

# Audited Financial Statements

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Project Number: 43464-023

Loan/Grant Number: 2794

Period covered: 1 April 2014 to 31 March 2015

## IND: Himachal Pradesh Clean Energy Transmission Investment Program – Tranche 1

Prepared by

Himachal Pradesh Power Transmission Corporation Limited

For the Asian Development Bank

Date accepted by ADB: 3 February 2017

The audited financial statements are documents owned by the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff. These documents are made publicly available in accordance with ADB's Public Communications Policy 2011 and as agreed between ADB and the Himachal Pradesh Power Transmission Corporation Limited.



**DOGER & Co.**

**CHARTERED ACCOUNTANTS**

(O) 0177-2656809, 2656162, (M) 98170-73000

**INDEPENDENT AUDITOR'S REPORT**

To

The Members of H.P. Power Transmission Corporation Limited,  
Barowalia House, Khalini, Shimla

**Report on the Financial Statements**

1. We have audited the accompanying financial statements of H.P. Power Transmission Corporation Limited, Shimla ("the Company") as at 31<sup>st</sup> March 2015, which comprise the Balance Sheet as at 31<sup>st</sup> March 2015, the Statement of Profit and Loss, Statement of Pre-operative Expenditure and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management Responsibility for the Financial Statements**

2. The Company's Board of Directors is responsible for the matters 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 flow 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 the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were 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**

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on auditing issued by the Institute of Chartered Accountants of India. Those

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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 misstatements.

4. An audit involves performing procedure to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend upon auditor's judgment, including the assessment of the risk of material misstatements 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 presentation of the financial statements that give a true and fair view in order to design audit procedure that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.
5. We believe that audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### **Basis of Qualified Opinion:**

6. *As detailed in Note no. No.18 (2) (a) and (f), to the Financial Statements, Company has not made any provision of Income Tax on interest Income. This is in contravention of Accounting Standard 22 "Accounting on Taxes on Income" issued by ICAI. This matter is also under dispute with Income Tax authorities. In cases for the financial years 2009-10 and 2010-11, company has lost the cases upto Income Tax Tribunal level and currently both cases are under appeal with Hon'ble Himachal Pradesh High Court. Despite unfavorable orders [refer to Note no. No.18 (1) (f) (iii) & (iv)] upto Income Tax Tribunal level, neither company has made any provision for the taxes paid nor it has written off the taxes paid. Accordingly, expenses to the extent of Rs. 549.96 Lacs are understated and current assets are overstated to this extent.*
7. *Depreciation for the year: During the year, the company has changed the method of providing the depreciation. Read with Note no. No.18 (1) (d), we are to state that the company has provided the Depreciation on assets at the rates prescribed in Schedule II of Companies Act, 2013. However the change in rates was not warranted. In this regard we are to state that as per Part B of Schedule II of Companies Act, 2013 on Depreciation, it has been stated that "The useful life or residual value of any specific asset, as notified for accounting purposes by a Regulatory Authority constituted under an Act of Parliament or by the Central Government shall be applied in calculating the depreciation to be provided for such asset irrespective of the requirements of this Schedule." Therefore, we are to state that the company must have applied the depreciation at the rates specified by its regulatory authority i.e. CERC and HP SERC. Therefore depreciation provided by the company as per Schedule II of Companies Act,*





2013 is incorrect. However, the consequential impact of these matters is not ascertainable on the financial statement of the Company.

8. Adjustment of Depreciation with Retained earnings : As per Note No.18(1)(d)(iii), adjustments have been made in the reserve fund where the life of assets had been expired and depreciation charged up to 31.03.2014 was less than 95% of original cost. In this regard we are to state that adjustment in retained earnings as contemplated in Schedule II of Companies Act, 2013 has been made if the depreciation less charged in previous period has been resulted in profit and same is parked in retained earnings or reserve fund. However, in the case of company, the balance in reserve fund is not on account of this segment (i.e. transmission segment) as no revenue prior to this year has been credited in the books of accounts. Therefore, adjustment of value of assets from the reserve fund as per Note No.18(1)(d)(iii) is incorrect. Further the tax effect of same has also not been adjusted directly against the retained earnings in accordance with the announcement issued by the Institute of Chartered Accountants of India, "Tax effect of expenses/income adjusted directly against the reserves and/or Securities Premium Account". Read with our comments in paragraph 7 above, the consequential impact of this matter is not also ascertainable on the financial statement of the Company.
9. In reference to Note No.18 (2) (c), the Company has not accounted value of assets amounting to Rs. 6756 lacs in respect of 220KV Double Circuit Kashang-Bhaba Transmission Line which stand transferred to company under MOU with HPPCL. Under the accounting principles generally accepted in India, above fixed assets (in nature of Capital Works in Progress) should have been booked by the company. Non accounting of this item is in contravention of Accounting Standards issued by the ICAI, AS-10 on Accounting of Fixed Assets and AS- 4 on Contingencies and Events Occurring after the Balance Sheet Date also. Accordingly, Capital Work in Progress is understated to the extent of Rs.6756 Lacs and correspondingly the Current Liabilities are also understated to that extent.
10. In compliance to paragraph 8 of audit report for the year 2013-14 (in which company had not accounted for revenue of transmission charges based on ARR passed by HPERC, amounting to Rs.40,01 lacs till 31.03.2014), the Company, in the year 2014-15, has accounted for the revenue from transmission lines re-vested with it in terms of "H.P. Power Sector Reforms Transfer Scheme, 2010". Read with Note No.18(2)(e), while booking these amounts in books of account, the company has revised the invoices for transmission charges to HPSEBL. In this regard, we have observed that :
- a. For the period 2011-12 to 2014-15, the Company has raised the revised bill on ad-hoc basis at 50% of approved tariff rate (ARR) passed by the HPERC. Despite being a material change in approved tariff rate, company has not made adequate disclosure in the financial statements except brief cite in Note No.18(2)(e). In addition to this an amount of surcharge for Rs. 833.45 Lacs has not been accounted for in the books by the company, despite the fact that same has duly been charged in the revised invoice.





- b. For the period 2010-11: On the above lines, the Company has also raised a invoice to HPSEBL for the period 2010-11 for Rs.473.21 Lacs. However surcharge on this till 31.03.2015, amounting to Rs.435.80 Lacs has not been charged in this invoice.
- c. Read with Note no.18 (1) (j) and 18 (2) (e) and our comments in above paragraphs, we are to state that as per accounting principles generally accepted in India, amount of surcharge should have been passed in company books. This is in contravention of Accounting Standard AS-9 on Revenue Recognition issued by the ICAI. Accordingly, Revenue from operations of company is understated to the extent of Rs.833.45 Lacs (Rs.449.66 lacs pertaining to prior period and Rs.383.79 Lacs for current year) and correspondingly the current assets are also understated to that extent.
- d. No billing on Interstate lines: Further, during the year under audit, company has not raised any invoice to HPSEBL for the transmission charges of 3 interstate lines (1. 220 KV D/C Line From Kunihar to Panchikula. 2.220 KV S/c Line From Khodri to Majri and 3. 220KV S/c Line From Thein Dam to Jassure). As explained to us, this has been done because tariff petition for the control period 2014-19 is pending with CERC and company has not accounted for any revenue and depreciation (read with note no.18(1)(d)(i)) on these lines. Therefore revenue to the extent of Rs.251.23 (on the basis of tariff for the year 2013-14) is understated during the year.
- e. Further read with note no.18 (1)(d)(i), the company has not levied depreciation on these three lines. However, O&M charges (Rs.77.24 as employees cast and Rs.8.45 Lacs as material Charges) pertaining to these lines have been debited to books of accounts. We are to state that if the revenue on these lines was not accounted for in the books of account than all expenses pertaining to this should also be excluded. Therefore, partial accounting is not consistent with accounting policy adopted by the company in this regard. Therefore expenses to the extent of Rs.77.24 lacs are also overstated in the books of accounts.
11. The Company does not follow a system of obtaining confirmation of balances in respect of claims\amount recoverable/payables (including HPSEB Ltd but other than from bankers), security deposits, advance for capital works etc. Due to non availability of confirmations of aforesaid balances, we are unable to quantify the impact of the adjustment, if any, arising from reconciliation and settlement of account balances in the financial statements.
12. Read with Note No. 18.1(i), the company has not started the process of writing off its preliminary expenses, despite being started its commercial operations.

#### Qualified Opinion

13. In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis of



*Qualified Opinion Paragraphs*, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- f. in case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2015;
- g. in case Statement of Profit and Loss Statement, of the Profit for the year ended on that date; and
- h. in case Statement of Pre-operative Expenditure, of the expenditure incurred during the year ended on that date;
- i. in case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

#### Emphasis of Matter

14. Read with our other comments and Note No. 18.1(i), company has charged, in respect of for transmission income, excess of prior period expenses over prior period income for the years 2010-11 to 2013-14 amounting to Rs.335.09 Lacs to Profit & Loss Account of current year by reducing the CWIP, in which it was charged earlier. As such, this is in line with AS-5 "Net Profit or Loss for the period, prior period items and changes in Accounting Policies". However, we are to state that we have not audited the books of accounts of these years except 2013-14. Our opinion is not qualified in respect of this matter.

#### Other Matter

15. Himachal Pradesh Electricity Regulatory Commission has approved the Aggregate Revenue Requirement (ARR) dated July 14, 2011 based on Gross Fixed Assets of Rs.19909 Lacs without accumulated depreciation and with interest cost on the normative debts to the extent of value of GFA. Now, HPSEB Ltd has communicated revised values of these lines on 28.10.2014 at Rs.10263 Lacs with WDV at Rs.6122.16 Lacs and same have also been incorporated in books of account by company in year under audit. We are of the opinion that company should approach the HPERC for revision of AAR order in view of revision of WDV of these transmission lines from 19909 lacs to 6122.16 lacs. Our opinion is not qualified in respect of this matter.

#### 16. Report on Other Legal and Regulatory Requirements

- j. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-I, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.





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

17. As required by section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion proper books of account as required by Law have been kept by the Company so far as appears from our examinations of those books;
- c. the Balance Sheet, Statement of Profit and Loss, Statement of Pre-operative Expenditure and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid financial statements, *except for the effects of the matter described in the Basis of Qualified Opinion Paragraph*, comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of written representations received from the directors as on 31 March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f. In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
  - i. the Company does not have any pending litigations which would impact its financial position.
  - ii. the Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
  - iii. there were no amounts which required to be transferred by the Company to the Investor Education and Protection Fund.

For DOGER & CO.  
CHARTERED ACCOUNTANTS



CA Sachin Doger, Partner  
M. No.502458  
CAG Regd. No. NR1675  
ICAI : FRN : 019516N

Date : 18.06.2016  
Place : Shimla

## **"Annexure 1" to the Auditors Report**

*[Referred to in paragraph 17 (a) under 'Report on Other Legal and Regulatory Requirements' of our Report of even date to the members of H.P. Power Transmission Corporation Limited on the accounts of the company for the year ended 31<sup>st</sup> March, 2015]*

On the basis of such checks as we considered appropriate and according to the information and Explanations given to us during the course of our audit, we report that:

- i. **In respect of its fixed assets:**
  - a. The Company has generally maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - b. The company has conducted the physical verification of fixed assets at corporate office & divisional offices. However, physical verification of capital work in progress i.e. projects under implementation is monitored only from measurement book (MB) of the project work. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- ii. **In respect of its inventory:** The company is not holding any inventory, therefore Matters specified in clause and its sub clauses do not apply to the Company.
- iii. **In respect of loans, secured or unsecured, granted to the parties covered in register maintained under section 189 of the Companies Act 2013:** According to the information and explanations given to us, the Company has not granted any loans to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013; and therefore paragraph 3(iii) of the Order is not applicable.
- iv. In our opinion and according to the information and explanations given to us, Internal audit is not commensurate with size, nature and complexity of transactions. Internal audit report coverage is not exhaustive. It has not covered many critical areas like gaps in revenue recognition, application of non approved tariff rates and wrong application of depreciation.
- v. The company has not received any public deposits during the year.
- vi. We have been informed that the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the Company.





vii. In respect of statutory dues:

- a. According to the records of the company and information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues, including Income-tax, Tax deducted at sources, Service Tax and other material statutory dues applicable to it, with the appropriate authorities And there are no undisputed dues, *except Income tax reported in Note no. 18(1)(f)*, outstanding as on 31st March 2015 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us, dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty, value added tax, cess and other material statutory dues that have not been deposited on account of any dispute are given below:

Status of Income tax Cases

F.Year	Demand in Rs. Lacs	AO-ACIT	Appeal Before CIT	Appeal Before ITAT	Appeal Before High Court	Remarks	Exp. Booking Status
2009-10	52.66	Demand	Dismissed	Dismissed	Pending	Demand adjusted against advance tax paid	expenditure not booked till date
2010-11	156.12	Demand	Dismissed	Dismissed	Pending	Demand deposited after adjustment of advance tax paid	expenditure not booked till date
2011-12	341.18	Demand	Pending	N.A.	N.A.	Adjusted by ITD against refund of F.Y.2012-13	expenditure not booked till date
2012-13							

- c. There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of reporting delay in transferring such sums does not arise as at 31st March, 2015, hence, clause 3(vii)(c) of the Order is not applicable.
- viii. The company does not have the accumulated losses at the end of financial year. The company has not incurred any Cash losses during the financial covered by our Audit and the immediately preceding financial year.
- ix. As per information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions or banks.
- x. According to the information and the explanation given to us, the company has not given any guarantee for loans taken by others from banks or financial



institutions during the year, terms and the terms and conditions whereof can be termed as prejudicial to the interest of the company;

- xi. According to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained. Proceeds of loans for the time being are being parked in bank/FDR accounts.
- xii. To the best of our knowledge and as per the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For DOGER & CO.  
CHARTERED ACCOUNTANTS



CA Sachin Doger, Partner  
M. No.502458  
CAG Regd. No. NR1675  
ICAI : FRN : 019516N

Date : 18.06.2016  
Place : Shimla



**"Annexure 2" to the Auditors Report**

**Report / Comments**

**In compliance with Company Specific Sub-Directions  
under section 143(5) of The Companies Act, 2013**

**(OAD/Eco.Sec-PSUs(2)/Sub Directions/2015-16/833-34 Dated 16.07.2015)**

Sr.No.	Direction	Remarks
1	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.	Since the company has not been selected for disinvestment, this direction is not applicable to company.
2	Please report whether there are any cases of waiver / write off of debts/ loan/ interest etc., if yes, the reason there for and the amount involved.	No, we have not come across any cases of waiver/ write off of debts/ loan/interest etc. Hence not applicable.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Government or other authorities	During the year under review the company does not have any inventories lying with any third party not the company has received any asset as gift from Government or other authorities.
4	A report on age-wise analysis of pending legal/arbitration cases including the reasons of pendency and existence/effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	As per annex-A attached herewith.
5	Where land acquisition is involved in setting up new projects. Report whether settlement of dues done expeditiously and in a transparent manner?	Yes, land acquisition are involved in setting up new transmission lines. Settlement of dues are also being done expeditiously at approved rates.



6	How much cost has been incurred on abandoned projects and of this how much cost has been written off?	As per record, no project has been abandoned.
7	Is the system of evacuation of power commensurate with power available for transmission with the generating Company? If not, loss, if any claimed by the generating company may be commented.	As per written representation on this matter, company has stated that no claim has been lodged with company on this aspect.

For DOGER & CO.  
CHARTERED ACCOUNTANTS



CA Sachin Doger, Partner  
M. No.502458  
CAG Regd. No. NR1675  
ICAI : FRN : 019516N

Date : 18.06.2016  
Place : Shimla



### Report on age-wise analysis of pending legal cases

<u>Name of Court</u>	<u>Case</u>	<u>Title</u>	<u>Subject Matter</u>	<u>Reasons of pendency</u>
Hon'ble Supreme Court	Civil Appeal No. 1795/2013	AD Hydro VS Everest Power & Ors.	Regarding sharing of cost of transmission by Everest Power and other IPPs on the transmission system of AD Hydro.	The case is pending as AD Hydro has raised certain commercial issues.
Hon'ble High Court of H.P.	1. CWP 2911/2012	Toss Mini HEP Vs State & Ors.	Regarding difficulty in evacuation of power	The petition stands admitted by the Hon'ble court and is likely to be listed on its turn.
	2. CWP 3468/2012	Manisha Thakur Vs HPPTCL	Against HPPTCL order revising her terms and conditions of appointment.	-do-
	3. CWP 5130/2012	Marhi Mini HEP Vs State & Ors.	Regarding difficulty in evacuation of power	-do-
	4. Civil Suit No. 43/2010B	Mountain Fresh Apple & Frozen Foods Pvt. Ltd. Vs. N.D. Chauhan & Ors.	Suit against acquisition of land.	The main controversy is between the plaintiff and other defendants. HPPTCL has been arrayed unnecessarily and suitable reply to the effect has been filed.
	5. CWP 2650/2015	Bartan Darans ... Vs. State of H.P. & Ors.	Regarding forest rights of the residents of the forest land diverted to HPPTCL.	The Petitioners have filed the petition without any rights accrued to them. A suitable reply to the effect has been filed.

In addition to above, 40 land references cases are pending adjudication in various courts in the state. Land references have been filed by owners of the land acquired by HPPTCL for its various projects.

**Monitoring Mechanism For Expenditure :** The payment of counsel fee is made strictly as per the approved schedule of fee by the Govt. of HP.



*Devto  
Sanku PM*


**H P POWER TRANSMISSION CORPORATION LTD.**

Barowalia House Khalini, Shimla

Balance Sheet As At 31st March-2015		(Amt.Rs.in Lacs )	
Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
<b>I. EQUITY AND LIABILITIES</b>			
(1) Shareholder's Funds:			
(a) Share Capital	1	18,048.50	17,248.50
(b) Reserves and surplus	2	365.84	287.52
(2) Share application money pending allotment	3	2,596.00	800.00
(3) Non- Current Liabilities			
(a) Long Term Borrowings	4	25,301.95	15,039.95
(b) Long Term Provisions	5	8,208.07	884.36
(4) Current Liabilities:			
(a) Other current liabilities	6	3,899.72	2,470.10
<b>Total</b>		<b>58,420.08</b>	<b>36,730.43</b>
<b>II. ASSETS</b>			
(1) Non-current assets:			
(a) Fixed assets			
(i) Tangible assets	7.1	7,129.95	1,983.26
(ii) Intangible Assets	7.2	3.72	10.14
(iii) Capital work-in-progress	7.3	26,338.45	10,168.45
(2) Investment in IIT Una	8	480.00	
(3) Current assets:			
(a) Cash and cash equivalents	9	14,901.41	16,538.66
(b) Short-term loans and advances	10	9,506.10	7,929.69
(c) Other current assets	11	60.45	100.23
Significant Accounting Policies & Notes to Accounts	18		
<b>Total</b>		<b>58,420.08</b>	<b>36,730.43</b>

  
(Kamlesh Sharma)  
Manager (Accounts)

  
(CMA Amrit Chauhan)  
Addl.G.M.(Finance)

  
(Er. S.K.Sharda)  
Director(P&C)

  
(Er. J.P.Kalta)  
Managing Director

For Doger & Co.  
Chartered Accountants



Place: Shimla  
Date: 18.6.2016

CA Sachin Doger, Partner  
M No.502458  
CAG Regd.No.NR1675  
ICAI FRN: 019516N




**H P POWER TRANSMISSION CORPORATION LTD.****Barowalia House Khalini, Shimla**

(Amt.Rs.in Lacs)

**Profit & loss statement for the year ended as on 31.3.15**

Particulars	Note No.	As on 31.03.2015	As on 31.03.2014
I. Revenue from operations	12	1,246.83	876.94
II. Other Income		-	-
III. Total Revenue (I + II)		1,246.83	876.94
IV. Expenses:			
Employee benefit expenses	13	255.48	23.44
Financial costs	14	-	-
Depreciation and amortization expenses	15	103.51	-
Other expenses	16	412.11	119.26
Total Expenses		771.10	142.70
V. Profit before exceptional and extraordinary items & tax(III-IV)		475.73	734.24
VI. Prior Period Adjustment	17	335.08	298.90
VII. Profit before extraordinary items and tax (V- VI)		140.65	435.34
VIII. Tax expense:		-	-
(1) Current tax		45.57	147.82
(2) Deferred tax		-	-
IX. Profit & Loss for the period transferred to reserve & surplus(VII-VIII)	(VII-VIII)	95.08	287.52
Significant Accounting Policies & Notes to Accounts	18		

  
(Kamlesh Sharma)  
Manager (Accounts)

  
(CMA Amrit Chauhan)  
Addl.G.M.(Finance)

  
(Er. S.K. Sharda)  
Director(P&C)

  
(Er. J.P. Kalta)  
Managing Director

Place: Shimla  
Date: 18.6.2016



For Doger & Co.  
Chartered Accountants

  
CA Sachin Doger, Partner  
M No.502458  
CAG Regd.No.NR1675  
ICAI FRN: 019516N

# H P POWER TRANSMISSION CORPORATION LTD.

Barowalia House Khalini, Shimla

(Amt.Rs.in Lacs)

## PRE-OPERATIVE EXPENDITURE STATEMENT FOR THE YEAR ENDED 31ST.MARCH, 2015

Particulars	Note No.	As on 31.03.2015	As on 31.03.2014
<b>Expenses(A)</b>			
Employee benefit expenses	13	800.93	914.25
Financial costs	14	1,735.36	722.78
Depreciation and amortization expenses	15	20.57	18.41
Other expenses	16	130.42	185.06
<b>Total (A)</b>		<b>2,687.28</b>	<b>1,840.50</b>
Less: i. Miscellaneous Income	12	1,435.73	1,343.49
ii. Prior Period Adjustment	17	-	298.90
<b>Net Expenditure (B)</b> <b>( Carried forward to CWIP)</b>		<b>1,251.55</b>	<b>198.11</b>
Significant Accounting Policies & Notes to Accounts	18		

(Kamlesh Sharma)  
Manager (Accounts)

(CMA Amrit Chauhan)  
Addl.G.M.(Finance)

(Er. S.K. Sharda)  
Director(P&C)

(Er. J.P. Kalra)  
Managing Director

For Doger & Co.  
Chartered Accountants

Place: Shimla  
Date: 18.6.2016



CA Sachin Doger, Partner  
M.No.502458  
CAG Regd.No.NR1675  
ICAI FRN: 019516N



# 1) SHARE CAPITAL

PARTICULARS	Amt.Rs.in Lacs As at 31.03.2015		Amt.Rs.in Lacs As at 31.03.2014
AUTHORISED SHARE CAPITAL (2,00,00,000 Equity Shares of Rs100/-each ) (Previous year 1, 50,00,000 equity shares of Rs. 100/-each)	20,000.00		15,000.00
ISSUED, SUBSCRIBED AND FULLY PAID UP CAPITAL (1,80,48,500 Equity Shares of Rs. 100/- each fully paid up) (Previous year 1,72,48,500 equity shares of Rs. 100/- each (Fully paid up)	18,048.50		17,248.50
<b>Total Paid Up Capital</b>	<b>18,048.50</b>		<b>17,248.50</b>

1) The company has issued only one class of shares referred to as equity shares having a par value of Rs. 100/- each. All equity shares carry one vote per share without restrictions and are entitled to dividend, as and when declared. All shares rank equally with regard to the company's residual assets.

## 1.1) Detail of shareholding more than 5% shares in company:

Name of Shareholder	Amt.Rs.in Lacs As at 31.03.2015	%	Amt.Rs.in Lacs As at 31.03.2014	%
HP Govt	7,178.50	39.77	6,378.50	36.98
HPIDB	10,870.00	60.23	10,870.00	63.02
	<b>18,048.50</b>		<b>17,248.50</b>	

## 1.2) Reconciliation of shares outstanding is set out below:

PARTICULARS	No. of shares		Amt.Rs.in Lacs
No. of shares at the beginning (as on 01.04.2014)	17248500		17,248.50
No. of shares issued during the year	8,00,000		800.00
No. of shares at the end (as on 31.03.2015)	<b>1,80,48,500</b>		<b>18,048.50</b>

## 2) Reserve & Surplus

PARTICULARS	Amt. Rs. In Lacs As at 31.3.2015		Amt.Rs.in Lacs As at 31.3.2014
Balance of Profit & Loss statement of STU segment	270.76		287.52
Balance of Profit & Loss statement for 2014-15	95.08		0.00
	<b>365.84</b>		<b>287.52</b>

(Kamlesh Sharma)  
Manager (Accounts)

(CMA Amrit Chauhan)  
Addl.G.M.(Finance)

(Er. S.K.Sharda)  
Director(P&C)

(Er.J.P.Kalta)  
Managing Director

Place: Shimla  
Date: 18.6.2016

For Doger & Co.  
Chartered Accountants  
CA Sachin Doger, Partner  
M.No.502458  
CAG Regd.No.NR1675  
ICAI FRN: 019516N



### 3) ADVANCE SHARE APPLICATION MONEY

PARTICULARS	Amt.Rs.in Lacs As at 31.03.2015	Amt.Rs.in Lacs As at 31.03.2014
A) HP Govt. Share Application pending allotment	2,596.00	800.00
<b>TOTAL</b>	<b>2,596.00</b>	<b>800.00</b>

### 4) LONG TERM BORROWINGS:

PARTICULARS	Amt.Rs.in Lacs As at 31.03.2015	Amt.Rs.in Lacs As at 31.03.2014
<b>Long Term Loans</b>		
State Govt. Loans (ADB) Tranch-1. ( Installment of principal & interest payable yearly on 15th January, however principal yet not due)	14,430.51	11,056.06
State Govt. Loans (ADB) Tranch-2. ( Installment of principal & interest payable yearly on 15th January, however principal yet not due)	6,887.55	-
Loan from M/s REC Ltd.	3,983.89	3,983.89
<b>TOTAL</b>	<b>25,301.95</b>	<b>15,039.95</b>


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

### 5) LONG TERM PROVISIONS:

PARTICULARS	Amount( Rs. In Lacs) As at 31.03.2015	Amount( Rs. In Lacs) As at 31.03.2014
Provision for Pension & Leave salary Contribution	310.74	229.27
Interest on 90% Loan of ADB Govt. of HP	1,775.17	655.09
HP State Govt / HPSEB (Assets Cost)	6,122.16	-
<b>TOTAL</b>	<b>8,208.07</b>	<b>884.36</b>

### 6) OTHER CURRENT LIABILITIES:

PARTICULARS	Amt.Rs.in Lacs As at 31.03.2015	Amt.Rs.in Lacs As at 31.03.2014
Liabilities for Employees' Remuneration and Benefits	101.65	65.26
Liabilities for Contractors & Suppliers	2,868.83	1,543.26
Liabilities against deposit Work & other Govt. Deptt.	713.95	700.37
Taxes and Duties Payable	215.29	161.21
<b>TOTAL</b>	<b>3,899.72</b>	<b>2,470.10</b>

  
(Kamlesh Sharma)  
Manager (Accounts)

  
(CMA Amrit Chauhan)  
Addl.G.M.(Finance)

  
(Er. S.K. Sharda)  
Director(P&C)

  
(Er. J.P. Kalta)  
Managing Director

For Doger & Co.  
Chartered Accountants

Place: Shimla  
Date: 18.6.2016



CA Sachin Doger, Partner  
M.No.502458  
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# **FIXED ASSETS**

## **7.1) TANGIBLE ASSETS**

(Amt. Rs. in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON	ADDITION	DELETION	AS ON	UPTO	PROVIDED	Rel. Earnings	UPTO	AS ON	AS ON
	01.04.14	DURING PERIOD	ADJUSTED	31.03.15	31.03.14	DURING PERIOD	ADJUSTED	31.03.15	31.03.15	31.3.14
Old Transmission Lines from HPSEB	0	10,263.37	-	10,263.37	5,091.76	103.51	12.52	5,207.79	5,055.58	-
Land for Sub.Stn.	1,952.58	100.39	-	2,052.97	-	-	-	-	2,052.97	1,952.58
Furniture & Fixture	38.78	3.00	-	41.78	26.44	4.18	-	30.62	11.16	12.34
Vehicle	12.20	-	-	12.20	9.44	1.09	-	10.53	1.67	2.76
Computer	49.51	4.31	-	53.82	39.97	6.18	1.40	47.55	6.27	9.54
Office Equipments	11.68	0.74	-	12.42	5.64	3.80	0.68	10.12	2.30	5.04
Miscellaneous Equipments	0.17	-	-	0.17	0.17	-	-	0.17	0.00	0.00
Fire Safety Equipments	0.45	-	-	0.45	0.45	-	-	0.45	0.00	0.00
Capital Expenditure on Leased Assets	1.38	-	-	1.38	1.38	-	-	1.38	-	-
Grand Total	2,066.75	10,371.81	-	12,438.56	5,175.25	118.76	14.60	5,308.61	7,129.95	1,983.26
Previous year	745.05	1,321.70	-	2,066.75	71.84	11.65	-	83.49	1,983.26	673.20

## **7.2) INTANGIBLE ASSETS**

(Amt. Rs. in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON	ADDITION	DELETION	AS ON	UPTO	PROVIDED	DELETION	UPTO	AS ON	AS ON
	1.4.14	DURING PERIOD	ADJUSTED	31.3.15	31.3.14	DURING PERIOD	ADJUSTED	31.3.15	31.3.15	31.3.14
Software	36.07	1.07	-	37.14	25.93	5.32	2.17	33.42	3.72	10.14
Previous year	36.07	-	-	36.07	19.17	6.76	-	25.93	10.14	16.91

(Ramfesh Sharma)  
Manager (Accounts)

(CMA Amrit Chauhan)  
Addl. G.M. (Finance)

(Er. S.K. Sharda)  
Director (P&C)

(Er. J.P. Kalra)  
Managing Director

**For Doger & Co.**  
Chartered Accountants

Place: Shimla  
Date: 18.6.2016



CA Sachin Doger, Partner  
M.No.502458  
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ICAI FRN: 019516N

## 7.3)

## 7.3 Capital Work In Progress

Amt. Rs. In Lacs

Sr. NO.	PARTICULARS	GROSS BLOCK				NET BLOCK	
		AS ON 01.04.14	ADDITION DURING PERIOD	DELETION ADJUSTED	AS ON 31.03.15	AS ON 31.03.15	AS ON 31.3.14
1	Kashang Bhaba Project	1,514.07	191.14	-	1,705.21	1,705.21	1,514.07
2	33/132 KV GIS Pandoh	0.73	0.96	-	1.69	1.69	0.73
3	Sawra Kuddu project	15.60	-	-	15.60	15.60	15.60
4	5MVA GIS STN Palchan	283.02	-	-	283.02	283.02	283.02
5	Transmission line at Palchan to AD Hydro	265.88	-	-	265.88	265.88	265.88
6	33/220KV Sub Stn. at Karian	2,916.98	50.23	-	2,967.21	2,967.21	2,916.98
7	33KV SERVICE STATION AT LAHAL	2.84	0.15	-	2.99	2.99	2.84
8	220/400KV S.STN GUMMA	9.50	7,078.11	-	7,087.61	7,087.61	9.50
9	22/66/220KV S.STN BHOKTOO	119.45	1,542.89	-	1,662.34	1,662.34	119.45
10	220KV D/C LINE PATLIKUHAL TO FOZAL	561.69	566.10	-	1,127.79	1,127.79	561.69
11	Dep. Work 220/66/22KV GIS S.STN Bhoktoo(HPSEB)	8.62	915.76	-	924.38	924.38	8.62
12	33/220 KV S/STN FOZAL	805.12	4,852.25	-	5,657.37	5,657.37	805.12
13	400/220/66KV GIS S.STN WANGTOO(ADB)	98.00	0.89	-	98.89	98.89	98.00
14	Deposit work Snale Hatkoti	23.11	4.42	-	27.53	27.53	23.11
15	220kv D/C(T. M.) Line Hatkoti to 220/400S. stn Gumma	2,402.38	338.77	-	2,741.15	2,741.15	2,402.38
16	220Kv Switching Stn Hatkoti	4.45	-	-	4.45	4.45	4.45
17	66KVD/C LINE URNI TO WANGTOO	8.61	-	-	8.61	8.61	8.61
18	220kv s/c line on d/c tower karian to PGCIL	522.73	135.56	-	658.29	658.29	522.73
19	132kv D/C T.LINE BARSAINI TO CHAROR	11.68	6.35	-	18.03	18.03	11.68
20	66/220KV GIS SUB STN URRNI(ADB)	2.43	0.27	-	2.70	2.70	2.43
21	33KvD/C T.Line on Monopole Palchan TO AD Hydro	6.03	-	-	6.03	6.03	6.03
22	132KvD/C T.LineTangnu Romal (44MW)HEP Rohru	5.84	2.30	-	8.14	8.14	5.84
23	220KV T/ LINE CHAROR TO BANALA KULLU	8.76	2.39	-	11.15	11.15	8.76
24	400KvD/Cline 33/220/400 S.Stn Lahal to PGCIL	0.24	-	-	0.24	0.24	0.24
25	220KV S/C T.LINE LAHAL TO RAJERA	16.30	1.73	-	18.03	18.03	16.30
26	400KVD/CT.LINE LAHAL TO RAJERA	9.72	14.84	-	24.56	24.56	9.72
27	132/220KV POOLING STN AT SUNDA	2.31	0.44	-	2.75	2.75	2.31
28	220KV T.LINE PS SUNDA TO HATKOTI	14.47	4.90	-	19.37	19.37	14.47
29	66/220KV GIS SUB STN SUNDA	0.33	0.97	-	1.30	1.30	0.33
30	220KV T. LINE FROM S.STN LAHAL TO BUDHIL	1.70	-	-	1.70	1.70	1.70
31	220 KV T.LINE FROM BAJOLI HOLI TO SS LAHAL	0.60	3.73	-	4.33	4.33	0.60
32	33/220kv sS.STN AD Hydro Prini	-	36.69	-	36.69	36.69	-
33	132/220 kv GIS STN Charor	-	1.33	-	1.33	1.33	-
34	33/132/2x25/31.5MVA SSTN Chambi	-	2.15	-	2.15	2.15	-
35	132 KV Transmission Line Chambi	-	5.67	-	5.67	5.67	-
36	400KV D/C t. Line Parwati -2 to PGCIL Banala	-	0.27	-	0.27	0.27	-
37	400 KV D/C T.Line Sainj Kullu	-	0.67	-	0.67	0.67	-
38	132 KV Transmission line Rupin HEP to PS Sunda	-	3.60	-	3.60	3.60	-
Total		9,643.19	15,765.53	-	25,408.72	25,408.72	9,643.19
preliminary expenses		101.78	-	-	101.78	101.78	101.78
pre-operative expenses		423.48	1,251.55	847.08	827.95	827.95	423.48
Total Carried forward to Balance Sheet		10,168.45				26,338.45	10,168.45

(Kamlesh Sharma)  
Manager(Accounts)

Place: Shimla, Date: 18.6.2016

CMA Amrit Chauhan  
Addl.G.M.(Finance)

Er.S.K.Sharma  
Director(P&C)

Er. J.P.Kalta  
Managing Director

CA Sachin Doger, Partner  
M.No.502458

CAG Regd.No.NR1675



# 8) INVESTMENTS

PARTICULARS	Amt.Rs.in Lacs As at 31.03.2015	Amt.Rs.in Lacs As at 31.03.2014
Investment with IIIT Una	480.00	-
<b>TOTAL</b>	<b>480.00</b>	<b>-</b>

# 9) CASH AND CASH EQUIVALENTS

PARTICULARS	Amt.Rs.in Lacs As at 31.03.2015	Amt.Rs.in Lacs As at 31.03.2014
<b>Cash and Bank Balances</b>		
(1) Cash in hand (including Imprest)	0.09	0.05
(2) Stamps in hand	0.06	0.03
(3) Bank Balances with scheduled banks		
(i) Current/SB Deposits	8,486.74	5,125.97
(iii) Term Deposits with maturity period upto 12 months.	6,414.52	11,412.61
<b>TOTAL</b>	<b>14,901.41</b>	<b>16,538.66</b>

# 10) SHORT TERM LOANS AND ADVANCES:

PARTICULARS	Amt.Rs.in Lacs As at 31.03.2015	Amt.Rs.in Lacs As at 31.03.2014
Advance to HP Govt. Deptt.	96.35	48.51
Recoverable from Employees	2.16	0.32
Advance to Land Acquisition Officer	601.04	576.74
Recoverable from Govt. Departments	1,639.76	146.55
Recoverable from Contractors/Suppliers/Vendors	5,409.61	5,741.64
Advance Tax Deposit/TDS/Recoverable from Tax Authorities	1,735.70	1,399.75
Prepaid Expenses	5.99	6.54
Prepaid Expenses (ARR Exp. MYT 2014-15 to 2018-19)	15.49	9.62
<b>Total</b>	<b>9,506.10</b>	<b>7,929.67</b>

# 11) OTHER CURRENT ASSETS

PARTICULARS	Amt.Rs.in Lacs As at 31.03.2015	Amt.Rs.in Lacs As at 31.03.2014
Interest Accrued but not due	57.81	98.64
Security Deposits	0.49	0.42
Stationery in hand	2.15	1.16
<b>Total</b>	<b>60.45</b>	<b>100.22</b>

  
(Kamlesh Sharma)  
Manager (Accounts)

  
(CMA Amrit Chauhan)  
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Director(P&C)

  
(Er. J.P. Kalta)  
Managing Director

Place: Shimla  
Date: 18.6.2016



For Doger & Co.  
Chartered Accountants

CA Sachin Doger, Partner  
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## 12. INCOME

PARTICULARS	Amt.Rs.in Lacs As on 31.03.2015	Amt.Rs.in Lacs As on 31.03.2014
<b>i) MISCELLANEOUS INCOME:</b>		
Sale of Tender Forms	8.86	5.63
Interest on Bank Deposits	776.36	918.30
Interest on ADB Loan Imprest	315.45	246.96
Misc. Receipts	0.56	0.14
Deptt. Charges	-	0.05
RTI Fee	0.02	0.02
Interest from Cont./Supplier	334.48	172.39
<b>Total (i)</b>	<b>1,435.73</b>	<b>1,343.49</b>
<b>ii) Income of STU &amp; Transmission lines</b>		
Connectivity fee	58.00	28.00
Short Term Open Access	844.06	848.94
Transmission charges Income	344.77	-
<b>Total(ii)</b>	<b>1,246.83</b>	<b>876.94</b>
<b>TOTAL INCOME (i+ii)</b>	<b>2,682.56</b>	<b>2,220.43</b>

## 13) EMPLOYEE BENEFITS EXPENSES:

PARTICULARS	Amt.Rs.in Lacs As on 31.03.2015	Amt.Rs.in Lacs As on 31.03.2014
Salaries, Wages, Allowances and Benefits	893.18	758.13
Contribution to Provident and Other Funds	16.97	9.19
Leave Salary and Pension Contribution	110.92	90.21
Welfare Expenses	35.34	80.16
<b>Total</b>	<b>1,056.41</b>	<b>937.69</b>
50% of Corp. Off. to STU & Transmission Income	255.48	23.44
Balance pertains to Capital works	800.93	914.25
<b>TOTAL</b>	<b>1,056.41</b>	<b>937.69</b>

## 14) FINANCE COSTS:

PARTICULARS	Amt.Rs.in Lacs As on 31.03.2015	Amt.Rs.in Lacs As on 31.03.2014
Interest on Term Loans(ADB)	1,244.53	696.98
Bank Charges	0.06	0.08
Bank Guarantee fee	2.74	0.31
Interest REC Loan	488.03	25.40
<b>TOTAL</b>	<b>1,735.36</b>	<b>722.77</b>

## 15) DEPRECIATION EXPENSES:

PARTICULARS	Amt.Rs.in Lacs As on 31.03.2015	Amt.Rs.in Lacs As on 31.03.2014
Depreciation for the Year on Tangible Assets	118.76	6.76
Depreciation for the Year on Intangible Assets	5.32	11.65
<b>Total Depreciation for the Year</b>	<b>124.08</b>	<b>18.41</b>
Transferred to Profit & Loss Statement	103.51	-
Transferred to Pre-Operative Exp. Statement	20.57	18.41
<b>Balance</b>	<b>-</b>	<b>-</b>

(Kamlesh Sharma)  
Manager (Accounts)

(CMA Amrit Chauhan)  
Addl.G.M.(Finance)

(Er. S.K.Sharda)  
Director(P&C)

(Er. J.P.Kalta)

Managing Director  
For Doger & Co.  
Chartered Accountants

Place: Shimla  
Date: 18.6.2016



CA Sachin Doger, Partner  
M.No.502458  
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## 16) OTHER OFFICE AND ADMINISTRATIVE EXPENDITURE:

PARTICULARS	Amt.Rs.in Lacs As on 31.03.2015	Amt.Rs.in Lacs As on 31.03.2014
Printing & Stationery	5.04	4.48
Books & Periodicals	0.41	0.32
Electricity & Water Charges	6.59	5.47
Advertisement & Publicity Expenses	3.79	5.45
Hiring Charges for Vehicles	63.11	54.92
Fees & Subscription	1.06	3.52
Office Expenses	4.55	4.01
Postage & courier	0.67	0.62
Office Building Rent	28.22	27.74
Insurance Vehicle & Others	0.17	0.24
Hospitality Expenses	3.11	2.68
Professional Charges	35.35	36.51
Meeting expenses	0.11	0.27
Telephone Exps.	12.84	11.91
Vehicle Running Expenses *	5.56	7.61
Internal Audit Fee	0.25	0.24
Statutory Audit Fee	0.40	0.39
Out of Pocket Expenses	0.17	0.17
Tax Audit Fee	0.28	-
Interest Paid	0.00	0.01
TA/DA consultant	2.77	2.74
Consumable elec. Fitting	0.27	0.44
Repair & Maintenance	0.57	0.99
TA/DA auditors	0.52	0.37
Other Misc.exp. Computer	1.75	0.34
Collection of Revenue Record Exp.	-	0.01
ADB Consultant Remuneration	6.33	14.39
Annual Subscription Auto cad	-	-
Legal Charges Advocate	2.23	2.61
Service Tax paid	0.56	0.98
Loss on replacement of Assets	-	-
TA/DA ADB Consultants	0.22	0.38
<b>Total Admn. &amp; Other Exp.</b>	<b>186.90</b>	<b>189.81</b>
Less:- 50% of Corp. Off for STU & Trans.	56.48	4.75
<b>Balance Pertains to CWIP (i)</b>	<b>130.42</b>	<b>185.06</b>
<b>STU &amp; Transmission Expenses</b>		
Membership fee STU(NRPC FUND)	11.00	11.50
ARR Exp MYT Cont. Period 2011-12 to 2013-14	3.87	3.01
Licence & reg. fee	100.00	100.00
50% exp. Of Adm. & other exp.	56.48	4.75
O&M Exp. From HPSEB	240.76	-
<b>Total (ii)</b>	<b>412.11</b>	<b>119.26</b>
<b>Total(i+ii)</b>	<b>542.53</b>	<b>304.32</b>

(Kamlesh Sharma)  
Manager (Accounts)

(CMA Amrit Chauhan)  
Addl.G.M.(Finance)

(Er. S.K.Sharda)  
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(Er. J.P.Kalta)  
Managing Director

Place: Shimla  
Date: 18.6.2016



For Doger & Co.  
Chartered Accountants

CA Sachin Doger, Partner  
M No. 502458  
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ICAI FRN: 019516N

17. Prior Period Income & Expenses Detail of Transmission Income w.e.f. 2010-11 to 2013-14

(Amt.Rs.in Lacs)

Particulars	Amt. as on 31.3.11	Amt.as on 31.3.12	Amt.as on 31.3.13	Amt.as on 31.3.14	Total up to 31.3 14
<b>Expenses incurred by HPSEB</b>					
Employees Cost	113.45	158.69	171.99	198.72	642.85
Material Charges	19.92	30.31	38.23	31.57	120.03
A&G Expenses	5.72	13.74	7.85	4.48	31.79
<b>Total Exp. HPSEB(i)</b>	<b>139.09</b>	<b>202.74</b>	<b>218.07</b>	<b>234.77</b>	<b>794.67</b>
<b>Expenses of HPPTCL</b>					
Admin. Exp.Total Amt.	183.21	240.07	274.16	304.32	1001.76
Expenses pertains to Corp. Office	157.74	206.29	233.85	239.70	837.59
Charged in STU Segment Exp. (2013-14)	86.60	117.37	125.74	119.26	448.96
Balance of Corporate office Expenses	71.14	88.92	108.11	120.44	388.61
<b>50% amt. of Corporate Office expenses to be charged to Trans. Income (ii)</b>	<b>35.57</b>	<b>44.46</b>	<b>54.06</b>	<b>60.22</b>	<b>194.31</b>
Employees Cost Total Amt.	455.67	685.41	754.00	890.57	2785.65
Expenses pertains to Corp. Office	250.97	329.92	367.41	430.96	1379.26
Charged in STU Segment Exp.(2013-14)	11.39	15.45	23.44	23.44	73.73
Balance of Corporate office Expenses	239.58	314.47	343.97	407.52	1305.54
<b>50% amt. of Corporate Office expenses to be charged to Trans. Income (iii)</b>	<b>119.79</b>	<b>157.24</b>	<b>171.99</b>	<b>203.76</b>	<b>652.78</b>
<b>Depreciation of Trans. Lines (iv)</b>	<b>199.57</b>	<b>250.32</b>	<b>250.32</b>	<b>250.32</b>	<b>950.53</b>
<b>Total Expenses pertaining to Transmission charges income a=(i)+(ii)+(iii)+(iv)</b>	<b>494.02</b>	<b>654.76</b>	<b>694.44</b>	<b>749.07</b>	<b>2592.29</b>
<b>Income earlier adjusted in CWIP</b>					
Transmission Charges bills	473.21	585.50	602.50	596.00	2257.21
<b>Total Income from Operation</b>	<b>473.21</b>	<b>585.50</b>	<b>602.50</b>	<b>596.00</b>	<b>2257.21</b>
<b>Excess of prior period expenses over prior period Income not charged to Profit &amp; Loss account of previous years charged in current year.</b>	<b>-20.81</b>	<b>-69.26</b>	<b>-91.94</b>	<b>-153.07</b>	<b>-335.08</b>

(Kamlesh Sharma)  
Manager (Accounts)

(CMA Amrit Chauhan)  
Addl.G.M.(Finance)

(Er. S.K.Sharda)  
Director(P&C)

(Er. J.P.Kalta)  
Managing Director

For Doger & Co.  
Chartered Accountants

Place Shimla  
Date: 18.6.2016



CA Sachin Doger, Partner  
M.No.502458  
CAG Regd.No.NR1675  
ICAI FRN: 019516N



## 18. SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### a. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

- i. Accounting Convention - The financial statements are prepared under the historical cost convention on accrual basis and in accordance with generally accepted accounting principles and applicable accounting standards in India. The financial statements adhere to the relevant presentation requirement of the Companies Act, 1956/2013.

- b. FIXED ASSETS Fixed assets are shown at historical cost less accumulated depreciation. The cost includes any cost attributable of bringing the assets to its working condition for its intended use.

#### c. Capital Work In Progress -

- i. Capital Work in Progress in respect of 220 KV Double Circuit Line from Kashang-Bhaba Project is capitalized on the basis of bills already approved and paid by HPSEB till June,2010 and thereafter by HPPTCL to various contractors who have worked on the project. All indirect expenditure specifically incurred for 220KV double circuit line from Kashang Bhaba project is also capitalized & added to cost of this project. Corporation has considered title to the project in accordance with the MOU dated 06.04.09 between HPPCL & HPPTCL.
- ii. Various other capital works in progress for construction of Transmission Lines and Sub-Stations is capitalized on the basis of bills already approved and paid to contractors & other indirect expenditure specifically related to such expenditure also capitalized & added to cost of such project.

#### d. DEPRECIATION :

- i. Depreciation on assets which are put in to use till end of financial year is provided on pro- rata basis on written down value method at the rates prescribed in the schedule II of the Companies Act, 2013 and not as per CERC (Terms & Condition for Tariff) Regulation 2014. However no depreciation has been provided on 3 No. interstate lines for 2014-15 income of which has also not been provided as ARR is pending with CERC.
- ii. Depreciation on individual assets below Rs.5000/- purchased before 1.4.2014 was provided at the rate of 100 percent taking useful life as 1 year and WDV Re.1/- per asset.



- iii. The depreciation on transmission lines Rs.12.52 lacs and other Assets Rs.4.24 lacs adjusted from existing Reserve fund as the life of assets had been expired and depreciation charged up to 31.3.2014 was less than 95% of original cost as per Schedule II of Companies Act.2013.

**e. RETIREMENT BENEFITS**

- i. **Defined Contribution Plan (Provident Fund):** Corporation's Contribution paid/payable during the year to Provident Fund is recognized in the statement of Profit & Loss and pre-operative expenditure pending allocation.
- ii. **Defined Benefit Plan (Gratuity, Pension Contribution & Leave Encashment):** Since almost all employees of the Corporation as on Balance Sheet date are on deputation/ secondment basis, it is not possible for the Corporation to calculate actuarial valuation of leave encashment, gratuity and other retirement benefits payable to employees on deputation. Therefore corporation will not be able to follow Accounting Standard AS-15 "Accounting for Retirement Benefits" issued by the Institute of Chartered Accountants of India. However, the provisions for Leave Salary & Pension Contribution in r/o HPSEB Ltd. employees deployed on secondment basis is made as per Appendix II of FR for the year 2014-15. The Provision of Gratuity and leave salary contribution of employees other than HPSEB was also made during the year 2014-15.

**f. TAXES ON INCOME :-**

- i. A provision for Income Tax amounting to Rs.45.57 lacs for the year 2014-15 on STU & Transmission Profit of Rs.140.65 lacs after prior period adjustment has been made during the year i.e. on the basis of total income received and any further distribution of income shall be accounted for as and when required in future
- ii. There is no deferred tax liability for the period.
- iii. The assessment for the FY 2009-10 has been completed by the Assessing Authority (ACIT) and demand of Rs.52.66 lacs was raised which will be adjusted against advance tax deposited. HPPTCL has filed an appeal before CIT against the orders of the ACIT and the same was dismissed vide order dated 27.6.2014 of CIT Appeal Shimla. HPPTCL had filed an appeal before ITAT Chandigarh against ACIT & CIT orders and the same was also dismissed. Now HPPTCL has filed appeal before Hon'ble High Court Shimla against orders of ITAT Chandigarh.
- iv. The assessment for the FY 2010-11 has been completed by the Assessing Authority (ACIT) and demand of Rs.156.12 lacs was raised which stands deposited after adjusting balance advance tax for the concerned year on dated 15.1.2014. HPPTCL had filed an appeal before CIT against the orders of the ACIT and the same was dismissed. After that appeal against orders of CIT was filed before ITAT Chandigarh which was also dismissed and no relief was





given to HPPTCL. Now HPPTCL has filed appeal before Hon'ble High Court HP Shimla against order of ITAT Chandigarh.

- v. The assessment for the FY 2011-12 has been completed by the Assessing Authority (ACIT) and demand of Rs.341.17 lacs was raised which stands adjusted by Income Tax department against refund of A/Y 2013-14. HPPTCL has filed an appeal before CIT against the orders of the ACIT and the outcome is awaited.
- g. PROVISIONS AND CONTINGENT LIABILITIES : Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent liabilities, if any, are not recognized, but are disclosed in the notes. Contingent assets are neither recognized, nor disclosed in the financial statements.
- h. PRELIMINARY & PRE-OPERATIVE EXPENDITURE : The Corporation has not yet commenced commercial operations on its own constructed transmission lines and Sub Stations. 50% amount of Corporate office expenses and entire amount of expenditure incurred at different PIU's during construction period including Finance Costs and Depreciation on Fixed Assets other than old transmission lines has been treated as incidental and capital expenditure during construction period and such expenditure are shown net of preoperative income. Further expenditure incurred on filing/ legal fees regarding formation of the Corporation and all expenses incurred prior to the incorporation of the corporation & expenditure incurred in relation to increase in authorized capital have been treated as Preliminary Expenses. No provision has been made for writing off of preliminary expenses during the year. The same will be written off after commencement of complete operations of the Corporation.
- i. PRIOR PERIOD ADJUSTMENTS : HPPTCL followed the practice of making adjustments for prior period items through expenses/ income of previous year in the current year.
- j. Revenue Recognition:
  - i. Revenue from transmission is recognized on accrual basis on bills issued by HPPTCL.
  - ii. Revenue on short term open access charges is recognized on receipt basis from Power system Corporation, NRLDC, SLDC and other user which is on the basis of actual transmission of power and directly credited to our account.
  - iii. Surcharge on late payment billed to HPSEB not taken into account due to uncertainty of its realization and pending reconciliation of various accounts with HPSEBL.
  - iv. Revenue from other sources is recognized on accrual basis.



## 2. NOTES TO ACCOUNTS

### a. **Contingent Liabilities**

Contingent Liabilities not provided for in respect of:		As on 31.03.15 (Figures In lacs)	As on 31.03.14 (Figures In lacs)
(i)	Income tax demand for F.Y.2009-10 2010-11 and 2011-12 deposited / adjusted from advance tax not provided in books of accounts.	549.95	
(ii)	Estimated amount of contract remaining to be executed on capital account (net of advances):	INR 69261.49	53084.51
		US\$ 3.04	1.92





**b. Additional information required as in Part II of Schedule VI**

<u>Particulars</u>	<u>(Rs. in lacs)</u>	
	<u>Yr. Ended</u> <b>31.03.15</b>	<u>Yr. Ended</u> <b>31.03.2014</b>
<b>A) Expenditure in Foreign Currencies (Actual outgo):</b>		
- Interest on borrowings	0.00	0.00
- Commitment Charges	0.00	0.00
- Foreign Travelling (US\$)	0	30.42
- Capital Expenditure (US\$)	0.00	13.47
<b>TOTAL:- (US\$ )</b>	<b>0.00</b>	<b>43.89</b>
<b>B) Earnings in Foreign Currencies:</b>	<b>0.00</b>	<b>0.00</b>
<b>C) Auditors remuneration:</b>		
-Statutory Audit Fee	0.39	0.39
-Tax Audit Fee	0.28	0.00
-Other Matters	0.00	0.00
<b>TOTAL</b>	<b>0.67</b>	<b>0.39</b>
<b>D) Managerial Remuneration:</b>		
- Salary and allowances	27.37	33.61
- Contribution to PF and other funds	1.41	0.00
- Perquisites	0.78	0.00
- Sitting fee to Directors	0.00	0.00
<b>TOTAL</b>	<b>29.56</b>	<b>33.61</b>

During the year ended, remuneration was paid to Managing Director w.e.f 18.12.2014 to 31.3.2015. However Directors Remuneration was paid w.e.f 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015.



- c. During the year 2009-10, the Corporation had entered in to MOU with HP Power Corporation Limited whereby 220KV Double Circuit Kashang-Bhaba Transmission Line was handed over to HPPTCL. The expenditure made by HPSEB including KKPCL after reconciliation comes to Rs.6756.00 lacs. Further, as on Balance Sheet Date, the Corporation has made investment of Rs.1705.22 lacs (including expenditure of Rs.292.78 lacs earlier made by HPPCL) on this Transmission Line in term of MOU. However, such assets & liabilities of Rs.6756.00 lacs in respect of HPSEBL for this project are yet to be accounted for as the project is still under construction.
- d. In terms of "Himachal Pradesh Power Sector Reforms Transfer Scheme, 2010" notified by the State Govt. vide No. MPP-A(3)-1/2001-IV dated 10.06.2010 transmission lines having gross value of Rs.10263.37 lacs are re-vested with HPPTCL. The written down value of assets on above date amounting to Rs.6122.00 lacs only has been taken in books of account and amount shown as payable to HP State Govt. /HPSEB Ltd.
- e. During the year Corporation has revised transmission charges invoices to HPSEBL for Rs.2962.22 lacs for the period 2011-12 to 2014-15 out of which a sum of Rs.2128.77 lacs booked in books of accounts and the amount of surcharge RS.833.45 lacs not taken in to account due to uncertainty of its realization and will be accounted for on reconciliation of various accounts with HPSEBL. The Invoice for the year 2010-11 raised by taking into consideration the tariff approved for the year 2011-12. The revised invoices are raised due to the reason that the ARR for the period 2011-13 notified by HPERC was based on Capital cost transferred to HPPTCL by HPSEBL i.e.Rs.19909.00 lacs and which was subsequently revised to 10263.00 lacs which is approximately 50 % less. Accordingly the invoice of transmission charges w.e.f.2010-11 to 2014-15 was revised and provided for in books of account. Any further adjustment will be effected after the true up of ARR for above period.
- f. During the year the Corporation has made income tax provision of Rs. 45.57 lacs for the year 2014-15 on STU Transmission Profit of Rs.140.65 lacs after prior period adjustment i.e. on the basis of total income received and any further distribution of income shall be accounted for as and when required in future but has not made any provision of Income Tax on bank interest Income Corporation has deposited advance Income Tax of Rs.487.00 lacs only.
- g. Based on information available with the Corporation, there are no suppliers/service providers who are registered as Micro, Small and Medium undertakings under "The Micro, Small and Medium Enterprises Development Act 2006" as on 31<sup>st</sup> March, 2015 hence the Corporation has no outstanding liability towards Micro, Small and Medium Enterprises.
- h. Fixed assets possessed by the Corporation are treated as 'Corporate Assets' and not 'Cash Generating Units' as defined by Accounting Standard (AS-28) - "Impairment of Assets". As on 31<sup>st</sup> March 2015 there were no events or change in circumstances, which indicate any impairment in the assets.





- i. In terms of Notification No. MPP-A(3) 1/2001-IV dated 10.06.2010 of Government of Himachal Pradesh (Department of MPP & Power) the statutory function of State Transmission Utility (STU) shall be performed by Corporation along with evacuation of power by intra-state or inter-state transmission lines. In the current year the transmission lines cost of Rs.6122.00 lacs transferred to HPPTCL and corresponding Transmission Income and expenditure were taken into account. The Corporation is still under construction period and no own constructed transmission line and Sub Stations have been yet commissioned. However no provision has been made for surcharge billed to HPSEB Ltd. on transmission charges income due to uncertainty of its realization as a sum of Rs.6122.00 lacs is payable towards old transmission lines transferred from HPSEB Ltd. and a sum of Rs.6756.00 lacs incurred by HPSEB Ltd. on Kashang Bhaba Transmission line transferred to HPPTCL and therefore accounted for on receipts. Any further distribution of income shall be accounted for as and when required in future. The profit and Loss statement has been prepared by taking income and all related expenses of STU & Transmission @ 100% and employees cost and other administrative expenses of corporate office @50% during the year including expenses of 3 No. interstate lines income of which has not been provided as ARR is still pending with CERC. No depreciation of miscellaneous assets and finance cost has been charged to this income which has been capitalized to pre-operative expenses. The Transmission Income and Expenses of previous years have been re-calculated and adjusted as prior period adjustment amounting to Rs.335.08 lacs after adjusting Rs.847.08 lacs which was earlier charged to Capital work in progress.
- j. In the opinion of the Board of Directors, the value of current assets, loan and advances etc. if realized in ordinary course of business, shall not be less than the amount at which the same are stated in the balance sheet.
- k. The amounts in Financial Statements are presented in Indian Rupees and all figures have been rounded off to the nearest rupee lacs and decimals thereof except when otherwise stated.
- l. Previous year figures have been reclassified/ regrouped/ rearranged wherever necessary to conform to this year's classification.
- m. Some of the balances shown under Current liabilities, loans and advances are subject to confirmation, reconciliation and consequential adjustment, if any.



n. Related party Disclosure:

As required by Accounting Standard (AS)-18 Related party disclosure details of transactions with the related parties are:

i) Related Parties-Key Management Personnel:

Whole time Directors:

Name	Designation
Er. Sham Lal Sharma	Managing Director(w.e.f.18.12.13 to 8.4.16)
Er. S.K.Sharda	Director (P&C)w.e.f.7.10.2013 to till date
Er. Keshav Singh Attri	Director(Project)w.e.f.26.7.2014 to 26.3.2016
Ere. Ravinder Kumar Sharma	Director( Project) w.e.f.17.8.2012 to 30.7.2014

  
Kamlesh Sharma  
Manager Accounts

  
CMA Amrit Chauhan  
Addl. G.M(Finance)

  
Er. S.K. Sharda  
Director (P&C)

  
Er. J.P. Kalta  
Managing Director

For DOGER & CO.

CHARTERED ACCOUNTANTS

Place: Shimla

Date: 18.6.2016



CA Sachin Doger, Partner

M. No.502458.

CAG Regd. No. NR1675

ICAI FRN : 019516N




(Amt. Rs.in Lacs)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2015**

Particulars	Year ended 31.3.2015	Year ended 31.3.2014
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax on STU& Transmission Segment	140.65	435.34
Depreciation	124.08	18.41
Depreciation of Prior Period	950.55	-
Finance Charges	-	-
Inventories	-	-
Other Current Assets	39.78	134.55
Loans and Advances(Short & Long term)	(1,576.41)	(5,425.80)
Long Term provisions	7,323.71	700.24
Other Current Liabilities	1,429.62	994.09
Income Tax	(45.57)	(147.82)
<b>Total (A)</b>	<b>8,386.41</b>	<b>(3,290.99)</b>
<b>(B) Cash flow from Investing activities</b>		
Capital Expenditure on tangible Assets	(6,230.60)	(1,321.70)
Capital Expenditure on Intangible Assets	(1.06)	-
Net Expenditure on CWIP	(16,170.00)	(4,697.40)
Investment in IIT Una	(480.00)	-
<b>Total(B)</b>	<b>(22,881.66)</b>	<b>(6,019.10)</b>
<b>(C ) Cash flow from Financing Activities</b>		
Share Capital	800.00	800.00
Share Application Money Pending for allotment	1,796.00	-
Repayment of Borrowings	-	-
Proceeds from Borrowings	10,262.00	8,903.89
<b>Total (C )</b>	<b>12,858.00</b>	<b>9,703.89</b>
<b>Gross Total (A+B+C)</b>	<b>(1,637.25)</b>	<b>393.80</b>
Add: Opening Cash and Equivalents	16,538.66	16,144.86
<b>Closing Cash and Equivalents</b>	<b>14,901.41</b>	<b>16,538.66</b>

  
(Kamlesh Sharma)  
Manager (Accounts)

  
(CMA Amrit Chauhan)  
Addl.G.M.(Finance)

  
(Er. S.K. Sharda)  
Director(P&C)

  
(Er. J.P. Kalra)  
Managing Director

For Doger & Co.  
Chartered Accountants

Place: Shimla  
Date: 18.6.2016



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