel Generating Plant, Nogli	2.500
6	Hydel Generating Plant, Chaba	1.750
7	Hydel Generating Plant, Rukti	1.500
8	Hydel Generating Plant, Chamba	0.450
9	Hydel Generating Plant, Rongtong	2.000
10	Hydel Generating Plant, Andhra	16.950
11	Hydel Generating Plant, Killar	0.300
12	Hydel Generating Plant, Thirot	4.500
13	Hydel Generating Plant, Gaj	10.500
14	Hydel Generating Plant, Baner	12.000
15	Hydel Generating Plant, Sal-II	2.000
16	Hydel Generating Plant, Ganvi	22.500
17	Hydel Generating Plant, Gumma	3.000
18	Hydel Generating Plant, Holi	3.000
19	Hydel Generating Plant, Larji	126.000
20	Hydel Generating Plant, Khauli	12.000

21	Hydel Generating Plant, Bhaba Aug.	4.500
22	Hydel Generating Plant, Ganvi-II	10.000
	Total	**487.450**
1	Diesal Generating Station, Keylong	0.133
	Grand Total	**487.583**

Total installed capacity at the end of the year 2015-16	**487.583**
Plant commissioned during the year 2016-17	**0.000**
Total installed capacity at the end of year	**487.583**

14. Details of Remuneration Paid to Auditors: **(₹ in Lacs)**

Particulars	**Current year**	**Previous year**
Statutory Auditor Fee (including services tax)	**1.77**	**1.71**
For other services (T.A.) includes previous year auditors TA also.	10.32	12..05
Total..	**12.09**	**13.76**

15. During the financial year, Company has made net transactions with the 'Related Parties' in terms of Accounting Standard-18 as under:-

(₹ in Lacs)

Sr. No	**Name of Party**	**Current year**	**Previous year**
1	Beas Valley Power Corporation *	**1. Investment -0** **2. Other 99.51** **3. Advance 11249.03**	**1. Investment -** **2. Other 5342.14** **3. Advance 6912.00**
2	Himachal Renewable Limited	**25.00**	**Nil**

During this Year Company has given advance amounting to 11249.03 Lac (previous year Rs. 6912.00 Lac) Total Rs. 34390.42 Lac to Beas Valley Power Corporation for capital expenditure and on revision of project cost this amount shall be converted into investment in BVPCL from HPSEBL according to the total cost of project share and remaining amount shall returned to HPSEBL. The terms and condition for advance given to subsidiaries has not been finalized. The other amount on a/c of GPF, terminal benefits etc. Receivable/ payable from BVPCL is under reconciliation/ confirmation.

16. Remunerations paid to CMD & Directors.

(₹ in Lacs)

Name	**Current year**	**Previous year**
Sh. Tarun Shridhar , IAS (CMD)	0	0
Sh. P.C. Negi, Managing Director	21.54	20.76
Sh. J.P. Kalta, Director (Op))	0.87	19.51
Sh. R.K. Sharma , Director (Op)	22.16	21.50
Sh. Rajiv Sharma Director (F&A)/ Admn	24.09	24.43
Sh. P.K. Kholi, Director (Civil)	22.18	21.40
Sh. B.M. Sood, Director (Tech)	20.84	0

17. Other expenses like Medical / TA and Telephone paid to Directors.

(**₹ in Lacs)**

Name	Current year	Previous year
Sh. Tarun Shridhar , IAS (CMD)	0.0	0.0
Sh. P.C. Negi, Managing Director	1.17	2.51
Sh. J.P. Kalta, Director (Op)	0.06	0.56
Sh. Rajiv Sharma Director (F&A)/ Admn	0.78	0.60
Sh. P.K. Kholi, Director (Civil)	0.32	0.32
Sh. R.K.. Sharma, Director (Op)	0.60	0.06
Sh. B.M Sood, Director (Tech.)	1.97	0.00

In addition to above, official car have been provided to Chairman, MD, Whole Time Directors for official use. However, the use of car allowed for private purpose is limited and for which charges as prescribed has been recovered from them**.**

18. Statement of Capital Base and surplus under Section 185 of Electricity Act, 2003 :

(**₹ in Lacs)**

Sr. No.	Particular	At the beginning of Current year (1-4-2016)	At the beginning of Previous Year (1-4-201)
1	Original cost of Fixed assets	743159.30	693433.12
2	Less- Accumulated Depreciation	246346.18	212884.83
3	Net Block (1-2)	547839.53	480548.29
4	Consumer's Contribution, Grant & Subsidies towards cost of Capital Assets Net.	107810.11	135684.54
5	Capital Base (3-4)	440029.42	344863.75
6	Surplus (Deficits) for the year	(4421.10)	(1051.10)
7	Surplus as a percentage of Capital Base U/s 185 of Electricity Act, 2003.	(1.05)	(0.30)

19. Estimated amount of contracts committed not provided is as under:

(₹ in Lacs)

Sr. No.	Description	Current year	Previous year
1	Contract placed	13384.51	13384.51
2	Payment/ advance payment made	8080.52	8080.52
3	Balance contracts as liability	5303.99	5303.99

(ii) The amount of Rs. 12000.00 Lakh for the payment of works & O&M expense being committed liability of subsidiary Company (BVPCL).

20. Purchase, Issues & Stocks of Materials (Value recorded in Account Heads 22.2 to 22.6) should be disclosed here:—

(₹ in Lacs)

A. <u>Opening Stock</u>	**Account Code**	**Current year**	**Previous year**
Capital	22.601 & 22.619	654.16	2068.01
O&M	22.621 & 22.639	8140.88	4940.10
	Total..	**8795.04**	**7008.11**

A. **Opening Stock**	Account Code	Current year	Previous year
B. Purchases			
Capital	22.201 & 22.219	10922.97	9816.70
O&M	22.221 & 22.239	8576.03	6842.72
	Total..	**19499.00**	**16659.42**
Opening Stock **Plus Purchases**		**14994.75**	**23667.53**
Issues for Consumption			
Capital	22.301 & 22.319	13417.95	9853.11
O&M	22.321 & 22.339	9862.51	5141.64
	Total..	**23280.46**	**14994.75**
Issued to Contractors			
Issues	22.341 & 22.359	157.68	9.04
Returns	22.361 & 22.379	0	3.11
	Net Issues	**157.68**	**5.93**
Total Issues (D+E)		**23438.14**	**15000.68**
G. Closing Stock			
Capital	22.601 & 22.619	755.74	654.16
O&M	22.621 & 22.639	5084.05	8140.88
	Total	**5839.79**	**8795.04**
H. Transfer Inward	22.401 & 22.419	14026.74	10389.61
I . Transfer Outward	22.421 & 22.439	14510.75	10791.99
	Total	**-484.01**	**-402.38**
J. Material stock adjustment Capital	22.501 & 22.519	329.92	29.50
O & M	22.521 & 22.539	1996.17	501.07
	Total	**2326.09**	**530.57**

***Note:—The Closing Stock Balance shown as above is excluding material at site.**

21. Average Realization from Sale Of Power:-

Sl. No.	Consumers Category	No. of Consumers	Units Sold in MKWH	Revenue (Rs. in Lacs)	% of the Total units sold	Average realization in paisa per unit
1	Domestic	1953211 (1904362)	1937.92 (1942.233)	81636.15 (78173.80)	16.80 (16.93)	421 (402)
2	Commercial	260372 (252686)	528.239 (492.617)	32330.73 (28148.90)	4.58 (4.29)	612 (571)
3	NDNC	27098 (26481)	130.435 (129.860)	9469.97 (8076.85)	1.13 (1.31)	726 (622)

4	**Industries :**					
(i)	Small & Medium	32679 (32796)	208.131 (210.375)	8760.39 (12764.54)	1.80 (1.83)	421 (607)
(ii)	Large supply	1822 (1841)	4353.377 (4393.427)	247370.08 (233942.42)	37.73 (38.29)	568 (532)
5	Agriculture pumping	27197 (25441)	57.282 (51.646)	4648.12 (3764.70)	0.50 (0.45)	811 (729)
6	Public Lighting	905 (842)	12.994 (13.033)	1247.24 (1211.16)	0.11 (0.08)	960 (929)
7	Bulk Supply	292 (287)	150.24 (141.82)	10058.08 (8787.54)	1.30 (1.24)	669 (620)
8	Irrigation & Drinking water pumping	6389 (6121)	551.055 (546.328)	40166.24 (37759.71)	4.78 (4.76)	729 (691)
9	Temporary	65509 (6109)	29.97 (29.757)	2041.15 (1643.39)	0.26 (0.26)	681 (552)
	Total within State	2256966 (2256966)	7959.652 (7951.086)	437728.16 (414273.00)	68.99 (69.30)	550 (521)
10	Outside the State		3578.050 (3522.807)	172410.59 (162909.93)	31.01 (30.70)	482 (462)
	Total	**2316515 (2256966)**	**11537.702 (11473.893)**	**610138.76 (577182.93)**	**100 (100)**	**529 (502)**

- The figures shown in brackets relate to previous year and without brackets relate to current year.

- Revenue received from each category of Consumers on account of Sale of Power and other applicable levies is divided by the number of units sold to that category.

22. The amount of special and mean, advance on accounts of natural calamity relief funds received from Govt. has been net up with the expensed incurred during the year and balance amount charged to Revenue account as per accounting Policies of the HPSEBL.

23. The Company has not reported any theft of assets/ inventories during this year.

24. The Company obtained overdraft, facility of Rs12240.28 Lac against GPF Fixed deposits Funds of Rs 72025.30 Lacs .

25. The amount of Electricity consumption Tax levied payable to MCs/ NACs has not been netted up with the amount of energy charges recoverable from them.

26. The Company incurred expenditure in HPTCL on behalf of the Govt. of HP amounting to Rs. 74.08 Crore which is shown recoverable from State Govt. as per direction of Govt. and depreciated / net book value amounting to Rs.6122.16 Lac is being shown recoverable from HPPTCL.

27. The Company had filed appeal against the penalty order passed by Income Tax department amounting to Rs. 666.52 Lac on 20-3-2013 under section 271 (C) of the Income Tax Act, 1961 and. CIT, Chandigarh set aside the order of Income Tax Department and refund amount are still awaited. Besides, Hon'ble HPERC impose penalty of 6.762 Crore for Non compliance of Renewable Power Purchase obligation for FY 2014-15 which has been shown investment in the shape of Investment as per HPERC order and Purchase certificate accordingly.

28. The Companies has not taken /granted any loans secured or unsecured from Companies, firms or other parties listed in the registered required to be maintained under section 301 of the Companies Act, 1956.

29. The Companies has not accepted any deposit from the public under section 58-A and 58 –AA of the Companies Act, 1956.

30. The Companies is generally regular in depositing with appropriate authorities statutory dues including PF, ESI, Income Tax, Sale Tax , Wealth tax, custom duty, exercise duty and cess and other statutory dues except the following dues which is in arrears for more than six months at the time finalization of accounts.

	Current year (Rs. in Lacs)	Previous year (Rs. in Lacs)
Electricity duty	16204.30	22525.40
Municipal Taxes	700.17	557.36
Labour cess	0.00	0.00
CPS contribution	0.00	0.00
Services Tax	0.00	0.00

31. The distribution losses of the Company are within the limit fixed by the HPERC and detail of Circle wise distribution Losses is as under:-

Unit MKWH (MU)

Name of Circle	Energy input	Energy sold	T&D Losses	% T&D Losses	% AT&C Losses
Shimla	456.479	400.817	55.662	12.19	12.19
	467.890	400.599	67.291	14.38	14.38
Rampur	180.337	143.243	37.094	20.57	23.01
	176.683	140.828	35.855	20.29	20.29
Rohroo	144.108	79.676	64.432	44.71	44.71
	152.090	85.289	66.801	43.92	48.30
Solan	3654.256	3491.187	163.069	4.46	4.46
	3662.669	3467.104	195.565	5.34	7.75
Nahan	1308.332	1160.565	147.767	11.29	11.29
	1226.033	1059.166	166.867	13.61	15.56
Hamirpur	333.048	286.665	46.383	13.93	13.93
	318.821	279.763	42.098	13.08	20.67
Bilaspur	641.668	571.859	69.809	10.88	10.88
	633.293	574.043	59.250	9.36	11.56
Mandi	286.386	232.161	54.225	18.93	18.93
	279.857	228.749	51.108	18.26	18.26
Kullu	286.820	216.533	70.287	24.51	24.51
	278.561	217.372	61.189	21.97	21.97
Una	745.502	664.197	81.305	10.91	12.06
	712.178	639.023	73.155	10.27	10.27
Kangra	605.678	481.404	124.274	20.52	20.52
	599.721	474.448	125.273	20.89	20.89
Dalhousie	581.219	464.202	117.017	20.13	21.13
	573.826	458.665	115.161	20.07	21.19
G.Total. Current year	**9223.833**	**8192.509**	**1031.324**	**11.18**	**11.18**
Previous year	**9084.662**	**8025.045**	**1059.617**	**11.66**	**12.56**

- The energy purchased by Open Access Consumers during FY 2016-17 (upto 31.3.2017) at consumers periphery is 232.852MU (Mkwh).

- Collection efficiency is above 100% which has been restricted to 100% for calculations of AT&C losses.

32. The following amounts are recoverable and payable to the Govt. of H.P. at the end of financial year:-

(Amount in Lacs)

Amount Recoverable	**Current year**	**Previous year**
Investment in HPTCL	7408.00	7408.00
Share Application Money	0	1.40
Handling charges free Power	5489.00	5489.00
Roll Back subsidy	22426.26	9928.00
Upfront Tariff subsidy	0	4970.00
Sale of Power Vidhan Sabha	193.00	193.00
Pension Contribution of Bhutan Projects	176.00	176.00
Transmission and System operation charges	385.93	0
Total	**36078.19**	**668.27**
Amount Payable		
Free Power Charges	70668.00	52025.00
Electricity Duty	28762.91	35625.00
Total	**99430.91**	**87650.00**

33. Liability on accounts of the matter under litigation has not been provided for, as claims in respect thereof have not been entertained and are being contested. The total liability which can be reasonably ascertained is Rs. 7,78,26,821/- . Other matter mostly pertains to the employees where the amount of probable liability / obligation is not ascertainable. However, following court cases of Consumers and Employee/ Ex- Employee and their family members are pending for decision in various Court up to 3/2017.

Supreme	High Court	Tribunal	Sub Court	Misc SDRF	Total
22	696	338	940	78	2074

34. The audit report/CAG comments/ Comments of works Audit part /RA party/which were disclosed in earlier balance sheet has been settled and shown in FY 2012-13 reply to the Auditors Reports.

35. The following amounts are receivable from Govt. department on account of Energy bill (other than Interstate consumers). The party wise detail of the same is as under:-

(Amount in Lacs)

Name of Department	Current year	Previous year
I&PH	22633.00	36584.65
MC/NAC	515.00	416.14
	23148.00	**37000.79**
Other Misc		
Medical Department	150.07	250.37

DC Office	27.40	25.30
PWD	40.45	44.15
Education Department	36.78	35.18
Revenue Department	20.54	50.54
Police	4.15	6.10
Judiciary	3.10	2.15
Other Misc	816.51	1196.47
Total	1099.00	1610.26
G.Total	**24247.00**	**38611.05**

36. The Company Moratorium period of REC loan are normally 2-3 year of each loan account, PFC loan are 3-5 years. Repayment period of long terms borrowing 10 to 15 years (different in all schemes) and REC rate of average interest 7% t0 12% PA, PFC 5.75% to 11.25% LIC 8% to 12% Statement of default of repayment of interest and loan are Nil.

(B) THE DETAILED POSITION OF SECURED AND UNSECURED LOANS OUTSTANDING AT THE END OF 31st MARCH, 2015 ALONGWITH REPAYMENT PERIOD AND RATES OF INTERST.

Sl. No	Particulars	Amount of Loan sanctioned (In Lacs)	Opening Balance as on 31.03.2017	Interest type (Fixed/ floating)	Moratorium Period	Sanction Date	Date of First Disbursement/ Moratorium Effective From	Repayment Start	Moratorium effective from	Repayment Period	No. of remaining Installment after 31.03.17	Repayment Frequency	Repayment made vide UDAY on dated 01.03.2017 (Balance as 30.09.2015)	Repayment 2017-18	ROI %
A	**REC Ltd**														
1	060407	223.15	-	Floating	3 years	31.03.2004	31.03.2004	15.03.2008		10 years	0	Yearly	UDAY on 01.03.2017	-	
2	060408	53.41	-	Floating	3 years	31.03.2004	31.03.2004	15.03.2008		10 years	0	Yearly	UDAY on 01.03.2017	-	
3	060409	254.81	-	Floating	3 years	31.03.2004	31.03.2004	15.03.2008		10 years	0	Yearly	UDAY on 01.03.2017	-	
4	060410	225.30	-	Floating	3 years	31.03.2004	31.03.2004	15.03.2008	--do--	10 years	0	Yearly	UDAY on 01.03.2017	-	
5	060411	193.64	-	Floating	3 years	31.03.2004	31.03.2004	15.03.2008	--do--	10 years	0	Yearly	UDAY on 01.03.2017	-	
6	060412	288.28	-	Floating	3 years	31.03.2004	31.03.2004	15.03.2008	--do--	10 years	0	Yearly	UDAY on 01.03.2017	-	
7	060413	26.82	-	Floating	3 years	31.03.2004	31.03.2004	15.03.2008	--do--	10 years	0	Yearly	UDAY on 01.03.2017	-	
8	060414	27.35	-	Floating	3 years	31.03.2004	31.03.2004	15.03.2008	--do--	10 years	0	Yearly	UDAY on 01.03.2017	-	
9	060415	154.68	-	Floating	3 years	31.03.2004	31.03.2004	15.03.2008	--do--	10 years	0	Yearly	UDAY on 01.03.2017	-	
10	060416	140.82	-	Floating	3 years	31.03.2004	31.03.2004	15.03.2008	--do--	10 years	0	Yearly	UDAY on 01.03.2017	-	
11	060417	277.12	-	Floating	3 years	31.03.2004	31.03.2004	15.03.2008	--do--	10 years	0	Yearly	UDAY on 01.03.2017	-	
12	060418	292.77	-	Floating	3 years	31.03.2004	31.03.2004	15.03.2008	--do--	10 years	0	Yearly	UDAY on 01.03.2017	-	
13	060419	166.24	-	Floating	3 years	31.03.2004	31.03.2004	15.03.2008	--do--	10 years	0	Yearly	UDAY on 01.03.2017	-	
14	060420	250.06	-	Floating	3 years	31.03.2004	31.03.2004	15.03.2008	--do--	10 years	0	Yearly	UDAY on 01.03.2017	-	
15	060421	213.82	-	Floating	3 years	31.03.2004	31.03.2004	15.03.2008	--do--	10 years	0	Yearly	UDAY on 01.03.2017	-	
16	060422	138.77	-	Floating	3 years	31.03.2004	31.03.2004	15.03.2008	--do--	10 years	0	Yearly	UDAY on 01.03.2017	-	
17	060435	169.26	-	Floating	3 years	25.02.2005	31.03.2005	15.03.2009	--do--	10 years	0	Yearly	UDAY on 01.03.2017	-	
18	060436	263.30	-	Floating	3 years	25.02.2005	31.03.2005	15.03.2009	--do--	10 years	0	Yearly	UDAY on 01.03.2017	-	
19	060437	63.19	-	Floating	3 years	25.02.2005	31.03.2005	15.03.2009	--do--	10 years	0	Yearly	UDAY on 01.03.2017	-	

20	060438	118.34	-	Floating	3 years	25.02.2005	31.03.2005	15.03.2009	--do--	10 years	0	Yearly	UDAY on 01.03.2017	-	
21	060440	1033.00	-	Floating	NIL	04.08.2006	05.10.2006	15.10.2007	--do--	13 years	0	Yearly	UDAY on 01.03.2017	-	
22	060441	799.00	-	Floating	NIL	04.08.2006	05.10.2006	15.10.2007	--do--	13 years	0	Yearly	UDAY on 01.03.2017	-	
23	060442	120.00	3,384,000	Floating	NIL	04.08.2006	05.10.2006	15.10.2007	--do--	13 years	3	Yearly		1,128,000	11.35%
24	060443	160.00	-	Floating	NIL	04.08.2006	05.10.2006	15.10.2007	--do--	13 years	0	Yearly	UDAY on 01.03.2017		
25	060444	988.00	-	Floating	NIL	04.08.2006	05.10.2006	15.10.2007	--do--	13 years	0	Yearly	UDAY on 01.03.2017		
26	060445	1825.00	-	Floating	NIL	04.08.2006	05.10.2006	15.10.2007	--do--	13 years	0	Yearly	UDAY on 01.03.2017		
27	060446	162.00	4,568,400	Floating	NIL	04.08.2006	05.10.2006	15.10.2007	--do--	13 years	3	Yearly		1,522,800	11.35%
28	060447	73.00	2,058,600	Floating	NIL	04.08.2006	05.10.2006	15.10.2007	--do--	13 years	3	Yearly		686,200	11.35%
29	060448	128.00	3,609,600	Floating	NIL	04.08.2006	05.10.2006	15.10.2007	--do--	13 years	3	Yearly		1,203,200	11.35%
30	060449	1224.00	-	Floating	NIL	04.08.2006	05.10.2006	15.10.2007	--do--	13 years	0	Yearly	UDAY on 01.03.2017		
31	060450	1226.00	-	Floating	NIL	04.08.2006	05.10.2006	15.10.2007	--do--	13 years	0	Yearly	UDAY on 01.03.2017		
32	060451	1207.00	-	Floating	NIL	04.08.2006	05.10.2006	15.10.2007	--do--	10 years	0	Yearly	UDAY on 01.03.2017		
33	060452	144.30	-	Floating	3 years	16.05.2007	05.10.2007	15.10.2011	--do--	10 years	0	Yearly	UDAY on 01.03.2017		
34	060454	166.59	-	Floating	3 years	30.07.2007	05.10.2007	15.10.2011	--do--	10 years	0	Yearly	UDAY on 01.03.2017		
35	060455	210.65	-	Floating	3 years	30.07.2007	05.10.2007	15.10.2011	--do--	10 years	0	Yearly	UDAY on 01.03.2017		
36	060456	148.49	-	Floating	3 years	14.08.2007	05.10.2007	15.10.2011	--do--	10 years	0	Yearly	UDAY on 01.03.2017		
37	060457	102.41	4,999,548	Floating	3 years	14.08.2007	05.10.2007	15.10.2011	--do--	10 years	4	Yearly		1,249,888	12.00%
38	060459	322.88	512,567	Floating	3 years	17.02.2009	13.08.2009	15.08.2013	--do--	10 years	5	Yearly		85,428	
39	62768/461	186.84	-	Floating	2 years	17.02.2009	03.06.2010	15.06.2014	--do--	5 years	0	Yearly	UDAY on 01.03.2017		
40	62771	3372.95	-	Floating	2 years	27.03.2009	29.09.2009	15.09.2012	--do--	5 years	5	Yearly			
41	63117	664.52	-	Floating	3 years	18.06.2009	28.10.2009	15.10.2013	--do--	10 years	0	Yearly	UDAY on 01.03.2017		
42	63200	366.75	-	Floating	3 years	30.11.2009	03.02.2012	15.02.2016	--do--	10 years	0	Yearly	UDAY on 01.03.2017		
43	63201	32.47	-	Floating	3 years	13.05.2010	20.03.2014	15.03.2018	--do--	10 years	0	Yearly	UDAY on 01.03.2017		
44	63217	290.44	-	Floating	3 years	30.11.2009	07.10.2011	15.10.2015	--do--	10 years	0	Yearly	UDAY on 01.03.2017		

45	63218	296.09	-	Floating	3 years	30.11.2009	07.10.2011	15.10.2009	--do--	10 years	0	Yearly	UDAY on 01.03.2017		
46	63286	1169.06	23,220,280	Floating	3 years	30.09.2009	22.05.2013	15.05.2017	--do--	10 years	9	Yearly	UDAY on 01.03.2017	2,322,028	11.50%
47	63416	389.15	-	Floating	3 years	27.01.2010	19.04.2010	15.04.2014	--do--	10 years	7	Yearly		-	
48	63440	298.91	-	Floating	3 years	02.03.2010	25.10.2011	15.10.2015	--do--	10 years	0	Yearly	UDAY on 01.03.2017		
49	63597	367.60	-	Floating	3 years	10.05.2010	22.11.2011	15.11.2015	--do--	10 years	0	Yearly	UDAY on 01.03.2017	-	
50	63605	369.03	7,347,794	Floating	3 years	29.03.2010	07.10.2011	15.10.2015	--do--	10 years	8	Yearly	UDAY on 01.03.2017	1,160,008	11.50%
51	63662	336.22	3,973,880	Floating	3 years	29.03.2010	17.02.2012	15.02.2016	--do--	10 years	8	Yearly	UDAY on 01.03.2017	496,731	11.25%
52	63666	96.71	-	Floating	3 years	29.03.2010	07.10.2011	15.10.2015	--do--	10 years	0	Yearly			
53	63668	128.34	-	Floating	3 years	29.03.2010	28.05.2012	15.05.2016	--do--	10 years	0	Yearly	UDAY on 01.03.2017		
54	63685	412.61	-	Floating	3 years	23.09.2010	26.06.2015	15.06.2019	--do--	10 years	10	Yearly			
55	63686	216.15	-	Floating	3 years	25.10.2010	11.03.2013	15.03.2017	--do--	10 years	0	Yearly	UDAY on 01.03.2017		
56	63780	429.22	-	Floating	3 years	01.12.2010	14.03.2013	15.03.2017	--do--	10 years	0	Yearly	UDAY on 01.03.2017		
57	63912	141.07	-	Floating	3 years	23.09.2010	25.04.2012	15.04.2016	--do--	10 years	9	Yearly	UDAY on 01.03.2017	-	
58	63913	83.98	-	Floating	3 years	23.09.2010	12.03.2012	15.03.2016	--do--	10 years	10	Yearly	UDAY on 01.03.2017	-	
59	63914	85.39	-	Floating	3 years	23.09.2010	13.07.2012	15.07.2016	--do--	10 years	9	Yearly	UDAY on 01.03.2017	-	
60	63920	129.22	-	Floating	3 years	23.09.2010	25.04.2012	15.04.2016	--do--	10 years	9	Yearly	UDAY on 01.03.2017	-	
61	63922	123.12	-	Floating	3 years	25.10.2010	05.12.2013	15.12.2017	--do--	10 years	0	Yearly	UDAY on 01.03.2017		
62	63924	318.88	822,141	Floating	3 years	25.10.2010	03.12.2013	15.12.2017	--do--	10 years	10	Yearly	UDAY on 01.03.2017	82,214.00	11.50%
63	63925	405.49	4,113,586	Floating	3 years	25.10.2010	03.05.2013	15.05.2017	--do--	10 years	10	Yearly	UDAY on 01.03.2017	411,358.00	11.50%
64	63926	351.93	4,506,120	Floating	3 years	29.10.2010	30.03.2013	15.03.2017	--do--	10 years	9	Yearly	UDAY on 01.03.2017	1,315,913.00	11.00%
65	63978	79.46	-	Floating	3 years	01.12.2010	04.06.2012	15.06.2016	--do--	10 years	0	Yearly	UDAY on 01.03.2017		
66	64216	123.85	-	Floating	3 years	01.12.2010	13.12.2011	15.12.2015	--do--	10 years	0	Yearly	UDAY on 01.03.2017		
67	64217	296.86	8,297,850	Floating	3 years	01.12.2010	24.01.2012	15.01.2016	--do--	10 years	8	Yearly		1,037,195.00	11.50%
68	64218	375.38	-	Floating	3 years	01.12.2010	28.03.2013	15.03.2017	--do--	10 years	0	Yearly	UDAY on 01.03.2017		

69	64268	8146.94	-	Floating	3 years	01.02.2011	13.09.2012	15.09.2016	--do--	10 years	9	Yearly	UDAY on 01.03.2017	-	
70	67788	562.21	2,855,934		3 years	11.02.2014	27.10.2016	15.10.2020		10 years	10	Yearly			11.00%
71	63216	320.55	-	Floating	3 years	30.11.2009	05.09.2011	15.09.2015	--do--	10 years	7	Yearly	UDAY on 01.03.2017	194,288.00	
72	63600	107.44	-	Floating	3 years	10.05.2010	18.03.2011	15.03.2015	--do--	10 years	0	Yearly	UDAY on 01.03.2017		
73	63684	324.99	-	Floating	3 years	25.11.2010	21.03.2014	15.03.2018	--do--	10 years	0	Yearly	UDAY on 01.03.2017		
74	63688	148.70	-	Floating	3 years	11.11.2010	26.03.2014	15.03.2018	--do--	10 years	0	Yearly	UDAY on 01.03.2017		
75	63746	416.82	-	Floating	3 years	29.10.2010	31.03.2011	15.03.2015	--do--	10 years	0	Yearly	UDAY on 01.03.2017		
76	63907	625.44	-	Floating	3 years	16.08.2010	19.03.2013	15.03.2017	--do--	10 years	9	Yearly	UDAY on 01.03.2017	-	
77	63908	883.84	-	Floating	3 years	31.08.2010	21.01.2011	15.01.2015	--do--	10 years	7	Yearly	UDAY on 01.03.2017	-	
78	63911	241.26	-	Floating	3 years	16.08.2010	27.05.2011	15.05.2015	--do--	10 years	8	Yearly	UDAY on 01.03.2017	-	
79	63915	194.90	-	Floating	3 years	23.09.2010	07.10.2011	15.10.2015	--do--	10 years	8	Yearly	UDAY on 01.03.2017	-	
80	63923	474.35	17,518,852	Floating	3 years	03.12.2010	07.10.2011	15.10.2015	--do--	10 years	8	Yearly	UDAY on 01.03.2017	2,189,858.00	11.50%
81	64215	201.96	-	Floating	3 years	01.12.2010	21.03.2014	15.03.2018	--do--	10 years	0	Yearly	UDAY on 01.03.2017		
82	64271	3668.58	-	Floating	2 years	01.02.2011	29.03.2011	15.03.2014	--do--	5 years	0	Yearly	UDAY on 01.03.2017		
83	64272	3663.13	-	Floating	2 years	01.02.2011	29.03.2011	15.03.2014	--do--	5 years	0	Yearly	UDAY on 01.03.2017		
84	64273	2615.78	-	Floating	2 years	01.02.2011	23.03.2011	15.03.2014	--do--	5 years	0	Yearly	UDAY on 01.03.2017		
85	64274	3356.21	-	Floating	2 years	01.02.2011	28.03.2011	15.03.2014	--do--	5 years	0	Yearly	UDAY on 01.03.2017		
86	3383736	379.63	-	Floating	3 years	01.02.2011	19.07.2011	15.07.2015	--do--	10 years	0	Yearly	UDAY on 01.03.2017		
87	3383921	13393.40	98,967,000	Floating	3 years	04.11.2011	13.04.2012	15.04.2016	--do--	10 years	9	Yearly		16,122,334.00	11.50%
88	3384333	282.25	1,257,845	Floating	3 years	01.02.2011	30.03.2013	15.03.2017	--do--	10 years	9	Yearly	UDAY on 01.03.2017	139,761.00	11.50. %
89	3384334	185.54	-	Floating	3 years	01.02.2011	30.04.2014	15.04.2018	--do--	10 years	0	Yearly	UDAY on 01.03.2017		
90	3384337	124.81	1,693,000	Floating	3 years	01.02.2011	31.07.2012	15.07.2016	--do--	10 years	9	Yearly	UDAY on 01.03.2017	188,111.00	11.00%
91	3384363	75.96	-	Floating	3 years	14.02.2011	26.03.2014	15.02.2018	--do--	10 years	10	Yearly	UDAY on 01.03.2017	-	
92	3384368	321.73	5,225,761	Floating	3 years	14.02.2011	29.04.2014	15.04.2018	--do--	10 years	10	Yearly	UDAY on 01.03.2017	-	11.50%

93	3384566	122.52	699,065	Floating	3 years	25.05.2011	20.03.2013	15.03.2017	--do--	10 years	9	Yearly	UDAY on 01.03.2017	77,674.00	11.00%
94	3384569	5095.93	-	Floating	2 years	10.05.2011	12.09.2012	15.09.2015	--do--	5 years	0	Yearly	UDAY on 01.03.2017		
95	3385268	1454.74	-	Floating	3 years	17.11.2011	13.11.2013	15.11.2017	--do--	10 years	10	Yearly	UDAY on 01.03.2017	93,394.00	
96	3385299	1604.44	12,768,102	Floating	3 years	20.04.2012	02.08.2012	15.08.2016	--do--	10 years	9	Yearly	UDAY on 01.03.2017	1,963,526.00	11.50%
97	3385368	129.98	-	Floating	3 years	31.01.2012	02.06.2014	15.06.2018	--do--	10 years	0	Yearly	UDAY on 01.03.2017		
98	3385520	353.32	989,604		3 years	03.01.2012	07.12.2016	15.12.2020		10 years	10	Yearly		-	11.00%
99	3385623	37.08	1,462,296	Floating	3 years	07.02.2012	23.06.2014	15.06.2018	--do--	10 years	10	Yearly	UDAY on 01.03.2017	-	11.50%
100	3385625	454.12	4,164,164	Floating	3 years	06.02.2012	06.02.2015	15.02.2019	--do--	10 years	10	Yearly	UDAY on 01.03.2017	-	11.50%
101	3385663	880.14	-	Floating	3 years	13.02.2012	26.11.2013	15.11.2017	--do--	10 years	0	Yearly	UDAY on 01.03.2017		
102	3385668	95.35	9,401,182	Floating	3 years	29.02.2012	04.11.2015	15.11.2019	--do--	10 years	10	Yearly		-	11.50%
103	3385695	2711.42	7,072,000	Floating	3 years	29.02.2012	28.02.2013	15.02.2017	--do--	10 years	9	Yearly	UDAY on 01.03.2017	785,778.00	11.50%
104	3385699	1859.81	19,273,546	Floating	3 years	29.02.2012	28.02.2013	15.02.2017	--do--	10 years	9	Yearly	UDAY on 01.03.2017	2,141,505.00	11.00%
105	3385700	1966.75	28,364,834	Floating	3 years	29.02.2012	28.02.2013	15.02.2017	--do--	10 years	9	Yearly	UDAY on 01.03.2017	3,168,673.00	11.50%
106	3385701	2075.95	45,874,464	Floating	3 years	29.02.2012	28.02.2013	15.02.2017	--do--	10 years	9	Yearly	UDAY on 01.03.2017	5,097,162.00	11.50%
107	3385702	671.23	-	Floating	3 years	29.02.2012	28.02.2013	15.02.2017	--do--	10 years	9	Yearly	UDAY on 01.03.2017	277,402.00	
108	3385703	3915.10	36,537,024	Floating	3 years	29.02.2012	28.02.2013	15.02.2017	--do--	10 years	9	Yearly	UDAY on 01.03.2017	4,615,660.00	11.50%
109	3385704	742.39	-	Floating	3 years	29.02.2012	28.02.2013	15.02.2017	--do--	10 years	0	Yearly	UDAY on 01.03.2017		
110	3385705	1375.71	25,077,811	Floating	3 years	29.02.2012	28.02.2013	15.02.2017	--do--	10 years	9	Yearly	UDAY on 01.03.2017	2,786,422.00	11.50%
111	3385706	719.12	-	Floating	3 years	29.02.2012	28.02.2013	15.02.2017	--do--	10 years	0	Yearly	UDAY on 01.03.2017		
112	3385707	856.62	7,424,128	Floating	3 years	29.02.2012	28.02.2013	15.02.2017	--do--	10 years	9	Yearly	UDAY on 01.03.2017	1,718,731.00	11.50%
113	3385755	271.19	1,263,875	Floating	3 years	29.02.2012	12.02.2014	15.02.2018	--do--	10 years	10	Yearly	UDAY on 01.03.2017	422,767.00	11.50%
114	3385822	480.32	-	Floating	3 years	20.04.2012	21.11.2013	15.11.2017	--do--	10 years	0	Yearly	UDAY on 01.03.2017		
115	3386174	170.38	1,186,944	Floating	3 years	13.12.2012	06.04.2015	15.04.2019	--do--	10 years	10	Yearly	UDAY on 01.03.2017	-	11.50%
116	3386176	36.91	-	Floating	3 years	13.12.2012	06.04.2015	15.04.2019	--do--	10 years	10	Yearly	UDAY on 01.03.2017	-	

117	3386178	80.23	-	Floating	3 years	30.08.2012	17.12.2013	15.12.2017	--do--	10 years	10	Yearly	UDAY on 01.03.2017	-	
118	3386180	8169.87	123,744,548	Floating	3 years	13.12.2012	19.12.2013	15.12.2017	--do--	10 years	10	Yearly	UDAY on 01.03.2017	32,657,745.00	11.50%
119	3386181	489.10	21,754,625	Floating	3 years	15.10.2012	25.03.2015	15.03.2019	--do--	10 years	10	Yearly	UDAY on 01.03.2017	-	11.50%
120	3386524	1607.57	54,781,746	Floating	3 years	31.10.2012	26.03.2014	15.03.2018	--do--	10 years	10	Yearly	UDAY on 01.03.2017	6,182,062.00	11.50%
121	3386525	1203.03	25,334,934	Floating	3 years	13.10.2012	30.03.2013	15.03.2017	--do--	10 years	9	Yearly	UDAY on 01.03.2017	3,318,282.00	11.50%
122	3387015	5794.36	141,740,358	Floating	2 years	26.06.2013	23.06.2014	15.06.2017	--do--	7 years	7	Yearly	UDAY on 01.03.2017		11.50%
123	3387147	116.29	4,005,494	Floating	3 years	26.06.2013	16.07.2014	15.07.2018	--do--	10 years	10	Yearly	UDAY on 01.03.2017	-	11.00%
124	3387149	303.59	8,170,234	Floating	3 years	26.06.2013	25.03.2015	15.03.2019	--do--	10 years	10	Yearly	UDAY on 01.03.2017	-	11.50%
125	3387241	177.24	12,641,147	Floating	3 years	26.06.2013	14.10.2015	15.10.2019	--do--	10 years	10	Yearly		-	11.50%
126	3387527	283.79	2,707,487	Floating	3 years	11.09.2013	07.07.2015	15.05.2019	--do--	10 years	10	Yearly	UDAY on 01.03.2017	-	11.50%
127	3387541	231.24	10,898,846		3 years	11.09.2013	01.07.2016	15.07.2020		10 years	10	Yearly		-	11.00%
128	3387542	145.10	8,752,635	Floating	3 years	11.09.2013	01.10.2015	15.10.2019	--do--	10 years	10	Yearly		-	12.00%
129	3387863	247.76	12,708,870		3 years	06.03.2014	01.07.2016	15.07.2020		10 years	10	Yearly		-	11.00%
130	3387876	1179.54	27,144,604	Floating	3 years	06.03.2014	21.12.2015	15.12.2019	--do--	10 years	10	Yearly		-	11.50%
131	3387881	34.95	2,796,000	Floating	3 years	11.02.2013	22.03.2016	15.03.2020	--do--	10 years	10	Yearly		-	11.50%
132	3887882	123.07	10,941,302	Floating	3 years	11.02.2014	26.11.2015	15.11.2019	--do--	10 years	10	Yearly		-	11.50%
133	3887888	226.61	4,722,659	Floating	3 years	11.02.2014	07.09.2015	15.09.2019	--do--	10 years	10	Yearly	UDAY on 01.03.2017	-	11.50%
134	3887889	68.44	688,206	Floating	3 years	11.02.2014	12.11.2015	15.11.2019	--do--	10 years	10	Yearly		-	11.50%
135	3387934	238.31	16,966,754	Floating	3 years	11.02.2014	02.09.2015	15.09.2019	--do--	10 years	10	Yearly	UDAY on 01.03.2017	-	11.00%
136	3388108	114.51	9,223,641		3 years	05.05.2014	19.04.2016	15.04.2020		10 years	10	Yearly		-	11.50%
137	3388110	1150.59	31,233,144	Floating	3 years	03.06.2014	22.03.2016	15.03.2020	--do--	10 years	10	Yearly		-	11.50%
138	3388113	448.81	1,951,749		3 years	05.05.2014	07.02.2017	15.02.2021		10 years	10	Yearly		-	11.00%
139	3388473	190.94	2,770,088	Floating	3 years	18.07.2014	23.04.2015	15.04.2019	--do--	10 years	10	Yearly	UDAY on 01.03.2017	-	11.50%
140	3388479	202.25	-	Floating	3 years	29.09.2014	19.03.2015	15.03.2019	--do--	10 years	10	Yearly	UDAY on 01.03.2017	-	

141	3388538	218.07	10,917,458	Floating	3 years	20.08.2014	29.01.2016	15.01.2020	--do--	10 years	10	Yearly		-	11.00%
142	3388660	717.31	11,547,276	Floating	3 years	29.09.2014	06.04.2015	15.04.2019	--do--	10 years	10	Yearly		-	11.50%
143	3388661	282.53	24,837,212	Floating	3 years	29.09.2014	21.03.2016	15.03.2020	--do--	10 years	10	Yearly		-	11.00%
144	3388662/ 10746	167.03	2,661,315	Floating	3 years	29.09.2014/ 08.07.2016	31.12.2015	15.12.2019	--do--	10 years	10	Yearly		-	11.50%
145	3388821	146.21	8,562,925		3 years	25.11.2014	19.04.2016	15.04.2020		10 years	10	Yearly		-	11.50%
146	3388822	138.81	399,001		3 years	25.11.2014	08.12.2016	15.12.2020		10 years	10	Yearly		-	11.00%
147	3388824	140.48	9,450,000		3 years	25.11.2014	10.11.2016	15.11.2020		10 years	10	Yearly		-	11.00%
148	3389098	32.07	3,063,808		3 years	16.02.2015	19.04.2016	15.04.2020		10 years	10	Yearly		-	11.50%
149	3389127	65.26	4,967,725		3 years	16.02.2015	16.06.2016	15.06.2020		10 years	10	Yearly		-	11.00%
150	3389147	236.11	1,738,593		3 years	19.02.2015	10.10.2016	15.10.2020		10 years	10	Yearly		-	11.00%
151	3389298	177.22	752,136		3 years	24.04.2015	09.12.2016	15.12.2020		10 years	10	Yearly		-	11.00%
152	3389299	82.02	3,373,444	Floating	3 years	24.04.2015	03.02.2016	15.02.2020	--do--	10 years	10	Yearly		-	11.50%
153	3389345	199.25	19,786,623		3 years	22.05.2015	30.09.2016	15.09.2020		10 years	10	Yearly		-	11.00%
154	3389458	473.32	5,919,269		3 years	10.07.2015	30.09.2016	15.09.2020		10 years	10	Yearly		-	11.00%
155	3389693	124.73	3,696,322		3 years	03.09.2015	24.10.2016	15.10.2020		10 years	10	Yearly		-	11.00%
156	3389921	4073.08	73,974,600		3 years	08.01.2016	13.04.2016	15.04.2020		10 years	10	Yearly		-	11.50%
157	3389922	3549.52	25,038,234		3 years	08.01.2016	20.10.2016	15.10.2020		10 years	10	Yearly		-	11.00%
158	33810155	4493.43	40,066,000		3 years	30.03.2016	25.07.2016	15.07.2020		10 years	10	Yearly		-	11.00%
159	33810481	14129.50	545,303,146		3 years	18.07.2016	21.12.2016	15.12.2020		10 years	10	Yearly		-	11.00%
160	60423	8982.00	139,267,589	Floating	3 years	01.01.2004	17.02.2005	15.02.2009	--do--	10 years	1	Yearly		139,267,589.00	12.00%
161	63497	949.80	67,516,097	Floating	5 years	24.12.2009	31.03.2011	15.03.2017	--do--	7 years	6	Yearly		12,371,155.00	12.25%
162	64140	2830.00	113,643,862	Floating	6 Months	19.08.2010	27.09.2010	30.06.2011	--do--	10 years	4	Quarterly		28,410,970.00	12.00%
163	60453	6060.53	231,488,898	Floating	3 years	09.07.2007	05.10.2007	15.10.2011	--do--	10 years	4	Yearly		57,872,226.00	12.00%
164	60458	1930.00	109,484,076	Floating	3 years	16.01.2008	19.07.2008	15.07.2012	--do--	10 years	5	Yearly		21,896,833.00	12.00%

165	62775	867.89	52,053,240	Floating	3 years	29.04.2009	27.10.2009	15.10.2013	--do--	10 years	6	Yearly		8,675,540.00	12.00%
166	62780	330.16	17,630,519	Floating	3 years	29.04.2009	27.10.2009	15.10.2013	--do--	10 years	6	Yearly		2,938,420.00	12.00%
167	62791	351.02	21,061,200	Floating	3 years	29.04.2009	27.10.2009	15.10.2013	--do--	10 years	6	Yearly		3,510,200.00	11.85%
168	63296	3781.99	159,471,973	Floating	3 years	30.09.2009	26.05.2010	15.05.2014	--do--	10 years	7	Yearly		22,781,708	12.50%
169	63617	2607.12	105,729,846	Floating	3 years	18.03.2010	25.05.2011	15.05.2015	--do--	10 years	8	Yearly		13,216,233	12.25%
170	63909	1172.62	52,808,057	Floating	3 years	31.08.2010	13.12.2011	15.12.2015	--do--	10 years	8	Yearly		6,601,009	12.00%
171	63910	2017.94	100,441,686	Floating	3 years	31.08.2010	19.07.2011	15.07.2015	--do--	10 years	8	Yearly		14,038,056	12.25%
172	63917	2823.72	145,353,297	Floating	3 years	25.11.2010	22.07.2011	15.07.2015	--do--	10 years	8	Yearly		18,169,171	12.00%
173	63607	676.14	20,800,080	Floating	3 years	29.03.2010	31.03.2011	15.03.2015	--do--	10 years	7	Yearly		2,971,440	12.00%
174	63618	1114.06	47,740,281	Floating	3 years	29.03.2010	05.09.2011	15.09.2015	--do--	10 years	8	Yearly		5,967,536	12.25%
175	63735	1961.06	76,678,560	Floating	3 years	04.01.2010	05.07.2011	15.07.2015	--do--	10 years	8	Yearly		9,584,820	12.25%
176	63918	101.93	10,193,000	Floating	3 years	03.12.2010	19.03.2014	15.03.2018	--do--	10 years	10	Yearly		1,019,300	12.00%
177	64068	4054.25	273,688,715	Floating	3 years	25.11.2010	18.03.2011	15.03.2015	--do--	10 years	7	Yearly		39,098,386	12.25%
178	3384280	283.68	15,821,278	Floating	3 years	01.02.2011	22.03.2013	15.03.2017	--do--	10 years	10	Yearly		1,757,920	12.25%
179	3385180	1192.49	78,692,480	Floating	3 years	22.09.2011	15.12.2011	15.12.2015	--do--	10 years	8	Yearly		9,836,560	12.25%
180	3385270	2121.14	12,869,899	Floating	3 years	02.01.2012	14.03.2013	15.03.2017	--do--	10 years	9	Yearly		3,742,150	12.00%
181	3385360	2686.86	33,480,000	Floating	3 years	02.01.2012	17.05.2012	15.05.2016	--do--	10 years	9	Yearly		3,720,000	12.25%
182	3385416	258.99	14,549,220	Floating	3 years	16.11.2012	19.02.2013	15.02.2017	--do--	10 years	9	Yearly		1,616,580	11.50%
183	3385836	487.61	48,554,828	Floating	3 years	20.04.2012	10.07.2013	15.07.2017	--do--	10 years	10	Yearly		4,855,482	12.25%
184	3385837	13018.91	377,264,779	Floating	3 years	20.04.2012	02.01.2013	15.01.2017	--do--	10 years	9	Yearly		46,356,513	12.00%
185	3385845	1230.88	106,337,126	Floating	3 years	20.04.2012	21.11.2013	15.11.2017	--do--	10 years	10	Yearly		10,808,627	12.00%
186	3386179	1311.99	86,099,493	Floating	3 years	27.11.2012	21.04.2015	15.04.2019	--do--	10 years	10	Yearly		-	11.50%
187	3386795	297.88	18,301,074	Floating	3 years	09.04.2013	11.09.2014	15.09.2018	--do--	10 years	10	Yearly		-	12.25%
188	3388528	2807.93	203,956,251	Floating	3 years	29.09.2014	28.01.2015	15.01.2019	--do--	10 years	10	Yearly		-	12.25%
189	3389819	6289.86	621,155,996	Floating	1 year	29.10.2015	04.02.2016	15.02.2018	--do--	12 years	12	Yearly		51,762,999	11.50%
			5,094,359,355	**-**									**Total**	**639,689,521**	

(B) RGGVY Loan

1	300001	663.35	-	Floating	5 Years				Date of disbursemen of first installment of Loan	10 years		Yearly			
2	300002	461.88	3,239,814	Floating	5 Years	10.03.2008	04.03.2009	15.03.2015		10 years	7	Yearly		462,831	
3	300003	230.28	529,167	Floating	5 Years	10.03.2009	03.03.2009	15.03.2015		10 years	7	Yearly		75,595	
4	300004	496.97	-	Floating	5 Years					10 years		Yearly			
5	300005	43.53	-	Floating	5 Years				--do--	10 years		Yearly			
6	300006	59.69	-	Floating	5 Years				--do--	10 years		Yearly			
7	300007	265.51	-	Floating	5 Years				--do--	10 years		Yearly			
8	300008	336.64	288,212	Floating	5 Years	10.04.2008	03.03.09	15.03.15	--do--	10 years	7	Yearly		41,173	
9	300009	513.46	-	Floating	5 Years				--do--	10 years		Yearly			
10	300010	77.71	-	Floating	5 Years				--do--	10 years		Yearly			
11	300011	137.19	2,097,521	Floating	5 Years	04.09.2008	09.07.2009	15.07.15	--do--	10 years	8	Yearly		262,190	
12	300012	132.42	573,510	Floating	5 Years	04.09.2008	09.07.2009	15.07.15	--do--	10 years	8	Yearly		71,688	
	Total:-	**3,419**	**6,728,224**											**913,477**	

(C)	**PFC Loans**														
1	04102007	398.00	99,499,999	Floating	4 years	11.02.2000	08.03.2000	15.07.2007	Date of disbursemen of first installment of Loan	10 years	0	Quarterly		99,499,999	
2	04102010	214.00	53,499,995	Floating	4 years	05.05.2003	24.06.2003	15.07.2007		10 years	0	Quarterly		53,499,995	
3	04102012	178.00	44,499,999	Floating	3 years	31.08.2004	21.09.2004	15.07.2007		10 years	0	Quarterly		44,499,999	
4	04105004	2000.00	125,000,002	Floating	2 years	27.06.2003	15.02.2008			10 years	15	Quarterly		16,666,666	
5	04105005	9000.00	59,475,311	Floating	3 years	30.01.2008	14.05.2008	15.07.2011	--do--	09 years	6	Quarterly(48)		9,516,052	
6	04105006	6000.00	326,103,312	Floating	3 years	05.02.2008	10.07.2009	15.10.2012	--do--	12 years	7	Quarterly(48)		43,480,442	
7	04105007	736.00	51,716,598	Floating	2 years	06.09.2010	29.03.2016	15.01.2017	--do--	12 years	12	Quarterly(48)		4,401,413	

8	04105008	6905.00	294,383,008	Floating	3 years	15.11.2016	27.09.2013		--do--	15 years	15	Quarterly		-	
9	04105009	292.00	16,819,901	Floating	3 years	10.03.2015	12.01.2016		--do--	15 years	15	Quarterly		779,175	
10	04105010	742.00	5,025,823	Floating	3 years	05.05.2015	21.02.2017		--do--	15 years	15	Quarterly		-	
11	04405001	6842.00	403,839,147	Floating	3 years	03.09.2015	30.09.2015		--do--	15 years	15	Quarterly		-	
12	04407003	630.00	12,029,012	Floating	2 years	10.03.2015	22.04.2016	15.01.2017	--do--	15 years	15	Quarterly		1,033,197	
13	04005006	7600.00	-	Floating	2 years	1509.2003	17.12.2004	15.10.2006	--do--	10 years	0	Quarterly			
14	04005007	7600.00	189,999	Floating	3 years	15.09.03	17.12.2004	15.07.2007	--do--	10 years	0	Quarterly		189,999	
15	04403001	4929.00	208,500,000	Floating	2 years	22.09.2015	30.09.2015		--do--	10 years	15	Quarterly		-	
	Total:-	**54066.00**	**1,700,582,106**											**273,566,937**	
(D)	**R-APDRP Part-A Loan**														
1	04133001	182.00	5,404,854	Floating	5 years	11.09.2009	11.01.2010	15.09.2014		15 years	7			2,249,263	9.00%
2	04133002	170.00	4,609,380	Floating	5 years	11.09.2009	11.01.2010	15.09.2014		15 years	7			1,936,083	9.00%
3	04133003	151.00	4,119,571	Floating	5 years	11.09.2009	11.01.2010	15.09.2014		15 years	7			1,725,972	9.00%
4	04133004	274.00	7,368,756	Floating	5 years	11.09.2009	11.01.2010	15.09.2014		15 years	7			3,099,316	9.00%
5	04133005	192.00	5,173,418	Floating	5 years	11.09.2009	11.01.2010	15.09.2014		15 years	7			2,173,530	9.00%
6	04133006	164.00	4,433,456	Floating	5 years	11.09.2009	11.01.2010	15.09.2014		15 years	7			1,860,565	9.00%
7	04133007	213.00	5,892,535	Floating	5 years	11.09.2009	11.01.2010	15.09.2014		15 years	7			2,473,792	9.00%
8	04133008	163.00	4,440,945	Floating	5 years	11.09.2009	11.01.2010	15.09.2014		15 years	7			1,862,274	9.00%
9	04133009	2259.00	73,939,036	Floating	5 years	11.09.2009	11.01.2010	15.09.2014		15 years	7			36,130,670	9.00%
10	04133010	4874.00	246,425,988	Floating	5 years	11.09.2009	11.01.2010	15.09.2014		15 years	7			100,582,852	9.00%
11	04133011	378.00	10,637,101	Floating	5 years	11.09.2009	11.01.2010	15.09.2014		15 years	7			4,466,103	9.00%
12	04133012	175.00	4,742,287	Floating	5 years	11.09.2009	11.01.2010	15.09.2014		15 years	7			1,987,994	9.00%

13	04133013	286.00	8,773,197	Floating	5 years	11.09.2009	11.01.2010	15.09.2014		15 years	7			3,635,760	9.00%
14	04133014	159.00	4,021,429	Floating	5 years	11.09.2009	11.01.2010	15.09.2014		15 years	7			1,357,042	9.00%
	Total:-	**9640.00**	**389,981,953**											**165,541,216**	
(E)	**R-APDRP Part-B Loan**														
1	04134001	7569.00	502,312,193	Floating	5 years	21.12.2010	18.02.2011	15.01.2016		15 years	8			16,993,018	9.00%
2	04134002	187.00	11,330,817	Floating	5 years	21.12.2010	18.02.2011	15.01.2016		15 years	8			390,054	9.00%
3	04134003	264.00	22,729,974	Floating	5 years	21.12.2010	18.02.2011	15.01.2016		15 years	8			883,089	9.00%
4	04134004	928.00	51,688,807	Floating	5 years	21.12.2010	18.02.2011	15.01.2016		15 years	8			1,792,150	9.00%
5	04134005	581.00	37,520,861	Floating	5 years	21.12.2010	18.02.2011	15.01.2016		15 years	8			1,457,731	9.00%
6	04134006	666.00	56,189,997	Floating	5 years	21.12.2010	18.02.2011	15.01.2016		15 years	8			2,183,051	9.00%
7	04134007	1732.00	150,332,612	Floating	5 years	21.12.2010	18.02.2011	15.01.2016		15 years	8			5,840,615	9.00%
8	04134008	546.00	42,489,156	Floating	5 years	20.08.2010	28.09.2010	15.09.2015		15 years	8			1,737,271	9.00%
9	04134009	3297.00	152,963,142	Floating	5 years	20.08.2011	28.09.2010	15.09.2015		15 years	8			5,694,028	9.00%
10	04134010	10830.00	920,973,511	Floating	5 years	20.08.2012	28.09.2010	15.09.2015		15 years	8			29,914,242	9.00%
11	04134011	2032.00	116,144,026	Floating	5 years	20.08.2013	28.09.2010	15.09.2015		15 years	8			4,182,022	9.00%
12	04134012	590.00	35,706,176	Floating	5 years	21.12.2010	18.02.2011	15.01.2016		15 years	8			1,216,050	9.00%
13	04134013	658.00	54,969,893	Floating	5 years	21.12.2010	18.02.2011	15.01.2016		15 years	8			2,135,653	9.00%
14	04134014	627.00	20,544,130	Floating	5 years	21.12.2010	18.02.2011	15.01.2016		15 years	8		-	822,522	9.00%
	Total:-	**30507.00**	**2,175,895,295**											**75,241,496**	

(F)	**R-APDRP Part-B Counter Part Loan**														
1	04437001	841.00	60,309,798	Floating	3 years	22.06.2012	08.08.2014	15.07.16		18 years	14	quarterly (56)	-	4,232,266	12.00 %
2	04437002	208.00	1,976,000	Floating	3 years	22.06.2012	08.08.2014	15.07.16		18 years	14	quarterly (56)	-	138,666	12.00 %
3	04437003	293.00	2,755,000	Floating	3 years	22.06.2012	08.08.2014	15.07.16		18 years	14	quarterly (56)	-	193,332	12.00 %
4	04437004	1031.00	8,954,877	Floating	3 years	22.06.2012	08.08.2014	15.07.16		18 years	14	quarterly (56)	-	628,412	12.00 %
5	04437005	646.00	5,977,695	Floating	3 years	22.06.2012	08.08.2014	15.07.16		18 years	14	quarterly (56)	-	419,486	12.00 %
6	04437006	740.00	7,030,000	Floating	3 years	22.06.2012	08.08.2014	15.07.16		18 years	14	quarterly (56)	-	493,334	12.00 %
7	04437007	1924.00	18,240,000	Floating	3 years	22.06.2012	08.08.2014	15.07.16		18 years	14	quarterly (56)	-	1,280,000	12.00 %
8	04437008	61.00	3,933,939	Floating	3 years	22.06.2012	08.08.2014	15.07.16		18 years	14	quarterly (56)	-	280,996	12.00 %
9	04437009	366.00	28,195,754	Floating	3 years	22.06.2012	08.08.2014	15.07.16		18 years	14	quarterly (56)	-	2,099,168	12.00 %
10	04437010	1204.00	111,393,086	Floating	3 years	22.06.2012	08.08.2014	15.07.16		18 years	14	quarterly (56)	-	7,956,648	12.00 %
11	04437011	226.00	20,757,148	Floating	3 years	22.06.2012	08.08.2014	15.07.16		18 years	14	quarterly (56)	-	1,493,764	12.00 %
12	04437012	66.00	6,275,234	Floating	3 years	22.06.2012	08.08.2014	15.07.16		18 years	14	quarterly (56)	-	440,367	12.00 %
13	04437013	73.00	6,934,999	Floating	3 years	22.06.2012	08.08.2014	15.07.16		18 years	14	quarterly (56)	-	486,666	12.00 %
14	04437014	70.00	5,084,223	Floting	3 years	22.06.2012	08.08.2014	15.07.16		18 years	14	quarterly (56)	-	356,787	12.00 %
	Total:-		**287,817,753**											20,499,892	
(G)	**Unsecured Bonds**														
			Unsecured Bonds												
1	Unsecured Bonds 8.75%	265.90	2,659,000,000	Fixed	10 years	26.06.2013	26.06.2013	15.04.2023		3 years	3	Yearly		-	8.75%
2	Unsecured Bonds 234.10 cr.	234.10	2,341,000,000	Fixed	10 years	03.12.2014	03.12.2014	03.12.2024		3 years	3	Yearly		-	9.13%
3	Unsecured Bonds Rs. 10.39%	300.00	3,000,000,000	Fixed	10 years	29.03.2016	29.03.2016	29.03.2026		3 years	3	Yearly		-	10.39 %
	Total:-	**800**	**8,000,000,000**											-	

(H)	**Bank Loans**														
(I)	**LIC Loans**														
1	TL Rs. 2700.00 lacs	54,000,000	Fixed	5 years				Date of disburse-men of first install-ment of Loan	10 years		Yearly		27,000,000	8.00%
2	TL Rs. 4000.00 lacs	80,000,000	Fixed	5 years					10 years		Yearly		40,000,000	8.00%
3	TL Rs. 6600.00 lacs	132,000,000	Fixed	5 years					10 years		Yearly		66,000,000	8.00%
4	TL Rs. 6800.00 lacs	136,000,000	Fixed	5 years					10 years		Yearly		68,000,000	8.00%
5	TL Rs. 4900.00 lacs	98,000,000	Fixed	5 years					10 years		Yearly		49,000,000	8.00%
		500,000,000											250,000,000	
(J)	**ADB Loan**													
1	ADB Loan (through H.P. Govt)	121,980,497	Fixed										-	9.00%
	Total:-	**121,980,497**												
K	**UDAY Loan**	28,905,000,000		5 years										7.88%
	G.Total:-	**47,182,345,183**											**1,425,452,539**	

(C)	**PFC Loans**												
1	04102007	398.00	99,499,999	Floating	4 years	11.02.2000	08.03.2000	15.07.2007	Date of disbur semen of first install ment of Loan	10 years	0	Quarterly	
2	04102010	214.00	53,499,995	Floating	4 years	05.05.2003	24.06.2003	15.07.2007		10 years	0	Quarterly	
3	04102012	178.00	44,499,999	Floating	3 years	31.08.2004	21.09.2004	15.07.2007		10 years	0	Quarterly	
4	04105004	2000.00	125,000,002	Floating	2 years	27.06.2003	15.02.2008			10 years	15	Quarterly	No idea about start date/repayment period assumed for 15 years / confirm from PFC
5	04105005	9000.00	59,475,311	Floating	3 years	30.01.2008	14.05.2008	15.07.2011	--do--	09 years	6	Quarterly (48)	
6	04105006	6000.00	326,103,312	Floating	3 years	05.02.2008	10.07.2009	15.10.2012	--do--	12 years	7	Quarterly (48)	
7	04105007	736.00	51,716,598	Floating	2 years	06.09.2010	29.03.2016	15.01.2017	--do--	12 years	12	Quarterly (48)	

8	04105008	6905.00	294,383,008	Floating	3 years	15.11.2016	27.09.2013		--do--	15 years	15	Quarterly	No idea about start date / repayment period assumed for 15 years
9	04105009	292.00	16,819,901	Floating	3 years	10.03.2015	12.01.2016		--do--	15 years	15	Quarterly	No idea about start date / repayment period assumed for 15 years
10	04105010	742.00	5,025,823	Floating	3 years	05.05.2015	21.02.2017		--do--	15 years	15	Quarterly	No idea about start date / repayment period assumed for 15 years
11	04405001	6842.00	403,839,147	Floating	3 years	03.09.2015	30.09.2015		--do--	15 years	15	Quarterly	No idea about start date / repayment period assumed for 15 years
12	04407003	630.00	12,029,012	Floating	2 years	10.03.2015	22.04.2016	15.01.2017	--do--	15 years	15	Quarterly	No idea about start date / repayment period assumed for 15 years
13	04005006	7600.00	-	Floating	2 years	1509.2003	17.12.2004	15.10.2006	--do--	10 years	0	Quarterly	
14	04005007	7600.00	189,999	Floating	3 years	15.09.03	17.12.2004	15.07.2007	--do--	10 years	0	Quarterly	
15	04403001	4929.00	208,500,000	Floating	2 years	22.09.2015	30.09.2015		--do--	10 years	15	Quarterly	No idea about start date / repayment period assumed for 15 years
	Total:-	**54066.00**	**1,700,582,106**										

37. The Company has restructured loan under UDAY in Bonds/ Long terms loans Rs. 1235.41 crore against Rs. 1462.50 approved by the state Govt. under FRP. The loan of Rs. 227.09 are yet to be restructured under this schemes, in terms of Ministry of Power Scheme dated 05-10-2012. Besides, Company has implement UDAY Schemes and converted RBI has issued 75% UDAY bonds for Rs. 2890.50 Cr dated 28.2.2017 on behalf of GoHP and same has been transferred into the accounts of lenders of HPSEB Ltd on 01.03.2017. Further, coupon rates from 7.49% to 8.19% for different lot size with different maturities and therefore average rate of 7.85% p.a has been taken into consideration for calculating annual saving on interest rate which comes to Rs. 91.32 Cr approx. The FIs / banks have sought some more time for decision regarding conversion of the outstanding debt of Rs. 963.50 Cr as of 30.09.2015 into loans or bonds with interest not more than Banks base rate (MCLR at present) plus 0.10% or the outstanding loans are to be repaid fully/ partially by HPSEBL issuing state Govt. guaranteed bonds

38. The Company has made the provision of 33% against amount of Permanent disconnected Connections outstanding at year end.

44 The amount of Rs. 5.37 crore on accounts of LD charges recoverable from LMKs/ Sugum for late deposit and suit to recover the same has been filed in Court.

39. The amount received from consumer on accounts of Grants and contribution towards cost of Capital assets is accumulated under BH 55 and expenditure is incurred in CWIP. After completion the work/ assets (s) is put to use and the amount is debited to concerted fixed assets BH 10.

40. (a) Additional information pursuant Schedule-III of the Companies Act, 2013

(₹ in Lacs)

Particulars	2016-17	2015-16
Transmission Loss	300.410 MU	297.670 MU
Transmission & Distribution Loss	1332.345 MU	1150.190 MU
Energy Sold	11537.702 MU	11473.893 MU
Revenue from operation / sale of energy	629153.79	598001.62
Revenue from energy traded/ interstate sales	172410.59	162909.93
Opening debtors for sale of energy w/o deducting provision for doubtful debt	114433.23	80515.51
Closing Debtors for sale of energy w/o deducting provision for doubtful debts or any amount written off	93002.93	114433.23
Total Expenditure	667700.63	620752.08
Non Tariff/ Other Income	33038.70	20969.43
Subsidy received	32505.10	78358.00
Subsidy Booked / Built in the Revenue	45047.56	38252.36
Sundry debtor for energy traded & interstate sale of power	41570.90	41570.90
Gross Energy Generated	1491.059MU	1573.103MU
Auxiliary Consumption	4.576 MU	4.673 MU
Energy Purchased	11078.578 MU	11168.582 MU
Energy Traded/ Inter State Sales (Net)	3578.050 MU	1428.710 MU

41. Detail of equity received from state Govt.:

Sr. No	Particulars	Year	(₹ in Lacs)
1	Equity capital of Govt Laon of Rs. 468 crore outstanding as on 31-3-93 by converting 50% into equity of state Govt in HPSEB Ltd. as per following details:- (i) Distribution Rs. 189.00 cr. (ii) PH Gaj Rs. 15.00 cr. (iii) PH Baner Rs. 15.00 cr. (iv) PH Thirot Rs. 15.00 cr. **Total.. Rs. 234.00 cr.**	1994-95	23400.00
2	Equity Share for Larji	1998-99 to 2004-05	4811.18
3	Khauli HEP	2007-08	1516.00
4	Ganvi HEP	2008-09,2012-13	1512.00
5	BVPCL	2007-08,2008-09,2009-10	7426.00
6	PVPCL	2007-08	558.00
7	Equity for Trans & Distribution schemes	2009-10	1430.00
8	Equity share in the name of Director	2010-11&2011-12	1.40
9	T&D Schemes	2012-13	4000.00
10	T&D Schemes & 13th Finance Commission grants for Boarder Area (31.75 +12.50-0.10)	2013-14	4425.00
11	Improvement of Harijan Basti Rs. 12.59 crore, grants for Boarder Area Rs 25 crore. (6.25 +12.50+6.25) and equity to HPSEBL under demand No 23 Rs. 25 crore	2014-15	6250.00
12	T&D	2015-16	5000.00
13	T&D	2016-17	4998.60
	Total.		**65328.18**
	Abstract- Generation- 20359.18 Distribution- 46969.00 **Total 65328.18**		

Note:-Besides above, Hon'ble Regulator has allowed equity of Rs. 107.46 crore for Larji HEP to HPSEBL from the cash available (w.e.f 1986-87 to 2006-07) considered by them internal accrual for the projects.

42. Ministry of Corporate Affairs, under the Government of India, has issued rules called as the Companies (Indian Accounting Standards) Rules, 2015 vide notification dated 16th February 2015. The notification covers Accounting Standards (hereinafter referred to as "Ind AS"), which are to be applied by companies or class of companies in preparation of their financial statements, as per the rules specified in the said notification.

As per the notification, companies which meet the criteria regarding listing of equity or debt securities and net worth specified in sub-clause (a), (b) and (c) of Rule number 4, such companies would be required to prepare their financial statements as per Ind AS from FY 2016-17 onwards. Companies even have the option to adopt Ind AS voluntarily.

In this regard, it is stated that net worth (as per the definition of net worth clause (57) of Section 2 in the Companies Act 2013) of HPSEBL from 31 March 2014 to 31 March 2017 is less then Rs. 500 Crores. The subsidiary of HPSEBL, Beas Valley Power Corporation Ltd. (BVPCL), also does not meet the desired criteria and therefore both are not required to implement Ind AS from 2016-17. BVPCL has however opted to

voluntarily implement Ind AS from FY 2016-17 onwards. HPSEBL believes, based on a reading of the above notification, that the implementation of IND AS by a subsidiary on a voluntary basis does not require the Holding Company (*i.e*. HPSEBL) to also implement IND AS from 2016-17. The standalone financial statements of HPSEBL have therefore been prepared based on the Companies (Accounting Standards) Rules, 2006 issued by the Ministry of Corporate Affairs, Government of India.

As required under the Notification, HPSEBL will implement Ind AS from 2017-18 onwards

43. M/s Indian Technomac Co. Ltd, Paonta bearing Consumer A/c No INLS-1 has made following fictive RTGS through Axis Bank Ltd, information against energy bills amounting to Rs. 4,49,80,291/-. The said amount has not been credited to our Bank A/c No 10835925285 (SBI , The mall, Shimla) and FIR has been lodged Police Station Mijra against above firm. The effort are being made to recover the said amount and final outcome is still awaited.

Electricity bill Month	*Amount*	*UTR No*	*Date*
Jan-2014	*11857472*	*UTIBH14063096908*	*7.3.2014*
Feb-2014	*6911670*	*UTIBH14088060456*	*29.3.2014*
March-2014	*10649152*	*UTIBH141130256132*	*23.4.2014*
April-2014	*6904499*	*UTIBH14150081719*	*30.5.2014*
May-2014	*10649152*	*UTIBH14063096908*	*28.6.2014*
Total	***4,49,80,291***		

44. Dishonour/misplace of cheques amounting to Rs. 6.81 cores on a/c of sale of power of M/s Gilvert Ispat Pvt Ltd, Barotiwala in the year 2013-14 from Uco Bank Barotiwala. HPSEBL has been filed case under section 138 of Negotiatable Instrument Act against the above firm and final outcome is awaited.

45. The Amount following provisions has been made during the year to set right the old recoverable amounts and Negative Balances from prior period expense as per the accounting policy of the Company.

JV NO.	**B/H**	**Debit**	**B/H**	**Credit**
31	83.1	497000000.00	28.626	497000000.00
Total	**A**	**497000000.00**		**497000000.00**
44	46.921	2146060	46.922	2146060
	35.2	10000000	28.870	10000000
	83.5	2699000	28.875	2699000
	83.5	8686075	28.872	8686075
	35.2	2167922	28.704	2167922
	83.1	749128	28.832	749128
Total	**B**	**26448185**		**26448185**
48	17.222	131526	17.224	285404
	83.5	99730	35.2	34330
	83.5	153878	17.901	99730
	27.101	34330		
Total	**C**	**419464**		**419464**
97	83.6	3629624	24.552	3207211
			24.553	422413
Total	**D**	**3629624**		**3629624**

46. The Commitment advance of Rs. 45.00 lac paid to TAMPPL for Development of 2nd Ultra Mega Power Projects in the State Andhra Pradesh shall be refunded alongwith interest after adjustment of expenditure of Rs. 9.01 Lac due to closure of the projects.

47. Detailed Technical Data:—

TABLE-3

ENERGY GENERATED, PURCHASED AND SOLD (MU)

Sl. No.	Particulars	2014-15	2015-16	2016-17
1	2			
1	**Generation in million KWH (Gross)**			
		2096.815	1573.103	1595.917
	Internal combustion(Diesel)	0.000	0.000	0.000
	Total:-	2096.815	1573.103	1595.917
2(a)	**Auxiliary consumption (in MKwh)**	**5.720**	**4.673**	**4.573**
(b)	**Less Govt. of HP Share in HPSEB's projects**			
a)	Ghanvi	10.294	11.807	10.187
b)	Baner	5.524	5.808	3.912
c)	Gaj	6.007	5.401	3.978
d)	Larji	76.757	78.655	73.291
e)	Khauli	6.138	5.891	4.182
f)	Ghanvi-II	4.610	5.368	4.732
	Total:-	**109.330**	**112.930**	**100.282**
3	**Net Availability from own projects (1-2(a)+2(b)))**	**1981.765**	**1455.500**	**1491.059**
4	**A. Energy purchased (in Mkwh)(With Losses)**			
I	**BBMB**			
a)	Old HP	43.800	43.920	45.800
b)	New HP	331.490	368.410	320.630
c)	Dehar	178.170	188.176	221.160
d)	Pong	38.920	50.873	39.680
	Total -I	**592.380**	**651.279**	**625.270**
II	**PSPCL**			
a)	Shanan Share (45 MU)	45.000	45.000	45.000
b)	Shanan share 1MW (at gen.cost)	5.260	5.270	5.260
c)	Shanan share 0.5MW(free power)	2.630	2.630	2.630
d)	Banking	0.000	0.000	0.000
e)	Purchase	0.000	0.000	0.000
f)	Pong (Shared Generation)	0.000	0.000	0.000
g)	Thien share (free power)/ RSD	68.630	87.210	55.650
	Total-II	**121.520**	**140.110**	**108.540**

III	**UJVNL(Yamuna Share)Stage I,II,3 & Kulhal**	439.600	0.000	0.000
a)	Dhakrani HEP	0.000	33.821	175.810
b)	Dhaiipur HEP	0.000	49.823	82.020
c)	Chibra HEP	0.000	200.729	29.600
d)	Khodri HEP	0.000	92.669	44.420
e)	Kulhal HEP	0.000	27.792	24.380
	Total-III	**439.600**	**404.834**	**356.230**
IV	**UUPJVNL(Yamuna Share) Khara**	**42.59**	**63.698**	**53930**
V	**Bairasiul(Free Power)**	**0.000**	**0.000**	**0.000**
VI	**NTPC**			
a)	Rihand-I STPP	235.720	264.461	228.880
b)	Rihand-II STPP	236.670	262.153	248.160
c)	Rihand-III	218.790	251.338	228.640
d)	Anta (Gas Fired)	67.510	48.185	43.580
e)	Anta (Liq. Fired)	0.000	0.000	0.070
f)	Anta (RF)	2.110	2.401	0.030
g)	Auriya (Gas Fired)	61.940	84.588	35.800
h)	Auriya (Liq. Fired)	0.010	0.000	0.270
j)	Auriya (RF)	3.990	2.746	0.380
k)	Dadri (Gas Fired)	82.630	127.018	113.460
l)	Dadri (Liq. Fired)	0.000	0.006	0.130
m)	Dadri (RF)	7.000	2.655	0.320
n)	Dadri -II TPS	18.940	67.283	45.780
o)	Unchahar- I TPP	51.990	69.088	92.760
p)	Unchahar- II	92.370	124.220	138.740
q)	Unchahar- III TPP	60.380	65.954	82.210
r)	Singrauli	36.970	81.211	54.760
s)	Kahalgaon	152.810	173.818	166.890
t)	Jhajjar/ Badri II	23.210	41.168	0.020
	NTPC Hydro Project Koldam HEP			
	1) 13% gOhp Free Power		3.619	9.110
	2) Sate of Region Share (SOR)		00.00	00.00
	3) Additional 15% Share		17.444	464.550
	Total VI	**1353.040**	**1689.356**	**1954.540**
VII	**NPCIL**			
a)	NAPP	93.590	119.464	96.510
b)	RAPP-5	101.100	141.360	84.700
	Total VII	**194.690**	**260.823**	**181.210**
VIII	**NHPC**			
a)	**Chamera-I**			
	(i) 12% Free Power	0.120	4.787	22.140
	(ii) At Cost	68.470	66.197	55.450

b)	**Chamera-II**			
	(i) 12% Free Power	0.150	4.403	13.720
	(ii) At Cost	58.130	56.606	46.070
c)	**Chamera-III**			
	(i) 13% Free Power	15.260	3.151	8.720
	(ii) At Cost	29.610	0.000	0.000
	(iii) GOI US for winter only	0.00	00.309	00.0
d)	Salal	33.610	33.884	32.010
e)	Tanakpur	11.610	12.466	10.630
f)	Uri-I	81.590	86.496	74.060
g)	Dhauli Ganga	27.850	40.381	32.840
h)	Dulhasti	8.620	11.147	0.000
i)	Sewa-II	0.000	3.164	0.000
j)	Uri-II	0.000	0.000	0.000
k)	Parvati-III			
	(i) 13% Free Power	0.070	0.000	5.920
	(ii) At Cost	20.650	0.000	0.000
l)	Tehri (Firm power)	0.000	0.000	0.000
m)	Tehri (Interim Power)	0.000	0.000	0.000
n)	Bairasuil	0.050	0.050	0.050
o)	Bairasuil-12% GoHP Share	0.000	0.000	6.130
	Total VIII	**355.790**	**324.565**	**307.690**
IX	**SJVNL PROJECTS**			
A	**Nathpa Jhakri**			
	(i) Free Power	61.230	52.124	67.270
	(ii) Against Equity	1483.520	1585.720	1535.920
	(iii) Sate of region share	178.630	194.850	171.530
A	**Rampur HEP**			
	(i) Free Power	23.730	2.925	7.650
	(ii) Against Equity	44.970	503.020	499.180
	(iii) Sate of region share	32.140	51.766	47.810
	Total IX	**1824.220**	**2390.405**	**2329.360**
X	**THDC**			
	Tehri (Firm Power)	60.99	12.328	0.000
	Koteshwar	23.27	5.165	0.000
	Total I	**84.260**	**17.492**	**0.000**
XI	**HPPCL Projects**			
	13% GoHP in Kashang HEP	0	0	7.590
	Remaining 87% in Kashang HEP			50.340
	Total	0	0	**57.930**

XI	**Private Sector**			
a	**Malana (Free Power)**	65.390	68.026	69.920
b	**Baspa**			
	(i) 12% Free Power	149.090	155.491	159.320
	(ii) At Cost	1093.310	1140.267	1168.360
c	**Patikari**			
	(i) 12% Free Power	0.000	7.702	5.790
	(ii) At Cost	0.000	56.477	42.440
d	**Sarbari -II(5.4 MW)**			
	(i) 12% Free Power	0.000	4.006	3.640
	(ii) At Cost	0.000	29.875	26.440
e	**Tos**			
	(i) 15% Free Power	0.000	6.305	7.950
	(ii) At Cost	0.000	35.728	44.940
f	**Upper Joiner (12 MW)**			
	(i) 15% Free Power	0.000	5.520	5.400
	(ii) At Cost	0.000	26.973	30.610
g	**Sumez (14 MW)**			
	(i) 15% Free Power	0.000	9.798	7.270
	(ii) At Cost	0.000	43.536	34.890
h	**Beas Kund(14 MW)**			
	(i) 15% Free Power	0.000	4.975	4.940
	(ii) At Cost	0.000	31.460	31.230
i	**Neogal (15 MW)**			
	(i) 15% Free Power	0.000	7.245	5.890
	(ii) At Cost	0.000	41.064	31.810
J	**Kurmi (8.00 MW)**			
	(i) 12.73% Free Power	0.000	3.123	2.800
	(ii) At Cost	0.000	20.568	19.110
k	**Jongini (16 MW)**			
	(i) 13.65% Free Power	0.000	4.140	10.260
	(ii) At Cost	0.000	55.298	36.620
l	**Nanti (14 MW)**			
	(i) 13.29% Free Power	0.000	4.506	5.310
	(ii) At Cost	0.000	42.386	34.540
m	**Baner-II (6 MW)**			
	(i) 12% Free Power	0.000	1.583	1.540
	(ii) At Cost	0.000	11.571	11.240
n	**Baragaon (24 MW)**			
	(i) 15% Free Power	0.000	1.148	11.450
	(ii) At Cost	0.000	6.505	9.410

o	**ADHPL**			
	(i) Free Power	0.000	0.000	0.000
	(ii) At Cost	0.000	0.000	0.000
p	karcham Wangtoo	0.000	0.000	0.000
q	Malana-II	0.000	0.000	0.000
r	Budhil (70 MW)	0.000	0.000	0.000
s	Mini Micros (Private Sector)	1407.942	1067.177	1017.060
	Total X	**2715.732**	**2892.452**	**2840.180**
XI	**GO HP Share in HPSEB Projects**			
a)	Ghanvi	10.294	11.807	10.190
b)	Baner	5.524	5.808	3.910
c)	Gaj	6.007	5.401	3.980
d)	Larji	76.757	77.867	72.460
e)	Khauli	6.138	5.891	4.180
f)	Ghanvi-II	4.610	5.368	4.730
	Total XI	**104.720**	**112.142**	**99.450**
XII	**Solar Power**			
a)	Singrauli Solar PV (NTPC)	0.000	18.434	17.420
b)	Solar Energy Corporation of India	0.000	33.122	45.590
	Total XII	**0**	**51.556**	**63.010**
XIII	**Contra Banking at Regional Periphery (NR)**	0.000	0.000	1854.240
	Advance Banking at Regional periphery (NR	0.000	0.000	64.900
XIV	**BYPL -Bkg(Seller Bus)**	137.235	2.242	0.000
XV	**BYPL -Contra Bkg (Seller Bus)**	0.000	0.000	0.000
XVI	**BRPL-Bkg (Seller Bus)**	291.479	109.883	0.000
XVII	**BRPL-Contra Bkg. (Seller Bus)**	0.000	0.000	0.000
XVIII	**PSEB Contra Banking (Seller Bus)**	0.000	0.000	0.000
XIX	**HPGCL-Contra Bkg. (Seller Bus)**	0.000	0.000	0.000
XX	**HPPC- Contra Bkg (Seller Bus)**	510.000	1.418	1.418
XXI	**HPPC- FWD Bkg (Seller Bus)**	0.000	0.000	0.000
XXII	**UPPCL-Contra BKG**	192.133	864.704	0.000
XXIII	**HPPCL-Fwd BKG**	0.000	0.000	0.000
XXIV	**HPPCL-Contra BKG**	0.000	0.000	0.000
XXV	**PSPCL Fwd Bkg**	0.000	0.000	0.000
XXVI	**PSPCL Conta Bkg**	683.402	434.892	0.000
XXVII	**TPDDL (Delhi)**	0.000	211.588	0.000
XXVIII	**ME SEB (Meghalaya)**	0.000	11.880	0.000
XXIX	**CSPDCL (Chattisgarh)**	0.000	62.055	0.000
XXX	**UI**	322.5	300.999	308.520
XXXI	**Market Purchase**	82.66	170.209	172.570
XXXII	**Unallocated**	0	0	0
XXXIII	**11 kV Shanan Bassi Line(PSPCL)**	0.000	0.000	0.000
	Total-XII to XXXVIII	**2219.419**	**2169.870**	**2401.648**
	Total Purchases-(Grand Total-4A)	**10047.961**	**11168.582**	**11378.988**
5	**External Loss**	224.530	297.670	300.410
	Net Purchas	**9823.431**	**10870.913**	**11078.578**

6	**Energy available for sale without wheeling**	**12029.73**	**12624.08**	**12870.05**
	in million kWh(3+4(A))	.	.	.
7	**Energy sold in million kWh i/C wheeling**			
i	With in state	7866.796	7951.086	7959.652
ii	Outside the state	2939.506	3522.807	3578.050
	Sub total	**10806.302**	**11473.893**	**11537.702**
8	**Transmission and**			
	distribution losses :			
	a) In million Kwh (6-7)	**1223.424**	**1150.190**	**1332.345**
	b) % age	**10.17**	**9.11**	**10.35**

Note.—The energy transmitted, through HPSEBL system on account of wheeling has not been taken into account to work out the overall transmission and distribution losses of the Company.

The figures of Energy purchased and sold outside the state to other agencies are based on the data supplied by the Chief Engineer (SO&P), Shimla.4.

For and on behalf of Company

Sd/-
(Gulshan Aggarwal)
Chief Accounts Officer

Sd/-
(Rajeev Sharma, IAS)
Director (F&A)

Sd/-
(Er. J.P. Kalta)
Managing Director

Auditors Report

As per our report of even date

Sd/-
For Anil K. Sood & Co.
Chartered Accountants
Firm No.

(C.A. Anil Kumar Sood)
Partner
MNo. 086068

Place: Shimla

Date : 11-01-2019

Himachal Pradesh State Electricity Board Limited										
	Balance Sheet as at 31st March 2017									
Sl. No.	**Particulars**	**Note No.**	**31st March 2017**	**31st March 2017**	**31st March 2017**	**31st March 2017**	**31st March 2017**	**31st March 2017**	**31st March 2017**	**31st March 2017**
			Head Office	**MT Shimla**	**SOP**	**operations**	**Electrical system**	**Genration**	**Projects**	**Total**
I.	**Equity and Liabilities**									
	Share Holders' Funds Share Capital	2.01	65328.18	0	0	0	0	0	0	65328.18
	Reserves & Surplus	2.02	-3599250.07	-7020.13	-4906.04	3460525.20	101899.44	-9264.63	13496.10	-44519.14
	Share Application Money Pending Allotment	2.03	1.40	0	0	0	0	0	0	1.40
	Non Current Liabilities Long Term Borrowings	2.04	456164.3	0	0	0	0	0	0	456164.3
	Other Long Term Liabilities	2.05	37636.04	23.32	0.00	21672.47	3200.21	1307.01	100.74	63939.79
	Long Term Provisions	2.06	0	0	0	0	0	0	0	0
	Current Liabilities Short Term Borrowings	2.07	12240.28	0	0	0	0	0	0	12240.28
	Trade Payables	2.08	173720.64	0	0	0	0	0	0	173720.64
	Other Current Liabilities	2.09	72852.57	176.07	81.48	23290.86	16346.11	4438.85	399.45	117585.39
	Short Term Provisions	2.10	20235.94	0	0	41478.36	0	1.7	0.00	61716
	Total		**-2761070.72**	**-6820.74**	**-4824.56**	**3546966.89**	**121445.76**	**-3517.07**	**13996.29**	**906176.9**
II.	**Assets**									
	Non Current assets									
	Fixed Assets Tangible Assets	2.11	-231198.13	991.35	622.04	330804.78	172621.59	266438.45	7559.45	547839.53
	Capital Works in progress	2.12	18082.69	70.06	26.66	56357.28	18679.65	88.41	-3653.99	89650.76
	Intangible Assets Work in Progress	2.13	705.75	0	0	0	0	0	0	705.75
	Non Current Investments	2.14	43102.51	0	0	0	0	0	0	43102.51
	Long Term Loans and Advances	2.15	9162.56	6	0.03	-10.87	7.25	6.39	1.45	9172.81
	Other Non Current Assets	2.16	-599.42	8.61	0	1917.48	223.76	2513.42	11066.13	15129.98

	Current Assets Current Investments	2.17	0.00	0	0	0	0	0	0	0.00
	Inventories	2.18	8.42	0.40	7.03	4189.53	964.65	527.82	144.33	5842.18
	Trade Receivables	2.19	33749.04	0	0	58344.49	909.4	0	0	93002.93
	Cash & Cash equivalents	2.20	27445.05	1.05	0.03	-9183.23	8.57	6.99	0.01	18278.47
	Short Term Loans and advances	2.21	36222.28	5.12	0	12092.33	7022.55	2870.55	249.58	58462.41
	Other Current Assets	2.22	-2697751.47	-7903.33	-5480.35	3092455.10	-78991.66	-275969.10	-1370.67	24988.52
	Total		**-2761070.72**	**-6820.74**	**-4824.56**	**3546966.89**	**121445.76**	**-3517.07**	**13996.29**	**906175.85**

Himachal Pradesh State Electricity Board Limited

Statement of Profit and Loss for the year ended 31st March 2016

Sl. No.	Particulars	Note	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17
			Head Office	MT Shimla	SLDC	operations	Electrical system	Genration	Projects	Total
1	INCOME Revenue From Operations 2.23	2.23	146542.52	0	0	482160.71	378.9	71.66	0	629153.79
2	Other Income 2.24	2.24	22305.94	11.98	0.77	9545.98	744.57	391.13	38.33	33038.7
3	**Total Revenue (1+2)**		**168848.46**	**11.98**	**0.77**	**491706.69**	**1123.47**	**462.79**	**38.33**	**662192.49**
4 a)	EXPENDITURE Cost of Materials Consumed		0							
b)	Purchase of Stock- in -Trade 2.25	2.25	388277.48	0	0	99.3	0	0	0	388376.78
d)	Employees benefits expenses 2.26	2.26	77654.98	532.83	630.2	72660.89	7514.35	10075.32	1315.12	170383.69
e)	Finance Costs 2.27	2.27	53226.59	0	0	-1884.8	-540.92	-466.25	0.03	50334.65
f)	Depreciation and other amortizatization expenses 2.28	2.28	29264.99	22.02	0	4609.8	-9.62	10.94	2.85	33900.98
g)	Other Expenses 2.29	2.29	13592.81	182.36	73.26	7378.21	894.4	2572.16	11.32	24704.52
	Total Expenses		**562016.85**	**737.21**	**703.46**	**82863.4**	**7858.21**	**12192.17**	**1329.32**	**667700.6**
5	Profit (Loss) before exceptional and extraordinary items and		-393168.39	-725.23	-702.69	408843.29	-6734.74	-11729.38	-1290.99	-5508.13
6	Exceptional items		0	0.00		0				0
7	Profit (Loss) before extraordinary items and taxes(5+6)		-393168.39	-725.23	-702.69	408843.29	-6734.74	-11729.38	-1290.99	-5508.13
8	Extraordinary items		-1680.00	0	0	592.97	0	0	0	-1087.03
9	Profit and Loss before tax(7+8)		-391488.39	-725.23	-702.69	408250.32	**-6734.74**	**-11729.38**	**-1290.99**	-4421.10
10	Tax Expenses		0							0
11	**Profit and Loss for the year (9+10**		**-391488.39**	**-725.23**	**-702.69**	**408250.32**	**-6734.74**	**-11729.4**	**-1290.99**	**-4421.10**

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or Joint Ventures

Part A Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

1. Sl. No. **U40101HP2003SGCO25877**

2. Name of the subsidiary:- **Beas Valley Power Corporation Ltd.**

3. The date since when subsidiary was acquired: **25th March, 2003**

4. Reporting period for the subsidiary concerned, if different from the holding company's reporting period:- **The Reporting Period of Subsidiary and Holding Company are same.**

5. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. **Reporting Currency : INR (Domestic Company)**

6. Share capital **Rs. 300,00,00,000/-**

7. Reserves and surplus **Nil**

8. Total assets **Rs. 13,67,99,60,000/-**

9. Total Liabilities **Rs. 1067,99,60,000/-**

10. Investments **Nil**

11. Turnover **Nil (Being Company has not started commercial operation)**

12. Profit before taxation **P&L Accounts has not been prepared being yet to commence operation**

13. Provision for taxation **Nil**

14. Profit after taxation **NA**

15. Proposed Dividend **Since the Company has not yet started commercial operation therefore the information is nil.**

16. Extent of shareholding (in percentage) **100 percent**

1. Beas Valley Power Corporation Ltd. is yet to commence operations

2. Names of subsidiaries which have been liquidated or sold during the year. **-Nil**

CA

M/s Anil K. Sood & CO.
Chartered Accountants

Compliance Certificate

We have conducted the audit of accounts of Himachal Pradesh State Electricity Board Limited for the year ended 31st March, 2017 in accordance with the direction / and sub direction issued by the C& AG of India under section 143 (5) of the Companies Act, 2013 and certify we have completed with all the directions sub direction issued to use.

For Anil K Sood & Company,

Chartered Accountants

CA Anil Kumar Sood

Partner

M. NO 086068

Place: - Shimla
Dated:- 11/01/2019

Head Office: U/F Floor, 56 Lower Bazar, Shimla-1 Himachal Pradesh 171001

Phone No 0177-2652285 email aksco@rediffmail.com, allmyaudit@gmail.com

INDEPENDENT AUDITORS' REPORT

To

The Members of Himachal Pradesh State Electricity Board Limited.

Report on the Standalone Financial Statements

We have audited the accompanying financial statements of **Himachal Pradesh State Electricity Board Limited, Shimla *("the Company")*** as on **31st March, 2017** which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility 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; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion therefore we disclaim our opinion.

Basis for Disclaimer Opinion

1. Preparation of Financial Statements for the year under review:-

a) The financial statements are prepared as per Schedule III of the Companies act 2013 during the year under review The previous year's figures have been re casted and regrouped to comply with the requirements of schedule III of Companies Act 2013. The Companies Act, 2013 gives great importance to the compliance of the accounting standards by the Companies as evident from Section 129(1) wherein it has been stated that financial statements shall comply with the accounting standards the first proviso to said section also states that the items contained in financial statements shall be in accordance with the accounting standards. The Company has not complied with all the accounting standards as reported separately in Para 24 of this report.

b) Consolidation of Standalone Financial Statements at Head Office Level and Circle Level

We report that the erstwhile Board transferred it assets and liabilities to Company in accordance with "Transfer Scheme". There were certain balances which have not been reconciled / traced in subsidiary records maintained at Divisions / Sub-Divisions level (Refer Note 2.33 (B) (1). During the year under review Year wise /sub head wise balances were re casted on the basis of data received from the units and opening balances as on 01.04.2016 have been re confirmed from the units. After recasting these figures, a difference of Rs 1097336423/- in the consolidated books of Accounts and divisions Books of Accounts of HPSEBL remains, Which was written Back with due approval of Board. The net results of Write Back were transferred to Other Prior Period Income in A/c Head(65.8).This income was shown as other income in Note 2.24 of Profit and Loss Account. In Our Opinion Such Income has not occurred in Normal Course of Business and as such this should be depicted as an extra ordinary Item in Financial Statements (Profit & Loss Account). In Our opinion Extra Ordinary Item is understated and Other Income is overstated to extent of Rs 10973.36 Lakh.

2. Share Capital (Note 2.1)

In terms of provisions of Sec. 143(1) of the Companies Act, 2013 we report that the Company has allotted 4998600 Equity) shares of ₹ 100/- each for cash at par and Share Application Money Pending Allotment amounting to ₹ 50000 Lakhs arrived during the year was utilized for allotment of equity Shares .

Share Application Money was originally worked out at the time of "Transfer Scheme "in respect of assets and liabilities of Board transferred from HP State Government to the Company and the difference of ₹ 39,653 lacs has been recognized and recorded as share application money pending for allotment of equity shares to Himachal Pradesh Govt.

As reported in previous year Audit report, due to errors and incorrect consideration of accumulated losses assets in aggregate amounting to ₹ 7,48,893 lacs and liabilities amounting to ₹ 7,59,752 lacs has been transferred and a sum of ₹ 10,859 lacs is recoverable from HP Govt. whereas share application money of ₹ 39,653 lacs pending for allotment to HP Govt. has been disclosed in financial statements and that an accumulated loss also includes losses of ₹ 50,512 lacs pertaining to the tenure of Board.

The same is summarized as under:- **Amount ₹. In lacs**

	Balance as on 13/06/2010	**Amount not to be considered**	**As per transfer scheme**
Net Fixed assets	387,461	-	387,461
Capital expenditure in progress	107,927	-	107,927
Assets not in use	625	-	625
Deferred costs	12,706	-	12,706
Investment	196,567	57,524	139,043
Subsidy receivable from Govt.	4,970	-	4,970
Current Assets	96,161	-	96,161
Total Assests	**806,417**	**57,524**	**748,893**

Less Liablities			
Security from consumers	21,965	-	21,965
Other current liabilities	192,124	-	192,124
Borrowing for working capital	82,887	-	82,887
Payment due on capital liabilities	32	-	32
Capital Liabilities	225,629	-	225,629
Funds from state Govt.	7,749	-	7,749
Spl. ways and means advance on a/c of natural calamity relief	49,808	-	49,808
Contributions, grants and subsides towards cost of capital assets	95,014	-	95,014
Equity share of HPSEB in its own projects	57,524	57,524	-
Reserves and reserves funds	84,543	-	84,543
Total Liabilities	**817,276**	**57,524**	**759,752**
Amount recoverable from Govt. of HP	10,859	-	10,859

Therefore as opined by previous auditor the deficit in profit and loss statement, share application money pending for allotment was overstated to the extent of ₹. 50,512 lacs and ₹. 39,653 lacs, respectively and other non-current assets (*amount recoverable from HP Govt.*) was understated to the extent of ₹. 10,859 lacs.

Since no compliance was made to the above mentioned Audit para of previous we are of opinion that the deficit in profit and loss statement was overstated to the extent of ₹. 50,512 and equity Subscribed and Fully Paid-up Share capital was overstated to the extent of ₹ 39653.Lacs and other non-current assets (*amount recoverable from HP Govt.*) was understated to the extent of ₹. 10,859 lacs.

3. Reserves and Surplus (Note 2.2)

(a) Capital Reserves/Capital Grants from GOHP & GOI

(i) During the year under review the Company has Amortized Rs 6139.95 Lakh on the assets created from Government Grants and Consumer Contribution. The Amount of Amortization has been arrived at after applying the Depreciation Rates on the cost of such assets on yearly basis as per the accounting policy on depreciation refer Note 2.33 (A) 8 .The Company has no system in Place where the assets can be identified as if these were created from Government Grants / Consumer Contribution. There is no Fixed Assets Register from where the cost of these assets along with date of it being put to use can be verified. The company has arrived at the cost of these assets on Adhoc basis where it has capitalized the Grant received to particular year in which it was received without verifying the actual creation of the assets and without having sufficient records to verify the actual cost of bringing the asset to use along with the date of it being put to use. It was also observed that in many Divisions the amount of Consumer Deposits was not transferred from Account Code 47 to Account Code 55 in the absence of Completion certificates therefore assets created from government grants are subject to confirmation. As such the depreciation worked out is subject to confirmation and in our opinion reserves and surplus are understated and profit is overstated to the extent of Rs 6139.95 Lakh.

(ii) Assets created from loans under Government Schemes. Refer Note 2.33(A)14

The Company and erstwhile Board have created assets under various Central Government and State Government schemes financed by government agencies. The assets created from such schemes are subject to reconciliations and confirmations. The Company has not disclosed the nature and extent of government grants recognized in the financial statements including grants of non monetary assets given at a concessional rate or free of cost. Asset corresponding to this reserve is un-identified and also depreciation on such asset is subject to reconciliation.

(b) Deficit in Profit and Loss Statement

The company has transferred the accumulated profit and loss of the erstwhile Board amounting to ₹ 50,512 lacs as on 13th June 2010 as accumulated profit and loss of the company (*also refer para 4 of this annexure*). In our opinion the Deficit account is overstated to the extent of above also refer para 2 of this report.

4. Share Application Money Pending Allotment (Note 2.3)

(i) It was observed that the Company has shown an amount of Rs 1.40 Lakhs as Shsre application Money pending for allotment. The period for which share application money has been pending beyond the stipulated period for allotment along with reason for delay should be disclosed. The Company has Not Made Any Such Disclosure. During the year under Review the Company has Received total amount of Rs 50000.00 Lakh for Allotment of Share Capital on 3 occasions however the Company has not made the allotment of Shares within the time stipulated for allotment.

5. Long Term Borrowings (Note 2.4)

(a) The Company has not complied with the requirements of revised schedule III of Companies Act 2013 in respect of disclosure requirement Long term Borrowings in:-

- Classification of Long Term Borrowing as.

(i) Nature of security was not specified separately in each case of Secured Loans.

(ii) Bonds (along with the rate of interest and particulars of redemption or conversion, as the case may be) was not stated in descending order of maturity or conversion, starting from farthest redemption or conversion date, as the case may be. Where bonds/debentures are redeemable by installment, the date of maturity for this purpose must be reckoned as the date on which the first installment becomes due.

(iii) Particulars of any redeemed bonds/debentures which the company has power to reissue was not disclosed.

(b) Loans under APDRP Schemes Part A and B

(i) The company has taken loans from APDRP (Part A) scheme amounting to ₹ 3149.82 (*previous year* ₹ 3,529.60) towards 100% financing of its approved projects which is subject to a condition requiring that projects to be completed within five years(extended up to 31st March 2017) of the awards with 100% conversion of loan along with interest into grant else otherwise the same will be treated as loans and interest will be paid on them.

(ii) The company has taken loans from APDRP (Part B) scheme amounting to ₹ 21608.95 lacs (previous year ₹ 12585.00 lacs) towards 100% financing of its approved projects which is subject to a condition requiring that projects to be completed within five years(extended up 30th September 2017) of the awards with 100% conversion of loan along with interest into grant else otherwise the same will be treated as loans and interest will be paid on them.

(iii) The sanction letter stipulates the moratorium of principal and interest during moratorium period. The Company has made provision for the interest on loan amounting to ₹ 9600.40 Lac *(P.Y ₹ 7541.15* Lac) lacs in the books of account on provisional basis up to 31st March 2017 and the same is subject to confirmation. Refer Note 2.33 (B)9.

(c*)* Loans under ADB though GOHP Scheme

The Company has taken loan under the scheme from the state Government under ADB Loan amounting to ₹ 1219.80 lacs (*previous year* ₹ 1163.15 *lacs*). The government has not yet provided the terms and conditions of the loan and the payment of interest thereon.

(d) Financial Restructuring Plan

The Company has restructured loan under UDAY in Bond/Long term Loans Rs 1235.41 Crore against Rs 1462.50 approved by State Govt, Under FRP. The Loan of Rs 227.09 are yet to restructured under this Scheme, in terms of Minister of Power Scheme dated 05-10-2012.Beside this the Company has implement UDAY Scheme and Converted into Bonds .RBI has issued 75% UDAY bonds for Rs 2890.50 Cr dated 28.02.2017 on Behalf of GOHP and same has been transferred into the accounts of lenders of HBSEBL on 01.03.2017. Further, coupon rate from 7.49% to 8.19 % for different lot size with different maturities and therefore average rate of 7.85% P.A has been taken into consideration for calculating annual saving on interest rate which comes to Rs 91.32 Cr. Refer Note 2.33(b) 37.

6. Other Long Term Liabilities (Note 2.5)

(a) Deposits, Retention Money from Contractors and Others

We report that , an amount of Rs.7809.03 appeared as Deposit in Shape of Deposits, Retention Money from Contractors and others. Accompanying schedules and details in Subledgers for the same was not provided to us. These Balances are subject to confirmation and reconciliation at Divisions and Unit level. In the absence of complete information we are unable to comment on the Current and Non Current Portion of these deposits and Retention Money. Internal Controls in respect of such deposits seems weak and Subsidiary records to verify the same were inadequate at unit levels.

(b) Amount payable for Employees Provident Fund (GPF)

We report that, contribution towards Provident Fund collected from employees have been retained and invested in Fixed Deposits with Banks by the Company. The Company has neither obtained registration with `Employer's Provident Fund Authorities' nor exemption for creation of Trust as specified in Employer's Provident Fund Act, 1952 and scheme framed there under. The Company has shown the same under other long term liabilities after netting off the investment made in the banks on account of GPF investments.

The amounts payable/ recoverable to employees GPF are subject to reconciliation and confirmations.

During the year under review, the Company has neither made own contribution nor has made provision for same in these financial statements. The amount of contribution of employer's share is subject to confirmation by Company.

The following is the position of Assets and Liabilities of the employees GPF at the close of the year and should be transferred to a trust and separate accounts of the same should be prepared as the same is not part of the accounts of the Company.

	Amount in lacs	
	Current Year	**Previous Year**
Assests		
Investments in Fixed deposits of Banks	102,433.51	112,364.72
Interest Accured on Investments	2,519.92	3,164.40
Recoverable from HPSEB Limited	22,460.48	14,129.78
	127,413.90	**129,658.90**
Liabilities		
Members Account	127,918.75	132,147.24
Excess of Expenditure over Income	-	-
Payable to HPSEB Limited	- 504.85	- 2,488.34
	127,413.90	**129,658.90**

We further report that liabilities and corresponding assets transferred from Board to Company have not been deposited with EPF or Trust. In terms of information and explanations given to us, the Company has accumulated total contribution of ₹ 127413.90 lacs *(previous year ₹* 129658.90 lacs*)* and has deposits there against a sum of *₹ 104953.43* lacs *(previous year ₹ 115529*.12 lacs) which has resulted in amount recoverable form company amounting to *₹* 22460.48 lacs. In our opinion, the said assets and liabilities do not relate to Company and sum of *₹*. 22460.48 lacs is payable to General Provident Fund (GPF).

We further report that the Company has obtained Overdraft facility of ₹ 12240.28 lacs. (Previous year ₹ 69351.17 lacs) against GPF Fixed Deposits which has been utilized for operations. Refer Note 2.33(B)(28).

We further report that during the year under review a sum of *₹* (504.85) Lacs (*previous year ₹* 2488.34*Lacs*) has been debited to interest received on investments *i.e*. Deficit of (interest received on deposits and interest paid to members on GPF) in our opinion, the said deficit interest do not relate to the operations of company.

We report that company has shown the amounts in the balance sheet as under different head:-

	Amount in lacs	*Current Year*	PreviousYear
Amount payable to GPF Fund	Other Long term Liablities	25,485.25	19,782.52
Income on investments	Income/ Interest Paid	504.85	2,488.34
Interest Accured on FDR	Short Term Loans and advances	2,519.92	3,164.40
Net Recoverable/Payable		22,460.48	14,129.78

The overall impact of the above is that long term liabilities are overstated to the extent of *₹* 25485.25 Lacs,(*Previous year ₹* 19782.52 *lacs*) income is understated to the extent of *₹* 504.85 lacs (*Previous year understated ₹ 2488.34* lacs) and correspondingly the short term advances are overstated to the extent of ₹ 24980.40 lacs.(Previous year ₹ 17294.18 lacs)

We further report that the above amount payable is of current nature and should be shown under current liabilities. Thus Current liabilities and Short Term Loan & Advances are understated to the extent of *₹* 22460.48 Lacs (*Previous year ₹* 14129.78 *Lacs)*.

(c) Non refundable advances from industrial consumers for infrastructure development charges

The erstwhile HPSEB and the company have received Non refundable advances from industrial consumers for infrastructure development charges from consumers. The company has received ₹ 16242.68 lacs (*previous year ₹* 17404.28 lacs*)* under the above head up to 31st march 2017. In our opinion the other long term liabilities are overstated to the extent of above as they are not payable to the consumers and is part of the revenue of the company and income of the company is understated to that extent.

(**d) Funds From ASIDE**

The funds received from ASIDE are subject to confirmation and reconciliation. The assets created from the ASIDE funds have been fully completed and the amount has not been transferred to the reserves for want of completion certificates from the divisions concerned. The reserves are overstated and long term liabilities are overstated to that extent. In the absence of complete information, the amount could not be quantified.

7. Long Term Provisions

(a) Leave Salary Payable

The Company has not made provision of Leave salary payable to present employees as per the requirements of **AS15- Accounting for Employees Benefits** issued by **The Institute of**

Chartered Accountants of India. As explained by the Company the estimated liability on account of leave salary at end of the year is ₹ 51429.39 Lacs (P.Y ₹ 54426.35lacs) against which the company has created reserve fund of Rs 5595.04 lacs. (P.Y ₹ 3085.77 lacs) .Thus in our opinion the long term provisions are understated and Income is overstated to the extent of ₹ 45834.35 Lakhs (P.Y ₹ 50281.56 lacs).

(b) Gratuity Payable to Employees

The Company has not made provision of gratuity payable to present employees as per the requirements of **AS15- Accounting for Employees Benefits** issued by **The Institute of Chartered Accountants of India.** As explained by the Company the estimated liability on account of leave salary at end of the year is ₹ 69938.15 Lakhs (previous year ₹64535.45 lacs) against which the company has created provision of Rs. 4114.36 (previous year ₹ 4197.80 lacs). Thus in our opinion the long term provisions are understated to the extent of ₹.65823.79 Lakhs (previous year ₹ 60337.65 lacs.)

(c) Pension Payable to Employees

The Company has not made provision of pension payable to present employees as per the requirements of **AS15- Accounting for Employees Benefits** issued by **The Institute of Chartered Accountants of India.** As explained by the Company The estimated liability on account of leave salary at end of the year is ₹ 166659.91 Lakhs (Previous Year –₹.40035.15 Lakhs) against which the company has created provision of Rs 4526.25 (Previous Year – ₹.3394.69 Lakhs). Thus in our opinion the long term provisions are understated to the extent of Rs.162133.66 Lakhs.

8. Short Term Borrowings (Note 2.7)

Overdraft and Cash Credit from Banks

(i) References invited to note no 2.33(B)(24) where the Company has obtained Overdraft facility/ Loans of ₹ 12240.28 lacs (*previous year* ₹ 69351.17 lacs) against GPF Fixed Deposits which has been utilized for operations refer Note 2.33B (28).

9. Trade Payables (Note 2.8)

Liability for Purchase of Power

i) It was observed that SL&D Section did not prepare reconciliation of Late Payment Surcharge (LPS) in respect of all parties. Therefore amount of LPS included under the head "Liability for purchase of Power" is subject to reconciliation & confirmation. Party wise reconciliation regarding purchase of power was not produced before us. In the absence of party reconciliation statement, the balances of parties for purchase of power and purchase of power is subject to reconciliation.

10. Other Current Liabilities (Note 2.9)

a) Interest accrued and due Term Loans

(i) The above also includes the interest earned on surplus RGGVY and ARDRP Funds the details of the same is as under:=

Amount In lacs

		Current Year	Previous Year
		₹	₹
Interest Accured and Due RGGVY Funds	46.127	58.64	56.78
Interrest Accured and Due APDRP Funds	46.128	2,839.99	2,839.93
		2,898.63	**2,896.71**

The company has shown the interest accrued on surplus funds from the RGGVY fund and APRDP funds as current liabilities as it has been explained to us that the interest earned will be paid back to the agencies as and when they demand it. In our opinion the loans are for long term period and the interest due will be part of Long term loans. Out of total amount as depicted above ie Rs. (2898.63) Rs. 2845.86 was treated as Long term Liability whereas Rs. 52.77 Lakhs was treated as Other Current Liability. Thus in our opinion the interest due will be of the nature of other long term liabilities as a result the other current liabilities are overstated and long term liabilities are understated to the extent of *52.77* lacs.

b) Liability for Purchases Capital and Others

(i) The above account code shows a sum of ₹ 17194.61 lacs payable as liability on account of capital materials O & M Supplies/ Works. The Subsidiary record in respect of the below mentioned accounts codes at division level is not reconciled. The above liabilities are subject to confirmations from the Parties .In the absence of information we are unable to comment on the old liabilities which are not payable and have to be charged to revenue. The following are the details of the above:-

Particulars	A/c Code	Current Year	Previous Year
Liabilities for supply of Materials/Works – Capital	42.1	2845.54	773.31
Liability for supply of Material / Works – O&M	43.1	6617.98	11,956.26
Stale Cheques	46.91	1193.90	2,257.32
Unclaimed Credit Balances	46.929	101.57	170.50
	46.93	0.00	33.22
Provision for Outstanding Cheques	46.94	0.00	9,602.15
Suppliers/Contractors Control A/c	42.2	4962.37	1942.05
Provision for Supply of Materials-Works	42.3	0.00	22.27
Sundry Creditors/Contractors Control A/C – O&M	43.2	-28.50	943.98
Provision for supply of Materials -- works – Capital	43.3	68.01	68.01
Provision for doubtful loan & Advances	46.950		26.28
Amount received in Advance for which services have to be rendered	46.934	1351.54	
Advance received for sale of Stores, scrap etc.	46.922	31.59	36.18
LED Bulb amount Payable EESL	46.301	50.61	1.89
Total		**17194.61**	**27,833.42**

(ii) It has been observed that divisions charge full liability of the bills of the suppliers when the materials are received. However in some case the bills are not fully passed by the Head Office and certain deductions on account of liquidity damages and price differences etc. from the final bills is being made. All such deductions which are done by the Head Office and not accounted for by the divisions may affect the other current liabilities and income of the company. In the absence of information we are unable to comment on the same.

(iii) In certain cases the payment of bills of the suppliers are to be made in phases on some percentage basis and will not be due at the end of the financial year. The Divisions has booked the bills with the full amount and no bifurcation has been made for current and noncurrent liability. In the absence of the information we are unable to comment on the same.

c) Earnest Money Deposits from Suppliers and Contractors.

The above account code shows a sum of ₹ 2349.77 lacs (Previous Year ₹ 2,159.61 Lacs) payable as earnest money deposits from suppliers and contractors. The subsidiary records in respect of above are pending for reconciliations at division level.

Particulars	A/c Code	Current Year	Previous Year	Previous Year
Earnest money deposits – capital	46.103	1753.10	1,409.65	1,195.23
Earnest money deposits – O&M	46.123	596.67	749.95	769.74
		2349.77	**2,159.61**	**1,964.97**

In the absence of reconciliations we are unable to comment on the authenticity of the amount payable. In A/c Code 46.926 Public Works Misc. Deposit Opening Balance was taken as Dr Rs 760010.00 and during the year Rs 976698/- was credited thus closing balance of Rs 216688/- cr was arrived at. Since opening balance taken was negative thus in our opinion other current liabilities is understated to the extent of Rs 760010.00. It was also explained to us that opening balance in this code was regrouped.

d) Electricity Consumptions Tax levied payable to MCs/NACs- A/c Code 46.2

The above account code shows a sum of ₹ 1081.69 lacs (previous year ₹ 950.66 lacs) payable to different Municipal corporations and NAC as at 31st March 2017. It has been observed that certain amounts are also recoverable from them on account of energy dues and the above account has not been netted off with amount recoverable from them. Thus other current liabilities are overstated to the extent of above. Please refer para 19(A) 5 of the report of this report. -

e) Sundry Creditors for Expenses

The above account code shows a sum of ₹ 1450.05 lacs (previous year ₹ 1068.11 lacs) payable to different parties is subject to confirmation as at 31st March 2017. In the absence of information we are unable to comment on old liabilities which are to be charged to the revenue and may affect profit and loss account and the balance sheet.

f) Liability on account cheques outstanding others/ stale Cheques (A/c code 46.910)

The company showed a sum of ₹ 1193.89 lacs (previous year ₹ 2257.32 lacs) under the Head stale cheques. No information in respect of the same has been provided by the company. In our opinion the other current liabilities are overstated and income is understated to sum of ₹ 1193.89 lacs.

g) Deposits for Electrification Services Connections Account

The above account code showed a sum of ₹ 39863.36 Lacs (previous year ₹ 50405.58 lacs) on account of deposit amount received from consumer for **Electrification Services Connections** and other charges as at 31st March 2017. The company has not provided the details of the amount received under different sub heads under above head.

As per the practice of erstwhile board the amount kept under this head is transferred to grants and subsidies head when the work of the assets to be created from deposit work is completed.

The subsidiary records at the divisions level is pending for reconciliation as at 31st March 2017. We have not been provided with the following information's by the Divisions.

1 The details of those works where the work has been completed and the amount from deposit has not been transferred to the consumer contribution towards the cost of the capital assets.

2 The details of the parties from whom full amount has not been received for the deposit work completed till 31st March 2017.

3 The details of parties from whom full amount has been received but no work of deposit work has been done till 31st March 2017.

In the absence of information we are unable to comment on the amount kept under this head of account.

(i) It has been observed that in some divisions the consumers has deposited only the departmental charges and deposit work has been done by the consumer by their own. The charging of the departmental charges to revenue and charging of the value of fixed assets created and creation of reserves is subject to confirmations and reconciliations.

(ii) The deposits received under this head are for capital works and in our opinion the deposits are also of long term nature. Thus other current liabilities are overstated and other long term Liabilities was understated to the extent of ₹ 39863.36 lacs.

h) Unclaimed Credit Balance A/c code 46.929

The Company is showed ₹ 101.57 lacs (previous year ₹ 170.51 lacs) as unclaimed credit balance as at 31st March 2017. The company has not provided information in respect of the same. In our opinion the time barred credit balance should be charged to revenue.

i) GPF Deduction Payable to other Account offices Account Code 44.411

The above account code shows debit balance of *₹ 38.04 Lacs* for which no information and explanations has been provided to us. In our opinion the current liabilities are understated and income is overstated to the extent of above.

j) Account code 44.413 Employees contribution towards GIS)

The above account code shows debit balance of *₹ 4.06 lacs* for which no information and explanations has been provided to us. In our opinion the current liabilities are understated and income is overstated to that extent.

k) Account code 44.419

(Board contribution towards CPS- Employee on deputation with HPSEB Ltd.)

The above account code shows debit balance of Rs. 0.12 for which no information and explanations has been provided to us. In our opinion the current liabilities are understated and income is overstated to that extent.

l) Account code 44.416 Board contribution towards CPF Employee on deputation)

The above account code shows debit balance of *₹ 1.60 lacs* for which no information and explanations has been provided to us. In our opinion the current liabilities are understated and income is overstated to that extent.

m) Account code 44.418 (Board contribution towards CPS deputation with HPSEB)

The above account code shows debit balance of *₹ 37.35 lacs* for which no information and explanations has been provided to us. In our opinion the current liabilities are understated and income is overstated to that extent.

n) Account Code 44.401- Income Tax Deducted at Source from Staff

The above account code shows debit balance of *₹ 48.45 lacs* for which no information and explanations has been provided to us. In our opinion the current liabilities are understated and income is overstated to that extent.

o) Account Code-44.408,44.409 &44.410 (Staff Deductions)

The above account codes shows debit balance of *₹ 18.26 lacs* for which no information and explanations has been provided to us. In our opinion the current liabilities are understated and income is overstated to that extent.

p) Employee Related Contribution and recoveries

(i) The above account code shows a sum of ₹ 102.18 lacs payable as liability on account of employee related contributions. The Subsidiary record in respect of the below mentioned accounts codes at division level is not reconciled. The above liabilities are subject to confirmations.In the absence of information we are unable to comment on the old liabilities which are not payable and have to be charged to revenue. The following are the details of the above:-

Board contribution EPF	44.404	0.18	0.18
Employee's contribution to L.I.C.(L.I.C. premium recovered)	44.406	65.42	55.30
Professional Tax recovered	44.407	0.10	0.00
Pay roll saving scheme	44.412	1.15	7.40
emloyees contribution/premium towards index group(PAIS)	44.415	2.72	4.75
Other miscellaneous recoveries.	44.420	32.61	55.98
Total		**102.18**	**123.61**

q) Statutory Liabilities & Dues

The above account code shows a sum of ₹ 545.31 lacs payable as liability on account of Statutory Liabilities & Dues. The Subsidiary record in respect of the below mentioned accounts codes at division level is not reconciled. The above liabilities are subject to confirmations. In the absence of information we are unable to comment on the old liabilities which are not payable and have to be charged to revenue. The following are the details of the above:-

Provsion for Income Tax	46.80	3.47	2.91
Liabilty for services tax	46.901	13.03	-.2.43
Liability for workers cess	46.902	7.13	25.40
Entry Tax	46.903	14.63	-3.18
Swach Bhart Cess	46.904	1.38	-0.22
Krishi Kalyan Cess	46.905	0.44	0.00
Income tax deducted at source on payment to contractors/suppliers	46.924	351.34	254.90
Income tax deducted at source on other payments	46.925	130.78	69.41
Liability for state tax	46.938	18.12	3.19
	46.939	4.99	0
Total		**545.31**	**352.41**

11. Short Term Provisions (Note 2.10)

(a) Interest accrued on Consumer Security Deposit

The company has provided interest on security deposits of consumers amounting to ₹ 798.08 lacs (Previous Year ₹ 1,677.17 lacs) during the year under review. The provision made is subject to reconciliations and confirmations.

(b) 46.430 Provision for Liability of Expenses

The provision of Rs 18907.89 lacs made by the company on account of liability of expenses is subject to confirmations and reconciliations.

(c) 48.1 Security Deposits from Consumers

The Divisions of operation circles have not reconciled and balanced the customer-wise Security Deposit received and interest payable thereon. No sufficient records and reconciliation of subsidiary records confirming the balance outstanding has been made available to us, therefore, we are unable to comment on the amount outstanding as Security Deposits to customers and accordingly interest accrued thereon An amount of Rs. 27402.47 Lakh appeared in this account code. The amount is subject to reconciliation and confirmation since subsidiary records maintained at division level is not reconciled with amount reflected in A/c code 48.1

12. Tangible Assets (Note 2.11)

(i) Depreciation is charged on straight line method to the extent of 90% of the cost of asset following the rates notified by the H.P. State Electricity Regulatory Commission for the purpose of fixation of tariff. In respect of asset, where rate has not been notified by regulation of HPERC, depreciation has be provided on straight line method at the rates corresponding to the rates laid down under the Companies Act 2013 except in case of Computer and peripherals which are depreciated @15% on SLM.

Depreciation on vehicles is charges by the units to the extent of 90% of the cost of the asset, life of vehicle is taken as 7 years, deprecation is charged on SLM basis. No depreciation is charged on addition to fixed assets during the year and depreciation is charged for the whole year in respect of assets ceased/ sold during the year as per accounting policy of the Company.

We further report that during the year under review and in previous year the Company has charged depreciation in accordance with rates notified by Himachal Pradesh Electricity Regulatory Commission on all assets. The Company has not provided to us the sufficient information with regard to historical cost, date of purchase and expected life, hence we cannot comment on the adequacy of depreciation charged to revenue account. Depreciation and amortization expenses need to be arrived at as per Section 123 and Schedule II of the Companies Act,2013 (earlier Schedule XIV of Companies Act,1956) which requires the date of of Purchase/Date when asset was put to use,Expected life and residual Vale at the end of Useful life. The Company has not complied with Schedule II of the Companies Act 2013 since the information aforesaid was not in possession of Company.

We further report that during the F.Y. 2011-12 company has changed the rates of depreciation as applied by board, in terms of AS-6 Depreciation accounting issued by ICAI, the method of depreciation is to be applied consistently and wherever the method is changed, depreciation is to be applied from the date of asset coming to use and provision for depreciation has to be reinstated at the end of the year. In view that sufficient information in this regard has not been provided by the company; therefore we are unable to comment on adequacy or sufficiency of accumulated depreciation charged.

We further report that the Company has not charged depreciation on addition made to any asset or where any asset has been sold, discarded, demolished or destroyed on pro rata basis during the year from the date of such addition or as the case may be up to the date on which such asset has been sold, discarded, demolished or destroyed.

(ii) We also report that the assets of the company except vehicles in use have not been fully insured.

(iii) The accumulated depreciation as on 31st March 2017 is not adjusted on account of assets washed away in floods, assets not in use, assets stolen and impaired assets. In the absence of information we are unable to comment on the authenticity of the accumulated balance of depreciation at the end of the year.

(iv) The Company had charged the cost of new energy meters installed in repair and maintenance account in earlier years, without writing off the cost of old meters and the corresponding

depreciation from the Fixed Assets Register which is contrary to the AS10 – Accounting of Fixed Assets issued by the ICAI. In the absence of information we are unable to comment on the cost of written down of meters which are in the Fixed assets schedule which are of non-existent in nature.

(v) It was observed that in CWIP Note No 2.13 of Balance Sheet an amount of Rs 89081.41 was Capitalized during the year however in Note no 2.11 of Balance Sheet Related to Fixed Assets an amount of Rs 51026.41 was shown as additions during the year. Proper Explanations for this was provided to us. Hence amount of Fixed Assets Capitalized from CWIP is subject to reconciliation and confirmations.

13. Intangible Assets (Note 2.12)

(i) The cost of Computer software, SAP amounting to Rs. 2243.70 Lakhs was recognized as intangible assets and is being amortized on straight line method over a period of five years. The Company has not provided us with the details regarding whether the SAP is under Development Phase or it has completed Development Phase. Para 20 of AS 26 says intangible asset to be recognized only if:-

•Future economic benefits attributable to the asset will flow to the enterprise

•Cost of the asset can be measured reliable

–Positive answers to both the questions required In the absence of complete information we are unable to comment on whether the Intangible Asset has been created or is under Work in progress. The Company has also amortized Rs 448.74 Lacs on the Intangible Assets as per the accounting note No 2.33 (A) (12). This Policy is however not in compliance with AS 26. The opening WDV balance of Intangible assets on 01/04/2016 was Rs. 2243.70.In the absence of information regarding the Phase of Software development we are of the opinion that Intangible Assets & CWIP is understated to extent of Rs 2243.70. Amortization Expenditure is overstated to extent of Rs 448.74 Lacs and income is understated to extent of *₹ 448.74 lacs*. –quantification done.

14. Capital Work in Progress (Note 2.13)

(a) Capital Works in Progress

(i) The above account head shows a sum of ₹ 89650.77 lacs (previous *year* ₹ 96,966.76 Lacs) on account of work in progress of various capital works as on 31st March 2017 which is subject to reconciliation and confirmations. No Information / explanations in respect of the same have been provided to us. In the absence of information we are unable to comment on the same. It was also observed that assets capitalized during the year as per this note was Rs 89081.41 however in Fixed assets schedule additions during the year were made to extent of Rs. 51026.41 thus there was difference of Rs 38055.00 in the CWIP capitalized and Additions to fixed assets during the year. Satisfactory explanations for the same were not provided to us in this regard.

(ii) It has been observed that the works under capital work in progress has not been closed for want of completion certificates where as actually the work has been completed and the assets has been put to use by the company. No sufficient information in respect of completed capital work in progress has been provided to us. In the absence of information we are unable to comment on the same.

(iii) It has also been observed that in some cases the expenditure on capital work in progress has been incurred in excess of the sanctioned amounts and the work is still going on.

(iv) It has also been observed that in some cases the work in progress has been partly transferred to the fixed assets on yearly basis without verifying that whether the work on the assets has been completely finished or not.

(v) Interest during Construction Period (IDC)

a) It was observed that during the year company had paid Rs. 55016.54 lacs total interest/ Finance Cost, out of which company has capitalized 4681.89 lacs out of total interest. However the company did not provide us basis of such calculation of capitalization of interest. Therefore we are unable to comment that whether it was calculate as per AS-16 Borrowing Cost, issued by ICAI, or not.

b) Contracts in Progress

The Company showed a sum of *₹ 44.37* lacs *(previous year ₹ 44.70* lacs) as on 31st March 2017 as contract in progress at various divisions which is subject to reconciliation and confirmations.

15. Long Term Loans and Advances (Note 2.15)

a) Advances to Supplies/ Contractors (Capital)

The Company is showing a sum of ₹ 2318.93 lacs *(previous year* ₹ 2,485.78 lacs*)* as advances to supplier and contractors as on 31st March 2017. The above amount is subject to confirmation and reconciliations in respect of works completed against advances sanctioned. It was also observed that in Head office in A/c Code 25.1 Advance to Suppliers /contractor (Capital) an amount of Rs 1224.26 Lakh was shown as Advances to Suppliers & Contractor. On Examination it was found that this amount was Paid for Bills by CPC section of the head office and the this amount is not in nature of advance but incurred for CWIP Thus long term advances are overstated to the extent of Rs 1224.26 Lakh and CWIP is understated to that extent. It was also observed that CPC section has not reconciled the Balances of Advances with the amount as appeared in the accounts of the head office.

It was also observed that in A/c Code 25.7 Suppliers/Contractors Materials Control Account (Capital) an amount of Rs 27.02 Lakhs appeared as recoverable. This Balance is subject to reconciliation and confirmation.

b) Loans and Advances to staff (Interest Bearing)

(i) It has been observed that the individual divisions does not have the complete record of the loan sanctioned and amount recovered from the employees and it has been explained to us that the same is being reconciled and kept at head office level in the broad sheets of the employees.

(ii) It was observed that in the following cases amount of Interest and principal is recoverable from the staff members for past many years. Efforts should be made to recover the amount along with interest.

Account no	Name of employee	Designation	Place of posting	Type of loan/ advances	O/s amount(Rs.)	Month of last instt.	Remarks
R-21	RAJINDER GUPTA	AEE	CE (MM) SHIMLA	VEHICLE LOAN	1,48,578.00	JULY,2005	Retiring on 31/08/2020
R-21	RAJINDER GUPTA	AEE	CE (MM) SHIMLA	HBA	5,14,103.00	APRIL,2007	Retiring on 31/08/2020
HA-64	HARI SINGH	SR.ASTT.	ELEC.DIV, D/SHALA	HBA	22,097.00	FEB, 2008	_____
JA-24	JASWANT SINGH	DM	BOARD SECTT.	HBA	43,833.00	MARCH,2016	Retiring on31/10/2022
LA-52	LEKH RAM	FOREMAN	ELEC.DIV-BILASPUR	HBA	14,889.00	OCT,2008	EXPIRED ON 19/10/2008
LA-28	LEKH RAM	SR.ASTT.	ELEC.DIV-BILASPUR	HBA	25,990.00	MARCH,2008	RETIRED ON 31/05/2016
MA-90	MANOHAR LAL SHARMA	DM	ELEC.DIV-UNA	HBA	35,425.00		RETIRED ON 31/12/2012

MA-74	MEHAR SINGH		ELEC.DIV-RAMPUR	HBA	34,741.00		RETIRED ON 31/02/2011
R-95	RAM CHAND THAKUR	AE	___	HBA	58,685.00		RETIRED ON 31/08/2013
			TOTAL		**8,98,341.00**		

(iii) It has further observed that when an employee is transferred from one Division to other division his account is not transferred to the other division though ATD and as such partial accounts are being kept at different divisions on account of loan sanctioned and recovery made at different divisions.

(iv) No information regarding current and noncurrent portion of loans and advances to employees has been provided to us.

(v) It was observed that Company has Showed Rs.208.56 lacs in A/c Code 28.860 & 28.861 as commitment Advance. This advance was given in year 2009 and the same was not adjusted till the finalization of audit. Balance Confirmation of same was not provided to us for verification.

16. Other Non Current Assets (Note 2.16)

a) Assets not in use

The company is showing ₹ 2857.81 lacs (previous *year* ₹ 3,083.23 lacs) as assets not in use as at 31st March 2017. In our opinion the above assets has completed their use full life and will not help in generating any further revenue and should be charged to revenue. Thus other noncurrent assets and Income are overstated to the above extent. (*Refer Note 2.33 (B) (3).*

b) Expenditure on Survey/ Feasibility Studies Projects not yet sanctioned.

The above account code shows a sum of ₹ 8201.50 lacs (*previous year* ₹ 11,605.83 lacs) incurred on account of Expenditure on Survey/ Feasibility Studies Projects not yet sanctioned as at 31st March 2017.

It has been observed that expenditure on survey / feasibility studies on different Projects has been incurred by the erstwhile board since many years. The expenditure has been done as the HPSEB was the only nodal agency to do such kind of survey and feasibility studies on behalf of the Government. As explained by the Company The expenditure has to be recovered from the party to whom the project will be allotted. The above cost pertains to 61 nos. of projects and the same has not been allotted to any agency by the GOHP.

In our opinion as no future economic benefit is available to the company as per AS 26 Accounting standard for Accounting of Intangible Assets issued by the ICAI the same should be charged to revenue. Thus, other noncurrent assets are overstated to the extent of ₹ 8201.50 lacs (previous year ₹ 11,605.83 lacs).

c) Inventories- Scrap/other material/excess/shortages

The Company is showing amounts under the following account codes under other noncurrent assets:-

		Amount in lacs	
		Current Year	**Previous Year**
		₹	₹
22.7	Obsolete materials stock account	283.30	460.36
22.8	Materials short excess pending investigations	230.11	227.50
		513.41	**687.86**

In our opinion other noncurrent assets are overstated to the extent of ₹ 513.41 lacs (P.Y ₹ 687.86 *Lacs)* for which no provisions has been made in the books of accounts.

d) Interest Accrued and Due and Interest Accrued but not due on staff Loans and others

The Company showed the following amounts under the above head for which sufficient details has not been provided as such the same cannot be commented on:-

Income accrued and due on Loans/ Advances to Staff & Others

Particulars	A/c code	Current Year	Previous Year
Income accrued and due on Loans/Advances to staff	28.26	0.00	-11.34
Income accrued and due on loan and adv- HBA	28.261	132.78	556.80
Income accrued and due on loan and adv- CPS.	28.267	0.00	-0.13
Income accrued and due on loan and adv- other	28.290	0.00	0.45
Interest accrued but not due -HBA	28.361	252.80	-332.97
Interest accrued but not due -MC/ Scooter	28.362	0.00	-12.44
Interest accured but not due -car	28.363	0.00	-29.34
Warm Clothing Advance	28.364	0.00	-0.99
Income Accrued & due--- CPS	28.367	0.00	-0.13
Interest accured but not due - others	28.390	0.00	87.34
Interest accured but not due - Car	28.263	7.45	

e) Interest on Advance to Subsidiary

It was observed that an amount of Rs 34390.41 Lakhs Appeared as Loan to Subsidiary in A/c Code 20.330 The terms and condition for advance given to subsidiaries has not been finalized. Interest accrued on the amount of advance was not booked in the accounts. Refer Note 2.33(B)(15).

f) Non Current Trade Receivables

It was observed that in A/c Code 22.7 Dues from Permanently Disconnected consumers an amount of Rs. 3201.70 recoverable from Consumers .Provision for Doubtful debts was made for Rs. 575.73 Lakhs as Appeared in A/c Code 23.90. The Company has no clear policy for making provision for Doubtful debts. This provision comes to 17.98 % of the amount due from such consumers whereas in Note 2.33(B)(43) it was mentioned that The Company has made the provision of 33% against amount of Permanent disconnected Connections outstanding at year end.

17. Inventories (Note 2.18)

a) The company has been transferred with stocks of the erstwhile Board which have been purchased in earlier years and the same has not been used till the close of the year and the same has resulted in over stocking of the stocks and pilling up of the stocks at Divisions level. The following is the details of stocks as provided by the company for which no provisions has been made in the books of accounts on account of obsolescence, shortages and reduction in the value.

		Current Year	Previous Year
		₹	₹
22.6	Opening Diffrence		23.65
22.6	Stocks in hand more than five years Critical	576.37	615.25
22.6	Stocks in hand more than five years non Critical	54.82	75.45
		631.19	**714.35**

In our opinion the inventories are overstated to the extent of ₹ 54.82 lacs for which no provisions has been made in the books of accounts.

b) It has been found that there is no systematic accounting of stocks in this account heads and some divisions has not made distinctions between the stocks of stores and other materials and it has been observed that in some cases the office equipment stocks and other office equipment has also been included in the above head which should have been part of the fixed assets. In the absence of sufficient information we are unable to comment on the overstatement of inventories.

c) The Company has not provided details in respect of inventories which are of current and noncurrent nature. In the absence of information we are unable to comment on the current and noncurrent portion of inventories.

d) Physical verification reports of the inventories were not provided to us for verification at division level. In the absence of physical verification reports the balance of inventories are subject to confirmation. There is no system prevalent in the company to identify the obsolete Stock; company has not shown any loss by theft or natural calamity in stock. The System of reporting theft of Stock at the division level to H.O and its treatment in the accounts is not clearly specified. In the absence of complete information, its impact on profit / Loss could not be ascertained.

18. Trade Receivables (Note 2.19)

The Company has shown trade receivables from consumers and others under this head amounting to ₹ 93002.93 lacs (P.Y ₹ 91,585.87 Lacs). No sufficient information was provided to us regarding whether the trade receivables are of current nature (i.e. they are likely to be realized in next 12 months) or Trade receivable are of non Current Nature. Thus we are unable to comment on the non current nature of the trade receivables included in above amount. The Company has not provided to us the balance confirmation certificates/party statement from the concerned parties to confirm the balance as reflected in the books of the Company.

A Sundry Debtors for Energy Bill (Other than Interstate Consumers)

1. The subsidiary records in relation to consumer ledgers at the end of the year is pending for reconciliation at all divisions of the operation circles. In the absence of the proper reconciliation we are unable to comment on the authenticity of the amount recoverable from the consumers as at 31stMarch 2017.

2. The consumers having credit balances in accounts on account of energy dues, municipal taxes, electricity duty and other dues or who has made advance payments has not been shown separately as other current liabilities.

3. The Trade Receivables also includes ₹ 24247.00 lacs (previous year ₹ 38611.05 lacs) as amount recoverable from different departments of Government of Himachal Pradesh. The breakup is per Note No 2.33 (B) (35).

4. The company has made provision for doubtful debts amounting to *₹ 575.73 Lacs* .In our opinion the provision is less keeping in view the amount recoverable from Government departments and other consumers.

5. The sundry debtors includes Municipal committees and NACs from which amount is recoverable since many years correspondingly the amount is also payable to them on account of electricity consumption tax. The amount payable as on 31st March 2017 to different Municipal committees and NAC is ₹ 1081.69 lacs (previous year ₹ 950.66 lacs) which have not been adjusted from the amount recoverable from them. Thus Trade receivables are overstated to that extent and correspondingly the other current liabilities are overstated to that extent.

6. The Company has not provided to us information about amount receivables against bills raised but not accepted by the respective consumers and were sub-judice *₹ 602.00 Lacs* (P.Y it was *₹ 617.00 Lacs)*. In the absence of information we are unable to comment on amount of trade receivables which are overstated due to inclusion of above debtors in sundry debtors.

B. Sundry Debtors for Interstate Sale of Power and for Wheeling / O & M Charges

1. During the audit it was observed that there was difference in balances of sundry debtors shown by SL&N section and Head Office of HPSEB. The SL&D section did not provide any reconciliation to us. Therefore the amount of Sundry Debtors shown in balance sheet was subject to confirmation and reconciliation. Detail of which is shown as follow:-

B. Head	Agency	Balance as per SL&D	Balance as per HPSEB
23.601	PSEB	0	2575359299
23.603	UPSEB	0	565695311
23.61	NTPC	0	155609
23.614	PTC	704542946	0
23.623	Malana Deve Power	31774777	18184305
23.624	REACTIVE	0	74954177
23.63	PGCIL(UI)	0	113194075
23.648	IEX	643513922	0
23.649	MITTAL	0	NOT FOUND
23.6	**Total:-**	**1379831645**	**772183477**
23.73	OPEN ACESS	3739030	23298270
23.802	HVPNL	5444374	0
23.814	MANANA(W)	-	-207239
23.82	HANDLING CHARGES	-	372692309
23.821	MALANA (H)	-	1088880
23.826	HPPC,BYPL,BRPL,IEX, Banking	6051039	-22059867
23.83	TRANS CHARGES (PTC)	3154482514	1025219062
23.831	TRANS CH.(GOHP)	493763640	NOT FOUND
23.6	**Total:-**	**3663480597**	

2. O& M Charge Recoverable from HPTCL

The Company has shown the *₹ 729.25* (previous Year *₹ 140.11* lacs) as current trade receivable. This amount was subject to reconciliation & confirmation.

C Court Cases by Consumers

As explained by the company the erstwhile Board/Company has billed ₹ 3137.42 lacs (*previous year* ₹ 3,187.37 lacs) and ₹ 1570.29 lacs *(previous year* ₹ 1,461.22 lacs) to industrial consumers of Operation Circle, Solan and Nahan. The consumer had filed suits against the same and recovery had been stopped by the courts. No disclosure of the same has been made in notes to accounts. The Company has shown the above amounts as current trade receivable. Thus the current Trade Receivables are overstated to that extent.

19. Cash and Cash Equivalents (Note 2.20)

a) Balance with Banks

(i) The company has done the bank reconciliations of all the Banks accounts at Head Office level and no reconciliation is being done at the division level upto 30.11.2016. We have been provided with the bank reconciliations of the accounts maintained at Head office level bank wise consolidated and not by bank wise and branch wise individually. We have been explained that all collections received in the collection accounts maintained at Divisions level are being

transferred to the Head Office account. We have not been provided with the bank reconciliation and balance confirmations certificates from the bank as on 31st March 2017 for all the collections accounts maintained at divisions and sub divisions levels in the fields. In the absence of the information we are unable to comment on the amount of collections not accounted for in the books of accounts during the period under review.

(ii) **Old Un-reconciled entries in the Bank Reconciliation Statements**

The company is carrying over the old un reconciled entries of Bank Reconciliations statements and the same has not been adjusted at the close of the year the details of the same is as under:-

	Amount in ₹ lacs	
	Current Year	**Previous Year**
Short credit given by banks	1,610.02	1,424.26
Excess amount debited by banks	1,236.42	2,122.58
	2,846.44	**3,546.84**
Less amount debited by banks	240.08	113.82
Excess Credit by banks	10,483.68	7,201.45
	10,723.76	**7,315.27**

In our opinion in the absence of complete information we are unable to comment on its effect on the Profit & Loss account and balance sheet.-

iii) The old un-reconciled entries in above are subject to reconciliations and it may affect the profit and loss account and balance sheet. Sufficient evidence in this regard was not produced before us for verification. In our opinion all old entries shown in the reconciliation statements should be reconciled and necessary adjustment entries may be passed in books of accounts. The System of BRS needs to be strengthened and internal controls in this area require daily monitoring of outstanding entries so that in the present age where Credits & debits in Banks are affected through RTGS/Online that can be tracked in timely Manner. The Internal control system in this area is weak and requires overhauling and it needs to be replaced with new system of internal controls and checks .It should be placed under Concurrent Audit that can cope up with the Volume, frequency and modern way of internet Banking.

20. Short Term Loans and Advances (Note 2.21)

A Advances to Contractors and Suppliers

(i) The company showed ₹ 5832.41 lacs (Previous *year* ₹ 6,096.85 lacs) as loans and advances for supplies/works.The above advances also include advances which are old and require adjustments as the works has been completed at the close of the year and expenditure has not been booked. The company has not provided us any confirmations from the Parties for the amount due as such we are unable to comment on the above advances. The above advances have been shown as secured but no sufficient information in respect of the same has been provided. No Information in respect of noncurrent portion of advances has been shown for our verification. It was also observed that in books of head office in A/c code 26.1 Advances to suppliers/Contractors 655.90 Lakh was shown as advances to suppliers/contractor this amounts pertains to payment of bills by CPC section and this amount relates to Capital work in progress. In our opinion Short Term Loan & Advances are overstated and CWIP is understated to extent of *₹ 655.90 Lacs.*

B Loans and Advances to Staff

It has been observed that the individual divisions does not have the complete record of the loan sanctioned and amount recovered from the employees and it has been explained to us that the same is being reconciled and kept at head office level in the broad sheets of the employees.

It has also been observed that when an employee is transferred from one Division to other division his account is not transferred to the other division though ATD and as such partial accounts are being kept at different divisions on account of loan sanctioned and recovery made at different divisions.

The company has not provided us the details in respect of the following account heads during the year review.

		Amount In lacs **Credit** **₹**
Loans and advances to staff – Warm clothing	27.104	0.17
Loans and advances to- CPS holders	27.107	2.94
Loans and advances to staff – pay	27.202	304.73
LTC advance	27.207	2.36
Medical advance	27.208	11.06
Other	27.206	1.12
Warm Clothing Advance	28.264	0.05
Fan Advance	28.266	3.02
		325.45

No information in respect of current and noncurrent portion of advances has been shown for our verification.

C Prepaid Expenses

(a) It has been observed that the company has no precise policy of charging the expenses to prepaid expenses head. Most of the divisions are charging petrol and diesel of vehicles in hand at the close of the year. Some Divisions have charged Insurance on vehicles in the prepaid expenses. During the year under review prepaid expenses have not been booked at H.O Level.

D Amount recoverable Related Parties

(i) **BVPCL (Subsidiary Company) A/c Code 28.761**

The Company has incurred expenditure to the tune of ₹ 4053.64 lacs *(previous year* ₹ 3,956.52 lacs) as on 31st March 2017 for which shares has to be issued by the BVPCL. The above balance is subject to reconciliation and confirmation. Thus a sum of ₹ 4053.64 *lacs* amount recoverable is of noncurrent nature and should be shown under the head other noncurrent assets. Thus Short Term Loans & Advances are overstated to that extent and other noncurrent assets are understated to that extent.

(ii) **Amount Recoverable Himachal Pradesh Power Transmission Corporation Limited A/c code-28.773**

The company has transferred cost of transmission lines to the HPTCL (**Himachal Pradesh Power Transmission Corporation Limited**) as per the scheme of the transfer. A sum of ₹ 2918.84 lacs (*previous Year* ₹ 7062.15 lacs) has been shown as recoverable as at 31st March 2017 which is subject to reconciliation and confirmation. In the absence of confirmations we are unable to comment on the same. The amount recoverable is of noncurrent nature and should be shown under the head other noncurrent assets.

(iii) **Theft of Property Pending Investigation (A/C Code 28.885).**

The above head shows a sum of ₹ 26.51 lacs (*previous Year* ₹ 22.67 Lacs) as on 31st March 2017. The above amount is to be shown under other noncurrent assets. Thus Short Term Loan & Advances are overstated and other noncurrent assets are understated to that extent.

(iv) **Expenses recoverable from Suppliers /Contractors (A/C Code 28.810).**

The above head shows a sum of ₹ 671.22 lacs *(previous year* ₹ 1,543.77 lacs) as on 31st March 2017 which is subject to reconciliation and confirmation. In the absence of confirmations we are unable to comment on the same. Sufficient information has not been provided to us for showing the same as current assets. Thus Short Term Loan & Advances are overstated and other noncurrent assets are understated to that extent.

(v) **Inspection charges related to material / equipment third party inspection (A/C Code 28.811).**

The above head shows a sum of ₹ 108.44 lacs *(previous year* ₹ 103.99 lacs) as on 31st March, 2017 which is subject to reconciliation and confirmation. In the absence of confirmations we are unable to comment on the same. Sufficient information has not been provided to us for showing the same as current assets. In our opinion short term loans and advances are overstated to the extent of above.

(vi) **Leave & Pensionary Benefits Recoverable from outside Parties (A/c Code 28.880 &28.881)**

The Above Account coded showed ₹ 1678.42 lacs (P.Y ₹ 3,107.97 Lacs) recoverable on account of leave and pensionary contribution recoverable from outside parties. The above amount includes ₹ 4.8 lacs which is of noncurrent nature. Thus short term loans & advances are overstated to the extent of above.

E Deposits

(i) The Company is showing a sum of Rs. 9083.49 Lacs (P.Y ₹ 8,160.97 lacs) under this head the details of which as under :

	Current year	Previous Year
Deposits	*Rs. In Lacs*	*Rs. In Lacs*
Other deposits A/c -28.919	8495.99	7,469.64
Security from suppliers and contractor in FD form A/c -28.93	0.00	20.50
Deposit with Hon'ble High Court/Court- Pending FD- A/c -28.917	586.05	670.83
Deposit wise Misc. Short term deposit A/c code-28.932	1.45	
	9083.49	**8,160.97**

The amount is in the nature of long term loans and advances and should not be treated as current assets. Thus short term loans and advances are overstated to the extent of above.

F Amount Recoverable from Employees

The above account includes a sum of ₹ 106.61 lacs (*previous year* ₹ 137.64 *lacs)* recoverable from employees / ex employees. The account is subject to reconciliation and confirmation. In the absence of reconciliations we are unable to comment on the recoverability of the amount due from employees/ ex employees. It has been observed that the above account includes amount recoverable from employees on account of shortages and other recoveries. In some cases the amount has been disputed and employees has gone to courts and in some cases the monthly installments has been fixed and in some cases the amount has been paid by the employees and in some cases the employees are not paying shortages. The current and noncurrent portion of the amount recoverable has not been disclosed by the company.

G Interest Accrued but not due others. A/c code-28.310

The above account includes interest accrued and due on GPF Fixed deposits amounting to ₹ 2520.06 lacs (*previous year* ₹ 3164.39 *Lacs)*. The FDR wise interest accrued has not been shown for our verification. In the absence of information we are unable to comment on the same.

H Others

In the following head of accounts balance confirmation from the concerned parties were not found on record. Hence these balances are subject to confirmation and reconciliation. In our opinion short term Loan and advances is overstated and other noncurrent assets is understated to the extent of ₹ 8523.50 Lacs.

Name of Account	A/c code	Amount (Rs.)	Remarks
Advances to suppliers/contractors (O&M) – Interest Free	26.5	620.93	Current /Non Current portion no ascertained
	26.1	656.39	--do--
Suppliers/contractors Materials Accounts (O&M)	26.7	4555.09	--do--
Loan and advances to other	27.8	135.15	Current /Non Current portion no ascertained
Loan and advances to CPS holders	27.107	2.94	Current /Non Current portion no ascertained
A/c code not mentioned	27.713	15.67	--do--
Amount Recoverable from Lok Mitra Late deposit	28.821	2204.52	Balance confirmation / reconciliation not provided to us.
HPPWD	28.870	1.99	Current /Non Current portion no ascertained
Other deptt to be specified	28.875	326.97	--do--
	28.716	2.39	
	28.771	1.46	
Total		**8523.50**	

I Amount recoverable from Link/Sugam centre etc on account of late deposit of receipts A/C Code 28.821

It was observed that an amount of Rs 1189.27 Lakhs stands recoverable from M/s GNG Trading Co Pvt Ltd appearing in A/c Code 28.821.It was observed that in this A/c code Rs. 587.23 Lakhs stands as recoverable balance as opening balance related to liquidated damages charges recoverable from M/S GNG Trading Private Limited. It was explained to us that suit is pending for amount recoverable. The Company has not provided us sufficient information regarding Bank Guarantee Obtained In this case and Adjustment of these Bank Guarantees.

21. Other Current Assets (Note 2.22)

(i) Receivables from Sale of Store, Rental property A/c code 28.103, 28.104

In A/c Code 28.104 Rs 83.17 Lakhs Appeared as Debit Balance however the Balance confirmation Certificate from the Sundry Debtors as well as reconciliation for the same was not provided to us hence it is subject to confirmation.

ii) Inter Unit Transactions

The company is showing ₹ 572.64 lacs *(previous year* ₹ 51,360.94 lacs) on account inter unit transfers and the same has not been reconciled at the end of the year. It has been observed that the above practice of non reconciliation in inter unit accounts is pending since many years and same was not reconciled by the erstwhile Board and even by the Company. In our opinion the amount is not of recoverable nature as the inter units accounts has to be adjusted at the close of the year and amount should be Nil under this head. Thus other current assets are overstated to the extent of above.

During the year under review Company has Written off/ Written back Assets and Liabilities which is reflected as gap in the previous year Financial Statement. The Balances which was not traceable were made reconciled with balances of divisions by writing off/ writing back assets and liabilities after approval of the competent authority. The reconciliation with Inter Unit was not carried out and it was assumed that difference/Untraceable balances have arisen due to improper reconciliation of IUT. In the absence of complete information and proper reconciliation we are unable to comment on the accounting treatment as given above since the Supporting evidence and subsidiary record for giving such treatment was not available with Company and exercise was carried out to remove the differences in the consolidated Balances sheet of Board and Balances as arrived at by clubbing the Balances of Divisions.

22. Statement of Profit and Loss Account

(i) **Income from Investments**

The company has shown the following as interest earned on investments. The details of the same are as under:-

		Amount In lacs	
		Current Year	Previous Year
		₹	₹
1.	Net Interest recived/ (Paid) from GPF Fund	504.85	2,488.34
2.	Interest on APRDP Fund	-	-
3.	Interest on RGGVY Funds	-	-
4.	Interest on Leave Encashment Fund	-	
		504.85	**2,488.34**

In our opinion the income is understated to the extent of above since interest paid on GPF has been paid on the liability not related to Company. Also refer para 6(b) of this report.

(ii) **Contingencies and Events Occurring after Balance Sheets Dates**

The Company has not accounted for material events incurred after balance sheet date till the approval of the accounts by the Board of Directors as the next year accounts are not complete till the finalization of the report. The material items which may affect the profit loss account and balance sheet cannot not be commented on in the absence of the information as per the requirements of AS 4 **Contingencies and events Occurring after the Balance Sheet Date** issued by **The Institute of Chartered Accountants of India. Reference is also invited to note no. 2.33 (B) 11 where** Company has mentioned that No major incident has been occurred after the Balance date which can be quantified except normal business of the Company which can be disclosed as per AS 4.

(iii) **Re-allocation costs of Employees and Repair and Maintenance to Capital works**

The method and calculation of reallocation of employee costs and repair and maintenance costs is subject to reconciliation as the basis for the same and the actual expenditure incurred has not been provided to us.

(iv) **Prior Period Employee Costs**

The Company has charged arrears of D.A in prior period Employee cost. The Above accounting treatment of arrears of salary/ D.A is in contravention of the **AS 5 Net Profit or Loss for the year , Prior Period items and Changes in Accounting Policies** which states that prior period items refers only income and expenses which arise in current period as a result of errors or omissions in one or more prior periods.

23. Other Observations

(i) **Repair and Maintenance Line and cable Net Works**

It has been observed that company is charging the costs from above head to Revenue expenses pending allocation to capital works and Capital Work in progress at the close of the year. In the absence of sufficient information we are unable to comment on its effect to the profit and loss account and balance sheet.

(ii) **Old Un-reconciled entries in the Bank Reconciliation Statements**

The company is carrying over the old un reconciled entries of Bank Reconciliations statements and the same has not been adjusted at the close of the year the details of the same is as under:-

	Current Year	Previous Year
Short credit given by banks	1,610.02	1,424.26
Excess amount debited by banks	1,236.42	2,122.58
	2,846.44	**3,546.84**
Less amount debited by banks	240.08	113.82
Excess Credit by banks	10,483.68	7,201.45
	10,723.76	**7,315.27**

In our opinion in the absence of complete information we are unable to comment on its effect on the Profit & Loss account and balance sheet.---

iii) **Distribution Losses**

Reference is invited to Note 2.33 (B) (35) regarding distribution losses. Some of the circles have very high distribution losses as compared to acceptable norms for electricity companies.

(iv) **Leave Salary, Gratuity and PF Contributions**

The company has not made any provisions in the books of accounts in respect of leave salary payable, gratuity payable, EPF contribution payable and pension contribution payable as on 31st March 2017 (refer Note 2.33(A)(14) in respect of present employees as per **AS 15 Accounting for Employees Benefits issued by the ICAI.** In the absence of information we are unable to comment on its effect on the profit and loss account and balance sheet.

(v) **Contingent Liabilities in notes to accounts**

The Company has made disclosure of contingent liabilities in notes to accounts, sufficient information has not been provided in respect of the Contingent Liabilities provided in the notes to accounts. *(Refer Note no 2.33(B)12)*

(vi) The Company has not provided any information of the suppliers / service providers who are registered as Micro, Small and Medium undertakings under "The Micro, Small and Medium Enterprises Development Act 2006" as on 31st March, 2017. In the absence of the information we are unable to comment on the same.

(xvii) The Company and its divisions has not provided to us Court cases details which are contingent in nature and in which contingent liability of the company is involved.

24. Non Compliance of Accounting Standards

The Company has not complied with the following mandatory accounting standards issued by the Institute of Chartered Accountants of India

1 Accounting Standard I- regarding disclosure of Accounting Policies*:*

i) Non disclosure of policy of conveyance for accounting of losses of stock due to theft, fire, floods etc.

ii) Non disclosure of any policy on write off & recovery of shortage from contractors and suppliers

iii) No disclosure *about the company whether its going concern or not.*

2. Accounting Standard 2: Valuation of Inventories

a) The cost of inventory of items that are not ordinarily interchangeable and goods & services produced and segregated for specific projects were not assigned by specific identification of their individual cost. (Refer Note 2.33(A)4*)*

b) The classification of inventory appropriate to HPSEBL was not made in financial statements. Inventory should have been classified under the heads; Raw Material and Components, WIP, Stores and Spares and Loose tools.

c) The effect of noncompliance with accounting standard 2 on inventories stores and spares and Profit & Loss account is un-ascertainable due to non availability of information.

3. Accounting Standard 4: Contingencies and Events Occurring after the Balance Sheet Date.

The Company has not provided to us with the information on contingencies and events occurring after balance sheet date, neither the same has been incorporated in the accounts statements nor the same has been disclosed by the management in the notes to accounts .

This may be noted that although this year Balance Sheet is approved u/s 134 of the Act) on 21-05-2018 in regular meeting and submitted to us for audit. The Material Contingencies and events occurring after balance sheet date which may affect the balance sheet at 31st March 2017 has not been disclosed in the notes to accounts

The effect of noncompliance with accounting standard 4 on profit & loss account is un-ascertainable due to non availability of information.

4. Accounting Standard 5: Net Profit or Loss for the period, Prior Period Items and changes in Accounting Policies

The Company has not complied with the requirements of Accounting standard 5 which deals with Prior period and extraordinary items, as the Company has no accounting policy for prior period items and changes in accounting policies and there is no disclosure of the same in the notes to accounts.

The effect of noncompliance with accounting standard 5 on profit & loss account is un-ascertainable due to non availability of information

5. Accounting Standard 6: Depreciation Accounting

The Company has not complied with the requirements of Accounting Standard 6 which deals with accounting of Depreciation. The company has changed the method of providing the depreciation rates which was previously adopted by the Board and the depreciation has not been recalculated retrospectively in accordance with the new rates.

The effect of noncompliance with accounting standard 6 on profit & loss account is un-ascertainable due to non availability of information.

6. Accounting Standard 9: Revenue recognition

The Company has not followed the accounting standard 9 as required for revenue recognition. The company has not disclosed any accounting policy in respect of violation charges, O & M Charges, Charges for interlinking facility, other O & M Charges and other charges recoverable.

7. Accounting Standard 10: Accounting for Fixed Assets

The Company has not complied with the requirements of the accounting standard 10 accounting for fixed assets while preparing the financial statements.

The effect of noncompliance with accounting standard 10 on profit & loss account is un-ascertainable due to non availability of information.

8. Accounting Standard 12: **Accounting for Government Grant**

The Company has not complied with the requirements of accounting standard 12 on accounting of Government Grants in relation to charging of the depreciation on the assets acquired from the grants

The effect of noncompliance with accounting standard 12 on profit & loss account is un-ascertainable due to non availability of information.

9. Accounting Standard 15: Accounting for Employee Benefits

The Company has not complied with the requirements of AS15 regarding accounting for employee Benefits while preparing the financial statements in respect of leave salary, gratuity and provident fund contributions and other retirement benefits payable to present employees.

he effect of noncompliance with accounting standard 15 on profit & loss account is un-ascertainable due to non availability of information.

10. Accounting Standard 16 Accounting of Borrowing Costs

The company has not complied with the requirements of AS 16 issued by the ICAI which states that only interest paid on loan which has been used for construction of Assets during construction period has to be capitalized as part of the cost and after that the interest has to be charged to revenue.

The effect of noncompliance with accounting standard 16 on profit & loss account is un-ascertainable due to non availability of information.

11. Accounting Standard 17: Segment Reporting

The Company has not complied with disclosure requirement of Accounting Standard 17 regarding information on reconciliation between segment revenue, results, assets and liabilities with financial statements, method of pricing inter segment transfers, types of products and services in each business segment, composition of each geographic segment.

12. Accounting Standard 19: Accounting for Leases

The company has not complied with disclosure requirement of Accounting Standard 19 issued by ICAI which state that company is required to disclose assets acquired under finance lease as segregated from the assets owned; for each class of assets, the net carrying amount at the balance sheet date; a reconciliation between the total of minimum lease payments at the balance sheet date and their present value. In addition, an enterprise should disclose the total of minimum lease payments at the balance sheet date, and their present value, for each of the following periods:

(i) Not later than one year;

(ii) later than one year and not later than five years;

(iii) later than five years;

13. Accounting Standard 22: Accounting for Taxes on Income

The Company has not recognized the tax effect of timing differences arising on account of carry forward losses as per Accounting Standard 22 "Accounting for Taxes on Income" issued by ICAI on accounting of prudence.

14. Accounting Standard 26: Intangible Assets

The Company has not complied with the accounting standard 26 issued on the Intangible assets which states that “an intangible asset should be recognized if, it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise; and the cost of the asset can be measured reliably.”

15. Accounting Standard 28 : Impairment of Assets

The Company has not complied with the accounting standard issued on the Impairment of Assets issued by ICAI while preparing the financial statements.

16. Accounting Standard 29: Provisions, Contingent Liabilities and Contingent assets

The Company has not complied with the accounting standard issued on the Provisions, Contingent Liabilities and Contingent Assets issued by ICAI while preparing the financial statements

The effect of the said qualifications where ascertainable the loss of current year ₹ 4421.10 lacs will be increased to loss of ₹ 285578.09 lacs. The reserves and surpluses

will be ₹ (275165.12) lacs instead of ₹ -44520.13 lacs. The Share Capital will be ₹ 25675.18 Lacs instead of ₹ 65328.18 lacs . The Other long term liabilities will be ₹ 76815.14 lacs instead of ₹ 63939.79 lacs . The long term provisions will be ₹ 273791.80 lacs instead of ₹ Nil .The Trade payables will be ₹ 1,73,880.64 lacs instead of ₹ 1,73,720.64 lacs. The other current liabilities will be ₹ 96917.49 Lacs instead of ₹ 1,17,585.39 lacs.The Tangible assets will be ₹ 547115.76 lacs instead of ₹ 547839.53 lacs. The Intangible Assets will be NIL instead of ₹ 705.75 lacs. The capital work in progress will be ₹ 92685.41 lacs instead of ₹ 89,650.76 lacs. The long term loan and advances will be ₹ 7948.55 lacs instead of ₹ 9172.81 lacs. The other noncurrent assets will be ₹ 45694.40 lacs instead of ₹ 15129.98 lacs . The inventories will be ₹ 5786.44 lacs instead of ₹ 5842.18 lacs. The Trade receivables will be ₹ 87213.53 lacs instead of ₹ 93002.93 lacs. The short term loans and advances will be ₹ 29896.16 lacs instead of ₹ 58462.41 lacs. The other current assets will be ₹ 24315.88 lacs instead of ₹ 24988.52 lacs.

Opinion

In our opinion, because of the significance of the matter discussed in the Basis for **disclaimer of opinion** paragraphs,

We report that the aforesaid standalone Financial Statements do not give the information as required by the Companies Act, 2013, in the manner so required and in conformity with accounting principles generally accepted in India and because of the significance of the matters described in para above and for those qualifications where the effects are unascertainable and are of material nature, and considering the qualifications in this report and audit reports of earlier years of erstwhile HP State Electricity Board we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion therefore we disclaim our opinion.

(a) In the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2017.

(b) In the case of the Statement of Profit and Loss ,of the loss for the year ended on that date.

(c) In the case of the cash flow statement of the cash flows for the year ended on that date.

Emphasis of the Matter

(i) We further report that the Company's net worth as at the end of the financial year is completely eroded by its accumulated losses. However, the management has prepared the financial statements assuming that the Company will continue as a going concern. No sufficient information with regard to adequacy of resources in the operating cash flows to meet its future obligations has been provided by the management.

(ii) We draw attention to Note 2.33 (A) 11 where in the policy and practice regarding capitalization of CWIP was not mentioned

(iii) We draw attention to Note 2.33 (A) 5 the practice of the company to value inventories.

(iv) We draw attention to Note 2.11 the practice of the company to keep both the assets owned by own funds and from consumer contributions towards cost of capital assets in one account head and which should have been accounted for separately.

As required by 'The Companies (Auditor's Report) order 2015, issued by central government of India in the terms of Sub Section (11) of Section 143 of the Act 9 hereinafter referred to as the "Order") and on the basis of Such checks of books and records of company as we considered appropriate and according to the information and explanations given to us, We give in the Annexure on the matters specified in Paragraphs 3 and 4 of the order.

Report on Other Legal and Regulatory Requirements

A) As required by the Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of knowledge and belief were necessary for the purposes of our audit **except the following:**-.

Provision of Liabilities and Expenditure

Year end provisions for liabilities/expenses booked at the close of the year are reversed in the subsequent accounting year by the Company.

We further report, that during the year under review Company has made provision for expenses on the basis of budgets approved for particular works irrespective of the fact that actual expense accrued/ incurred and same is reversed in the subsequent period on receipt of actual bill / invoice of the vendor/contractor. The same results in overstatement of other current liabilities and revenue expenses/capital work in progress.The sufficient information with regard to quantum of such liabilities provided in financial statements has not been made available to us.

1. It has been observed that expenses approved by Head Office till the year end are only provided in the financial statements. The work completed/services rendered/goods supplied till 31st March, 2017 and not approved by Head Office, has not been provided in the financial statements, however, the same have been recorded in the subsequent period on receipt of approval from Head Office. The information with regard to assets/expenses and liabilities has not been made available to us, therefore, impact of same on noncurrent assets urrent assets/ noncurrent liabilities/ current liabilities / losses cannot be quantified.

2. Neither the Company has disclosed the facts in notes nor given any information as to settlement for those cases which were disclosed in earlier years balance sheet as notes to account / audit report / CAG comments / comments of works audit party/ comments of RA audit /pending court case / settlement where the Company had deposited deposits with various authorities amounts some of them may have been settled / awarded by the Court / Govt. / Arbitrator but the status was not disclosed by the Company. This may affect the profit & loss account and the balance sheet

3. Old assets (recoverable) and old liabilities (Payables) in all the divisions being time barred mostly remained unconfirmed / un-reconciled. The adjustment required if any may affect the profit & loss account and the balance sheet.

4. The Company has not provided sufficient physical verification records in respect of Tangible Assets, Capital Work in progress and Contracts in progress at the Division level. The adjustment required if any may affect the profit & loss account and the balance sheet.

5. The Company has not taken any reasonable steps to remove the qualifications reported in previous year report and earlier year reports of HPSEB by CAG while adopting the accounts for the current year, therefore old material qualifications has been considered in the current year report where the same is quantifiable as no information for the same has been provided by the company.

6. The Head Office has not provided complete details/ information of the closing balance of sub heads operated by them in respect of respective DDO's except, banks section, loan section, investment section and Pension II. The subsidiary records / register of individual DDO has not been produced for our verification. No sufficient information has been provided in respect of the liability of expenses, other liabilities and provisions at Head Office Level.

7. The reconciliation of the Fixed Assets Register and the Fixed Assets account in the account statement is pending since many years. The pendency is due to non availability of records/ information of earlier years or in some divisions the earlier years records has been burnt. The above pendency has been observed in Solan Circle, Rampur Circle, Rohroo Circle and other

circles/ divisions also. The adjustment required if any may affect the profit & loss account and the balance sheet.

8. The reconciliation of the Works register and the Capital Work in progress account in the account statements is pending since many years. The pendency is due to non availability of records/information of earlier years or in some divisions the earlier year's records has been burnt. The above pendency has been observed in Solan Circle, Rampur Circle, Rohroo Circle and other circle also. The adjustment required if any may affect the profit & loss account and the balance sheet.

9. No sufficient information and evidence in support of revenue expenses pending allocation over Capital Works has been provided to us. The adjustment required if any may affect the profit & loss account and the balance sheet.

10. The subsidiary records in relation to consumer ledgers at the end of the year is pending for reconciliation at all divisions of the operation circles The adjustment required if any may affect the profit & loss account and the balance sheet.

11 The Company has not provided any information about those consumers who has gone to the courts on account of disputes in the bills raised for energy charges.

12. The Company has not settled the old un reconciled entries in the bank reconciliations statements. The adjustment required if any may affect the profit & loss account and the balance sheet.

13. The Head office has not supplied to us the employees wise details of loans and advances to staff and interest accrued thereon. The adjustment required if any may affect the profit & loss account and the balance sheet.

14. The Company has not provided complete details of amount recoverable on account of theft of property pending investigation (Account Code 28.885). The adjustment required if any may affect the profit & loss account and the balance sheet.

15. The Company has not been able to provide sufficient information/confirmation from the parties in respect amount payable for purchase of power. The adjustment required if any may affect the profit & loss account and the balance sheet.

16. The Company has not able to provide reconciliation in respect of deposits and retentions from suppliers and contractors with the subsidiary records maintained.

17. The Company has not been able to provide reconciliation in respect of Deposits for Electrification Services Connections Account Code 47.1 with the subsidiary records maintained.

18. No sufficient Information has been provided in respect of the Contingent Liabilities provided in the notes to accounts and further no information for contingent assets has been provided.

19. The divisions have not provided sufficient information in respect of those assets where the consumer has deposited the departmental charges and executed the work by their own. The adjustment required if any may affect the Value of assets created and the reserves on the other hand.

20. During the year under review the financial statements are prepared as per schedule III of the Companies Act 2013 .The basis for grouping of noncurrent liabilities/ assets and current liabilities and assets as per the requirements of Schedule III for the current and previous year has not been produced for our verification. It was also observed that Figures of previous year was also regrouped in the schedules of balance sheet but the basis of regrouping was not provided to us.

21. The Company is not complying with the latest provisions of the Service Tax Act in respect of service tax payable on taxable services availed (reverse charge mechanism) specified in the Service Tax Act.

(b) In view of following in our opinion, **proper books of accounts as required by Law have not been kept by the company** so far as it appears from our examinations of those statement, registers and related records produced for our verification.

i. The Divisions of the Company has maintained cash & bank book and no corresponding transactions are recorded in ledger accounts. The adjustment entries were passed in the memorandum statement maintained to compile these financial statements, which is in contrary to the double entry system of recording of transactions as required by the Companies Act 2013.

The Divisions extracts monthly Trial Balance (known as "CS-1") for the purpose of consolidation of financials by Circle and Wings. The Head Office on the basis of memorandum statements submitted by Circles and Wings compile these financial statements. The adequacy and correctness of memorandum statements and transmission of financial data do not ensure the correctness and sufficiency of accounting and recording of transactions and compilation of Balance Sheet and Profit & Loss account of the Company.

ii. The Divisions do not compile the trial balance with balances of the previous accounting month. The Circles consolidates the Trial Balance provided by the Divisions on monthly basis and Head Office merges the monthly Trial Balance and at the end of year consolidated balances are drawn on the basis of memorandum record for the purpose of preparation of financial statements. The Company does not record balances provided by Divisions at Circle or at Head Office in proper financial books of accounts. These financial statements have been compiled on the basis of statements prepared on the basis of merged Trail Balances provided by Circles and not on the basis of books of accounts.

iii. The consolidated statements/record compiled at Head Office and Circle do not provide complete details of Main Accounting Code and or Sub-Account Code'. The memorandum consolidated record does not provide Circle or Division wise detail of transactions disclosed in these financial statements.

iv. The cash book maintained at Division is not balanced on daily basis, therefore, the cash book do not reflect the cash in hand on daily basis.

(c) The Balance Sheet and Statement of Profit and Loss dealt with by this report are in agreement with the books of statements except our observations in Para,23)(ii) (iii),(iv),and (v);

(d) Except for the effects of the matter described in the Basis for Disclaimer of Opinion paragraph and **non compliance of accounting standard specified therein**, in our opinion, the Balance Sheet, Statement of Profit and Loss comply with the accounting standards referred to in section 133 of Companies Act, 2013 .read with Rule 7 of the Companies (Accounts) Rules 2014.

(e) We were informed In terms of Exemption Notification Government of India, Ministry of Corporate Affairs Notification No 372 dated 05 June2015 Government companies are exempted from the applicability of section 164 of Companies Act 2013, therefore, no written representation from Board of Directors have been obtained.

(f) The Company has not taken any reasonable steps to remove the qualifications reported in earlier year reports while adopting the accounts for the current year, therefore old qualifications has been considered in the current year report also.

Other Matters

I) The Company has not disclosed the impact of pending litigation on its financial position in financial statements.

II) The Company has not made provision, as required under applicable law or accounting standards, for material foreseeable losses, if any, on long term contract including derivative contracts.

III) No amount has been transferred to investor Education and Protection Fund by the Company during the year ended March 31, 2017.

IV) The Company has not provided us any information about Denomination and Value of Specified Bank Notes deposited / Collected by it during the period from 8th November, 2016 to 30th December, 2016. The Company has not provided requisite disclosure in its standalone financial statements as to holding as well as dealing in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016.

For Anil K. Sood & Company
Chartered Accountants
Firm Registration Number:

Sd/-

CA Anil Kumar Sood
Partner
Membership No. 086068

Place: Shimla

Date: 11/01/2019

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS

Forming part of auditors' report on the Standalone financial statements of Himachal Pradesh State Electricity Board Limited for the year ended on 31st March, 2017.

Referred to in Paragraph 1 of the report on Legal & Regulatory Requirements of Independent Auditor's Report of Even Date

(i) (a) The Fixed assets Register maintained is not as per Companies Act showing the complete details of cost, location, identification code, transfer write off, accumulated depreciation etc in respect of each individual items. The Fixed Assets register maintained at division level does not tallied with the sub head wise accounts of Fixed Assets maintained in the account statements.

(b) The assets have not been physically verified by the Company. Since the detailed records of Fixed assets at different locations are not maintained as prescribed, the question of comparison of Fixed Assets with book records and ascertaining the discrepancies out of physical verification does not arise and its impact upon accounts is not ascertainable.

(ii) (a) As explained to us, stores and spare, at all locations, has been physically verified. In our opinion, the frequency of physical verification is not reasonable and adequate.

(b) The procedure for physical verification of inventories followed by the management is not reasonable and adequate in relation to the size of the Company and nature of its business.

(c) The Company is maintaining proper records of inventory, i.e., Stores and spares. However, we were not provided with any report of physical verification, hence we are unable to comment on the same.

(iii) The Company has not granted any loans secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of Companies Act 2013.

(iv) (a) In our opinion and according to the information and explanations given to us, internal control system/procedures followed by the Company do not commensurate with the size of the Company and the nature of its business with regard to purchase of stores, Fixed Assets machinery or spare parts**. The Company has piled up stocks of Rs 5842.18 lacs (Previous Year Rs. 9384.13 lacs) as at 31st March 2017, out of which stock amounting to Rs 631.19 lacs (Previous Year Rs 615.25 lacs) which are more than five years old and has not been utilized till the close of the year.**

(iv) (b) **As regards our comments for the sale of goods and services the internal control over sale of power is lacking as reflected by high distribution losses in some operation circles**, **poor collection efficiency seen from rising level of debtors, non-classification of debtors into good, doubtful and bad, amount and not acting timely for recovery from permanently disconnected consumers and non-compliance of procedure for disconnection in case of default and non recovery of dues from government departments** .

(v) The company has not accepted any deposit from the public under section 73 to 76 of the Companies Act, 2013.

(vi) ***With pursuant to Rule made by the Central Government of India, the maintenance of cost* records *have been prescribed under Section 128 of Companies Act2013 in respect of Electricity Supply. The Company has not prepared cost records as prescribed.***

(vii) a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-Lax, service tax, duty of customs, duty of

excise, value added tax, cess and any other statutory dues with the appropriate authorities except the following dues which is in arrears for more than six months.

	Current Year	Previous Year	
Electricity Duty	**16102.08 Lacs**	**22525.40 Lacs**	
Municipal Taxes	**769.44 Lacs**	**557.36 Lacs**	
Labour Cess	**0.00 Lacs**	**0.00 Lacs**	
CPS Contribution	**0.00 lacs**	**0.00 lacs**	**Service**
Tax	**0.00 lacs**	**0.00 lacs**	

We further report that company has not transferred the GPF fund contributions to a separate trust or to EPF authorities as required by EPF Act 1956.(Refer para 3 of the Annexure III of main report of even date)

b) According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, excise duty and other cess were in arrears, as at 31.03.2017 for a period of more than six months from the date they become payable.

c) According to the information & explanation given to us, details of disputed dues of sales tax, income tax, custom duty, wealth tax, excise duty and cess which have not been deposited as on March 31, 2017 is Nil:

(viii) **The accumulated losses of the company cannot be quantified due to quantum of qualifications involved and non availability of information and disclaimer of our opinion.**

(ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders. The Company has opted for Financial Restructure Plan Issued by the Govt. of India where the short term loans issued by the Banks have been converted into long term loans.

(x) The Company has not given any guarantees for loans taken by others from banks and financial institutions hence the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.

(xi) The term loans have been applied for the purpose for which they were raised.

(xii) Based on audit procedures performed and information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year under review, nor have been informed of such case by the management.

For Anil K Sood & Company,
Chartered Accountants
Firm No. NR 007360 N

Sd/-
CA Anil Kumar Sood
Partner

Membership No. 086068

Place **:** Shimla
Dated : 11-01-2019

Himachal Pradesh State Electricity Board Ltd
(A state Govt. Undertaking)
{Auditor's Report}
REPLIES TO THE AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2017

OBSERVATION	REPLY
Independent Auditors' Report **To** **The Members of Himachal Pradesh State Electricity Board Limited.** **Report on the Standalone Financial Statements** We have audited the accompanying financial statements of **Himachal Pradesh State Electricity Board Limited, Shimla *("the Company")*** as on **31st March, 2017** which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information **Management's Responsibility for the Standalone Financial Statements** The management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility 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; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error **Auditor's Responsibility** Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which	Statement of facts, hence no comments are required.

are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion therefore we disclaim our opinion	
Basis for Disclaimer Opinion **1 Preparation of Financial Statements for the year under review:-** The financial statements are prepared as per Schedule III of the Companies act 2013 during the year under review The previous year's figures have been re casted and regrouped to comply with the	The financial statements of FY 2016-17 are consolidated on the basis of consolidated trial balances of Divisions/ Circles and Head Office. The balance sheet of Division level are prepared on

requirements of schedule III of Companies Act 2013. The Companies Act, 2013 gives great importance to the compliance of the accounting standards by the Companies as evident from Section 129(1) wherein it has been stated that financial statements shall comply with the accounting standards the first proviso to said section also states that the items contained in financial statements shall be in accordance with the accounting standards. The Company has not complied with all the accounting standards as reported separately in Para 24 of this report.	revised schedule duly audited by the Internal Auditors of the Company and shown to Statutory Auditors during the course of Audit. The figures of previous years have been re-casted and re-grouped to comply with the requirement of revised schedule VI and disclosed in significant Accounting Policies under Sr. No 1. In this regard, we would like to present our view on the same, particularly on the audit report on the standalone financial statements of HPSEBL. The CAG of India had certified the final accounts of the erstwhile HPSEB for FY 2010-11 by giving a true and fair view of the states of affairs with certain qualifications. The Accounts of the Company are being maintained as per old practice as such this is the 7th Balance sheet of the Company and most of changes in accounts have been done by the Management as per requirement of the Companies Act thus complete changes/ status of the accounts of the HPSBL have not taken place during the period under audit. 23 Nos Accounting standards have been complied out of 29 AS in force and most of others are also partly complied. The reasons for non compliance of revenue standards are primarily the fact that the accounts of the Company have been based on the provisions of Electricity Supply Accounts Rules, 1985. Caution has been taken to make appropriate disclosure either in the Accounting Policies or by the way of Notes to Accounts, so that the transparency aspect is duly taken care of. Neither mis-appropriation/ embezzlements have come to the notice of the Management nor pointed out by the auditors. Hence the versions of Auditors for non compliance of AS reported separately in Para 24 of the report on this basis of are not acceptable.
b) Consolidation of Standalone Financial Statements at Head Office Level and Circle Level We report that the erstwhile Board transferred it assets and liabilities to Company in accordance with "Transfer Scheme". There were certain balances which have not been reconciled/traced in subsidiary records maintained at Divisions/Sub-Divisions level (Refer Note 2.33 (B) (1). During the year under review Year wise /sub head wise balances were re casted on the basis of data received from the units and opening balances as on 01.04.2016 have been re confirmed from the units. After recasting these figures, a difference of Rs 1097336423/- in the consolidated	The erstwhile H. P. State Electricity Board was unbundled through a transfer schemes notified by the Govt. of H.P. vide order dated 10.6.2010 under which the undertaking assets , properties, liabilities, proceeding and personnel of erstwhile HPSEB which stand vested in Govt. of H. P. have been transferred to the HPSEBL and the Company started its operations *w.e.f.* 14th June, 2010. The Accounts of erstwhile HPSEB were audited by the CAG of India and audited figures of FY 2010-11 (1.4.2010 to 13.6.2010) of erstwhile Board have been transferred to HPSEB Ltd. books of accounts.The CAG of India had certified the final

books of Accounts and divisions Books of Accounts of HPSEBL remains, Which was written Back with due approval of Board. The net results of Write Back were transferred to Other Prior Period Income in A/c Head(65.8).This income was shown as other income in Note 2.24 of Profit and Loss Account. In Our Opinion Such Income has not occurred in Normal Course of Business and as such this should be depicted as an extra ordinary Item in Financial Statements (Profit & Loss Account). In Our opinion Extra Ordinary Item is understated and Other Income is overstated to extent of Rs 10973.36 Lak

Main Heads	Debit, (-) Credit	Debit (Credit)
Reserves and Surpluses		
Contributions, grants and Subsidies Towards Cost of Capital Assets	-2,664.21	-2,664.21
Reserves	-266.70	-266.70
Profit & Loss account	-76,068.73	-76,068.73
	-78,999.64	-78,999.64
Other Long term Liablilities		-
Deposits for electrification, service connection, etc.	439.18	439.18
	439.18	439.18
Trade Payables		-
Liability for Capital Supplies/Capital Works	-	-
	-	-
Other Current Liabilities		
Liability for O&M Supplies/Works		
Staff Related Liabilities & Provisions	-166.15	-166.15
Other Liabilities and Provisions	102.35	102.35
Deposits for Electrification, Service connection etc.	-8,535.82	-8,535.82
Security Deposits from Consumers	-3,973.14	-3,973.14
	-12,572.76	-12,572.76
Tangible Asssets		-
Fixed Assets	841.79	841.79
Capital Expenditure Resulting in An Asset Not Belonging To the Board	-	-
Depriciation	-	-
	841.79	841.79
Capital work in progress		-
Capital Works in Progress Accounts.	-9,617.34	-9,617.34
Contracts – in-progress	182.93	182.93
	-9,434.41	-9,434.41
Long term Loans and Advances		-

accounts of erstwhile HPSEB for FY 2010-11 (1.4.2010 to 13.6.2010) as true and fair.
Besides, the management has formed a Committee to reconcile the differences in balances of books of accounts of Divisions, Circles and HO and provide training to Accounts Personnel up to Divisional level for preparation & Mtc. of Ledgers & subsidiaries records/Journal Ledgers during FY 2015-16 as per requirement of Companies Act.

The subsidiary records maintained at Divisions/Sub-Divisions are being updated by the Units. Opening balances as on 01.04.2016 have been re confirmed from the units. After recasting these figures, a difference of Rs 109,73,36,423/- in the consolidated books of Accounts and divisions Books of Accounts of HPSEBL remains, which was written Back with due approval of Board and charged to P&L A/c as per the Accounting policy of the Company. As regards, the version of auditors to charge this amount Extra Ordinary Item are not acceptable being these are prior period error & omission in the accounts. However, complete disclosure has been made in Notes to Accounts 2.33 (B) (1). Hence the pare may be dropped.

Advances to Suppliers/ Contractors-- (Capital)	143.19	143.19	
Sundry Receivables	6192.26	6192.26	
	6,335.45	6,335.45	
Other non current Assests		-	
Assets not in use	180.59	180.59	
Deferred revenue expenditure	3509.18	3509.18	
	3,689.77	3,689.77	
Inventories		-	
Stock and Related Accounts.	58.71	58.71	
	58.71	58.71	
Trade Recivables		-	
Sundry debtors for sale of power	2749.53	2749.53	
	2,749.53	2,749.53	
Cash and Cash Equivalents		-	
Investments Against Funds	76.32	76.32	
Cash and Bank	-120.57	-120.57	
	-44.25	-44.25	
Short term Loans and Advances		-	
Advances to Suppliers/ Contractors-- (O & M)	97.97	97.97	
Other Loans and Advances	-72.87	-72.87	
	25.1	25.1	
Other Current Assests		-	
Inter Unit accounts	86,911.53	86,911.53	
Total	86,911.53	86,911.53	
Grand Total	-	-	

2 Share Capital (Note 2.1)

In terms of provisions of Sec. 143(1) of the Companies Act, 2013 we report that the Company has allotted 4998600 Equity) shares of ₹. 100/- each for cash at par, and Share Application Money Pending Allotment amounting to ₹ 50000 Lakhs arrived during the year was utilized for allotment of equity Shares.

Statement of facts, hence no comments are required.

Share Application Money was originally worked out at the time of "Transfer Scheme "in respect of assets and liabilities of Board transferred from HP State Government to the Company and the difference of ₹ 39,653 lacs has been recognized and recorded as share application money pending for allotment of equity shares to Himachal Pradesh Govt.

As reported in previous year Audit report, due to errors and incorrect consideration of accumulated losses assets in aggregate amounting to ₹. 7,48,893 lacs and liabilities amounting to ₹. 7,59,752 lacs has been transferred and a sum of ₹. 10,859 lacs is recoverable from HP Govt. whereas share application money of ₹. 39,653 lacs pending for allotment to HP Govt. has been disclosed in financial statements and that an accumulated loss also includes losses of ₹ 50,512 lacs pertaining to the tenure of Board.

In reply to this para it is submitted that the matter regarding settlement of opening balance of the Company is under active consideration and after obtaining of the approval of Competent authority necessary action in this regard shall be taken accordingly.

The same is summarized as under:

Amount ₹. In lacs

	Balance as on 13/06/2010	Amount not to be considered	As per transfer scheme
Net Fixed assets	387,461	-	387,461
Capital expenditure in progress	107,927	-	107,927
Assets not in use	625	-	625
Deferred costs	12,706	-	12,706
Investment	196,567	57,524	139,043
Subsidy receivable from Govt.	4,970	-	4,970
Current Assets	96,161	-	96,161
Total Assests	**806,417**	**57,524**	**748,893**
Less Liablities			
Security from consumers	21,965	-	21,965
Other current liabilities	192,124	-	192,124
Borrowing for working capital	82,887	-	82,887
Payment due on capital liabilities	32	-	32
Capital Liabilities	225,629	-	225,629
Funds from state Govt.	7,749	-	7,749
Spl. ways and means advance on a/c of natural calamity relief	49,808	-	49,808
Contributions, grants and subsides towards cost of capital assets	95,014	-	95,014
Equity share of HPSEB in its own projects	57,524	57,524	-
Reserves and reserves funds	84,543	-	84,543
Total Liabilities	**817,276**	**57,524**	**759,752**
Amount recoverable from Govt. of HP	10,859	-	10,859

Therefore as opined by previous auditor the deficit in profit and loss statement, share application money pending for allotment was overstated to the extent of ₹. 50,512 lacs and ₹. 39,653 lacs, respectively and other non-current assets (*amount recoverable from HP Govt.*) was understated to the extent of ₹. 10,859 lacs.

Since no compliance was made to the above mentioned Audit para of previous we are of opinion that the deficit in profit and loss statement was overstated to the extent of ₹. 50,512 and equity Subscribed and Fully Paid-up Share capital was overstated to the extent of ₹ 39653.Lacs and other non-current assets (*amount recoverable from HP Govt.*) was understated to the extent of ₹. 10,859 lacs

3 Reserves and Surplus (Note 2.2) **a) Capital Reserves/Capital Grants from GOHP & GOI**	
i) During the year under review the Company has Amortized Rs 6139.95 Lakh on the assets created from Government Grants and Consumer Contribution. The Amount of Amortization has been arrived at after applying the Depreciation Rates on the cost of such assets on yearly basis as per the accounting policy on depreciation refer Note 2.33 (A) 8 .The Company has no system in Place where the assets can be identified as if these were created from Government Grants / Consumer Contribution. There is no Fixed Assets Register from where the cost of these assets along with date of it being put to use can be verified. The company has arrived at the cost of these assets on Adhoc basis where it has capitalized the Grant received to particular year in which it was received without verifying the actual creation of the assets and without having sufficient records to verify the actual cost of bringing the asset to use along with the date of it being put to use. It was also observed that in many Divisions the amount of Consumer Deposits was not transferred from Account Code 47 to Account Code 55 in the absence of Completion certificates therefore assets created from government grants are subject to confirmation. As such the depreciation worked out is subject to confirmation and in our opinion reserves and surplus are understated and profit is overstated to the extent of Rs 6139.95 Lakh.	In order to comply the AS 12, the deprecation on Assets acquired out of subsidies / grants & consumers contribution has been charged to P&L accounts and reduced to the extent of grants/ subsidies while computing the deprecation during this year and amount amortized has been treated as Revenue income disclosed in Notes 2.33 (A) 8. The Fixed Assets Register are being updated by the Company through Retired Accounts personnel and the cost of these assets along with date of its put to use can be shown to the Audit next year. As regards non transfer of deposits amount to consumer contribution accounts by the many Divisions the same can not specified the names of Divisions where such lapse has been found by them. Hence para may be dropped.
(ii) Assets created from loans under Government Schemes. Refer Note 2.33(A)14 The Company and erstwhile Board have created assets under various Central Government and State Government schemes financed by government agencies. The assets created from such schemes are subject to reconciliations and confirmations. The Company has not disclosed the nature and extent of government grants recognized in the financial statements including grants of non monetary assets given at a concessional rate or free of cost. Asset corresponding to this reserve is un-identified and also depreciation on such asset is subject to reconciliation.	In reply to this para, it is submitted that sufficient detail of assets created from loans and Govt. grants is available with Divisions. However, efforts are being made to reconcile the assets created from Central/ State Govt. Grants.
b) Deficit in Profit and Loss Statement The company has transferred the accumulated profit and loss of the erstwhile Board amounting to ₹ 50,512 lacs as on 13th June 2010 as accumulated profit and loss of the company (*also refer para 4 of this annexure*). In our opinion the Deficit account is overstated to the extent of above also refer para 2 of this report.	In reply to this para, it is submitted that matter in this regard is under consideration and accumulated loss of the erstwhile Board shall be adjusted with opening capital reserve of the Company. As and when a decision competent authority arrived, the necessary adjustment shall be made accordingly.

4 Share Application Money Pending Allotment (Note 2.3) It was observed that the Company has shown an amount of Rs 1.40 Lakhs as Share application Money pending for allotment. The period for which share application money has been pending beyond the stipulated period for allotment along with reason for delay should be disclosed. The Company has Not Made Any Such Disclosure. During the year under Review the Company has Received total amount of Rs 50000.00 Lakh for Allotment of Share Capital on 3 occasions however the Company has not made the allotment of Shares within the time stipulated for allotment.	In reply to this para, it is submitted that an amount of Rs 1.40 Lakhs as Share application Money pending for allotment was recoverable and share for the same has been issued during FY 2017-18 after the approval of BODs. Hence para may be settled.
5 Long Term Borrowings (Note 2.4) **a)** The Company has not complied with the requirements of revised schedule III of Companies Act 2013 in respect of disclosure requirement Long term Borrowings in:- - Classification of Long Term Borrowing as. (i) Nature of security was not specified separately in each case of Secured Loans. (ii) Bonds (along with the rate of interest and particulars of redemption or conversion, as the case may be) was not stated in descending order of maturity or conversion, starting from farthest redemption or conversion date, as the case may be. Where bonds/debentures are redeemable by installment, the date of maturity for this purpose must be reckoned as the date on which the first installment becomes due. (iii) Particulars of any redeemed bonds/debentures which the company has power to reissue was not disclosed.	The Financial Institution wise Capital Liabilities, repayment period of long terms borrowing, each loan wise statement and rates of interest has been disclosed in Notes to Accounts against Sr. No 2.33 (B) 36. The Nature of security & Hence Bonds (along with the rate of interest and particulars of redemption or conversion, as the case may be) in descending order of maturity or conversion, starting from farthest redemption or conversion date, shall be incorporated in Notes to Accounts from next year. Hence, para may be dropped.
b) Loans under APDRP Schemes Part A and B i) The company has taken loans from APDRP(Part A) scheme amounting to ₹ 3149.82 (*previous year* ₹ 3,529.60) towards 100% financing of its approved projects which is subject to a condition requiring that projects to be completed within five years (extended up to 31st March 2017) of the awards with 100% conversion of loan along with interest into grant else otherwise the same will be treated as loans and interest will be paid on them.	Statement of facts, hence no comments are required.
ii) The company has taken loans from APDRP (Part B) scheme amounting to ₹ 21608.95 lacs (previous year ₹ 12585.00 lacs) towards 100% financing of its approved projects which is subject to a condition requiring that projects to be completed within five	Statement of facts, hence no comments are required.

years (extended up 30th September 2017) of the awards with 100% conversion of loan along with interest into grant else otherwise the same will be treated as loans and interest will be paid on them.	
(iii) The sanction letter stipulates the moratorium of principal and interest during moratorium period. The Company has made provision for the interest on loan amounting to ₹ 9600.40 Lac *(P.Y ₹ 7541.15* Lac) lacs in the books of account on provisional basis up to 31st March 2017 and the same is subject to confirmation. Refer Note 2.33 (B)9.	The provision of interest shall be made during current financial year. The Company has requested State Govt. time and again to finalize the terms and conditions of the loan under RGGVY schemes so that payment of interest thereon could be made.
c) **Loans under ADB though GOHP Scheme** The Company has taken loan under the scheme from the state Government under ADB Loan amounting to ₹ 1219.80 lacs (*previous year* ₹ 1163.15 *lacs*). The government has not yet provided the terms and conditions of the loan and the payment of interest thereon.	The State Govt. has not provided the terms and condition of the Loan and payment of interest thereon. However interest has been provided against this loan during FY2015-16 in average basis.
d) Financial Restructuring Plan The Company has restructured loan under UDAY in Bond/Long term Loans Rs 1235.41 Crore against Rs 1462.50 approved by State Govt, Under FRP. The Loan of Rs 227.09 are yet to restructured under this Scheme, in terms of Minister of Power Scheme dated 05-10-2012.Beside this the Company has implement UDAY Scheme and Converted into Bonds .RBI has issued 75% UDAY bonds for Rs 2890.50 Cr dated 28.02.2017 on Behalf of GOHP and same has been transferred into the accounts of lenders of HBSEBL on 01.03.2017. Further, coupon rate from 7.49% to 8.19 % for different lot size with different maturities and therefore average rate of 7.85% P.A has been taken into consideration for calculating annual saving on interest rate which comes to Rs 91.32 Cr. Refer Note 2.33(b) 37.	The same disclosure are already mentioned note no (2.33(B)(37) and auditor has been reported same . Hence, para be deleted.
6 Other Long Term Liabilities (Note 2.5) **a) Deposits, Retention Money from Contractors and Others** We report that , an amount of Rs.7809.03 appeared as Deposit in Shape of Deposits, Retention Money from Contractors and others. Accompanying schedules and details in Subledgers for the same was not provided to us. These Balances are subject to confirmation and reconciliation at Divisions and Unit level. In the absence of complete information we are unable to comment on the Current and Non Current Portion of these deposits and Retention Money. Internal Controls in respect of such deposits seems weak and Subsidiary records to verify the same were inadequate at unit levels.	The relevant record of customer-wise Security Deposit and interest payable thereon is available in Operation Circle/ Sub Divisions of the Company. As regards confirmation of balances outstanding, the Units have been directed to reconcile the outstanding balances of security deposit of the consumers.

b) Amount payable for Employees Provident Fund (GPF)

We report that, contribution towards Provident Fund collected from employees have been retained and invested in Fixed Deposits with Banks by the Company. The Company has neither obtained registration with `Employer's Provident Fund Authorities' nor exemption for creation of Trust as specified in Employer's Provident Fund Act, 1952 and scheme framed there under. The Company has shown the same under other long term liabilities after netting off the investment made in the banks on account of GPF investments.

The amounts payable/ recoverable to employees GPF are subject to reconciliation and confirmations.

During the year under review, the Company has neither made own contribution nor has made provision for same in these financial statements. The amount of contribution of employer's share is subject to confirmation by Company.

The following is the position of Assets and Liabilities of the employees GPF at the close of the year and should be transferred to a trust and separate accounts of the same should be prepared as the same is not part of the accounts of the Company.

	Amount in lacs	
	Current Year	**Previous Year**
Assests		
Investments in Fixed deposits of Banks	102,433.51	112,364.72
Interest Accured on Investments	2,519.92	3,164.40
Recoverable from HPSEB Limited	22,460.48	14,129.78
	127,413.90	**129,658.90**
Liabilities		
Members Account	127,918.75	132,147.24
Excess of Expenditure over Income	-	-
Payable to HPSEB Limited	-	-
	504.85	2,488.34
	127,413.90	**129,658.90**

We further report that liabilities and corresponding assets transferred from Board to Company have not been deposited with EPF or Trust. In terms of information and explanations given to us, the Company has accumulated total contribution of ₹ 127413.90 lacs *(previous year ₹.* 129658.90 lacs*)* and has deposits there against a sum of *₹ 104953.43* lacs *(previous year ₹. 115529*.12 lacs) which has resulted in amount recoverable form company

It is submitted that Govt of H.P. vide Notification No MPP-A (3)-1/2001-IV dated 10.6.2010 under Sr. No 5 (9) states that " all statutory and other schemes and employment related matter including the provident fun, gratuity fun, Pension, leave encashment and any other superannuation fund or any other special fund created or existing for the benefit of the personnel, the HPSEB Ltd shall stand substituted for the Board for all purposes and all the right powers and obligation of the Board in relation to any and all such matter shall become those of the HPSEBL. The services of the personnel shall be treated as having been continuous for the purpose of application of this sub rules".

HPSEBL has developed the GPF utility programs for maintaining the GPF record of the HPSEBL and all balances are reconciled and displayed online basis in the HPSEBL website for information of subscribers. Employee appointed on or before 14.5.2003 is covered under GPF (CS) Rule, 1960 and under this rule there is no need to made Employers share contribution/provision of equal amount of employee contribution for subscribers of GPF under GPF Rules.

The Company is paying interest to GPF subscribers as per the rate fixed by the Govt.. of H.P. and the fund is maintained by HPSEBL and there is no separate fund/ trust for the same as such the excess interest earned on investment is Company income and less interest is expense of the Company . We do not concur with the version of the auditor that less interest accrued do not relate to the operations of company due to the peculiar position explained above.

The needful in this regard are being made and GPF Trust has been registered with the competent authority & exemption from Income Tax department gas been obtained.

In view of above, the GPF (not EPF) of employees is maintained by the Company at own level. The GPF corpus of employee is invested in FDRs to safeguard the interest of employees as per direction of HPERC. All the employees of HPSEBL are satisfied with retention of their GPF corpus with Trust. As such, para may be dropped.

amounting to ₹ 22460.48 lacs. In our opinion, the said assets and liabilities do not relate to Company and sum of ₹. 22460.48 lacs is payable to General Provident Fund (GPF).

We further report that the Company has obtained Overdraft facility of ₹ 12240.28 lacs. (Previous year ₹ 69351.17 lacs) against GPF Fixed Deposits which has been utilized for operations .Refer Note 2.33(B)(28) .

We further report that during the year under review a sum of ₹ (504.85) Lacs (*previous year* ₹ 2488.34 *Lacs*) has been debited to interest received on investments i.e. Deficit of (interest received on deposits and interest paid to members on GPF) in our opinion, the said deficit interest do not relate to the operations of company.

We report that company has shown the amounts in the balance sheet as under different head:-

	Amount in lacs	*Current Year*	Previous Year
Amount payable to GPF Fund	Other Long term Liablities	25,485.25	19,782.52
Income on investments	Income/ Interest Paid	-504.85	-2,488.34
Interest Accured on FDR	Short Term Loans and advances	2,519.92	3,164.40
Net Recoverable/Payable		22,460.48	14,129.78

The overall impact of the above is that long term liabilities are overstated to the extent of ₹25485.25 Lacs,(*Previous year* ₹ 19782.52 *lacs*) income is understated to the extent of ₹ 504.85 lacs (*Previous year understated ₹ 2488.34* lacs) and correspondingly the short term advances are overstated to the extent of ₹ 24980.40 lacs.(Previous year ₹ 17294.18 lacs)

We further report that the above amount payable is of current nature and should be shown under current liabilities. Thus Current liabilities and Short Term Loan & Advances are understated to the extent of ₹ 22460.48 Lacs (*Previous year*₹ 14129.78 *Lacs)*.

c) Non refundable advances from industrial consumers for infrastructure development charges

The erstwhile HPSEB and the company have received Non refundable advances from industrial consumers for infrastructure development charges from consumers. The company has received ₹ 16242.68 lacs (*previous year* ₹ 17404.28 lacs*)* under the above head up to 31st march 2017. In our opinion the other long term liabilities are overstated to the extent of above as they are not payable to the

In reply to this para it is submitted that the amount of NRA from industrial consumers for infrastructure development charges is collected as per the notification of HPERC and credited to this account. This amount is initially credited to this account as capital receipt for specific work. On completion of the work, the expenditure is transferred from CWIP to fixed assets after adjusting the NRA (Non

consumers and is part of the revenue of the company and income of the company is understated to that extent.	refunded advances) from the consumers as per guidelines in this regards. Hence para may be settled.
d) Funds From ASIDE The funds received from ASIDE are subject to confirmation and reconciliation. The assets created from the ASIDE funds have been fully completed and the amount has not been transferred to the reserves for want of completion certificates from the divisions concerned. The reserves are overstated and long term liabilities are overstated to that extent. In the absence of complete information, the amount could not be quantified.	The concerned units have been directed to reconcile the funds received against ASIDE and confirmation in this regard shall be shown to the audit in the next year.
7. Long Term Provisions **(a) Leave Salary Payable** The Company has not made provision of Leave salary payable to present employees as per the requirements of **AS15- Accounting for Employees Benefits** issued by **The Institute of Chartered Accountants of India.** As explained by the Company the estimated liability on account of leave salary at end of the year is ₹ 51429.39 Lacs (P.Y ₹ 54426.35lacs) against which the company has created reserve fund of Rs 5595.04 lacs. (P.Y ₹ 3085.77 lacs) .Thus in our opinion the long term provisions are understated and Income is overstated to the extent of ₹ 45834.35 Lakhs (P.Y ₹ 50281.56 lacs).	The company has decided to make provision of 2% from FY 2013-14 on ward to meet the requirement of AS-15. However, a complete disclosure in this regards has been made in Notes to Accounts 2.33 (A) (14).
(b) Gratuity Payable to Employees The Company has not made provision of gratuity payable to present employees as per the requirements of **AS15- Accounting for Employees Benefits** issued by **The Institute of Chartered Accountants of India.** As explained by the Company the estimated liability on account of leave salary at end of the year is ₹ 69938.15 Lakhs (previous year ₹64535.45 lacs) against which the company has created provision of Rs. 4114.36 (previous year ₹ 4197.80 lacs). Thus in our opinion the long term provisions are understated to the extent of ₹.65823.79 Lakhs (previous year ₹ 60337.65 lacs.)	The company has decided to make provision of 2% from FY 2013-14 on ward to meet the requirement of AS15.However, a complete disclosure in this regards has been made in Notes to Accounts 2.33 (A) (14).
(c) Pension Payable to Employees The Company has not made provision of pension payable to present employees as per the requirements of **AS15- Accounting for Employees Benefits** issued by **The Institute of Chartered Accountants of India.** As explained by the Company The estimated liability on account of leave salary at end of the year is ₹ 166659.91 Lakhs (Previous Year –₹.40035.15 Lakhs) against which the company has	The company has decided to make provision of 2% from FY 2013-14 on ward to meet the requirement of AS15.However, a complete disclosure in this regards has been made in Notes to Accounts 2.33 (A) (14)

<table>
<tr><td>created provision of Rs 4526.25 (Previous Year ₹. 3394.69 Lakhs). Thus in our opinion the long term provisions are understated to the extent of Rs.162133.66 Lakhs.</td><td></td></tr>
<tr><td>8 Short Term Borrowings(Note 2.7)

Overdraft and Cash Credit from Banks

References invited to note no 2.33(B)(24) where the Company has obtained Overdraft facility/ Loans of ₹ 12240.28 lacs (previous year ₹ 69351.17 lacs) against GPF Fixed Deposits which has been utilized for operations refer Note 2.33B (28).</td><td>The relevant disclosure has already been disclosed in notes to accounts in Note No 2.33 (B) (24) and auditor has also been reported same. Hence the same is not acceptable and para be dropped.</td></tr>
<tr><td>9 Trade Payables (Note 2.8)

Liability for Purchase of Power

It was observed that SL&D Section did not prepare reconciliation of Late Payment Surcharge (LPS) in respect of all parties. Therefore amount of LPS included under the head “Liability for purchase of Power” is subject to reconciliation & confirmation. Party wise reconciliation regarding purchase of power was not produced before us. In the absence of party reconciliation statement, the balances of parties for purchase of power and purchase of power is subject to reconciliation.</td><td>In reply to this para, it is submitted that party wise accounts were under reconciliation at the time of finalization of accounts for FY 2016-17 and sufficient information was shown to the Auditor during the course of audit. The corrective measure for reconciliation of Late Payment Surcharge (LPS) shall taken in FY 2017-18 and proper party wise reconcile shall be shown to the Auditor during next audit. Hence para may be settled.</td></tr>
<tr><td>10 Other Current Liabilities (Note 2.9)
a) Interest accrued and due Term Loans
The above also includes the interest earned on surplus RGGVY and ARDRP Funds the details of the same is as under:
<table><tr><td></td><td></td><td>Amount In lacs
Current Year</td><td>Previous Year</td></tr><tr><td>Interest Accured and Due RGGVY Funds</td><td>46.127</td><td>58.64</td><td>56.78</td></tr><tr><td>Interrest Accured and Due APDRP Funds</td><td>46.128</td><td>2,839.99</td><td>2,839.93</td></tr><tr><td></td><td></td><td>2,898.63</td><td>2,896.71</td></tr></table>The company has shown the interest accrued on surplus funds from the RGGVY fund and APRDP funds as current liabilities as it has been explained to us that the interest earned will be paid back to the agencies as and when they demand it. In our opinion the loans are for long term period and the interest due will be part of Long term loans. Out of total amount as depicted above ie Rs (2898.63) Rs 2845.86 was treated as Long term Liability whereas Rs 52.77 Lakhs was treated as Other Current Liability. Thus in our opinion the interest due will be of the nature of</td><td>In reply to this para, it is submitted that interest earned will be paid back to the agencies as and when they demand it and as per terms there is no specific date to return the same. Therefore it can not be considered the long term liability and version of auditor to consider it long term liabilities does not hold good. Hence para may be dropped.</td></tr>
</table>

other long term liabilities as a result the other current liabilities are overstated and long term liabilities are understated to the extent of *52.77* lacs.

(ii) **Interest Payable APRDP Loans (Code 46.734)**

The company has shown ₹ *7541.15* lacs as interest accrued on APRDP part A and B loan up to 31st March 2016 and the same has been shown as current liabilities. In our opinion the interest payable is of long term nature as the same relates to the moratorium period of the loan. Thus other current liabilities are overstated and long term liabilities are understated to the extent of ₹ 7541.15 lacs. Refer Note No. 2.33 B (10).

In reply to this para, it is submitted that interest earned will be paid back to the agencies as and when they demand it and as per terms there is no specific date to return the same. Therefore it can not be considered the long term liability and version of auditor to consider it long term liabilities does not hold good. Hence para may be dropped.

b) Liability for Purchases Capital and Others

(i) The above account code shows a sum of ₹ 17194.61 lacs payable as liability on account of capital materials O & M Supplies/ Works. The Subsidiary record in respect of the below mentioned accounts codes at division level is not reconciled. The above liabilities are subject to confirmations from the Parties .In the absence of information we are unable to comment on the old liabilities which are not payable and have to be charged to revenue. The following are the details of the above:-

The outstanding liability shown on accounts of capital material /O&M suppliers/ works are current in nature , sufficient information are available in our Division and in our view does not include outstanding not payable to be charged to revenue. However, same shall be scrutinized for appropriate action.

Particulars	A/c Code	Current Year	Previous Year
Liabilities for supply of Materials/Works – Capital	42.1	2845.54	773.31
Liability for supply of Material / Works – O&M	43.1	6617.98	11,956.26
Stale Cheques	46.91	1193.90	2,257.32
Unclaimed Credit Balances	46.929	101.57	170.50
	46.93	0.00	33.22
Provision for Outstanding Cheques	46.94	0.00	9,602.15
Suppliers/Contractors Control A/c	42.2	4962.37	1942.05
Provision for Supply of Materials-Works	42.3	0.00	22.27
Sundry Creditors/ Contractors Control A/C – O&M	43.2	-28.50	943.98
Provision for supply of Materials -- works – Capital	43.3	68.01	68.01
Provision for doubtful loan & Advances	46.950		26.28
Amount received in Advance for which services have to be rendered	46.934	1351.54	
Advance received for sale of Stores, scrap etc.	46.922	31.59	36.18
LED Bulb amount Payable EESL	46.301	50.61	1.89
Total		**17194.61**	**27,833.42**

<table>
<tr>
<td>(ii) It has been observed that divisions charge full liability of the bills of the suppliers when the materials are received. However in some case the bills are not fully passed by the Head Office and certain deductions on account of liquidity damages and price differences etc. from the final bills is being made. All such deductions which are done by the Head Office and not accounted for by the divisions may affect the other current liabilities and income of the company. In the absence of information we are unable to comment on the same.</td>
<td>In reply to this para, it is submitted that divisions book full liability of the bills of suppliers when the material is received, as per accounting procedure adopted by the Company. The deduction made by the head office on account of LD is revenue income of the Company and charged to concerned head of accounts. The Auditor has not specifically mentioned the name of the unit in which this has not accounted for such type of differences. Hence para may be dropped.</td>
</tr>
<tr>
<td>(iii) In certain cases the payment of bills of the suppliers are to be made in phases on some percentage basis and will not be due at the end of the financial year. The Divisions has booked the bills with the full amount and no bifurcation has been made for current and noncurrent liability. In the absence of the information we are unable to comment on the same.</td>
<td>The point has been noted for future compliance in FY 2017-18.</td>
</tr>
<tr>
<td>c) Earnest Money Deposits from Suppliers and Contractors.

The above account code shows a sum of ₹ 2349.77 lacs (Previous Year ₹ 2,159.61 Lacs) payable as earnest money deposits from suppliers and contractors. The subsidiary records in respect of above are pending for reconciliations at division level.

<table>
<tr><th>Particulars</th><th>A/c Code</th><th>Current Year</th><th>Previous Year</th><th>Previous Year</th></tr>
<tr><td>Earnest money deposits – capital</td><td>46.103</td><td>1753.10</td><td>1,409.65</td><td>1,195.23</td></tr>
<tr><td>Earnest money deposits – O&M</td><td>46.123</td><td>596.67</td><td>749.95</td><td>769.74</td></tr>
<tr><td></td><td></td><td>2349.77</td><td>2,159.61</td><td>1,964.97</td></tr>
</table>

In the absence of reconciliations we are unable to comment on the authenticity of the amount payable. In A/c Code 46.926 Public Works Misc. Deposit Opening Balance was taken as Dr Rs 760010.00 and during the year Rs. 976698/- was credited thus closing balance of Rs. 216688/- cr was arrived at. Since opening balance taken was negative thus in our opinion other current liabilities is understated to the extent of Rs 760010.00. It was also explained to us that opening balance in this code was regrouped.</td>
<td>The Company is making efforts to reconcile the amount of EMD from subsidiary books of accounts and the reconciliation shall be shown in current financial year.</td>
</tr>
<tr>
<td>d) Electricity Consumptions Tax levied payable to MCs/NACs- A/c Code 46.2
The above account code shows a sum of ₹ 1081.69 lacs (previous year ₹ 950.66 lacs) payable to different Municipal corporations and NAC as at 31st March 2017. It has been observed that certain amounts are also recoverable from them on account of energy dues and the above account has not been netted off with amount recoverable from them. Thus other current liabilities are overstated to the extent of above. Please refer para 19(A) 5 of the report of this report.</td>
<td>In reply to this para, it is submitted that amount of Rs. 1081.69 Lac is payable to MOC & NAC as on 31.3.2017 which are being paid regularly as per realization to MC/NAC by the field Units. The amount of energy charges can not be netted off with the amount payable to MC/NAC because adjustments are relating to different MCs/NACs pertaining to various Divisions/sub-divisions of the Company. Hence, the version of auditor is not acceptable and para may be dropped.</td>
</tr>
</table>

e) Sundry Creditors for Expenses The above account code shows a sum of ₹ 1450.05 lacs (previous year ₹ 1068.11 lacs) payable to different parties is subject to confirmation as at 31st March 2017. In the absence of information we are unable to comment on old liabilities which are to be charged to the revenue and may affect profit and loss account and the balance sheet.	The detail of this expense is available with all DDOs of the Company and these liabilities are recurring in nature and discharged regularly. Therefore, these not old liabilities. However, the same shall be scrutinized in detail and appropriate action shall be shown during the audit of current financial year.
f) Liability on account cheques outstanding others/ stale Cheques (A/c code 46.910) The company showed a sum of ₹ 1193.89 lacs (previous year ₹ 2257.32 lacs) under the Head stale cheques. No information in respect of the same has been provided by the company. In our opinion the other current liabilities are overstated and income is understated to sum of ₹ 1193.89 lacs.	Necessary rectification is being done in FY 2017-18 accounts. Hence para may be settled.
g) Deposits for Electrification Services Connections Account The above account code showed a sum of ₹ 39863.36 Lacs (previous year ₹ 50405.58 lacs) on account of deposit amount received from consumer for **Electrification Services Connections** and other charges as at 31st March 2017. The company has not provided the details of the amount received under different sub heads under above head. As per the practice of erstwhile board the amount kept under this head is transferred to grants and subsidies head when the work of the assets to be created from deposit work is completed. The subsidiary records at the divisions level is pending for reconciliation as at 31st March 2017. We have not been provided with the following information's by the Divisions.	The complete Sub Head wise detail of amount deposited for Electrification services connection are available in all Electrical Divisions of the Company and the amount received under sub head 47.320 NRA from industrial consumers for infrastructure development charges is being regulated as per HPERC directions and shall be rectified/ adjusted in next year accounts accordingly.
1. The details of those works where the work has been completed and the amount from deposit has not been transferred to the consumer contribution towards the cost of the capital assets.	The instructions for accounting of departmental charges and deposit works have been issued to all concerned and reconciliation shall be done in next financial year. No specific unit has been mentioned by the Auditor as such no specific comments can not be offered.
2 The details of the parties from whom full amount has not been received for the deposit work completed till 31st March 2017.	Point has been noted for compliance and such type of liability shall be treated as Non current liability in the next year.
3 The details of the parties from whom full amount has not been received but no work has been done till 31st March 2017.	Point has been noted for compliance and such type of liability shall be treated as Non current liability in the next year.
(i) It has been observed that in some divisions the consumers has deposited only the departmental charges and deposit work has been done by the consumer by their own. The charging of the departmental charges to revenue and charging of the value of fixed assets created and creation of reserves is subject to confirmations and reconciliations.	No specific unit has been mentioned by the Auditor as such no specific comments can not be offered

(ii) The deposits received under this head are for capital works and in our opinion the deposits are also of long term nature. Thus other current liabilities are overstated and other long term Liabilities was understated to the extent of ₹ 39863.36 lacs.	No specific unit has been mentioned by the Auditor as such no specific comments can not be offered
h) Unclaimed Credit Balance A/c code 46.929 The Company is showed ₹ 101.57 lacs (previous year ₹ 170.51 lacs) as unclaimed credit balance as at 31st March 2017. The company has not provided information in respect of the same. In our opinion the time barred credit balance should be charged to revenue.	The above amount was misclassification and correction has been made in FY 2016-17 accounts by the SE (OP) Circle, Solan which has been rectified in FY 2017-18 accounts . Hence, Para may be settled.
i) GPF Deduction Payable to other Account offices Account Code 44.411 The above account code shows debit balance of Rs *₹ 38.04 Lacs* for which no information and explanations has been provided to us. In our opinion the current liabilities are understated and income is overstated to the extent of above.	The information with regards deduction of employee are available with all DDOs and no specific Units name has been mentioned by the auditors The version of the auditors in this regards are not acceptable. Hence para may be dropped.
j) Account code 44.413 Employees contribution towards GIS) The above account code shows debit balance of *₹ 4.06 lacs* for which no information and explanations has been provided to us. In our opinion the current liabilities are understated and income is overstated to that extent.	The information with regards deduction of employee are available with all DDOs and no specific Units name has been mentioned by the auditors The version of the auditors in this regards are not acceptable. Hence para may be dropped
k) Account code 44.419 (Board contribution towards CPS- Employee on deputation with HPSEB Ltd.) The above account code shows debit balance of Rs.0.12 for which no information and explanations has been provided to us. In our opinion the current liabilities are understated and income is overstated to that extent.	The information with regards deduction of employee are available with all DDOs and no specific Units name has been mentioned by the auditors The version of the auditors in this regards are not acceptable. Hence para may be dropped
l) Account code 44.416 Board contribution towards CPF Employee on deputation) The above account code shows debit balance of *₹ 1.60 lacs* for which no information and explanations has been provided to us. In our opinion the current liabilities are understated and income is overstated to that extent.	The information with regards deduction of employee are available with all DDOs and no specific Units name has been mentioned by the auditors The version of the auditors in this regards are not acceptable. Hence para may be dropped
m) Account code 44.418 (Board contribution towards CPS deputation with HPSEB) The above account code shows debit balance of *₹ 37.35 lacs* for which no information and	The information with regards deduction of employee are available with all DDOs and no

explanations has been provided to us. In our opinion the current liabilities are understated and income is overstated to that extent.	specific Units name has been mentioned by the auditors The version of the auditors in this regards are not acceptable. Hence para may be dropped
n) Account Code 44.401- Income Tax Deducted at Source from Staff The above account code shows debit balance of *₹ 48.45 lacs* for which no information and explanations has been provided to us. In our opinion the current liabilities are understated and income is overstated to that extent.	The information with regards deduction of employee are available with all DDOs and no specific Units name has been mentioned by the auditors The version of the auditors in this regards are not acceptable. Hence para may be dropped
o) Account Code-44.408,44.409 &44.410 (Staff Deductions) The above account codes shows debit balance of *₹ 18.26 lacs* for which no information and explanations has been provided to us. In our opinion the current liabilities are understated and income is overstated to that exten.	The information with regards deduction of employee are available with all DDOs and no specific Units name has been mentioned by the auditors The version of the auditors in this regards are not acceptable. Hence para may be dropped
p) Employee Related Contribution and recoveries (i) The above account code shows a sum of ₹ 102.18 lacs payable as liability on account of employee related contributions. The Subsidiary record in respect of the below mentioned accounts codes at division level is not reconciled. The above liabilities are subject to confirmations.In the absence of information we are unable to comment on the old liabilities which are not payable and have to be charged to revenue. The following are the details of the above:-	The information with regards deduction of employee are available with all DDOs and no specific Units name has been mentioned by the auditors The version of the auditors in this regards are not acceptable. Hence para may be dropped.

Board contribution EPF	44.404	0.18	0.18
Employee's contribution to L.I.C.(L.I.C. premium recovered)	44.406	65.42	55.30
Professional Tax recovered	44.407	0.10	0.00
Pay roll saving scheme	44.412	1.15	7.40
emloyees contribution/premium towards index group(PAIS)	44.415	2.72	4.75
Other miscellaneous recoveries.	44.420	32.61	55.98
Total		**102.18**	**123.61**

q) Statutory Liabilities & Dues

The above account code shows a sum of ₹ 545.31 lacs payable as liability on account of Statutory Liabilities & Dues. The Subsidiary record in respect of the below mentioned accounts codes at division level is not reconciled. The above liabilities are subject to confirmations. In the absence of information we are unable to comment on the old liabilities which are not payable and have to be charged to revenue. The following are the details of the above:-

Provision for Income Tax	46.80	3.47	2.91
Liability for services tax	46.901	13.03	-.2.43
Liability for workers cess	46.902	7.13	25.40
Entry Tax	46.903	14.63	-3.18
Swach Bhart Cess	46.904	1.38	-0.22
Krishi Kalyan Cess	46.905	0.44	0.00
Income tax deducted at source on payment to contractors/suppliers	46.924	351.34	254.90
Income tax deducted at source on other payments	46.925	130.78	69.41
Liability for state tax	46.938	18.12	3.19
	46.939	4.99	0
Total		545.31	352.41

The information with regards deduction of employee are available with all DDOs and no specific Units name has been mentioned by the auditors The version of the auditors in this regards are not acceptable. Hence para may be dropped.

11 Short Term Provisions (Note 2.10)

(a) Interest accrued on Consumer Security Deposit

The company has provided interest on security deposits of consumers amounting to ₹ 798.08 lacs (Previous Year ₹ 1,677.17 lacs) during the year under review. The provision made is subject to reconciliations and confirmations.

The Company has charged interest on security deposit as per instructions issued by the HPERC and passed on / adjusted this amount to consumers during in July and August, 2018 bills of which have been accepted by the consumers. Hence para may be dropped.

(b) 46.430 Provision for Liability of Expenses

The provision of Rs 18907.89 lacs made by the company on account of liability of expenses is subject to confirmations and reconciliations.

The detail of provision for liability of expenses is available with all DDOs but auditor has not specified the unit concerned in absence of which specified reply can not be given. Hence para may be dropped.

(c)) 48.1 Security Deposits from Consumers

The Divisions of operation circles have not reconciled and balanced the customer-wise Security Deposit received and interest payable thereon. No sufficient records and reconciliation of subsidiary records confirming the balance outstanding has been made available to us, therefore, we are unable to comment on the amount outstanding as Security Deposits to customers and accordingly interest accrued thereon An amount of Rs 27402.47 Lakh appeared in this account code. The amount is subject to reconciliation and confirmation since subsidiary records maintained at division level is not reconciled with amount reflected in A/c code 48.1

The complete detail of security deposit are available with the respective Sub Division are book balances of Security deposit are reconciled with the accounts. Hence the version of the auditors is not acceptable & para may bee dropped.

12 Tangible Assets (Note 2.11) (i) Depreciation is charged on straight line method to the extent of 90% of the cost of asset following the rates notified by the H.P. State Electricity Regulatory Commission for the purpose of fixation of tariff. In respect of asset, where rate has not been notified by regulation of HPERC, depreciation has be provided on straight line method at the rates corresponding to the rates laid down under the Companies Act 2013 except in case of Computer and peripherals which are depreciated @15% on SLM. Depreciation on vehicles is charges by the units to the extent of 90% of the cost of the asset, life of vehicle is taken as 7 years, deprecation is charged on SLM basis. No depreciation is charged on addition to fixed assets during the year and depreciation is charged for the whole year in respect of assets ceased/ sold during the year as per accounting policy of the Company. We further report that during the year under review and in previous year the Company has charged depreciation in accordance with rates notified by Himachal Pradesh Electricity Regulatory Commission on all assets. The Company has not provided to us the sufficient information with regard to historical cost, date of purchase and expected life, hence we cannot comment on the adequacy of depreciation charged to revenue account. Depreciation and amortization expenses need to be arrived at as per Section 123 and Schedule II of the Companies Act,2013 (earlier Schedule XIV of Companies Act,1956) which requires the date of of Purchase/Date when asset was put to use, Expected life and residual Vale at the end of Useful life . The Company has not complied with Schedule II of the Companies Act 2013 since the information aforesaid was not in possession of Company. We further report that during the F.Y. 2011-12 company has changed the rates of depreciation as applied by board, in terms of AS-6 Depreciation accounting issued by ICAI, the method of depreciation is to be applied consistently and wherever the method is changed, depreciation is to be applied from the date of asset coming to use and provision for depreciation has to be reinstated at the end of the year. In view that sufficient information in this regard has not been provided by the company; therefore we are unable to comment on adequacy or sufficiency of accumulated depreciation charged. We further report that the Company has not charged depreciation on addition made to any asset or where any asset has been sold, discarded, demolished or destroyed on pro rata basis during the year from the date of such addition or as the case may be up to the date on which such asset has been sold, discarded, demolished or destroyed.	We concur with the view of the auditor. However, Company has disclose detailed disclosure for depreciation & amortization in Notes to Accounts 2.33 (8). Besides, the Company is preparing Fixed Assets Register through Retainer Consultants (Retd Sr. AOs) which is likely to be finalized during current year. Thereafter, proper deprecation, discarded, sold assets and life of assets, shall be followed for Tangible assets as specified in Section 123 and Schedule II of the Companies Act,2013 (earlier Schedule XIV of Companies Act,1956) .

(ii) We also report that the assets of the company except vehicles in use have not been fully insured.	The same disclosure has been made in Note 2.33 (b) 4. Hence para may be deleted.
(iii) The accumulated depreciation as on 31st March 2017 is not adjusted on account of assets washed away in floods, assets not in use, assets stolen and impaired assets. In the absence of information we are unable to comment on the authenticity of the accumulated balance of depreciation at the end of the year.	In the cases where assets have been washed away in floods, stolen and impaired, the Company is regularly withdrawing the value of such assets and accumulated depreciation from the concerned head of accounts and the depreciated value of these assets has been placed in assets not in use accounts till these are not finally written off. The same shall be shown to auditors during FY 2017-18.
(iv) The Company had charged the cost of new energy meters installed in repair and maintenance account in earlier years , without writing off the cost of old meters and the corresponding depreciation from the Fixed Assets Register which is contrary to the AS10 – Accounting of Fixed Assets issued by the ICAI. In the absence of information we are unable to comment on the cost of written down of meters which are in the Fixed assets schedule which are of non-existent in nature.	In reply to this para it is submitted that as per Instruction No.31 of Manual of Instructions, the new energy meters installed have been charged to repair and maintenance account without writing off the cost of old meters as these are the replacements and we do not concur with version of the audit in this regard. Hence para be dropped.
(v) It was observed that in CWIP Note No 2.13 of Balance Sheet an amount of Rs 89081.41 was Capitalized during the year however in Note no 2.11 of Balance Sheet Related to Fixed Assets an amount of Rs 51026.41 was shown as additions during the year. Proper Explanations for this was provided to us. Hence amount of Fixed Assets Capitalized from CWIP is subject to reconciliation and confirmations.	In reply to this para it is submitted that expenditure under CWIP are capitalized by the respective Units and complete detail are available with them and we do not concur with version of the audit in this regard. Hence para be dropped.
13. Intangible Assets (Note 2.12) (i) The cost of Computer software, SAP amounting to Rs. 2243.70 Lakhs was recognized as intangible assets and is being amortized on straight line method over a period of five years. The Company has not provided us with the details regarding whether the SAP is under Development Phase or it has completed Development Phase. Para 20 of AS 26 says intangible asset to be recognized only if •Future economic benefits attributable to the asset will flow to the enterprise •Cost of the asset can be measured reliable –Positive answers to both the questions required In the absence of complete information we are unable to comment on whether the Intangible Asset has been created or is under Work in progress. The Company	The cost of Computer software are recognized as intangible asset according to AS 26 as it relates to future economic benefits to the Company. During the period under review, SAP has been implemented in Head Office, CE (OP) South & 2 Circle of (CZ) with all modules of this system. All the module of SAP has been completed and implemented in Go Live Units and cost of this asset are reliable. Therefore, the version of the Auditors to consider it in development face under CWIP is not correct & denied. Hence, para may be dropped.

has also amortized Rs 448.74 Lacs on the Intangible Assets as per the accounting note No 2.33 (A) (12). This Policy is however not in compliance with AS 26. The opening WDV balance of Intangible assets on 01/04/2016 was Rs. 2243.70.In the absence of information regarding the Phase of Software development we are of the opinion that Intangible Assets & CWIP is understated to extent of Rs. 2243.70. Amortization Expenditure is overstated to extent of Rs 448.74 Lacs and income is understated to extent of *₹ 448.74 lacs*. –quantification done.	
14 Capital Work in Progress (Note 2.13) **(a) Capital Works in Progress** **(i)** The above account head shows a sum of ₹ 89650.77 lacs (previous *year* ₹ 96,966.76 Lacs) on account of work in progress of various capital works as on 31st March 2017 which is subject to reconciliation and confirmations. No Information/ explanations in respect of the same have been provided to us. In the absence of information we are unable to comment on the same. It was also observed that assets capitalized during the year as per this note was Rs 89081.41 however in Fixed assets schedule additions during the year were made to extent of Rs 51026.41 thus there was difference of Rs 38055.00 in the CWIP capitalized and Additions to fixed assets during the year. Satisfactory explanations for the same were not provided to us in this regard.	In reply to this para it is submitted that expenditure under CWIP are incurred by the respective Units and complete detail are available with them and we do not concur with version of the audit in this regard. Hence para be dropped.
(ii) It has been observed that the works under capital work in progress has not been closed for want of completion certificates where as actually the work has been completed and the assets has been put to use by the company. No sufficient information in respect of completed capital work in progress has been provided to us. In the absence of information we are unable to comment on the same.	The Company is making efforts to transfer the completed work to fixed assets account after complying with the necessary codal formalities. All the Units have been directed to capitalize assets on put to use bases. Hence para may be settled. .
(iii) It has also been observed that in some cases the expenditure on capital work in progress has been incurred in excess of the sanctioned amounts and the work is still going on.	In reply to this para, it is submitted that Auditor has not mentioned the specific Units which had incurred excess over the sanctioned amount. Hence para denied , may be dropped.
(iv) It has also been observed that in some cases the work in progress has been partly transferred to the fixed assets on yearly basis without verifying that whether the work on the assets has been completely finished or not.	In the absence of specific instance, we are unable to comment on the same. However, completed works are transferred to fixed assets a/c after obtaining the completion certificate from concerned Engineer. Hence, para denied and may be settled.
(v) Interest during Construction Period (IDC) **a)** It was observed that during the year company had paid Rs. 55016.54 lacs total interest/ Finance Cost, out of which company has capitalized 4681.89 lacs out of total interest. However the company did not provide us basis of such calculation of capitalization of interest. Therefore we are unable to comment that whether it was calculate as per AS-16 Borrowing Cost, issued by ICAI, or not.	**Interest During Construction Period (IDC)** In reply to this para it is submitted that Company has changed the previous practice of IDC and has stopped charging IDC on those assets actualized which are funded from Loan from FIs during FY 2016-7. The Company has provided the complete detail of such calculation during the course of audit. Hence para may be dropped.

b) Contracts in Progress

The Company showed a sum of ₹ *44.37* lacs *(previous year ₹ 44.70* lacs) as on 31st March 2017 as contract in progress at various divisions which is subject to reconciliation and confirmations.

The balances were under reconciliation and action to transfer the completed work shall be taken thereafter.

15 Long Term Loans and Advances (Note 2.15)

b) Advances to Supplies/ Contractors (Capital)

The Company is showing a sum of ₹ 2318.93 lacs *(previous year* ₹ 2,485.78 lacs*)* as advances to supplier and contractors as on 31st March 2017. The above amount is subject to confirmation and reconciliations in respect of works completed against advances sanctioned. It was also observed that in Head office in A/c Code 25.1 Advance to Suppliers /contractor (Capital) an amount of Rs 1224.26 Lakh was shown as Advances to Suppliers & Contractor. On Examination it was found that this amount was Paid for Bills by CPC section of the head office and the this amount is not in nature of advance but incurred for CWIP Thus long term advances are overstated to the extent of Rs 1224.26 Lakh and CWIP is understated to that extent. It was also observed that CPC section has not reconciled the Balances of Advances with the amount as appeared in the accounts of the head office.

It was also observed that in A/c Code 25.7 Suppliers/Contractors Materials Control Account (Capital) an amount of Rs 27.02 Lakhs appeared as recoverable. This Balance is subject to reconciliation and confirmation.

The balances were under reconciliation due to implementation of SAP and some payments are released as advance to the Contractor due to non opening of period in SAP. The advance payment is cleared by the concerned Units time to time. Hence para may be dropped.

b) Loans and Advances to staff (Interest Bearing)

(i) It has been observed that the individual divisions does not have the complete record of the loan sanctioned and amount recovered from the employees and it has been explained to us that the same is being reconciled and kept at head office level in the broad sheets of the employees.

The head office has prepared complete records of loan and advance to staff i.e. House Building Advance, Scootor/Car advance in the Broad Sheet Section of this office. The employee wise details of above advance are available which are tallied with the accounts of FY 2016-17 accounts. Hence, para may be dropped.

(ii) It was observed that in the following cases amount of Interest and principal is recoverable from the staff members for past many years. Efforts should be made to recover the amount along with interest.

Statement of facts, hence no comments. However Company are making efforts to recover the same.

ACCOUNT NO	NAME OF EMPLOYEE	DESIGNATION	PLACE OF POSTING	TYPE OF LOAN / ADVANCES	O/S AMOUNT(RS.)	MONTH OF LAST INST.	REMARKS
R-21	RAJINDER GUPTA	AEE	CE (MM) SHIMLA	VEHICLE LOAN	1,48,578.00	JULY,2005	RETIRING ON 31/08/2020
R-21	RAJINDER GUPTA	AEE	CE (MM) SHIMLA	HBA	5,14,103.00	APRIL,2007	RETIRING ON 31/08/2020
HA-64	HARI SINGH	SR.ASTT.	ELEC.DIV, D/SHALA	HBA	22,097.00	FEB, 2008	_____
JA-24	JASWANT SINGH	DM	BOARD SECTT.	HBA	43,833.00	MARCH,2	RETIRING

						016	ON31/10/2022
LA-52	LEKH RAM	FOREMAN	ELEC.DIV-BILASPUR	HBA	14,889.00	OCT, 2008	EXPIRED ON 19/10/2008
LA-28	LEKH RAM	SR.ASTT.	ELEC.DIV-BILASPUR	HBA	25,990.00	MARCH,2008	RETIRED ON 31/05/2016
MA-90	MANOHAR LAL SHARMA	DM	ELEC.DIV-UNA	HBA	35,425.00		RETIRED ON 31/12/2012
MA-74	MEHAR SINGH		ELEC.DIV-RAMPUR	HBA	34,741.00		RETIRED ON 31/02/2011
R-95	RAM CHAND THAKUR	AE	___	HBA	58,685.00		RETIRED ON 31/08/2013
			TOTAL		**8,98,341.00**		

(iii) It has further observed that when an employee is transferred from one Division to other division his account is not transferred to the other division though ATD and as such partial accounts are being kept at different divisions on account of loan sanctioned and recovery made at different divisions.	The Outstanding balance of employee HBA and Car loan are available with HO and shown to auditor during the course of audit. Hence, para may be dropped.
(iv) No information regarding current and noncurrent portion of loans and advances to employees has been provided to us.	The Company classified the current and noncurrent portion of loans and advances to employees and we do not concur with version of the audit in this regard. Hence para be dropped.
(v) It was observed that Company has Showed Rs.208.56 lacs in A/c Code 28.860 & 28.861 as commitment Advance. This advance was given in year 2009 and the same was not adjusted till the finalization of audit. Balance Confirmation of same was not provided to us for verification.	The complete detail in this regards has been shown to the auditor during the course of audit and we do not concur with version of the audit in this regard. Hence para be dropped.
16 Other Non Current Assets (Note 2.16) **a) Assets not in use** The company is showing ₹ 2857.81 lacs (previous *year* ₹ 3,083.23 lacs) as assets not in use as at 31st March 2017. In our opinion the above assets has completed their use full life and will not help in generating any further revenue and should be charged to revenue. Thus other noncurrent assets and Income are overstated to the above extent. (*Refer Note 2.33 (B) (3).*	In reply to this para it is submitted that amount shown under this head is written down value of obsolete/ scrapped assets. The accounts shall be closed in respect of particulars assets after write off/ sale. This is a continuous process and amount in this head are regularly written off after obtaining the approval of competent authority as per procedure prescribed by the Company. We do not concur with the version of auditor.
b) Expenditure on Survey/ Feasibility Studies Projects not yet sanctioned. The above account code shows a sum of ₹ 8201.50 lacs (*previous year* ₹ 11,605.83 lacs) incurred on account of Expenditure on Survey/ Feasibility Studies Projects not yet sanctioned as at 31st March 2017. It has been observed that expenditure on survey/ feasibility studies on different Projects has been incurred by the erstwhile board since many years. The expenditure has been done as the HPSEB was the	As per the accounting policy in vogue, the expenditure on preliminary survey and investigation of new project not yet sanctioned is charged to this account and when the project is sanctioned/ allotted this expense are recovered from IPPs/ capitalized as the case may be. The projects mentioned by the audit have not yet been allotted to any agency by the Govt. however; the amount shall be scrutinized in detail for appropriate action, if any.

only nodal agency to do such kind of survey and feasibility studies on behalf of the Government. As explained by the Company The expenditure has to be recovered from the party to whom the project will be allotted. The above cost pertains to 61 nos. of projects and the same has not been allotted to any agency by the GOHP.

In our opinion as no future economic benefit is available to the company as per AS 26 Accounting standard for Accounting of Intangible Assets issued by the ICAI the same should be charged to revenue. Thus, other noncurrent assets are overstated to the extent of ₹ 8201.50 lacs (previous year ₹ 11,605.83 lacs).

c) Inventories- Scrap/ other material/ excess/ shortages

The Company is showing amounts under the following account codes under other noncurrent assets:-

		Current Year ₹	Previous Year ₹
22.7	Obsolete materials stock account	283.30	460.36
22.8	Materials short excess pending investigations	230.11	227.50
		513.41	687.86

In our opinion other noncurrent assets are overstated to the extent of ₹ 513.41 lacs (P.Y ₹ 687.86 *Lacs)* for which no provisions has been made in the books of accounts.

In reply to this para, it is submitted that amount shown under this head pending for investigation in various units of the Company and reports of competent authority are awaited. The same has been regulated as per accounting policies of the Company and cost incurred on retirement, scrapping and sales of assets is charged to revenue account in the year in which cost is incurred.

d) Interest Accrued and Due and Interest Accrued but not due on staff Loans and others

The Company showed the following amounts under the above head for which sufficient details has not been provided as such the same cannot be commented on:-

Income accrued and due on Loans/ Advances to Staff & Others

Particulars	A/c code	Current Year	Previous Year
Income accrued and due on Loans/Advances to staff	28.26	0.00	-11.34
Income accrued and due on loan and adv- HBA	28.261	132.78	556.80
Income accrued and due on loan and adv- CPS.	28.267	0.00	-0.13
Income accrued and due on loan and adv- other	28.290	0.00	0.45

The complete detail in this regards has been shown to the auditor during the course of audit and we do not concur with version of the audit in this regard. Hence para be dropped.

Interest accrued but not due - HBA	28.361	252.80	-332.97
Interest accrued but not due - MC/ Scooter	28.362	0.00	-12.44
Interest accured but not due – car	28.363	0.00	-29.34
Warm Clothing Advance	28.364	0.00	-0.99
Income Accrued & due--- CPS	28.367	0.00	-0.13
Interest accured but not due - others	28.390	0.00	87.34
Interest accured but not due - Car	28.263	7.45	

e) Interest on Advance to Subsidiary

It was observed that an amount of Rs 34390.41 Lakhs Appeared as Loan to Subsidiary in A/c Code 20.330 The terms and condition for advance given to subsidiaries has not been finalized. Interest accrued on the amount of advance was not booked in the accounts. Refer Note 2.33(B)(15)

The terms & condition with the loan paid the subsidiary Company and interest amount has been received/ adjusted during FY 2017-18. Hence para be dropped.

g) Non Current Trade Receivables

It was observed that in A/c Code 22.7 Dues from Permanently Disconnected consumers an amount of Rs 3201.70 recoverable from Consumers .Provision for Doubtful debts was made for Rs 575.73 Lakhs as Appeared in A/c Code 23.90. The Company has no clear policy for making provision for Doubtful debts. This provision comes to 17.98 % of the amount due from such consumers whereas in Note 2.33(B)(43) it was mentioned that The Company has made the provision of 33% against amount of Permanent disconnected Connections outstanding at year end.

The Company has the complete Policy for making provision for Doubtful debts which has been mentioned in Accounting Manual, 2017 at Sr. 10.12 and provision for the same has been made against the actual defaulter not Permanent disconnected Connections/ consumers. Hence, the para may be dropped.

17 Inventories (Note 2.18)

a) The company has been transferred with stocks of the erstwhile Board which have been purchased in earlier years and the same has not been used till the close of the year and the same has resulted in over stocking of the stocks and pilling up of the stocks at Divisions level. The following is the details of stocks as provided by the company for which no provisions has been made in the books of accounts on account of obsolescence, shortages and reduction in the value.

		Current Year	Previous Year
		₹	₹
22.6	Opening Diffrence		23.65
22.6	Stocks in hand more than five years Critical	576.37	615.25
22.6	Stocks in hand more than five years non Critical	54.82	75.45
		631.19	714.35

In our opinion the inventories are overstated to the extent of ₹ 54.82 lacs for which no provisions has been made in the books of accounts.

In this regards, it is submitted that stocks of the erstwhile Board which have been purchased in earlier years has now been fully utilized /used and auditor has not been mentioned the name of units in which it has been found. As regards providing provision on account of obsolescence, shortages and reduction in the value , Company has clear policy mentioned in the Accounting Manual in Chapter 5.2 (b) (Material Accounting) and each DDO are responsible for the same. Therefore, we do not concur with version of the audit in this regard. Hence para be dropped.

b) It has been found that there is no systematic accounting of stocks in this account heads and some divisions has not made distinctions between the stocks of stores and other materials and it has been observed that in some cases the office equipment stocks and other office equipment has also been included in the above head which should have been part of the fixed assets. In the absence of sufficient information we are unable to comment on the overstatement of inventories.	In reply to this para, it is submitted that Company have systematic accounting procedure of stock and each item of stock are distinct in stock Registers. The Auditor has not pointed out specific units where the same has been found . Hence para may be dropped.
c) The Company has not provided details in respect of inventories which are of current and noncurrent nature. In the absence of information we are unable to comment on the current and noncurrent portion of inventories.	The details of current and noncurrent inventories are available with Divisions of the Company and instructions to provide the same have been issued to all concerned. Hence, para may be settled.
d) Physical verification reports of the inventories were not provided to us for verification at division level. In the absence of physical verification reports the balance of inventories are subject to confirmation. There is no system prevalent in the company to identify the obsolete Stock; company has not shown any loss by theft or natural calamity in stock. The System of reporting theft of Stock at the division level to H.O and its treatment in the accounts is not clearly specified. In the absence of complete information, its impact on profit / Loss could not be ascertained.	In this regards it is submitted that Physical verification of stock are being made by the Company from time to time and report are available in the Central Store Divisions and obsolete stock are shown separately. The System of reporting theft of Stock at the division level to H.O and its treatment in the accounts has been mentioned in the Accounting Manual at Sr. 5.9 to 5.11 of the Company. Hence, para may be settled.
18 Trade Receivables (Note 2.19) The Company has shown trade receivables from consumers and others under this head amounting to ₹ 93002.93 lacs (P.Y ₹ 91,585.87 Lacs). No sufficient information was provided to us regarding whether the trade receivables are of current nature (i.e. they are likely to be realized in next 12 months) or Trade receivable are of non Current Nature. Thus we are unable to comment on the non current nature of the trade receivables included in above amount. The Company has not provided to us the balance confirmation certificates/party statement from the concerned parties to confirm the balance as reflected in the books of the Company.	The amount shown recoverable from consumers is against supply of Power which will be realized within credit period and sufficient information is available with the operation Divisions/Sub Divisions of the Company and this amount shown current is in order. Hence, para may be settled.
A Sundry Debtors for Energy Bill (Other than Interstate Consumers) 1. The subsidiary records in relation to consumer ledgers at the end of the year is pending for reconciliation at all divisions of the operation circles. In the absence of the proper reconciliation we are unable to comment on the authenticity of the amount recoverable from the consumers as at 31st March 2017.	The instructions for reconciliation of consumer Ledgers/ subsidiary books at the end of the year have been issued to all the concerned.
2. The consumers having credit balances in accounts on account of energy dues, municipal taxes, electricity duty and other dues or who has made advance payments has not been shown separately as other current liabilities.	The consumers who made advance payment on account of energy charges, M/Tax, ED are shown as credit balances separately in consumer ledgers and New billing system implementing through TCS credit balances in accounts on account of energy

<table>
<tr><td></td><td>dues, municipal taxes , electricity duty and other dues or who has made advance payments are being shown separately as other current liabilities. The provision of the same has been made in ISU Billing system , & necessary compliance shall be shown in next audit accordingly.</td></tr>
<tr><td>3. The Trade Receivables also includes ₹ 24247.00 lacs (previous year ₹ 38611.05 lacs) as amount recoverable from different departments of Government of Himachal Pradesh. The breakup is per Note No 2.33 (B) (35).</td><td>The complete discloser has been made in Note No 2.33 (B) 35 and reporting of Auditor here again for the same are only repetition which is not acceptable. Hence para be dropped.</td></tr>
<tr><td>4. The company has made provision for doubtful debts amounting to ₹ 575.73 Lacs .In our opinion the provision is less keeping in view the amount recoverable from Government departments and other consumers.</td><td>The company had made provision amounting to Rs. 576.83 Lac during the year under review for doubtful debts which is justified amount against the amount of Rs 5,76,82,665/- due from permanent disconnected consumers. Hence, para may be settled.</td></tr>
<tr><td>5. The sundry debtors includes Municipal committees and NACs from which amount is recoverable since many years correspondingly the amount is also payable to them on account of electricity consumption tax. The amount payable as on 31st March 2017 to different Municipal committees and NAC is ₹ 1081.69 lacs (previous year ₹ 950.66 lacs) which have not been adjusted from the amount recoverable from them. Thus Trade receivables are overstated to that extent and correspondingly the other current liabilities are overstated to that extent.</td><td>The matter regarding reconciliation of receivable/ payables with MC/NAC is under process and after settlement the same shall be adjusted with the MC/NAC in due course of time.</td></tr>
<tr><td>6. The Company has not provided to us information about amount receivables against bills raised but not accepted by the respective consumers and were sub-judice ₹ 602.00 Lacs (P.Y it was ₹ 617.00 Lacs). In the absence of information we are unable to comment on amount of trade receivables which are overstated due to inclusion of above debtors in sundry debtors.</td><td>The concerned accounting units have been directed to examine the matter and compliance be shown to audit in FY 2017-18.</td></tr>
<tr><td>B. Sundry Debtors for Interstate Sale of Power and for Wheeling / O & M Charges

2. During the audit it was observed that there was difference in balances of sundry debtors shown by SL&N section and Head Office of HPSEB. The SL&D section did not provide any reconciliation to us. Therefore the amount of Sundry Debtors shown in balance sheet was subject to confirmation and reconciliation. Detail of which is shown as follow:-
<table>
<tr><th>B. Head</th><th>Agency</th><th>Balance as per SL&D</th><th>Balance as per HPSEB</th></tr>
<tr><td>23.601</td><td>PSEB</td><td>0</td><td>2575359299</td></tr>
<tr><td>23.603</td><td>UPSEB</td><td>0</td><td>565695311</td></tr>
<tr><td>23.61</td><td>NTPC</td><td>0</td><td>155609</td></tr>
<tr><td>23.614</td><td>PTC</td><td>704542946</td><td>0</td></tr>
<tr><td>23.623</td><td>Malana Deve Power</td><td>31774777</td><td>18184305</td></tr>
<tr><td>23.624</td><td>REACTIVE</td><td>0</td><td>74954177</td></tr>
</table></td><td>The accounts were not reconciled at the time of audit. Now the re-conciliation has been completed with concerned parties and account balances have been rectified/ adjusted accordingly which shall be shown to auditor during the course of audit for FY 2017-18.</td></tr>
</table>

	23.63	PGCIL(UI)	0	113194075	
	23.648	IEX	643513922	0	
	23.649	MITTAL	0	NOT FOUND	
	23.6	**Total:-**	**1379831645**	**772183477**	
	23.73	OPEN ACESS	3739030	23298270	
	23.802	HVPNL	5444374	0	
	23.814	MANANA(W)	-	-207239	
	23.82	HANDLING CHARGES	-	372692309	
	23.821	MALANA (H)	-	1088880	
	23.826	HPPC,BYPL,BRPL,IEX, Banking	6051039	-22059867	
	23.83	TRANS CHARGES (PTC)	3154482514	1025219062	
	23.831	TRANS CH.(GOHP)	493763640	NOT FOUND	
	23.6	**Total:-**	**3663480597**		

2. O& M Charge Recoverable from HPTCL *The Company* has shown the *₹ 729.25* (previous Year *₹ 140.11* lacs) as current trade receivable. This amount was subject to reconciliation & confirmation.	The amount had been shown as recoverable from HPPTCL on account of Transmission charges as approved by the HPERC in its MYT order of HPPTCL for the Control period 12-14. The HPPTCL has not made the payment due to non reconciliation of receivable/ payable with HPSEBL. This has now been settled / adjusted during FY 2017-18 and amount of Rs. 10,35,43,000/- has been recovered. Hence para may be dropped.
C Court Cases by Consumers As explained by the company the erstwhile Board/Company has billed ₹ 3137.42 lacs (*previous year ₹* 3,187.37 lacs) and *₹* 1570.29 lacs *(previous year ₹* 1,461.22 lacs) to industrial consumers of Operation Circle, Solan and Nahan. The consumer had filed suits against the same and recovery had been stopped by the courts. No disclosure of the same has been made in notes to accounts. The Company has shown the above amounts as current trade receivable. Thus the current Trade Receivables are overstated to that extent.	The relevant disclosure in this regards shall be made next year and complete detail of consumers who have filed the suits against recovery are available in Operation Circle, Nahan and Solan which shall be shown to the Auditor in next audit.
19 Cash and Cash Equivalents (Note 2.20) **a) Balance with Banks** (i) The company has done the bank reconciliations of all the Banks accounts at Head Office level and no reconciliation is being done at the division level upto 30.11.2016 a. We have been provided with the bank reconciliations of the accounts maintained at Head office level bank wise consolidated and not by bank wise and branch wise individually. We have been explained that all collections received in the collection accounts maintained at Divisions level are being transferred to the Head Office account. We have not been provided with the bank reconciliation and balance confirmations certificates from the bank as on	It is submitted that presently the bank reconciliation are being done as per existing procedure laid down in HPSEB Banking Manual and no reconciliations are being done at Sub Division/ Division level and all Bank are reconciled at Head office level. Now the Company has been formed New Accounting Manual and next year bank reconciliations of branch wise individually of the accounts maintained at Head office as well as field Units level bank wise shall be provided to the audit.

31st March 2017 for all the collections accounts maintained at divisions and sub divisions levels in the fields. In the absence of the information we are unable to comment on the amount of collections not accounted for in the books of accounts during the period under review.	
(ii) **Old Un-reconciled entries in the Bank Reconciliation Statements** The company is carrying over the old un reconciled entries of Bank Reconciliations statements and the same has not been adjusted at the close of the year the details of the same is as under:- Amount in ₹ lacs Current Year / Previous Year Short credit given by banks: 1,610.02 / 1,424.26 Excess amount debited by banks: 1,236.42 / 2,122.58 **2,846.44 / 3,546.84** Less amount debited by banks: 240.08 / 113.82 Excess Credit by banks: 10,483.68 / 7,201.45 **10,723.76 / 7,315.27** In our opinion in the absence of complete information we are unable to comment on its effect on the Profit & Loss account and balance sheet.—	Efforts are being made to reconcile the old un reconciled entries of Bank Reconciliations statements and complete detail shall be provided in next year.
iv) The old un-reconciled entries in above are subject to reconciliations and it may affect the profit and loss account and balance sheet. Sufficient evidence in this regard was not produced before us for verification. In our opinion all old entries shown in the reconciliation statements should be reconciled and necessary adjustment entries may be passed in books of accounts. The System of BRS needs to be strengthened and internal controls in this area require daily monitoring of outstanding entries so that in the present age where Credits & debits in Banks are affected through RTGS/Online that can be tracked in timely Manner. The Internal control system in this area is weak and requires overhauling and it needs to	Presently the bank reconciliation has been done as per existing procedure laid down in HPSEB Accounts / Chart of Accounts/banking Manual and the matter regarding modification of the manuals has been made and accounts of FY 2017-18 shall be prepared accordingly. Complete detail shall be provided in next year.

be replaced with new system of internal controls and checks .It should be placed under Concurrent Audit that can cope up with the Volume, frequency and modern way of internet Banking.	
20 Short Term Loans and Advances (Note 2.21) **Advances to Contractors and Suppliers** The company showed ₹ 5832.41 lacs (Previous *year* ₹ 6,096.85 lacs) as loans and advances for supplies / works. The above advances also include advances which are old and require adjustments as the works has been completed at the close of the year and expenditure has not been booked. The company has not provided us any confirmations from the Parties for the amount due as such we are unable to comment on the above advances. The above advances have been shown as secured but no sufficient information in respect of the same has been provided. No Information in respect of noncurrent portion of advances has been shown for our verification. It was also observed that in books of head office in A/c code 26.1 Advances to suppliers / Contractors 655.90 Lakh was shown as advances to suppliers / contractor this amounts pertains to payment of bills by CPC section and this amount relates to Capital work in progress. In our opinion Short Term Loan & Advances are overstated and CWIP is understated to extent of *₹ 655.90 Lacs.*	Efforts are being made to scrutinize & reconcile the same at the earliest for appropriate action.
B Loans and Advances to Staff It has been observed that the individual divisions does not have the complete record of the loan sanctioned and amount recovered from the employees and it has been explained to us that the same is being reconciled and kept at head office level in the broad sheets of the employees. It has also been observed that when an employee is transferred from one Division to other division his account is not transferred to the other division though ATD and as such partial accounts are being kept at different divisions on account of loan sanctioned and recovery made at different divisions. The company has not provided us the details in respect of the following account heads during the year review. Loans and advances to staff – Warm clothing 27.104 0.17 Loans and advances to- CPS holders 27.107 2.94 Loans and advances to staff – pay 27.202 304.73	There is a complete record of loan and advances at H.O. level, the same shall be shown to auditors. There was some difference in some accounts, the same has now been rectified which shall be shown to auditor in FY 2017-18.

LTC advance 27.207 2.36 Medical advance 27.208 11.06 Other 27.206 1.12 Warm Clothing Advance 28.264 0.05 Fan Advance 28.266 3.02 **325.45** No information in respect of current and noncurrent portion of advances has been shown for our verification.	
C Prepaid Expenses (a) It has been observed that the company has no precise policy of charging the expenses to prepaid expenses head. Most of the divisions are charging petrol and diesel of vehicles in hand at the close of the year. Some Divisions have charged Insurance on vehicles in the prepaid expenses. During the year under review prepaid expenses have not been booked at H.O Level.	In reply to this para it is submitted that Company has clear policy for prepaid expense, expenses not due but paid in advance such as insurance premium, annual taxes on building, Rent of Telephone charges & vehicles etc which are considered as prepaid expense. The prepaid expenses are reversed in the next year so that expense bills can be accounted for in the usual manner. Hence, the version of auditor is denied and para may be settled.
d) Amount recoverable Related Parties **i) BVPCL (Subsidiary Company) A/c Code 28.761** The Company has incurred expenditure to the tune of ₹ 4053.64 lacs *(previous year* ₹ 3,956.52 lacs) as on 31st March 2017 for which shares has to be issued by the BVPCL. The above balance is subject to reconciliation and confirmation. Thus a sum of ₹ 4053.64 *lacs* amount recoverable is of noncurrent nature and should be shown under the head other noncurrent assets. Thus Short Term Loans & Advances are overstated to that extent and other noncurrent assets are understated to that extent.	In reply to this para, it is submitted that the Company has made complete year and complete supporting documents/ information with detail has been provided to the Auditor during the course of Audit and the version of auditor is not correct & denied. Hence, para may be dropped. .
(ii) **Amount Recoverable Himachal Pradesh Power Transmission Corporation Limited A/c code-28.773** The company has transferred cost of transmission lines to the HPTCL (**Himachal Pradesh Power Transmission Corporation Limited**) as per the scheme of the transfer. A sum of ₹ 2918.84 lacs (*previous Year* ₹ 7062.15 lacs) has been shown as recoverable as at 31st March 2017 which is subject to reconciliation and confirmation. In the absence of confirmations we are unable to comment on the same. The amount recoverable is of noncurrent nature and should be shown under the head other noncurrent assets.	The amount of transmission line transferred to HPPTCL as per scheme has been reconciled with HPPTCL and amount shall be adjusted from receivable and payable to State Govt. after obtaining the approval of Govt. The point noted for necessary action for appropriate classification in future. Hence para stand settled.
iii) **Theft of Property Pending Investigation (A/C Code 28.885).** The above head shows a sum of ₹ 26.51 lacs (*previous Year* ₹ 22.67 Lacs) as on 31st March 2017. The above amount is to be shown under other noncurrent assets. Thus Short Term Loan & Advances are overstated and other noncurrent assets are understated to that extent.	The point noted for necessary action and appropriate classification in future.

v) Expenses recoverable from Suppliers/ Contractors (A/C Code 28.810).

The above head shows a sum of ₹ 671.22 lacs *(previous year* ₹ 1,543.77 lacs) as on 31st March 2017 which is subject to reconciliation and confirmation. In the absence of confirmations we are unable to comment on the same. Sufficient information has not been provided to us for showing the same as current assets. Thus Short Term Loan & Advances are overstated and other noncurrent assets are understated to that extent.

We do not agree with auditors version. The complete details of these expenses are available with all the DDOs of the Company and these amounts are regular in nature and are recovered regularly from concerned. The version of the audit is denied. Hence, para may be dropped.

v) **Inspection charges related to material / equipment third party inspection (A/C Code 28.811).**

The above head shows a sum of ₹ 108.44 lacs *(previous year* ₹ 103.99 lacs) as on 31st March 2017 which is subject to reconciliation and confirmation. In the absence of confirmations we are unable to comment on the same. Sufficient information has not been provided to us for showing the same as current assets. In our opinion short term loans and advances are overstated to the extent of above.

The instructions to reconcile the inspection charges has been communicated to concerned and factual position shall be apprised to Auditor.

vi) **Leave & Pensionary Benefits Recoverable from outside Parties (A/c Code 28.880 &28.881)**

The Above Account coded showed ₹ 1678.42 lacs (P.Y ₹ 3,107.97 Lacs) recoverable on account of leave and pensionary contribution recoverable from outside parties. The above amount includes ₹ 4.8 lacs which is of noncurrent nature. Thus short term loans & advances are overstated to the extent of above.

The complete details of these amounts have been finalized which are being reconciled with outside parties and will be shown to the audit in next audit. Hence, para may be dropped.

e) Deposits

(ii) The Company is showing a sum of Rs. 9083.49 Lacs (P.Y₹ 8,160.97 lacs) under this head the details of which as under :

	Current year	Previous Year
Deposits	*Rs. In Lacs*	*Rs. In Lacs*
Other deposits A/c -28.919	8495.99	7,469.64
Security from suppliers and contractor in FD form A/c -28.93	0.00	20.50
Deposit with Hon'ble High Court/Court- Pending FD-A/c -28.917	586.05	670.83
Deposit wise Misc. Short term deposit A/c code-28.932	1.45	
	9083.49	**8,160.97**

The point noted for necessary action for appropriate classification in future.

The amount is in the nature of long term loans and advances and should not be treated as current assets. Thus short term loans and advances are overstated to the extent of above.	
f) Amount Recoverable from Employees The above account includes a sum of ₹ 106.61 lacs (*previous year* ₹ 137.64 *lacs)* recoverable from employees / ex employees. The account is subject to reconciliation and confirmation. In the absence of reconciliations we are unable to comment on the recoverability of the amount due from employees/ ex employees. It has been observed that the above account includes amount recoverable from employees on account of shortages and other recoveries. In some cases the amount has been disputed and employees has gone to courts and in some cases the monthly installments has been fixed and in some cases the amount has been paid by the employees and in some cases the employees are not paying shortages. The current and noncurrent portion of the amount recoverable has not been disclosed by the company.	The employee wise detail of Interest accrued and due on Loan and advances from staff are available in Broad Sheet Section of this office as well as with all DDOs. Necessary clarification as appropriate shall be made available in future.
g) Interest Accrued but not due others. A/c code-28.310 The above account includes interest accrued and due on GPF Fixed deposits amounting to ₹ 2520.06 lacs (*previous year* ₹ 3164.39 *Lacs)*. The FDR wise interest accrued has not been shown for our verification. In the absence of information we are unable to comment on the same.	The detail of interest accrued but not due on GPF are available with Bkg Section and shown to the audit by this office and we do not concern with the view of auditor. Hence para may be dropped.
h) Others In the following head of accounts balance confirmation from the concerned parties were not found on record. Hence these balances are subject to confirmation and reconciliation. In our opinion short term Loan and advances is overstated and other noncurrent assets is understated to the extent of ₹ 8523.50 Lacs.	Efforts are being made to reconcile the balances and all DDOs has been requested to reconcile the balances with subsidiary records.

Name of Account	A/c code	Amount (Rs.)	Remarks
Advances to suppliers/contractors (O&M) – Interest Free	26.5	620.93	Current /Non Current portion no ascertained
	26.1	656.39	--do--
Suppliers/contractors Materials Accounts (O&M)	26.7	4555.09	--do--
Loan and advances to other	27.8	135.15	Current /Non Current portion no ascertained

Loan and advances to CPS holders	27.107	2.94	Current /Non Current portion no ascertained
A/c code not mentioned	27.713	15.67	--do--
Amount Recoverable from Lok Mitra Late deposit	28.821	2204.52	Balance confirmation /reconciliation not provided to us.
HPPWD	28.870	1.99	Current /Non Current portion no ascertained
Other deptt to be specified	28.875	326.97	--do--
	28.716	2.39	
	28.771	1.46	
Total		**8523.50**	

i) Amount recoverable from Link/Sugam centre etc on account of late deposit of receipts A/C Code 28.821 It was observed that an amount of Rs 1189.27 Lakhs stands recoverable from M/s GNG Trading Co Pvt Ltd appearing in A/c Code 28.821.It was observed that in this A/c code Rs. 587.23 Lakhs stands as recoverable balance as opening balance related to liquidated damages charges recoverable from M/S GNG Trading Private Limited. It was explained to us that suit is pending for amount recoverable. The Company has not provided us sufficient information regarding Bank Guarantee Obtained In this case and Adjustment of these Bank Guarantees.	In reply to this para it is submitted that the issue is subjudice and disclosed in Note No 2.33 43 (a) . The obtaining of Bank Guarantee from firm shall be apprise the audit in next audit.
21 Other Current Assets (Note 2.22) **(i) Receivables from Sale of Store, Rental property A/c code 28.103, 28.104** In A/c Code 28.104 Rs 83.17 Lakhs Appeared as Debit Balance however the Balance confirmation Certificate from the Sundry Debtors as well as reconciliation for the same was not provided to us hence it is subject to confirmation.	The point noted for necessary action for appropriate classification in future.
ii) Inter Unit Transactions The company is showing ₹ 572.64 lacs *(previous year* ₹ 51,360.94 lacs) on account inter unit transfers and the same has not been reconciled at the end of the year. It has been observed that the above practice of non reconciliation in inter unit accounts is pending since many years and same was not reconciled by the erstwhile Board and even by the Company. In our opinion the amount is not of recoverable nature as the inter units accounts has to be adjusted at the close of the year and amount should be Nil under this head. Thus other current assets are overstated to the extent of above.	Inter Unit Transfer is a regular process and all accounting Units under HPSEB Ltd have been directed to reconcile the IUT accounts at earliest and to ensure the balance under IUT should be NIL at the end of financial year. It is further informed that that in A/c Code 9999999-(SAP Code) which also pertains to inter Unit Accounts an amount of Rs 102564.61 appeared as Debit Balance. This Division wise / Location wise detail are available in SAP system and auditor has not taken the same in consideration due to non awareness of SAP. However, we have apprised the issue to the auditor in detail during the course of Audit . Hence, para may be dropped.

During the year under review Company has Written off/ Written back Assets and Liabilities which is reflected as gap in the previous year Financial Statement. The Balances which was not traceable were made reconciled with balances of divisions by writing off/ writing back assets and liabilities after approval of the competent authority. The reconciliation with Inter Unit was not carried out and it was assumed that difference / Untraceable balances have arisen due to improper reconciliation of IUT. In the absence of complete information and proper reconciliation we are unable to comment on the accounting treatment as given above since the Supporting evidence and subsidiary record for giving such treatment was not available with Company and exercise was carried out to remove the differences in the consolidated Balances sheet of Board and Balances as arrived at by clubbing the Balances of Divisions.	
22 Statement of Profit and Loss Account **(i) Income from Investments** The company has shown the following as interest earned on investments. The details of the same are as under:- Amount In lacs Current Year ₹ / Previous Year ₹ 1 Net Interest recived/ (Paid) from GPF Fund: 504.85 / 2,488.34 2 Interest on APRDP Fund: - / - 3 Interest on RGGVY Funds: - / - 4 Interest on Leave Encashment Fund: - **504.85 / 2,488.34** In our opinion the income is understated to the extent of above since interest paid on GPF has been paid on the liability not related to Company. Also refer para 6(b) of this report.	The interest earned by the Company on investment of GPF is netted off with the interest provided to subscribers and difference amount charged to Revenue Expenditure/Income as per accounting policy of the Company. Besides, the HPSEBL has not created separate fund for the GPF. However, GPF trust has been incorporated for this purpose during FY 2017-18. Hence, para may be dropped.
(ii) **Contingencies and Events Occurring after Balance Sheets Dates** The Company has not accounted for material events incurred after balance sheet date till the approval of the accounts by the Board of Directors as the next year accounts are not complete till the finalization of the report. The material items which may affect the profit loss account and balance sheet cannot not be commented on in the absence of the information as per the requirements of AS 4 **Contingencies and**	The necessary disclosure has been made in Note No 2.33 (B) 12. The financial impact of these events are not relating to this year. Hence, para may be dropped please.

events Occurring after the Balance Sheet Date issued by **The Institute of Chartered Accountants of India. Reference is also invited to note no. 2.33 (B) 11 where** Company has mentioned that No major incident has been occurred after the Balance date which can be quantified except normal business of the Company which can be disclosed as per AS 4.	
(iii) **Re-allocation costs of Employees and Repair and Maintenance to Capital works** The method and calculation of reallocation of employee costs and repair and maintenance costs is subject to reconciliation as the basis for the same and the actual expenditure incurred has not been provided to us.	In this context, it is intimated that a proper procedure has been prescribed in Commercial Accounting System of HPSEB for reallocation of Employees & R&M to capital works which is done on the following basis: 1. The entire cost of employees at purely construction units should be capitalized. This should include even the annual benefits like bonus, LTA etc. 2. The other units, the employee cost to be capitalised should includes (s) cost of employees, retained/ engaged specifically for one or more capital jobs (b) an estimated proportion of cost of employees (who are working on both capital and O&M) should be fixed on the proportion of time the employees are estimated to be spending on capital works 3. The employee who works only on the O&M works, no part of this employee's cost be capitalized. 4. The entire expenditure transferred to capital works (i.e A/c group 15.2) should be allocated to the specific works at the year end no balance should be left unallocated. In view of above, the version of auditor is denied. Hence para may be settled.
(iv) **Prior Period Employee Costs** The Company has charged arrears of D.A in prior period Employee cost. The Above accounting treatment of arrears of salary/ D.A is in contravention of the **AS 5 Net Profit or Loss for the year , Prior Period items and Changes in Accounting Policies** which states that prior period items refers only income and expenses which arise in current period as a result of errors or omissions in one or more prior periods.	All the field Units has been directed to not charge arrear of DA in prior period in future. The point has been noted for future compliance.

23. Other Observations

(i) **Repair and Maintenance Line and cable Net Works**

It has been observed that company is charging the costs from above head to Revenue expenses pending allocation to capital works and Capital Work in progress at the close of the year. In the absence of sufficient information we are unable to comment on its effect to the profit and loss account and balance sheet.

We do not agree with the observations of Statutory Auditor. In this context, it is submitted that cost being charged on R&M of line and cable network is purely R&M cost of these lines and ultimately it is revenue expense being charged to P&L accounts of the Company. Hence para may be dropped.

(ii) **Old Un-reconciled entries in the Bank Reconciliation Statements**

The company is carrying over the old un reconciled entries of Bank Reconciliations statements and the same has not been adjusted at the close of the year the details of the same is as under:-

Amount in ₹ lacs

	Current Year	Previous Year
Short credit given by banks	1,610.02	1,424.26
Excess amount debited by banks	1,236.42	2,122.58
	2,846.44	**3,546.84**
Less amount debited by banks	240.08	113.82
Excess Credit by banks	10,483.68	7,201.45
	10,723.76	**7,315.27**

In our opinion in the absence of complete information we are unable to comment on its effect on the Profit & Loss account and balance sheet.---

It is intimated that the necessary correspondence regarding reconciliation of old entries will be made after reconciliation/ reply from the bank concerned.

(iii) **Distribution Losses**

Reference is invited to Note 2.33 (B) (35) regarding distribution losses. Some of the circles have very high distribution losses as compared to acceptable norms for electricity companies.

The distribution losses of the Company are within the limit fixed by the HPERC under acceptable norms for electricity Company. Hence para stand settled.

(iv) **Leave Salary, Gratuity and PF Contributions**

The company has not made any provisions in the books of accounts in respect of leave salary payable , gratuity payable, EPF contribution payable and pension contribution payable as on 31st March 2017 (refer Note 2.33(A)(14) in respect of present employees as per **AS 15 Accounting for Employees Benefits issued by the ICAI.** In the absence of information we are unable to comment on its effect on the profit and loss account and balance sheet.

The policy of the Company with regards to accounting of leave salary, gratuity and PF contribution has been disclosed at 2.33 (A) 14 of significant Accounting Policies. However , action to follow AS 15 shall be taken in next year

(v) **Contingent Liabilities in notes to accounts** The Company has made disclosure of contingent liabilities in notes to accounts, sufficient information has not been provided in respect of the Contingent Liabilities provided in the notes to accounts. *(Refer Note no 2.33(B)12).*	Complete disclosure on contingent liabilities has been made in Note 2.33 (b) 12 and sufficient information is made available with concerned Division, Hence para stand settled.
(vi) The Company has not provided any information of the suppliers / service providers who are registered as Micro, Small and Medium undertakings under "The Micro, Small and Medium Enterprises Development Act 2006" as on 31st March, 2017. In the absence of the information we are unable to comment on the same.	Point has been noted for future compliance
(vii) The Company and its divisions has not provided to us Court cases details which are contingent in nature and in which contingent liability of the company is involved.	In reply to this para it is submitted that Company has complete detail of Court cases in division concerned which is contingent liability and sufficient disclosure in this regards has been made in Note 2.33 (B) 33. Hence para denied and may be dropped.
24 Non Compliance of Accounting Standards The Company has not complied with the following mandatory accounting standards issued by the Institute of Chartered Accountants of India	As already stated in Note No 2.33 of significant Accounting Policies of the Company, accounts of the Company has been prepared on accrual basis based on historical cost convention and are in line with the fundamental accounting principles of prudence, consistency and materiality except others wise stated. Financial Statement are prepared in accordance with the provision of the Companies Act, 2013 and relevant provision of Electricity Act, 2003. The improvement in accounts, as in any other shepre, is continuing process and there is always enterprises scope of minimizing the infirmities, more so in the case of a Company carved out from the predecessor entity operating for over four decades. The company has complete policy mentioned in Note 2.33 (A) for *accounting of losses of stock due to theft, fire, floods etc, write off & recovery of shortage from contractors and suppliers, treatment of capital and revenue items.* Caution has been taken to make appropriate disclosure either in the Accounting Policies or by way of Notes to Accounts, so that the transparency aspect is duly taken care of. Hence, the version of the Auditor for non- compliance to AS-I is not correct & denied.
1 Accounting Standard I- regarding disclosure of Accounting Policies*:* *(i) Non disclosure of policy of conveyance for accounting of losses of stock due to theft, fire, floods etc.* *(ii) Non disclosure of any policy on write off & recovery of shortage from contractors and suppliers* *(iii) No disclosure about the company whether its going concern or not.*	
2 Accounting Standard 2: Valuation of Inventories *(a) The cost of inventory of items that are not ordinarily interchangeable and goods & services produced and segregated for specific projects were not assigned by specific identification of their individual cost. (Refer Note 2.33(A)4)*	Statement of facts, Hence no comments.

(b) The classification of inventory appropriate to HPSEBL was not made in financial statements. Inventory should have been classified under the heads; Raw Material and Components, WIP, Stores and Spares and Loose tools. ***The effect of noncompliance with accounting standard 2 on inventories stores and spares and Profit & Loss account is un-ascertainable due to non availability of information.***	Point has been noted and necessary c*lassification of inventory shall be made in next financial statements.*
3. Accounting Standard 4: Contingencies and Events Occurring after the Balance Sheet Date. *The Company has not provided to us with the information on contingencies and events occurring after balance sheet date, neither the same has been incorporated in the accounts statements nor the same has been disclosed by the management in the notes to accounts.* ***This may be noted that although this year Balance Sheet is approved u/s 134 of the Act) on 21-05-2018 in regular meeting and submitted to us for audit. The Material Contingencies and events occurring after balance sheet date which may affect the balance sheet at 31st March 2017 has not been disclosed in the notes to accounts.*** ***The effect of noncompliance with accounting standard 4 on profit & loss account is un-ascertainable due to non availability of information****.*	The requisite disclosure/information has already been disclosed in Note No 2.33 (B) 12 of Notes to accounts. Hence version of Auditor for non compliance for AS-4 denied and point may be dropped.
4. Accounting Standard 5: Net Profit or Loss for the period, Prior Period Items and changes in Accounting Policies *The Company has not complied with the requirements of Accounting standard 5 which deals with Prior period and extraordinary items, as the Company has no accounting policy for prior period items and changes in accounting policies and there is no disclosure of the same in the notes to accounts.* ***The effect of noncompliance with accounting standard 5 on profit & loss account is un-ascertainable due to non availability of information***	There exist proper policies for the accounting prior period income/ expenditure. On the date of balance sheet all the expense / income relating to year are being charged to the concerned head of account. When the accounts of the year have been closed, all the receipt/ expense relating to previous years are being charged to prior period expense/ income. However, the requisite information has already been given against Sr, 21 of significant accounting Policy of Company disclosed in Notes to Accounts. Hence version of Auditor for non compliance for AS-5 denied and point may be dropped.
5. Accounting Standard 6: Depreciation Accounting *The Company has not complied with the requirements of Accounting Standard 6 which deals with accounting of Depreciation. The company has changed the method of providing the depreciation rates which was previously adopted by the Board and the depreciation*	The policy of Company in respect of depreciation & amortization has been disclosed at Note 2.33 (A) 7 of significant accounting policies.

has not been recalculated retrospectively in accordance with the new rates. ***The effect of noncompliance with accounting standard 6 on profit & loss account is un-ascertainable due to non availability of information.***	
6. Accounting Standard 9: Revenue recognition *The Company has not followed the accounting standard 9 as required for revenue recognition. The company has not disclosed any accounting policy in respect of violation charges, O & M Charges, Charges for interlinking facility, other O & M Charges and other charges recoverable.*	The policy of Company in respect of Revenue Reorganization has been disclosed at Sr. No Sr. No 8 of significant accounting policies & Notes to Accounts. Hence the version of the Auditor for non compliance is not acceptable and denied.
7. Accounting Standard 10: Accounting for Fixed Assets *The Company has not complied with the requirements of the accounting standard 10 accounting for fixed assets while preparing the financial statements.* ***The effect of noncompliance with accounting standard 10 on profit & loss account is un-ascertainable due to non availability of information.***	The Policy of the Company in respect of Accounting Standard for fixed assets has been disclosed at Sr. No 10 of significant accounting policies and notes forming the parts of Accounts. Hence the version of the Auditor for non compliance is not acceptable and denied.
8. Accounting Standard 12: Accounting for Government Grant *The Company has not complied with the requirements of accounting standard 12 on accounting of Government Grants in relation to charging of the depreciation on the assets acquired from the grants* ***The effect of noncompliance with accounting standard 12 on profit & loss account is un-ascertainable due to non availability of information.***	The policy of the Company in respect of Government grants has been disclosed at Sr. No. 13 of significant accounting policies and notes forming the parts of Accounts. Hence the version of the Auditor for non compliance is not acceptable and denied.
9. Accounting Standard 15: Accounting for Employee Benefits *The Company has not complied with the requirements of AS15 regarding accounting for employee Benefits while preparing the financial statements in respect of leave salary , gratuity and provident fund contributions and other retirement benefits payable to present employees.* ***The effect of noncompliance with accounting standard 15 on profit & loss account is un-ascertainable due to non availability of information.***	The policy of the Company in respect to accounting of terminal benefits has been disclosed at Sr. No 14 of significant accounting policies and notes forming the parts of Accounts. Here Company is partially comply the same.
10. Accounting Standard 16 Accounting of Borrowing Costs *The company has not complied with the requirements of AS 16 issued by the ICAI which*	The policy of Company in respect of borrowing cost has been disclosed at Sr. No Sr. No 15 of

states that only interest paid on loan which has been used for construction of Assets during construction period has to be capitalized as part of the cost and after that the interest has to be charged to revenue. ***The effect of noncompliance with accounting standard 16 on profit & loss account is un-ascertainable due to non availability of information.***	significant accounting policies and notes forming the parts of Accounts. Hence the version of the Auditor for non compliance is not acceptable and denied.
11. Accounting Standard 17: Segment Reporting *The Company has not complied with disclosure requirement of Accounting Standard 17 regarding information on reconciliation between segment revenue, results, assets and liabilities with financial statements, method of pricing inter segment transfers, types of products and services in each business segment, composition of each geographic segment*.	The version of the Auditor for non compliance of AS-17 is not acceptable and denied. The Company has fully complied with AS 17 and segments reporting have been disclosed in Note 2.32 & 2.32 (a) of the Balance sheet. Hence the version of the Auditor for non compliance is not acceptable and denied.
12 Accounting Standard 19: Accounting for Leases *The company has not complied with disclosure requirement of Accounting Standard 19 issued by ICAI which state that company is required to disclose* assets acquired under finance lease as segregated from the assets owned; for each class of assets, the net carrying amount at the balance sheet date; a reconciliation between the total of minimum lease payments at the balance sheet date and their present value. In addition, an enterprise should disclose the total of minimum lease payments at the balance sheet date, and their present value, for each of the following periods: (i) Not later than one year; (ii) later than one year and not later than five years; (iii) later than five years;	Needful shall be done as per requirement in next year
13 . Accounting Standard 22: Accounting for Taxes on Income *The Company has not recognized the tax effect of timing differences arising on account of carry forward losses as per Accounting Standard 22 "Accounting for Taxes on Income" issued by ICAI on accounting of prudence.*	Needful shall be done as per requirement in next year
14. Accounting Standard 26: Intangible Assets *The Company has not complied with the accounting standard 26 issued on the Intangible assets which states that "an intangible asset should be recognized if, it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise; and the cost of the asset can be measured reliably."*	The Company is complying with this Accounting Standard-26 and disclosed in Note No 2.33 A (13). Hence the version of the Auditor for non compliance is not acceptable and denied.

15. Accounting Standard 28 : Impairment of Assets *The Company has not complied with the accounting standard issued on the Impairment of Assets issued by ICAI while preparing the financial statements.*	Needful shall be done as per requirement in next year
16. Accounting Standard 29: Provisions, Contingent Liabilities and Contingent assets *The Company has not complied with the accounting standard issued on the Provisions, Contingent Liabilities and Contingent Assets issued by ICAI while preparing the financial statements* ***The effect of the said qualifications where ascertainable the loss of current year ₹ 4421.10 lacs will be increased to loss of ₹ 285578.09 lacs. The reserves and surpluses will be ₹ (275165.12) lacs instead of ₹ -44520.13 lacs. The Share Capital will be ₹ 25675.18 Lacs instead of ₹ 65328.18 lacs . The Other long term liabilities will be ₹ 76815.14 lacs instead of ₹ 63939.79 lacs . The long term provisions will be ₹ 273791.80 lacs instead of ₹ Nil .The Trade payables will be ₹ 1,73,880.64 lacs instead of ₹ 1,73,720.64 lacs. The other current liabilities will be ₹ 96917.49 Lacs instead of ₹ 1,17,585.39 lacs.The Tangible assets will be ₹ 547115.76 lacs instead of ₹ 547839.53 lacs. The Intangible Assets will be NIL instead of ₹ 705.75 lacs. The capital work in progress will be ₹ 92685.41 lacs instead of ₹ 89,650.76 lacs. The long term loan and advances will be ₹ 7948.55 lacs instead of ₹ 9172.81 lacs. The other noncurrent assets will be ₹ 45694.40 lacs instead of ₹ 15129.98 lacs . The inventories will be ₹ 5786.44 lacs instead of ₹ 5842.18 lacs. The Trade receivables will be ₹ 87213.53 lacs instead of ₹ 93002.93 lacs. The short term loans and advances will be ₹ 29896.16 lacs instead of ₹ 58462.41 lacs . The other current assets will be ₹ 24315.88 lacs instead of ₹ 24988.52 lacs.***	The Company is complying with this Accounting Standard-26 and disclosed in Note No 2.33 B (12). Hence the version of the Auditor for non compliance is not acceptable and denied
Opinion In our opinion, because of the significance of the matter discussed in the Basis for **disclaimer of opinion** paragraphs, ***We report that the aforesaid standalone Financial Statements do not give the information as required by the Companies Act, 2013, in the manner so required and in conformity with accounting principles generally accepted in India and because of the significance of the matters described in para above and for those qualifications where the effects are***	The financial statements of FY 2016-17 are consolidated on the basis of consolidated trial balances of Divisions/ Circles and Head Office. The balance sheet of Division level are prepared on revised schedule duly audited by the Internal Auditors of the Company and shown to Statutory Auditors during the course of Audit. The figures of previous years have been re-casted and re-grouped to comply with the requirement of revised schedule VI and disclosed in significant Accounting Policies under Sr. No 1. The Auditors have stated that they have not been able to provide sufficient appropriate audit evidence to provide a basis for an

unascertainable and are of material nature, and considering the qualifications in this report and audit reports of earlier years of erstwhile HP State Electricity Board we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion therefore we disclaim our opinion. disclaim our opinion. (a) *In the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2017.* *(b) In the case of the Statement of Profit and Loss ,of the loss for the year ended on that date.* (c) *In the case of the cash flow statement of the cash flows for the year ended on that date.*	audit opinion, and therefore they have given a disclaimer of opinion in their audit report. In this regard, we would like to present our view on the same, particularly on the audit report on the standalone financial statements of HPSEBL. The reasons for our view are set out below: (1) The Audit report has made observations on many items of the Balance sheet as at 31 March 2017, stating that no information and explanation was provided to them and therefore, the assets or liabilities have been overstated or understated, as may be relevant. These observations have been virtually the same since the first audit report issued for HPSEBL, post unbundling of Himachal Pradesh State Electricity Board (HPSEB), for the period from 1 April 2010 to 13 June 2010, as per the requirements of the Transfer Scheme issued by the Government of Himachal Pradesh (GoHP). It is important to recognise the fact that most of the balances of assets and liabilities as at 31 March 2018, continue to have amounts pertaining to the period prior to 14 June 2010 *i.e.* pertaining to the erstwhile HPSEB. The balances of these assets and liabilities have been transferred to HPSEBL at valuation as per the Transfer Scheme issued by GoHP and hence have attained finality. Therefore, an important distinguishing factor must be recognised that balances of assets and liabilities may contain amounts pertaining to the erstwhile HPSEB, for which the Transfer Scheme issued by GoHP is the basis and other documentation, if any, is not available, considering that more than 8 years have passed by from the issuance of the Transfer Scheme. We are of the view that this important distinguishing factor has not been considered by the Auditor while issuing his Audit Opinion. (2) In the financial year FY 2016-17, HPSEBL has resolved a long pending issue relating to differences in the balances of assets and liabilities as per the records of the Divisional accounting units and those considered by Corporate Accounts for consolidation and preparation of the financial statements of HPSEBL. This issue has been analysed thoroughly, efforts have been put in to review records of past years and the balances have been re-casted to remove the differences. Net differences

	have been accounted, for which approval of the Board has been obtained. HPSEBL has now put in a rigorous mechanism to ensure that such differences will not crop up in the future, by instituting review and control mechanisms. (3) The Auditor has stated that cash book maintained at Divisional level is not balanced on daily basis and therefore the cash book does not reflect cash in hand on daily basis. This is an observation which has been carried forward verbatim from the first audit report of HPSEBL and included in all subsequent audit reports including the current audit report. We state that the cash book maintained at Divisions is balanced on daily basis from FY 2013-14. The auditor has not mentioned names of specific Divisions in his report, where he has found instances of such practices. We do not agree to this observation. (4) With regard to other observations on Fixed Asset Register and physical verification of Fixed Assets, it is stated that HPSEBL has recently completed an exercise of physical verification of Fixed Assets and the compilation of Fixed Asset register at the Divisional level, with the assistance of an external agency. The Company will shortly review the reports of the external agency and address issues arising from such physical verification shortly. (5) In relation to Fixed Assets and Inventories, the nature of the operations and business of HPSEBL must be understood. The license area of HPSEBL covers the entire state of Himachal Pradesh, which has a predominant mountainous landscape. There are many locations which are remote, unreachable and face adverse climatic and environmental conditions. Given these factors, regular physical verification of fixed assets and inventories, becomes a challenge. Also, the nature of the industry must be appreciated. Power has to be sourced from different locations within/outside the state and provided to the end consumer, for which infrastructure has to be set up. In Himachal Pradesh, this becomes even more challenging due to harsh climatic conditions and mountainous nature of the terrain in the state. It can be seen from the annual reports of other state

	power distribution utilities (which have much lesser challenging climatic and environmental conditions) that the same observations on Fixed Assets and inventories are found.However, the auditors of the other state power distribution utilities have not used the same as the basis for a disclaimer opinion. The Statutory Auditor has not considered the specific nature of the business of HPSEBL and the industry in general. Hence the versions of Auditors for disclaimer opinion on this basis of are not acceptable.
Emphasis of the Matter (i) We further report that the Company's net worth as at the end of the financial year is completely eroded by its accumulated losses. However, the management has prepared the financial statements assuming that the Company will continue as a going concern. No sufficient information with regard to adequacy of resources in the operating cash flows to meet its future obligations has been provided by the management.	The Company has increased the authorized Share capital from 500 lac to 11000 lac and share capital of the Company is now Rs. 65328.18 Lac. The HPSEBL is State Govt. undertaking Company and Govt. is paying equity/ grants for the purpose of capital works every years. The Net worth of the Company as on 31.3.2016 is Rs 20808.05 Lac (Equity 65328.18+Reserves & surplus Rs.-44520.13 Lac) and the version of the Auditor that the Company's net worth is completely eroded by its accumulated losses is not correct and denied. Hence the para may be dropped.
(ii) We draw attention to Note 2.33 (A) 11 where in the policy and practice regarding capitalization of CWIP was not mentioned	The expenditure on capital works in progress shall be transferred to appropriate assets at time of put to use/ ready to use in future and necessary instructions have been imparted to all concerned.
(iii) We draw attention to Note 2.33 (A) 5 the practice of the company to value inventories.	The inventories are valued at the lower of cost (on weighted average basis) and net realized value after prodding for obsolescence and other losses where considered necessary.
(iv) We draw attention to Note 2.11 the practice of the company to keep both the assets owned by own funds and from consumer contributions towards cost of capital assets in one account head and which should have been accounted for separately. As required by 'The Companies (Auditor's Report) order 2015, issued by central government of India in the terms of Sub Section (11) of Section 143 of the Act9 hereinafter referred to as the "Order") and on the basis of Such checks of books and records of company as we considered appropriate and according to the information and explanations given to us, We give in the Annexure on the matters specified in Paragraphs 3 and 4 of the order.	Point noted necessary compliance shall be made in current year
Report on Other Legal and Regulatory Requirements *As required by the Section 143(3) of the Act, we report that:*	

(a) We have sought and obtained all the information and explanations which to the best of knowledge and belief were necessary for the purposes of our audit ***except the following:-****.*	
Provision of Liabilities and Expenditure *Year end provisions for liabilities / expenses booked at the close of the year are reversed in the subsequent accounting year by the Company.* *We further report, that during the year under review Company has made provision for expenses on the basis of budgets approved for particular works irrespective of the fact that actual expense accrued/ incurred and same is reversed in the subsequent period on receipt of actual bill / invoice of the vendor / contractor. The same results in overstatement of other current liabilities and revenue expenses / capital work in progress. The sufficient information with regard to quantum of such liabilities provided in financial statements has not been made available to us.*	It is submitted that as per transfer scheme notified by the Govt. of H.P. all assets and liabilities of erstwhile Board have been transferred to the Company and year end liabilities are reversed in the subsequent accounting year. Necessary instructions have been issued to the field units for booking of the expenditure based on actual expenses rather on budgeted expenses. However, system of providing liabilities on accrual basis at year end and appropriate system of accounting of the same shall be deliberated upon for necessary action.
1. *It has been observed that expenses approved by Head Office till the year end are only provided in the financial statements. The work completed / services rendered / goods supplied till 31st March, 2017 and not approved by Head Office, has not been provided in the financial statements, however, the same have been recorded in the subsequent period on receipt of approval from Head Office. The information with regard to assets / expenses and liabilities has not been made available to us, therefore, impact of same on noncurrent assets / current assets/ noncurrent liabilities/ current liabilities / losses cannot be quantified.*	All the information relating to the transactions made by the head office of the Company has been made available to the Auditors by the Company. As pointed out by Auditor in para, the work wise details of these expenses is available in our field units and shall be provided, if required by the auditors. However, system in this regard shall be reviewed & appropriately implemented.
2. *Neither the Company has disclosed the facts in notes nor given any information as to settlement for those cases which were disclosed in earlier years balance sheet as notes to account / audit report / CAG comments / comments of works audit party/ comments of RA audit /pending court case / settlement where the Company had deposited deposits with various authorities amounts some of them may have been settled / awarded by the Court / Govt. / Arbitrator but the status was not disclosed by the Company. This may affect the profit & loss account and the balance sheet*	The company shall disclose all the facts, as pointed out in para during the FY 2017-18 audit.
3. *Old assets (recoverable) and old liabilities (Payables) in all the divisions being time barred mostly remained unconfirmed / un-reconciled. The adjustment required if any may affect the profit & loss account and the balance sheet.*	Most of the old assets (recoverable) and old liabilities (payable) in all the Divisions being time barred have been got adjusted. Necessary action on remaining amount shall be taken after completion of reconciliation process.
4. *The Company has not provided sufficient physical verification records in respect of Tangible Assets, Capital Work in progress and Contracts in*	The Company has provided all the records relating to fixed assets to the Statutory Auditors. However, where the records were not provided, the same

progress at the Division level. The adjustment required if any may affect the profit & loss account and the balance sheet.	shall be provided to the auditors. Point regarding physical verification of assets noted for future compliance.
5. *The Company has not taken any reasonable steps to remove the qualifications reported in previous year report and earlier year reports of HPSEB by CAG while adopting the accounts for the current year, therefore old material qualifications has been considered in the current year report where the same is quantifiable as no information for the same has been provided by the company.*	The version of the Auditor is denied. It is submitted that most of para/ qualifications of CAG on the earlier report of erstwhile HPSEB have been settled and compliance had shown to the Audit from FY 2012-13 onwards.
6. *The Head Office has not provided complete details/ information of the closing balance of sub heads operated by them in respect of respective DDO's except , banks section, loan section, investment section and Pension II. The subsidiary records / register of individual DDO has not been produced for our verification. No sufficient information has been provided in respect of the liability of expenses, other liabilities and provisions at Head Office Level.*	The instructions have been issued to all the DDOs to produce the record to the Statutory auditors as per their requirement.
7. *The reconciliation of the Fixed Assets Register and the Fixed Assets account in the account statement is pending since many years. The pendency is due to non availability of records/ information of earlier years or in some divisions the earlier years records has been burnt. The above pendency has been observed in Solan Circle, Rampur Circle, Rohroo Circle and other circles/ divisions also. The adjustment required if any may affect the profit & loss account and the balance sheet.*	The Company is making efforts to get the fixed assets Registers at Divisional level prepared and shall be complete in all respect during the next year. The necessary instructions in this regard stands issued/imparted to all the concerned to ensure compliance at the earliest please.
8. *The reconciliation of the Works register and the Capital Work in progress account in the account statements is pending since many years. The pendency is due to non availability of records/ information of earlier years or in some divisions the earlier year's records has been burnt. The above pendency has been observed in Solan Circle, Rampur Circle, Rohroo Circle and other circle also. The adjustment required if any may affect the profit & loss account and the balance sheet.*	Instructions have been issued/imparted to all the concerned to reconcile the subsidiary record as per accounts.
9. *No sufficient information and evidence in support of revenue expenses pending allocation over Capital Works has been provided to us. The adjustment required if any may affect the profit & loss account and the balance sheet.*	The version of the auditors is not correct. All direct expenses allocable are booked in CWIP. The complete record of the same had been shown to auditors. Hence para may be settled.
10. *The subsidiary records in relation to consumer ledgers at the end of the year is pending for reconciliation at all divisions of the operation circles The adjustment required if any may affect the profit & loss account and the balance sheet.*	Efforts are being made to reconcile the same at the earliest.
11. *The Company has not provided any information about those consumers who has gone to the courts on account of disputes in the bills raised for energy charges.*	The information with regard to those consumers who have gone to the courts on account of disputes in the bills raised for energy charges is available with concerned Divisions. Instructions have been issued to all to provide the information to the auditors next audit.

12. *The Company has not settled the old un reconciled entries in the bank reconciliations statements. The adjustment required if any may affect the profit & loss account and the balance sheet.*	Efforts are being made to do Needful and various higher level meeting has been conducted by the Company with Bankers.
13. *The Head office has not supplied to us the employees wise details of loans and advances to staff and interest accrued thereon. The adjustment required if any may affect the profit & loss account and the balance sheet.*	Needful has been done and compliance of the same shall be shown by Head office during the audit of FY 201617. Detail will be supplied during 2017-18 audit.
14. *The Company has not provided complete details of amount recoverable on account of theft of property pending investigation (Account Code 28.885) . The adjustment required if any may affect the profit & loss account and the balance sheet.*	We do not agree with auditors version. The complete details of amount recoverable on account of theft of property pending investigation are available in all Units of the Company. However, where the detail of such amount not provided, the same shall be provided during FY 2017-18. Hence the para be dropped.
15. *The Company has not been able to provide sufficient information/ confirmation from the parties in respect amount payable for purchase of power. The adjustment required if any may affect the profit & loss account and the balance sheet.*	Efforts are being made to reconcile the amount of payable/receivable on a/c of purchase /sale of power. After reconciliation, the action shall be taken accordingly for adjustment of un-reconciled amount if any.
16. *The Company has not able to provide reconciliation in respect of deposits and retentions from suppliers and contractors with the subsidiary records maintained.*	The concerned DDOs are maintaining the subsidiary record of all the deposit/retention money received from suppliers and contractors. However, instructions have been issued to all the DDOs to complete the records in case the same were not maintained and shown to auditors previously
17. *The Company has not been able to provide reconciliation in respect of Deposits for Electrification Services Connections Account Code 47.1 with the subsidiary records maintained.*	The concerned DDOs are maintaining the subsidiary record of all the deposit. However, instructions have been issued to all the DDOs to complete the records in respect of Deposits for Electrification Services Connections Account Code 47.1 with the subsidiary books.
18. *No sufficient Information has been provided in respect of the Contingent Liabilities provided in the notes to accounts and further no information for contingent assets has been provided.*	The contingent's liabilities as on 31.3.2017 has been disclosed in Note No 2.33 (B) 12 which pertain to different Unit of the Company and sufficient information in this regards is with concerned Division. Hence para may be dropped.
19. *The divisions have not provided sufficient information in respect of those assets where the consumer has deposited the departmental charges and executed the work by their own. The adjustment required if any may affect the Value of assets created and the reserves on the other hand.*	The company has clear policy for those assets where the consumer has deposited the departmental of charges and executed the work on their own and latest instructions have been issued in FY 2017-18 to all concerned. Hence para may be settled.
20. *During the year under review the financial statements are prepared as per schedule III of the Companies Act 2013 .The basis for grouping of noncurrent liabilities/ assets and current liabilities and assets as per the requirements of Schedule III for the current and previous year has not been produced for our verification. It was also observed that Figures of previous year was also regrouped in the schedules of balance sheet but the basis of regrouping was not provided to us.*	The point has been noted for future compliance.

21. The Company is not complying with the latest provisions of the Service Tax Act in respect of service tax payable on taxable services availed (reverse charge mechanism) specified in the Service Tax Act .	We do not agree with the auditor version. The Company has fully complied with the latest provision of the services Tax Act in respect of service tax payable on taxable services availed (reverse charge mechanism) specified in the Service Tax Act and Auditors has not pointed out name of specific Unit who have not comply the same. Hence the version of the Auditor for non compliance is not acceptable and denied.
(b) *In view of following in our opinion,* ***proper books of accounts as required by Law have not been kept by the company*** *so far as it appears from our examinations of those statement, registers and related records produced for our verification.*	The books of accounts are being maintained as per Commercial Accounting system and all the DDO have been directed to prepare proper books of accounts as per requirement of law and Companies Act.
(i) The Divisions of the Company has maintained cash & bank book and no corresponding transactions are recorded in ledger accounts. The adjustment entries were passed in the memorandum statement maintained to compile these financial statements, which is in contrary to the double entry system of recording of transactions as required by the Companies Act 2013. *The Divisions extracts monthly Trial Balance (known as "CS-1") for the purpose of consolidation of financials by Circle and Wings. The Head Office on the basis of memorandum statements submitted by Circles and Wings compile these financial statements. The adequacy and correctness of memorandum statements and transmission of financial data do not ensure the correctness and sufficiency of accounting and recording of transactions and compilation of Balance Sheet and Profit & Loss account of the Company.*	All the Units are preparing Ledger accounts from FY 2014-15 onwards as per the requirement of Companies Act and Auditor has not mention specific unit name who are not recoded transaction in ledger accounts. Hence the version of the Auditor for non compliance is not acceptable and denied. All the units of the Company are maintaining cash & bank book and record transaction in Ledger from April, 2015.Proper Trial Balance are prepared which is tailed with the subsidiary records. The compliance for the are being shown to the Auditors during the audit from FY 2015-16 onward also . Hence the version of the Auditor for non compliance is not acceptable and denied.
(ii) The Divisions do not compile the trial balance with balances of the previous accounting month. The Circles consolidates the Trial Balance provided by the Divisions on monthly basis and Head Office merges the monthly Trial Balance and at the end of year consolidated balances are drawn on the basis of memorandum record for the purpose of preparation of financial statements. The Company does not record balances provided by Divisions at Circle or at Head Office in proper financial books of accounts. These financial statements have been compiled on the basis of statements prepared on the basis of merged Trail Balances provided by Circles and not on the basis of books of accounts.	All the units has been directed to maintain / prepare trial balance with balances of the previous years accounting month. The proper books of accounts and Ledger as per Companies Act has been prepared in FY 2015-16 and shown to the Auditor during the audit of FY 2016-17. Hence the version of the Auditor for non compliance is not acceptable and denied.
(iii) The consolidated statements / record compiled at Head Office and Circle do not provide complete details of Main Accounting Code and or Sub-Account Code'. The memorandum consolidated record does not provide Circle or Division wise detail of transactions disclosed in these financial statements.	Complete Ledger sub Head wise has been prepared *& consolidated record area available/ provide Circle or Division wise detail of transactions to the audit*. Hence the version of the Auditor for non compliance is not acceptable and denied.

(iv) The cash book maintained at Division is not balanced on daily basis, therefore, the cash book do not reflect the cash in hand on daily basis.	*The cash book maintained at Divisions are now balanced on daily basis from FY 2013-14 and auditor has not making names of specific units where the cash book balances are not maintained on daily basis* This is an observation which has been carried forward verbatim from the first audit report of HPSEBL and included in all subsequent audit reports including the current audit report. We state that the cash book maintained at Divisions is balanced on daily basis from FY 2013-14. The auditor has not mentioned names of specific Divisions in his report, where he has found instances of such practices. We do not agree to this observation.
(c) The Balance Sheet and Statement of Profit and Loss dealt with by this report are in agreement with the books of statements except our observations in Para,23)(ii) (iii),(iv),and (v);	Statement of facts, hence no comments
(d) Except for the effects of the matter described in the Basis for Disclaimer of Opinion paragraph and ***non compliance of accounting standard specified therein*** *, in our opinion, the Balance Sheet, Statement of Profit and Loss comply with the accounting standards referred to in section 133 of Companies Act, 2013 .read with Rule 7 of the Companies (Accounts) Rules 2014.*	Efforts are being made & point noted. Necessary action shall be taken in current years.
(e) We were informed In terms of Exemption Notification Government of India, Ministry of Corporate Affairs Notification No 372 dated 05 June2015 Government companies are exempted from the applicability of section 164 of Companies Act 2013, therefore, no written representation from Board of Directors have been obtained.	Statement of facts, hence no comments
(f) The Company has not taken any reasonable steps to remove the qualifications reported in earlier year reports while adopting the accounts for the current year, therefore old qualifications has been considered in the current year report also.	The management has formed various Committee (s) for settlement of old qualification reported by CAG, provided training to accounts personnel on Mtc. of books of accounts as per requirement of Companies Act, formed New Accounting Manual from M/s Deloitee and action taken report shall be shown to audit in next year.
Other Matters (i) The Company has not disclosed the impact of pending litigation on its financial position in financial statements. (ii) The Company has not made provision, as required under applicable law or accounting standards, for material foreseeable losses, if any, on long term contract including derivative contracts. (iii) No amount has been transferred to investor Education and Protection Fund by the Company during the year ended March 31, 2017. (iv) The Company has not provided us any information about Denomination and Value of Specified Bank Notes deposited/Collected by it during the period from 8th November, 2016 to 30th December, 2016. The Company has not provided requisite disclosure in its standalone financial statements as to holding as well as dealing in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016.	Efforts are being made & point noted. Necessary action shall be taken in next years.

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS **F*orming part of auditor's report on the Standalone financial statements of Himachal Pradesh State Electricity Board Limited for the year ended on 31st March, 2017*** Referred to in Paragraph 1 of the report on Legal & Regulatory Requirements of Independent Auditor's Report of Even Date	
(i) a) The Fixed assets Register maintained is not as per Companies Act showing the complete details of cost, location, identification code, transfer write off, accumulated depreciation etc in respect of each individual items. The Fixed Assets register maintained at division level does not tallied with the sub head wise accounts of Fixed Assets maintained in the account statements.	Efforts are being made to maintain the fixed assets register through retired Accounts personnel and Fixed assets register of all accounting Units has been prepared which are tailed with the sub head wise accounts of Fixed Assets maintained. Specimen of some Units has been shown to the audit.
b) The assets have not been physically verified by the Company. Since the detailed records of Fixed assets at different locations are not maintained as prescribed, the question of comparison of Fixed Assets with book records and ascertaining the discrepancies out of physical verification does not arise and its impact upon accounts is not ascertainable.	All the DDO's have been directed to physically verify the fixed assets every year. a) Statement of facts. Hence no comments
(ii) a) As explained to us, stores and spare, at all locations, has been physically verified. In our opinion, the frequency of physical verification is not reasonable and adequate.	ii) Complete procedure to verify the store and spares have been prescribed by the Company.
b) The procedure for physical verification of inventories followed by the management is not reasonable and adequate in relation to the size of the Company and nature of its business.	b) Procedure for physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company as Stock Verifier verifies the same periodically.
c) The Company is maintaining proper records of inventory, i.e., Stores and spares. However, we were not provided with any report of physical verification, hence we are unable to comment on the same.	c) Verification reports are with concerned DDO and shall be shown to audit.
iii) The Company has not granted any loans secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of Companies Act 2013.	iii) Statement of facts, hence no comments
iv)a In our opinion and according to the information and explanations given to us, internal control system/procedures followed by the Company do not commensurate with the size of the Company and the nature of its business with regard to purchase of stores, Fixed Assets machinery or spare parts***. The Company has piled up stocks of Rs 5842.18 lacs (Previous Year Rs 9384.13 lacs) as at 31st March 2017, out of which stock amounting to Rs 631.19 lacs (Previous Year Rs 615.25 lacs) which are more than five years old and has not been utilized till the close of the year.***	iv)a Company has proper system of internal audit as per the size of the Company. Internal Audit party for commercial Audit and CA firms are engaged for internal audit. As regards piled up stocks these are critical items and used frequently for restoration of supply.

iv)b ***As regards our comments for the sale of goods and services the internal control over sale of power is lacking as reflected by high distribution losses in some operation circles, poor collection efficiency seen from rising level of debtors, non-classification of debtors into good, doubtful and bad, amount and not acting timely for recovery from permanently disconnected consumers and non-compliance of procedure for disconnection in case of default and non recovery of dues from government departments***.	iv)b The distribution losses of the Company are with in the limit fixed by the HPERC and poor collection efficiency of the Company is due to non settlement of Govt. dues.
v) The company has not accepted any deposit from the public under section 73 to 76 of the Companies Act, 2013.	v) Statement of facts. Hence no comments
vi) ***With pursuant to Rule made by the Central Government of India, the maintenance of cost* records *have been prescribed under Section 128 of Companies Act2013 in respect of Electricity Supply. The Company has not prepared cost records as prescribed.***	vi) M/s Anirudh Joshi & Associate are the Cost Auditor of the Company and cost records are being prepared through outsourced Cost Audit firm M/s Anil Sharma & Company. Hence, observations of audit are denied and para may be settled.
vii) a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-Lax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities except the following dues which is in arrears for more than six months.	vii) Statement of facts, hence no comments.
	Current Year / Previous Year
Electricity Duty	16102.08 Lac / 22525.40 Lacs
Municipal Taxes	769.44 Lacs / 557.36 Lacs
Labour Cess	0.00 Lacs / 0.00 Lacs
CPS Contribution	0.00 lacs / 0.00 lacs
Service Tax	0.00 lacs / 0.00 lacs
We further report that company has not transferred the GPF fund contributions to a separate trust or to EPF authorities as required by EPF Act 1956.(Refer para 3 of the Annexure III of main report of even date)	
b) According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, excise duty and other cess were in arrears, as at 31.03.2017 for a period of more than six months from the date they become payable.	b) Statement of facts, hence no comments
c) According to the information & explanation given to us, details of disputed dues of sales tax, income tax, custom duty, wealth tax, excise duty and cess which have not been deposited as on March 31, 2017 is Nil:	c) Statement of facts, hence no comments
viii) ***The accumulated losses of the company cannot be quantified due to quantum of qualifications involved and non availability of information and disclaimer of our opinion.***	viii) Efforts are being made to maintain the subsidiary records and to provide relevant information as per requirement of Companies Act.

ix)	In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders. The Company has opted for Financial Restructure Plan Issued by the Govt. of India where the short term loans issued by the Banks have been converted into long term loans.	ix) Statement of facts, Hence no comments.
x)	The Company has not given any guarantees for loans taken by others from banks and financial institutions hence the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.	x) Statement of facts, Hence no comments.
xi)	The term loans have been applied for the purpose for which they were raised.	xi) Statement of facts, Hence no comments.
xii)	Based on audit procedures performed and information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year under review, nor have been informed of such case by the management.	xii) Statement of facts, Hence no comments.

Place: Shimla
Dated: 22-02-2019

Sd/-
Chief Accounts Officer,
F&A Wing, HPSEBL,
Shimla-4.

HIMACHAL PRADESH STATE ELECTRICITY BOARD LTD.
(A state govt. Undertaking)
Consolidated Balance Sheet as at 31st March,2017

(Amount in Lacs.)

	Particulars	Note No.	As at 31st March, 2017		As at 31st March,2016	
	1	2	3	4	5	6
I.	**EQUITY AND LIABILITIES**					
1	**Shareholders' Funds**					
	(a) Share Capital	2.1	65328.18		60329.58	
	(b) Reserves and Surplus	2.2	(44592.42)		(11564.07)	
	(c) Money Received against Share Warrants		0.00	**20735.76**	0.00	**48765.51**
2	**Share Application Money Pending Allotment**	2.3		**1.40**		**0.00**
3	**Non-Current Liabilities**					
	(a) Long-Term Borrowings	2.4	521504.30		389905.84	
	(b) Deferred Tax Liabilities (Net)		0.00		0.00	
	(c) Other Long Term Liabilities	2.5	64799.64		48876.22	
	(d) Long-Term Provisions	2.6	0.00	**586303.94**	0.00	**438782.06**
4	**Current Liabilities**					
	(a) Short-Term Borrowings	2.7	12240.28		123346.56	
	(b) Trade Payables	2.8	173720.64		172609.63	
	(c) Other Current Liabilities	2.9	119402.12		194210.10	
	(d) Short-Term Provisions	2.10	62090.05	**367453.09**	56382.57	**546548.86**
	TOTAL			**974494.19**		**1034096.43**
II.	**ASSETS**					
	Non-Current Assets					
1	**(a) Fixed Assets**					
	(i) Tangible Assets	2.11	550818.02		533257.13	
	(ii) Intangible Assets	2.12	705.75		1154.49	
	(iii) Capital Work-in-Progress	2.13	216774.49		213421.57	
			768298.26		**747833.18**	
	(b) Non-Current Investments	2.14	13077.51		13077.51	
	(c) Deferred Tax Assets (net)		0.00		0.00	
	(d) Long-Term Loans and Advances	2.15	8061.89		3580.81	
	(e) Other Non-Current Assets	2.16	15131.40	**804569.06**	18131.11	**782622.61**
2	**Current Assets**					
	(a) Current Investments	2.17	0.00		631.20	
	(b) Inventories	2.18	5873.08		9456.91	
	(c) Unbilled Revenue		0.00		0.00	
	(c) Trade Receivables	2.19	93002.93		114433.23	
	(d) Cash and Cash equivalents	2.2	18880.45		16943.30	
	(e) Short-Term Loans and Advances	2.21	27093.50		41997.63	
	(f) Other Current Assets	2.22	25075.16	**169925.13**	68011.55	**251473.82**
	TOTAL			**974494.19**		**1034096.43**

The accompanying notes form an integral part of these financial statements

For and on behalf of Company

Sd/-
(Er. J.P. Kalta)
Managing Director
DIN 05299040

Sd/-
(Rajeev Sharma, IAS)
Director(F&A) cum CFO
DIN 06929504

Sd/-
(Gulshan Aggarwal)
Chief Accounts Officer

Place: Shimla
Date : 11-01-2019

Auditors Report
As per our report of even date

For Anil K. Sood & Co.
Charterted Accountants
FRN 007360 N

Sd/-
(Anil Kumar Sood)
Partner

M.No 086068

HIMACHAL PRADESH STATE ELECTRICITY BOARD LTD.

Consolidated Statement of Profit and Loss for the year ended 31st March, 2017

(Amount in Lacs)

Sl No.	Particulars	Refer Note No.	Year ended 31st March, 2017	Year ended 31st March, 2016
I.	Revenue from Operations	2.23	629153.79	598001.62
II.	Other Income	2.24	33038.70	20969.43
III.	**Total Revenue (I + II)**		**662192.48**	**618971.05**
IV.	**Expenses:**			
	Purchase of Power	2.25	388376.78	373368.83
	Employee Benefits Expense	2.26	170383.70	150328.79
	Finance Costs	2.27	50334.65	51855.33
	Depreciation and Amortization expense	2.28	33900.98	32707.42
	Other expenses	2.29	24704.51	12491.71
	Total Expenses		**667700.62**	**620752.07**
V.	**Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)**		**(5508.14)**	**(1781.02)**
VI.	Exceptional items		0.00	0.00
VII.	**Profit / (Loss) before extraordinary items and tax (V - VI)**		**(5508.14)**	**(1781.02)**
VIII.	Extraordinary Items	2.30	(1087.03)	(729.92)
IX.	**Profit / (Loss) before tax (VII- VIII)**		**(4421.10)**	**(1051.11)**
X	Tax expense:			
	(1) Current Tax		0.00	0.00
	(2) Deferred Tax		0.00	0.00
XI	**Profit / (Loss) for the period from operations (VII-VIII)**		**(4421.10)**	**(1051.11)**
	Earning (Loss) per equity share:			
	(1) Basic	2.31	(7.28)	(1.93)
	(2) Diluted		(7.28)	(1.86)

The accompanying notes form an integral part of these financial statements

For and on behalf of Company

Sd/-
(Er. J.P. Kalta)
Managing Director
DIN 05299040

Sd/-
(Rajeev Sharma, IAS)
Director(F&A) cum CFO
DIN 06929504

Sd/-
(Gulshan Aggarwal)
Chief Accounts Officer

Place: Shimla
Date : 11-01-2019

Auditors Report
As per our report of even date

For Anil K. Sood & Co.
Charterted Accountants
FRN 007360 N

Sd/-
(Anil Kumar Sood)

Partner
M.No 086068

HIMACHAL PRADESH STATE ELECTRICITY BOARD LIMITED
Consolidated Cash Flow Statement for the year ended 31st March, 2017

Sr. No.	Description	March 2017		March 2016	
A.	**Cash Flow from Operating Activities**				
	Profit before tax		(4,421.10)		(1,051.11)
	Adjustments for:				
	Amortization of Capital Grants	(6,139.94)		(5,859.19)	
	Depriciation and Amortization	33,900.98		32,707.42	
	Interest Income	(45.14)		(36.81)	
	Deffered Revenue Expenses write back.			-	
	Provision for Doubtful Debts	(1.10)		15.32	
	Finance Cost	50,334.65	**76,442.30**	51,855.33	**78,684.13**
	Operating Profit before Working Capital Changes		**73,630.41**		77,633.03
	Changes in Working Capital:				
	Adjustments for (Increase)/Decrease in Operating Assets:				
	Inventories	3,541.95		(2,261.42)	
	Trade receivebale	21,430.30		(9,837.10)	
	Short Term Loans and Advances	10,405.60		5,585.22	
	Long term Loans & Advances	128.25		(10.02)	
	Other Current Assets	42,730.69		24,961.30	
	Other Non-Current Assets	2,928.52	**81,165.31**	(1,301.64)	**17,136.34**
	Adjustments for Increase/(Decrease) in Operating Liabilities:				
	Short term Borrowings	(111,106.28)		11,466.10	
	Trade payable	1,111.02		(18,155.28)	
	Other Current liabilities	(61,253.84)		(15,770.52)	
	Short Term Provisions	6,600.97		9,202.35	
	Other Long Term Liabilities	(21,193.63)	**(189,416.61)**	4,327.84	**(8,929.51)**
	Cash Generated from Operations		**(34,620.89)**		85,839.85
	Tax paid (Net)		0.00		0.00
	Net Cash Generated from Operating Activities (A)		**(40,090.69)**		**85,839.50**
B.	**Cash Flow From Investing Activities.**				
	Purchase of Fixed Assets	(43,473.69)		(53,158.56)	
	Decrease in Capital advances	166.86		(719.61)	
	Proceeds from Sale of Current Investments	631.20		516.65	
	Proceeds from GPF Investments	9,931.22		(5,131.10)	
	Purchase of Investment in Joint Ventures	(25.00)		0.00	
	Interest received on Investments	45.14		36.81	
	Loan given to Subsidiaries	(11,249.04)		(6,912.00)	
	Net Cash Used in Investing Activities (B)		**(43,971.39)**		**(65,367.81)**

C.	**Net Cash Used in Financing activities**			
	Proceed from issue of Share Capital	4,998.60	5,000.00	
	Proceed from Share Application Money	1.40	0.00	
	Payment against Balance of General Reserve	(631.20)	(516.65)	
	Proceeds from Capital Grants / Consumer Contributions	4,823.27	11,664.13	
	Proceeds from Long Term Borrowings	131,481.08	15,610.68	
	Payment of Finance Cost	(63,559.02)	(50,589.07)	
	Net Cash Generated from Financing Activities (C)	**82,642.32**	**(22,227.81)**	
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**1,937.16**	**1,847.31**	
	Cash and Cash Equivalents as at 1st April (Opening Balance)	**16,943.29**	**15,095.99**	
	Cash and Cash Equivalents as at 31st March (Closing Balance)	**18,880.45**	**16,943.30**	

Sd/-
(Er. J.P. Kalta)
Managing Director

Sd/-
(Rajeev Sharma, IAS)
Director(F&A)

Sd/-
(Gulshan Aggarwal)
Chief Accounts Officer

For Anil K. Sood & Co.
Charterted Accountants
FRN 007360N
Sd/-
(Anil Kumar Sood)
Partner
M. No 086068

Place: Shimla
Date : 11.01.2019

2. Notes to Accounts

The Amounts in financial statements are presented in Indian Rupees and all figures have been rounded off to the neareast rupees lakh except when otherwise stated.

The financial statement for the year ended 31st March, 2017 were prepared as per the provision under revised scheduled VI to the Companies Act, 1956. The previous year figures have also been reclassified/ regrouped/ rearranged wherever necessary to conform to this year's classification.

2.1 Share Capital

(Amount in Lac)

	As at 31st March, 2017		As at 31st March, 2016	
	No. of Shares	**Amount**	**No. of Shares**	**Amount**
Authorised				
Equity Shares at par value ` 100/- each	110000000	110,000.00	110000000	110,000.00
		-		
EQUITY SUBSCRIBED AND FULLY PAID UP		-		
Equity Shares at par value ` 100/- each fully paid up	65328180	65,328.18	60329580	60,329.58
Total		**65,328.18**		**60,329.58**

2.1.1 Disclosure pursuant to Note No 6 (A) (d) of Part I of Revised Schedule VI to the Companies Acts, 1956 - No of Shares at the beginning & at the end of reporting period

(Amount in Lac)

Accounts Code	Name of Shareholder	As at 31st March, 2017		As at 31st March, 2016	
		No. of Shares	**Amount**	**No. of Shares**	**Amount**
54.505	Number of shares Outstanding at the beginning	60329580	60,329.58	52203180	52,203.18
	Number of shares issued during the year.	4998600	4,998.60	8126400	8,126.40
	Share bought back during the year	0	-	0	-
	Number of shares outstanding at the end.	**65328180**	65,328.18	**60329580**	**60329.58**

2.1.2 Disclosure pursuant to Note No 6 (A) (g) of Part I of Revised Scheduled VI to the Companies Act, 1956-Details of Shareholding more than 5% shares in the company:

Name	As at 31st March, 2017		As at 31st March, 2016	
	No. of Equity Shares	% of Shareholding	**No. of Equity Shares**	% of Shareholding
1. Governor of Himachl Pradesh The remaining shares are in the name of nominee Directors of HP Govt	65328180	100.00	60329580	100.000
Total				

2.2 Reserves & Surplus

(Amount in Lac)

Accounts Code		As at 31st March, 2017		As at 31st March, 2016
	Capital Reserves / Capital Grants from Go HP & GOI			
54.6, 55.3, 55.5	Opening Balance	93,670.44		92,251.83
	Add: addition during the year	1,330.40		1,418.60
	Less : Utilised during the year	-		-
	Closing balance	95,000.84		93,670.44
	Capital Reserves / Other Grants and Subsidies			
56,55.1,	Opening Balance	94,097.88		89,711.53
55.2,55.5	Add: addition during the year	- 23,094.22		10,245.53
55.901	less: Utilised/ amortized during the year	6,139.94		5,859.19
	Closing balance	64,863.71		94,097.88
	General Reserves			
	Opening Balance (Leave encashment fund)	631.20		1,147.85
57.182	Add: addition during the year	- 72.29		-
	less : Utilised during the year	631.20		516.65
	Closing balance	- 72.29		631.20
	Deficit			
	Opening Balance	- 199,963.58	-	- 198,912.47
58	Add: Loss during the year as per statement of P & L A/c	- 4,421.10		- 1,051.11
	Closing balance	- 204,384.68		- 199,963.58
	Total	**- 44,592.42**		**- 11,564.07**

2.3 Share Application Money Pending Allotment

(Amount in Lac)

Accounts Code		As at 31st March, 2017		As at 31st March, 2016
54.506	Application money pending allotment	1.40		-

2.4 Long Term Borrowings (Amount in Lac)

	Accounts Code		As at 31st March, 2017	As at 31st March, 2016
		Term Loans		
A		**Secured**		
	52, 53	Banks		-
	54.2	Financial Institutions	148,676.36	176,337.03
		Others	-	-
		Total A	**148,676.36**	**176,337.03**
B		**Unsecured**		
		Banks	-	2,493.98
		Financial Institutions	82,558.13	121,033.94
		Others	290,269.80	1,163.15
		Loan Restructured under FRP	-	88,877.75
		Total B	**372,827.94**	**213,568.82**
		Total Long Term Borrowings (A+B)	**521,504.30**	**389,905.84**

2.41 Loans from Financial Institutions PFC / REC / LIC were obtained under different schemes for creation of fixed assets. The assets created with the loans are hypothecated with the REC/PFC/LIC.

Secured		
REC	42,943.59	77,706.19
PFC	143,685.82	79,898.28
LIC	-	-
PFC (APDRP Part-A)	3,149.82	3,529.60
PFC (APDRP Part-B)	21,608.95	12,585.00
PFC (APDRP Part-B) CP Loan	2,628.18	2,617.96
Total	**83,336.36**	**176,337.03**
	-	-
Unsecured	-	-
Banks	-	-
H P State Coop. Bank, Shimla	-	2,493.98
Kangra Central Cooperative Bank	-	-
SBI new Loan under FRP	-	-
Total	**-**	**2,493.98**
	-	-
Financial Institutions	-	-
REC (RGGVY)	58.13	2,316.94
Non SLR Bonds	80,000.00	113,717.00
LIC	2,500.00	5,000.00
	-	-
Total	**82,558.13**	**121,033.94**

Others	-	-
ADB Loan through H P Government	1,219.80	1,163.15
APDRP Loan through H P Government incl. Interest accrued	-	-
RGGVY Loan H P Government	289,050.00	-
Total	**290,269.80**	**1,163.15**
Term Loan Restructure under FRP	-	-
Kangra Central Cooperative Bank 290 cro	-	29,000.00
SBI new Loan under FRP	-	28,596.37
Central Bank of India	-	4,523.81
Kangra Central Cooperative Bank	-	2,360.81
Punjab & Sind Bank	-	24,396.76
	-	88,877.75

2.5 Other Long Term Liabilities

(Amount in Lac)

Accounts code		As at 31st March, 2017	As at 31st March, 2016
46101-128, 47.1,	Deposits, Retention Money from Contractors and Others	8,492.42	9,619.03
57.110	Contributory Provident Fund	-	-
57.120	GPF	127,947.39	132,147.24
20.140	less : GPF Investments	- 102,433.51	- 112,364.72
57.180-181,170	Other Funds-CPS	149.51	97.13
47.501,47.7, 47.9, 47.320	Advance for Infrastructure development / Others	18,192.56	19,377.54
		-	-
		2,845.86	-
		9,600.40	-
		5.00	-
	Total	**64,799.64**	**48,876.22**

2.6 Long Term Provisions

(Amount in Lac)

	As at 31st March, 2017	As at 31st March, 2016
Provision for losses pending investigation	0.00	0.00

(Amount in Lac)

2.7 Short Term Borrowings

Accounts code		As at 31st March, 2017	As at 31st March, 2016
	Secured Loans		
50.2, 50.3	Overdraft / Cash Credit limit from banks	12,240.28	69,351.17
	Cash Credit limit from banks	-	-
	Unsecured Loans	-	-
50.1	Over Draft / Cash Credit limits from banks	-	53,995.39
	Short Term Loans from banks	-	-
	Total	**12,240.28**	**123,346.56**

2.71 Overdraft from banks are secured against FDR's.

Over drafts		
State Bank of India	1,199.62	11,376.90
UCO Bank	985.05	5,173.84
State Bank of Patiala	-	5,147.69
Bank of Baroda	689.42	3,425.84
Kangra Central Coop Bank	988.53	18,090.17
Union Bank of India	-	-
H P Cooperative Bank	7,833.25	15,948.84
Indian Overseas bank	-	-
Punjab National Bank	208.92	4,006.54
Central bank of India	-	903.51
Punjab & Sind bank	335.48	4,290.52
Indian Bank	-	987.31
IDBI	-	-
	0.00	
State bank of Patiala	-	-
Cenara Bank	-	-
Working Capital (50.3)	-	-
H.P. Co-op Bank	-	-
UCO Bank	-	-
Punjab national Bank	-	-
Indian Overseas Bank	-	-
Central bank of India	-	-
Total	**12,240.28**	**69,351.17**
Unsecured		
Cash Credit limit against Escrow cover		
State Bank of India	-	9,976.23

	Kangra Central Coop Bank	-	14,000.00
	PNB	-	10,036.81
	Cenara bank	-	19,982.34
	Total	**-**	**53,995.39**

2.8 Trade Payables (Amount in Lac)

Accounts code		As at 31st March, 2017	As at 31st March, 2016
	Sundry Creditors		
41	Purchase of Power	173,720.64	172,609.63
	Others	-	-
	Total	**173,720.64**	**172,609.63**

2.9 Other Current Liabilities (Amount in Lac)

Accounts code		As at 31st March, 2017	As at 31st March, 2016
	Current Liabilities of Long Term debt		
	Secured	13,150.00	19,050.00
52, 53	Unsecured	4,419.93	21,110.95
54.2		-	
	Interest accrued but not due on :		
46.710-735 46.127-46.128	Term loans	2,208.81	15,220.72
46.714	Bonds	1,791.51	2,083.75
		1,898.18	
	Other Payables:		
46.71-46.719, 46.31-35	Liability for employees remuneration and benefits	4,375.36	4,707.86
46.730	Unclaimed Interest	4.00	61.00
46.920&21	Security deposits from employees	0.25	- 17.83
46.922,934	Advances received from contractors / others	1,383.13	28.45
46.2, 46.3,	Amounts payable to GoHP/ other departments	29,883.31	38,301.84

44.406-420, 46.910	Other payable for expenses / employee deductions	1,543.58	1,415.03
42.1, 42.3, 43.1-2	Liability for Purchases - Capital / Others	15,760.89	27,879.93
46.924,925,46.901,46.902	TDS and other Statutory Taxes payable	514.81	346.30
46.9,47.3, 47.5,47.6	Deposits, Retention Money from Contractors and Others	42,348.71	64,022.09
		119.65	
	Total	**119,402.12**	**194,210.10**

2.10 Short Term Provisions (Amount in Lac)

Accounts code		**As at 31st March, 2017**	**As at 31st March, 2016**
	Unfunded Employee Benefits		
44.340	Leave Salary	5,595.04	3,858.18
	Gratuity	-	-
	Pension	-	-
	Exgratia	-	-
		-	-
	Others	-	-
44.320	Bonus	-	12.84
44.330	Medical expenses	371.89	625.67
48.1	Consumers Security Despoit	27,402.48	31,463.04
48.3	Interest Payable on Consumer deposits	798.08	1,677.17
46.430, 44.110,44.120	Provision for expenses	27,922.57	18,745.68
	Total	**62,090.05**	**56,382.57**

HIMACHAL PRADESH STATE ELECTRICITY BOARD LTD.

Note No. 2.11

FIXED ASSETS AND PROVISION FOR DEPRECIATION FOR FY 2016-17

(Amount in Lacs)

			GROSS BLOCK					PROVISION FOR DEPRECIATION				NET BLOCK	
Sl. No.	Asset Group	Account Code	OB as on 01.04.2016	Additions during FY 2016-17	Adjustments during FY 2016-17	Deductions during FY 2016-17	Gorss Block At the end of March, 2017	Opening fund as on 01.04.2016	Depreciation for the period 01.04.2016 to 31.03.2017	Adjustments or deductions 2016-17	At the end of March 2017.	At the end of March 2017.	At the end of March 2016.
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Land & Land Rights	10.101	10435.23	431.08	0.00	0.00	10866.31	0.00	0.00	0.00	0.00	10866.31	10342.13
2	Land held under lease	10.102 &103	1086.33	46.83	0.00	0.00	1133.16	196.04	96.60	0.00	292.64	840.51	948.88
3	Buildings	10.2	24432.34	506.55	0.00	0.00	24938.89	12603.25	664.18	0.00	13267.43	11671.46	11317.76
4	Hydraulic Works	10.3	117195.96	313.78	0.00	0.00	117509.74	52839.88	6261.73	0.00	59101.61	58408.13	64356.08
5	Other Civil Works	10.4	58094.27	790.33	0.00	0.00	58884.60	14084.87	1901.05	0.00	15985.92	42898.67	44328.52
6	Plant & Machinery	10.5	248978.23	27289.55	0.00	0.00	276267.77	70060.52	12276.12	0.00	82336.64	193931.13	178470.91
7	Lines & Cable Net	10.6	272747.73	21661.54	0.00	0.00	294409.27	58600.92	11037.24	0.00	69638.15	224771.12	214102.01
8	Vehicles	10.7	1778.23	26.92	0.00	0.00	1805.15	1327.07	76.97	0.00	1404.04	401.11	345.96
9	Furniture & Fixtures	10.8	1114.07	6.20	0.00	0.00	1120.27	818.20	47.08	0.00	865.28	255.00	310.66
10	Office Equipments	10.9	6691.60	-5.50	0.00	0.00	6686.10	3093.59	1153.51	0.00	4247.10	2439.00	6872.52
11	Date Processing Equipments	10.95	4326.91	8.66	0.00	0.00	4335.57	22.37	0.00	0.00	0.00	4335.57	1019.90
		10(s)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	841.80
	Sub-Total		**746880.91**	**51075.93**	**0.00**	**0.00**	**797956.84**	**213646.70**	**33514.49**	**0.00**	**247138.82**	**550818.02**	**533257.13**
			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	Capital expenditure resulting in an assets not belonging to the Board.	11.101	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11		11.102	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Assets Transfer I/Ward	13.4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total		**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
			0.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	Grand Total		**746880.91**	**51075.93**	**0.00**	**0.00**	**797956.84**	**213646.70**	**33514.49**	**0.00**	**247138.82**	**550818.02**	**533257.13**

Gross Block does not include value of small and low value assets each costing below Rs. 500/- charged to revenue accounts in the year in which they are first put to use.

Value of such assets charges to revenue accounts during the year 2016-17 Rs. 9066000/-

HIMACHAL PRADESH STATE ELECTRICITY BOARD LTD. **Note No. 2.12**

INTANGIBLE ASSETS AND PROVISION FOR DEPRECIATION FOR FY 2016-17.

(Amount in Lac)

			GROSS BLOCK					**PROVISION FOR DEPRECIATION**				**NET BLOCK**	
Sl. No.	Asset Group	Account Code	OB as on 01.04.2017	Additions during FY 2016-17	Adjustments during FY 2016-17	Deductions during FY 2016-17	Gorss Block At the end of March, 2017	Opening fund as on 01.04.2016	Depreciation for the period 01.04.2016 to 31.03.2017	Adjust-ments or deduc-tions 2016-17	At the end of March 2017	At the end of March 2017	At the end of March 2016
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Intangible Assets	18.301	2243.70	0.00	0.00	0.00	2243.70	1089.22	448.74	0.00	1537.96	705.75	1154.49
		Total	**2243.70**	**0.00**	**0.00**	**0.00**	**2243.70**	**1089.22**	**448.74**	**0.00**	**1537.96**	**705.75**	**1154.49**

HIMACHAL PRADESH STATE ELECTRICITY BOARD LTD. **Note No. 2.13**

Sl. No.	Particulars	Accounts Code	As at 1st April, 2016	Additions during the year 2016-17	Transfers/ Adjustment	Total	Capitalised during the year 2016-17	As at 31st March,2017
1	Land & Land Rights	14.1	3617.75	15904.85	4.41	19518.19	8799.24	10718.95
2	Building& civil structure	14.2	6826.41	1547.81	0.00	8374.22	579.35	7794.87
3	Hydraulic Works	14.3	29108.87	8302.47	18.69	37392.65	9606.99	27785.66
4	Other Civil Works	14.4	38996.94	7026.51	1152.85	44870.60	15427.22	29443.38
5	Plant & Machinery-T&D	14.5	33155.10	37209.75	370.00	69994.85	33582.34	36412.52
6	Lines & Cable Network etc.	14.6	54157.44	15865.08	850.95	69171.56	20881.30	48290.26
7	Vehicles	14.7	463.24	32.36	0.00	495.61	21.51	474.09
8	Furniture & Fixtures	14.8	146.63	3.43	0.00	150.06	0.20	149.86
9	Office Equipments	14.9	-65.74	79.18	0.00	13.44	0.00	13.44
	14s		-9617.34	0.00	0.00	-9617.34	0.00	-9617.34
	Sub-Total		156789.31	85971.44	2396.90	240363.85	88898.15	151465.70
	Other Assets at construction stage		0.00	0.00	0.00	0.00	0.00	0.00
1	Contract- in Progress	15.1	44.37	0.00	0.00	44.37	0.00	44.37
	15 s		183.26	0.00	0.00	183.26	183.26	0.00
2	Revenue Expense Reclassified Pending Allocation over capital works	15.2	0.00	0.00	0.00	0.00	0.00	0.00
	Sub Total		**56632.26**	**9330.64**	**470.85**	**65492.05**	**183.26**	**65308.79**
	Total:-		**213421.57**	**95302.08**	**2867.75**	**305855.90**	**89081.41**	**216774.49**
			0.00	0.00	0.00	0.00	0.00	0.00
	Previous Year		**197557.85**	**91197.91**	**261.84**	**288493.92**	**75072.35**	**213421.56**

2.14 Non Current Investments

(Amount in Lac)

Accounts code		As at 31st March, 2017	As at 31st March, 2016
20.340	**Others (HPPCL)** 1021982 equity shares of ` 1000/- each	13,077.51	13,077.51
	Total	**13,077.51**	**13,077.51**

2.15 Long Term Loans & Advances

(Amount in Lac)

Accounts code		As at 31st March, 2017	As at 31st March, 2016
	Capital Advances		
	Secured	-	-
25	Unsecured - Considered Good	2,653.77	3,086.87
20.330	Loan to subsidary BVPCL-Considered Good	-	-
	Loans & Advances to Employees	-	-
27.1	Secured	493.81	295.02
	Unsecured - Considered Good	-	-
	Prepaid expenses	-	-
	Interest Accrued & due on	-	-
	Staff loans & advances	-	-
	Others	-	-
		-	-
	Loans & Advances Others	-	-
28.860-861	Unsecured - Considered Good	785.83	200.43
		4,128.49	-
	Interest Accrued but not due on	-	-
	Staff loans & advances	-	-
28.304,330, 220	Others	-	- 1.51
	Total	**8,061.89**	**3,580.81**

2.16 Other Non Current Assets

(Amount in Lac)

Accounts code		As at 31st March, 2017	As at 31st March, 2016
16	Assets not in use	2,859.23	3,083.23
17	Deferred Miscellenous expenses	8,201.50	11,680.03
23.5	Trade receivables-defaulters	2,625.97	2,390.87
22.7, 22.8	Inventories-Scrap/other materials/excess/shortages	513.41	671.46
	Interest Accrued & due on	-	-
	Staff loans & advances	-	-
28.290	Others	-	0.45
		538.25	-
	Interest Accrued but not due on	-	-
28.2, 28.3	Staff loans & advances	393.04	217.72
28.390	Others	-	87.34
	Total	**15,131.40**	**18,131.11**

2.17 Current Investments

(Amount in Lac)

Accounts code		As at 31st March, 2017	As at 31st March, 2016
20.112, 113	Leave Encashment and CPS fund Investment	-	631.20

2.18 Inventories

(Amount in Lac)

Accounts code		As at 31st March, 2017	As at 31st March, 2016
22.6	Materials Stock	5,873.08	9,456.91
	Less : Provision for Shortage and Obsolescence	-	-
	Total	**5,873.08**	**9,456.91**

2.19 Trade Receivables

(Amount in Lac)

Accounts code		As at 31st March, 2017	As at 31st March, 2016
23.1, 23.6, 23.7, 23.8	Outstandings for sale of power	76,240.25	92,813.58
23.4	Others (un billed Revenue)	16,762.68	21,619.65
23.9	Less: Provision for doubtful debts	-	-
	Total	**93,002.93**	**114,433.23**
	Out of above		
	Trade receivables outstanding for period exceeding six months from the date they were due for payment		
	Unsecured considered good	69,654.43	69,654.43
	Unbilled amount considered good	16,762.68	21,619.65
	Other Trade Receivable	-	-
	Unsecured considered good	6,585.82	23,159.15
	Total	**93,002.93**	**114,433.23**

2.19.1

In the opinion of Company, trade receivable are the value as stated in the accounts, if realised in the ordinary course of Business.

2.20 Cash and Bank Balances

(Amount in Lac)

Accounts code		As at 31st March, 2017	As at 31st March, 2016
24.110	Cash and Cash equivalents	11.40	0.08
24.120	Postage stamps in Hand	4.53	3.57

	Drafts in hand	-	-
24.2	Imprest with Staff	0.80	1.44
24.3,24.4,24.5	Balances with Banks	18,361.42	15,712.50
	FDR's < 3M	-	-
20.290, 296 (s)	FDR's > 3M	502.29	1,225.72
	Total	**18,880.45**	**16,943.30**

2.21 Short Term Loans & Advances

(Amount in Lac)

Accounts code		As at 31st March, 2017	As at 31st March, 2016
	Advances to Contractors and Suppliers		
26	Secured Considered Good	6,211.15	10,259.68
	Less : Provision for doubtful advances	-	-
	Others		
27.1, 27.2, 9	Advance recoverable from employees	461.46	220.38
28.820	Prepaid expenses	8.64	9.08
27.4	Advance tax and tax deducted at source	440.65	3,178.87
28.7, 28.8	Amount recoverable-Government departments	329.04	3,536.68
28.761,773	Amt recoverable- Related parties	2,918.84	7,062.15
287, 28.8	Amount recoverable others	4,995.87	5,689.16
	Deposits	9,083.49	8,729.26
28.4	Amount recoverable from employees	106.63	140.77
	Interest accrued but not due from	-	-
28.365	Employees	-	1.15
28.310	Others	2,537.74	3,170.45
	Total	**27,093.50**	**41,997.63**

2.21.1 Detail of Advance Income Tax/ Tax deducted at source

(Amount in Lakh)

Financial year	Particulars	Amount of Tax deposited	Provision of Tax	Refund received	Net Balance
2010-11	TDS	1.02	-	-	1.02
2011-12	TDS	1,130.48	-	643.26	487.21
2012-13	TDS	921.42	-	-	921.42
2013-14	TDS	1,060.90	-	804.76	256.14
2014-15	TDS	1,493.15	-	-	1493.15
2015-16	TDS	412.27		829.86	-417.59
2016-17		129.60		1,767.02	-1637.42
	Total upto 31.3.2017	**5,148.84**	**-**	**4,044.90**	**1103.93**

2.21.2

(i) In the opinion of Company, receivable are the value as stated in the accounts, if realeised in the ordinary course of Business.

(ii) The Company has not surrender the PAN No of erstwhile Board and some TDS are being deposited in this account by the deductors and the same has been calimed/ included in Company Returned.

(iii) Rs. 440.65 Current and Rs. 663.28 Non-Current.

2.22 Other Current Assets

(Amount in Lac)

Accounts code		As at 31st March, 2017	As at 31st March, 2016
28.1	Receivables from scrap sale / miscellenous.	83.18 -	- 4.23 -
23.2	Electricity duty recoverable from consumers	1,906.42	1,462.83
28.620-626	Grant /Subsidies receivable GoHP	22,426.26	14,899.65
30-39	Inter unit transactions	659.30	51,653.30
	Total	**25,075.16**	**68,011.55**

Revenue from Operations

Note 2.23

(Amount in Lacs)

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
Total Inter State Sale of Power			
PSEB	61.101	0.00	0.00
UPSEB	61.103	0.00	0.00
Sangroli (NTPC)	61.110	0.00	0.00
Uttranchal Jal Vidyut Nigam Ltd.	61.113	0.00	0.00
Power Trading Corp. of India	61.114	2908.15	3273.07
Through Banking-BRPL/BYPL	61.119	66.31	5886.53
Through Banking-Haryana Power Corp. Ltd.	61.120	25.90	10184.70
Through Banking-P.S.E.B	61.121	25560.23	36439.81
Consumers Deviation of Malana.	61.123	74.79	30.44
Reactive Engergy from various CPU's/SEBs	61.124	1292.49	42.64
UI Charges /Sale of Power NREB Through PGCIL.	61.130	0.00	0.00
M/S Indian Energy Exchange & Power exc. Of India	61.148	5858.98	10878.32
Bkg Sale for MPPL		68994.60	0.00
MESEB Bkg		0.00	623.70
TPDDL Bkg		880.92	11108.38
Sale of Power UPPCL& other through MPPCL	61.149	66748.24	82239.70
Chitassgarh	61.150	0.00	2202.64
Sub-Total(A)		**172410.59**	**162909.93**
REVENUE FROM SALE OF POWER OTHER CONSUMERS			
Domestic	61.201 to 209	81636.15	78173.80
Commercial	61.211 to 219	32330.73	28148.90
Small Power	61.221 to 229 & 377	6521.55	3828.16
Medium Power	61.231 to 240 & 378	2238.84	8936.38
Large supply	61.241 to 250 & 379	247370.08	233942.42
Agriculture/Irrigation	61.251 to 259	4648.12	3764.70
Public Lighting	61.261 to 269	1247.24	1211.16
Bulk and Grid supply	61.271 to 290	10058.08	8787.54
Revenue from Sale of Power Non Domestic/Non commercial	61.301 to 309	9469.97	8076.85
Other (Water Works and sewerage)	61.350 to 357 & 376	40166.24	37759.71
Temporary Metered Supply	61.373 to 375	2041.15	1643.39
Total (B)		**437728.16**	**414273.00**
Total Revenue (A+B)		**610,138.76**	**577,182.93**

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
Electricity Duty recovery	61.501 to 514	28600.17	30702.46
Meter Rent/Service Line Rentals	61.6	4752.74	4658.90
Recoveries for theft of power and Mal practice.	61.711 to 61.729	1.37	4.30
Peak Load vialotion charges	61.741 to 61.744	4608.34	4191.92
Sub- Total		**37962.62**	**39557.58**
Wheeling charges recoveries	61.8	9320.96	11526.46
Misc. Charges from consumers	61.9	331.62	437.11
Electricity consumption tax levied by MCs/NACS	61.941 to 953	387.20	364.06
Sub- Total		**10039.78**	**12327.63**
GROSS REVENUE FROM SALE OF POWER		**658141.15**	**629068.14**
Less: Electy. Duty Payable (Contra)	61.541 to 553	28600.17	30702.46
Electricity consumption tax (Contra)	61.961 to 973	387.20	364.06
Sub- Total		**28987.36**	**31066.52**
Total		**629,153.79**	**598,001.62**

Note 2.24 Other Income

(Amount in Lacs)

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
Interest on staff loans and advances.	62.210 to 219	46.01	35.40
Income from investments	62.220 to 240	45.14	36.81
Delayed payment charges from consumers.	62.250	8308.98	9235.38
Delayed payment charges PGCIL.	62.251	78.98	0.00
Interest on advances to suppliers / contractors.	62.260	106.55	44.19
Income from Trading.	62.3	272.67	200.04
Other Misc receipt from trading	62.4	3.31	0.00
Income from staff Welfare activities.	62.6	8.31	12.10
Miscellaneous receipts.	62.9	3031.08	2200.66
Total		**11901.04**	**11764.57**
Revenue grant and subsidies	63.121	0.00	0.00
Amortization of Govt. grants and consumers contributions	63.140	6139.94	5859.19
Prior Period income			
Receipt from consumers relating to prior period	65.2	0.00	3345.67
Interest income for prior period	65.4	0.00	0.00
Excess prov. for income tax p/year	65.5	0.00	0.00
Excess prov of depriciation in prior period	65.6	2.73	0.00
Excess prov. of Intt & Finance charges	65.7	1824.30	0.00
Other excess prov in prior period	65.8	13096.21	0.00
Other income relating to prior period	65.9	74.47	0.00
Total Prior Period income	**65**	**14997.71**	**3345.67**
Total		**33,038.70**	**20,969.43**

Note 2.25 Purchase of Power

(Amount in Lacs)

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
PSEB	70.101	0.00	0.00
HVPNL	70.102	116.56	0.00
U.P.P.C.L (through Banking)	70.103	0.00	0.00
B.B.M.B	70.106	2865.05	2415.79
NTPC	70.11O	70840.75	56396.49
NPCC	70.112	2513.43	3028.38
Power Grid Corp. of Inda	70.114	30231.71	20725.06
POP from Rajaystan atomic Power Project of NPCIL	70.119	3121.34	4890.69
Malana HEP	70.120	242.56	145.72
UPCL	70.121	84.07	6.88
Uttranchal Power Corp. Ltd.	70.121	0.00	129.28
UPCL BKg	70.121	0.00	45396.98
Uttranchal Jal Vidyut Nigam Ltd.	70.122	4186.05	3285.21
NHPC	70.123	5859.59	10216.04
Reactive Energy from various CPUs/SEB	70.124	0.00	0.00
Purchase of Power through banking-BRPL/BYPL	70.125	983.24	5886.53
Purchase of Power through banking-Haryana Power Gen Corporation Ltd.	70.126	0.00	0.00
Purchase of Power through banking-P.S.E.B.	70.127	28679.83	23410.02
Purchase of Power U.P.J.V.N.L.	70.129	386.09	521.39
NREB Through PGCIL.	70.130	9531.83	8781.48
POP- Aravali power Co.	70.132	329.82	2162.62
Solar Energy	70.135	2683.79	1958.82
PSL	70.132	0.00	140.42
Chattisgarh Bkg	70.132	0.00	3257.89
NLDC		12.42	0.00
APPCPL		12.76	0.00
HPPCL		1469.84	0.00
IEX		3706.03	0.00
Total	70.1	167856.75	192755.68
Wheeling chares	70.4	0.00	0.00
Wheeling charges -UPPCL Charges	70.401	0.00	0.00

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
Wheeling charges -PSPCL Charges	70.403	0.00	0.00
POP fromKotlu HEP	70.801	133.17	181.26
POP from Balij Ka nallah HEP	70.802	251.34	277.49
POP from Tulang HEP	70.803	158.50	249.37
POP from Kalm	70.804	218.37	230.72
POP from Aello-II	70.805	632.43	622.82
POP fromNanti	70.806	812.49	979.11
POP from Kurtha	70.807	430.51	506.67
POP from Himachal Baspa	70.808	17702.54	11748.26
POP from Awa	70.809	57.08	31.08
POP from Banner-II	70.810	290.52	267.29
POP from Jogni-II	70.811	644.35	610.05
POP from Ubharah	70.812	158.06	183.09
POP from Simla	70.813	216.81	93.42
POP from Raskat HEP	70.816	75.09	93.18
POP from Titang Mini HEP.	70.817	30.63	34.55
POP form Baspa-II HEP through Jai Prakash Ltd.	70.818	0.00	16834.41
Satluj Jal Vidyut Nigam Ltd.	70.819	70753.61	71790.80
Manjhi HEP M/S Dharamshala Hydro Power Ltd.	70.820	192.15	313.22
Deher HEP M/S Astha Project India	70.821	444.33	613.87
Baragaon HEP M/S K.K.K. Hydro Power Ltd.Faridabad	70.822	644.53	789.10
Ching HEP M/S Hateshwari Om Power Enterprises Ltd.	70.823	54.27	45.18
POP Aleo Hydro Project	70.824	264.08	303.93
POP Manal Hydro Project	70.825	359.68	377.07
POP from Power Trading Corp. of India Ltd.	70.826	19423.61	26794.62
POP Manjhal HEP M/S Virender Dogra Power Project.	70.827	112.25	125.95
POP- Salag HEP M/S Dhaluladar Hydro System Pvt. Ltd.	70.828	20.58	15.38
POP- Tehri Hydro Power Project.	70.829	0.66	3669.49
POP- Jiwa Kothkhai HEP	70.830	191.80	163.88
POP from Director Energy		233.99	270.60
POP- Marhi Mini hydro project	70.832	822.38	752.21
POP-Taraila HEP	70.833	787.61	59.29
POP- Kothi HEP	70.834	15.64	17.92

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
POP-JHTHED HEP	70.835	4.01	5.26
POP-Patikari HEP	70.836	954.97	1270.73
POP-Salag HEP (M/S -A-Himalya Ltd.) Field Unit	70.837	7.56	44.98
POP-Salag HEP (M/S -A-Himalya Ltd.) Field	70.837	0.00	111.94
POP- Braham ganga M/S Harison Hydel Construction (P) Ltd.	70.838	568.14	648.82
POP- Gharola HEP(Him Urja)	70.839	5.43	4.61
POP-Sahu HEP M/S. Him kailash Hydro Power Ltd.	70.840	448.25	558.51
POP- Sarabai HEP (M/S DSL Hydrowati Ltd.)	70.842	692.65	740.27
POP- Awa HEP (M/s Astha Project India Ltd.)	70.843	745.56	948.87
POP-Lingti HEP (Him Unja)	70.844	3.60	0.00
POP- Sural HEP	70.845	9.63	9.26
POP_IKU-II HEP	70.848	508.71	667.12
POP- M/S Toss HEP	70.849	1123.44	893.20
POP- M/S Shyang HEP	70.850	189.55	231.61
POP- M/S Tarailla-II HEP	70.851	936.88	979.61
POP-M/S Luni-111	70.852	485.03	724.46
POP-M/S-Andhra Stage-11	70.853	432.25	521.07
POP-M/S-Changer Vidyut Karanti PVTLtd.	70.854	97.23	110.86
POP-M/S-A.T.Hydro Pvt-Ltd.(Upper Tarila)	70.855	869.36	887.84
POP-M/S -Sri Sai Krishna Hydro Eng.Pvt.Ltd.	70.856	604.14	816.66
POP-M/S-Vamshi Hydro Eng.Pvt.Ltd against Baner 111 HEP	70.857	284.32	412.14
POP- Manglar HEP	70.858	557.98	643.49
POP-Dirni Dhar HEP	70.859	596.85	788.23
POP- Sainj HEP	75.860	307.70	368.04
POP-Purthi HEP	70.861	4.05	3.61
POP-DSL Hydro HEP	70.862	773.11	866.62
POP-Gurcharan HEP	70.864	85.10	120.29
POP-Dharamshalla HEP	70.865	315.09	435.74
POP-Sach HEP	70.866	55.59	58.71
POP-Tanging HEP	70.867	352.04	379.28
POP-Polar-Ist HEP	70.868	141.53	164.28
POP-Bharhi HEP	70.869	387.03	517.44

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
POP-Gaj-IIrd HEP	70.870	191.11	245.04
POP-Jirah HEP	70.871	516.33	390.62
POP-Upper Khauli HEP	70.872	494.42	676.28
POP-Rikchad HEP	70.873	867.58	887.50
POP-Chirchand HEP	70.874	752.91	834.07
POP Koteshwar HEP	70.875	0.00	214.14
POP-Timbi HEP	70.876	35.11	47.24
POP from Binwa parari HEP	70.877	494.25	716.10
POP from Dehar _II HEP	70.878	183.37	234.24
POP from Torela Power Ltd.	70.879	938.84	822.86
POP from Jaina HEP	70.880	786.70	700.85
POP from TATa Power Trading Company	70.881	0.00	0.00
POP from Knowledge Infrastructure system	70.882	0.00	0.00
POP from Rukti-II	70.883	672.29	760.85
POP from Sach HEP	70.884	384.91	447.91
POP from Sumer	70.885	844.77	930.68
POP from Chakshi HEP	70.886	261.94	212.68
POP from Beas Kund HEP	70.887	780.63	726.74
POP from Bely HEP	70.888	703.82	790.60
POP from Balso HEP	70.889	733.45	701.32
POP from Suman Suwari HEP	70.890	538.71	577.14
Purchase of power from M/sJala Shakti Ltd. Dunali.	70.891	657.91	635.15
Purchase of power from M/s Om power Corp. Ltd. HEP	70.892	750.94	923.43
Purchase of power from M/s Ascent Hydro Project.	70.893	516.94	495.43
POP from NSL Power Genration (P) Ltd. Rohru.	70.894	222.86	306.22
POP from M/s Mani MaheshHydro Project.	70.895	266.11	292.26
POP from M/s Bhavani Renewable Energy Pvt. Ltd.	70.896	483.84	425.21
POP from M/s hamal Hydel Pvt. Ltd.	70.897	127.99	220.75
POP from M/s JOgniHydel Pvt. Ltd.	70.898	915.44	1277.38
POP from M/s Kurni Pvt. Ltd.	70.899	477.76	483.91
POP from Negugal II		48.92	141.86
POP from Baragoan		295.80	305.50
POP fromIKU Ist		59.13	16.60

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
POP from Billing		35.64	0.00
POP from Brua		726.16	0.00
POP from Kuhred		306.00	0.00
POP from Shaung		359.84	0.00
POP from Yogindera Power		3.30	0.00
	70.8	145115.53	170419.37
POP- Different utilities on a day ahead availibility	70.901	0.00	0.00
Sub-Total		**0.00**	**0.00**
O & M charges payable	70.5	0.00	0.00
HPPC	70.601	25.90	403.92
BRPL/BYPL	70.601	1.83	158.78
NRLDC	70.601	1791.31	470.76
MPPL	70.601	72283.36	3791.26
APPCL	70.601	3.77	0.00
HPPTCL	70.603	1056.96	347.46
	70.6	75163.13	5172.18
Operation circle Nahan	70.8	99.31	4771.59
System/ Marketing operation charges Power System (op) Ltd.	70.733	142.06	250.00
Sub-Total		**150567.63**	**15365.95**
Total		**388376.78**	**373368.83**

Note 2.26 Employee Benefits Expenses

(Amount in Lac)

Employee Benefits Expenses	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
Dearness Pay	75.0	0.00	0.00
Grade Pay (Regular)	75.008	6621.53	6971.74
Grade Pay (work charged)	75.009	70.19	98.07
Salary	75.1	39150.36	30360.35
Overtime.	75.2	601.10	535.46
Dearness Allowance.	75.3	44060.06	41567.37
Other Allowances.	75.4	3499.66	3207.50
Bonus.	75.5	98.44	196.15
Sub-Total		**94101.35**	**82936.64**
Fee & Honorarium.	75.610	40.29	1.44
Medical Expenses reimbursement.	75.611	880.62	928.73
Leave Travel Assistenance.	75.612	14.02	17.20

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
Salary/ wages of outsourced / contractor	75.613	2551.33	1736.17
Earned Leave Encashment.	75.617	8395.12	8265.18
Payment under Workmen's Compensation Act.	75.629	120.38	119.98
Leave Salary contributions.(Employees on Deputation)	75.633	0.00	0.00
Leave encashment Fund	75.635	0.00	0.00
Sub-Total		**12001.77**	**11068.70**
Staff welfare expenses.	75.7	25.42	53.48
Terminal Benefits.	75.8	67932.45	62171.87
Sub-Total		**67957.88**	**62225.35**
Total		**174060.99**	**156230.69**
Less: Expenses Capitalised	**75.9**	**3677.29**	**5901.90**
Net Employees Cost		**170383.70**	**150328.79**

Note 2.27 Finance Cost

(Amount in Lac)

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
Interest on State Government Loans.	78.1	1898.18	0.00
Interest on Bonds	78.2.	0.00	0.00
Sub-Total		**1898.18**	**0.00**
Interest on loans from LIC	78.501	557.26	758.36
Interest on loans from REC	78.502	10551.98	10570.89
and other loans etc.	78.504 to 509	0.00	0.00
Interest on stock other loan	78.510	3534.98	4519.87
Interest on PFC Loan	78.511	4626.22	3963.71
Interest on stock PNB loan	78.512	0.00	0.00
Interest on stock canara Bank loan	78.513	0.00	0.00
Interest on stock Punjab & Sind Bank Loan	78.514	2432.08	2769.15
Interst on SIDBI	78.515	0.00	0.00
Interest on Private Bonds	78.516	5728.89	2991.32
Interest on UCO Bank Loan	78.517	0.00	0.00
Interest on loans from Bank of Maharashtra	78.522	0.00	0.00

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
Interest on loans from State Bank of India.	78.524	2809.42	3178.07
Interest on loans from ADB against clean energy.	78.525	107.10	104.68
Interest on loans from RAPDRP Part-B PFC	78.526	0.00	0.00
Interst on loan from Vijay Bank	78.527	0.00	0.00
Interst on loan from Central Bank of India	78.529	457.72	541.64
Sub-Total	78.5	**30805.65**	**29397.69**
Penal interest			
Interest to consumers (securities)	78.601	1272.79	1792.51
Sub-Total		**1272.79**	**1792.51**
Total interest on capital liabilities		**33976.62**	**31190.20**
Interest on borrowing For working capital.	78.7	11067.61	13423.95
Sub-Total		**11067.61**	**13423.95**
Rebate allowed for timely payment to Inter-state SOP Bulk Supply under bilateral agreement	78.831 & 833	1300.14	765.85
Sub-Total	78.82 & 78.831	1300.14	765.85
Other interest and finance charges	78.841	82.28	0.00
Interest on GPF	78.852	504.85	2488.34
Interest on Contributory Pension Fund.	78.854	0.00	0.00
Cost of raising finance.	78.861 to 869	109.61	124.63
Discount/ redumption premium on Bound	78.878	0.00	0.00
Surcharge on delayed payment of POP	78.880	7943.90	11342.18
Bank charges between Board offices	78.881	0.58	0.00
Bank commission for collection from consumers	78.882	6.71	11.39
Other Bank charges	78.883	20.15	18.33
On line bank tranction charges	78.889	4.09	0.04
Margin money paid for SOP through trader	78.897	0.00	0.00
Sub-Total		**8672.18**	**13984.92**
Total		**55016.54**	**59364.91**
Less: Interest capitalised	78.9	4681.89	7509.59
Total		**50334.65**	**51855.33**

Note 2.28 Depreciation and Amortization expenses

(Amount in Lac)

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
Depreciation.	77.1,2 &77.3	33817.28	32707.42
Sub-Total		**33817.28**	**32707.42**
Small and Low value items written off	77.610	90.66	0.00
WDV of assets scrapped- Land & Land rights	77.711	0.00	0.00
WDVof assets scrapped- Buildings	77.712	0.00	0.00
	77.713	5.04	0.00
WDV of assets scrapped -Other Civil Works	77.714	0.00	0.00
Written down value of assets scrapped-Plant & Mechinery	77.715	0.00	0.00
Written down value of assets scrapped-Vechile	77.717	3.33	0.00
Write off of deficits of fixed assets absorbed on physical verification – vehicles	77.727	0.00	0.00
Loss on sale on fixed assets ie. Plant Machniery	77.736	0.00	0.00
Loss on sale on fixed assets ie. Vechile	77.737	(13.66)	0.00
Sub-Total		**85.37**	**0.00**
Less: Amount capitalised	77.9	**1.66**	**0.00**
Sub-Total		**1.66**	**0.00**
Total		**33900.98**	**32707.42**

Note 2.29 Other Expenses

(Amount in Lac)

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
Repair & Manitenance			
Plant & Machinery.	74.1	1735.86	1140.66
Buildings.	74.2	585.10	383.33
Civil Works.	74.3	949.29	425.21
Hydraulic Works.	74.4	234.16	171.80
Lines cables,Net works etc.	74.5	5246.55	4483.75

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
Vehicles.	74.6	1705.95	2262.23
Furniture & Fixtures.	74.7	16.84	8.35
Office Equipments.	74.8	1891.30	743.45
Others i.e. cost of vehicle other than vehicle/	74.9	(190.97)	(236.54)
Re-allocated to capital works			
Total cost (including employee costs.)		**12174.08**	**9382.24**
Less:- Employee costs and Admn. & Gen. Expenses		732.62	97.57
Less:- Other costs reallocated such as Depreication		2464.53	3646.43
Recovery of cost of vehicle from O&M and other Units.		0.00	0.00
Sub-Total		**3197.14**	**3744.00**
Total (Net Repair and Maintenance)		**8976.94**	**5638.24**
Administration and General expenses			
Rent	76.101	209.26	107.71
Rates & Taxes.	76.102	89.48	43.65
Total		**298.73**	**151.35**
Insurance	76.104 to 107	3.25	2.06
Telephone charges,postage,telegrams & telex charges.	76.111 to 113	285.64	286.29
Legal charges.	76.121	159.20	259.72
Audit fee	76.122	2.61	19.04
Consultancy charges.	76.123	60.93	53.24
Technical fees.	76.124	0.28	0.00
Other professional Charges	76.125	49.45	66.66
Income Tax Uploading Charges.	76.126	15.13	10.03
Statutory Audit fee	76.127	2.13	1.72
Charges on a\c of service rendered by central board keeping agency under new pension scheme	76.128	5.02	3.08
Internal Audit Fee.	76.129	0.02	0.11
Conveyance & Travel expenses	76.131 to 139 & 76.141.	1343.89	1632.37
Expenditure on foreign travel.	76.14O	0.00	0.00
TA/ Das to Statutory Auditor	76.143	10.32	8.09

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
TA / DA to Internal Auditors	76.144	0.08	3.79
Sub-Total		**1937.93**	**2346.20**
Other expenses:-			
Fee & Subscription.	76.151	1197.57	22.17
Books & Periodicals	76.152	9.04	8.71
Printing & Stationary.	76.153	365.75	123.77
Exp. Under Right to Information Act-Paper & Processing fee.	76.154	0.00	0.17
Advertisement expenses.	76.155	62.36	51.69
Public Interaction Programme Expenses	76.156	15.55	15.52
Contribution/Donations.	76.157	0.00	0.00
Electricity charges.	76.158	545.29	569.69
Cold weather expenses/water charges.	76.159 & 160	28.63	33.61
Expenditure on Gift/Presentation.	76.161	0.59	0.51
Entertainment.	76.162	8.78	5.24
Incentives to informer regarding theft of energy etc.	76.163	0.00	0.03
Expenditure on display of Models.	76.164	0.00	0.00
Expenditure on training to staff within the state.	76.165	20.17	24.61
Expenditure on training to staff outside the state.	76.166	12.56	15.74
Petition fee payment to HPERC	76.167	95.09	102.17
& Consumer grievances redressal forum	76.168	48.14	52.26
Licence fee for Distribution & Trans payable to HPERC	76.169	25.00	25.00
Fees for SAS Examination	76.170	1.68	1.79
Exp. On promotion of energy effeiciency	76.171	0.00	0.00
Exp. On Geographically information system/Global Position System (GIS/GPS)	76.173	14.99	119.56
Transction charges to SCAs for collection of energy bills	76.174	123.88	131.84
Compensation paid for non compliance of Renewale Power purchase obligations compensation fund	76.175	676.21	1223.00
Exp. On providing cost free CFL bulb to domestic Consumers	76.183	0.01	0.00
Exp. Incurred on capacity building for Poverty Reduction Projects CBPRS for sponser HPSEB personnel to attend training programme.	76.185	0.89	0.73

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
Misc Expenses	76.190	79.30	104.09
Publicity expenses	76.191&95	5.79	2.71
Providing ID to staff at Vidyut Bhawan	76.196	0.19	0.00
Exp on IPAVAST connectivity charges etc.	76.198	299.92	175.01
Sub-Total		3637.36	2809.63
Freight.	76.210 to 220	0.00	9.56
Other purchase related expenses.	76.230 to 299	139.37	250.56
Sub-Total		**139.37**	**260.12**
Total		**6013.40**	**5567.30**
Less : Expenses Capitalised	76.9	0.00	158.66
Net Expenditure		6013.40	5408.64
Short provision for power purchase previous year	83.1	4978.61	0.00
Operating expense of previous year	83.3	0.12	0.00
Employee cost relating to previous year	83.5	1019.00	1101.06
Deprication under provided in previous year	83.6	1115207.00	0.00
Interest and other finance charges relating previous year	83.7	2053.15	0.00
Other charges relating to previous year	83.8	176.71	0.00
Total Prior Period Expenses	83	8275.05	1101.06
Other Debits			
Cost Variance	79.1	32.86	0.00
Bad & Doubtful debts written off / provided for.	79.4	321.27	15.32
Miscellaneous Losses & write offs.	79.5	1085.01	328.45
	79.7	0.00	0.00
Total		**24704.51**	**12491.71**

Note 2.30 Exceptional and Extraordinary items

(Amount in Lac)

Particulars	Account Code	Year ended 31st March, 2017	Year ended 31st March, 2016
Extra -Ordinary credits(including subsidies against loss on account of flood, cyclone, fire etc.	63.2	1680.00	2,219
Total		**1680.00**	**2219.00**
Extra-Ordinary debits (including subsidies against	79.8	592.97	1489.08
loss on account of flood, cyclone, fire etc.)			
Total		**592.97**	**1489.08**
Extraordinary items (Net)		**(1087.03)**	**(729.92)**

Note 2.31 Earning Per Share (EPS)

(Amount in Lac)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
I Net Profit as per Profit and Loss A/c available for equity Shareholder (in Rupees)	(4,421.10)	(1051.11)
II Weighted average number of equity shares for Earning Per Share Computation:		
(A) For Basic Earning Per Share of Rs. 100/- each (in Nos)	607.46	545.48
(B) For Diluted Earning Per Share of Rs. 100/- each No of Shares of Basic EPS as per II (A) (in Nos)	607.46	477.42
Add: Weighted Average outstanding Shares related to Share Application Money (in Nos)	0.01	18.54
Nos of Shares for Diluted Earning Per Share of Rs. 100- each (in Nos)	607.47	564.02
III. Earning Per Share (Face Value of Rs. 100/- Each)		
BASIC (in Rupees)	(7.28)	(1.93)
DILUTED (in Rupees)	(7.28)	(1.86)

Note 2.32

CONSOLIDATED ACCOUNTING POLICIES AND NOTES FOR THE FINANCIAL YEAR 2016-17

(A) Significant Accounting Policies :

1. Basis of accounting and preparation of financial statements

The Financial Statements of the Company are being prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Indian Accounting Standards notified in the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (amendments) Rules, 2016 under Section 133 of the Companies Act, 2013. The Financial Statements are being prepared on accrual basis under the historical cost convention with exception of assets held for sale, financial instruments and, government grants that are measured at fair value, and are in line with the fundamental accounting principles of prudence, consistency and materiality except otherwise stated. The accounting policies adopted in the preparation of the Financial Statements shall be consistent with those followed in the previous year.

2. Consolidation

The consolidated financial statements are being included the financial statements of the Company and the Beas Valley Power Corporation (its subsidiary) & Himachal Renewable Ltd (Joint Venture) made up to the year-end date. The financial performance and position of subsidiaries shall be consolidated for the same reporting year as the parent company, using consistent accounting policies. The results of subsidiaries acquired or disposed of during the year shall be fully consolidated from the effective date of acquisition or up to the effective date of disposal. All intra group balances, transactions, income and expenses shall be eliminated in full.

BASIS OF CONSOLIDATION:-

1.1 The consolidated financial statement relates to HPSEB Ltd (the Company), its subsidiary namely Beas Valley Power Corporation Ltd.

a) Basic of Accounting :

i) The financial statement of the subsidiary Companies in the consolidation are drawn up to the same reporting date as of the Company.

ii) The Consolidated financial statements have been prepared in accordance with Accounting Standard (AS 21) "Consolidated Financial Statement" and AS-27 "Financial Reporting of interest in subsidiary as prescribed under Section 133 of the Companies Act, 2013 (Act) read with rule 7 of the Companies (Accounts) Rules, 2014 and general accepted accounting principles (GAAP).

b) Principles of Consolidation:

(i) The financial statements of the Company and its subsidiary are combined on a line by line basis by adding together the book value of lie items of assets, liabilities, cash flow statement after eliminating intra-group balances, intra group transactions, unrealized profit or losses. The Subsidiary Company is in construction stage, has not yet started commercial operations, therefore profit & loss accounts of the subsidiary has been not prepared.

(ii) The Consolidated financial statements include the interest of the Company in subsidiary, which has been accounted for using proportionate consolidation method of accounting and reporting whereby the Company's share of each assets, liabilities of a subsidiary is considered as a separate line item after eliminating proportion share of unrealized.

(iii) The Subsidiaries Company and Joint Venture Companies considered in the financial statements are as follows:

Name of the Company	Country of Incorporation	Proportion of Shareholding / Capital	
		As on 31.3.17	As on 31.3.2016
Subsidiary Company			
Beas Valley Power Corporation	H.P (INDIA)	100%	100%
Joint Venture			-
Himachal Renewable Ltd.	H.P (INDIA)	50%	-

(iv) The consolidated financial statement 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 except as otherwise stated in the notes to the accounts.

(v) There is no difference in Accounting Policies of the Company, its subsidiary and Joint Venture which impact of materiality. The financial statement of subsidiary and Joint Venture used for consolidation are audited.

(vi) Ministry of Corporate Affairs, under the Government of India, has issued rules called as the Companies (Indian Accounting Standards) Rules, 2015 vide notification dated 16th February 2015. The notification covers Accounting Standards (hereinafter referred to as "Ind AS"), which are to be applied by companies or class of companies in preparation of their financial statements, as per the rules specified in the said notification. As per the notification, companies which meet the criteria regarding listing of equity or debt securities and net worth specified in sub-clause (a), (b) and (c) of Rule number 4, such companies would be required to prepare their financial statements as per Ind AS from FY 2016-17 onwards. Companies even have the option to adopt Ind AS voluntarily. In this regard, it is stated that net worth (as per the definition of net worth clause (57) of Section 2 in the Companies Act 2013) of HPSEBL from 31 March 2014 to 31 March 2017 is less then Rs. 500 Crores. The subsidiary of HPSEBL, Beas Valley Power Corporation Ltd. (BVPCL), also does not meet the desired criteria and therefore both are not required to implement Ind AS from 2016-17. BVPCL has however opted to voluntarily implement Ind AS from FY 2016-17 onwards. HPSEBL believes, based on a reading of the above notification, that the implementation of IND AS by a subsidiary on a voluntary basis does not require the Holding Company (i.e. HPSEBL) to also implement IND AS from 2016-17. The standalone financial statements of HPSEBL have therefore been prepared based on the Companies (Accounting Standards) Rules, 2006 issued by the Ministry of Corporate Affairs, Government of India. As required under the Notification, HPSEBL will implement Ind AS from 2017-18 onwards.

3. Investments

Long Terms investment is carried indirectly at cost less provision for diminished other then temporally in the value of such investment.

Current investments are valued at lower of cost and fair market value.

4. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and have been reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements shall be prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates shall be recognized in the periods in which the results are known / materialize. Key sources of estimation uncertainty and areas where significant judgments are made and discussed throughout the notes in these financial statements.

5. Inventories

Inventories are valued at the lower of cost (on weighted average basis) and the net realizable value after providing for obsolescence and other losses, where considered necessary. Cost are included all charges in bringing the goods to the point of sale, including other levies, transit insurance and receiving charges.

6 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand, Bank Overdraft and demand deposits with banks. Cash equivalents shall be short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that shall be readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

7 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

8 Depreciation and amortization

Depreciation is charged on straight line method to the extent of 90% of the cost of asset following the rates notified by the H.P. State Electricity Regulatory Commission for the purpose of fixation of tariff. In respect of asset, where rate has not been notified by regulation of HPERC, depreciation shall be provided on straight line method at the rates corresponding to the rates laid down under the Companies Act 2013 except in case of Computer and peripherals which are depreciated @15% on SLM.

Depreciation on vehicles is charges by the units to the extent of 90% of the cost of the asset, life of vehicle is taken as 7 years, deprecation is charged on SLM basis. No depreciation is charged on addition to fixed assets during the year and depreciation is charged for the whole year in respect of assets ceased/ sold during the year as per accounting policy of the Company.

Deprecation of assets during the year has been adjusted for the less/ excess deprecation charged up to 31.3.2017 and effect of the same has been adjusted against prior period items.

Where, during any financial year, any addition has been made to an asset, depreciation shall be charged on the asset from the date of addition of the asset. Where an asset has been sold, discarded, demolished or destroyed during any financial year, depreciation shall be calculated till the date of sale.

Capital expenditure on assets not owned by the Company shall be amortized as per normal rate of deprecation on similar assets owned by the Company as provided under HPERC.

9. Revenue recognition

Sale of Power:

Sale of Power is accounted for on accrual basis on the basis of bills raised by the Company except as under:—

- Unbilled revenue are accounted for at the close of year on the basis of average billing of a year of concerned group by remaining days of numbers of unbilled period.
- Difference on account of adjustments of undercharged/ overcharged billing with actual billing are adjusted in the year of rectification.
- Earning from sale of electricity are not include Electricity duty payable to State Govt. and Municipal Taxes (octroi) payable to Municipal Committee/ Municipal Corporation.
- Bill raised for theft of energy, whether on consumption or outsides shall be recognized in full as soon as assessment order is received from the competent authority. Payments made by the consumer under protest are treated as part payment against the bill raised.

10. Other income

Interest income has been accounted on accrual basis.

11. Fixed Assets :

(a) The Fixed Assets are carried forward at the original/ transfer cost including appropriate expenses capitalized less depreciation thereof.

(b) The interest on the borrowed funds attributable to the acquisition/ construction of fixed assets till commissioning of such assets, is being capitalized.

(c) Capital Expenditure on assets not owned by the company is reflected as a distinct item in the Fixed Assets.

(d) Payments made towards compensation and other expenses relatable to land are treated as cost of land.

(e) Leasehold Land is amortized over the period of the lease.

(g) Residential and Non-Residential Building valuing Rs. 712.26 lacs and Rs. 93.34 lacs built in Sainj Project have been transferred to HPPCL on 16-01-2010 and 29-01-2010 respectively.

(h) Land measuring 113.06 Bighas situated in Sainj Project having value of Rs.358.49 lacs Project has been transferred to HPPCL on 29-01-2010. Out of above, Land measuring 14.04 Bigas valuing Rs. 11.63 lacs had already been transferred to NHPC, Parbati during 1998-99.

(i) Land measuring 3-06.74 Hectares situated in Mahal Chirgoan bearing Khatoni No. 433 occupied by HPSEB Ltd. is in the name of State Govt.

(j) In view of large distribution and Transmission Network scattered all over the State of Himachal Pradesh, the physical verification of the fixed assets of the Company is not being conducted due to the reasons that the GIS/ GPS final report is still awaited.

(k) The cost of Computer software, SAP amounting to Rs. 2243.71 Lacs recognized as intangible assets and is being amortized on straight line method over a period of five years.

12. Capital work-in-progress

Projects under which assets are not ready for their intended use and other capital work-in-progress has been carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Administrative and other general overheads at the head office attributable to the construction of fixed assets has been identified and allocated on systematic basis on major assets.

In respect of supply cum erection contracts, the value of supplies received and accepted are treated as capital work in progress.

Expenditure against 'Deposit Work' has been accounted for on the basis of statement of accounts received from the concerned agency and accepted by the company.

13. Intangible assets

Intangible assets have been initially measured at cost. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

After recognition, each class of Intangible assets is measured on Cost as provided in AS- 26 (Ind AS 38.)

Subsequent expenditure on an intangible asset after its purchase / completion shall be recognized as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

The cost of Computer software recognized as intangible shall be amortized on straight line method over a period of five years.

14. Government grants and subsidies

Government grants and subsidies are recognized when there is reasonable assurance that the Company will comply with the conditions attached to them and the grant / subsidy will be received.

Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets shall be treated as deferred income and charged into profit and loss in proportion to depreciation over the useful life of the assets. The acquired or constructed assets from government grants are recognized at fair value and depreciated over the useful life of the asset.

Government grants in the nature of promoters' contribution, where no repayment is ordinarily expected in respect thereof, shall be recognized as deferred income and charged into income to match with the expense in respect of the related cost for which they are intended to be compensate on a systematic basis.

Non-monitory grants, assets given at concessional rate has been recognized at fair value by setting up the grant as deferred income. The deferred income is charged into profit and loss in proportion to depreciation over the useful life of the asset.

Forgivable loans shall be recognized as a government grant when there is a reasonable assurance that the company will meet the terms of forgiveness of the loan.

Loans receive at a concessional rate shall be recorded at fair value and the benefits of concessional rate of interest are recognized as government grant.

Other government grants and subsidies shall be recognized as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

15. Employee benefits

Employee benefits are including provident fund, superannuation fund, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

Retirement Benefits & Pension.

Actual liabilities in respect of Earned Leave and Gratuity & Pension have been accounted for at the time of actual encashment of leave/ payment of gratuity on death/ resignation/ superannuation. Pension shall be paid by the Company on cash basis. However, to comply the requirement of AS 15 Company has made total provision of Rs. 10678.26Lac. During the year provision of Rs. 5822.04 Lac (gratuity Rs. 1398.76 +Leave encashment Rs. 1028.59 Lac Pension Rs. 3394.69 Lac) on accounts of Leave encashment & gratuity, Pension payable to present employee @ 2.5% and actual provision shall be made after actuarial evaluation in this regards. "Here the Company deviates from the Accounting Standard 15 "Employee Benefits" issued by ICAI, which requires the contribution to be made on the basis of actuarial valuation and the company is partially complying with this requirement".

(ii) Employees who have joined the Company on or after 01.04.2006 are covered under " New Defined Contributory Pension Schemes (NDCPS" and Company contribution at fixed percentage of salary is ascertained and paid/ provided.

General Provident Funds (GPF) of employees

GPF of employees are accounted for in books of accounts, as per government rules governing GPF. Liabilities with respect of GPF and interest accrued thereon is met by the Company out of own resources. Short-term employee benefits.

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees shall be recognized during the year when the employees render the service. These benefits shall include performance incentive and compensated absences which are expected to be settled wholly before twelve month after the end of the annual reporting period.

16 Borrowing costs

Borrowing costs include interest; amortization of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets shall be charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset shall be added to the cost of the assets. Capitalization of borrowing costs shall be suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

17 Segment reporting

The Company has only one integrated business i.e. Generation & Distribution of Power, However based on the financial information that is regularly reviewed by the Company how to allocate resources and in assessing performance, management has been identified five segments i.e. Distribution, Transmission, Generation, Projects, SL&DC and Head office as separate unit. The Segments wise reports are explained in additional items of notes to Accounts.

18 Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are

adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

19 Provisions and contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount. When the effect of time value of money is material, the amount of provision is discounted at the present value of the expenditure expected to be required to settle the obligation. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

A contingent liability has been disclosed where the existence of an obligation has been confirmed by future events or where the amount of the obligation cannot be measured reliably. Contingent assets are not recognized, but are disclosed where an inflow of economic benefits is probable

20. Operating Cycle

All assets and liabilities have been classified as current or non current as per Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of business and the time between acquisition of assets for processing and their realization in cash and cash equivalents the Company has ascertained its operating cycle as 12 months for the purpose of current and non current classification of assets and liabilities.

21. Miscellaneous

* Expenses on training and recruitment, research and development, if any are charged to revenue.

• Expenses on raising of finance and financial loan are charged to revenue.

• Income from surcharge levied on consumers for delayed payment of energy bills is accounted for on accrual basis.

• Interest on loans and advances paid to the staff is recovered after full recovery of principal amount. However, effective rate of interest is calculated and accounted for on accrual basis in the accounts.

• Expenditure incurred on identification, survey & feasibility study of project, before project is considered for sanction or rejection, is accounted for under separate head and shown under deferred Cost. As and when the decision of competent authority is received, expenditure is adjusted accordingly by transferring expenditure to work concerned if accepted or written off to profit & Loss Accounts in case of rejection.

* Cost of new meter used to replace the damaged meter is charged to revenue and the cost of damaged meter and its accumulated depreciation is not withdrawn.

* Payment received against debtors from sale of power are adjusted as per their chronological order date i.e. old outstanding dues are cleared first.

* All revenue expenses/ income pertaining to prior period and losses for which no provision was made in the previous year due to error or omission are treated Prior period revenue income/ expenditure which have been shown in separate accounts head. Detailed disclosure of prior period expenses/ income till the finalization of balance sheet has disclosed in Notes forming part of the Accounts No 47 of 2.31 (B).

ADDITIONAL INFORMATION FOR CONSOLIDATED FINANCIAL STATEMENTS AS PER SCHEDULE-III TO COMPANIES ACT 2013

Sr No.	Name of the Entity	Net Assets i.e. Total assets minus total liability		Share in Profit and Loss	
		As % of Consolidated net asset	Amount (Lakh)	As % of Consolidated Profit / Loss	Amount (Lakh)
	Subsidiary	100	136799.50	100	0
	Joint Venture	50	27.06	50	0

For and on behalf of Company

Sd/-	**Sd/-**	**Sd/-**
(Gulshan Aggarwal)	**(Rajeev Sharma, IAS)**	**(Er. J.P. Kalta)**
Chief Accounts Officer	**Director (F&A)**	**Managing Director**

Auditors Report
As per our report of even date

Sd/-
For Anil K. Sood & Co. **(C. A. Anil Kumar Sood)**
Chartered Accountants **Partner**
Firm No.007360N **MNo. 086068**

Place: Shimla
Date: 11-01-2019

INDEPENDENT AUDITORS' REPORT

To

The Members of Himachal Pradesh State Electricity Board Limited
Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated financial statements of **Himachal Pradesh State Electricity Board Limited, Shimla** ***("the Company")*** as on **31st March, 2017** which comprise the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these Consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility 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; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company & its subsidiary Company have in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion therefore we disclaim our opinion.

Basis for Disclaimer Opinion

1 Preparation of Consolidated Financial Statements for the year under review:-

(a) The consolidated financial statements are prepared as per Schedule III of the Companies act 2013 during the year under review. The previous year's figures have been re casted and regrouped to comply with the requirements of schedule III of Companies Act 2013. The Companies Act, 2013 gives great importance to the compliance of the accounting standards by the Companies as evident from Section 129(1) wherein it has been stated that financial

statements shall comply with the accounting standards the first proviso to said section also states that the items contained in financial statements shall be in accordance with the accounting standards. The Company has not complied with all the accounting standards as reported separately in Para 25 of holding Company report.

(b) Reference is invited to Note No 2.32 (b)(vi) Principles of consolidations of Consolidated Balance sheet. The accounts of HPSEBL have been prepared based on Companies (Accounting Standards) Rul;es 2006 issued by Ministery of corporate affairs , Govt of India whereas the Subsidiary Beas Valley Power Corporation Ltd have voluntary prepared Accounts based on Companies (Indian Accounting Standards) Rules 2015 vide notification dated 16th february 2015. Booth the Accounts are prepared on the basis of different Accounting Standards are not comparable and are not reliable.

(c) **Consolidation of Financial Statements at Head Office Level and Circle Level**

We report that the erstwhile Board transferred it assets and liabilities to Company in accordance with "Transfer Scheme". There were certain balances which have not been reconciled / traced in subsidiary records maintained at Divisions / Sub-Divisions level (Refer Note 2.33 (B) (1). During the year under review Year wise /sub head wise balances were re casted on the basis of data received from the units and opening balances as on 01.04.2016 have been re confirmed from the units. After recasting these figures, a difference of Rs 1097336423/- in the consolidated books of Accounts and divisions Books of Accounts of HPSEBL remains, Which was written Back with due approval of Board. The net results of Write Back were transferred to Other Prior Period Income in A/c Head(65.8).This income was shown as other income in Note 2.24 of Profit and Loss Account. In Our Opinion Such Income has not occurred in Normal Course of Business and as such this should be depicted as an extra ordinary Item in Financial Statements (Profit & Loss Account). In Our opinion Extra Ordinary Item is understated and Other Income is overstated to extent of Rs 10973.36 Lakh.

Other Matters discussed in the Basis of Disclaimer of Paras in Audit report of Standalone Financial statements.

Other Matters:

(a) We did not audit the Financial Statement of subsidiary Company (BVPCL) which reflect total assets of Rs. 136799.60 Lac as at March, 2017, total revenue nil being subsidiary Company has not started commercial operation, profit & Loss Accounts has not been prepared and net cash flow amounting to Rs. 576.84 Lacs for the year ended as considered in the consolidated financial statements. This financial statement has been audited by the other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

Our Opinion on the consolidated financial statements and our report on other Legal and Regulatory requirements below is modified in respect of the above matters with respect to our reliance on the reports of the other auditors and the financial statement s/ financial information certified by the Management.

(b) The Company has not provided us any information about Denomination and Value of Specified Bank Notes deposited / Collected by it during the period from 8th November, 2016 to 30th December,2016. The Company has not provided requisite disclosure in its standalone financial statements as to holding as well as dealing in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016.

Report on Other Legal and Regulatory Requirements

As required by "The Companies" (Auditor's Report) order, 2015, issued by the Central Government of India in terms of sub Section (11) of Section 143 of the Act (hereinafter referred to as the "Order") and on the basis of such checks of the books and records of the Company as we considered appropriate and accordingly to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the order.

As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidated financial statements have not been kept so far as it appears from our examination of those books and the report of the other auditors.

(c) The consolidated Balance Sheet, the Consolidated Statements of Profit & Loss and the Consolidated Cash Flow Statements dealt with by this report are not in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements does not comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 refer to Para 25 of standalone financial statements of holding Company.

(e) On the basis of the written representation received from the directors of the holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary Companies, none of directors of group Companies is disqualified as on 31st March, 2016 from being appointed as a directors in terms of Section 164 (2) of the Act.

(f) 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 accordingly to the explanation given to us:

(i) Provisions have been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contract.

(ii) No amount has been transferred to the Investors Education and Protection Fund during the year ended.

For Anil K. Sood & Co
Chartered Accountants
Firm Registration Number-007360N

Sd/-
CA Anil Kumar Sood
Partner
Membership No. 086068

Place: Shimla
Date: 11.01.2019

ANNEXURE-A

Forming part of auditors' report on Consolidated financial statements of Himachal Pradesh State Electricity Board Limited for the year ended on 31st March, 2017.

(i) (a) The Fixed assets Register maintained by the holding Company is not as per Companies Act showing the complete details of cost, location, identification code, transfer write off, accumulated depreciation etc in respect of each individual items. The Fixed Assets register maintained at division level does not tallied with the sub head wise accounts of Fixed Assets maintained in the account statements. The subsidiary Company (BVPCL) is in process of compilation of proper record to show full particulars including quantitative details and situations of fixed assets.

(b) The assets have not been physically verified by the Company. Since the detailed records of Fixed assets at different locations are not maintained as prescribed, the question of comparison of Fixed Assets with book records and ascertaining the discrepancies out of physical verification does not arise and its impact upon accounts is not ascertainable.

(ii) (a) As explained to us, stores and spare, at all locations, has been physically verified. In our opinion, the frequency of physical verification is reasonable and adequate.

(b) The procedure for physical verification of inventories followed by the management is not reasonable and adequate in relation to the size of the Company and nature of its business.

(c) The Company is maintaining proper records of inventory, i.e., Stores and spares. However, we were not provided with any report of physical verification, hence we are unable to comment on the same.

(iii) The Company has not granted/taken any loans secured or unsecured from companies, firms or other parties listed in the register required to be maintained under section 189 of Companies Act 2013.

(iv) In our opinion and according to the information and explanations given to us, internal control procedures followed by the Company do not commensurate with the size of the Company and the nature of its business with regard to purchase of stores, Fixed Assets machinery or spare parts**.**

(v) The company has not accepted any deposit from the public

(vi) With pursuant to Rule made by the Central Government of India, the maintenance of cost records have been prescribed under Section 128 of Companies Act 2013 clause (d) of sub-section (1) of Section 209 of the Companies Act,1956 in respect of Electricity Supply. The Company has not prepared cost records as prescribed.

(vii) (a) The Company is generally regular in depositing with appropriate authorities statutory dues including provident fund, Employees State Insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other statutory dues applicable to it, except the following dues which is in arrears for more than six months.

	Current Year	**Previous Year**
Electricity Duty	16102.08 Lacs	22525.40 Lacs
Municipal Taxes	769.44 Lacs	557.36 Lacs
Labour Cess	0.00 Lacs	0.00 Lacs
CPS Contribution	0.00 Lacs	0.00 Lacs
Service Tax	0 Lacs	0.00 Lacs

We further report that company has not transferred the GPF fund contributions to a separate trust or to EPF authorities as required by EPF Act 1956.(Refer Para 3 of the Annexure III of main report of even date)

(b) According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, excise duty and other cess were in arrears, as at 31.03.2017 for a period of more than six months from the date they become payable.

(c) According to the information & explanation given to us, disputed dues of sales tax, income tax, custom duty, wealth tax, excise duty and cess which have not been deposited is Nil.

(d) According to the information and explanation given to us. There is no amount required to be transferred to Investor Education and Protection fund in accordance with latest provision of the Companies Act, 2013.

(viii) ***The accumulated losses of the company cannot be quantified due to quantum of qualifications involved and non availability of information and disclaimer of our opinion.***

(ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders. The Company has opted for Financial Restructure Plan Issued by the Govt. of India where the short term loans issued by the Banks have been converted into long term loans.

(x) The Company has not given any guarantees for loan taken by other from banks and financial institutions. Hence, no terms and condition are prima facie prejudiced to the interest of the Company.

(xi) Accordingly to the information and explanations given to us, all terms loan obtained are used for the purpose for which they have been obtained other then temporary deployment pending application.

(xii) According to the information and explanation given to us no cases of fraud has been noticed or reported during the course of our audit.

(xiii) **Non compliance of accounting standard**

The company has not complied with disclosure requirement of AS-21 Consolidated Financial Statements which states that company is required to disclose in consolidated financial statements a list of all subsidiaries including the name, country of incorporation or residence, proportion of ownership interest and, if different, proportion of voting power held; the effect of the acquisition and disposal of subsidiaries on the financial position at the reporting date, the results for the reporting period and on the corresponding amounts for the preceding period.

For Anil K Sood & Co,
Chartered Accountants
Firm No. - 007360N

Sd/-
CA Anil Kumar Sood
Partner
Membership No. 086068

Place: Shimla
Dated 11/01/2019

Himachal Pradesh State Electricity Board Ltd

(A state Govt. Undertaking)

{Auditor's Report}

REPLIES TO THE AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2017

OBSERVATION	Management REPLY
Independent Auditors' Report **To** **The Members of Himachal Pradesh State Electricity Board Limited Report on the Consolidated Financial Statements**	
We have audited the accompanying Consolidated financial statements of **Himachal Pradesh State Electricity Board Limited, Shimla** ***("the Company")*** as on **31st March, 2017** which comprise the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information	Statement of facts, hence no comments are required.
Management's Responsibility for the Financial Statements The management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these Consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility 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; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error	

Auditor's Responsibility Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company & its subsidiary Company have in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion therefore we disclaim our opinion. **Basis for Disclaimer Opinion** 1 Preparation of Consolidated Financial Statements for the year under review:- The consolidated financial statements are prepared as per Schedule III of the Companies act 2013 during the year under review. The previous year's figures have been re casted and regrouped to comply with the requirements of schedule III of Companies Act 2013. The Companies Act, 2013 gives great importance to the compliance of the accounting standards by the Companies as evident from Section 129(1) wherein it has been stated that financial statements shall comply with the accounting	The Consolidated financial statements (CFS) relates to HPSEB Ltd (the Company), its Subsidiaries (BVPCL) for FY 2015-16 have been prepared in accordance with Accounting Standard (AS 21) "Consolidated Financial Statements" on the basis of sub head wise consolidated trial balances of HPSEBL and BVPCL. The Consolidated financial Statement of the Company and its subsidiary are combined on a line by line basis by adding together of the like item of assets, liabilities, income and expenses after eliminating intra-group balances, intra-group transaction and unrealized profit & losses. The figures of previous years have been re-casted and

standards the first proviso to said section also states that the items contained in financial statements shall be in accordance with the accounting standards. The Company has not complied with all the accounting standards as reported separately in Para 25 of holding Company report.	re-grouped to comply with the requirement of revised schedule VI and disclosed in significant Accounting Policies Note 2.32 of Consolidated Accounting Policies and Notes under Sr. No 1 & other notes. The reply for accounts statements at division levels are prepared on the basis of old schedule VI are same as mention in reply of standalone financial statement of the Company. The financial statement of subsidiary Company is also true & fair certified by the independent Auditors. Hence the versions of Auditors for disclaimer opinion on consolidated financial statements are not acceptable & denied.
b) Reference is invited to Note No 2.32 (b)(vi) Principles of consolidations of Consolidated Balance sheet. The accounts of HPSEBL have been prepared based on Companies (Accounting Standards) Rul;es 2006 issued by Ministery of corporate affairs , Govt of India whereas the Subsidiary Beas Valley Power Corporation Ltd have voluntary prepared Accounts based on Companies (Indian Accounting Standards) Rules 2015 vide notification dated 16th february 2015. Booth the Accounts are prepared on the basis of different Accounting Standards are not comparable and are not reliable.	Statement of facts, hence no comments are required.
C) Consolidation of Financial Statements at Head Office Level and Circle Level We report that the erstwhile Board transferred it assets and liabilities to Company in accordance with "Transfer Scheme". There were certain balances which have not been reconciled / traced in subsidiary records maintained at Divisions / Sub-Divisions level (Refer Note 2.33 (B) (1). During the year under review Year wise /sub head wise balances were re casted on the basis of data received from the units and opening balances as on 01.04.2016 have been re confirmed from the units. After recasting these figures, a difference of Rs 1097336423/- in the consolidated books of Accounts and divisions Books of Accounts of HPSEBL remains, Which was written Back with due approval of Board . The net results of Write Back were transferred to Other Prior Period Income in A/c Head(65.8).This income was shown as other income in Note 2.24 of Profit and Loss Account. In Our Opinion Such Income has not occurred in Normal Course of Business and as such this should be depicted as an extra ordinary Item in Financial Statements (Profit & Loss Account). In Our opinion Extra Ordinary Item is understated and Other Income is overstated to extent of Rs 10973.36 Lakh. Other Matters discussed in the Basis of Disclaimer of Paras in Audit report of Standalone Financial statements.	The subsidiary records maintained at Divisions / Sub-Divisions are being updated by the Units. Opening balances as on 01.04.2016 have been re confirmed from the units. After recasting these figures, a difference of Rs 109,73,36,423/- in the consolidated books of Accounts and divisions Books of Accounts of HPSEBL remains, which was written Back with due approval of Board and charged to P&L A/c as per the Accounting policy of the Company. As regards, the version of auditors to charge this amount Extra Ordinary Item are not acceptable being these are prior period error & omission in the accounts. However, complete disclosure has been made in Notes to Accounts 2.33 (B) (1). Hence the pare may be dropped.

Other Matters: (b) We did not audit the Financial Statement of subsidiary Company (BVPCL) which reflect total assets of Rs. 136799.60 Lac as at March, 2017, total revenue nil being subsidiary Company has not started commercial operation, profit & Loss Accounts has not been prepared and net cash flow amounting to Rs. 576.84 Lacs for the year ended as considered in the consolidated financial statements. This financial statement has been audited by the other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors. Our Opinion on the consolidated financial statements and our report on other Legal and Regulatory requirements below is modified in respect of the above matters with respect to our reliance on the reports of the other auditors and the financial statement s/ financial information certified by the Management.	Statement of facts, hence no comments are required
(b) The Company has not provided us any information about Denomination and Value of Specified Bank Notes deposited / Collected by it during the period from 8th November, 2016 to 30th December,2016. The Company has not provided requisite disclosure in its standalone financial statements as to holding as well as dealing in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. **Report on Other Legal and Regulatory Requirements** As required by "The Companies" (Auditor's Report) order, 2015, issued by the Central Government of India in terms of sub Section (11) of Section 143 of the Act (hereinafter referred to as the "Order") and on the basis of such checks of the books and records of the Company as we considered appropriate and accordingly to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the order. **As required by Section 143 (3) of the Act, we report that:** (a) We have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.	Statement of facts, hence no comments are required

(b) In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidated financial statements have not been kept so far as it appears from our examination of those books and the report of the other auditors. (c) The consolidated Balance Sheet, the Consolidated Statements of Profit & Loss , and the Consolidated Cash Flow Statements dealt with by this report are not in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements. (d) In our opinion, the aforesaid consolidated financial statements does not comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 refer to Para 25 of standalone financial statements of holding Company. (e) On the basis of the written representation received from the directors of the holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary Companies, none of directors of group Companies is disqualified as on 31st March, 2016 from being appointed as a directors in terms of Section 164 (2) of the Act. (f) 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 accordingly to the explanation given to us: (i) Provisions have been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contract. (ii) No amount has been transferred to the Investors Education and Protection Fund during the year ended.	
ANNEXURE-A **F*orming part of auditors' report on Consolidated financial statements of Himachal Pradesh State Electricity Board Limited for the year ended on 31st March, 2017***. (i) a) The Fixed assets Register maintained by the holding Company is not as per Companies Act showing the complete	Efforts are being made to maintain the fixed assets register through retired Accounts personnel and Fixed assets register of all accounting Units has been

	details of cost, location, identification code, transfer write off, accumulated depreciation etc in respect of each individual items. The Fixed Assets register maintained at division level does not tallied with the sub head wise accounts of Fixed Assets maintained in the account statements. The subsidiary Company (BVPCL) is in process of compilation of proper record to show full particulars including quantitative details and situations of fixed assets.	prepared which are tailed with the sub head wise accounts of Fixed Assets maintained. Specimen of some Units has been shown to the audit.
	b) The assets have not been physically verified by the Company. Since the detailed records of Fixed assets at different locations are not maintained as prescribed, the question of comparison of Fixed Assets with book records and ascertaining the discrepancies out of physical verification does not arise and its impact upon accounts is not ascertainable.	All the DDO's have been directed to physically verify the fixed assets every year.
(ii)	a) As explained to us, stores and spare, at all locations, has been physically verified. In our opinion, the frequency of physical verification is reasonable and adequate.	ii) Complete procedure to verify the store and spares have been prescribed by the Company.
	b) The procedure for physical verification of inventories followed by the management is not reasonable and adequate in relation to the size of the Company and nature of its business.	b) Procedure for physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company as Stock Verifier verifies the same periodically.
	c) The Company is maintaining proper records of inventory, i.e., Stores and spares. However, we were not provided with any report of physical verification, hence we are unable to comment on the same.	c) Verification reports are with concerned DDO and shall be shown to audit.
iii)	The Company has not granted/taken any loans secured or unsecured from companies, firms or other parties listed in the register required to be maintained under section 189 of Companies Act 2013.	iii) Statement of facts, hence no comments
iv)	In our opinion and according to the information and explanations given to us, internal control procedures followed by the Company do not commensurate with the size of the Company and the nature of its business with regard to purchase of stores, Fixed Assets machinery or spare parts**.**	iv) Company has proper system of internal audit as per the size of the Company. Internal Audit party for commercial Audit and CA firms are engaged for internal audit. As regards piled up stocks these are critical items and used frequently for restoration of supply.
v)	The company has not accepted any deposit from the public	v) Statement of facts, hence no comments

vi)	*With pursuant to Rule made by the Central Government of India, the maintenance of cost* records *have been prescribed under Section 128 of Companies Act 2013 clause (d) of sub-section (1) of Section 209 of the Companies Act,1956 in respect of Electricity Supply. The Company has not prepared cost records as prescribed.*	vi) M/s Anirudh Joshi & Associate are the Cost Auditor of the Company and cost records are being prepared through outsourced Cost Audit firm M/s Anil Sharma & Company. Hence, observations of audit are denied and para may be settled.
vii)	a) The Company is generally regular in depositing with appropriate authorities statutory dues including provident fund, Employees State Insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other statutory dues applicable to it, except the following dues which is in arrears for more than six months .	vii) Statement of facts, hence no comments.

AMOUNT IN LAKH

	Current Year	Previous Year
Electricity Duty	16102.08	22525.40
Municipal Taxes	769.44	557.36
Labour Cess	0.00	0.00
CPS Contribution	0.00	0.00
Service Tax	0.00	0.00

We further report that company has not transferred the GPF fund contributions to a separate trust or to EPF authorities as required by EPF Act 1956.(Refer Para 3 of the Annexure III of main report of even date)

b) According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, excise duty and other cess were in arrears, as at 31.03.2017 for a period of more than six months from the date they become payable.	b) Statement of facts, hence no comments
c) According to the information & explanation given to us, disputed dues of sales tax, income tax, custom duty, wealth tax, excise duty and cess which have not been deposited is Nil.	c) Statement of facts, hence no comments
d) According to the information and explanation given to us. There is no amount required to be transferred to Investor Education and Protection fund in accordance with latest provision of the Companies Act, 2013.	d) Statement of facts, hence no comments
viii) ***The accumulated losses of the company cannot be quantified due to quantum of qualifications involved and non availability of information and disclaimer of our opinion.***	viii) Efforts are being made to maintain the subsidiary records the HPSEB Ltd (Company) and to provide relevant information as per requirement of Companies Act.

ix)	In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders. The Company has opted for Financial Restructure Plan Issued by the Govt. of India where the short term loans issued by the Banks have been converted into long term loans.	ix) Statement of facts, Hence no comments.
x)	The Company has not given any guarantees for loan taken by other from banks and financial institutions. Hence, no terms and condition are prima facie prejudiced to the interest of the Company	x) Statement of facts, Hence no comments.
xi)	Accordingly to the information and explanations given to us , all terms loan obtained are used for the purpose for which they have been obtained other then temporary deployment pending application.	xi) Statement of facts, Hence no comments.
xii)	According to the information and explanation given to us no cases of fraud has been noticed or reported during the course of our audit.	xii) Statement of facts, Hence no comments.
xiii)	**Non compliance of accounting standard** The company has not complied with disclosure requirement of AS-21 Consolidated Financial Statements which states that company is required to disclose in consolidated financial statements a list of all subsidiaries including the name, country of incorporation or residence, proportion of ownership interest and, if different, proportion of voting power held; the effect of the acquisition and disposal of subsidiaries on the financial position at the reporting date, the results for the reporting period and on the corresponding amounts for the preceding period.	xiii) Complete disclosure requirement of AS-21 Consolidated Financial Statements has been mention in consolidated accounting Policies & Notes to accounts 2.32 (b) (iii) & 21. Hence the version of the auditor has been denied & para may be settled

Sd/-
Chief Accounts Officer,
F&A Wing, HPSEBL,
Shimla-4.

Place : Shimla
Dated: 22-02-2019

Government of India
Indian Audit and Accounts Department
Principal Accountant General (Audit)
Himachal Pradesh, Shimla-171 003

सत्यमेव जयते

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

क्रमांक: वा0ले0प0/आ0सै0-(पी0एस0यू0-II)/ हि0प्र0रा0वि0परि0लि0,लेखे-2016-17/2018-19/327-29 दिनांक 29/03/19

सेवा में

प्रबन्ध निदेशक,
हि0प्र0 राज्य विद्युत परिषद लि0,
विद्युत भवन शिमला-4,

विषयः- कम्पनी अधिनियम, 2013 की धारा 143(6)(b) तथा धारा 129 (4) के साथ पठित के अधीन टिप्पणियां ।

महोदय,

मैं, 31 मार्च 2017 को समाप्त वर्ष के लिए हि0प्र0 राज्य विद्युत परिषद लि0, के Consolidated तथा Standalone Financial Statements के सम्बन्ध में कम्पनी अधिनियम, 2013 की धारा 143(6)(b) तथा धारा 129 (4) के साथ पठित के अधीन टिप्पणियां भेज रहा हूं।

कृपया पावती भेजें।

भवदीय,

प्रधान महालेखाकार

संलग्नः उपरोक्त

Gorton Castle, Shimla-171 003, Telephone: 0177-2652612-18 Fax: 0177-2658949
गार्टन कैसल, शिमला-171 003, दूरभाषः 0177-2652612-18,फैक्सः 0177-2658949

Comments of the Comptroller and Auditor General of India under Section 143(6) (b) read with section 129(4) of the Companies Act, 2013 on the Consolidated financial statements of Himachal Pradesh State Electricity Board Limited for the year ended 31 March 2017.

The preparation of financial statements of the Himachal Pradesh State Electricity Board Limited for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) read with section 129(4) of the Act are responsible for expressing opinion on the financial statements under Section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143 (10) of the Act, This is stated to have been done by them vide their Audit Report dated 11.01.2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of Himachal Pradesh State Electricity Board Limited for the year ended 31st March 2017 under Section 143 (6) (a) read with section 129(4) of the Act. We conducted a supplementary audit of the financial statement of Himachal Pradesh State Electricity Board Limited and Beas Valley Power Corporation Limited. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

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

Balance Sheet

1. Fixed Assets

Other non-current Assets (Note-2.16) ₹ 151.31 crore

A major portion of Power house of Bhava Hydel Project was destroyed in fire in the year 2015. The book value of residual remains of power house was ₹ 20.28 crore whereas salvage

value of the same was ₹. 3.01 crore. But the company has adopted the book value in valuing the plant which is contrary to instruction of AS-10. Thus, Fixed assets are overstated to the extent of Rs. 17.27 crore and Loss is understated to the same extent.

2. Current Assets

(i) Other Current Assets (Note 2.22) ₹ 250.75 crore

Above incorrectly includes ₹ 33.46 crore shown as recoverable on account of expenditure on Sai-Kothi Stage-I and Stage-II, Devi Kothi and Hail Hydel Electric Project for Survey and Investigation done by HPSEBL. H.P. Govt. had re-allotted these Hydel Projects to HPSEBL in April 2013 and May 2014. Thus, previous years' losses are understated to the extent of ₹ 33.46 Crore and General Reserves (minus balance) are understated to same extent and also Other Current Assets are overstated to the extent of ₹ 33.46 Crore and Capital-work-in progress is understated to the same extent.

(ii) Short term Loans and Advances (Note-2.21) ₹ 270.94 crore

Above includes ₹ 25.20 crore on account of Interest Accrued but not due on GPF Investment instead of ₹ 24.30 crore due to erroneous calculation. This has led to overstatement of Short Term Loans and Advances and Long Term Liabilities (GPF) by ₹ 0.90 crore.

3. Non-Current Liabilities

Long term borrowings (Note- 2.4) ₹ 5215.04 crore

Above includes an amount of ₹ 29.44 Crore borrowed from PFC. But after disbursing ₹ 29.44 Crore PFC decided to convert only ₹ 25.00 Crore into loan with the condition that ₹ 4.44 Crore would be refunded by the HPSEB Ltd. But the same was not done by HPSEBL till date. Thus long term Borrowings are overstated to the extent of ₹ 4.44 Crore and other Current Liabilities are understated to the same extent.

4. Equity and Liabilities

Current Liabilities

Short Term Provisions ₹ 620.90 crore

As per notification issued by the Government of Himachal Pradesh, Hydel Projects having capacity above 5 MW shall contribute 1.5 *per cent* of the total project cost towards Local Area Development Fund (LADF). As against the total liability of ₹19.22 crore on account of LADF (at the rate of 1.5 *per cent* of project cost of ₹1,281.52 crore), the Company has

provided only ₹13.78 crore for Uhl stage III project (Beas Valley Power Corporation Ltd.). This has resulted in understatement of 'Other Current liabilities -Provisions' as well as 'Capital Work-in-Progress' by ₹5.44 crore.

Balance Sheet

5. **Significant Accounting Policies and Notes forming part of the accounts**

(i) HPSEBL had deposited commitment advance of ₹ 45 Lakh for development of 2nd Ultra Mega Power Project (UMPP) in the State of Andhra Pradesh in M/s Tatiya Andhra Mega Power Project limited (TAMPPL). The TAMPPL on 12.07.2018 informed HPSEBL that they are in process of closure of 4000 MW UMPP and the advance deposited will be refunded after adjusting the expenditure made towards the project. This has not been disclosed in Notes to the accounts.

(ii) The notes to accounts do not disclose that Beas Valley Power Corporation Limited filed (December 2015) appeal against the arbitrator orders in Hon'ble High Court along-with depositing the awarded amount ₹ 44.23 lakh. However, the Hon'ble High Court remanded back (December 2016) the case to Arbitrator for consideration afresh by releasing (June 2017) the total amount of ₹ 48.10 lakh including interest of ₹ 3.87 lakh.

6. **Impact of Comments**

As a result of above comments, current year loss of ₹ 44.21 crore had been understated by ₹ 17.27 crore. In case these adjustments are carried out, current year loss would increase to ₹ 61.48 crore as against ₹ 44.21 crore depicted currently.

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

Place: Shimla
Date: 29-03-2019

Pr. Accountant General (Audit)
Himachal Pradesh

Comments of the Comptroller and Auditor General of India under Section 143(6) (b) of the Companies Act, 2013 on the Standalone financial statements of Himachal Pradesh State Electricity Board Limited for the year ended 31 March 2017.

The preparation of financial statements (Standalone Financial Statement) of the Himachal Pradesh State Electricity Board Limited for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143 (10) of the Act, This is stated to have been done by them vide their Audit Report dated 11.01.2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6) (a) of the Standalone financial statements of Himachal Pradesh State Electricity Board Limited for the year ended 31st March 2017. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 143 (6) (b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

Balance Sheet

1. Fixed Assets

Other non-current Assets (Note- 2.16) ₹ 151.30 crore

A major portion of Power house of Bhava Hydel Project was destroyed in fire in the year 2015. The book value of residual remains of power house was ₹ 20.28 crore whereas salvage value of the same was ₹ 3.01 crore. But the company has adopted as book value in valuing the plant which is contrary to instruction of AS-10. Thus, Fixed assets are overstated to the extent of ₹ 17.27 crore and Loss is understated to the same extent.

2. Current Assets

(i) Other Current Assets(Note- 2.22) ₹ 24988.52 Lakh

Above incorrectly includes ₹ 33.46 crore shown as recoverable on account of expenditure on Sai-Kothi Stage-I and Stage-II, Devi Kothi and Hail Hydel Electric Project for Survey and Investigation done by HPSEBL. H.P. Govt. had re-allotted these Hydel Projects to HPSEBL in April 2013 and May 2014. Thus, previous years losses are understated to the extent of Rs. 33.46 Crore and General Reserves (minus balance) are understated to same extent and also Other Current Assets are overstated to the extent of ₹ 33.46 Crore and Capital-work-in progress is understated to the same extent.

(ii) Short term Loans and Advances (Note- 2.21) ₹ 584.62 crore

Above includes ₹ 25.20 crore on account of Interest Accrued but not due on GPF Investment instead of ₹ 24.30 crore due to erroneous calculation. This has led to overstatement of Short Term Loans and Advances and Long Term Liabilities (GPF) by ₹ 0.90 crore.

3. Non-Current Liabilities

Long term borrowings ₹ 4561.64 crore

Above includes an amount of ₹ 29.44 Crore borrowed from PFC. But after disbursing ₹ 29.44 Crore PFC decided to convert this loan only for ₹ 25.00 Crore with the condition that ₹ 4.44 Crore would be refunded by the HPSEB Ltd. But the same was not done by HPSEBL till date. Thus long term Borrowings are overstated to the extent of ₹ 4.44 Crore and other Current Liabilities are understated to the same extent.

Balance Sheet

4. Significant Accounting Policies and Notes forming part of the accounts

(i) HPSEBL had deposited commitment advance of ₹ 45 Lakh for development of 2nd Ultra Mega Power Project (UMPP) in the State of Andhra Pradesh in M/s Tatiya Andhra Mega Power Project limited (TAMPPL). The TAMPPL on 12.07.2018 informed HPSEBL that they are in process of closure of 4000 MW UMPP and the advance deposited will be refunded after adjusting the expenditure made towards the project. This has not been disclosed in Notes to the accounts.

5. Impact of Comments

As a result of above comments, current year loss of ₹ 44.21 crore had been understated by ₹ 17.27 crore. In case these adjustments are carried out, current year loss would increase to ₹ 61.48 crore as against ₹ 44.21 crore depicted currently.

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

Place: Shimla
Date: 28-03-2019

Pr. Accountant General (Audit)
Himachal Pradesh

HIMACHAL PRADESH STATE ELECTRICITY BOARD LIMITED

(A State Govt. Undertaking)

Replies to comments of the Comptroller and Auditor General of India under Section 143 (6) (B) read with Section 129 (4) of the Companies Act, 2013 on the Consolidated & Standalone Financial Statements of Himachal Pradesh State Electricity Board Limited for the year ended 31st March, 2017.

CAG Comments	Management Reply
Balance Sheet **Fixed Assets** **Other non-current Assets (Note-2.16) Rs. 151.31 crore** A major portion of Power house of Bhava Hydel Project was destroyed in fire in the year 2015. The book value of residual remains of power house was Rs. 20.28 crore whereas salvage value of the same was Rs. 3.01 crore. But the company has adopted the book value in valuing the plant which is contrary to instruction of AS-10. Thus, Fixed assets are overstated to the extent of Rs. 17.27 crore and Loss is understated to the same extent.	In this regards, it is submitted that Company had debited whole book value of burnt material to BH 16.103 (written down value of retired assets) to the tune of Rs. 20,27,65,080/- by crediting to assets (10.305, 353, 543) during 3/2015 through TEO No. 7 as per the accounting policies of the Company. There is no overstatement of fixed assets to the extent of Rs. 17.27 crore and understatement of Loss to that extent as such the gross block of destroyed assets are transferred to Assets Not In Use (Other Non Current Assets) and final settlement of the same are in active consideration. The Store Purchase Committee has approved to write off material amounting to Rs. 365.27 lakh with depreciated value of Rs. 301.27 lakh and tender has been issued for sale of material vide letter No. CEG/SP-101/2018-19-2549-54 dated 7-12-2018 for Rs, 2,19,29,120/- including taxes in favour of M/s Aggrwal Metel, Patiala. The firm has deposited full amount on dated 7-12-2018 and necessary accountal of the same has been made vide TEO No. 28 for 01/2019 as under:

B/Head	Debit Amount	B/Head	Credit Amount
28.103	217120	16.103	202765080
28.103	3312000	46.908	3312000
46.123	1150000	46.916	217120
77.710	184365080		
28.103	17250000		
Total	**206294200**		**206294200**

	Now almost all the material has been lifted by the contractor. Keeping in view above narrated reply Para may kindly be dropped please.
Current Assets **(i) Other Current Assets (Note 2.22) Rs. 250.75 crore** Above incorrectly includes Rs. 33.46 crore shown as recoverable on account of expenditure on Sai-Kothi Stage-I and Stage-II, Devi Kothi and Hail Hydel Electric Project for Survey and Investigation done by HPSEBL. H.P. Govt. had re-allotted these Hydel Projects to HPSEBL in April 2013 and May 2014. Thus, previous years' losses are understated to the extent of Rs. 33.46 Crore and General Reserves (minus balance) are understated to same extent and also Other Current Assets are overstated to the extent of Rs. 33.46 Crore and Capital-work-in progress is understated to the same extent.	In reply to this para, it is submitted that Sai-Kothi Stage-I and Stage-II, Devi Kothi and Hail Hydel Electric Projects have been allotted to HPSEBL by the Govt of HP during April 2013 and May 2014 and S&I expenditure incurred against these projects shall be transferred to concerned project CWIP as per policy of the Company. Thus there is no previous years' losses are understated to the extent of Rs. 33.46 Crore and General Reserves (minus balance) are understated to same extent.. Survey & Investigation expenditure on Sai-Kothi Stage-I and Stage-II Devi Kothi and Hail Hydel Electric Project allotted to HPSEBL shall be transferred to CWIP A/c of concern Division during FY 2017-18 accounts. Hence, para may be dropped.
(ii) Short term Loans and Advances (Note-2.21) Rs. 270.94 crore Above includes Rs. 25.20 crore on account of Interest Accrued but not due on GPF Investment instead of Rs. 24.30 crore due to erroneous calculation. This has led to overstatement of Short Term Loans and Advances and Long Term Liabilities (GPF) by Rs. 0.90 crore.	In reply to his para it is submitted that difference in the interest accrued but not due on GPF investment in Accounts and FDRs wise detail supplied by the concerned section is due to non reversal of actual amount of interest accrued but not due during FY 2016-17. Due to less reversal of interest accrued but not due on GPF investment comes to Rs. 2520.07 Lakh in balance sheet instead of Rs. 2429.85 Lakh. The necessary rectification entries in this regards, shall be done in FY 2017-18 accounts. Hence para may be settled.
2. Non-Current Liabilities **Long term borrowings (Note- 2.4) Rs. 5215.04 crore** Above includes an amount of Rs. 29.44 Crore borrowed from PFC. But after disbursing Rs. 29.44 Crore PFC decided to convert only Rs. 25.00 Crore into loan with the condition that	In this context, it is submitted that initially the scheme was sanctioned for R&M of 08 HEP's including Giri Power house against which loan of Rs. 69.05 cr was sanctioned by the PFC. Later on, the revised scheme

Rs. 4.44 Crore would be refunded by the HPSEB Ltd. But the same was not done by HPSEBL till date. Thus long term Borrowings are overstated to the extent of Rs. 4.44 Crore and other Current Liabilities are understated to the same extent.	w.r.to GIRI power house was revised to Rs. 139.80 Cr (initial cost Rs. 48.48 cr) vide letter no 72972-79 dated 30.12.2015 and the same was posed to PFC for funding. Further, as intimated by the CE (SP) vide its UO dated 04.03.2016, the matter has been discussed with the PFC and they have suggested the following two scenarios to deal with the situation; (i) HPSEBL to return Rs 4.44 Cr to PFC against loan no. 04105008 and no further, drawal/reimbursement shall be due against the loan. (ii) The revised scheme amount to Rs.139.05 Cr submitted to PFC be amalgamated in the original scheme and PFC shall issue revised sanction for the revised scheme amount. Finally, it has been decided that the scheme amounting to Rs 75.97 Cr (Loan No. 04105008 of Rs. 69.05 Cr) may be got revised by amalgamating the revised cost of GIRI HEP. The amount of Rs. 4.44 Cr (69.05-(38.78+5.23 cost and IDC on GIRI HEP) drawn in excess against loan No. 04105008 may also be adjusted in the revised amalgamated cost of Giri HEP. The advance/reimbursement already released by PFC against the loan against other 7 no. projects involved in the existing loan/scheme. After amalgamation of new cost in scheme, the reimbursement /funds may be availed only in respect of Giri HEP as per provisions of revised scheme and no further funds may be availed/reimbursed against other 7 No. projects involved in the revised scheme. In view of the foregoing, it is submitted that the revised scheme of Rs. 139.80 Cr was not sanctioned and further, the PFC vide its letter no. 03/22/HP/HPSEBL/R&M of 8HEPs/04105008/Vol-I/ 04105008 dated 03.10.2016, the following amendments were sanctioned

Item	Existing	Amended
Repayment date	15.10.2016	15.10.2019
Project Compl. date	31.03.2016	28.02.2019
Loan Closing Date	30.09.2016	31.08.2019

	In view of the same, the amount of Rs. 4.44 cr has been correctly shown as Borrowing Long Term Liability by the Company. Hence, the para may please be dropped.
3. Equity and Liabilities **Current Liabilities** **Short Term Provisions Rs. 620.90 crore** As per notification issued by the Government of Himachal Pradesh, Hydel Projects having capacity above 5 MW shall contribute 1.5 *per cent* of the total project cost towards Local Area Development Fund (LADF). As against the total liability of Rs. 19.22 crore on account of LADF (at the rate of 1.5 *per cent* of project cost of Rs. 1,281.52 crore), the Company has provided only Rs. 13.78 crore for Uhl stage III project (Beas Valley Power Corporation Ltd.). This has resulted in understatement of 'Other Current liabilities - Provisions' as well as 'Capital Work-in-Progress' by Rs. 5.44 crore.	Generally no provision is created for LADA and the payment is always made on demand raised by the designated authority. The Uhl stage-III (HEP) is likely to be completed during the current FY 2018-19. The balance amount as pointed out in the Audit Memo shall be provided/incurred after approval against LADA works from Deputy Commissioner Mandi during the FY 2018-19 before closing of the above project works.
Balance Sheet **5. Significant Accounting Policies and Notes forming part of the accounts** **(i)** HPSEBL had deposited commitment advance of Rs. 45 Lakh for development of 2nd Ultra Mega Power Project (UMPP) in the State of Andhra Pradesh in M/s Tatiya Andhra Mega Power Project limited (TAMPPL). The TAMPPL on 12.07.2018 informed HPSEBL that they are in process of closure of 4000 MW UMPP and the advance deposited will be refunded after adjusting the expenditure made towards the project. This has not been disclosed in Notes to the accounts.	In this context it is intimated that this office has taken up the matter with M/s Tatiya Andhra Mega Power Ltd to refund the commitment advance alongwith interest vide this office letter No 1783-84 dated 28.3.2018 and M/s Tatiya Andhra Mega Power Ltd has informed that matter has been taken up with the GoAP to release the share of expenditure incurred in the UMPP pertaining to GoAP and GoAP has referred the matter regarding sharing of commitment advance between Andhra Pradesh & Telangana to the Advocate General of Andhra Pradesh after deciding the matter the commitment advance shall be refunded. Further as regards, non disclosing the facts in notes to accounts has been noted and same shall be incorporated in Notes to Accounts at the time of printing of Financial Statements of the Company .Hence, para may be dropped.

(ii) The notes to accounts do not disclose that Beas Valley Power Corporation Limited filed (December 2015) appeal against the arbitrator orders in Hon'ble High Court along-with depositing the awarded amount Rs. 44.23 lakh. However, the Hon'ble High Court remanded back (December 2016) the case to Arbitrator for consideration afresh by releasing (June 2017) the total amount of Rs. 48.10 lakh including interest of Rs. 3.87 lakh.	The amount Rs. 44.23 lakh had been deposited December, 2015 by BVPCL in the Hon'ble HP High Court in compliance to the award of Arbitrator by charging the above amount against concerned work. The Hon'ble HP High Court remanded back the case by releasing the above amount during June, 2017 and credited against the concerned work. Hence the disclosure of the above amount shall be reflected in the annual accounts/balance for the FY 2017-18.
Impact of Comments As a result of above comments, current year loss of Rs. 44.21 crore had been understated by Rs. 17.27 crore. In case these adjustments are carried out, current year loss would increase to Rs. 61.48 crore as against Rs. 44.21 crore depicted currently.	No Comments.

Sd/-
Chief Accounts Officer,
F&A Wing, HPSEB Ltd.,
Shimla-171004.

Place: Shimla

Dated: 20.4.2019

<table>
<tr><th>CAG Comments on the standalone financial statements of HPSEBL for the year ended 31st March, 2019</th><th>Management Reply</th></tr>
<tr><td>Balance Sheet

1. Fixed Assets

Other non-current Assets (Note-2.16) Rs. 151.30 crore

A major portion of Power house of Bhava Hydel Project was destroyed in fire in the year 2015. The book value of residual remains of power house was Rs. 20.28 crore whereas salvage value of the same was Rs. 3.01 crore. But the company has adopted the book value in valuing the plant which is contrary to instruction of AS-10. Thus, Fixed assets are overstated to the extent of Rs. 17.27 crore and Loss is understated to the same extent.</td><td>In this regards, it is submitted that Company had debited whole book value of burnt material to BH 16.103 (written down value of retired assets) to the tune of Rs. 20,27,65,080/- by crediting to assets (10.305, 353, 543) during 3/2015 through TEO No. 7 as per the accounting policies of the Company. There is no overstatement of fixed assets to the extent of Rs. 17.27 crore and understatement of Loss to that extent as such the gross block of destroyed assets are transferred to Assets Not In Use (Other Non Current Assets) and final settlement of the same are in active consideration.
The Store Purchase Committee has approved to write off material amounting to Rs. 365.27 lakh with depreciated value of Rs. 301.27 lakh and tender has been issued for sale of material vide letter No. CEG/SP-101/2018-19-2549-54 dated 7-12-2018 for Rs, 2,19,29,120/- including taxes in favour of M/s Aggrwal Metel, Patiala. The firm has deposited full amount on dated 7-12-2018 and necessary accountal of the same has been made vide TEO No. 28 for 01/2019 as under:
<table>
<tr><th>B/Head</th><th>Debit Amount</th><th>B/Head</th><th>Credit Amount</th></tr>
<tr><td>28.103</td><td>217120</td><td>16.103</td><td>202765080</td></tr>
<tr><td>28.103</td><td>3312000</td><td>46.908</td><td>3312000</td></tr>
<tr><td>46.123</td><td>1150000</td><td>46.916</td><td>217120</td></tr>
<tr><td>77.710</td><td>184365080</td><td></td><td></td></tr>
<tr><td>28.103</td><td>17250000</td><td></td><td></td></tr>
<tr><td>Total</td><td>206294200</td><td></td><td>206294200</td></tr>
</table>
Now almost all the material has been lifted by the contractor.
Keeping in view above narrated reply Para may kindly be dropped please.</td></tr>
</table>

2. Current Assets **(i) Other Current Assets (Note 2.22) Rs. 24988.52 Lakh** Above incorrectly includes Rs. 33.46 crore shown as recoverable on account of expenditure on Sai-Kothi Stage-I and Stage-II, Devi Kothi and Hail Hydel Electric Project for Survey and Investigation done by HPSEBL. H.P. Govt. had re-allotted these Hydel Projects to HPSEBL in April 2013 and May 2014. Thus, previous years' losses are understated to the extent of Rs. 33.46 Crore and General Reserves (minus balance) are understated to same extent and also Other Current Assets are overstated to the extent of Rs. 33.46 Crore and Capital-work-in progress is understated to the same extent.	In reply to this para, it is submitted that Sai-Kothi Stage-I and Stage-II, Devi Kothi and Hail Hydel Electric Projects have been allotted to HPSEBL by the Govt of HP during April 2013 and May 2014 and S&I expenditure incurred against these projects shall be transferred to concerned project CWIP as per policy of the Company. Thus there is no previous years' losses are understated to the extent of Rs. 33.46 Crore and General Reserves (minus balance) are understated to same extent.. Survey & Investigation expenditure on Sai-Kothi Stage-I and Stage-II Devi Kothi and Hail Hydel Electric Project allotted to HPSEBL shall be transferred to CWIP A/c of concern Division during FY 2017-18 accounts. Hence, para may be dropped.
(ii) Short term Loans and Advances (Note-2.21) Rs. 584.62 crore Above includes Rs. 25.20 crore on account of Interest Accrued but not due on GPF Investment instead of Rs. 24.30 crore due to erroneous calculation. This has led to overstatement of Short Term Loans and Advances and Long Term Liabilities (GPF) by Rs. 0.90 crore.	In reply to his para it is submitted that difference in the interest accrued but not due on GPF investment in Accounts and FDRs wise detail supplied by the concerned section is due to non reversal of actual amount of interest accrued but not due during FY 2016-17. Due to less reversal of interest accrued but not due on GPF investment comes to Rs. 2520.07 Lakh in balance sheet instead of Rs. 2429.85 Lakh. The necessary rectification entries in this regards, shall be done in FY 2017-18 accounts. Hence para may be settled.
3. Non-Current Liabilities **Long term borrowings (Note- 2.4) Rs. 4561.64 crore** Above includes an amount of Rs. 29.44 Crore borrowed from PFC. But after disbursing Rs. 29.44 Crore PFC decided to convert only Rs. 25.00 Crore into loan with the condition that Rs. 4.44 Crore would be refunded by the HPSEB Ltd.	In this context, it is submitted that initially the scheme was sanctioned for R&M of 08 HEP's including Giri Power house against which loan of Rs. 69.05 cr was sanctioned by the PFC. Later on, the revised scheme wrt GIRI power house was revised to Rs. 139.80 Cr

<table>
<tr>
<td>But the same was not done by HPSEBL till date. Thus long term Borrowings are overstated to the extent of Rs. 4.44 Crore and other Current Liabilities are understated to the same extent.</td>
<td>(initial cost Rs. 48.48 cr) vide letter no 72972-79 dated 30.12.2015 and the same was posed to PFC for funding. Further, as intimated by the CE (SP) vide its UO dated 04.03.2016, the matter has been discussed with the PFC and they have suggested the following two scenarios to deal with the situation;
(i) HPSEBL to return Rs 4.44 Cr to PFC against loan no. 04105008 and no further, drawal/reimbursement shall be due against the loan.
(ii) The revised scheme amount to Rs.139.05 Cr submitted to PFC be amalgamated in the original scheme and PFC shall issue revised sanction for the revised scheme amount.
Finally, it has been decided that the scheme amounting to Rs 75.97 Cr (Loan No. 04105008 of Rs. 69.05 Cr) may be got revised by amalgamating the revised cost of GIRI HEP. The amount of Rs. 4.44 Cr (69.05-(38.78+5.23 cost and IDC on GIRI HEP) drawn in excess against loan No. 04105008 may also be adjusted in the revised amalgamated cost of Giri HEP. The advance/reimbursement already released by PFC against the loan against other 7 no. projects involved in the existing loan/scheme. After amalgamation of new cost in scheme, the reimbursement /funds may be availed only in respect of Giri HEP as per provisions of revised scheme and no further funds may be availed/reimbursed against other 7 No. projects involved in the revised scheme.
In view of the foregoing, it is submitted that the revised scheme of Rs. 139.80 Cr was not sanctioned and further, the PFC vide its letter no. 03/22/HP/HPSEBL/R&M of 8HEPs/04105008/Vol-I/ 04105008 dated 03.10.2016, the following amendments were sanctioned;
<table>
<tr><th>Item</th><th>Existing</th><th>Amended</th></tr>
<tr><td>Repayment date</td><td>15.10.2016</td><td>15.10.2019</td></tr>
<tr><td>Project Compl. date</td><td>31.03.2016</td><td>28.02.2019</td></tr>
<tr><td>Loan Closing Date</td><td>30.09.2016</td><td>31.08.2019</td></tr>
</table>
</td>
</tr>
</table>

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Place : Shimla
Dated : 20-4-2019