

ANNEXURE- C

As referred to in paragraph 2 of "Report on Other Legal and Regulatory Requirements" section of our Independent Auditors' Report of even date to the members of the **BIHAR STATE POWER TRANSMISSION COMPANY LIMITED ("the Company")** on the standalone financial statements for the year ended 31 March 2025

Particulars	Auditor's Observation	Impact
I. Whether the company has 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 has system in place to process all the accounting transactions through IT system. And there are no implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications (Refer Point No. 1h(vi) under Report on Other Legal and Regulatory Requirements of our Independent Auditors Report.)	NIL
II. 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? (In case, 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 inability to repay the loan.	NIL
III. Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation	Refer Point No. 11(m) of Annexure-A of our Independent Audit Report.	NIL

Place: Patna
Date:12.11.2025



For Anand Rungta & Co.
Chartered Accountants
FRN: 000681C
(S.K. Shahi)
Partner
M.No. 071510

ANNEXURE-D TO THE INDEPENDENT AUDITORS' REPORT

As referred to in Paragraph 3 of "Report on other Legal and Regulatory Requirements" section of our Independent Auditors Report of even date to the members of the **BIHAR STATE POWER TRANSMISSION COMPANY LIMITED**, on the Standalone Financial Statements for the year ended 31 March 2025, we report that;

- i.
- a. *As the fixed register has not been made available to us for our verification, we are unable to comment whether the fixed assets register has been properly maintained showing full particulars including quantitative details & situation of its fixed assets.*
 - b. *As explained to us, the fixed assets have not been physically verified by the management during the year. As physical verification of fixed assets has not been conducted hence material discrepancies if any could not be ascertained.*
 - c. *According to explanation and information given to us, the title deeds of immovable properties are held in the name of the company but no title deed was produced to us for verification. Hence, material discrepancies if any cannot be commented upon.*
 - d. *The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) and intangible assets during the year. Accordingly, the provisions of clause 3(i)(d) of the Order are not applicable.*
 - 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 and Rules made thereunder.*
- ii.
- a. *As physical verification reports of inventories were not made available to us, we are unable to comment upon the coverage and procedures followed for physical verification of inventory by management.*
 - b. *The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, from banks on the basis of security of current assets.*



- iii. As per information and explanation given to us, the Company has not made any investment and granted any loans, secured or unsecured to companies, firm or other parties, covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of clause 3(iii)(a) to (f) of the said order are not applicable to the company.
- iv. In our opinion and according to information and explanation given to us, the Company has complied with the provisions of section 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public and no amounts has been deemed to be deposits in accordance with the provisions of the sections 73 to 76 or any other relevant provisions of the Act, and the rules framed thereunder. Hence, reporting under clause 3(v) of the Order is not applicable to the Company.
- vi. As reported by the management, the Central Government has prescribed maintenance of cost records under Companies Act 2013 and the prescribed accounts and records have been maintained by the management. *However, Cost Audit Report for the year 2024-25 as produced to us mention that "the company has not maintained adequate cost accounting system for determining the actual cost of service, sales of service, transmission loss (both normal and abnormal) during transmission of electricity."*
- vii.
 - a. According to the records of the Company undisputed statutory dues including 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 duty have been regularly deposited with the appropriate authorities. According to the information and explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2025 for a period of more than six months from the date they became payable.
 - b. According to the information and explanation given to us and on the basis of our examination of records of the Company, there is no statutory dues referred to in sub-clause (a) that have not been deposited on account of any dispute, *except as reported under Contingent Liability.*
- viii. As per the information and explanations given to us and on the basis of examination of books of account and records of the Company there are no



incomes which are not recorded in books of accounts but have been disclosed as income during the year in the tax assessment under the Income Tax Act, 1961 (43 of 1961).

ix. Based on our audit procedure and according to the information and explanation given to us we are of the opinion this Company has not defaulted in repayment of any dues to financial institution banks, government or dues to debenture holder.

x.

- a. The company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- b. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence reporting under clause 3(x)(b) of the Order is not applicable. However being a Govt. Company it has allotted 422980004 number of shares worth ₹42298.00 lakh during the year, refer point no. 7 of Annexure "A" of our Independent Audit Report of even date.

xi.

- a. According to the information and explanations given to us and as represented by the Management and based on our examination of the books and records of the Company, no case of material fraud by the Company or on the Company has been noticed or reported during the year.
- b. As no fraud has been noticed during the year as mentioned at xi(a) above, report under sub-Section (12) of Section 143 of the Companies Act in the Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules 2014, as amended is not applicable.
- c. According to the information and explanations given to us by the management, no whistle-blower complaints had been received by the company.

xii. The company is not a Nidhi Company as prescribed under section 406 of the Act. Accordingly, clause 3(xii) of the Order is not applicable to the company.

xiii. In our opinion all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.



xiv.

- a. According to the information and explanations given to us and based on our examination of the records of the company, the company has an internal audit system commensurate with the size and nature of its business. However, company has more growth potential, there is scope to further strengthen the internal audit framework to enhance risk management, operational efficiency, and compliance readiness
- b. We have considered the reports of the Internal Auditors for the year under audit, issued to the Company during the year and till date in determining the nature, timing and extent of our audit procedures.

xv. According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with them covered under Section 192 of the Act. Accordingly, Clause 3(xv) of the Order is not applicable to the company.

xvi.

- a. In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, provision of clause 3(xvi)(a) of the Order are not applicable to the Company.
- b. According to the information and explanations provided to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities therefore 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)(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. In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016). Accordingly, provisions of clause 3(xvi) (d) of the Order are not applicable.
- xvii. Based on our examination of the records of the company, the company has not incurred any cash losses in the current Financial Year and in the immediately preceding Financial Year. Accordingly, provisions of clause 3(xvii) of the order are not applicable.
- xviii. There has been no resignation of the statutory auditors during the year. Accordingly, provisions of clause 3 (xviii) of the order are not applicable.
- 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 and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting 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. According to the information and explanations given to us and based on our examination of the records, the Company has spent the amount required as per section 135(5) of the Companies Act during the financial year. Accordingly, Clause 3(xx)(a) and 3(xx)(b) are not applicable to the company. Further refer point no. 10 of Annexure "A" of our Independent Audit Report of even date.



xxi. The company is not required to prepare Consolidate financial statement hence this clause is Not Applicable.

For ANAND RUNGTA & CO.
Chartered Accountants
FRN: 000681C



(S.K. Shahi)

Partner.

Membership No: 071510

Place: Patna

Date: 12.11.2025



Bihar State Power Transmission Company Limited

Balance Sheet as at 31st March, 2025

₹ in Lakh

Sr. No	Particulars	Note No	As at 31st March 2025	As at 31st March 2024
A	ASSETS			
1	Non-current assets			
	(a) Property, Plant and Equipment	2	10,68,155.36	9,60,356.93
	(b) Capital work-in-progress	3	2,19,885.50	2,93,549.47
	(c) Financial Assets			
	(i) Loans	4	6.93	7.60
	(d) Other non current assets	5	16,711.42	12,006.16
	Total Non-Current Assets		13,04,759.21	12,65,920.16
2	Current assets			
	(a) Inventories	6	39,032.54	32,852.18
	(b) Financial Assets			
	(i) Trade receivables	7	5,24,099.54	4,13,732.07
	(ii) Cash and cash equivalents	8	1,68,560.24	1,52,225.35
	(iii) Bank Balances (Earmarked Balances)	9	55,639.92	29,713.10
	(iv) Others	10	3,268.55	3,002.03
	(c) Current Tax Assets	11	7,985.74	6,543.20
	(d) Other Current Assets	12	7,908.14	5,883.78
	Total Current Assets		8,06,494.67	6,43,951.70
	Total Assets		21,11,253.88	19,09,871.86
B	EQUITY AND LIABILITIES			
1	Equity			
	(i) Equity Share capital	13	10,26,072.22	9,83,774.22
	(ii) Other Equity	14	2,82,584.02	2,04,785.12
	Total Equity		13,08,656.23	11,88,559.34
2	Deferred Government Grant and Consumer Contribution	15	1,55,544.69	1,54,574.71
3	Liabilities			
3.1	Non-current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	16	3,95,857.28	3,66,841.92
	(b) Provisions	17	9,081.27	10,632.61
	(c) Other Non-Current Liabilities	18	671.48	1,026.85
	(d) Deferred Tax Liabilities	19	88,311.86	79,476.89
	Total Non-current liabilities		4,93,921.88	4,57,978.27
3.2	Current Liabilities			
	(a) Financial Liabilities			
	(i) Others	20	1,10,839.30	80,296.63
	(b) Provisions	21	2,524.05	2,571.85
	(c) Other Current Liabilities	22	39,767.73	25,891.06
	Total Current Liabilities		1,53,131.07	1,08,759.55
	Total Liabilities		6,47,052.96	5,66,737.81
	Total Equity & Liabilities		21,11,253.88	19,09,871.86

The accompanying notes from 1 to 28 are an integral part of the Standalone Financial Statement.

As per our report of even date attached

For, Anand Rungta & Co.
Chartered Accountants
Firm Reg. No. 000681C

(S.K. Shah)
Partner
M.No.-071510
Membership No
Partner

Aftab Alam
Chief Financial Officer

For and on behalf of the Board of Directors

Kirti Kiran
Company Secretary

Place: Patna

Rahul Kumar

Date: 12 NOV 2025

Managing Director, DIN- 10880424

Manoj Kumar Singh
Chairman, DIN- 11161546



Bihar State Power Transmission Company Limited

Statement of Profit and Loss for the year ended 31st March, 2025

₹ in Lakh

Sr. No.	Particulars	Note No	For the Year Ended 31st March 2025	For the Year Ended 31st March 2024
I	Income			
a)	Revenue from operations	23	1,78,531.88	1,21,446.91
b)	Other Income	24	18,240.67	17,496.51
	Total Income		1,96,772.55	1,38,943.42
II	Expenses			
a)	Employee Benefit Expenses	25	30,793.51	31,936.71
b)	Finance Cost	26	33,718.46	22,072.89
c)	Depreciation and amortisation expense	27	67,145.90	58,719.73
d)	Other Expenses	28	19,746.09	15,247.43
	Total Expenses		1,51,403.96	1,27,976.75
III	Profit (+)/ Loss (-) before tax (I - II)		45,368.58	10,966.67
IV	Tax Expense			
a)	Current tax (Income Tax)		7,926.80	1,916.10
b)	Deferred tax		16,761.76	6,018.55
c)	MAT Credit Entitlement		(7,926.80)	(1,916.10)
V	Profit (+)/ Loss (-) for the year (III - IV)		28,606.82	4,948.12
VI	Other comprehensive income			
	other comprehensive Income			
A	(i) Items that will not be reclassified to profit or loss			
	Re-measurment of Defined Benefit Plans		10,138.33	9,685.13
	Recoverable from BSP(H)CL		(10,138.33)	(9,685.13)
VII	Total Comprehensive Income for the period		28,606.82	4,948.12
VIII	Earnings per equity share:			
a)	Basic		0.29	0.06
b)	Diluted		0.29	0.06

The accompanying notes from 1 to 28 are an integral part of the Standalone Financial Statement.

As per our report of even date attached

For, Anand Rungta & Co.
Chartered Accountants
Firm Reg. No. 000681C

(S.K. Shahi)
Partner
M.No.-071510

Membership No
Partner

Place: Patna

Date: 12 NOV 2025



Attab Alam
Chief Financial Officer

Rahul Kumar
Managing Director, DIN- 10880424

For and on behalf of the Board of Directors

Kirti Kiran
Company Secretary

Manoj Kumar Singh
Chairman, DIN- 11161546

Bihar State Power Transmission Company Limited

Statement of Cash Flow for the Year Ended on 31st March 2025

₹ in Lakh

Sr. No.	Particulars	For the Year Ended 31st March 2025	For the Year Ended 31st March 2024
(A)	Cash and Cash Equivalent from Operating Activities:		
	Net Profit before tax as per Profit & Loss Account	45,368.58	10,966.67
	Adjusted for:	-	-
	Depreciation	67,145.90	58,719.73
	Interest Expenses	33,718.46	22,072.89
	Interest Income	(7,729.54)	(6,985.59)
	Deferred Income	(8,877.58)	(8,570.31)
	Prior Period Errors	(17.63)	2,677.09
	Tax Expenses	(24,688.56)	(7,934.64)
	Deferred Tax	8,834.97	4,102.45
	Revaluation Reserve	2,225.09	15,554.63
	Operating Profit before Working Capital Changes	1,15,979.69	90,602.91
	Adjusted for:	-	-
	Change in Working Capital	(75,909.73)	(68,510.27)
	Net Cash used in Operating Activities (A)	40,069.97	22,092.64
(B)	Cash and Cash Equivalent from Investing Activities:		
	Investment in PPE	(1,77,370.81)	(1,47,780.99)
	Sale Proceeds of PPE	663.00	418.50
	Change in CWIP	73,663.97	42,185.95
	Disbursement / Realisation of Staff Loan	0.68	6.82
	Advances for Capital Supplies	(4,705.26)	7,885.28
	Interest Income	7,729.54	6,985.59
	MAT Credit Entitlement	7,926.80	1,916.10
	Net Cash from Investing Activities (B)	(92,092.10)	(88,382.76)
(C)	Cash and Cash Equivalent from Financing Activities:		
	Fund Received from Consomers	9,492.20	6,554.16
	Issue of Share	91,046.09	42,298.00
	Raise / Adjustment of Loan	29,015.36	429.20
	Settlement of Terminal Benefit Liabilities	(1,551.34)	2,397.39
	Finance Cost	(33,718.46)	(22,072.89)
	Net Cash from Financing Activities (C)	94,283.85	29,605.86
	Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	42,261.72	(36,684.26)
	Cash and cash equivalents at the beginning of the year	1,81,938.45	2,18,622.71
	Cash and cash equivalents at the end of the year	2,24,200.16	1,81,938.45

Cash Flow Statement has been prepared by using the Indirect Method, whereby Net Profit before tax is adjusted for the effects of transactions of a non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities are segregated.

As per our report of even date attached

For, Anand Rungta & Co.
Chartered Accountants
Firm Reg. No. 000681C

For and on behalf of the Board of Directors


Aftab Alam
Chief Financial Officer


Kriti Kiran
Company Secretary


Rahul Kumar
Managing Director, DIN- 10880424


Manoj Kumar Singh
Chairman, DIN- 11161546

(S.K. Shahi)
Partner
M.No.-071510

Membership No.
Partner

Place: Patna

Date: 12 NOV 2025

Bihar State Power Transmission Company Limited

Schedule Change in Working Capital

For the period ended March 31, 2025

Particulars	2025	2024	(₹ in Lakh) Change
			Increase/ (Decrease)
CURRENT ASSETS			
Inventories	39,032.54	32,852.18	6,180.36
Trade Receivables	5,24,099.54	4,13,732.07	1,10,367.47
Other Financial Assets	3,268.55	3,002.03	266.52
Current Tax Assets	7,985.74	6,543.20	1,442.54
Other Current Assets	7,908.14	5,883.78	2,024.36
Total			1,20,281.25
CURRENT LIABILITIES			
Other Financial Liabilities	1,10,839.30	80,296.63	(30,542.67)
Provisions	2,524.05	2,571.85	47.81
Other Current Liabilities	39,767.73	25,891.06	(13,876.66)
Total			(44,371.53)
Change In Working Capital			75,909.73



Bihar State Power Transmission Company Limited
Statement of Changes in Equity for the period ended March 31, 2025

A. Equity Share Capital

₹ in Lakh

Particulars	No of Shares	Amount
Balance as at March 31, 2024	9,83,77,42,159	9,83,774.22
Changes in equity share capital during the year	42,29,80,005	42,298.00
Balance as at March 31, 2025	10,26,07,22,164	10,26,072.22

B. Other Equity

Particular	Other Equity			Other Items of OCI	Total
	Self Insurance Reserve	Share Application Pending Allotment	Surplus in Statement of Profit & Loss		
Balance as per previous IGAAP March 31, 2024	21,549.98	42,298.00	1,40,937.15	-	2,04,785.12
(i) Changes in accounting policy or prior period errors	-	-	(1,781.11)	-	(1,781.11)
(ii) Acturial adjustment due to Ind AS	-	-	-	-	-
(iii) Addition / Profit for the year other than item (i) to (ii)	-	-	(5,005.16)	-	(5,005.16)
Addition during the year 2024-25	7,230.25	91,046.09	28,606.82	-	1,26,883.16
(iv) Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	7,230.25	91,046.09	21,820.55	-	1,20,096.89
Allotment During the F.Y. 2024-25	-	42,298.00	-	-	42,298.00
Balance at the end of the reporting period March 31, 2025	28,780.23	91,046.09	1,62,757.70	-	2,82,584.02

As per our report of even date attached

For Anand Rungta & Co.
Chartered Accountants
Firm Reg. No. 000681C

(S.K. Shahi)
Partner
M.No.-071510
Membership No
Partner



For and on behalf of the Board of Directors


Aftab Alam
Chief Financial Officer


Kriti Kiran
Company Secretary


Rahul Kumar
Managing Director, DIN- 10880424


Manoj Kumar Singh
Chairman, DIN- 11161546

Pla: Patna
Date: 12 NOV 2025



Bihar State Power Transmission Company Limited

Notes to the Financial Statements for the year ended March 31, 2025

1. Company Information and Significant Accounting Policies

A. Company Information

Bihar State Power Transmission Company Limited is a company registered under the Companies Act 1956, applicable in India in July, 2012, to which the State Govt. through the Department of Energy has vested transmission undertakings existing within the territory of Bihar of the erstwhile Bihar State Electricity Board in accordance with the Bihar State Electricity Reforms Transfer Scheme, 2012 vide notification no. 17 dated 30.10.2012. The address of the Company's registered office is Vidyut Bhawan, Bailey Road, Patna - 800021. The Company is primarily involved in the Transmission of power.

The Company is subsidiary of Bihar State Power (Holding) Company Limited which holds 100% shares in the company.

B. Basis of preparation and presentation

i. Statement of Compliance

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

The accounting policies are applied consistently to all the periods presented in the financial statements.

ii. Basis of Measurement

These financial statements are prepared on the accounting principles of going concern on accrual basis of accounting, under historical cost convention except for certain financial instruments which are measured at fair value.

iii. Functional and presentation currency

These financial statements are presented in Indian Rupees (₹), which is the Company's functional currency. All financial information presented in (₹) has been rounded to nearest lakhs except as stated otherwise.

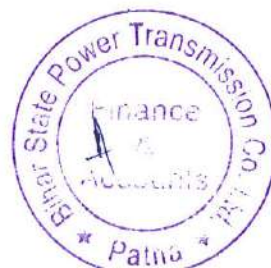
iv. Current and non-current classification

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

a) An asset is current when it is:

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

All other assets are classified as non-current.



b) A liability is current when:

- It is expected to be settled in 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.

v. Use of estimates and judgment

The preparation of financial statements is in conformity with Ind AS which requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure/s, at the end of the reporting period. The estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

C. Significant accounting policies

A summary of the significant accounting policies 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.

1. Property, plant and equipment

1.1 Initial recognition and measurement

The company has adopted cost model of recognition under Ind AS 16 to measure the Property, Plant and Equipment. Consequently, all the items of property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses if any. Cost includes expenditure that is 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.

Spares parts procured along with the Plant & Machinery or subsequently which meets the recognition criteria of Property, Plant and Equipment are capitalized and added in the carrying amount of such item. The carrying amount of spare parts that are replaced is derecognized when no future economic benefits are expected from their use or upon disposal. Other machinery spares are treated as "stores & spares" forming part of the inventory.

Stand-by equipment and servicing equipment are recognized in accordance with Ind AS 16 when they meet the definition of Property, Plant and Equipment. Otherwise, such items are classified as inventory.

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



The cost of land includes provisional deposits, payments/ liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken. Expenditure on leveling, clearing and grading of land is capitalized as part of cost of the related buildings.

1.2 Subsequent costs

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

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

1.3 Derecognition

Property, plant and equipment are derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in the statement of profit and loss.

1.4 Depreciation/amortization

With effect from 1 April 2014, Schedule II of the Companies Act, 2013 has been notified and in accordance with part B of schedule II, the rate or useful life given in CERC regulation are applied for computing depreciation on assets. However, in case of assets where no useful life is prescribed in CERC regulations, the useful life and residual value as given in part C of Schedule II of the companies Act ,2013 is followed.

Depreciation is recognized in statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Depreciation on the assets of the transmission of electricity business is charged on straight line method following the rates and methodology notified by the CERC up to 90% of the original cost of assets after taking 10% as residual value referred below:

Asset Group	Rate
Buildings	3.34%
Hydraulic Works	5.28%
Others Civil Works	3.34%
Plant and Machinery	5.28%
Lines and Cable Network	5.28%
Vehicles	6.33%
Furniture and Fixtures	6.33%
Office Equipment	6.33%
Computer & Other Accessories	15.00%



Depreciation on additions to/deductions from property, plant & equipment during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposed.

1.5 Capital work-in-progress

The cost of self-constructed assets includes the cost of materials & direct labour, any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management and borrowing costs.

Expenses directly attributable to construction of property, plant and equipment incurred till they are ready for their intended use are identified and allocated on a systematic basis on the cost of related assets. Capital Work-in-Progress (CWIP) represents expenditure incurred on projects/assets under construction and pending capitalization.

In case of turnkey contracts or projects executed under specific schemes, recognition of expenditure under CWIP and the corresponding liability to suppliers/contractors shall be made strictly in accordance with the billing procedures stipulated in the Notification of Award (NOA)/Contract Agreement. The mere receipt of invoice or supply of materials/goods shall not, by itself, constitute an event for recognition of expenditure, unless the billing milestones and certification requirements prescribed in the NOA/contract are duly fulfilled. Accordingly, invoices raised prior to completion of such billing procedures are accounted for in the financial year in which the billing procedures are completed. Claims for price variation are accounted for on their acceptance.

1.6 Capital Stores

Materials purchased for capital projects are classified as Capital stores and these are valued at cost.

2. Intangible assets and intangible assets under development

2.1 Initial recognition and measurement

Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost includes any directly attributable incidental expenses necessary to make the assets ready for its intended use.

In case of internally generated intangible asset, expenditure on research are recognised as an expense when it is incurred.

Expenditure incurred which are eligible for capitalizations under intangible assets are carried as intangible assets under development till they are ready for their intended use.

2.2 De-recognition

An intangible asset is derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and losses on disposal of an item of intangible assets are determined by comparing the proceeds from disposal with the carrying amount of intangible assets and are recognized in the statement of profit and loss.



2.3 Amortization

Cost of software having finite life recognized as intangible asset, is amortized on straight line method using rates maintained in CERC. Other intangible assets having finite life, where no useful life is prescribed in CERC regulations are amortized on straight line method over the asset's future economic benefits are expected to be consumed by company, If that pattern cannot be determined reliably, the straight-line method are used. An intangible asset with an indefinite useful life are not be amortized.

3. Impairment of tangible and intangible assets

The carrying amounts of the Company's tangible and intangible 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 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 recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognized 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 amortization, if no impairment loss had been recognized.

4. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction/exploration/ development or erection of qualifying assets are capitalized as part of cost of such asset until such time the assets are substantially ready for their intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use or sale. When the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the borrowing costs incurred are capitalized. When Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the capitalization of the borrowing costs is computed based on the weighted average cost of general borrowing that are outstanding during the period and used for the acquisition, construction/exploration or erection of the qualifying asset. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. Borrowing costs consist of interest and other costs that an entity incurs in



connection with the borrowing of funds. Income earned on temporary investment of the borrowings pending their expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are recognized as an expense in the year in which they are incurred.

5. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

Non-current assets are not depreciated or amortized while they are classified as held for sale.

6. Inventories

Inventories are valued at lower of cost determined on weighted average basis or net realizable value.

The cost of inventories comprises of all cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of purchase consists of the purchase price including duties and taxes (other than those subsequently recoverable by the enterprise from the taxing authorities), freight inwards and other expenditure directly attributable to the acquisition.

The diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.

7. Cash and cash equivalents

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

8. Government grants

Government grants received are recognized initially as income when there is reasonable assurance that Company will comply with the conditions associated with the grant. These grants are classified as grants relating to assets and revenue based on the nature of the grant.

Grants that compensate the Company for the cost of an asset are recognized in profit or loss on a systematic basis over the useful life of the related asset. Grants that compensate the Company for expenses incurred are recognized over the period in which the related costs are incurred and are disclosed separately as Income in the statement of Profit and Loss.

Government grants with a condition to purchase, construct or otherwise acquire long term assets are initially recognized as deferred income. Once recognized as



deferred income, such grants are recognized in the statement of profit and loss on a systematic basis over the useful life of the asset. Changes in estimates are recognized prospectively over the remaining life of the assets.

Grants related to non-depreciable assets may also require the fulfillment of certain obligations and would then be recognized in profit or loss over the periods that bear the cost of meeting the obligations.

9. Consumer Contributions

Consumer Contributions against which assets is created are recognized as deferred income and amortized in the proportion of depreciation every year for depreciable assets acquired.

10. Provisions and contingent liabilities

A provision is recognized when the company has a present obligation (Legal or Constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

Contingent liabilities are not recognized but disclosed in Notes when the company has possible obligation due to past events and existence of the obligation depends upon occurrence or non-occurrence of future events not wholly within the control of the company.

Contingent liabilities are assessed continuously to determine whether outflow of economic resources have become probable. If the outflow becomes probable then relative provision is recognized in the financial statements.

11. Foreign currency transactions

Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition.

12. Revenue

Company's revenues arise from transmission of power, Subsidy from state government and other income. Revenue from transmission of power is regulated and governed by the applicable BERC Tariff Regulations under Electricity Act, 2003. Revenue from other income comprises interest from banks, employees etc., sale of scrap, other miscellaneous income, etc.

12.1 Revenue from transmission of power

The Company records revenue from transmission of power based on tariff rates approved by the BERC, as per principles enunciated under Ind AS 18. Accordingly, the honorable BERC determines the tariff for the Company's based on the norms prescribed in the tariff regulations as applicable from time to time. Tariff is based on cost incurred that includes employee benefits expense, depreciation, return on equity, interest on working capital, repair & maintenance expenses, administration and general expenses and interest on loan.

Revenue from the transmission of power is measured at the fair value of the consideration received or receivable. Revenue is recognized when the



amount of revenue can be reliably measured, it is probable that future economic benefit will flow to the entity and the recovery of the consideration is probable, the associated costs can be estimated reliably. Delayed payment charges are accounted on actual basis.

12.2 Other income

- a) Income from sale of scrap is accounted for on the basis of actual realization.
- b) Insurance claims are accounted on accrual basis.
- c) Rental Income is recognized on time proportionate basis over the period of the rent.
- d) Interest is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.
- e) Other income except mentioned above is recognized on accrual basis except when ultimate realization of such income is uncertain.
- f) Amount in respect of unclaimed security deposit, earnest money deposit and misc. deposit of suppliers and contractors, stale cheques etc. which is pending for more than three years and which are not payable, is considered as income.

13. Employee benefits

Employee benefits include salaries & wages, General Provident Fund, Gratuity, Earned Leave Encashment, Group Saving Scheme, National Pension Scheme and other terminal benefits.

13.1 Defined contribution plans

Provisions towards Gratuity and Leave Encashment in respect of employees recruited by the company are made based on actuarial valuation using the projected unit credit method.

Re measurement, comprising actuarial gains and losses, are recognized in the period in which they occur, directly in other comprehensive income. Re measurement gains and losses are included in retained earnings in the statement

The Company pays fixed contribution to Provident Fund, Gratuity, Leave encashment at predetermined rates to BSPHCL Master Trust Employees A/c a separate trust maintained with Bihar State Power (Holding) Co. Ltd. which invests the funds in permitted securities. The contributions to the fund for the year are recognized as expense and are charged to the profit or loss. The obligation of the Company is to make such fixed contributions.

The Company also pays fixed contribution to Contributory Pension Scheme at predetermined percentage of salary of employees govern by new pension scheme to BSPHCL Master Trust Employees A/c a separate trust maintained with Bihar State Power (Holding) Co. Ltd. which inter alia pays to NSDL for investment of funds in permitted securities. The contributions to the fund for the year are recognized as expense and are charged to the profit or loss. The obligation of the Company is to make such fixed contributions.

