

H P POWER TRANSMISSION CORPORATION LTD.
(A State Government Undertaking)
Himfed Building, Bypass Road, (Below Old MLA's Quarters)
Panjri, Tutikandi, Shimla HP 171005
Balance Sheet As At 31st March-2019

(Amt. Rs. in Lakh)

Particulars	Note No.	As at 31.03.2019	As at 31.03.2018
ASSETS			
Non-current assets:			
Property, Plant and Equipments	2.1	31,109.57	27,171.89
Capital work-in-progress	2.2	142,478.77	91,274.78
Other Intangible Assets	2.3	2.52	1.83
Financial assets			
Investments		-	-
Loans		-	-
Other		-	-
Deferred Tax Assets (Net)		-	-
Other Non Current Assets	2.4	622.12	976.75
Total Non Current Assets		174,212.98	119,425.25
Current assets:			
Inventories		-	-
Financial Assets			
Trade Receivables	2.5	277.28	346.24
Cash and cash equivalents	2.6	12,247.92	12,719.05
Bank Balance other than above	2.7	739.41	871.10
Investments		-	-
Loans	2.8	1.22	1.48
Other	2.9	6,970.14	4,587.71
Current Tax Assets	2.10	2,127.94	2,022.21
Other Current Assets	2.11	47.52	90.34
Total Current Assets		22,411.44	20,638.14
Total Assets		196,624.41	140,063.39
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2.12	29,445.34	27,475.30
Share Application Money	2.13	3,199.96	1,170.00
Other Equity	2.14	3,071.26	1,782.67
Total Equity		35,716.56	30,427.97
Liabilities			
Non Current Liabilities			
Financial Liabilities			
Other Borrowings	2.15	114,579.90	72,812.70
Other Financial Liabilities	2.16	9,810.79	6,348.47
Provisions	2.17	25,981.71	18,353.19
Other non current liabilities		-	-
Total Non Current Liabilities		150,372.40	97,514.36
Current Liabilities:			
Financial Liabilities			
Trade Payables		-	-
Other financial liabilities	2.18	10,535.45	12,121.06
Provisions		-	-
Total Current Liabilities		10,535.45	12,121.06
Total Equity & Liabilities		196,624.41	140,063.39
Significant Accounting Policies	1		

The accompanying notes from 2.1 to 2.26 form an integral part of the financial statements

(Kamlesh Sharma)
Manager (Accounts)

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

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

(Er. R.K. Sharma)
Managing Director

For Manish K Gupta & Associates
Chartered Accountants
FRN No. 016533N
CAG Regd. No. NR1225

HIMACHAL TRANSMISSION CORPORATION LTD.
(A State Government Undertaking)
Himfed Building, Bypass Road, (Below Old MLA's Quarters)
Panjri, Tutikandi, Shimla HP 171005

(Amt. Rs. in Lakh)

Profit & Loss statement for the year ended as on 31.3.19			
Particulars	Note No.	As on 31.03.2019	As on 31.03.2018
Income			
Revenue from operations	2.19	1,832.80	1,931.24
Other Income	2.20	-	-
Total Income		1,832.80	1,931.24
Expenses:			
Operating Expenses	2.21	2,930.53	480.24
Employee benefit expenses	2.22	33.60	439.30
Financial costs	2.23	912.86	508.57
Depreciation and amortization expenses	2.24	1,446.74	1,200.26
Other Administrative Expenses	2.25	10.27	104.38
Total Expenses		5,333.99	2,732.75
Profit before net movement in regulatory deferred account balance and tax			
Net movement in deferred Account Balance			
Profit before tax		(3,501.19)	(801.51)
Prior Period Adjustment	2.26	(581.22)	129.11
Tax expenses			
Current Tax			
Deferred Tax			
Profit for the period		(4,092.41)	(672.40)
Total		(4,092.41)	(672.40)
Earning per equity Share (before net movement in regulatory deferred Account Balance)		(14.86)	(2.45)
basic and diluted		(14.86)	(2.45)
Earning per equity Share (after net movement in regulatory deferred Account Balance)		(14.86)	(2.45)
basic and diluted		(14.86)	(2.45)
Significant Accounting Policies	1		

The accompanying notes from 2.1 to 2.26 form an integral part of the financial statements.


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


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


(Er. R.K. Sharma)
Managing Director

For Manish K Gupta & Associates
Chartered Accountants
FRN No. 016533N
CAG Regd. No. NR4225
CA Ankur Mahajan
(Partner)
M.No. 520473

Place: Shimla
Date: 28.09.2019

UDIN: 19520473 AAAADx 6378

H P POWER TRANSMISSION CORPORATION LTD.

(A State Government Undertaking)

Himfed Building, Bypass Road, (Below Old MLA's Quarters)
Panjri, Tutikandi, Shimla HP 171005

(Amt.Rs.in Lakh)

2.2.1) Expenditure Attributable to Construction

Particulars	Note No.	As on 31.03.2019	As on 31.03.2018
Expenses(A)			
Employee benefit expenses	2.22	1,630.31	1,192.70
Financial costs	2.23	8,168.29	5,241.44
Depreciation and amortization expenses	2.24	-	18.85
Other Administrative Expenses	2.25	355.40	228.53
Prior Period Adjustment		-	-
Total (A)		10,184.00	6,681.55
Less:- i. Miscellaneous Income	2.20	633.81	693.32
Net Expenditure (B)		9,550.19	5,988.23
(Carried forward to CWIP)			
Significant Accounting Policies & Notes to Accounts	1		

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Manager (Accounts)

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

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

(Er. R.K.Sharma)
Managing Director

Place Shimla
Date: 28.09.2019

For Manish K Gupta & Associates
Chartered Accountants
FRN No. 016533N
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CA Ankur Mahajan
(Partner)
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H P POWER TRANSMISSION ION LTD.*(A State Government Undertaking)*

Himfed Building, Bypass Road, (Below Old MLA's Quarters)

Panjri, Tutikandi, Shimla HP 171005

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2019

(Amt Rs. in Lakh)

Particulars	Year ended 31.03.2019	Year ended 31.3.2018
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	-4,092.41	-672.40
Depreciation	1,446.74	1,219.15
Depreciation of Prior Period	-	-
Finance Charges	912.86	508.57
Long Term Provisions (Net)	7,628.52	4,777.54
Adjustment for Current Assets & Current Laibilites		
Decrease in Trade Receivables	68.97	-
Increase in Current Tax Assets	-105.73	-348.30
Decrease in Other Current Assets	42.81	-
Decrease in loans	0.26	-
Increase in others	-2,382.43	2,710.08
Other Current Liabilities	-1,585.61	-1,848.05
Income Tax	-	-25.00
Other Current Assets	-	-
Loans & Others	-	-
Other Current Liabilities	-	-
Income Tax	-	-
Net cash generated by operating activites(A)	1,933.97	6,321.57
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Capital Expenditure on tangible Assets	-5,384.32	-4,183.22
Capital Expenditure on Intangible Assets	-0.79	-
Net Expenditure on CWIP	-47,741.67	-31,719.91
Deposit Given	354.64	-496.18
Net cash used in investing activites (B)	-52,772.15	-36,399.31
C) CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital	1,970.04	2,551.80
Share Application Money Pending for allotment	2,029.96	219.00
Repayment of Borrowings	-512.40	-265.59
Grant Received	5,381.00	1,424.42
Proceeds from Borrowings (Net)	42,279.60	27,276.34
Finance Cost	-912.86	-508.57
Net cash used in Financing activites (C)	50,235.35	30,697.39
Net increase in cash and cash equivalents	-602.83	619.66
Add: Opening Cash and Equivalents	13,590.16	12,970.50
Closing Cash and Equivalents	12,987.33	13,590.16

(Kamlesh Sharma)
Manager (Accounts)(Anil Kumar Sharma)
Dy. G. M. (Finance)Keshav L
(Er. K.S. Anand)
Director(P&C)C.S.L
(Er. R.K. Sharma)
Managing DirectorFor Manish K Gupta & Associates
Chartered Accountants
FRN No. 016533N
CAG Regd. No. NB4225CA Ankur Mahajan
(Partner)
M.No. 520473Place: Shimla
Date: 28.09.2019

H P POWER TRANSMISSION CORPORATION LTD.*(A State Government Undertaking)***Himfed Building, Bypass Road, (Below Old MLA's Quarters)****Panjri, Tutikandi, Shimla HP 171005****STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019****A. Equity Share Capital**

Particulars	Note No.	Amount Rs. in Lakh
Opening Balance as at April 1, 2018	2.12	27475.3
Equity Share Issued during the year		1970.04
Closing Balance as at March, 31, 2019		29445.34

B. Share Application Money

Particulars	Note No.	Amount in Rs.
Opening Balance as at April 1, 2018	2.13	1170.00
Add:- Amount received during the year		4000.00
Less :- Share Issued during the year		1970.04
Closing Balance as at March, 31, 2019		3199.96

C. Other Equity

Amt. in Rs.

Particulars	Note No.	Reserve & Surplus		Total Other Equity
		Retained Earnings	MNRE Capital Grant	
Opening Balance as at April, 1, 2018	2.14	-1213.74	2996.42	2534.69
Other comprehensive Income for the year				
Profit for the period		-4092.41		-4092.41
Total Comprehensive Income				
Dividends				
Final Dividend				
Interim Dividend				
Dividend Tax				
Final Dividend				
Interim Dividend				
MNRE Grant Received during the year			5146.70	5146.70
Interest on MNRE Grant received			234.30	234.30
Closing Balance as at March 31, 2019		-5306.16	8377.41826	3071.26

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For Manish K Gupta & Associates
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CAG Regd. No. NR1225

CA Ankur Mahajan
(Partner)
M.No. 520473

UDIN: 19820473AAAADX6378

Place: Shimla
Date: 28.09.2019

ASSETS

(Amt. Rs. in lakh)

2.1) Property, Plant and Equipments

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON	ADDITION		AS ON	UPTO	PROVIDED	Ret. Earnings	UPTO	AS ON	AS ON
	01.04.18	DURING PERIOD	ADJUSTED	31.03.19	31.03.18	DURING PERIOD	Prior Period Dep./AD JUSTED	31.03.19	31.03.19	31.3.18
Transmission Lines and Substation	30,953.34	5,286.34	249.70	35,989.88	7,886.50	1,421.35	-	9,307.65	26,682.13	23,086.84
Land for Sub.Stn. & Trans. Lines	4,054.17	239.65	-	4,304.02	-	-	-	-	4,304.02	4,064.17
Furniture & Fixture	70.98	14.24	0.00	85.23	47.76	8.21	-	55.97	29.25	23.22
Vehicle	19.61	29.60	(0.00)	49.20	16.60	2.34	-	18.94	30.26	3.01
Computer	78.71	55.09	-	133.80	66.41	13.43	-	79.83	53.96	12.30
Office Equipments	15.48	8.90	-	24.38	13.14	1.37	-	14.46	9.93	2.34
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	35,204.29	5,534.03	249.70	40,588.62	8,032.40	1,446.65	-	9,479.05	31,109.57	27,171.89
Previous year	310,210.07	42,030.84	20.62	35,204.29	6,813.33	1,219.07	-	8,037.40	27,171.89	24,207.74

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Place: Shimla
Date: 28.09.2019

2.2 Capital Work In Progress

GROSS BLOCK

NET BLOCK

S. No.	PARTICULARS	GROSS BLOCK				NET BLOCK		
		AS ON	ADDITION	Capitalised	Adjustment	AS ON	AS ON	AS ON
		01.04.18	DURING PERIOD	During year	During year	31.03.19	31.03.19	31.3.18
ADB TRANCHE-I								
1	33/132/2x25/31.5MVA Substation Chambh (Shahpur)	2,855.80	2,137.13			4,992.93	4,992.93	2,855.80
2	220kv D/C (T. M.) Line from Hatkoti to 220/400 kV Substation Pragtinagar	6,109.09	4,834.81			10,743.90	10,743.90	6,109.09
3	220/400Kv1x31.5MVA Substation at Pragtinagar	14,699.53	3,740.38			18,439.91	18,439.91	14,699.53
4	33/132 KV GIS Pandoh	2,143.58	1,677.34			3,820.92	3,820.92	2,143.58
6	400/220/66KV GIS Substation Wangtoo(ADB)	21,753.40	17,841.07			39,594.47	39,594.47	21,753.40
6	Installation of ERP system at HPPTCL	409.48	162.38			571.86	571.86	409.48
7	PROCUREMENT OF CLOUD SERVICES FOR ERP	-	24.61			24.65	24.65	-
8	Road Const.400/220kv GIS GUMMA	28.63			28.63	-	-	28.63
9	400KV D/C T.LINE JHAKRI ABDULLAPUR	10.76			10.76	-	-	10.76
	TOTAL ADB TRANCHE-I (A)	48,010.27	30,217.73		39.40	78,188.64	78,188.64	48,010.27
ADB TRANCHE-II								
1	220Kv line from 33/220KV Lahal Sub Station up to 220 KV yard of Budhil HEP	320.05	295.96			616.01	616.01	320.05
2	66Kv D/C Trans. Line Urni to Wangtoo	1,013.87	271.74			1,285.61	1,285.61	1,013.87
3	132/220 kv Sub Station at Charor	5.91	85.71			91.62	91.62	5.91
4	132/220 Kv, 2x100 MVA Pooling Station at Sunda	5.94	75.67			81.61	81.61	5.94
5	220Kv D/c (Twin Moose) Trans.line Sunda to Hatkoti	5,735.63	2,818.10			8,553.72	8,553.72	5,735.63
6	220 Kv D/C Line (T.M) from Charor to 400/220KV Banala Sub Station of PGCIL	4,719.99	2,063.81			6,783.81	6,783.81	4,719.99
7	33/220/400Kv GIS Substation at Lahal	6,573.88	20,919.48			27,493.36	27,493.36	6,573.88
8	66 Kv Switching station at Urni (ADB)	2,437.90	564.51			3,002.41	3,002.41	2,437.90
9	LILO of 132KV Kangra-Dehra Line at Chambh	293.82	1,478.92			1,772.74	1,772.74	293.82
10	132KV D/c	2.76	-		2.76	-	-	2.76
11	220 Kv GIS Charor	0.77	-		0.77	-	-	0.77
	TOTAL ADB TRANCHE-II (B)	21,110.51	28,573.91		3.53	49,680.89	49,680.89	15,184.51
ADB TRANCHE-III								
1	132/33 Kv, 2x100 MVA GIS Sub Stn Mazra	3.67	2.20			5.87	5.87	3.67
2	132kv D/C Tran.line Barsani to Charor	23.20	1,497.69			1,520.89	1,520.89	23.20
3	220 Kv D/c line (Twin Moose) from Bajoli Holi HEP to 400/220KV Lahal GIS	433.16	240.13			673.29	673.29	433.16
4	220Kv Switching Stn Hatkoti	9.60	990.03			999.63	999.63	9.60
5	220Kv D/c Transmission line from Majra to Karian	2.04	7.29			9.33	9.33	2.04
6	33/132 kv Sub Station at Barsani	10.56	1.57			12.13	12.13	10.56



	400Kv D/Cline (Twin Moose) from 400/220KV, 2x315 MVA Lahal GIS to 400/220KV Chamera Pooling Station of PGCIL	1.89	1,084.75		1,086.64	1,086.64	1.89
		6.44	479.08		485.52	485.52	6.44
	66Kv D/c Transmission Nirmand to Kotla				5.06	5.06	3.67
	66/22 KV, 2x10 MVA GIS Substation at Nirmand (Bagibul)	3.67	1.39	1.12	-	-	1.12
	40/220/33 Kv Trans line Lahal to Rajera	1.12	-	1.09	-	-	-
	66 KV D/C T/L NIRMAND TO KOTLA		1.21	1.21	-	-	3,052.33
	132 KV T/L KURTHA-BATHRI				-	-	734.33
	33/220KV Sub Stn. at Karian	3,052.33	1,117.51	4,169.85	-	-	0.76
	220kv s/c line on d/c tower karian to PGCIL	734.33	283.06	1,017.39			
	SURVEY WORK BAJOLI HOLI	0.76		0.76	4,798.36	4,798.36	4,282.77
				4.18			
	TOTAL ADB TRANCHE-III (C)	4,282.77	5,707.00	5,187.23			
	KFW Funded Projects						
	132Kv D/C T.Line from Tangnu Romai to 132/220 kV PS Sunda	151.26	18.33		169.59	169.59	151.26
	132/22KV, 2x31.5 MVA GIS Substation near Tangnu Romai HEP	0.06	3.07		3.13	3.13	0.06
	132/220 Kv Sub Stn at Dehan	2.15	77.91		80.06	80.06	2.15
	132/33KV, 31.5 MVA GIS Substation in the yard of Rupin HEP	0.99	0.78		1.77	1.77	0.99
	132KV D/c Tline Rupin to Sunda SS	11.69	1.15		12.84	12.84	11.69
	220KV D/C (single Zebra) Snale Hatkoti T/Line	327.94	1,877.69		2,205.63	2,205.63	327.94
	220/66KV, 80/100 MVA Additional Sunda Substation	8.06	41.94		50.00	50.00	8.06
	220/66KV, 80/100 MVA GIS Substation at Heling and LULO of 220 KV Bajoli - Holi Lahal D/c line	2.40	27.50		29.90	29.90	2.40
	220KV D/C T. Line From Dehan SS to Hamirpur SS	6.49	23.79		30.28	30.28	6.49
	33 kv D/C Palchan Prini Trans Line	26.31	477.17		503.48	503.48	26.31
	33KV GIS STN Palchan	254.08	74.43		328.52	328.52	254.08
	Additional 400/33KV, 80/100 MVA Transformer at Charor Substation		0.52		0.52	0.52	-
	Additional 400/220KV Transformer at Gumma Substation	1,296.71	3,293.96		4,590.67	4,590.67	1,296.71
	SUPERVISION OF IMPL OF GREEN ENERGY	645.54	780.65		1,426.19	1,426.19	645.54
	66 KV TRANS LINE SALUN TO DALLI	141.12	29.70		170.82	170.82	141.12
	33 Kv D/C T Line on Monopole Palchan to AD Hydro	7.64		7.64	-	-	7.64
	33KV Palchan Prini Line	0.22		0.22	-	-	0.22
	ADD TRANSFORMER 66/220 KV GIS SUNDA		0.28	0.28	-	-	0.31
			0.53	0.84	-	-	968.00
	33Kv GIS Switching Stn. at Palchan	0.31		968.00	-	-	0.22
	220KV T LINE SNAIL TO HATKOTI (KFW)	968.00		0.22	-	-	11.80
	133Kv GIS S Stn Palchan	0.22		11.80	-	-	
	220/66 KV SUB STN HEILING	11.80			-	-	

Total KFW Funded Projects (D)		3,862.97	6,729.40	-	988.99		9,603.40	3,862.97
Deposit Work								
1	132KV D/C T/LCHANJU-III TO CHANJU-1		3.82			3.82	3.82	-
2	Sawra Kuddu project	2.22	0.16		2.38	-	-	2.22
3	Dep. Work 220/66/22Kv GIS Substation Bhoktoo(HPSEB)	1,503.76	134.89	1,638.65		-	-	1,503.76
Total Deposit Works (E)		1,505.98	138.87	1,638.65	2.38	3.82	3.82	1,505.98
Domestic Funded Projects								
1	220/132 KV SS at KALA AMB	-	2.98			2.98	2.98	-
2	220KV D/c T/L Aranindwala (PGCIL) to Andheri (HPPTCL) Kalaamb	-	0.10			0.10	0.10	-
3	33/220Kv Transformer in the yard of AD Hydro Manali	77.54	5.48			83.01	83.01	77.54
4	Emergency Restoration Work Phojal S Station	-	114.46			114.46	114.46	
Total Domestic Funded Projects (F)		77.54	123.01	-	-	200.55	200.55	77.54
Total (A+B+C+D+E+F)		78,850.05	71,489.91	6,825.88	1,038.48	142,475.65	142,475.66	72,934.05
preliminary expenses		176.78			176.78	-	-	176.78
Expenditure attributable to Construction		12,247.94	9,550.19		21,795.01	3.12	3.12	12,247.94
Total		91,274.78	81,040.10	6,825.88	23,010.28	142,478.77	142,478.78	85,358.78

2.2.1) Expenditure Attributable to Construction

PARTICULARS	Note No.	Amount in Rs.	Amount in Rs.
		As on 31.03.2019	As on 31.03.2018
Employee benefit expenses	2.22	1630.31	1192.70
Financial costs	2.23	8168.29	5241.44
Depreciation and amortization expenses	2.24	0	19
Other expenses	2.25	385.40	228.53
Prior Period Adjustment		0	0
Total (A)		10184.00	6681.55
Less:- i. Miscellaneous income	2.21	633.81	696.32
Net Expenditure (B (Carried forward to CWIP))		9550.20	5985.23

(Kamlesh Sharma)
Manager (Accounts)

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FRN No. 016533N
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CA Ankur Mahajan
(Partner)
M.No. 520473

Place: Shimla
Date: 28.09.2019

2.3] OTHER INTANGIBLE ASSETS

(Amt. Rs. in Lakh)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON 1.4.18	ADDITION DURING PERIOD	DELETION ADJUSTED	AS ON 31.3.19	UPTO 31.3.18	PROVIDED DURING PERIOD	DELETION ADJUSTED	UPTO 31.3.19	AS ON 31.3.19	AS ON 31.3.18
Software	37.14	0.79	0.00	37.93	35.32	0.09	-	35.41	2.52	1.83
Previous year	37.14	-	-	37.14	35.24	0.08	-	35.32	1.83	1.90

(Kamlesh Sharma)
Manager (Accounts)

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

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

(Er. R.K.Sharma)
Managing Director

Place: Shimla
Date: 28.09.2019

For Manish K Gupta & Associates
Chartered Accountants
FRN No. 016533N
CAG Regd. No. NR1225
CA Ankur Mahajan
(Partner) ★
M.No. 520473

Other non-current assets

PARTICULARS	Amt.Rs.in Lakh As at 31.03.2019	Amt.Rs.in Lakh As at 31.03.2018
Contribution to IIIT Una	480.00	480.00
Security Deposit	0.69	0.64
Advance to Contractor & Supplier	-	496.11
Preliminary Expenditure	141.43	-
TOTAL	622.12	976.75

2.5) Trade Receivables

PARTICULARS	Amt.Rs.in Lakh As at 31.03.2019	Amt.Rs.in Lakh As at 31.03.2018
Secured considered good	-	-
Unsecured considered good	277.28	346.24
TOTAL	277.28	346.24

2.6) CASH AND CASH EQUIVALENTS

PARTICULARS	Amt.Rs.in Lakh As at 31.03.2019	Amt.Rs.in Lakh As at 31.03.2018
Cash in hand	0.07	0.10
Stamps in hand	0.13	5,328.00
Balance with Banks (Current/SB A/c)	11,737.51	10,016.78
Term Deposits with having maturity within 3 months	510.21	2,702.12
TOTAL	12,247.92	18,047.00

2.7) Other Bank Balances

PARTICULARS	Amt.Rs.in Lakh As at 31.03.2019	Amt.Rs.in Lakh As at 31.03.2018
Other term deposits (having original maturity more than 3 months)	739.41	871.10
TOTAL	739.41	871.10

2.8) Loans and Advances

PARTICULARS	Amt.Rs.in Lakh As at 31.03.2019	Amt.Rs.in Lakh As at 31.03.2018
Recoverable from Employees & others	1.22	1.48
TOTAL	1.22	1.48

2.9) Other Financial Assets

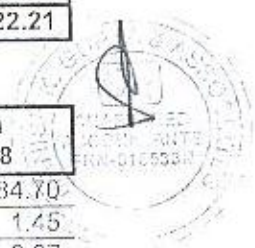
PARTICULARS	Amt.Rs.in Lakh As at 31.03.2019	Amt.Rs.in Lakh As at 31.03.2018
Interest Accrued but not due	13.77	135.87
Recoverable from Contractor/Supplier/Vendors	6,956.37	4,451.84
TOTAL	6,970.14	4,587.71

2.10 Current Tax Assets

PARTICULARS	Amt.Rs.in Lakh As at 31.03.2019	Amt.Rs.in Lakh As at 31.03.2018
Advance Tax Deposit/TDS/Recoverable from Tax Authorities	2,127.94	2,022.21
TOTAL	2,127.94	2,022.21

2.11) Other Current Assets

PARTICULARS	Amt.Rs.in Lakh As at 31.03.2019	Amt.Rs.in Lakh As at 31.03.2018
Advance to Govt. Departments	43.40	84.70
Pre Paid expenses	3.56	1.45
Prepaid Expenses (ARR Exp.MYT 2014-15 to 2018-19)	-	3.87
Stationery in hand	0.58	0.32
TOTAL	47.52	90.34



Equity Share Capital

PARTICULARS	Amt.Rs.in Lakh As at 31.03.2019		Amt.Rs.in Lakh As at 31.03.2018
UNISSUED SHARE CAPITAL			
1,00,000 Equity Shares of Rs100/-each)(Previous year 1,00,000 equity shares of Rs. 100/-each)	30,000.00		30,000.00
ISSUED, SUBSCRIBED AND FULLY PAID UP CAPITAL			
2,94,45,340 Equity Shares of Rs. 100/- each fully paid up) Previous year 2,74,75,300 equity shares of Rs. 100/- each Fully paid up)	29,445.34		27,475.30
Total Paid Up Capital	29,445.34		27,475.30

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 Lakh As at 31.03.2019	%	Amt.Rs.in Lakh As at 31.03.2018	%
HP Govt	18,575.34	63.08	16,605.30	60.44
IPIDB	10,870.00	36.92	10,870.00	39.56
Total	29,445.34	100.00	27,475.30	100.00

Share holding of HP Govt. is inclusive of 1000 shares of Rs.100/- each issued favour of 5No. Govt. nominee directors)

1.2) Reconciliation of shares outstanding is set out below:

PARTICULARS	No. of shares		Amt.Rs.in Lakh
No. of shares at the beginning (as on 01.04.2018)	27,475,300		27,475.30
No. of shares issued during the year	1,970,040		1,970.04
No. of shares at the end (as on 31.03.2019)	29,445,340		29,445.34

1.3) SHARE APPLICATION MONEY

PARTICULARS	Amt.Rs.in Lakh As at 31.03.2019		Amt.Rs.in Lakh As at 31.03.2018
A) HP Govt. Share Application pending allotment	3,199.96		1,170.00
TOTAL	3,199.96		1,170.00

1.4) Other Equity

PARTICULARS	Amt.Rs.in Lakh As at 31.03.2019		Amt.Rs.in Lakh As at 31.03.2018
a) Profit & Loass A/c			
Opening Balance of P&L Account	(1,213.74)		(541)
Profit during the year	(4,092.41)		(672)
Closing Balance of P&L Account	(5,306.16)		(1,214)
b) Capital Grant			
Opening Balance of Capital Grant (MNRE)	2,885.70		1,572.00
Opening Balance of interest on Capital Grant	110.72		
Add: Grant Received during the year	5,146.70		1,313.70
Add: Interest on MNRE Grant during the year	234.30		110.72
Closing Balance of Capital Grant (MNRE)	8,377.42		2,996.42
Total of Other Equity	3,071.26		1,782.67

BORROWINGS:

PARTICULARS	Amt.Rs.in Lakh As at 31.03.2019	Amt.Rs.in Lakh As at 31.03.2018
Loan		
Long Term Loans		
State Govt. Loans (ADB) Tranch-1. (Installment of principal & interest payable yearly on 15th January.)	59,874.31	44,322.47
State Govt. Loans (ADB) Tranch-2. (Installment of principal & interest payable yearly on 15th January, however principal yet not due)	40,916.53	23,763.94
State Govt. Loans (ADB) Tranch-3. (Installment of principal & interest payable yearly on 15th January, however principal yet not due)	3,795.57	-
Loan from M/s REC Ltd. (Repayable in 15 equal annual installments with moratorium period of 3 years, being 1st installment becoming due in FY 2017-18)	6,661.19	3,718.30
KFW GREEN ENERGY LOAN (Repayable in 15 equal annual installments with moratorium period of 5 years, being 1st installment becoming due in FY 2022-23)	3,332.30	1,007.99
TOTAL	114,579.90	72,812.70

2.16) Other Financial Liabilities

PARTICULARS	Amt.Rs.in Lakh As at 31.03.2019	Amt.Rs.in Lakh As at 31.03.2018
Deposits, Retention Money from Contractors & other	9,810.79	6,348.47
TOTAL	9,810.79	6,348.47

2.17) NON- CURRENT PROVISIONS

PARTICULARS	Amt.Rs.in Lakh As at 31.03.2019	Amt.Rs.in Lakh As at 31.03.2018
Provision for Pension & Leave salary Contribution	488.19	435.86
Interest on 90% Loan of ADB Govt. of HP	19,078.68	11,724.87
Interest on 90% Loan of KFW Govt. of HP	292.68	70.31
HP State Govt/ HPSEB (Assets Cost)	6,122.16	6,122.16
TOTAL	25,981.71	18,353.19

2.18) OTHER FINANCIAL LIABILITIES-CURRENT

PARTICULARS	Amt.Rs.in Lakh As at 31.03.2019	Amt.Rs.in Lakh As at 31.03.2018
Liabilities for Employees' Remuneration and Benefits	73.49	217.62
Liabilities for Contractors & Suppliers	3,354.50	3,887.79
Liabilities against deposit Work & other Govt. Deptt.	6,683.68	7,604.42
Deposit against Bay cost	176.50	157.80
Deposit, Retention Money from Contractor and others	6.11	83.35
Taxes and Duties Payable	241.16	170.08
TOTAL	10,535.45	12,121.06



	Amt.Rs.in Lakh As on 31.03.2019	Amt.Rs.in Lakh As on 31.03.2018
2.1) Revenue from operation		
Connectivity fee	44.00	18.00
STU Charges IEX STOA(SLDC)	134.84	90.97
Short Term Open Access	277.61	294.29
Transmission charges Income(old Intra State)	604.00	516.00
Transmission charges Income(old Inter State)	260.50	259.27
Trans. Charges Kashang Bhaba Line	277.61	439.54
O&M Charges for usage of HPPTCL system Bhoktoo S. Station	51.84	43.25
O&M Charges for usage of HPPTCL system Phojal S. Station	10.00	-
Transmission charges Phojal	155.76	169.92
R&M 400Kv LILO D/C T/L Sainj HEP HPPCL	5.44	-
O&M Charges 33/220 Kv Karian Sub Station	8.20	-
Total	1,832.80	1,931.24

2.20) Misc Income

PARTICULARS	Amt.Rs.in Lakh As on 31.03.2019	Amt.Rs.in Lakh As on 31.03.2018
MISCELLANEOUS INCOME:		
Sale of Tender Forms	8.31	8.07
Interest on Bank Deposits	196.85	410.58
Interest on ADB Loan Imprest	242.66	99.03
Misc. Receipts	0.18	0.06
Home Stay/ Guest House income	0.34	0.02
RTI Fee	0.00	0.01
Sale of Scrap	2.51	1.40
Init. On IT Refund	-	10.28
EMD RET. MONEY FORFEITED	120.00	-
Interest from Cont./Supplier	62.96	165.87
Total	633.81	696.32
Less: Income Attributable to Pre Construction Period	633.81	696
Income Transferred to Profit & Loss	-	-

2.21) Operating Expenses

	Amt.Rs.in Lakh As on 31.03.2019	Amt.Rs.in Lakh As on 31.03.2018
Membership fee STU(NRPC FUND)	10.00	10.00
ARR Exp.MYT Cont. Period 2011-12 to 2013-14	21.74	23.50
Licence & reg. fee	100.00	100.00
O&M Exp. Kasang Bhaba Line	54.50	54.62
Repair & Maintenance Phojal S Str	18.90	4.02
O&M Exp. Bhoktoo Sub Station	42.00	27.40
O&M Exp. Phosaj sub str	31.74	10.75
O&M Exp. Intra State Trans. Line from HPSEB	187.49	170.82
O&M Exp. Inter State Tran. Line from HPSEB	76.79	79.12
O&M Exp. GIS Karian Chamba	51.59	-
O&M Exp. Karian Rajera Line	17.89	-
NON POC BILLING CERC(PGCIL)	2,282.73	-
Preliminary Expenses Written off	35.36	-
Total	2,930.53	480.24

2.22) EMPLOYEE BENEFITS EXPENSES:

PARTICULARS	Amt.Rs.in Lakh As on 31.03.2019	Amt.Rs.in Lakh As on 31.03.2018
Salaries, Wages, Allowances and Benefits	1,478.14	1,436.94
Contribution to Provident and Other Funds	23.64	24.09
Leave Salary and Pension Contribution	73.10	107.71
Welfare Expenses	89.03	63.25
Total	1,663.91	1,631.99
50% of Corp. Off. to STU & Transmission Income	-	377.85
Amount of PIU Phosaj	33.60	61.45
Total for Profit & Loss Statement	33.60	439.30
Balance Expenditure attributable to Construction	1,630.31	1,192.70
TOTAL	1,663.91	1,631.99

2.23) FINANCIAL COSTS:

PARTICULARS	Amt.Rs.in Lakh As on 31.03.2019	Amt.Rs.in Lakh As on 31.03.2018
Interest on Term Loans ADB (Tranche I & II)	8,167.78	5,214.74
Less: Interest of Bhoktoo SSIN for FY 2018-19	249.69	238.51
Net Interest on Term Loans ADB (a)	7,918.09	4,976.14
Interest on REC Loan	663.17	457.14
Less: Interest of PIU Phojal for FY 2018-19	391.52	269.96
Interest on GIS Karian S Str & Line for FY 2018-19	271.55	-
Net Interest on REC Loan (b)	-	187.18



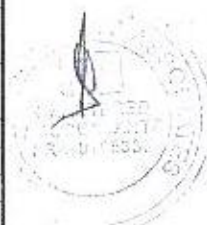
Interest on KFW Loan (c)	247.08	78.12
Interest on Term Loans ADB (Tranche-3) (d)	3.12	-
Total Finance Cost Charged to Profit & Loss	912.86	508.57
Total Finance Cost Attributable to Construction (a+b+c+d)	8,168.29	5,241.44
TOTAL Finance Cost	9,081.15	5,750.01

2.24) Depreciation and Amortization Expenses

PARTICULARS	Amt.Rs.in Lakh As on 31.03.2019	Amt.Rs.in Lakh As on 31.03.2018
Depreciation for the Year on Tangible Assets	1,446.65	1,219.07
Depreciation for the Year on Intangible Assets	0.09	7,915.00
Total Depreciation for the Year	1,446.74	9,135.07
Transferred to Profit & Loss Statement (i)	1,446.74	1,200.26
Transferred to Expenditure attributable to Construction(ii)	-	7,934.81
Balance	-	-

2.25) Other Administrative Expenses

PARTICULARS	Amt.Rs.in Lakh As on 31.03.2019	Amt.Rs.in Lakh As on 31.03.2018
Printing & Stationery	6.26	5.96
Books & Periodicals	0.46	0.63
Electricity & Water Charges	7.82	6.44
Advertisement & Publicity Expenses	3.62	4.52
Hiring Charges for Vehicles	141.41	110.78
Fees & Subscription	2.11	0.73
Office Expenses	14.17	12.74
Other Misc. Expenses	0.30	0.06
Postage & courier	0.89	0.88
Office Building Rent	66.48	66.02
Insurance Vehicle & Others	0.58	0.37
Penalty & Damages	0.49	0.12
Hospitality Expenses	6.46	5.34
Consultancy & Professional Charges	6.98	39.98
Meeting expenses	1.00	0.48
Telephone Exps.(140520-1004294)	11.45	11.57
Vehicle Running Expenses	9.04	5.65
Internal Audit Fee	0.54	0.53
Statutory Audit Fee	1.21	1.18
Prior period SA audit fee	-	57.50
FEE APFS AUDIT	1.65	0.29
Tax Audit Fee	1.42	-
Collection of Revenue record	0.00	0.00
Lease Line Rent BSNL	8.56	1.88
Interest Paid	0.22	10.09
TAVDA consultant	0.53	0.98
Consumable elec. Filling	1.18	0.47
Repair & Maintenance	4.41	11.73
Repair & Maintenance Corp. Office Building	11.04	-
Guest House / Home stay rent	3.60	0.29
Other Misc.exp. Computer	2.87	1.97
Office Inauguration/ Shifting Expenses	0.81	0.36
ADB Consultant Remuneration	54.17	11.83
Legal Charges Advocate	2.78	3.60
Service tax on Legal charges	-	2.12
GST on legal services	1.64	0.58
Bank charges	0.22	0.19
TAVDA ADB Consultants	0.16	0.05
Admin.& other exp. Sarabai Zone Office	6.70	1.06
Other Admin. Expenses Phojal PIU	10.27	8.90
Safety Related exp. Sarabai	0.49	-
CM Relief fund	0.10	-
Inc AS Compliance A/C Alteration fee	0.59	-
TA DA Auditors	0.98	-
Grand Total other Exp.	395.67	389.83
Out of above:		
Expenses to be Charged to Profit & Loss Account		
50% of Corp. Office Expenses Charged to Profit & Loss	-	95.47
Other Admin Expenses PIU Phojal Charged to Profit & Loss	10.27	8.90
Total (a)	10.27	104.38
Total Expenditure attributable to Construction (b)	385.40	285.45



2.26) Prior Period Income and Expenditure booked during 2018-19

Amt. Rs.in Lakh	
Particulars	Period of Exp./Income
As on 31.3.2019	
1. Prior Period Income	
O&M exp. of GIS Phojal from Kanchanjunga for 2016-17 & 2017-18	2016-17 & 2017-18
Interest on Income Tax refund for FY 2014-15 not credited earlier now credited	2014-15
Total	
2. Prior Period Expenses	
Prior Period NON POC Bills from PGCIL	2017-18
Provision for Income Tax for FY 2014-15 not provided for earlier now debited	2014-15
Total	
Net prior period Income and expenses adjusted during the year transferred to Profit & Loss A/c statement	

(Kamlesh Sharma)
Manager (Accounts)

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

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

(Er. R.K.Sharma)
Managing Director

Place: Shimla
Date: 28.09.2019

For Manish K Gupta & Associates
Chartered Accountants
FRN No. 016533N
CAG Regd. No. NR1225
CA Ankur Mahajan
(Partner)
M.No. 520473



H. P. Power Transmission Corporation Limited

(A State Government Undertaking)

**Himfed Building, Bypass Road, (Below Old MLAS' Quarters),
Panjri, Tutikandi, Shimla HP 171005**

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE F.Y. 2018-19.

NOTE NO. 1:

COMPANY INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

(I) REPORTING ENTITY

H.P Power Transmission Corporation Limited (the "Company") is a Company domiciled in India and limited by shares. The address of the Company's registered office is H.P. POWER TRANSMISSION CORPORATION LIMITED Himfed Bhawan, Below Old MLA's Quarters (Panjri), Tutikandi, Shimla -171005 (Himachal Pradesh). The Company is a State Transmission utility incorporated with the objective of formulating/updating and execution of Transmission Master Plan of the State for strengthening of Transmission Network in Himachal Pradesh and to facilitate evacuation of power from upcoming Generating Plants.

(II) BASIS OF PREPARATION

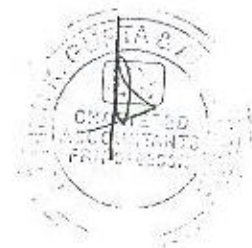
(A) STATEMENT OF COMPLIANCE

The Company has adopted IND AS for the financial year beginning on April 1, 2017. These are the Company's second annual financial statements prepared complying in all material aspects with the accounting standards notified under the Companies (Indian Accounting Standards) Rules, 2015, the Companies Act 2013 (to the extent notified and applicable) and the provisions of Electricity Act, 2003 to the extent applicable.

For all periods up to and including the year ended 31.3.2019, the Company has prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial Statements for the year ended March 31, 2019 are the second which the Company has prepared in accordance with Ind AS.

(B) BASIS OF MEASUREMENT

The financial statements have been prepared on accrual basis of accounting & going concern assumption under historical cost convention, except for certain financial assets and certain financial liabilities which are measured at fair value, however impact for the year on standalone Ind AS Financial Statements has not been determined being immaterial.



(C) FUNCTIONAL AND PRESENTATION CURRENCY

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

(D) USE OF ESTIMATES AND MANAGEMENT JUDGEMENTS

The preparation of financial statements is in conformity with Ind AS requires management to make judgments, estimates and assumptions that may impact the application of accounting policies and the reported value of assets, liabilities, income, expenses and related disclosures including contingent assets and liabilities at the Balance Sheet date. The estimates and management's judgments are based on previous experience and other factors considered reasonable and prudent in the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis and could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and if material their effects are disclosed in the notes to the financial statements. In order to enhance the understanding of the financial statements, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that may have the most significant effect on the amounts recognized in the financial statements are included in the following notes.

(E) EXPENDITURE ATTRIBUTABLE TO CONSTRUCTION:-

The statement showing expenditure attributable to construction period has been prepared as most of the projects are still under construction stage; therefore expenditure not directly attributable to assets is treated as expenditure during the construction period. This includes entire amount of indirect expenditure incurred at Corporate Office and different PIU's during construction including finance costs and all this expenditure has been shown as net of pre-construction income. Further till 31/03/2018, company was following the practice of charging 50% of Indirect Expenditure to Revenue and balance was charged to Expenditure Attributable to Construction Period. However in current year, company has charged whole In-Direct Expenditure (100%) to Expenditure Attributable to Construction Period.

In FY 2018-19, company has also allocated the Whole expenditure attributable to Pre-Construction Period up to 31/03/2019 to relevant projects as Departmental Cost (DC) and Interest During Construction (IDC).

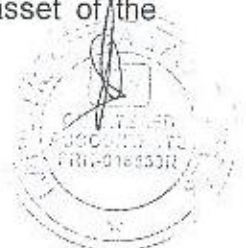
During the year the company has also changed the classification of "Preliminary Expenses Not Written Off" from CWIP to other non-current assets. Also these expenses will be written off in period of 5 years starting from FY 2018-19.



(III) **SIGNIFICANT ACCOUNTING POLICIES:** A summary of significant accounting policies applied in the preparation of financial statements as given below have been applied consistently to all periods presented in the financial statements.

1. PROPERTY, PLANT AND EQUIPMENT (PPE)

- a) Property, Plant and Equipment are carried in Balance Sheet as per applicable Ind AS 16
- b) An item of PPE is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.
- c) PPE are initially measured at cost of acquisition/construction including decommissioning or restoration cost wherever required. The cost includes expenditure that is directly attributable to the acquisition/construction of the asset. In cases where final settlement of bills with contractors is pending, but the asset is complete and available for use, capitalization is done on estimated basis subject to necessary adjustments, including those arising out of settlement of arbitration/court cases.
- d) In earlier years the consumer contribution received from "Independent Power Producers" was booked as liability and was not adjusted against cost of concerned assets. During the current year, the consumer contribution has been adjusted against the cost of concerned projects, thereby reducing the cost of assets. In FY 2018-19 the total amount of Rs. 2,49,70,444.00 is adjusted against cost of respective assets.
- e) After initial recognition, Property, Plant and Equipment is carried at cost less accumulated depreciation/ amortization and accumulated impairment losses, if any.
- f) Stand by equipment and servicing equipment which meets the recognition criteria of Property, Plant and Equipment are capitalized.
- g) Property, Plant & Equipment over which the company has control, though created on land not belonging to the Company are included under Property, Plant and Equipment.
- h) Property, Plant & Equipment are stated at their original cost of acquisition inclusive of inwards freight, duties and expenditure incurred on the acquisition, construction/installation bringing the assets to its working condition for its intended use. Old transmissions lines re- vested with HPPTCL vide Govt. Notification dated 10.06.2010 and transferred from HPSEBL have been taken as asset of the

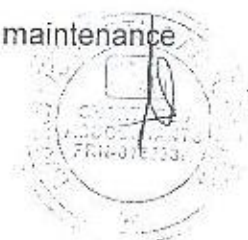


company even though title/ registration of the assets has not been transferred in the name of the company.

- i) In the case of commissioned assets where final settlement of bills are yet to be effected, capitalization is made on provisional basis on the receipt of Completion certificate from Engineer-in-charge subject to necessary adjustment in the final settlement of account.
- j) Payment made/liabilities booked provisionally towards award, compensation/rehabilitation and other expenses/amounts deposited with Land Acquiring Authorities are treated as cost of land. No provisions are made for land yet to be acquired. Payments made/liability booked provisionally towards compensation (including interest on enhanced compensation) awarded by the court till the date of courts award /rehabilitation and other expenses related to land in possession are treated as cost of land.
- k) Depreciation on transmission assets which are put to use till the end of financial year is provided at the rate /amount notified by HPERC and CERC (Terms & conditions for Tariff) Regulation 2014.
- l) Depreciation on individual assets below Rs 5000/- purchased before 1.4.2014 was provided at rate of 100% taking useful life as 1 year and WDV Re 1/- per asset.
- m) The depreciation on other fixed assets (Other than Transmission Assets) has been provided as per written down value method in accordance with manner prescribed in schedule II of the Companies Act 2013.
- n) Transmission fixed assets are depreciated to the extent of 90% of the cost of assets on SLM basis and 10% is retained as residual value.
- o) Individual asset costing up to Rs 2500 /- are depreciated in the year in which they are put to use after 1.4.2014.
- p) The depreciation has been provided separately for each asset and is duly recognized in profit and loss account

2. CAPITAL WORK IN PROGRESS

- a) Capital work in progress are carried in Balance Sheet as per applicable Ind AS
- b) Expenditure incurred on assets under construction (including a project) is carried at cost under Capital Work in Progress (CWIP). Such costs comprise purchase price of assets including import duties and non-refundable taxes (after deducting trade discounts and rebates), expenditure in relation to survey and investigation activities of projects, cost of site preparation, initial delivery and handling charges, installation and assembly costs, etc.
- c) Costs including employee benefits, professional fees, expenditure on maintenance

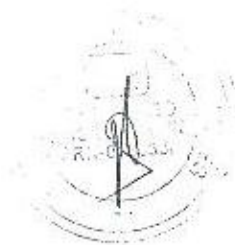


and up-gradation of common public facilities, interest during construction and other costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management are accumulated under "Expenditure Attributable to Construction (EAC)" and subsequently allocated on systematic basis to major immovable assets, other than land and infrastructure facilities on commissioning of projects.

- d) Expenditure during construction period relating to survey and investigation, LADA, Relief and Rehabilitation, Environment and Ecology, administrative expenses of the project are termed as "Expenditure attributable to construction" and grouped/ carried to capital work – in- progress allocated to respective PPE on completion /construction of the project.
- e) Payment against Deposit works is accounted for on the basis of statement of accounts received from the contractors/departments and accepted by HPPTCL.
- f) Claims of price variation in case of contractors are accounted for on receipt on bills and acceptance thereof by HPPTCL as per term of contract.
- g) Liquidated damages recoverable are accounted for on the basis of actual receipt/ adjustment on completion of project.
- h) In respect of supply-cum-erection contracts, the value of supplies received at construction site is taken as capital works-in-progress.
- i) Expenditure on capital assets which are directly identifiable to asset is directly charged to such assets and where such identification is not possible, the expenditure is accounted for under "Expenditure Attributable To Construction" pending allocation.
- j) Capital expenditure not represented by the assets is reflected as distinct item in capital work in progress till the period of completion and it will be capitalized after the commencement of full commercial operation as per generally accepted accounting principles.

3. INVENTORIES

Most of the projects are on turnkey basis and inventories are capitalized as capital work in progress. Company has NIL inventories meant for operation and maintenance during the year.



4. EXPENDITURE ATTRIBUTABLE TO CONSTRUCTION AND PROFIT & LOSS

- a) Since the company has not yet started full commercial operation, Profit & Loss Account has been prepared for STU & Transmission income of completed projects and lines transferred from HPSEBL. The statement showing expenditure attributable to construction of uncompleted projects during construction has been prepared and necessary detail for Statement of Profit and Loss as required by Schedule-II of Companies Act, 2013 have been disclosed in the said statement.
- b) Pre-Operative Incidental expenditure/ expenses attributable to construction during Construction period are brought forward from year to year as part of Capital Works-in-Progress. This whole expenditure upto 31.3.2019 are allocated to concerned projects under CWIP for capitalization on commencement of commercial operation of the transmission units. The appropriate accounting treatment at the time of commercial operation will be determined in accordance with the Ind AS.

5. FINANCIAL ASSETS

A financial asset is any asset that is:

- Cash;
- An equity instrument of another entity;
- A contractual right:
 - to receive cash or other financial asset from another entity; or
 - to exchange financial asset or financial liabilities with another entity under conditions that are potentially favorable to the entity; or
- A contract that will or may be settled in the entity's own equity instruments under certain circumstances.

A financial asset is recognized only when the Company becomes party to the contractual provisions of the instrument.

Financial assets of the Company comprises of cash and cash equivalents, bank balances, security deposit, claims recoverable etc.

a) Classification

The Company classifies its financial assets in the following categories:

- At amortized cost,
- At fair value through other comprehensive income (FVTOCI), and the classification depends on the following:
 - (a) The entity's business model for managing the financial assets and
 - (b) The contractual cash flow characteristics of the financial asset.



For assets measured at fair value, gains and losses will either be recorded in the Statement of Profit and Loss and expenditure attributable to construction or other comprehensive Income.

b) Initial recognition and measurement

All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or Loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss and Expenditure attributable to construction.

The Company measures other receivable, staff advance, etc. at their transaction price, if the other receivable, staff advance, etc. do not contain a significant financing component.

c) Subsequent measurement

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

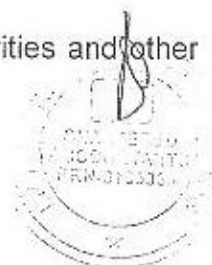
- i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- ii) Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.
- iii) After initial measurement, such financial assets are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

6. FINANCIAL LIABILITIES

A financial liability is any liability that is:

- A contractual obligation
 - to deliver cash or another financial asset to another entity; or
 - to exchange financial asset or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
- A contract that will or may be settled in the entity's own equity instruments under certain circumstances.

The Company's financial liabilities include loans and borrowing, securities and other payables.



a) Classification, initial recognition and measurement

Financial liabilities are recognized initially at fair value minus transaction costs that are directly attributable and subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and fair value at initial recognition is recognized in other comprehensive income.

Borrowings are classified as non-current liabilities only when the Company has unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

b) Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and Losses are recognized in the Statement of Profit and Loss (Incidental expenses during the construction period) or in the carrying amount of an asset if another standard permit such inclusion, when the liabilities are derecognized as well as through the EIR amortization process.

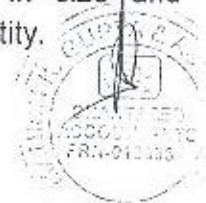
Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss (Incidental expenses during the construction period).

7. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the asset.

8. Statement of Cash Flows

- a. Statement of cash flows is prepared in accordance with indirect method prescribed in Ind AS 7- 'Statement of Cash Flows'.
- b. In preparing the statement of cash flow the items has been classified into Operating, investing and financing activities.
- c. For the purpose of preparing cash flows the items are defined as:
 - i. Cash comprising cash in hand and demand deposits
 - ii. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
 - iii. Cash flows are inflows and outflows of cash and cash equivalents
 - iv. Operating activities are principal revenue producing activities of the entity and other activities that are not investing or financing activities
 - v. Investing Activities are the acquisition and disposal of long term assets and other investments not included in cash equivalents
 - vi. Financing activities are activities that result in changes in size and composition of the contributed equity and borrowings of the entity.



9. Current Versus Non-Current Classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

- a) An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in the normal operating cycle
 - Held primarily for the purpose of trading
 - Expected to be realized within twelve months after the reporting period, or
 - Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

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

All other liabilities are classified as non-current.

10. Revenue Recognition:

- a) Revenue from transmission charges is recognized on the basis of tariff approved by HPERC / CERC and bills issued by HPPTCL during the year.
- b) Revenue of short term open access charges is recognized on accrual basis to the extent ascertainable 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. As per true up tariff order of HPREC, 75% income has been transferred to HPSEBL. The provision for STOA and STU Income for FY 2018-19 received after 31.3.2019 has been made in books of accounts.
- c) Surcharge on late payment billed to HPSEB has been withdrawn till the adjustment of credit balance payable by HPPTCL as per MOM dated 6.12.2017. After adjustment of balance payable, surcharge shall be provided for on receipt basis as per HPERC regulation.
- d) Value of scrap is adjusted in the accounts as and when sold.
- e) Revenue from other sources is recognized on accrual basis.
- f) Miscellaneous Income comprising sale of tender forms, interest, guest house income, RTI fees, EMD forfeited and other misc. receipt has been transferred and adjusted against Expenditure Attributable To Construction Period and has not been recognized in Statement of Profit and Loss.

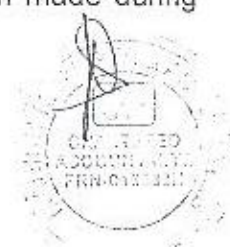
11. LIABILITIES:

- Liabilities have been provided for in the books of accounts for all known liabilities existing on the date of Balance Sheet. Unknown liabilities or liabilities whose amount cannot be determined with any reasonable degree of accuracy are not provided for.
- Liabilities, if any, for capital works executed but not measured are not provided as the works are yet to be finally inspected and accepted by HPPTCL. Similarly a liability for material in transit is not provided till receipt, inspection and acceptance of the material by the Company.
- Contingent Liabilities-

Contingent Liabilities not provided for in respect of:		As 31.03.19 (Figures lakh)	on In	As 31.03.18 (Figures lakh)	on In
(i)	Income tax demand for F.Y.2009-10 2010-11, 2011-12, 2012-13, 2013-14, 2014-15 & 2015-16 deposited/ adjusted from advance tax not provided in books of accounts.	2422.97		2559.29	
(ii)	Estimated amount of contract remaining to be executed on capital account (net of advances):	INR	63383.31	35156.72	
		US\$	27.79	20.57	

12. Retirement and other employee benefits

- Defined Contribution Plan: Corporation's contribution paid /payable during the year to provident fund is recognized in the statement of Profit & Loss and Expenditure Attributable to Construction allocated to concerned project.
- Defined Benefit Plan (Gratuity, Pension Contribution & Leave Encashment): Since almost all employees of the Corporation as on Balance Sheet date are on Contract Basis / deputation/secondment basis, it is not possible for the Corporation to calculate actuarial valuation of leave encashment, gratuity and other benefits payable to employees on deputation. Therefore Corporation will not be able to follow Ind AS 19 "Employee Benefits" issued by the Institute of Chartered Accountants of India. However ,the provisions for leave salary & pension contribution in r/o HPSEBL employees deployed on secondment basis is made as per Appendix II of FR upto the year 2018-19. The provision for gratuity and leave salary contribution of employees other than HPSEB has also been made during the year as per terms of deputation.



13. Earnings per share

Earning Per Share is calculated as per Ind AS 33: Earnings Per Share.

Basic Earnings per Share is calculated by dividing profit or loss attributable to ordinary equity holders by weighted average no. of ordinary shares outstanding during the period.

Diluted earnings per share is computed using the net profit for the year attributable to the shareholder and weighted average number of equity and potential equity share outstanding during the year, except where the result would be anti-dilutive.

14. Provisions and contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of provisions to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

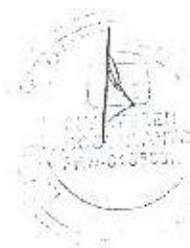
If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the notes to the financial statements. Contingent assets are not recognized.

15. Taxes on Income

a) Taxes on Income have been computed on the basis of Ind AS 12. As per calculations made there is no deferred tax Asset or Deferred tax liability

b) The Company has not yet come into full commercial operation and there is a loss on operational projects including income of old transmission lines transferred from HPSEBL during the current year, hence no tax is payable for current year. Relying on various judgments of appellate authorities and court, the Company has not deposited income tax on interest income.



c) The detailed status of income tax cases of previous years is as below:-

(i) The assessment for the FY 2009-10 has been completed by the Assessing Authority and demand of Rs. 52.66 Lakhs was raised which stands deposited/adjusted against advance tax. HPPTCL had filed appeal before CIT (A) & ITAT Chandigarh and same were dismissed. Now HPPTCL has filed appeal before Hon'ble High Court of Himachal Pradesh against orders of ITAT Chandigarh. After adjustment, a sum of Rs. 47.64 Lakhs stands as Debit in Advance Tax & TDS Account.

(ii) The assessment for the FY 2010-11 has been completed by the Assessing Authority and demand of Rs. 156.12 Lakhs was raised which stands deposited/adjusted against advance tax. HPPTCL had filed appeal before CIT (A) & ITAT Chandigarh and same were dismissed. Now HPPTCL has filed appeal before Hon'ble High Court of Himachal Pradesh against orders of ITAT Chandigarh. After adjustment, a sum of Rs. 154.14 Lakhs stands as Debit in Advance Tax & TDS Account.

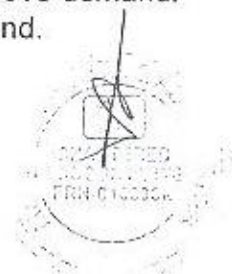
(iii) The assessment for the FY 2011-12 has been completed by the Assessing Authority and demand of Rs. 341.17 Lakhs was raised which stands deposited/adjusted against advance tax. HPPTCL had filed appeal before CIT (A) & ITAT Chandigarh and same were dismissed. Now HPPTCL has filed appeal before Hon'ble High Court of Himachal Pradesh against orders of ITAT Chandigarh. After adjustment, a sum of Rs. 327.14 Lakhs stands as Debit in Advance Tax & TDS Account.

(iv) The assessment for the FY 2012-13 has been completed by the Assessing Authority and demand of Rs. 476.04 Lakhs was raised which stands deposited/adjusted against advance tax. HPPTCL had filed appeal before CIT (A) & ITAT Chandigarh and same were dismissed. Now HPPTCL has filed appeal before Hon'ble High Court of Himachal Pradesh against orders of ITAT Chandigarh. After adjustment, a sum of Rs. 428.62 Lakhs stands as Debit in Advance Tax & TDS Account.

(v) The assessment for the FY 2013-14 has been completed by the Assessing Authority and demand of Rs. 710.90 was raised. Company filed rectification u/s 154 and demand was reduced to 688.69 Lakhs after the rectification effect. HPPTCL had filed appeal before CIT(A) against the order of Assessing Authority and same was dismissed. Now HPPTCL has filed appeal before ITAT Chandigarh against the order of CIT (Appeal). After adjustment, a sum of Rs. 540.87 Lakhs stands as Debit in Advance Tax & TDS Account.

(vi) The assessment for the FY 2014-15 has been completed by the Assessing Authority and demand of Rs. 441.79 Lakhs was raised. HPPTCL had filed appeal before CIT(A) against the order of Assessing Authority and same was dismissed. Now HPPTCL has filed appeal before ITAT Chandigarh against the order of CIT (Appeal).

Out of this total demand of Rs. 441.79 Lakhs, amount of Rs. 203.88 Lakhs stands as Debit in Advance Tax & TDS Account and balance amount of Rs. 237.91 Lakhs is yet to be deposited. However, after balance sheet date Income Tax department has proposed to adjust refund of Rs. 84.05 Lakh pertaining to F.Y. 2012-13 against the above demand. After adjustment of above refund Rs. 153.89 Lakh remains as balance demand.



(vii) The assessment for FY 2015-16 has been completed. Income tax department has determined a total demand of Rs. 370.26 Lakhs in the assessment. Department has already adjusted the demand to the the extent of advance tax and TDS amounting to Rs. 157.79 lakh. Balance demand of Rs. 212.47 lakh along with refund earlier paid Rs. 102.01 has been demanded by department as payable. Further against the total demand of Rs. 370.26 Lakhs, provision of Rs. 103.76 Lakhs has already been made in books in F.Y. 2015-16. HPPTCL has also filed an appeal before CIT(Appeal) against the assessment order and deposited 20% demand i.e. Rs. 62.90 Lakh. Income tax expenditure of Rs.266.5 lakh has not been provided for In books of accounts as the case is pending with CIT(A). Our books shows Rs. 14.93 lakh as receivable from Income Tax department.

(viii) Penalty Demand u/s 271(1)© for FY 2012-13 of Rs.402.82 Lakhs was raised by ACIT Circle Shimla vide its penalty order dated 08/11/2017. HPPTCL filed appeal before CIT (Appeals) Solan against this order which has been allowed by the appellate authority in company's favour vide its order dated 20/03/2019. Rs. 80.05 Lakhs deposited against this demand along with interest on above would be adjusted by the department against the tax demands for FY 2014-15 as per detailed in note no. 15(vi).

16. Prior Period Adjustments

HPPTCL follows the practice of making adjustments for prior period items through expenses/ income of previous year in the current year except few minor items. During the year Company has booked Rs. 6,36,15,084/- and Rs. 44,93,048/- as prior period expense and Prior period income respectively.

17. Segment Reporting

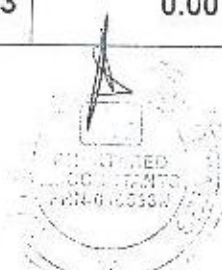
a) Transmission of Power is the principal business of the company and there is no reportable segment as per Ind AS-108 'Operating Segments'.

b) The Company is having a single geographical segment as all its projects are located within the country.

(IV) NOTES ON ACCOUNTS:

1. Additional information

Particulars	(Rs. in lakh)	(Rs. in lakh)
	Yr. Ended 31.03.19	Yr. Ended 31.03.18
a) Expenditure in Foreign Currencies (Actual outgo):		
- Interest on borrowings	0.00	0.00
- Commitment Charges	0.00	0.00
- Foreign Travelling (US\$)	0.00	0.00
- Capital Expenditure (US\$)	1.33	0.00
TOTAL:-	1.33	0.00



(US\$)		
b) Earnings in Foreign Currencies:	0.00	0.00
c) Auditors remuneration:		
-Statutory Audit Fee	1.21	1.75
-Tax Audit Fee	1.00	0.00
-Other Matters	1.65	0.29
TOTAL	3.86	2.04
d) Managerial Remuneration:		
- Salary and allowances	61.74	54.56
- Contribution to PF and other funds	2.65	1.80
- Perquisites	3.36	7.34
- Sitting fee to Directors	0.00	0.00
TOTAL	67.75	63.70

2. 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 Lakhs are re-vested with HPPTCL. The written down value of assets on above date amounting to Rs.6122.00 Lakhs only has been taken in books of account and amount shown as payable to HP State Govt./HPSEBL.
3. The Corporation has not made any provision of Income Tax on bank interest income and the same has been set off against interest paid during the year on loans taken for execution of various projects.
4. Based on information available with the Corporation, there is one supplier/service provider who is registered as Micro, Small and Medium undertakings under "The Micro, Small and Medium Enterprises Development Act 2006" as on 31st March, 2019 and the Corporation has no outstanding liability towards Micro, Small and Medium Enterprises.
5. As defined by Accounting Standard Ind AS -36 "Impairment of Assets" there were no events or change in circumstances as on 31st March 2019, which indicate any impairment in the assets.



6. 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 transmission income and expenses pertaining to lines transferred from HPSEBL and own constructed transmission line and sub stations commissioned during the year were taken into account as per bills raised. The profit and Loss statement has been prepared by taking income of STOA @25% as per regulation of HPERC. Transmission income has been provided as per tariff approved by HPERC/ CERC and bills raised by HPPTCL. Direct Operating Expenses, Employee cost of PIU Phojal, Finance cost of Bhoktoo, Krian and Phojal, Other Administrative expenses of PIU Phojal have been charged to this Income during the year and all the remaining expenses have been capitalized to Expenditure Attributable to Construction Period.
7. 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.
8. The amounts in Financial Statements are presented in Indian Rupees and all figures have been rounded off to the nearest rupee lakh and decimals thereof except when otherwise stated.
9. Previous year figures have been reclassified/ regrouped/ rearranged wherever necessary to confirm to this year's classification.
10. Some of the balances shown under Current liabilities, loans and advances are subject to confirmation, reconciliation and consequential adjustment, if any.

11. Related party Disclosure:

As required by Ind AS 24 Related party disclosure details of transactions with the related parties are:

i) Related Parties-Key Management Personnel:

Whole time Directors:

Name	Designation	Amount Rs.
Er. R.K.Sharma	Managing Director (w.e.f.4.1.2018 to till date)	2462750.00
Er. Keshav Singh Attri	Director (Project) w.e.f. 26.7.2014 to 26.3.2016 and Director (P&C) w.e.f. 14.3.2017 to till date	1935319.00



Er. Rajesh Singh Thakur	Director (Project) w.e.f. 26.4.16 to 30.01.2019.	2040314.00
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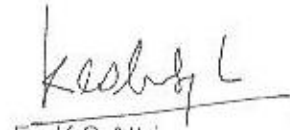
12. A sum of Rs.480.00 lakh was released by way of contribution for the establishment of IIT Una as per Cabinet decision of Government of H.P. during 2014-15 which has been shown as other non-current asset as per Note No. 2.4 of Balance Sheet to be treated as PPP Contribution to IIT Una.
13. As on 31.3.2019 a sum of Rs. 8377.42 Lakh (including interest) was standing as capital grant from MNRE of which Rs.5146.70 Lakh was received as grant in aid from MNRE and interest of Rs.234.30 Lakh was accrued during the year. The total amount of Grant & Interest Accrued there on of Rs.8377.42 Lakh has been shown under the head "Other Equity" as MNRE Capital grant. During the year a sum of Rs.3636.52 Lakh was incurred for expenditure on project and booked to capital work in progress.
14. The liability of KFW loan has been provided as per bank drawn statement of KFW on account of direct payment made to parties.
15. The title deeds of forest land diverted in favour of HPPTCL for setting up projects is in the name of HP Government.



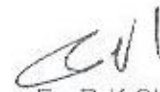
Kamlesh Sharma
Manager Accounts



Anil Kumar Sharma
Dy. G.M (Finance)

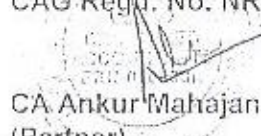


Er. K.S. Altri
Director (P&C)



Er. R.K. Sharma
Managing Director

For Manish K Gupta & Associates
Chartered Accountants
FRN 016533N
CAG Regd. No. NR1225



CA Ankur Mahajan
(Partner)
M No. 520473
Place: Shimla
Date:- 28/09/2019



M/S Manish K. Gupta & Associates

239, The Mall, Solan-173212

Contact No: 01792-224054

Mobile No. 99140-24276, 98784-38884

Email: ca_mkg1999@yahoo.com

INDEPENDENT AUDITORS' REPORT

To The Members of H.P Power Transmission Corporation Limited.

Report on the Financial Statements

We have audited the accompanying financial statements of M/S H.P Power Transmission Corporation Limited, which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Expenditure Attributable to Construction Period, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters prescribed in the Basis of Qualified Opinion Paragraphs, the aforesaid 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 of the state of affairs of the company as at 31st March 2019 and its loss, Total Comprehensive Income, Expenditure Attributable to Construction Period and the Changes in Equity and its Cash Flows for the year ended on that date.

Basis of Qualified Opinion

- (i) Accounting for taxes on income: In reference to Note No. III(15) on Taxes on Income, we wish to state that the company is not doing accounting for taxes on income as per Ind AS 12 (Income Taxes). The company has started its commercial operations of transmission on certain lines & sub stations and depreciation rates applied by the company are not in line with depreciation rates required to arrive at taxable income. Despite this, the company has not recognized the tax effect of timing differences arising on account of difference in taxable income and accounting income. Further company is also not recognizing Deferred Tax Assets or Deferred Tax Liability. However, the consequential impact of these matters is not ascertainable on the financial statement of the company.





M/S Manish K. Gupta & Associates

239, The Mall, Solan-173212

Contact No: 01792-224054

Mobile No. 99140-24276, 98784-38884

Email: ca_mkg1999@yahoo.com

- (ii) Expenses on Income Tax: As detailed in Note No. III(15) and IV(3) to the Financial Statements, Company has not made any provision for Income Tax on "Bank Interest Income". The matter of taxability of interest income earned during the construction period is under dispute with the Income Tax Department. In cases for the Financial Years 2009-10, 2010-11, 2011-12 and 2012-13, company has lost the cases upto Income Tax Tribunal level and currently these cases are under appeal with Hon'ble Himachal Pradesh High Court. Income Tax

Department has raised the demand on same issue in assessments for the Financial Years 2013-14, 2014-15 & 2015-16 also. Company has gone in appeal before ITAT Chandigarh for FY 2013-14 & FY 2014-15 and before CIT(A) Solan for the FY 2015-16.

Despite unfavourable orders (refer to Note No. III(15), neither the company has made any provision for the taxes paid nor it has written off taxes paid. This is in contravention of Ind AS 12 (Income Taxes). Accordingly expenses to the extent of Rs. 2526.73 Lakhs (up to FY 2015-16) are understated. Due to this, Current Tax Assets have also been overstated to the extent of Rs. 1901.58 Lakhs.

- (iii) We wish to state that the company is not following the policy of Revenue Recognition on pure accrual basis from Transmission, O&M and STOA Charges as laid down in Ind AS 18 (Revenue Recognition). Company is recognizing the revenue on account of STOA on receipt basis on the basis of amount credited to company's bank account. Company has not established any internal mechanism and system within the company to ascertain the basis on which this income has been credited in the books of accounts. There is no way to check the excess or short receipt, if any on account of Transmission Income from STOA. This is contrary to the requirement of section 128 of the Companies Act 2013 which stipulates that "books shall be kept on accrual basis and according to the double entry system of accounting.
- (iv) Company does not follow the system of obtaining confirmation of balances in respect of claims/amount recoverable/payable (including HPSEBL & State Govt. Loan (ADB), 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.





M/S Manish K. Gupta & Associates

239, The Mall, Solan-173212

Contact No: 01792-224054

Mobile No. 99140-24276, 98784-38884

Email: ca_mkg1999@yahoo.com

- (v) Non Compliance of Ind AS: The company has not complied with the following mandatory IND AS issued by the Institute of Chartered Accountants of India:

(a) Ind AS 8 (Accounting Policies, Change in Accounting Estimates & Errors)

- Non disclosure of any policy on write off & recovery of shortage from contractors and suppliers
- Non disclosure of any policy on write off & recovery of shortage from employees.
- Accounting treatment of capital and revenue items

(b) Ind AS 19 (Employee Benefits)

- The company has not done the actuarial valuation of leave encashment, gratuity and other benefits payable to the employees.

(c) Ind AS 33 (Earning per Share)

- The company has not done correct calculation of Earning per Share as laid down in the Ind AS.

Financial impact of non-compliance of the above mentioned Ind (AS) cannot be ascertained.

- (vi) The DSCR as per financial covenants is not achievable as many projects are still under execution and necessary ARR's are yet to be filed and approved by HPERC.

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





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Key Audit Matters

Key Audit Matters are those matters that in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion there on, and we do not provide a separate opinion on these matters.

Reporting of Key Audit Matters as per SA 701, Key Audit Matters are not applicable to the company as it is an Unlisted Company.

Information Other Than the Financial Statements & Auditor's Report There on

The Company's Board of Directors is responsible for preparation of other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report, but does not include the financial statements and our auditor's report there on.

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

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

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. 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 adequate internal financial control,





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that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.





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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so should reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Companies (Auditor's Report) Order, 2016 ("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

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 II on the directions issued by Comptroller and Auditor General of India.





M/S Manish K. Gupta & Associates

239, The Mall, Solan-173212

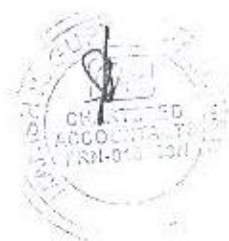
Contact No: 01792-224054

Mobile No. 99140-24276, 98784-38884

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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 purposes of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) the Balance Sheet, the Statement of Profit and Loss, Statement of Expenditure Attributable to Construction Period, Statement of Changes in Equity and the statement of cash flow 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 Indian Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) Being a Government Company pursuant to the Notification No. GSR 463(E) dated 5th June 2015 issued by Ministry of Corporate Affairs, Government of India, provisions of sub section (2) of Section 164 of the Companies Act 2013, are not applicable to the company.
- f) with respect to adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such control, refer to our separate report in "Annexure III"; and
- g) 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:





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- i. the company have pending litigations but it would not 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 Manish K Gupta & Associates

Chartered Accountants

FRN 016533N

CAG Regd. No. NR1225

CA Ankur Mahajan
(Partner)

M No. 520473

Place: Shimla

Date:- 28/09/2019

UDIN: 19520473AAAA0X6378



M/S Manish K. Gupta & Associates

239, The Mall, Solan-173212

Contact No: 01792-224054

Mobile No. 99140-24276, 98784-38884

Email: ca_mkg1999@yahoo.com

"Annexure I" to the Independent Auditors' Report

[Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the members of H.P Power Transmission Corporation Limited on the financial statements of the company for the year ended March 31,2019]

- 1)(a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of one year, which in our opinion, is reasonable having regard to the size of the company and nature of its business. 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 between the books records and the physical fixed assets have been noticed.
- (c) The title deeds of immoveable properties were not shown to us except those which were acquired through acquisition order of Govt. However, the assets i.e transmission lines vested in company through Govt. Orders have not been updated in the revenue records.
- 2) Maximum projects of the company are in construction stage. So the company is not holding any inventory as such. Therefore matters specified in this clause and its sub clauses do not apply to the company
- 3) According to the information and explanations given to us, the company has not granted any unsecured loans to companies, firms or other parties covered in the the Register maintained under section 189 of the Companies Act, 2013; therefore paragraph 3(iii) of the order is not applicable.
- 4) The company has not granted any loans or given any guarantee and security covered under section 185 and 186 of the Companies Act 2013. Company has also not made any investment in the subsidiary and Joint Venture Companies covered under section 185 and 186 of the Companies Act 2013.





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- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) We have been informed by the management that maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act 2013 for the business activities carried out by the company. Thus reporting under clause 3(vi) of the order is not applicable to the company.
- 7) 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 Provident Fund, Employees State Insurance (ESI), Income Tax, Sales Tax, Goods & Service Tax, Value Added Tax, Tax collected at source, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) According to the information and explanations given to us, there were no undisputed amounts payable in respect of Provident Fund, Employees State Insurance (ESI), Income Tax, Sales Tax, Goods & Service Tax, Value Added Tax, Tax collected at source, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears/were outstanding as at 31 March, 2019 for a period of more than six months from the date they became payable.
- (c) Detail of dues of Income Tax which have not been deposited at 31st March 2019 on account of dispute are given below:

Amount In Lakhs

FY	Demand Amount	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 is deposited/ adjusted from advance tax paid.	Expenditure not charged to P&L till date.
2010-11	156.12	Demand	Dismissed	Dismissed	Pending	Demand is deposited/ adjusted from advance tax paid.	Expenditure not charged to P&L till date.
2011-12	341.17	Demand	Dismissed	Dismissed	Pending	Demand is deposited/ adjusted from	Expenditure not charged to P&L till



M/S Manish K. Gupta & Associates

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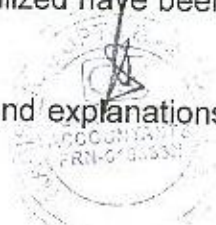
Mobile No. 99140-24276, 98784-38884

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						advance tax paid.	date.
2012-13	476.04	Demand	Dismissed	Dismissed	Pending	Demand is deposited/ adjusted from advance tax paid.	Expenditure not charged to P&L till date.
2013-14	688.69	Demand	Dismissed	Pending	-----	Demand is deposited/ adjusted from advance tax paid.	Expenditure not charged to P&L till date.
2014-15	441.79	Demand	Dismissed	Pending	-----	Demand is deposited/ adjusted from advance tax paid.	Expenditure not charged to P&L till date.
2015-16	370.26	Demand	Pending	-----	-----	Demand is deposited/ adjusted from advance tax paid.	Expenditure not charged to P&L till date.
Total	*2526.73						

*Against this total demand of Rs. 2526.73 Lakhs, sum of Rs. 1901.58 Lakhs has already been deposited.

- 8) In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of loan to Government of Himachal Pradesh on account of ADB Tranch I Loan which became due for repayment in January 2018. Further as informed to us by the management, request has been submitted to the Government of Himachal Pradesh for extension of moratorium period which is under consideration till date.
- 9) The company has not raised any any money by way of initial public offer or further public offer during the year. Further according to the information and explanations given to us, the money raised by the by way of term loans have been applied for the purpose for which they were obtained. Proceeds of loans un-utilized have been parked in the bank/FDR accounts for the time being.
- 10) Based upon the audit procedures performed and the information and explanations





M/S Manish K. Gupta & Associates

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- given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) As per notification no. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs Government of India, Section 197 is not applicable to the Government Companies. Accordingly, provisions of clause 3(xi) are not applicable to the company.
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) Company is not an investment company. So it is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

For Manish K Gupta & Associates

Chartered Accountants

FRN 016533N

CAG Regd. No. NR1225

CA Ankur Mahajan

(Partner)

M No. 520473

Place: Shimla

Date:- 28/09/2019



M/S Manish K. Gupta & Associates

239, The Mall, Solan-173212

Contact No: 01792-224054

Mobile No. 99140-24276, 98784-38884

Email: ca_mkg1999@yahoo.com

"Annexure II to the Auditors Report"

[Referred to in paragraph 19(b) our report of even date to the members of H.P Power Transmission Corporation Limited on the accounts for the year ended 31st March 2019]

Sr. No	Directions	Remarks
1.	Whether the company has system in place to process all the accounting transaction through IT System? If yes, the implications of processing of accounting transaction outside IT System on the integrity of the accounts along with the financial implication, if any, may be stated.	Yes. SAP has been implemented in the company from FY 2018-19.
2.	Whether there is any restructuring of any existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	As informed to us by the management, there is no such case
3.	Whether funds received/receivable for specific schemes from Central / State agencies were properly accounted for utilized as per its term and condition? List the cases of deviation.	Yes, no deviation observed.
4.	Whether land acquisition is involved in setting up new projects report whether settlement of due done expeditiously and in a transparent manner?	Yes
5.	How much cost has been incurred on abandoned projects and of this how much cost has been written off?	NIL
6.	Is the system of evacuation of power commensurate with power available for transmission with the generation company may be commented?	Yes
7.	How much transmission loss in excess of prescribed norms has been incurred during the year and whether the same been properly accounted for in the books of accounts?	NIL

For Manish K Gupta & Associates

Chartered Accountants

FRN 016533N

CAG Regd. No. NR1225

CA Ankur Mahajan

(Partner)

M No. 520473

Place: Shimla

Date:- 28/09/2019



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"Annexure III" to the Independent Auditor's Report of even date on the Financial Statements of H P Transmission Corporation Limited

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

We have audited the internal financial controls over financial reporting of H.P Power Transmission Corporation Limited as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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





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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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





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239, The Mall, Solan-173212

Contact No: 01792-224054

Mobile No. 99140-24276, 98784-38884

Email: ca_mkg1999@yahoo.com

Opinion

In our opinion, the Company has, in all material respects, is having an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Manish K Gupta & Associates

Chartered Accountants

FRN 016533N

CAG Regd. No. NR1225

CA Ankur Mahajan

(Partner)

M No. 520473

Place: Shimla

Date:- 28/09/2019