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

Registered office (CIN)
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Website address
Email

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No. HPSEBL/F&A/Comp-II/Capex(SAP)/2022-23- 110-155 Dated:- 21/09/2023.

To

All the Chief Engineers,
in the HPSEB Ltd.

The Under Secretary (Genl.),
HPSEB Ltd., Shimla-04.

Sub:- Capital Work In Progress of Rs. 1322Crores as of 17.09.2023 and Capitalization of assets thereof.

Sir,

With reference to the subject cited matter, it has been observed that an amount of Rs. 1322 Cr is lying as CWIP out of which an amount of Rs. 547 Cr pertains to the FY 2012-13 to 2017-18(The office wise list is available at the HPSEBL Website Link https://webdocuploader.hpseb.in/uploader/cao).It is pertinent to mention here that HPSEBL being a rate regulated entity, needs to give impetus to timely capitalization of assets in order to charge the Depreciation, Interest on Capex Loan and Return on equity through the tariff finalized by the Hon'ble HPERC as any delay in capitalization of assets results in unwanted stress on working capital of the Company .

Accordingly, the matter was also discussed in the meeting held on 14.09.2023 under the chairmanship of the Worthy Director (Finance) and the relevant outcome of the said meeting is quoted as under;

"It was discussed that due to the non-capitalization of assets on a put-to-use basis the long pending Capital Work in Progress (CWIP) is appearing in the SAP (ERP) and the Company is not getting the benefit of actual depreciation in the Tariff Calculation so the long pending CWIP appearing in the books of accounts need to be reviewed by the concerned units and the assets which have already been put to use should be capitalized on priority basis on or before 30th September 2023. In addition to this, non-capitalization of assets on a real time basis is

contd---2--

accounts which is really a matter of serious concern for the financial health of the Company and all such issues need to be prioritized and settled. All the CEs will review the long pending CWIP of Rs. 377.19 Crore (Pertaining up to FY 2015-16) and will get the assets capitalized against the assets which have already been put to use. Aim should be to capitalize all the assets i.e.at least 2 years old CWIP (up to 31/03/2021). The progress on the capitalization of the long pending CWIP will be reviewed on ***03-10-2023****."*

In addition to this is it also submitted that the settlement of CWIP from BH 71 & 73 to BH 14 is also not being done on a real-time basis in the SAP (ERP) due to which actual Capital expenditure could not be reported in the quarterly accounts of the Company which is resulting in non-disclosure of the true and fair view of books of accounts/Financial Statements of the Company.

In view of the foregoing, you are requested to look into the matter and direct all the offices under your control to ensure the capitalization of assets on a put-to-use basis and to comply the timelines prescribed in the meeting dated 14.09.2023 and progress achieved in this regard will be reviewed in the ensuing meeting on 03.10.2023 please.

Please treat the matter as most urgent.

Yours faithfully,

Kapil Bhimta

(KapilBhimta)
Chief Account Officer,
F&A Wing, VidyutBhawan,
HPSEB Ltd., Shimla-04.

Copy to:

i) The Sr. PS to the Managing Director, HPSEB Ltd. Shimla-4 for information of the worthy Managing Director pleases.
ii) The Sr. PS/PS to the Director (Finance)/(Operation)/(Technical)/(Civil) for information of the Director concerned please.
iii) All the Superintending Engineers (Operation Circles) in the HPSEB Ltd. For information and necessary action please.
iv) All the AOs working under O/o CE (ES) and CE(Generation)For information and necessary action please.
v) All the AAOs working under Operation CirclesFor information and necessary action please

Kapil Bhimta

(KapilBhimta)
Chief Account Officer,
F&A Wing, VidyutBhawan,
HPSEB Ltd., Shimla-04.