

Independent Auditor's Report

To The Members of
Powergrid Himachal Transmission Limited

Report on the Audit of the Standalone financial statements

Opinion

We have audited the accompanying standalone financial statements of **Powergrid Himachal Transmission Limited** ("the Company"), which comprise the balance sheet as at March 31, 2024, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year ended, and notes to the standalone financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, Statement of Profit and Loss (financial performance including other comprehensive income), Statement of changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone 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 ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the 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 opinion on the standalone financial statements.

Emphasis of Matter

In respect of recognition of revenue from transmission assets for which final tariff order has been received from CERC, revenue has been recognised considering certain adjustments for which final determination shall be made upon the truing up order for block period 2019-24. (Refer Note 24)

Our opinion is not modified in this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended 31 March 2024. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.



| Sr. No. | Key Audit Matters | How the matter was addressed in our audit |
|---------|--|---|
| 1. | <p>Recognition of Revenue from Transmission Income Transmission Income is accounted for based on tariff orders notified by the CERC. In case of transmission projects where final tariff orders are yet to be notified, transmission income is accounted for on provisional basis as per Tariff Regulations and Orders of the CERC in earlier cases. Difference, if any, is accounted for on issuance of final Tariff Orders by the CERC. As at each reporting date, transmission income also includes an accrual for services rendered to the customers but not yet billed i.e. Unbilled Revenue.</p> <p>This is considered as Key Audit Matter due to the nature and extent of estimates made as per CERC Tariff Regulations and contracts with customers for recognition of revenue. (Refer Note No. 24 Standalone Financial Statement)</p> | <p>Our audit approach involved: Obtaining an understanding of the CERC Tariff Regulations, Orders, Circulars, Guidelines and the Company's internal circulars and procedures in respect of recognition and measurement of revenue from transmission of power.</p> <ul style="list-style-type: none"> • Evaluated and tested the effectiveness of the design of Internal controls relating to recognition and measurement of revenue from Transmission. • Verified the transmission revenue based on the CERC Tariff Regulation, Orders, Circulars, Guidelines and the company's internal circulars. • Verified on test basis, the income recognised on provisional basis as per the regulatory guidelines and orders of the CERC in recent cases where tariff orders were issued, for the assets whose final orders are yet to be notified by CERC, based on the date of commercial operation (DOCO) letters issued by Regional technical heads, and capital cost, as certified by the Management. |
| 2. | <p>Deferred Tax Assets relating to MAT credit entitlement</p> <p>The Company has considered MAT credit in anticipation of set off against the tax payable in future years and created Deferred Tax Asset for the same during the year. Corresponding to the said MAT Credit Entitlement, a Deferred Regulatory liability payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations has been recognized. We identified this as a key audit matter because of the importance of this matter to the intended users of the financial statements and its materiality and requirement of judgement in assessing future taxable profits for reorganisation of MAT credit entitlement. (Refer Note No.34 of Standalone financial statements.)</p> | <p>Our audit approach involved:</p> <ul style="list-style-type: none"> • Reviewing the current status of availability of MAT credits. • Assessing the related forecasts of future taxable profits, evaluated the reasonableness and consistency of the considerations/assumptions underlying the preparation of these forecasts. • Based on the above procedures performed, the recognition and measurement of Deferred tax asset relating to MAT credit entitlement and corresponding Regulatory Deferral Liability towards customers, is considered adequate and reasonable. |
| 3. | <p><u>Assessment of Contingent liabilities in respect of certain litigations including land compensation, direct and indirect taxes, various claims filed by other parties not acknowledged as debt.</u></p> <p>There is a high level of judgement required in estimating the contingent liabilities. The company's assessment of contingent liabilities is supported by the facts of the matter, Company's judgement thereon, past experience and advices from legal and independent tax consultants wherever necessary. We identified the above area as</p> <p>Key Audit Matters in view of associated uncertainty relating to the outcome of these matters. (Refer Note No. 43 of Standalone financial statements)</p> | <p>We have obtained an understanding of the Company's procedure in respect of estimation and disclosure of contingent liabilities and adopted the following audit procedure:</p> <ul style="list-style-type: none"> • Reviewing the current status and material developments of legal matters. • Examining recent orders from competent authorities and/or communication received from various authorities, judicial forums and follow-up action thereon. • Review and analysis of evaluation of the contentions of the company through discussions, collection of details of the subject matter under consideration, the likely outcome and consequent potential outflows of those issues. |



Information Other than the Standalone financial statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report, but does not include the standalone financial statements and our auditor's report thereon.

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

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 standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and Those Charged with Governance for the Standalone financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with Indian Accounting Standards (Ind AS) specified under Section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, 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 standalone financial statements, the Board of Directors 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

That Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone financial statements

Our objective is to obtain reasonable assurance about whether the standalone 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone 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 Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements 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.
- 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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 would reasonably be expected to outweigh the public interest benefits of such circumstances.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. In terms of section 143(5) of the Companies Act, 2013, we give in the "**Annexure B**" our report on the directions issued by the Comptroller and Auditor General of India.
3. As required by Section 143(3) of the Act, based on our audit 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 (including Other Comprehensive Income), Statement of Change in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.



- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) In view of exemption given vide notification no. G.S.R. 463(E) dated June 5, 2015, issued by the Ministry of Corporate Affairs, provisions of Section 164(2) of the Act regarding disqualification of Directors, are not applicable to the Company.
- f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".
- g) Pursuant to the Notification No. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of Section 197 of the Companies Act, 2013, are not applicable to the Company, being a Government Company; and
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of the pending litigations on its financial statements, refer note no. 43
 - ii. The Company did not have any long-term contracts including the derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Management has represented that to the best of its knowledge & belief, the Company has not advanced, loaned or invested any funds (either from borrowed funds or share premium or any other sources or kind of funds) in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - v. The Management has represented that to the best of its knowledge & belief, the Company has not received any funds from any persons or entities including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - vi. Based on such audit procedures considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause iv and v contain any material misstatement.
 - vii. The Company has declared or paid the dividend during the year and the same is in compliance with section 123 of the Companies Act 2013.
 - viii. Based on our examination, which included test checks, the Company has used accounting software's for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software's. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with.

As proviso to Rule 3(1) of the companies (Accounts) Rules,2014 is applicable from April 1,2023, reporting under Rule 11(g) of companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.



4. With respect to the matter to be included in the Auditors' report under Section 197(16):

In our opinion and according to the information and explanation given to us, the Company has not paid or provided any managerial remuneration to any director during the year.

For APT& Co LLP.

Chartered Accountants,
FRN:-014621C/N500088


(Sanjeev Aggarwal)

Partner

Membership Number: 501114

UDIN : 24501114BKDJF1832

Place of Signature: Gurgaon

Date: 30-04-2024



Annexure 'A' To the Independent Auditors' Report of even date on the standalone financial statement of Powergrid Himachal Transmission Limited

The Annexure referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended March 31, 2024, we report that:

i) (a) (A) The company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(a) (B) The Company does not have any Intangible Assets. Accordingly, the provisions of clause 3 (i) (a) (B) of the Companies (Auditor's Report) Order, 2020 are not applicable to the Company.

(b) The Property, Plant and Equipment have been physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain property, plant and equipment have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) On the basis of information and explanations given to us, the title deed of one immovable property is held in the name of the Jaypee PowerGrid Limited (JPL). The name of the JPL was changed to PowerGrid Himachal transmission Limited (PHTL) with the Registrar of the Companies; however the name on the title deed is still in name of JPL.

- Details of Immovable property where title deed is not in the name of company:

| Relevant line item in the Balance sheet | Description of property | Gross carrying Value | Held in name of | Whether promoter, director or their relative or employee | Period held – indicate range, where appropriate | Reason for not being held in name of company |
|---|-------------------------|----------------------|-------------------------|--|---|--|
| Property, Plant & Equipment | Land & Building | 627.66 Lakh | JaypeePowerGrid Limited | - | - | The same is in the process of transferring title needs in the name of Powergrid Himachal Transmission Limited. |

(d) The Company has not revalued its Property, Plant and Equipment during the year. It has no intangible assets.

(e) According to the information and explanations given to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and the rules made thereunder. Accordingly, the provisions of clause 3 (i) (e) of the Companies (Auditor's Report) Order, 2020 are not applicable to the Company.

ii) In respect of Inventory:

(a) The Company does not have any inventory. Accordingly, the provision of clause 3 (ii) (a) of the Companies (Auditor's Report) Order, 2020 are not applicable to the Company.



(b) According to the information and explanations given to us and the records examined by us, during the year, the Company has not been sanctioned Working Capital limits in excess of Rs 5 Crore in aggregate, from banks or financial institutions on the basis of security of current assets. Accordingly, the provision of clause 3(ii)(b) of the Companies (Auditor's Report) Order, 2020 are not applicable to the Company.

iii) According to the information and explanations given to us and on examination of records;-

a) The Company, during the year, has neither made any investments in, nor provided any guarantee or security nor granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties, thus, provisions of clause (iii) (a) &(b) of the Companies (Auditor's Report) Order, 2020 are not applicable to the Company and thus all other subclause under this clause are not applicable to the company.

iv) The Company, during the year, has neither made any Loans, Investments in, nor provided any guarantee or security. In our opinion and according to information and explanations given to us and based on review of records, provisions of sections 185 & 186 of the Act are not applicable to the company.

v) In our opinion and according to the information and explanation given to us, since the Company has not accepted any deposits or amounts which are deemed to be deposits therefore the question of the compliance of any directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under does not arise.

vi) We have broadly reviewed the cost records maintained by the company specified by the Central Government under sub section (1) of section 148 of the Companies Act, 2013, in respect of Transmission Operations of the Company and we are of the opinion that prima facie the prescribed records have been made and maintained. However, we have not made detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii) a)The Company is regular in depositing with appropriate authorities undisputed statutory dues including Goods and Service Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the extent applicable to it. Further, no undisputed statutory dues were outstanding as on last day of the financial year concerned for a period of more than six months from the date, they became payable.

(b) According to the records of the Company examined by us and the information and explanations given to us, there are no Statutory dues as referred to in clause (vii) (a) which have not been deposited on account of any dispute except as follows :

| Name of Statute | Assessment Year | Amount(In Lakh) |
|-----------------|-----------------|-----------------|
| Income Tax | 2011-12 | 45.20 |
| Income Tax | 2012-13 | 25.41 |
| Income Tax | 2014-15 | 1.24 |
| Income Tax | 2015-16 | 0.65 |
| Income Tax | 2017-18 | 0.39 |
| Income Tax | 2018-19 | 115.61 |
| Income Tax | 2020-21 | 1358.79 |




- viii) In our opinion and according to the information and explanations given to us, there are no transactions not recorded in books of accounts which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, the provisions of clause (viii) of the Order are not applicable to the Company.
- ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us, the Company has not been declared a willful defaulter by any bank or financial institution or other lender.
- (c) The Company has neither obtained any term loans nor applied them during the year. Accordingly, the provisions of clause (ix) (c) of the Order are not applicable to the Company.
- (d) The Company has not raised the fund on short term basis and thus this clause is not applicable on the company.
- (e) The Company has taken loan from its holding company i.e., Power Grid Corporation of India Limited. However the same was not used to meet the obligations of its subsidiaries, associates or joint ventures. Accordingly, the provisions of clause (ix) (e) of the Order are not applicable.
- (f) The company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Accordingly, the provisions of clause (ix)(f) of the Order are not applicable.
- x) (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(x) (a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, paragraph 3(x) (b) of the Order is not applicable to the Company.
- xi) (a) According to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year.
- (b) Auditors have not filed report under sub-section (12) of section 143 of the Companies Act in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) According to the information and explanations given to us, no whistle-blower complaints were received by the Company during the year. Accordingly, paragraph 3 (xi) (c) of the Order is not applicable to the Company.
- xii) The Company is not a Nidhi Company; accordingly paragraph 3(xii) (a) to (c) of the Order is not applicable to the Company.
- xiii) During the course of our examination of the books and records of the Company, all transactions entered with the related parties are in compliance with section 188 of the Companies Act, 2013 and the details have been disclosed in the financial statements etc. as required by the applicable accounting standards. Further, the provisions of section 177 of the Act are not applicable to the Company.
- xiv) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business. We have considered the internal audit reports of the company issued till date, for the period under audit.
- xv) The Company has not entered any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of paragraph 3(xv) of the Order are not applicable to the Company.



- xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, provisions of clause 3 (xvi) (a) of the order are not applicable.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities during the year. Accordingly, provisions of clause 3 (xvi)(b) of the order are not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, provisions of clause 3 (xvi)(c) of the order are not applicable.
- (d) As per the information and explanations given to us, the Company does not have more than one CIC in the Group. Accordingly, the provisions of clause 3 (xvi) (d) of the Order are not applicable to the Company.
- xvii) In our opinion and according to the information and explanation given to us, the Company has not incurred cash losses during the financial year and in the immediately preceding financial year.
- xviii) There has been no resignation of Statutory Auditors during the year. Accordingly, provisions of clause 3 (xviii) of the order are not applicable to the Company.
- xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, support letters from the holding company and based on our examination of the evidence supporting the assumptions, we are of the opinion that no material uncertainty exists as on the date of the audit report which impairs Company's ability to meet its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- xx) The provisions of Section 135 relating to CSR are duly complied with and there is no unspent CSR amount that is to be deposited in Unspent CSR Account. Accordingly the provisions of clause (xx) (a) & (b) of the Order are not applicable to the Company.
- xxi) According to the information and explanations given to us in the course of audit, there is no subsidiary or associate company of the company that requires consolidation with the financial statements of the company. Accordingly, paragraph 3(xxi) is not applicable on the company.

For APT& Co LLP.
Chartered Accountants,
FRN:-014621C/N500088


(Sanjeev Aggarwal)
Partner
Membership Number: 501114
UDIN : 24501114 BKCIJE 1832
Place of Signature: Gurgaon
Date: 30-04-2024



Annexure 'B' to the Auditors Report

As referred to in our Independent Auditors' Report of even date to the members of the Powergrid Himachal Transmission Limited, on the standalone Ind AS financial statements for the year ended 31 March 2024.

| S. No. | Directions | Auditors Comments |
|--------|--|---|
| 1. | Whether the Company has a system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated. | The company is having ERP system (SAP) in place for processing all accounting transactions. Based on our verification, no accounting transaction is being recorded/ processed other than through the ERP system in place. |
| 2. | Whether there is any restructuring of an 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. Whether such cases are properly accounted for? (Incase, lender is a Government company, then this direction is also applicable for Statutory Auditor of lender company). | Based on our verification and explanations and information given to us, there were no cases of restructuring of an existing loan or cases of waiver/ write off of debts/loan/ interest etc. made by a lender to the company due to the company's inability to repay the loan. |
| 3. | Whether funds (grants/subsidy etc.) received/ receivable for specific schemes from Central/ State or its agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation. | No Funds (grant/subsidy etc) received /receivable for specific scheme from Central/State Government or its agencies. |

For APT& Co LLP.

Chartered Accountants,
FRN:-014621C/N500088

(Sanjeev Aggarwal)

Partner

Membership Number: 501114

UDIN : 24501114BKCIJE1832

Place of Signature: Gurgaon

Date: 30-04-2024



Annexure 'C' to the Independent Auditors' Report of even date on the standalone financial statement of Powergrid Himachal Transmission 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 with reference to financial statements of Powergrid Himachal Transmission Limited ("the Company") as of March 31, 2024 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 with reference to financial statements 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 (ICAI). 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 with reference to financial statements 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 authorisations of management



and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2024, based on "the internal control with reference to financial statements 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 APT& Co LLP.

Chartered Accountants,
FRN:-014621C/N500088

Sanjeev
(Sanjeev Aggarwal)

Partner

Membership Number: 501114

UDIN : 24501114BKCIJE 1832

Place: Gurgaon

Date: **30-04-2024**



POWERGRID HIMACHAL TRANSMISSION LIMITED

(formerly known as Jaypee Powergrid Limited)

CIN : U40101DL2006PLC154627

B-9, Qutab Institutional Area, Katwaia Sarai, New Delhi - 110016

Balance Sheet as at 31st March 2024

(Rs. in Lakh)

| Sl. No. | Particulars | Note No. | As at 31/03/2024 | As at 31/03/2023 |
|-------------|--|----------|------------------|------------------|
| A | ASSETS | | | |
| 1 | Non-current assets | | | |
| | (a) Property, Plant and Equipment | 4 | 36,999.13 | 42,288.20 |
| | (b) Non Current Financial Assets | | | |
| | (i) Trade Receivables | 5 i | 88.61 | 288.07 |
| | (ii) Other non-current financial assets | 5 ii | 1,004.43 | 940.42 |
| | (c) Deferred Tax Asset | 6 | 5,766.32 | 4,931.65 |
| | (d) Other Non Current Assets | 7 | 451.32 | 430.79 |
| | | | 44,309.81 | 48,879.13 |
| 2 | Current Assets | | | |
| | (a) Inventory | | - | - |
| | (b) Financial Assets | | | |
| | (i) Trade Receivables | 8 | 2,430.39 | 2,541.24 |
| | (ii) Cash and Cash Equivalents | 9 | 25.18 | 444.90 |
| | (iii) Bank balances other than (ii) above | 10 | 922.43 | 2,595.22 |
| | (iv) Other Financial Assets | 11 | 393.51 | - |
| | (c) Other Current Assets | 12 | 30.63 | 62.66 |
| | | | 3,802.14 | 5,644.02 |
| | Total Assets | | 48,111.95 | 54,523.15 |
| B | EQUITY AND LIABILITIES | | | |
| 1 | Equity | | | |
| | (a) Equity Share Capital | 13 | 30,000.00 | 30,000.00 |
| | (b) Other Equity | 14 | 10,220.23 | 12,700.24 |
| | | | 40,220.23 | 42,700.24 |
| 2 | Liabilities | | | |
| (i) | Non Current Liabilities | | | |
| | (a) Financial Liabilities | | | |
| | (i) Borrowings | 15 | - | 1,914.24 |
| | (ii) Other non-current financial liabilities | | - | - |
| | (b) Other Non Current Liabilities | | | |
| | Provisions | 16 | 10.66 | 9.64 |
| | | | 10.66 | 1,923.88 |
| (ii) | Current Liabilities | | | |
| | (a) Financial Liabilities | | | |
| | (i) Borrowings | 17 | 1,914.24 | 4,800.00 |
| | (ii) Trade Payables | | | |
| | (a) total outstanding dues of micro enterprises and small enterprises | | - | - |
| | (b) total outstanding dues of creditors other than micro enterprises and small enterprises | 18 | 29.34 | 15.69 |
| | (iii) Other Financial Liabilities | 19 | 72.71 | 136.62 |
| | (b) Other Current Liabilities | 20 | 97.98 | 14.64 |
| | (c) Provisions | 21 | 0.47 | 0.43 |
| | (d) Current Tax Liabilities (Net) | 22 | - | - |
| | | | 2,114.74 | 4,967.38 |
| | Regulatory Deferral Account Balances | 23 | 5,766.32 | 4,931.65 |
| | Total Equity and Liabilities | | 48,111.95 | 54,523.15 |

The accompanying notes (1 to 50) form an integral part of financial statements.

As per Our Report of even date

For and on behalf of the Board of Directors

For APT & CO LLP
Chartered Accountants
Firm Registration No. 014621C/N500088



Sanjeev Aggarwal
Partner

M. No. 501114
Date : 30th April 2024

Place : Gurugram

UDIN No. 24501114BKC1JE1832

Umar Farooque
CFO
(PAN: AAFPF3980K)

Sanjay Gupta
Director
(DIN:10218384)

Rajeev Kumar
Company Secretary
(PAN: AAVPK6143P)

D. N. Rozekar
Director
(DIN:09806228)

Rajesh Kumar
CEO
(PAN: ADTPK4996M)

POWERGRID HIMACHAL TRANSMISSION LIMITED

(formerly known as Jaypee Powergrid Limited)

CIN : U40101DL2006PLC154627

B-9, Qutab Institutional Area, Katwaia Sarai, New Delhi - 110016

Statement of Profit and Loss for the year ended 31st March 2024

(Rs. in Lakh)

| Sl. No. | Particulars | Note No. | For the Year ended 31/03/2024 | For the Year ended 31/03/2023 |
|---------|---|----------|-------------------------------|-------------------------------|
| I | Revenue from operations | 24 | 12,692.54 | 13,125.77 |
| II | Other income | 25 | 268.43 | 351.17 |
| III | Total Income (I+II) | | 12,960.97 | 13,476.94 |
| IV | Expenses | | | |
| | Employee benefits expense | 26 | 171.02 | 166.38 |
| | Finance costs | 27 | 366.70 | 686.16 |
| | Depreciation and amortization expense | 28 | 5,289.34 | 5,289.75 |
| | Other expenses | 29 | 860.93 | 1,458.68 |
| | Total expenses (IV) | | 6,687.99 | 7,600.97 |
| V | Profit before Exceptional items, Tax and Regulatory Deferral Account Balance (III-IV) | | 6,272.98 | 5,875.97 |
| VI | Exceptional Items | | - | - |
| VII | Profit before tax & Regulatory Deferral Account Balances (V-VI) | | 6,272.98 | 5,875.97 |
| VIII | Tax Expense: | | | |
| | (1) Current tax - Current Year | | 1,099.29 | 1,072.93 |
| | - Earlier Years | | - | 0.24 |
| | (2) Deferred tax | 30 | (834.67) | (951.91) |
| | | | 264.62 | 121.26 |
| IX | Profit (Loss) for the period before Regulatory Deferral Account Balance (VII-VIII) | | 6,008.36 | 5,754.71 |
| X | Net movement in Regulatory Deferral Account Balances - (Income)/ Expense (Net of tax) | 30 | 688.84 | 785.59 |
| XI | Profit for the period (IX+X) | | 5,319.52 | 4,969.12 |
| | Other Comprehensive Income for the period | | | |
| XII | Items that will not be reclassified to profit or loss (net of Tax) | 31e | 0.47 | 1.33 |
| XIII | Total Comprehensive Income for the period (XI+XII) | | 5,319.99 | 4,970.45 |
| XIV | Earnings per equity share including movement in Regulatory Deferral Account Balances (Face value of ₹10/- each): Basic & Diluted (In ₹) | | 1.77 | 1.66 |
| XV | Earnings per equity share excluding movement in Regulatory Deferral Account Balances (Face value of ₹10/- each): Basic & Diluted (In ₹) | | 2.00 | 1.92 |

The accompanying notes (1 to 50) form an integral part of financial statements.

As per Our Report of even date

For APT & CO LLP

Chartered Accountants

Firm Registration No. 014621C/N500088



Sanjeev Aggarwal

Partner

M. No. 501114

Date : 30th April 2024

Place : Gurugram

UDIN No. 24501114BKCIJE1832

Umar Farooque

CFO

(PAN: AAFPF3980K)

For and on behalf of the Board of Directors

Sanjay Gupta

Director

(DIN:10218384)

D. N. Rozekar

Director

(DIN:09806223)

Rajeev Kumar

Rajeev Kumar

Company Secretary

(PAN:AAVPK6143P)

Rajesh Kumar

CEO

(PAN: ADTPK4996M)

POWERGRID HIMACHAL TRANSMISSION LIMITED (formerly known as Jaypee Powergrid Limited)

CIN . U40101DL2006PLC154627

B-9, Qutab Institutional Area, Katwaia Sarai, New Delhi - 110016

Statement of Changes in Equity for the year ended 31st March 2024

A. Equity Share Capital

| Particulars | (Rs. in Lakh) |
|--------------------------------|---------------|
| As at 01st April 2023 | 30,000.00 |
| Change in equity share capital | - |
| As at 31st March 2024 | 30,000.00 |

| Particulars | (Rs. in Lakh) |
|--------------------------------|---------------|
| As at 01st April 2022 | 30,000.00 |
| Change in equity share capital | - |
| As at 31st March 2023 | 30,000.00 |

B. Other Equity

| Particulars | Reserve and Surplus | | | Equity Instruments through other Comprehensive Income | Total |
|---|-------------------------|-----------------|------------------|---|------------------|
| | Self In-surance Reserve | General Reserve | Retained Earning | | |
| As at 01st April 2023 | - | 4,157.89 | 8,537.55 | 4.80 | 12,700.24 |
| Total Comprehensive Income for the period | - | - | 5,319.52 | 0.47 | 5,319.99 |
| Transfer to Self Insurance Reserve | 120.50 | - | (120.50) | - | - |
| Adjustments during the period | - | - | - | - | - |
| 3rd Interim Dividend for FY 2022-23 | - | - | (2,700.00) | - | (2,700.00) |
| Final Dividend for FY 2022-23 | - | - | (1,500.00) | - | (1,500.00) |
| 1st Interim Dividend for FY 2023-24 | - | - | (2,700.00) | - | (2,700.00) |
| 2nd Interim Dividend for FY 2023-24 | - | - | (900.00) | - | (900.00) |
| As at 31st March 2024 | 120.50 | 4,157.89 | 5,936.57 | 5.27 | 10,220.23 |

| Particulars | Reserve and Surplus | | Equity Instruments through other Comprehensive Income | Total |
|---|---------------------|------------------|---|------------------|
| | General Reserve | Retained Earning | | |
| As at 01st April 2022 | 4,157.89 | 8,068.43 | 3.47 | 12,229.79 |
| Total Comprehensive Income for the period | - | 4,969.12 | 1.33 | 4,970.45 |
| Interim Dividend for FY 2021-22 | - | (1,200.00) | - | (1,200.00) |
| Interim Dividend for FY 2022-23 | - | (3,300.00) | - | (3,300.00) |
| As at 31st March 2023 | 4,157.89 | 8,537.55 | 4.80 | 12,700.24 |

The accompanying notes (1 to 50) form an integral part of financial statements.

As per Our Report of even date

For and on behalf of the Board of Directors

For APT & CO LLP

Chartered Accountants

Firm Registration No. 014621/CIN/500088

Sanjeev Aggarwal
Partner

M. No. 501114

Date : 30th April 2024

Place : Gurugram

UDIN No. 24501114BKCIJE1832



Umar Farooque
CFO
(PAN: AAFPF3980K)

Sanjay Gupta

Director (DIN:10218384)

Rajeev Kumar

Company Secretary
(PAN: AAVPK6143P)

D. N. Rozekar

Director (DIN:09806223)

Rajesh Kumar

CEO
(PAN: ADTPK4996M)

POWERGRID HIMACHAL TRANSMISSION LIMITED

(formerly known as Jaypee Powergrid Limited)

Statement of Cash flows for the year ended 31st March, 2024

(Rs. In Lakh)

| Sl. No. | Particulars | For the period ended 31st March, 2024 | For the period ended 31st March, 2023 |
|-----------|---|---------------------------------------|---------------------------------------|
| A. | Cash flow from operating activities | | |
| | Net Profit from Profit and Loss Statement | 6,272.98 | 5,875.97 |
| | Add: 1) Net movement in Regulatory Deferral Account | 688.84 | 785.59 |
| | 2) Tax on Net movement in Regulatory Deferral Account | 145.83 | 166.08 |
| | 3) Depreciation | 5,289.34 | 5,289.75 |
| | 4) Interest / Finance Cost | 366.70 | 686.16 |
| | 5) Interest Income | (174.38) | (117.87) |
| | 6) Surcharge Income | (5.18) | (71.31) |
| | 8) Regulatory Deferral Account | (834.67) | (951.91) |
| | Operating Profit before change in Assets and Liabilities (Increase)/Decrease in Current Assets | 11,749.46 | 11,662.46 |
| | Trade Receivables | 122.22 | 686.32 |
| | Other Current Assets | 52.38 | 779.31 |
| | Other Financial Assets | 1,307.09 | (2,475.12) |
| | Other Non-Current Financial Assets | 136.20 | 592.97 |
| | Other Non-Current Assets | (20.39) | (0.22) |
| | Increase/(Decrease) in Current Liabilities | | |
| | Trade Payable | 13.65 | (0.56) |
| | Other Current Liabilities | 83.34 | (25.53) |
| | Provisions | 1.54 | 1.50 |
| | Other Financial Liabilities | (63.91) | 14.22 |
| | Tax Payment | | |
| | Direct Taxes | (973.81) | (958.05) |
| | Net cash inflow from operating activities ----'A' | 12,407.77 | 10,277.30 |
| B. | Cash flow from Investing activities | | |
| | Investment in PPE | (0.28) | (0.41) |
| | Interest Income | 145.69 | 35.46 |
| | Surcharge | (6.20) | 26.47 |
| | Net Cash from/(used in) investing activities-----'B' | 139.21 | 61.52 |
| C. | Cash flow from Financing activities | | |
| | Proceeds from Borrowings | | |
| | Non Current | - | - |
| | Current | - | - |
| | Repayment of Borrowings | | |
| | Non Current Borrowings | (4,800.00) | (4,800.00) |
| | Current | - | - |
| | Finance Cost paid | (366.70) | (686.16) |
| | Dividend Paid | (7,800.00) | (4,500.00) |
| | Net Cash from/(used in) financing activities-----'C' | (12,966.70) | (9,986.16) |
| | Net change in cash or cash equivalent (A+B+C) | (419.72) | 352.66 |
| | Cash & cash equivalent at the commencement of the year (Op. balance) | 444.90 | 92.24 |
| | Cash & cash equivalent at the end of the year (Ref. Note No. 9) | 25.18 | 444.90 |

The accompanying notes (1 to 50) form an integral part of financial statements.

As per Our Report of even date

For and on behalf of the Board of Directors

For APT & CO LLP

Chartered Accountants

Firm Registration No. 014621/CIN500088

Sanjeev Aggarwal

Partner

M. No. 501114

Date : 30th April 2024

Place : Gurugram

UDIN No. 24501114BKCIJE1832



Sanjay Gupta

Director (DIN:10218384)

Umar Farooque

CFO

(PAN: AAFPF3980K)

D. N. Rozekar

Director

(DIN:09806224)

Rajeev Kumar

Company Secretary

(PAN:AAVPK6143P)

Rajesh Kumar

CEO

(PAN: ADTPK4996M)

Notes to Standalone Financial Statements

1. Corporate and General Information

Jaypee Powergrid Limited (JPL) was a joint venture between Jaiprakash Power Ventures Limited (earlier known as Jaiprakash Hydro Power limited) and Power Grid Corporation of India Limited (POWERGRID). The joint venture has been set up pursuant to a Shareholders' Agreement dated 22nd February 2007, Deed of Adherence dated 24th December 2007 and Supplementary Shareholders Agreement dated 25th March, 2010. The Company was incorporated for commissioning of 400kV Quad Bundle Conductor Double circuit transmission line from the pothead yard of Karcham Wangtoo HEP at Wangtoo to Abdullapur measuring 219.8 Km. and LILO of existing Baspa Jhakri double circuit line with powerhouse bus of Karcham Wangtoo HEP at Wangtoo measuring about 4 kms. Power Grid Corporation of India Limited (POWERGRID) has acquired 74% stake of Jaypee Powergrid Limited (JPL) from Jaiprakash Power Ventures Limited (JPVL) on 25th March 2021, thereby increasing its stake from 26% to 100%. JPL has become a wholly owned subsidiary of POWERGRID w.e.f. 25th March, 2021 and JPL has changed its Name as Powergrid Himachal Transmission Limited (PHTL)(The Company) w.e.f. 05.07.2021 with change of Office address.

Registered Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi – 110016 (India)
Ph.: (11)26560112, 26564812, 26564892

Corp. Office: Power Grid Corporation of India Limited
Saudamini, Plot no 2, Sector 29, Gurgaon 122001, Ph.: 2571700-719

The Company has been granted licence for 25 years by Central Electricity Regulatory Commission (CERC) for transmission of electricity issued on 1st October,2007.

The financial statements of the company for the year ended 31 March 2024 were approved for issue by the Board of Directors on 30-April-2024.

2. Material Accounting Policy Information

A summary of the material accounting policy information applied in the preparation of the financial statements are as given below. These accounting policies have been applied consistently to all periods presented in the financial statements.

2.1 Basis of Preparation

i) Compliance with Ind AS

The financial statements are prepared in compliance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015, the relevant provisions of the Companies Act, 2013 (to the extent notified), The Companies Act, 1956 and the provisions of Electricity Act, 2003, in each case, to the extent applicable and as amended thereafter.

ii) Basis of Measurement

The financial statements have been prepared on accrual basis and under the historical cost convention except following which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer Note no. 2.13 for accounting policy regarding financial instruments),
- Defined benefit plans – plan assets measured at fair value.

iii) Functional and presentation currency

The financial statements are presented in Indian Rupees (Rupees or ₹), which is the Company's functional and presentation currency, and all amounts are rounded to the nearest crore and two decimals thereof, except as stated otherwise.



Rajeev Kumar

V. P. S.

iv) Use of estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue, and expenses during the reporting period. Although, such estimates and assumptions are made on a reasonable and prudent basis considering all available information, actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods if the revision affects both current and future years (refer Note no. 3 on critical accounting estimates, assumptions and judgments).

v) Current and non-current classification

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

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading.
- Expected to be realised 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.

A liability is current when:

- It is expected to be settled in 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 settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets/liabilities are classified as non-current.

The Company recognises twelve months period as its operating cycle.

2.2 Property, Plant and Equipment

The Company had opted to consider the carrying value of Property, Plant and Equipment as per previous GAAP on the date of transition to Ind AS (1st April 2015) to be the deemed cost as per Ind AS 101 'First time Adoption of Indian Accounting Standards'.

Initial Recognition and Measurement

Property, Plant and Equipment is initially measured at cost of acquisition/construction including any costs 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. After initial recognition, Property, Plant and Equipment is carried at cost less accumulated depreciation / amortisation and accumulated impairment losses, if any.

In the case of commissioned assets, deposit works/cost- plus contracts where final settlement of bills with contractors is yet to be effected, capitalisation is done on provisional basis subject to necessary adjustments in the year of final settlement.



Rajeev Kumar

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Assets and systems common to more than one transmission system are capitalised on the basis of technical estimates/assessments.

Transmission system assets are considered as ready for intended use from the date of commercial operation declared in terms of CERC Tariff Regulations and capitalised accordingly.

The cost of land includes provisional deposits, payments/liabilities towards compensation, rehabilitation, and other expenses wherever possession of land is taken.

Expenditure on levelling, clearing, and grading of land if incurred for construction of building is capitalised as part of cost of the related building.

Spares parts whose cost is ₹5,00,000/- and above, standby equipment and servicing equipment which meets the recognition criteria of Property, Plant and Equipment are capitalised.

The acquisition or construction of some items of property, plant and equipment although not directly increasing the future economic benefits of any particular existing item of property, plant, and equipment, may be necessary for the company to obtain future economic benefits from its other assets. Such items are recognised as property, plant, and equipment.

Subsequent costs

Subsequent expenditure is recognised as an increase in carrying amount of assets when it is probable that future economic benefits deriving from the cost incurred will flow to the company and cost of the item can be measured reliably.

The cost of replacing part of an item of Property, Plant & Equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. If the cost of the replaced part or earlier inspection component is not available, the estimated cost of similar new parts/inspection component is used as an indication of what the cost of the existing part/ inspection component was when the item was acquired or inspection was carried out.

The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Profit & Loss as incurred.

Derecognition

An item of Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising from derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss on the date of derecognition.

2.3 Capital Work-In-Progress (CWIP)

Cost of material, erection charges and other expenses incurred for the construction of Property, Plant and Equipment are shown as CWIP based on progress of erection work till the date of capitalisation.

Expenditure of Corporate office, Regional Offices and Projects, directly attributable to construction of property, plant and equipment are identified and allocated on a systematic basis to the cost of the related assets.

Interest during construction and expenditure (net) allocated to construction as per policy above are kept as a separate item under CWIP and apportioned to the assets being capitalised in proportion to the closing balance of CWIP.



Rajen Kumar

Ufa

Deposit works/cost-plus contracts are accounted for on the basis of statement received from the contractors or technical assessment of work completed.

Unsettled liability for price variation/exchange rate variation in case of contracts is accounted for on estimated basis as per terms of the contracts.

2.4 Intangible Assets and Intangible Assets under development

The Company had opted to consider the carrying value of Intangible Assets as per previous GAAP on the date of transition to Ind AS (1st April 2015) to be the deemed cost as per Ind AS 101 'First time Adoption of Indian Accounting Standards'.

Intangible assets with finite useful life that are acquired separately are carried at cost less any accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on already capitalised Intangible assets is capitalised when it increases the future economic benefits embodied in an existing asset and is amortised prospectively.

The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits is recognised as an intangible asset when the same is ready for its use.

Afforestation charges for acquiring right-of-way for laying transmission lines are accounted for as intangible assets on the date of capitalisation of related transmission lines.

Expenditure incurred, eligible for capitalisation under the head Intangible Assets, are carried as "Intangible Assets under Development" till such assets are ready for their intended use.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Expenditure on development activities shall be recognised as Intangible asset if it meets the eligibility criteria as per Ind AS 38 'Intangible Assets', otherwise it shall be recognised as an expense.

An item of Intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

2.5 Investment property

The Company had opted to consider the carrying value of Investment Property as per previous GAAP on the date of transition to Ind AS (1st April 2015) to be the deemed cost as per Ind AS 101 'First time Adoption of Indian Accounting Standards'.

Investment property comprises portions of land and/or buildings that are held for long term rental yields and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and accumulated impairment loss, if any.

Transfers to or from investment property is made when there is a change in use i.e. an asset meets or ceases to meet the definition of investment property and there is evidence of the change in use.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised as profit or loss in the period of derecognition.



Rajesh Kumar

2.6 Depreciation / Amortisation

Property, Plant and Equipment

Depreciation/amortisation on the items of property, plant and equipment related to transmission business is provided on straight line method following the rates and methodology notified by the CERC for the purpose of recovery of tariff.

Depreciation on spares parts, standby equipment and servicing equipment which are capitalised, is provided on straight line method from the date they are available for use over the remaining useful life of the related assets of transmission business, following the rates and methodology notified by the CERC.

Depreciation on following items of property, plant and equipment is provided based on estimated useful life as per technical assessment.

| Particulars | Useful life |
|---------------------------------|-------------|
| a. Computers & Peripherals | 3 Years |
| b. Servers & Network Components | 5 years |

Residual value of above assets is considered as Nil.

Mobile phones are charged off in the year of purchase.

Property, plant, and equipment costing ₹5,000/- or less, are fully depreciated in the year of acquisition.

Where the cost of depreciable property, plant and equipment has undergone a change due to increase/decrease in long term monetary items on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortised balance of such asset is depreciated prospectively at the rates and methodology as specified by the CERC Tariff Regulations, except for telecom and consultancy business assets where residual life is determined on the basis of useful life of property, plant and equipment as specified in Schedule II of the Companies Act, 2013.

Depreciation on additions to/deductions from Property, Plant and Equipment during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

The residual values, useful lives, and methods of depreciation for items of property, plant and equipment other than items of property, plant and equipment related to transmission business are reviewed at each financial year-end and adjusted prospectively, wherever required.

Right of Use Assets:

Right of Use assets are fully depreciated from the lease commencement date on a straight-line basis over the lease term.

Leasehold land is fully amortised over lease period or life of the related plant whichever is lower in accordance with the rates and methodology specified in CERC Tariff Regulation. Leasehold land acquired on perpetual lease is not amortised.

Intangible Assets

Cost of software capitalised as intangible asset is amortised over the period of legal right to use or 3 years, whichever is less with Nil residual value.

Afforestation charges are amortised over thirty-five years from the date of capitalisation of related transmission assets following the rates and methodology notified by Central Electricity Regulatory Commission (CERC) Tariff Regulations.

Amortisation on additions to/deductions from Intangible Assets during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

The amortisation period and the amortisation method for intangible assets are reviewed at each financial year-end and are accounted for as change in accounting estimates in accordance with Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".



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2.7 Borrowing Costs

All the borrowed funds (except short term funds for working capital) are earmarked to specific projects. The borrowing costs (including bond issue expenses, interest, discount on bonds, front end fee, guarantee fee, management fee etc.) are allocated to the projects in proportion to the funds so earmarked.

Exchange differences arising from foreign currency borrowing to the extent regarded as an adjustment to interest costs are treated as borrowing cost.

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised (net of income on temporary deployment of funds) as part of the cost of such assets till the assets are ready for the intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use.

All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

2.8 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment losses recognised in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank, and deposits held at call with banks having a maturity of three months or less from the date of acquisition that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.10 Inventories

Inventories are valued at lower of the cost, determined on weighted average basis and net realisable value.

Spares which do not meet the recognition criteria as Property, Plant and Equipment, including spare parts whose cost is less than ₹5,00,000/- are recorded as inventories.

Surplus materials as determined by the management are held for intended use and are included in the inventory.

The diminution in the value of obsolete/unserviceable/surplus stores and spares and non-moving unserviceable inventories is ascertained on review and provided for.



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2.11 Leases

Lease is a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves use of an identified assets, (ii) the customer has substantially all the economic benefits from the use of the asset through the period of the lease and (iii) the customer has the right to direct the use of the asset.

i) As a Lessee

At the date of commencement of the lease, the Company recognises a right-of-use asset (ROU) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for lease with a term of twelve months or less (i.e. short-term leases) and leases for which the underlying asset is of low value. For these short-term and leases for which the underlying asset is of low value, the Company recognises the lease payments on straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the inception date of the lease along with any initial direct costs, restoration obligations and lease incentives received.

Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The Company applies Ind AS 36 to determine whether a ROU asset is impaired and accounts for any identified impairment loss as described in the accounting policy 2.8 on "Impairment of non-financial assets".

The lease liability is initially measured at present value of the lease payments that are not paid at that date.

The interest cost on lease liability is expensed in the Statement of Profit and Loss, unless eligible for capitalisation as per accounting policy 2.7 on "Borrowing costs".

Lease liability and ROU asset have been separately presented in the financial statements and lease payments have been classified as financing cash flows.

ii) As a Lessor

A lease is classified at the inception date as a finance lease or an operating lease.

a) Finance leases

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset is classified as a finance lease. State sector Unified Load Dispatch Centre (ULDC)/ Fiber Optic Communication Assets (FOC)/Bilateral line assets leased to the beneficiaries are considered as Finance Lease. Net investment in such leased assets are recorded as receivable at the lower of the fair value of the leased property and the present value of the minimum lease payments along with accretion in subsequent years is accounted for as Lease Receivables under current and non-current other financial assets. Wherever grant-in-aid is received for construction of State Sector ULDC, lease receivable is accounted for net of such grant.

The interest element of lease is accounted in the Statement of Profit and Loss over the lease period based on a pattern reflecting a constant periodic rate of return on the net investment as per the tariff notified by CERC.

FERV on foreign currency loans relating to leased assets is adjusted to the amount of lease receivables and is amortised over the remaining tenure of lease. FERV recovery (as per CERC norms) from the constituents is recognised net of such amortised amount.



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b) Operating leases

An operating lease is a lease other than a finance lease. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

For operating leases, the asset is capitalised as property, plant and equipment and depreciated over its economic life. Rental income from operating lease is recognised over the term of the arrangement.

2.12 Employee benefits

2.12.1 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into separate entities (Funds) and will have no legal or constructive obligation to pay further contributions, if the Fund does not hold sufficient assets to pay all employee's benefits related to employee service in the current and prior periods. Obligations for contribution to defined contribution plans are recognised as an employee benefits expense in the statement of profit and loss in the period during which services are rendered by employees.

Retirement benefit in the form of provident fund is a defined contribution scheme and is recognized as an expense except in so far as employment costs may be included within the cost of an asset.

Gratuity and leave encashment are a defined benefit obligation. The liability is provided for on the basis of actuarial valuation made at the end of each financial year. The actuarial valuation is done as per Projected Unit Credit method.

Re measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to profit or loss through OCI in the period in which they occur. Re measurements are not reclassified to profit or loss in subsequent periods.

2.12.2 Defined benefit plans

The undiscounted amount of short-term employee benefits i.e. wages and salaries, bonus, incentive, annual leave, and sick leave etc. expected to be paid in exchange for the service rendered by employees are recognized as an expense except in so far as employment costs may be included within the cost of an asset during the period when the employee renders the services.

2.12.3 Other long-term employee benefits

Benefits under the Company's leave encashment constitute other long term employee benefit.

The Company's net obligation in respect of leave encashment is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The discount rate is based on the prevailing market yields of Indian government securities as at the reporting date that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in the statement of profit and loss in the period in which they arise.

2.13 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Classification

The Company classifies its financial assets in the following categories:

- at amortised cost
- at fair value through other comprehensive income



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The classification depends on the following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs, if any, that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent measurement

Debt Instruments at Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Debt Instruments at Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest income from these financial assets is included in finance income using the effective interest rate method.

Debt instruments at Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Interest income and net gain or loss on a debt instrument that is subsequently measured at FVPL are recognised in statement of profit and loss and presented within other income in the period in which it arises.

Equity investments

All equity investments in scope of Ind AS 109 'Financial Instruments' are measured at fair value. The company may, on initial recognition, make an irrevocable election to present subsequent changes in the fair value in other comprehensive income (FVOCI) on an instrument by-instrument basis.

For equity instruments classified as at FVOCI, all fair value changes on the instrument, excluding dividends are recognised in the OCI. There is no recycling of the amounts from OCI to Profit or Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Derecognition of financial assets

A financial asset is derecognised only when.

- i) The right to receive cash flows from the asset have expired, or
- ii) a) The company has transferred the rights to receive cash flows from the financial asset (or) retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients and
b) the company has transferred substantially all the risks and rewards of the asset (or) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The difference between the carrying amount and the amount of consideration received/receivable is recognised in the Statement of Profit and Loss.



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Impairment of financial assets:

For trade receivables and contract assets, the company applies the simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For recognition of impairment loss on other financial assets and risk exposure, the company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month Expected Credit Loss (ECL) is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 -month ECL.

Financial Liabilities

Financial liabilities of the Company are contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company.

The Company's financial liabilities include loans & borrowings, trade, and other payables.

Classification, initial recognition, and measurement

Financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are directly attributable to the issue of financial liabilities.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the EIR. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised.

The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Derecognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Profit and Loss as other income or finance cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.14 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupees (Rupees or ₹), which is the Company's functional and presentation currency.



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(b) Transactions and balances

Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary items are translated with reference to the rates of exchange ruling on the date of the Balance Sheet. Non-Monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of initial recognition of the non-monetary prepayment asset or deferred income liability, or the date that related item is recognised in the financial statements, whichever is earlier. In case the transaction is recognised in stages, then transaction date is established for each stage.

Foreign exchange gains and losses (other than related to foreign currency loans outstanding) are presented in the statement of profit and loss on a net basis within other gains/ (losses).

The Company has availed the exemption available in Ind AS 101, to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary liabilities outstanding as on March 31, 2016.

2.15 Income Tax

Income tax expense represents the sum of current and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income. In this case the tax is also recognised directly in equity or in other comprehensive income.

Current income tax

The Current Tax is based on taxable profit for the year under the tax laws enacted and applicable to the reporting period in the countries where the company operates and generates taxable income and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company's financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Balance Sheet method. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably, and it is probable that the future economic benefit associated with the asset will be realised.

2.16 Regulatory Deferral Account Balances

Certain expenses and income, allowed under CERC regulations to be reimbursed by/passed on to beneficiaries in future, are to be accounted in the Statement of Profit and Loss as per the provisions of Ind AS 114 'Regulatory Deferral Accounts' and Guidance Note on "Accounting for Rate Regulated Activities" issued by the Institute of Chartered Accountants of India (ICAI). Such expenses and income, to the extent recoverable /payable as part of tariff under CERC Regulations are treated as Regulatory Deferral Assets/Liabilities.



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The Company presents separate line items in the Balance Sheet for:

- (a) the total of all Regulatory Deferral Account Debit Balances; and
- (b) the total of all Regulatory Deferral Account Credit Balances.

A separate line item is presented in the profit or loss section of the Statement of Profit and Loss for the net movement in all Regulatory Deferral Account Balances for the reporting period.

Regulatory deferral accounts balances are adjusted in the year in which the same become recoverable from or payable to the beneficiaries.

2.17 Revenue

Revenue is measured based on the transaction price to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

Significant Financing Component

Where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year, the Company assesses the effects of significant financing component in the contract. As a consequence, the Company makes adjustment in the transaction prices for the effects of time value of money.

2.17.1 Revenue from Operations

Transmission

Transmission Income is accounted for based on tariff orders notified by the CERC. In case of transmission projects where final tariff orders are yet to be notified, transmission income is accounted for on provisional basis as per tariff regulations and orders of the CERC in similar cases. Difference, if any, is accounted on issuance of final tariff orders by the CERC. Transmission Income in respect of additional capital expenditure incurred after the date of commercial operation is accounted for based on expenditure incurred on year-to-year basis as per CERC tariff regulations. As at each reporting date, transmission income includes an accrual for services rendered to the customers but not yet billed.

Rebates allowed to beneficiaries as early payment incentives are deducted from the amount of revenue.

The Transmission system incentive / disincentive is accounted for based on certification of availability by the respective Regional Power Committees (RPCs) and in accordance with the CERC tariff regulations. Where certification by RPCs is not available, incentive/disincentive is accounted for on provisional basis as per estimate of availability by the company and differences, if any is accounted upon certification by RPCs.

Advance against depreciation (AAD), forming part of tariff pertaining upto the block period 2004-09, to facilitate repayment of loans, was reduced from transmission income and considered as deferred income to be included in transmission income in subsequent years. The outstanding deferred income in respect of AAD is recognised as transmission income, after twelve years from the end of the financial year in which the asset was commissioned, to the extent depreciation recovered in the tariff during the year is lower than depreciation charged in the accounts.

2.17.2 Other Income

Interest income is recognised, when no significant uncertainty as to measurability or collectability exists, on a time proportion basis taking into account the amount outstanding and the applicable interest rate, using the effective interest rate method (EIR).

Surcharge recoverable from trade receivables, liquidated damages, warranty claims and interest on advances to suppliers are recognised when no significant uncertainty as to measurability and collectability exists.

Income from Scrap is accounted for as and when sold.

Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realisation.



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2.18 Dividends

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable is recognised directly in equity.

2.19 Provisions and Contingencies

a) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each Balance Sheet date and are adjusted to reflect the current best estimate.

b) Contingencies

Contingent liabilities are disclosed on the basis of judgment of the management / independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

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 possible assets that arise from past events and whose existence 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. Contingent assets are disclosed in the financial statements when inflow of economic benefits is probable on the basis of judgment of management. These are assessed continually to ensure that developments are appropriately reflected in the financial statements.

2.20 Share capital and Other Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Self-insurance reserve is created @ 0.12% p.a. on Original Gross Block of Property, Plant and Equipment (including considered as Lease receivables) and value of Inventory except ROU assets and assets covered under insurance as at the end of the year by appropriation of current year profit to mitigate future losses from un-insured risks and for taking care of contingencies in future by procurement of towers and other transmission line materials including strengthening of towers and equipment of AC substation. The Reserve created as above is shown as "Self-Insurance Reserve" under 'Other Equity'.

2.21 Prior Period Items

Material prior period errors are corrected retrospectively by restating the comparative amounts for prior period presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening balance sheet.

2.22 Earnings per Share

Basic earnings per share is computed using the net profit or loss for the year attributable to the shareholders and weighted average number of shares outstanding during the year.



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

Additionally, basic, and diluted earnings per share are computed using the earnings amounts excluding the movements in Regulatory Deferral Account Balances.

2.23 Statement of Cash Flows

Statement of Cash flows is prepared as per indirect method prescribed in the Ind AS 7 'Statement of Cash Flows'.

2.24 Non-current assets (or disposal groups) held for sale and Discontinued Operation

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets (or disposal groups) and its sale is highly probable.

Assets and liabilities classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell and presented separately in the Balance Sheet. An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

A discontinued operation is a component of the company that comprises the operations and cash flows of which can be clearly distinguished from the rest of the Company which either has been disposed of, or classified as held for sale, and

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

3. Critical Estimates and Judgments

The preparation of financial statements requires the use of accounting estimates which may significantly vary from the actual results. Management also needs to exercise judgment while applying the company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

The areas involving critical estimates or judgments are:

Revenue Recognition:

Transmission income is accounted for based on tariff orders notified by the CERC. In case of transmission projects where final tariff orders are yet to be notified, transmission income is accounted for as per tariff regulations and other orders of the CERC in similar cases. Differences, if any, are accounted on issuance of final tariff orders by the CERC. Transmission income in respect of additional capital expenditure incurred after the date of commercial operation is accounted for based on expenditure incurred on year-to-year basis as per CERC tariff regulations.



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Regulatory Deferral Balances:

Recognition of Regulatory Deferral Balances involves significant judgments including about future tariff regulations since these are based on estimation of the amounts expected to be recoverable/payable through tariff in future.

Estimation of defined benefit obligation:

Estimation of defined benefit obligation involves certain significant actuarial assumptions which are listed in Note 31. Estimates and judgments are periodically evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

Useful life of property, plant and equipment:

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The Company reviews at the end of each reporting date the useful life of plant and equipment, other than the assets of transmission business which are governed by CERC Regulations, and are adjusted prospectively, if appropriate.

Provisions and contingencies:

The assessments undertaken in recognising provisions and contingencies have been made in accordance with Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets". The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

Assets held for sale:

Significant judgment is required to apply the accounting of non-current assets held for sale under Ind AS 105 – "Noncurrent assets held for sale and discontinued operations". In assessing the applicability, management has exercised judgment to evaluate the availability of the asset for immediate sale, management's commitment for the sale and probability of sale within one year to conclude if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Income Taxes:

Significant estimates are involved in determining the provision for current and deferred tax, including amount expected to be paid/recovered for uncertain tax positions.



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POWEGRID HIMACHAL TRANSMISSION LIMITED (formerly known as Jaypee Powergrid Limited)
Notes to the Financial Statements
4 **Property, Plant and Equipment**

(Amount in Lakh)

| Sl. No. | Description | GROSS BLOCK | | | | | DEPRECIATION | | | | | NET BLOCK | |
|---------|---------------------------|----------------------|----------------------------|----------|------------------------------|-----------------------|----------------------|----------------------------|----------|------------------------------|-----------------------|-----------------------|--|
| | | As at 1st April 2023 | Addition during the period | Disposal | Adjustment during the period | As at 31st March 2024 | As at 1st April 2023 | Addition during the period | Disposal | Adjustment during the period | As at 31st March 2024 | As at 31st March 2023 | |
| | Tangible Assets | | | | | | | | | | | | |
| 1 | Land (Freehold) | 63.27 | - | - | - | 63.27 | - | - | - | - | 63.27 | 63.27 | |
| 2 | Building | 564.39 | - | - | - | 564.39 | 17.87 | - | - | 582.26 | 403.46 | 421.33 | |
| 3 | Tools and Plant Equipment | 54.16 | 0.28 | - | - | 54.44 | 3.54 | - | - | 57.98 | 21.14 | 24.40 | |
| 4 | Furniture & Fixtures | 7.03 | - | - | - | 7.03 | 0.14 | - | - | 7.17 | 1.31 | 1.46 | |
| 5 | Motor Vehicles | 66.03 | - | - | - | 66.03 | 5.21 | - | - | 71.24 | 19.31 | 24.52 | |
| 6 | Office Equipment | 8.46 | - | - | - | 8.46 | 8.01 | - | - | 16.47 | 0.39 | 0.45 | |
| 7 | EDP Machinery & Equipment | 7.76 | - | - | - | 7.76 | 1.22 | - | - | 8.98 | 1.48 | 2.70 | |
| 8 | Transmission Line LILO | 2,477.64 | - | - | - | 2,477.64 | 130.82 | - | - | 2,608.46 | 796.65 | 927.47 | |
| 9 | Transmission Line | 93,555.58 | - | - | - | 93,555.58 | 4,939.74 | - | - | 98,495.32 | 34,363.56 | 39,303.30 | |
| 10 | E-bays (Sub-Station) | 1,464.08 | - | - | - | 1,464.08 | 77.30 | - | - | 1,541.38 | 536.89 | 614.19 | |
| 11 | Reactors | 2,148.38 | - | - | - | 2,148.38 | 113.44 | - | - | 2,261.82 | 791.67 | 905.11 | |
| | Grand Total | 1,00,416.78 | 0.28 | - | - | 1,00,416.78 | 5,289.34 | - | - | 1,05,706.12 | 36,999.13 | 42,288.20 | |
| Sl. No. | Description | As at 1st April 2022 | Addition during the period | Disposal | Adjustment during the period | As at 31st March 2023 | As at 1st April 2022 | Addition during the period | Disposal | Adjustment during the period | As at 31st March 2023 | As at 31st March 2022 | |
| | Tangible Assets | | | | | | | | | | | | |
| 1 | Land (Freehold) | 63.27 | - | - | - | 63.27 | - | - | - | - | 63.27 | 63.27 | |
| 2 | Building | 564.39 | - | - | - | 564.39 | 125.19 | - | - | - | 689.58 | 439.20 | |
| 3 | Tools and Plant Equipment | 54.16 | - | - | - | 54.16 | 26.22 | - | - | - | 80.38 | 27.94 | |
| 4 | Furniture & Fixtures | 7.03 | - | - | - | 7.03 | 5.26 | - | - | - | 12.29 | 1.77 | |
| 5 | Motor Vehicles | 66.03 | - | - | - | 66.03 | 36.29 | - | - | - | 102.32 | 29.74 | |
| 6 | Office Equipment | 8.05 | 0.41 | - | - | 8.46 | 7.70 | - | - | - | 15.16 | 0.45 | |
| 7 | EDP Machinery & Equipment | 7.76 | - | - | - | 7.76 | 3.84 | - | - | - | 11.60 | 3.92 | |
| 8 | Transmission Line LILO | 2,477.64 | - | - | - | 2,477.64 | 1,419.35 | - | - | - | 3,897.00 | 1,058.29 | |
| 9 | Transmission Line | 93,555.58 | - | - | - | 93,555.58 | 49,312.55 | - | - | - | 1,42,868.13 | 44,243.03 | |
| 10 | E-bays (Sub-Station) | 1,464.08 | - | - | - | 1,464.08 | 772.59 | - | - | - | 2,236.67 | 691.48 | |
| 11 | Reactors | 2,148.38 | - | - | - | 2,148.38 | 1,129.84 | - | - | - | 3,278.22 | 1,018.55 | |
| | Grand Total | 1,00,416.37 | 0.41 | - | - | 1,00,416.78 | 52,838.83 | 5,289.75 | - | - | 1,58,545.36 | 47,577.54 | |

Note:-

- The depreciation rates on Property Plant and Equipment (except Transmission Line & its elements from Tangible & Intangible Assets) are as per the useful life of the assets as per Schedule-II of the Companies Act' 2013.
- Depreciation on Transmission Line & its elements has been provided on Straight Line Method at the rates & methodology notified by Central Electricity Regulatory Commission (CERC) Tariff Regulations.
- PPE includes mandatory spares related to transmission line.
- The Company owns 2.12 hectare (Previous Year 2.12 hectare) of freehold land amounting to ₹ 63.27 lakh (Previous Year ₹ 63.27 lakh) based on available documentation.
- The title deed of above said land being freehold land is still appearing in the name of Jaypee Powergrid Limited (JPL) since from last financial year 2022-23. To change the name of the Company from JPL to PHTL, Company has filled a application in the Department of MPP & Power for NOC (No Objection Certificate), Shimla on 16th September, 2022. The same has been received. The matter is currently pending for final approval of Principle Secretary Cum F.C (Revenue).
- Refer note No. 38 for disclosure on Right of Use Assets as per Ind AS 116 – "Leases"



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(Rs. in Lakhs)

| | | |
|---|-------------------|-------------------|
| 5 Non Current Financial Assets | 31/03/2024 | 31/03/2023 |
| i) Non-Current Trade Receivables | | |
| Trade Receivable - Unsecured | | |
| Considered good | 88.61 | 288.07 |
| Credit Impaired | - | - |
| Total | 88.61 | 288.07 |

i) Electricity (late payment Surcharge and Related Matters) Rule, 2022 was notified by Ministry of Power on 03 June 2022, provides that at the option of the Distribution licences, the outstanding dues including late payment surcharge (LPSC) upto the date of said notification shall be rescheduled upto a maximum period of 48 months in the manner prescribed in the said Rules and no further LPSC shall be charged on those dues. Pursuant to the above, some of the distribution licenses have opted for rescheduling of their dues with Central Transmission Utility. The company's portion of dues have been presented at their fair value under Trade Receivables (Non-Current/Current) considering the requirements of applicable Indian Accounting Standards. Consequently, the fair value difference amounting to Rs Nil (Prev Year Rs. 98.56 Lakhs) has been charged as Other expenses (Refer note no. 29) and unwinding thereon amounting to Rs 31.96 Lakhs (Prev Year Rs. 50.31 Lakhs) has been accounted for as Other Income (refer note no. 25)

ii) Ageing of trade receivable (Rs. in Lakhs)

| Particulars | | Not Due | 0-6M | 6M-1Y | 1Y-2Y | 2Y-3Y | >3Y | Total |
|-------------------------------------|------------|---------------|----------|----------|----------|----------|----------|---------------|
| As at 31.03.2024 | | | | | | | | |
| Considered – Good | Disputed | | - | - | - | - | - | - |
| | Undisputed | 88.61 | - | - | - | - | - | 88.61 |
| Significant increase in Credit Risk | Disputed | | - | - | - | - | - | - |
| | Undisputed | | - | - | - | - | - | - |
| Credit Impaired | Disputed | | - | - | - | - | - | - |
| | Undisputed | | - | - | - | - | - | - |
| Total | | 88.61 | - | - | - | - | - | 88.61 |
| As at 31.03.2023 | | | | | | | | |
| Considered – Good | Disputed | | - | - | - | - | - | - |
| | Undisputed | 288.07 | - | - | - | - | - | 288.07 |
| Significant increase in Credit Risk | Disputed | | - | - | - | - | - | - |
| | Undisputed | | - | - | - | - | - | - |
| Credit Impaired | Disputed | | - | - | - | - | - | - |
| | Undisputed | | - | - | - | - | - | - |
| Total | | 288.07 | - | - | - | - | - | 288.07 |

ii) Other Financial Assets

| | | |
|--|-------------------|-------------------|
| | 31/03/2024 | 31/03/2023 |
| i Fixed Deposit with more than 12 months maturity (including accrued interest) | 1,001.75 | 936.61 |
| ii Surplus in gratuity defined benefit plan | 2.68 | 3.81 |
| Total | 1,004.43 | 940.42 |

6 Deferred Tax Asset (Net)

(A) Deferred Tax Liability

| | | |
|-------------------------------------|---------------------|-----------------|
| Opening Balance | 6,436.75 | 6,514.39 |
| Add:- Current Year Deferred Tax | 95.93 | (77.64) |
| Total for the year | 6,532.68 | 6,436.75 |
| Less:- Deferred Tax Asset- Reversal | - | - |
| Deferred Tax Liability | (A) 6,532.68 | 6,436.75 |

(B) Deferred Tax Asset

| | | |
|--|-----------------------|------------------|
| Opening Balance MAT Credit | 11,368.40 | 10,494.13 |
| Add :- MAT Credit not recorded earlier now recorded | - | - |
| Add :- MAT Credit Entitlement/Non Current Tax Assets | 927.49 | 871.46 |
| Provisions | 3.11 | 2.81 |
| Deferred Tax Asset | (B) 12,299.00 | 11,368.40 |
| Deferred Tax Asset (Net) | (A-B) 5,766.32 | 4,931.65 |



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Further Notes:

(Rs. in Lakhs)

| Movement in Deferred Tax Liabilities | Property Plant and Equipment | Other | Total |
|--------------------------------------|------------------------------|-------|----------|
| As at 01/04/2022 | 6,514.39 | - | 6,514.39 |
| Charged/(credited) to profit or loss | (77.64) | - | (77.64) |
| As at 31/03/2023 | 6,592.03 | - | 6,592.03 |
| Charged/(credited) to profit or loss | 95.93 | - | 95.93 |
| As at 31/03/2024 | 6,496.10 | - | 6,496.10 |

Movement in Deferred Tax Asset

| | MAT | Other | Total |
|--------------------------------------|-----------|-------|-----------|
| As at 01/04/2022 | 10,488.89 | 5.24 | 10,494.13 |
| Charged/(credited) to profit or loss | 871.46 | 2.81 | 874.27 |
| As at 31/03/2023 | 11,360.35 | 8.05 | 11,368.40 |
| Charged/(credited) to profit or loss | 927.49 | 3.11 | 930.60 |
| As at 31/03/2024 | 12,287.84 | 11.16 | 12,299.00 |

Amount taken to Statement of Profit and Loss

(Rs. in Lakhs)

| Particulars | 31/03/2024 | 31/03/2023 |
|--|-----------------|-----------------|
| Increase/ (Decrease) in Deferred Tax Liabilities | | 95.93 |
| Decrease / (Increase) in Deferred Tax Assets | | (930.60) |
| Total | (834.67) | (951.91) |

(C) In the opinion of the management, it is probable that future economic benefits will flow to the company in the form of availability of set off against future income tax liability by recognizing MAT credit as follows: Future taxable profits will be adjusted against

- (a) tax holiday u/s 80-IA of Income Tax Act, 1961 for the commissioned projects
(b) initial depreciation on the assets to be commissioned in future.

7 Other Non Current Assets

(Rs. in Lakhs)

| | 31/03/2024 | 31/03/2023 |
|----------------------------|---------------|---------------|
| i) Security Deposit | 3.31 | 3.13 |
| ii) Income Tax Refundable* | 448.01 | 427.66 |
| Total | 451.32 | 430.79 |

* Its includes amount adjusted by income tax department against outstanding demands as apperaring on the income tax portal for earlier period amounting to Rs. 115.83 Lakhs (Refer note no. 43A).

8 Current Assets - Trade Receivables

(Rs. in Lakhs)

| Trade Receivable considered good - Unsecured | | |
|--|-----------------|-----------------|
| - Considered good | 2,430.39 | 2,541.24 |
| - Credit Impaired | 283.45 | 264.75 |
| Less:- | 2,713.84 | 2,805.99 |
| - Less: Loss Allowance | 283.45 | 264.75 |
| Total | 2,430.39 | 2,541.24 |

Note

- i) Refer Note 36 for disclosure as per Ind AS 115 'Revenue from Contracts with Customers' & note no. 35 for details of trade receivable from related parties.
ii) Trade receivables includes receivables from various DICs through CTU
iii) Ageing of trade receivable

(Rs. in Lakhs)

| Particulars | unbilled | Not Due | 0-6M | 6M-1Y | 1Y-2Y | 2Y-3Y | >3Y | Total |
|-------------------------------------|-----------------|---------------|---------------|---------------|---------------|--------------|---------------|-----------------|
| As at 31.03.2024 | | | | | | | | |
| Considered – Good | Disputed | - | - | - | - | - | - | - |
| | Undisputed | 1,114.39 | 793.98 | 186.47 | 96.59 | 168.43 | 60.39 | 2,430.39 |
| Significant increase in Credit Risk | Disputed | - | - | - | - | - | - | - |
| | Undisputed | - | - | - | - | - | - | - |
| Credit Impaired | Disputed | - | - | - | - | - | - | - |
| | Undisputed | - | - | - | - | - | 283.45 | 283.45 |
| Total | 1,114.39 | 793.98 | 186.47 | 96.59 | 168.43 | 60.39 | 293.59 | 2,713.84 |
| As at 31.03.2023 | | | | | | | | |
| Considered – Good | Disputed | - | - | - | - | - | - | - |
| | Undisputed | 1,027.61 | 673.32 | 190.52 | 304.08 | 313.46 | 32.25 | 2,541.24 |
| Significant increase in Credit Risk | Disputed | - | - | - | - | - | - | - |
| | Undisputed | - | - | - | - | - | - | - |
| Credit Impaired | Disputed | - | - | - | - | - | - | - |
| | Undisputed | - | - | - | (0.04) | 0.08 | 264.70 | 264.75 |
| Total | 1,027.61 | 673.32 | 190.52 | 304.08 | 313.42 | 32.33 | 264.70 | 2,805.98 |



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iv) Company has confirmed that there is no significant risk involved getting the outstanding dues to be realised as majority of the dues are pertaining to the DIC's/ State Electricity Boards and governed by the Govt. regulations. However, in order to take care of the time value of outstanding balances receivable and to make them at present value and to meet any contingencies for the bad debts, if any management has adopted the policy for Expected Credit Loss (ECL) has been made against outstanding dues that have been outstanding for more than three years w.e.f. FY 2022-23. As per the management estimate the ECL so provided in books is higher than the actual ECL that should arise as per the ECL Matrix in line with the Holding Company policy for Lifetime ECL provision. Hence no further provisioning has been calculated and prepared. Management shall review the same in the subsequent years to get the same updated, if required.

| | | (Rs. in Lakhs) | |
|-----------|--|----------------|-----------------|
| | | 31/03/2024 | 31/03/2023 |
| 9 | Cash and Cash equivalents: | | |
| | 1. Balance with Banks: | 25.18 | 444.90 |
| | In Current Account | | |
| | Total | 25.18 | 444.90 |
| 10 | Bank balances other than cash & cash equivalents | | (Rs. in Lakhs) |
| | In term Deposits having maturity over 3 months up to 12 months (including interest accrued) | 922.43 | 2,595.22 |
| | Total | 922.43 | 2,595.22 |
| 11 | Other Current Financial Assets | | (Rs. in Lakhs) |
| | Other Advance* | 393.51 | - |
| | Total | 393.51 | - |
| | *Other advance pertains to amount deposited with the Registry, High Court of Himachal Pradesh at Shimla as per the orders issued by The High Court against writ petitions filed by the Company (Refer note no. 43A). | | |
| 12 | Other Current Assets | | (Rs. in Lakhs) |
| | i) Prepaid Expenses | 1.58 | 62.66 |
| | ii) Pay Advance* | 29.05 | - |
| | * Refer to note no. 43A | | |
| | Total | 30.63 | 62.66 |

| | | (Rs. in Lakhs) | |
|-----------|---|---------------------|---------------------|
| | | As at 31/03/2024 | As at 31/03/2023 |
| 13 | Share Capital | | |
| | Authorised | | |
| | 300,000,000 Equity Shares of Rs.10 each | 30,000.00 | 30,000.00 |
| | (Previous period 300,000,000 Equity Shares of Rs. 10/- each) | | |
| | Issued, Subscribed and Paid up | | |
| | 300,000,000 (Previous period 300,000,000) Equity Shares of Rs. 10/- each fully paid-up. | 30,000.00 | 30,000.00 |
| | Total | 30,000.00 | 30,000.00 |

1) The reconciliation of the number and amount of equity share capital as at 31st March, 2024 and 31st March, 2023 is set out below:

| Sl. No. | Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---------|--|----------------------|-----------------------|----------------------|-----------------------|
| | | No. of Shares | Amount (Rs. In Lakhs) | No. of Shares | Amount (Rs. in Lakhs) |
| i) | No. of Shares at the beginning of the period | 3,000.00 | 30,000.00 | 3,000.00 | 30,000.00 |
| ii) | Add: Share allotted during the period | - | - | - | - |
| iii) | No. of Shares at the end of the period | 3,000.00 | 30,000.00 | 3,000.00 | 30,000.00 |

2) Share held by the promoters and share holding more than 5% equity share of the Company

| S. No. | Promoter Name | No. of Share | | Percentage of total share | | Percent change during the year | |
|--------|---|----------------------|----------------------|---------------------------|----------------------|--------------------------------|----------------------|
| | | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2024 | As at March 31, 2023 |
| 1 | Power Grid Corporation of India Limited | 29,99,99,400 | 29,99,99,400 | 100% | 100% | NIL | NIL |
| 2 | Sh. Purshottam Agarwal | 100 | - | * | * | NIL | NIL |
| 3 | Sh. Dilip Nagesh Rozekar | 100 | - | * | * | NIL | NIL |
| 4 | Smt. Sangeeta Saxena | 100 | 100 | * | * | NIL | NIL |
| 5 | Sh. Abhay Choudhary | 100 | 100 | * | * | NIL | NIL |
| 6 | Smt. Seema Gupta | 100 | - | * | * | NIL | NIL |
| 7 | Sh. Upendra Pande | 100 | 100 | * | * | NIL | NIL |
| 8 | Sh. Y. K. Dixit | - | 100 | * | * | NIL | NIL |
| 9 | Sh. Parmod Kumar | - | 100 | * | * | NIL | NIL |
| 10 | Sh. Ashok Kumar Singhal | - | 100 | * | * | NIL | NIL |
| | Total | 30,00,00,000 | 30,00,00,000 | 100% | 100% | NIL | NIL |

*Negligible % Beneficial interest of these shares is held by Power Grid Corporation of India Ltd.

3) The Company has only one class of equity shares having a par value of Rs. 10/- per share.

4) The holders of equity shares are entitled to receive dividends as declared from time to time and to voting right proportionate to their share holding at meetings of the share holders.



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| | | (Rs. in Lakhs) | |
|-----------|--|------------------|------------------|
| | | 31/03/2024 | 31/03/2023 |
| 14 | Other Equity | | |
| | General Reserve | 4,157.89 | 4,157.89 |
| | Retained Earning | 5,936.57 | 8,537.55 |
| | Self Insurance Reserve (refer note no. 41) | 120.50 | - |
| | Other Comprehensive Income | 5.27 | 4.80 |
| | | 10,220.23 | 12,700.24 |
| 15 | Borrowings - Non current | | |
| | Unsecured loan from Related Party | | |
| | Loan from Holding Company M/s Power Grid Corp. of India Ltd. | 1,914.24 | 6,714.24 |
| | | 1,914.24 | 6,714.24 |
| | Less: Current Maturities (refer note no. 17) | (1,914.24) | (4,800.00) |
| | Total | - | 1,914.24 |
| | i) Loan from Holding Company (POWERGRID) amounting of Rs. 1914.24 Lakh is outstanding as on 31/03/2024 (Previous year 6714.24 Lakh) Transferred to Current liability (Note no 17). | | |
| | ii) Interest rate of loan from holding Company is linked to SBI / 3M MCLR / HDFC. Effective interest rate 8.10% to 8.20% in FY 2023-24 and 6.65% to 8.10% in previous year. | | |
| | iii) The loan is repayable on monthly installment of Rs. 400 Lakh each every month during the year and previous year. | | |
| | iv) There is no default in repayment of loan or payment of interest thereon during the year and previous year. | | |
| | v) Refer Note no. 35 for details of loan from related parties. | | |
| 16 | Other Non Current Liabilities | | |
| | Provisions | | |
| | Provision for Employees benefits | | |
| | Provision for Leave Encashment | 10.66 | 9.64 |
| | Total | 10.66 | 9.64 |
| 17 | Borrowings - Current | | |
| | Current Maturity - Unsecured loan from Related Party | | |
| | Loan from holding Company M/s Power Grid Corp. of India Ltd. | 1,914.24 | 4,800.00 |
| | Total | 1,914.24 | 4,800.00 |
| | i) Interest rate of loan from holding Company is linked to SBI / 3M MCLR / HDFC. Effective interest rate 8.10% to 8.20% in FY 2023-24 and 6.65% to 8.10% in previous year. | | |
| | ii) The loan is repayable on monthly installment of Rs. 400 Lakh each every month during the current year and previous year. | | |
| | iii) There has been no default in repayment of any of the loans or interest thereon as at the end of the year. | | |
| | iv) Refer Note no. 35 for details of loan from related parties. | | |
| 18 | Trade Payables | | |
| | Total outstanding dues of creditors other than micro & small enterprises | | |
| | i) For Goods and Services | 7.93 | 15.69 |
| | ii) For Related Parties | 21.41 | - |
| | Refer note no 37(b) For trade payable aging schedule | | |
| | Total | 29.34 | 15.69 |
| | Disclosure with regard to Micro and Small Enterprises as required under "The Micro, Small and Medium Enterprises Development Act, 2006 is given in Note 37(a). | | |
| 19 | Other Current Financial Liabilities | | |
| | Deposit/Retention Money from Contractors and others | 11.61 | 5.72 |
| | Payable to Employees | 3.41 | 4.39 |
| | Payable to Others | 14.61 | 7.11 |
| | Payable to Related Parties* | 43.08 | 119.40 |
| | *Payable to POWERGRID on account of deputation cost and rent. | | |
| | Refer Note no. 35 for details of related party transactions. | | |
| | Total | 72.71 | 136.62 |
| 20 | Other Current Liabilities | | |
| | Statutory Dues* | 97.98 | 14.64 |
| | Total | 97.98 | 14.64 |
| | *Statutory dues includes PF Rs. 1.28 Lakh, TDS of Rs. 95.52 Lakh, TDS under GST of Rs. 0.56 Lakh and GST under RCM of Rs. 0.62 Lakh. (Previous year : statutory dues includes PF of Rs. 1.27 Lakh, TDS of Rs. 12.74 Lakh, TDS under GST of Rs. 0.58 Lakh and GST under RCM of Rs. 0.05 Lakh) | | |



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| | | (Rs. in Lakhs) | |
|---|--|-------------------|-------------------|
| | | <u>31/03/2024</u> | <u>31/03/2023</u> |
| 21 | Provisions | | |
| | Current | | |
| | Provision for Employees benefits | | |
| | Provision for Leave Encashment | 0.47 | 0.43 |
| | Total | 0.47 | 0.43 |
| 22 | Current Tax Asset/(Liability) - Net | 31/03/2024 | 31/03/2023 |
| | Provision for Income Tax | 953.56 | 906.89 |
| | Less :- TDS/Advance Tax | 953.56 | 906.89 |
| | Total | - | - |
| 23 | The Regulatory Deferral Account Balances (Asset) | | (Rs. in Lakhs) |
| | Opening Balance | (4,931.65) | (3,979.74) |
| | Less:- Net Movement in Deferral assets | 834.67 | 951.91 |
| | Total | (5,766.32) | (4,931.65) |
| 24 | Revenue From Operations | | (Rs. in Lakhs) |
| | Sales of Services | 31/03/2024 | 31/03/2023 |
| | Transmission Charges | 12,692.54 | 13,125.77 |
| | Total | 12,692.54 | 13,125.77 |
| Note: a) In exercise of powers under section 178 of Electricity Act 2003, Central Electricity Regulatory Commission (CERC) has notified CERC (terms and conditions of tariff) regulations, 2019 vide order dated 07/03/2019, for the determination of transmission tariff for the block period 2019-24 | | | |
| b) Transmission income has been booked according to Final Tariff Order and Truing up order dated 17/10/2021 issued by CERC for the block period of 2019-24 with adjustments of short/excess if any. | | | |
| c) Recognition of revenue from transmission assets for which final tariff order has been received from CERC vide order dated 17/10/2021, revenue has been recognised considering certain adjustments for which final determination shall be made upon the truing up order for block period 2019-24. | | | |
| d) Transmission Tariff of Rs. 3181.08 Lakh (including incentive of Rs. 39.99 Lakhs) for the quarter ended March 31, 2024 has been recognised provisionally, based on site verification, as the certificate of availability of Transmission System by NRPC is pending for Certification and will be adjusted, if necessary in the subsequent Quarters. | | | |
| e) Transmission income also includes an accrual for services rendered to the customers but not yet billed. (refer note no. 8) | | | |
| f) Refer note no. 36 in respect of accounting effect as considered under IND As 115 'Revenue from Contract with Customers'. | | | |
| 25 | Other Income | | (Rs. in Lakhs) |
| | Interest Income | 174.38 | 117.87 |
| | Surcharge | 5.18 | 71.31 |
| | Income from Recovery of Licence Fee/System Operation Charges | 56.30 | 49.36 |
| | Interest on Income Tax Refund | - | 62.04 |
| | Liquidity Damage | 0.37 | - |
| | Miscellaneous Income * | 0.24 | 0.28 |
| | | 236.47 | 300.86 |
| | Unwinding of discount on financial assets** | 31.96 | 50.31 |
| | Total | 268.43 | 351.17 |
| * Miscellaneous income include rebates and discounts | | | |
| ** Refer note no. 5 for unwinding of discount on financial assets. | | | |
| 26 | Employee benefits expenses | | (Rs. in Lakhs) |
| | Salary wages allowances & Benefits | 148.89 | 145.41 |
| | Contribution to provident and other funds | 8.21 | 8.06 |
| | Staff welfare expenses | 13.92 | 12.91 |
| | Total | 171.02 | 166.38 |
| 27 | Finance Cost | | (Rs. in Lakhs) |
| | Interest and finance charges on financial liabilities at amortised cost | 31/03/2024 | 31/03/2023 |
| | - Intercompany Borrowing from Holding Co. POWERGRID | 366.70 | 686.16 |
| | Total | 366.70 | 686.16 |
| 28 | Depreciation and amortization expense | 31/03/2024 | 31/03/2023 |
| | Depreciation on Fixed Assets | 5,289.34 | 5,289.75 |
| | Total | 5,289.34 | 5,289.75 |

The company do not have any leasehold assets having cancellation period of more than 1 year during the FY 2023-24 and in the previous FY 2022-23.



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| 29 Other expenses | 31/03/2024 | 31/03/2023 |
|---|---------------|-----------------|
| Advertisement & Publicity | 0.10 | - |
| Auditor's Remuneration | | |
| - For Statutory Audit | 5.90 | 5.90 |
| - For Tax Audit | - | 1.18 |
| - For Certifications/Others | 3.15 | 2.50 |
| Bank Charges | 0.24 | 0.19 |
| Communication Expenses | 1.45 | 1.36 |
| Cost Audit Fee/Others | 0.41 | 0.59 |
| Corporate Social Responsibility | 122.64 | 128.07 |
| Deputation Cost* | 204.27 | 237.83 |
| Forest Compensation | - | 12.18 |
| Insurance Charges | 60.60 | 326.91 |
| Internal Audit Fee | 0.15 | 0.15 |
| Legal and Professional Expenses | 19.66 | 4.44 |
| Transmission License Fee and Tariff Determination Fee | 27.88 | 29.88 |
| Miscellaneous Expenses | 5.88 | 7.35 |
| Printing & Stationery Expenses | 1.67 | 0.92 |
| IT, SAP and ERP Support | 7.87 | 13.24 |
| Reactors Maintenance Cost | 85.81 | 78.01 |
| Rent, Rates & Taxes Others | 6.03 | 5.77 |
| Rent to POWERGRID | 20.43 | 33.50 |
| Security Expenses | 24.94 | 23.53 |
| Secretarial Audit Fee | 0.47 | 0.47 |
| Sub-Station Maintenance Cost | 87.11 | 84.16 |
| System Operation/NLRDC Charges Paid | 28.49 | 20.19 |
| Travelling & Conveyance Expenses | 5.48 | 6.63 |
| Transmission Line Work | 99.27 | 48.13 |
| Vehicle Running & Maintenance Expenses | 22.30 | 22.29 |
| Fair Valuation Loss on Financial assets** | - | 98.56 |
| Provision for Bad-Debts | 18.73 | 264.75 |
| Total | 860.93 | 1,458.68 |

* Deputation Cost related party transaction refer note no. 35

** Refer note no. 5 for Fair Valuation Loss on Financial assets.

| 30 Net Movement in Regulatory Deferral Account Balance-Incomes/(expenses) (Net of tax) | (Rs. in Lakhs) | |
|--|-----------------------|-----------------------|
| Particulars | As at 31st March 2024 | As at 31st March 2023 |
| Deferred assets for Deferred tax liability | (834.67) | (951.91) |
| Employee Benefits Expenses | - | - |
| | (834.67) | (951.91) |
| Tax on Net movement in regulatory deferred account balance | (145.83) | (166.32) |
| Total | (688.84) | (785.59) |

Disclosures relating to Regulatory Deferral Account Balances Nature of rate regulated activities

- i) The company is mainly engaged in the business of transmission of power. The tariff for transmission of power is determined by the CERC through tariff regulations. The tariff is based on capital cost admitted by CERC and provides for transmission charges recovery of annual fixed cost consisting of Return on equity, Interest on loan capital, Depreciation, interest on working capital and Operation & Maintenance expenses.
- ii) Risk associated with future recovery/ reversal of regulatory deferral account balances
- (a) regulatory risk on account of changes in regulations.
- (b) other risks including currency or other market risks, if any.
- Any change in the Tariff regulations beyond the current tariff period ending on 31-03-2024 may have an impact on the recovery of Regulatory Deferral Account Balances.

The Regulatory Deferral Account Balances (assets) recognized in the books to be recovered from the beneficiaries in future periods are as follows:

| Particulars | (Rs. In Lakhs) | |
|---|------------------|------------------|
| | As at 31/03/2024 | As at 31/03/2023 |
| A. Opening Balance | (4,931.65) | (3,979.74) |
| B. Addition/(deduction) during the year | (834.67) | (951.91) |
| C. Amount collected/refunded during the year | - | - |
| D. Regulated Income/(Expense) recognized in the statement of Profit and Loss (B-C) | (834.67) | (951.91) |
| E. Closing Balance (A+D) | (5,766.32) | (4,931.65) |
| F. Tax on Regulated Income/(Expense) recognized in the statement of Profit and Loss | 145.83 | 166.32 |



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31 Employees Benefit Obligations

(Rs. in Lakh)

| Particulars | As at 31st March 2024 | | | As at 31st March 2023 | | |
|---|-----------------------|--------------|--------------|-----------------------|--------------|--------------|
| | Current | Non Current | Total | Current | Non Current | Total |
| Leave Obligations | 0.47 | 10.66 | 11.14 | 0.44 | 9.64 | 10.08 |
| Gratuity | 0.44 | 23.40 | 23.84 | 0.39 | 20.42 | 20.81 |
| Total employee benefit obligations | 0.91 | 34.06 | 34.97 | 0.83 | 30.06 | 30.89 |

(i) Long Term Employee Benefits

(A) Leave Obligations

The Company provides for earned leave benefit (including compensated absences) to the employees of the company which accrue annually at 30 days. Earned leave is encashable on separation from service. Leaves are en-cashable on separation upto the maximum of 120 days. The liability for same is recognized on the basis of actuarial valuation.

(B) Gratuity

The company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 x last drawn basic salary plus, dearness allowance) for each completed year of service on superannuation, resignation, termination, disablement or on death subject to a maximum of ₹ 20 lacs. The scheme is funded by the company. The liability for the same is recognized on the basis of actuarial valuation on annual basis on the Balance Sheet date.

(C) Provident Fund

Company pays fixed contribution to Provident Fund. Contribution to family pension scheme is paid to the appropriate authorities. The contribution to the fund and EPF scheme for the year amounting to Rs. 8.21 Lakh (previous year Rs. 8.06 Lakh) has been recognized as expense and is charged to Statement of Profit and Loss.

(D) Principal Actuarial assumptions

Principal actuarial assumption used to determine the present value of the benefit obligation are as follows:

| Sl. No. | Particulars | Refer note below | As at 31/03/2024 | As at 31/03/2023 |
|---------|--|------------------|------------------|------------------|
| I | Discounting Rate | 1 | 7.23% | 7.37% |
| II | Salary escalation rate (p.a.) | 2 | 6.50% | 6.50% |
| III | Estimate of amount contribution in the immediate next year | Rs./Lacs | 2.03 | 1.84 |

Notes

- The discount rate is based on the prevailing market yields of the Indian Government securities as at the balance sheet date for the estimated term of obligation.
- The estimates of future salary increase consider takes into a account the inflation, seniority, promotion and other relevant factors.

(E) The following tables set out the funded status of the plans and amount recognised in the financial statements.

(Rs. in Lakh)

| Sl. No. | Particulars | 2023-24 | | 2022-23 | |
|-----------|---|-------------------|------------------|-------------------|------------------|
| | | Gratuity (Funded) | Leave Encashment | Gratuity (Funded) | Leave Encashment |
| a) | Change in benefit obligations: | | | | |
| 1 | Present value of the obligation at the beginning of the year | 20.81 | 10.08 | 19.09 | 9.02 |
| 2 | Current Service Cost | 1.99 | 1.17 | 1.90 | 1.17 |
| 3 | Interest Cost | 1.54 | 0.81 | 1.34 | 0.63 |
| 4 | Actuarial (Gain)/Loss on obligation | (0.50) | (0.92) | (1.51) | (0.75) |
| 5 | Benefits paid | - | - | - | - |
| 6 | Present value of the obligation at the end the year | 23.84 | 11.14 | 20.81 | 10.08 |
| b) | Change in Plan Assets during the Period ended 31st March, 2024 | | | | |
| 1 | Fair value of the Plan Assets at the beginning of the year. | 24.62 | - | 22.92 | - |
| 2 | Actual Return on Plan Assets. | 1.89 | - | 1.70 | - |
| 3 | Contribution by Employer. | - | - | - | - |
| 4 | Actual Benefit Paid. | - | - | - | - |
| 5 | Fair value of the Plan Assets at the end of the year. | 26.51 | - | 24.62 | - |



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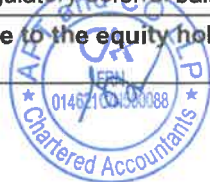
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| (Rs. in Lakh) | | | | |
|--|--|-----------------|--|-------------------------|
| c) Net Liability/(Surplus)(I-II) | | | | |
| 1 Present value of defined benefit obligation | 23.84 | 11.14 | 20.81 | 10.08 |
| 2 Fair value of Plan Assets | 26.51 | - | 24.62 | - |
| Net Liability/(Surplus) (I-II) | (2.67) | 11.14 | (3.81) | 10.08 |
| d) Expenses Recognised in the Statement of Profit and Loss | | | | |
| 1 Current Service Cost | 1.99 | 1.17 | 1.90 | 1.17 |
| 2 Net interest cost | (0.28) | 0.81 | (0.27) | 0.63 |
| 3 Actuarial Gain/Loss on leave encashment | - | (0.92) | - | (0.75) |
| Total | 1.71 | 1.06 | 1.63 | 1.05 |
| e) Expenses recognised in Other Comprehensive Income | (Rs. in Lakh) | | | |
| Other Comprehensive Income | For the year ended March 31, 2024 | | For the year ended March 31, 2023 | |
| Net actuarial gain/(loss) recognized in the period | | | | |
| Leave Encashment | | - | | - |
| Gratuity | | 0.57 | | 1.61 |
| Net gain/(loss) for the period | | 0.57 | | 1.61 |
| Less Deferred Tax Asset/Liability | | 0.10 | | 0.28 |
| Net Charge/(Credit) | | 0.47 | | 1.33 |
| Demographic assumptions: | | | | |
| 1 Retirement age | | 60 Years | | 60 Years |
| 2 Mortality rate (% of IALM 12-14) | | 100% | | 100% |
| 3 Average Outstanding service of Employees up to retirement | | 10.65 | | 11.45 |
| 4 No. of Employees | | 25 | | 25 |
| f) Sensitivity Analysis of the defined benefit obligation as on 31st March 2024 | | | | |
| Impact of the change in | Gratuity (Funded) | | Leave Encashment | |
| | Increase | Decrease | Increase | Decrease |
| 1 Discount Rate (0.50% movement) | (1.08) | 1.16 | (0.49) | 0.53 |
| 2 Salary Escalation Rate (0.50% movement) | 1.16 | (1.09) | 0.53 | (0.50) |
| Sensitivities due to mortality & withdrawals are not material & hence impact of change due to these not calculated. Sensitivities as rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable. | | | | |
| g) Maturity Profile of Defined Benefit Obligation as on 31st March,2024 | | | Gratuity (Funded) | Leave Encashment |
| 1 0 to 1 Year | | | 0.44 | 0.47 |
| 2 1 to 2 Year | | | 3.16 | 0.88 |
| 3 2 to 3 Year | | | 1.25 | 1.41 |
| 4 3 to 4 Year | | | 1.97 | 0.87 |
| 5 4 to 5 Year | | | 0.27 | 0.12 |
| 6 5 to 6 Year | | | 0.27 | 0.12 |
| 7 6 Year onwards | | | 16.48 | 7.27 |
| h) Major categories of plan assets (as percentage of total plan assets) | | | | |
| Funds Managed by Insurer 100 % | | | 100% | - |

32 Earnings per share

(Rupees)

| (a) Basic and diluted earnings per share attributable to the equity holder of the Company | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|--|--|
| Including movement in Regulatory deferral balances | 1.77 | 1.66 |
| Excluding movement in Regulatory deferral balances | 2.00 | 1.92 |
| Total basic and diluted earnings per share attributable to the equity holder of the Company | 1.77 | 1.66 |
| (Rs. in Lakh) | | |
| (b) Reconciliation of earnings used as numerator in calculating | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
| Earnings attributable to the equity holders of the company including movement in Regulatory deferral balances | 5,319.52 | 4,969.12 |
| Earnings attributable to the equity holders of the company excluding movement in Regulatory deferral balances | 6,008.36 | 5,754.71 |
| Total Earnings attributable to the equity holders of the company | 5,319.52 | 4,969.12 |



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| (c) Reconciliation of Equity Shares used as denominator in calculating | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|-----------------------------------|-----------------------------------|
| Weighted average number of equity shares used as the denominator in calculating basic earnings per share | 3,000 | 3,000 |
| Adjustments for calculation of diluted earnings per share | - | - |
| Total weighted average number of equity shares used as the denominator in calculating basic earnings per share | 3,000 | 3,000 |

33 Disclosures relating to Regulatory Deferral Account Balances

The company is mainly engaged in the business of transmission of power. The tariff for transmission of power is determined by the CERC through tariff regulations. The tariff is based on capital cost admitted by CERC and provides for transmission charges recovery of annual fixed cost consisting of Return on equity, Interest on loan capital, Depreciation, interest on working capital and Operation & Maintenance expenses.

The Regulatory Deferral Account Balances (assets) recognized in the books to be recovered from the beneficiaries in future periods are as follows :

| Sl. No. | Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---------|---|-----------------------------------|-----------------------------------|
| A | Opening Balance | (4,931.65) | (3,979.74) |
| B | Addition/(deduction) during the year | (834.67) | (951.91) |
| C | Amount collected/refunded during the year | - | - |
| D | Regulated Income/(Expense) recognized in the statement of Profit and Loss (B-C) | (834.67) | (951.91) |
| E | Closing Balance (A+D) | (5,766.32) | (4,931.65) |

34 Income Tax expense

This note provides an analysis of the company's income tax expense, and how the tax expense is affected by non-assessable and non deductible items. It also explains significant estimates made in relation to the Company's tax position.

(a) Income tax Expense

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|-----------------------------------|-----------------------------------|
| Current Tax | | |
| Current tax on profits for the year | (1,099.29) | (1,073.17) |
| Pertaining to regulatory deferral account balances (A) | 145.83 | 166.32 |
| Total current tax expense (B) | (953.46) | (906.85) |
| Deferred Tax expense | | |
| Origination and reversal of temporary differences | 834.67 | 951.91 |
| Total deferred tax expense /benefit (C) | 834.67 | 951.91 |
| Income tax expense (B+C-A) | (264.62) | (121.26) |
| Pertaining to regulatory deferral account balances | 145.83 | 166.32 |
| Total tax expense including tax on movement in regulatory deferral account balances | (118.79) | 45.06 |



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(b) Income Tax recognized in Regulatory Deferral Account Balances:

(Rs. in Lakh)

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| Deferred assets for Deferred tax liability | 834.67 | 951.91 |
| Foreign Currency Fluctuation | - | - |
| Employee Benefits Expenses | - | - |
| Total Regulatory Deferral Account Balances Before Tax - Income /(Expenses) | 834.67 | 951.91 |
| Current Tax on Regulatory Deferral Account Balances | 145.83 | 166.32 |
| Net Movement in Regulatory Deferral Account Balances - Income/ (Expenses) (net of Tax) | 688.84 | 785.59 |

(c) Income Tax recognized in other comprehensive income:

(Rs. in Lakh)

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Net actuarial losses on defined benefit plans | | |
| Before Tax | 0.57 | 1.61 |
| Tax Expenses | 0.10 | 0.28 |
| Net of Tax | 0.47 | 1.33 |

(d) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

(Rs. in Lakh)

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Profit before income tax expense including movement in regulatory | 5,438.31 | 4,924.06 |
| Tax at the Company's domestic tax rate of 25.168% | 1,368.71 | 1,239.29 |
| Tax effect of: | | |
| Non Deductible tax items | 675.33 | 645.10 |
| Tax exempt income | (2,044.05) | (1,884.39) |
| Deferred Assets for Deferred Tax Liability | | |
| Unabsorbed tax losses | | |
| Deferred Tax expense/(income) | 834.67 | 951.91 |
| Minimum alternate tax adjustments | (953.46) | (906.85) |
| Income tax expense | (118.79) | 45.06 |



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35 Disclosure as per Ind AS 24 - "Related Party Disclosures"

| Sl. No. | Name of entity | Place of business / Country of incorporation | Proportion of Ownership Interest | |
|------------|--|--|-------------------------------------|--------------------------|
| | | | As on 31st March 2024 | As on 31st March 2023 |
| (a) | <u>Holding Company</u> | | | |
| 1 | Power Grid Corporation of India Limited | India | 100% | 100% |
| (b) | <u>Subsidiary of Holding Company</u> | | | |
| 1 | POWERGRID Vemagiri Transmission Limited | India | NA | NA |
| 2 | POWERGRID NM Transmission Limited | India | NA | NA |
| 3 | POWERGRID Unchahar Transmission Limited | India | NA | NA |
| 4 | POWERGRID Medinipur Jeerat Transmission Limited | India | NA | NA |
| 5 | POWERGRID Mithilanchal Transmission Limited | India | NA | NA |
| 6 | POWERGRID Varanasi Transmission System Limited | India | NA | NA |
| 7 | POWERGRID Southern Interconnector Transmission System Limited | India | NA | NA |
| 8 | POWERGRID Jawaharpur Firozabad Transmission Limited | India | NA | NA |
| 9 | POWERGRID Khetri Transmission System Limited | India | NA | NA |
| 10 | POWERGRID Bhuj Transmission Limited | India | NA | NA |
| 11 | POWERGRID Bhind Guna Transmission Limited | India | NA | NA |
| 12 | POWERGRID Ajmer Phagi Transmission Limited | India | NA | NA |
| 13 | POWERGRID Fatehgarh Transmission Limited | India | NA | NA |
| 14 | POWERGRID Rampur Sambhal Transmission Limited | India | NA | NA |
| 15 | POWERGRID Meerut Simbhavali Transmission Limited | India | NA | NA |
| 16 | Central Transmission Utility of India Limited | India | NA | NA |
| 17 | POWERGRID Ramgarh Transmission Limited | India | NA | NA |
| 18 | POWERGRID Bikaner Transmission System Limited | India | NA | NA |
| 19 | POWERGRID Sikar Transmission Limited | India | NA | NA |
| 20 | POWERGRID Bhadla Transmission Limited | India | NA | NA |
| 21 | POWERGRID Aligarh Sikar Transmission Limited | India | NA | NA |
| 22 | POWERGRID Teleservices Limited | India | NA | NA |
| 23 | POWERGRID Energy Services Limited | India | NA | NA |
| 24 | POWERGRID Narela Transmission Limited | India | NA | NA |
| 25 | POWERGRID Gomti Yamuna Transmission Limited | India | NA | NA |
| 26 | POWERGRID Neemuch Transmission System Limited | India | NA | NA |
| 27 | POWERGRID ER NER Transmission Limited | India | NA | NA |
| 28 | POWERGRID Khavda II- B Transmission Limited (erstwhile Khavda II- B Transmission Limited) | India | NA | NA |
| 29 | POWERGRID Khavda II- C Transmission Limited (erstwhile Khavda II- C Transmission Limited) | India | NA | NA |
| 30 | POWERGRID Khavda RE Transmission Limited (erstwhile Khavda RE Transmission Limited) | India | NA | NA |



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| | | | | |
|------------|---|-------|----|----|
| 31 | POWERGRID KPS2 Transmission Limited (erstwhile KPS2 Transmission Limited) | India | NA | NA |
| 32 | POWERGRID KPS3 Transmission Limited (erstwhile KPS3 Transmission Limited) | India | NA | NA |
| 33 | POWERGRID ERWR Power Transmission Limited (erstwhile ERWR Power Transmission Limited) | India | NA | NA |
| 34 | POWERGRID Raipur Pool Dhamtari Transmission Limited (erstwhile Raipur Pool Dhamtari Transmission Limited) | India | NA | NA |
| 35 | POWERGRID Dharamjaigarh Transmission Limited (erstwhile Dharamjaigarh Transmission Limited) | India | NA | NA |
| 36 | POWERGRID Bhadla Sikar Transmission Limited (erstwhile Bhadla Sikar Transmission Limited) | India | NA | NA |
| 37 | POWERGRID Ramgarh II Transmission Limited | India | NA | NA |
| 38 | POWERGRID Bhadla III Transmission Limited | India | NA | NA |
| 39 | POWERGRID Bikaner Neemrana Transmission Limited | India | NA | NA |
| 40 | POWERGRID Koppal Gadag Transmission Limited | India | NA | NA |
| 41 | Bidar Transmission Limited | India | NA | NA |
| 42 | Sikar Khetri Transmission Limited | India | NA | NA |
| 43 | POWERGRID Neemrana Bareilly Transmission Limited | India | NA | NA |
| 44 | POWERGRID Ananthpuram Kurnool Transmission Limited | India | NA | NA |
| 45 | POWERGRID Vataman Transmission Limited (Erstwhile Vataman Transmission Limited) \$ | India | NA | NA |
| 46 | POWERGRID Beawar Dausa Transmission Limited (Erstwhile Beawar Dausa Transmission Limited) # | India | NA | NA |
| | \$ 100% equity acquired by POWERGRID from PFC consulting Limited on 31.10.2023. | | | |
| | # 100% equity acquired by POWERGRID from PFC consulting Limited on 26.12.2023. | | | |
| (c) | Joint Ventures of Holding Company | | | |
| 1 | Powerlinks Transmission Limited | India | NA | NA |
| 2 | Torrent Power Grid Limited | India | NA | NA |
| 3 | Parbati Koldam Transmission Company Limited | India | NA | NA |
| 4 | Sikkim Power Transmission Limited | India | NA | NA |
| 5 | North East Transmission Company Limited | India | NA | NA |
| 6 | National High Power Test Laboratory Private Limited | India | NA | NA |
| 7 | Bihar Grid Company Limited | India | NA | NA |
| 8 | Energy Efficiency Services Limited | India | NA | NA |
| 9 | Cross Border Power Transmission Company Limited | India | NA | NA |
| 10 | RINL POWERGRID TLT Private Limited | India | NA | NA |
| 11 | Butwal-Gorakhpur Cross Border Power Transmission Limited | India | NA | NA |
| 12 | Power Transmission Company Nepal Limited | Nepal | NA | NA |
| (d) | Associates of Holding Company | | | |
| 1 | POWERGRID Kala Amb Transmission Limited | India | NA | NA |
| 2 | POWERGRID Jabalpur Transmission Limited | India | NA | NA |
| 3 | POWERGRID Warora Transmission Limited | India | NA | NA |
| 4 | POWERGRID Parli Transmission Limited | India | NA | NA |
| (e) | Key Management Personnel | | | |
| 1 | Shri Pramod Kumar, Director (till 30.06.2023) | | | |
| 2 | Smt. Manju Gupta, Director | | | |
| 3 | Shri D N Rozekar | | | |



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| | |
|----|--|
| 4 | Shri Sanjay Gupta (w.e.f. 28.06.2023) |
| 5 | Shri Rajesh Kumar, Chief Executive Officer (w.e.f 28.07.2023) |
| 6 | Shri B. Das, Chief Financial Officer (till 31.08.2023) |
| 7 | Shri Umar Farooque, Chief Financial Officer (w.e.f 14.09.2023) |
| 8 | Shri Rajeev Kumar, Company Secretary |
| 9 | Shri R. K. Tyagi (KMP of POWERGRID) |
| 10 | Dr. Saibaba Darbamulla (KMP of POWERGRID) |
| 11 | Shri Abhay Choudhary (KMP of POWERGRID) |
| 12 | Dr. Yatindra Dwivedi (KMP of POWERGRID) |
| 13 | Shri Chetan Bansilal Kankariya (KMP of POWERGRID) |
| 14 | Shri Ram Naresh Tiwari (KMP of POWERGRID) |
| 15 | Shri Ravisankar Ganesan (KMP of POWERGRID) |

(f) Government Related Entities

The Company is a wholly owned subsidiary of Central Public Sector Undertaking (CPSU) controlled by Central Government by holding majority of shares.

The Company has business transactions with other entities controlled by the GOI for procurement of capital equipment, spares and services. Transactions with these entities are carried out at market terms on arms-length basis through a transparent price discovery process against open tenders, except in a few cases of procurement of spares/services from Original Equipment Manufacturer (OEM) for proprietary items/or on single tender basis due to urgency, compatibility or other reasons. Such single tender procurements are also done through a process of negotiation with prices benchmarked against available price data of same/similar items.

The above transactions are in the course of normal day-to-day business operations. Such entities with which the Company has significant transactions include but not limited to POSOCO (RLDC fees for an amount of ₹ 28.49 lakhs).



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| (g) Balances outstanding as at the period ended 31st March 2024 | | | | | | | |
|---|---|-----------------------------|------------|--|------------|--------------------------|------------|
| S. No. | Nature of Transaction | POWERGRID (Holding Company) | | Central Transmission Utility of India Ltd. (Fellow Subsidiary Company) | | Key Management Personnel | |
| | | 31-03-2024 | 31-03-2023 | 31-03-2024 | 31-03-2023 | 31-03-2024 | 31-03-2023 |
| 1 | Loan from POWERGRID | 1,914.24 | 6,714.24 | - | - | - | - |
| 2 | Managerial Remuneration | - | - | - | - | 18.25 | 39.10 |
| 3 | Operation and maintenance (including GST) | - | - | - | - | - | - |
| 4 | Reimbursement of Deputation Cost | 40.89 | 76.62 | - | - | - | - |
| 5 | Bay Maintenance at Abdullapur S/s (including GST) | 21.41 | - | - | - | - | - |
| 6 | Rent payable (including GST) | 2.19 | 42.78 | - | - | - | - |
| 7 | Transactions in capacity of CTU (Receivable) | - | - | 2,430.39 | 2,541.24 | - | - |
| (h) Transaction with Related parties | | | | | | | |
| 1 | Dividend | 7,800.00 | 4,500.00 | - | - | - | - |
| 2 | Bay Maintenance at Abdullapur S/s (excluding GST) | 73.82 | 71.32 | - | - | - | - |
| 3 | Managerial Remuneration | - | - | - | - | 132.72 | 170.32 |
| 4 | Loan Received | - | - | - | - | - | - |
| 5 | Loan Repayment | 4,800.00 | 4,800.00 | - | - | - | - |
| 6 | Interest Payment | 366.70 | 686.16 | - | - | - | - |
| 7 | Reimbursement of Deputation Cost (excluding GST) | 173.11 | 201.55 | - | - | - | - |
| 8 | Rent and Other Support Services Expense (excluding GST) | 23.98 | 39.61 | - | - | - | - |
| 9 | Transactions in capacity of CTU | - | - | 12,697.72 | 13,197.08 | - | - |

36 Disclosure as per Ind AS 115 - "Revenue from Contracts with Customer"

a) The movement in contract assets during the year is as follows:

(Rs. In Lakhs)

| Particulars | For the year ended 31-03-2024 | For the year ended 31-03-2023 |
|---|-------------------------------|-------------------------------|
| No contract assets during the year and previous year. | - | - |

b) The entity determines transaction price based on expected value method considering its past experiences of refunds or significant reversals in amount of revenue. In estimating significant financing component, management considers the financing element inbuilt in the transaction price based on imputed rate of return. Reconciliation of Contracted Price vis-a-vis revenue recognized in profit or loss statement is as follows:

(Rs. In Lakhs)

| Particulars | For the year ended 31-03-2024 | For the year ended 31-03-2023 |
|--|-------------------------------|-------------------------------|
| Contracted Price | 12,672.89 | 13,257.13 |
| Add/ (Less)- Discounts/ rebates provided to customer | (65.82) | (63.74) |
| Add/ (Less)- Performance bonus | 160.82 | 133.96 |
| Add/ (Less)- Adjustment for significant financing component (50% Interest Benefit) | (67.62) | (174.60) |
| Add/ (Less)- Other adjustments | (7.73) | (26.98) |
| Revenue recognised in profit or loss statement | 12,692.54 | 13,125.77 |



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37. a) Micro, Small and Medium Enterprises

Based on information available with the company, there are no suppliers/service providers who are registered as micro, small or medium enterprise under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006). Information in respect of micro and small enterprises as required by Companies Act 2013 and MSMED Act, 2006 is given as under:

(Rs. In Lakhs)

| Sr. No | Particulars | Trade Payables | | Others | |
|--------|---|------------------|------------------|------------------|------------------|
| | | As at 31-03-2024 | As at 31-03-2023 | As at 31-03-2024 | As at 31-03-2023 |
| 1 | Principal amount and interest due thereon remaining unpaid to any supplier as at end of each accounting year: | | | | |
| | Principal | Nil | Nil | Nil | Nil |
| | Interest | Nil | Nil | Nil | Nil |
| 2 | The amount of Interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | Nil | Nil | Nil | Nil |
| 3 | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006 | Nil | Nil | Nil | Nil |
| 4 | The amount of interest accrued and remaining unpaid at the end of each accounting year | Nil | Nil | Nil | Nil |
| 5 | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006 | Nil | Nil | Nil | Nil |

b) Trade payables

Aging of Trade Payables is as follows:

(Rs. In Lakhs)

| Particulars | Not Billed | <1Y | 1Y-2Y | 2Y-3Y | >3Y | Total |
|-------------------------|------------|--------------|-------|-------|-----|--------------|
| As at 31.03.2024 | | | | | | |
| MSME | | | | | | |
| Disputed | - | - | - | - | - | - |
| Undisputed | - | - | - | - | - | - |
| Total | - | - | - | - | - | - |
| Others | | | | | | |
| Disputed | - | - | - | - | - | - |
| Undisputed | - | 29.34 | - | - | - | 29.34 |
| Total | - | 29.34 | - | - | - | 29.34 |
| As at 31.03.2023 | | | | | | |
| MSME | | | | | | |
| Disputed | - | - | - | - | - | - |
| Undisputed | - | - | - | - | - | - |
| Total | - | - | - | - | - | - |
| Others | | | | | | |
| Disputed | - | - | - | - | - | - |
| Undisputed | - | 15.69 | - | - | - | 15.69 |
| Total | - | 15.69 | - | - | - | 15.69 |



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38. Disclosure as per Ind AS 116 - "Leases"

Lease is a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves use of an identified assets, (ii) the customer has substantially all the economic benefits from the use of the asset through the period of the lease and (iii) the customer has the right to direct the use of the asset.

As a Lessee

At the date of commencement of the lease, the Company recognises a right-of-use asset (ROU) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for lease with a term of twelve months or less (i.e. short term leases) and leases for which the underlying asset is of low value. For these short-term and leases for which the underlying asset is of low value, the Company recognizes the lease payments on straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognized at cost, which comprises the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the inception date of the lease along with any initial direct costs, restoration obligations and lease incentives received. Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The Company applies Ind AS 36 to determine whether a ROU asset is impaired and accounts for any identified impairment loss as described in the accounting policy 2.8 on "Impairment of nonfinancial assets". The lease liability is initially measured at present value of the lease payments that are not paid at that date. The interest cost on lease liability is expensed in the Statement of Profit and Loss, unless eligible for capitalization as per accounting policy 2.7 on "Borrowing costs". Lease liability and ROU asset have been separately presented in the financial statements and lease payments have been classified as financing cash flows.

The Company has entered into the lease deed in respect of one properties during the previous financial year and two property during the current year, management of the company has determine that the non-cancellable for which the contract was enforceable was not more than 1 year. Further both the lessor and lessee had the right to terminate the lease without the permission from the other party with no significant penalty. Considering the terms of lease, the accounting standards 116 is not made applicable in respect of aforesaid lease deed.



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39. Corporate Social Responsibility (CSR) Expenses

As per Section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules, 2014 read with DPE guidelines no F.No.15 (13)/2013-DPE (GM), the Company is required to spend, in every financial year, at least two per cent of the average net profits of the Company made during the three immediately preceding financial years in accordance with its CSR Policy. The details of CSR expenses for the year are as under: -

(Rs. in Lakhs)

| Sl. No. | PARTICULARS | For the year ended 31-03-2024 | For the year ended 31-03-2023 |
|---------|---|-------------------------------|-------------------------------|
| A | Gross Amount required to be spent during the year | 122.63 | 128.07 |
| B | Amount approved by the Board to be spent during the year | 122.63 | 128.07 |
| C | Amount spent on CSR – | | |
| (i) | Construction or acquisition of any asset | - | - |
| (ii) | on Purpose other than (i) above – | 122.64 | 128.07 |
| D | Total Shortfall/(Excess) amount | (0.01) | - |
| E | Break-up of the amount spent on CSR | | |
| 1 | Education and Skill Development expenses | - | - |
| 2 | Ecology and Environment Expenses | - | - |
| 3 | Health and Sanitation expenses | 122.64 | 128.07 |
| 4 | Sports, Art and Culture expenses | - | - |
| 5 | Protection of national heritage, art and culture including restoration of building and sites of historical importance | - | - |
| 6 | Other CSR activities | - | - |
| | Total Amount spent on CSR | 122.64 | 128.07 |
| | Amount spent in Cash out of above | 122.64 | 128.07 |
| | Amount yet to be spent in Cash | - | - |

Excess amount spend and carried forward to next financial year.

(Rs. in Lakhs)

| Sl. No. | Particulars | For the year ended 31-03-2024 | For the year ended 31-03-2023 |
|---------|---|-------------------------------|-------------------------------|
| 1 | Opeining Balance | - | - |
| 2 | Amount Required to be spend during the year | 122.63 | 128.07 |
| 3 | Amount spend | 122.64 | 128.07 |
| 4 | Closing Balance | 0.01 | - |

The set off for amount carried forward is available in the succeeding years is not recognised as an asset a matter of prudence, considering the uncertainty involved in the adjustment of the same in future years.



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40. Fair Value Measurement

(Rs. In Lakhs)

| Particulars | 31-03-2024 | | | | | | |
|---|-----------------|----------------|--------|-----------------|------------|---------|---------|
| | Carrying Value | Classification | | | Fair Value | | |
| | | FVTPL | FVTOCI | Amortised Cost | Level 1 | Level 2 | Level 3 |
| Financial Assets | | | | | | | |
| Trade Receivables | 2,519.00 | - | - | 2,519.00 | - | - | - |
| Cash & cash Equivalents | 25.18 | - | - | 25.18 | | | |
| Bank Balances other than cash and cash equivalents | 922.43 | - | - | 922.43 | - | - | - |
| Current | 393.51 | - | - | 393.51 | - | - | - |
| Non-Current | 1,093.04 | - | - | 1,093.04 | - | - | - |
| Total Financial assets | 4,953.15 | - | - | 4,953.15 | - | - | - |
| Financial Liabilities | | | | | | | |
| Borrowings (incl. current maturity of long term borrowings) | 1,914.24 | | | 1,914.24 | - | - | - |
| Trade Payables | 29.34 | - | - | 29.34 | - | - | - |
| Current | 72.71 | - | - | 72.71 | - | - | - |
| Non-Current | - | - | - | - | - | - | - |
| Total financial liabilities | 2,016.29 | - | - | 2,016.29 | - | - | - |

| Particulars | 31-03-2023 | | | | | | |
|---|-----------------|----------------|--------|-----------------|------------|---------|---------|
| | Carrying Value | Classification | | | Fair Value | | |
| | | FVTPL | FVTOCI | Amortised Cost | Level 1 | Level 2 | Level 3 |
| Financial Assets | | | | | | | |
| Trade Receivables | 2,541.24 | - | - | 2,541.24 | - | - | - |
| Cash & cash Equivalents | 444.90 | - | - | 444.90 | - | - | - |
| Bank Balances other than cash and cash equivalents | 3531.83 | - | - | 3,531.83 | - | - | - |
| Current | - | - | - | - | - | - | - |
| Non-Current | 291.88 | - | - | 291.88 | - | - | - |
| Total Financial assets | 6,809.85 | - | - | 6,809.85 | - | - | - |
| Financial Liabilities | | | | | | | |
| Borrowings (incl. current maturity of long term borrowings) | 6,714.24 | - | - | 6,714.24 | - | - | - |
| Trade Payables | 50.88 | - | - | 50.88 | - | - | - |
| Current | 93.84 | - | - | 93.84 | - | - | - |
| Non-Current | - | - | - | - | - | - | - |
| Total financial liabilities | 6,858.96 | - | - | 6,858.96 | - | - | - |

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are measured at fair value and financial instruments that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.



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The carrying amounts of trade receivables, trade payables, Bank Balance, cash and cash equivalents, other current financial assets and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

For financial assets that are measured at fair value, the carrying amounts are equal to the fair values.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity bonds which are traded in the stock exchanges, valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification assets included in level 3.

There are no transfers between levels 1 and 2 during the year. The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Valuation technique used to determine fair value:

Specific valuation techniques used to value financial instruments includes:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2.

| | As at 31st March 2024 | Rs. In Lakh As at 31st March 2023 |
|---|-----------------------|--------------------------------------|
| 41 Self Insurance Reserve | | |
| Balance at the beginning of the year | - | - |
| Addition during the year | 120.50 | - |
| Deduction during the year | - | - |
| Balance at the end of the year | 120.50 | - |

Self-Insurance Reserve is created @ 0.12% p.a. (Nil in previous year) on the Original Gross Block of Property, Plant & Equipments (including considered as Lease receivables) and value of inventory except ROU Assets and assets not covered under insurance as at the end of the year to meet future losses which may arise from uninsured risks and for procurement of towers and other transmission line materials including strengthening of towers and equipments of AC sub-station to take care of future contingencies.

42. Segment Information

The Board of Directors is the company's Chief Operating Decision Maker (CODM) who monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. One reportable segment has been identified on the basis of product/services. The company has a single reportable segment i.e., Power transmission network for transmission system.

The operations of the company are mainly carried out within the country and therefore there is no reportable geographical segment.

43. Contingent Liabilities, Contingent assets and Commitments

A. Contingent Liabilities

(Rs. in Lakhs)

| Particulars | As at 31 st March 2024 | As at 31 st March 2023 |
|---|-----------------------------------|-----------------------------------|
| Claim against the Company not acknowledged as debts | | |
| Claim against the Company not acknowledged as debt | - | - |
| Demand raised by the authorities against which, Company has filed appeals: | | |
| (i) Income Tax Demand # | | |
| Income Tax matters* | 1,547.29 | 1,545.73 |
| Tree/crop compensation cases** | 540.45 | 562.40 |
| Employees payable*** | - | - |

*The income tax demand as shown above are excluding of notional interest levied by the department since the actual liability of the same would depend upon the outcomes of the appeal so filed with the appellate authority. Amount already deposited against it same has been recognised as Income tax refundable under other non current assets (Refer note no. 7).

**In respect of damage of crops during the erection of transmission line, affected persons have claimed higher compensation before various authorities/courts which are yet to be settled. Notional interest on claims is included in the above amount. Amount already deposited against it same has been recognised as other advances under other current financial assets (Refer note no. 11).

*** In respect of the recognition of the contingent liabilities, the amount payable to employees on account of Pay Scale restructuring as per the DPE guidelines since it became wholly owned subsidiary of POWERGRID is pending to be provided in financial statement. The quantum of the same is unascertained as on the date of the financial statements.

In reference to above contingent liability relating to employee's payable, an amount of Rs. 29.05 Lakhs has been paid to the employees as adjustable/recoverable interim relief. The said amount is adjustable/recoverable from the employees as per the terms and conditions as contained in the Board approval for the said payment. The paid amount recognised as pay advance under other current assets (Refer note no. 12).



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B. Contingent Assets

The Company has filed Petitions with CERC (Review Petition No. 17/RP/2015) for compensatory relief due to Change in Law and Force Majeure events in the form of Increase in Transmission Charges. Based on past orders and events, the Company believes that a favourable outcome is probable. However, it is impracticable to estimate the financial effect of the same as its receipt is dependent on the outcome of the judgement.

C. Commitments

| Particulars | As at 31 st March 2024 | As at 31 st March 2023 |
|-------------------|-----------------------------------|-----------------------------------|
| Other Commitments | - | - |

44. Capital management

a) Risk Management

The company's objectives when managing capital are to

- maximize the shareholder value;
- safeguard its ability to continue as a going concern;
- maintain an optimal capital structure to reduce the cost of capital.

For the purpose of the company's capital management, equity capital includes issued equity capital and all other equity reserves attributable to the equity holders of the company. The company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, regulate investments in its projects, return capital to shareholders or issue new shares. The company monitors capital using debt-equity ratio, which is the ratio of long-term debt to total net worth. The company includes within long term debt, interest bearing loans and borrowings and current maturities of long-term debt.

The debt – equity ratio of the Company was as follows: -

| Particulars | (Rs. in Lakhs) | |
|--|------------------|------------------|
| | As at 31.03.2024 | As at 31.03.2023 |
| Debt including current maturity* | 1,914.24 | 6,714.24 |
| Equity including reserve & surplus (excluding revaluation reserve)** | 40,220.23 | 42,229.78 |
| Long term debt to Equity ratio | 0.05 | 0.16 |

*Debt is defined as long term and short term borrowings including current maturities and books overdraft.

** Total equity (as shown in the balance sheet) includes issued capital and all other equity reserves.

b) Dividends

| Particulars | (Rs. in Lakhs) | |
|--|------------------|------------------|
| | As at 31.03.2024 | As at 31.03.2023 |
| Interim Dividend for FY 2021-22 3rd @ 0.40 Paise per share | - | 1,200.00 |
| Interim Dividend for FY 2022-23 1st @ 0.60 Paise per share | - | 1,800.00 |
| Interim Dividend for FY 2022-23 2nd @ 0.50 Paise per share | - | 1,500.00 |
| Interim Dividend for FY 2022-23 3rd @ 0.90 Paise per share | 2,700.00 | - |
| Final Dividend for FY 2022-23 Final @ 0.50 Paise per share | 1,500.00 | - |
| Interim Dividend for FY 2023-24 1st @ 0.90 Paise per share | 2,700.00 | - |
| Interim Dividend for FY 2023-24 2nd @ 0.30 Paise per share | 900.00 | - |

Dividend not recognised at the end of the reporting period

In addition to above Dividend, the Board of Directors on 30-04-2024 declared an Interim Dividend of Rs. 0.40 per Equity Share.

45. Financial Risk Management

The Company's principal financial liabilities comprise loans and borrowings denominated in Indian rupees, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's capital investments and operations.

The Company's principal financial assets include loans and advances, trade and other receivables, and cash and cash equivalents that are generated from its operations.

The Company's activities expose it to the following financial risks, namely,

- (A) Credit risk,
- (B) Liquidity risk,
- (C) Market risk.

This note presents information regarding the company's exposure, objectives, policies and processes for measuring and managing these risks. The management of financial risks by the Company is summarized below: -

(A) Credit Risk:

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities on account of trade receivables.

A default on a financial asset is when the counterparty fails to make contractual payments within 3 years of when they fall due. This definition of default is determined considering the business environment in which the Company operates and other macro-economic factors.

Assets are written-off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where such recoveries are made, these are recognized in the statement of profit and loss.



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(i) Trade Receivables and Unbilled Revenue

The Company primarily provides transmission facilities to inter-state transmission service customers (DICs) comprising mainly state utilities owned by State Governments and the main revenue is from transmission charges. CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 ("CERC Sharing Regulations") allow payment against monthly bills towards transmission charges within due date i.e., 45 days from the date of presentation of the bill and levy of surcharge on delayed payment beyond 45 days. However, in order to improve the cash flows of company, a graded rebate is provided for payments made within due date.

Trade receivables consist of receivables relating to transmission services of ₹ 2519.00 Lakhs as on 31st March, 2024 (₹ 2829.31 Lakhs as on 31st March, 2023).

Company has confirmed that there is no significant risk involved getting the outstanding dues to be realised as majority of the dues are pertaining to the DIC's/ State Electricity Boards and governed by the Govt. regulations. However, in order to take care of the time value of outstanding balances receivable and to make them at present value and to meet any contingencies for the bad debts, if any management has adopted the policy for wherein 100% provision for Expected Credit Loss (ECL) has been made against outstanding dues that have been outstanding for more than three years w.e.f. FY 2022-23. As per the management estimate the ECL so provided in books is higher than the actual ECL that should arise as per the ECL Matrix in line with the Holding Company policy for Lifetime ECL provision. Hence no further provisioning has been calculated and prepared. Management shall review the same in the subsequent years to get the same updated, if required.

Unbilled revenue primarily relates to the Company's right to consideration for services provided but not billed at the reporting date and has substantially the same risk characteristics as the trade receivables for the same type of contracts.

(ii) Provision for expected Credit Losses**Financial assets for which loss allowance is measured using life time expected credit losses**

With regards to transmission business the company has customers most of whom are state government utilities with capacity to meet the obligations and therefore the risk of default is negligible. Further, management believes that the unimpaired amounts that are 30 days past due date are still collectible in full, based on the payment security mechanism in place and historical payment behaviour.

Considering the above factors and the prevalent regulations, the trade receivables continue to have a negligible credit risk on initial recognition thereafter on each reporting date.

(iii) Other Financial Assets (excluding trade receivables and unbilled revenue)**Cash and cash equivalents**

The Company held cash and cash equivalents of ₹ 25.18 lakh (Previous Year ₹ 444.90 lakh). The cash and cash equivalents are held with public sector banks and high rated private sector banks and do not have any significant credit risk.

Deposits with banks and financial institutions

The Company held deposits with banks and financial institutions of ₹ 1001.76 lakh (Previous Year ₹ 936.61 lakh) having maturity of more than 12 months and ₹ 922.43 lakh (Previous Year 2595.22 lakh) having maturity of more than 3 and less than 12 months. Term deposits are placed with public sector banks and have negligible credit risk.

(iv) Ageing analysis of trade receivables

The ageing analysis of the receivables is as below:

| Ageing | Unbilled | Not due | 0-30 days past due | 31-60 days past due | 61-90 days past due | 91-120 days past due | More than 120 days past due | Total |
|--|----------|---------|--------------------|---------------------|---------------------|----------------------|-----------------------------|----------|
| Gross carrying amount as on 31.03.2024 | 1,114.39 | 882.59 | 112.14 | 11.45 | 15.90 | 8.32 | 657.66 | 2,802.45 |
| Gross carrying amount as on 31.03.2023 | 1,027.61 | 961.39 | 102.85 | 24.16 | 1.76 | 0.24 | 976.04 | 3,094.05 |

(B)Liquidity Risk

Liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Company has entered into Inter-Corporate Loan Agreement for Funding of its obligations. For this, Company provided quarterly cash flows in advance to Holding Company with Monthly requirement.

The Company depends on both internal and external sources of liquidity to provide working capital and to fund capital expenditure.

Maturities of financial liabilities

The table below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amount disclosed in the table is the contractual undiscounted cash flows.

| Contractual maturities of financial liabilities | (Rs. In Lakhs) | | | |
|---|-----------------|-------------------|----------------|-----------------|
| | Within a year | Between 1-5 years | Beyond 5 years | Total |
| As at 31.03.2024 | | | | |
| Borrowings (including interest outflows) | 1,951.83 | - | - | 1,951.83 |
| Trade payables | 29.34 | - | - | 29.34 |
| Other financial liabilities | - | - | - | - |
| Others | 72.71 | - | - | 72.71 |
| Total | 2,053.88 | - | - | 2,053.88 |
| As at 31.03.2023 | | | | |
| Borrowings (including interest outflows) | 5,165.53 | 1,951.37 | - | 7,116.90 |
| Trade payables | 50.88 | - | - | 50.88 |
| Other financial liabilities | - | - | - | - |
| Others | 93.84 | - | - | 93.84 |
| Total | 5,310.25 | 1,951.37 | - | 7,261.62 |



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(C) MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk:

- (i) Currency risk
- (ii) Interest rate risk
- (iii) Other price risk, such as equity price risk and commodity risk.

(i) Currency risk

As on Reporting date the Company does not have any exposure to currency risk in respect of foreign currency denominated loans and borrowings and procurement of goods and services whose purchase consideration foreign currency.

(ii) Interest rate risk

The Company is exposed to interest rate risk because the cash flows associated with floating rate borrowings. The various sources of loans being extended to the company by parent company are Fixed interest and floating interest rate which get reset periodically. The Company manages the interest rate risks by maintaining a debt portfolio of floating rate borrowings. The Company's interest rate risk is not considered significant; hence sensitivity analysis for the risk is not disclosed.

46. Additional Regulatory Information as per Schedule III to the Companies Act, 2013

a) The Company own free hold land and the same is still appearing in the name of Jaypee Powergrid Limited (JPL). The Company JPL was acquired by POWERGRID by virtue of acquisition of shares and become the wholly subsidiary of POWERGRID. Post-acquisition of Company, the name of the JPL was changed to Powergrid Himachal Transmission Limited (PHTL), however the name on the title deeds of the land remain the same i.e. JPL.

| Relevant line item in the Balance Sheet | Description of property | Gross Carrying value (Rs. In Lakhs) | Held in Name of | Whether Promoters, directors or their relative or employee | Period indicate range, where appropriate | Reason not being held in the name of Company |
|---|-------------------------|-------------------------------------|--------------------------|--|--|--|
| Property Plant and Equipments | Land Building | 63.27 564.39 | Jaypee Powergrid Limited | - | - | The same is in the process of transferring title deed in the name of Powergrid Himachal Transmission Limited |

- b) There is no capital work in progress (CWIP) in current and previous year.
- c) Completion of capital-work-in progress (CWIP) is neither over due nor has exceeded its cost compared to its original plan.
- d) The Company has no Intangible assets under development, hence disclosure of ageing of Intangible assets under development is not applicable.
- e) The Company has no Intangible assets under development, hence disclosure of development completion schedule is not applicable.
- f) No proceeding has been initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transaction Act 1988, (as amended) and rules made thereunder as at the end of the financial year.
- g) The Company is not sanctioned any working capital limit secured against current assets by any Finance Institutions.
- h) The Company was not declared as wilful defaulter by any bank or the financial institution or other lender during the financial year.
- i) The Company does not have any transactions, balances or relationship with Struck off companies.
- k) The Company has complied with the number of layers prescribed under clause (87) of section of the Act read with the Companies (Restriction number of layers) Rule, 2017 during the financial year.



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46 (l) Ratios

| Ratio | Numerator | Denominator | Current Year 31.03.2024 | Previous Year 31.03.2023 | Variance | Reason for Variance >25% |
|--------------------------------------|---|--|----------------------------|--------------------------------|----------|---|
| | | | Ratio | Ratio | | |
| (a) Current Ratio | Current Assets | Current Liabilities | 1.80 | 1.14 | 58.24% | Current Assets increase due to increase in CLTD/FDR |
| (b) Debt-Equity Ratio | Total Debt | Shareholder's Equity | 0.05 | 0.16 | -69.73% | Debt-Equity ratio reduce due to repayment of Loan |
| (c) Debt Service Coverage Ratio | Profit for the period + Depreciation and amortization expense + Finance costs | Interest & Lease Payments + Principal Repayments | 2.31 | 2.16 | 6.87% | |
| (d) Return on Equity Ratio | Profit for the period | Average Shareholder's Equity | 12.83% | 11.70% | 9.63% | |
| (e) Inventory turnover ratio | Revenue from Operations | Average Inventory | Not Applicable | | | |
| (f) Trade Receivables turnover ratio | Revenue from Operations | Average Trade Receivables (before deducting provision) | 4.31 | 4.18 | 2.94% | |
| (g) Trade payables turnover ratio | Gross Other Expense (-) FERV, Provisions, Loss on disposal of PPE | Average Trade payables | 39.07 | 45.59 | -14.30% | |
| (h) Net capital turnover ratio | Revenue from Operations | Average Working Capital | 7.52 | 19.40 | -61.22% | Current liability reduced due to payment of Loan. |
| (i) Net profit ratio | Profit for the period | Revenue from Operations | 41.91% | 37.87% | 10.69% | |
| (j) Return on Capital employed | Earnings before interest and taxes | Tangible Net Worth + Total Debt + Deferred Tax Liability | 18.26% | 14.75% | 23.76% | |
| (k) Return on Investment | Income from Investments & Capital Appreciation | Time weighted Investments | Not Applicable | | | |

- m) The Company has not received / advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) through Intermediaries during the financial year.
- n) The Company does not have any transaction that was not recorded in the books of accounts and has been surrendered or disclosed as income during the year in the tax assessment under the Income Tax Act, 1961.
- o) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.



Rajiv Kumar

V. J. R.

47. Balance of debtors, creditors, security deposit and other assets/liabilities as on 31-03-2024 are subject to confirmation/ reconciliation and consequential adjustments if any. However, reconciliations are carried out on ongoing basis. The management does not expect any material adjustment in the books of accounts as a result of the reconciliation.

48. In the opinion of the management, the value of any of the assets other than Property, Plant and Equipment on realization in the ordinary course of business will not be less than the value at which they are stated in the Balance Sheet.

49. Central Transmission Utility of India Limited (Fellow Subsidiary Company) was notified as CTU w.e.f. 01.04.2021 by GOI vide Notification No. CG-DL-E-09032021-225743 and is entrusted with the job of centralized Billing, Collection and Disbursement (BCD) of transmission charges on behalf of all the IST licensees. Accordingly, CTU is raising bills for transmission charges to DICs on behalf of IST licensees. The debtors and their recovery are accounted based on the list of DICs given by CTU. POWERGRID (holding Company) was notified as CTU by GOI till 31.03.2021.

50. a) Figures have been rounded off to nearest rupees in lakh up to two decimals.
b) Previous year figures have been regrouped/ rearranged wherever considered necessary.

As per our report of even date

For and on behalf of the Board of Directors

For APT & Co LLP
Chartered Accountants
Firm Registration No. 014621C/N509088

Sanjeev Aggarwal
Partner

M. No. 501114

Date : 30th April 2024

Place : Gurugram

UDIN No. 24501114BKLIJE1832



Umar Farooque
CFO

(PAN: AAFP3980K)

Sanjay Gupta
Director (DIN: 10218384)

Rajeev Kumar
Company Secretary
(PAN: AAVPK6143P)

D. N. Rozekar
Director (DIN: 09806223)

Rajesh Kumar
CEO
(PAN: ADTPK4996M)