

॥ तमसो मा ज्योतिर्गमय ॥

ANNUAL ACCOUNT
2020-21



**Bihar State Power
Transmission Company Limited**

Bihar State Power Transmission Company Limited



CIN: U74110BR2012SGC018889

BALANCE SHEET

As at

31st March 2021

&

PROFIT & LOSS ACCOUNT

For the year ended

31st March 2021

विकसित बिहार – रौशन बिहार

Reference Information

Corporate Office: 4th Floor, Vidyut Bhawan, Jawahar Lal Nehru Marg, Patna-800001	Chairman: Sri Sanjeev Hans, IAS Managing Director: Sri Sandeep Kumar R. Pudukalkatti, IAS
Website: www.bsptcl.in	
Contact No. 0612-250442	
For the financial year under review i.e 2020-21	
Statutory Auditor: M/s R.N. Singh & Co. Chartered Accountants Firm Reg. No. 322066E Address: 208, Hem Plaza, Fraser Road, Patna- 800001	Cost Auditor: M/s A.J.S. & Associates, Cost Accountants 2 nd Floor, L.O. House, Exhibition Road, Patna- 800001
Tax Auditor: M/s ATK & Associates, Chartered Accountants 24B, Sahdeo Mahto Marg, Patna- 800001	Banker: Canara Bank Bank of India State Bank of India Punjab National Bank Indian Bank Bank of Maharashtra Bandhan Bank ICICI Bank Yes Bank Axis Bank Indusind Bank
Board of Directors: Sri Sanjeev Hans, Chairman Sri Sandeep Kumar R. Pudukalkatti, Managing Director Sri Sanjivan Sinha, Director Sri Sunil Kumar Yadav, Director Sri Hare Ram Pandey, Director Sri Uttam Kumar, Director	



About Bihar State Power Transmission Company Limited:

Bihar State Power Transmission Company Limited, a subsidiary company of Bihar State Power (Holding) Company Limited, is a wholly owned corporate entity incorporated under the Companies Act 1956 on 1st Nov, 2012 after restructuring of erstwhile Bihar State Electricity Board.

Presently the company is carrying on intra-state transmission and wheeling of electricity under license issued by the Bihar Electricity Regulatory Commission. The company is also discharging the functions of State Load Dispatch Centre (SLDC).

Bihar State Power Transmission Company Limited is intensifying its network capabilities through continuous planning, timely execution, rigorous operation and maintenance of Intra-State Transmission System in coordination with the Central Transmission Utility (CTU) and various other bodies.

By the end of 13th Plan i.e. 2021-22, BSPTCL is likely to have 165 Grid Sub-stations with transformation capacity of 3000 MVA, 14510 MVA and 15290 MVA at 400/220 kV, 220/132 kV and 132/33 kV levels, respectively. Bihar Grid Company Limited (BGCL), a joint venture between Bihar State Power Holding Company Ltd (BSPHCL) and Power Grid Corporation of India Limited (PGCIL) is also contributing in achieving the goal.

Capacity augmentation at 400/220 kV is the thrust area. The majority of existing 400 kV systems are owned by Power Grid Corporation of India Limited (PGCIL). BSPTCL is constructing 400/220/132 kV Grid Sub-station at Bakhtiyarpur for the first time. Apart from this, BGCL is also constructing two more 400/220/132/33 kV Grid Sub-stations at Jakkanpur and Naubatpur with associated high capacity transmission lines resulting in total transformation capacity of 15390 MVA at 400 kV level in Bihar with CTU by the end of 13th Plan i.e. 2021-22.

GIS (Geographical Information System) mapping of all its operational as well as under construction Grid Sub-stations has been done and information is available on company's website.

Unified Load Dispatch & Communication (ULDC) has upgraded the SCADA system installed in SLDC. Optical fiber link has been established throughout the transmission network for ensuring faster communication of real time data flow.

BSPTCL is in process to adopt the e-Office which is a Mission Mode Project (MMP) under the National e-Governance programme of the Government. The product is developed by National Informatics Centre (NIC) and aims to usher in more efficient, effective and transparent inter-government and intra-government transactions and processes.

Enterprise resource planning (ERP) is under implementation. This will integrate varied



organizational systems and facilitates error-free transactions and production thereby enhancing the organization's efficiency in its intra state power transmission business.

In order to increase the evacuation capacity, BSPTCL is implementing large number of sub-station and transmission line projects. BSPTCL is also working towards installation of Gas Insulated Sub-Station, Sub-Station Automation System and High Capacity Conductors in transmission lines.

BSPTCL has also undertaken various projects of augmentation, renovation and modernization of existing Grids and Transmission Lines. To ensure stable and uninterrupted power supply to the people of state, company has taken up projects for connecting its GSS to multiple sources of power and making them N-I compliant.

All the GSSs and Transmission Lines are on GIS map. The State Load Dispatch Centre has the latest technology of real time data control and communication.

Besides continual technical up-gradation, the company lays emphasis on imbibing required skills in its people and therefore it has invested in creating training infrastructure. It has recently established a "Power Training Centre" at Gaurichak, Patna, where employees and students are trained on various power system protection and equipment testing techniques.

"BSPTCL: The Life Line of Bihar" is committed to the goal of Quality Power to all.

Vision and Mission:

To establish ourselves as a model STU and transmission licensee with respect to planning, project implementation, operational capabilities, performance with emphasis on cost and quality consciousness, human resources development and corporate social responsibility.

Functions and Duties:

Functions of BSPTCL

To undertake transmission of electricity through intra-State transmission system;

To discharge all functions of planning and co-ordination relating to intra-state transmission system with -

- Central Transmission Utility;
- State Governments;
- generating companies;
- Regional Power Committees;
- Authority;
- licensees;
- Any other person notified by the State Government in this behalf;



To ensure development of an efficient, co-ordinated and economical system of intra-State transmission lines for smooth flow of electricity from a generating station to the load centres;

Duties of BSPTCL

To build, maintain and operate an efficient, co-ordinated and economical inter-State transmission system or intra-State transmission and to comply with the directions of the Regional Load Despatch Centre and the State Load Despatch Centre.

Technical Information:

Transmission System Availability Factor (TAFM) in BSPTCL

2020-21	Percentage Transmission System Availability Factor	
Month	220 KV Transmission System	132 KV Transmission System
March 21	99.33	99.78
February 21	99.53	99.84
January 21	99.30	99.70
December 20	99.37	99.64
November 20	99.70	99.82
October 20	99.75	99.86
September 20	99.47	99.79
August 20	99.72	99.79
July 20	99.33	99.65
June 20	99.64	99.17
May 20	99.07	99.48
April 20	99.83	99.37

Transmission Network

Transmission Lines		
	220 KV Line	132 KV Line
Number	75	347
Length	3,760.08 KM	11,323.89 KM

Grid Sub Stations		
	220 /132 /33 KV	132 / 33 KV
Number	18	126
Capacity	9,850 MVA	12,710 MVA



Transmission Bays		
	220 /132 /33 KV	132 / 33 KV
Number	186	1129

Peak Demand achieved by BSPTCL

Financial Year	Peak Demand	Achieved on
2012-13	1,802 MW	18-06-2012
2020-21	5,932 MW	17-07-2020

Organisational Detail

S. No.	Description	Name	Numbers
1.	Zones	Patna, Bhagalpur and Muzaffarpur	3
2.	Circles (O&M + Civil)	O&M: Patna (East), Patna (West), Dehri-on- Sone, Biharsharif, Gaya, Bhojpur, Bhagalpur, Begusarai, Purnea, Muzaffarpur, Saran, Madhepura, Vaishali, Darbhanga, Motihari Civil: Patna, Dehri-on-Sone, Gaya, Bhagalpur, Purnea, Muzaffarpur, Saran, Madhepura, Darbhanga	24
3.	Non-O&M unit	Head Office BSPTCL and SLDC	1

Personnel in BSPTCL

Particulars	Class I	Class II	Class III	Class IV	Total
Beginning of the Year	450	378	1385	130	2343
Recruitment	00	00	00	00	00
Retirement	11	00	21	04	36
At year end	439	76	1364	126	2307

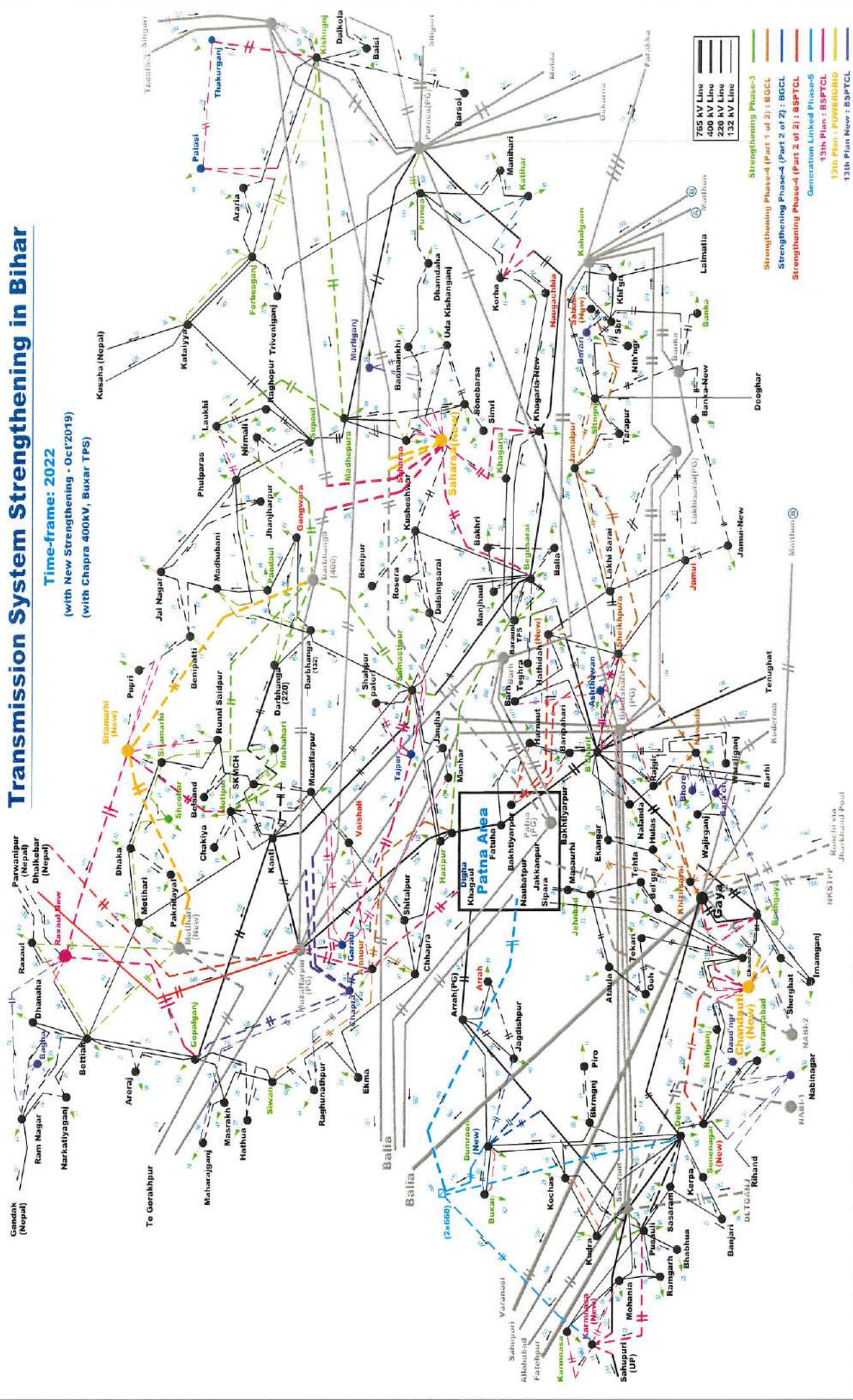
Personnel in SLDC

Particulars	Class I	Class II	Class III	Class IV	Total
Beginning of the Year	39	00	00	00	39
Recruitment	00	00	00	00	00
Retirement	01	00	00	00	01
At year end	38	00	00	00	38



Transmission System Strengthening in Bihar

Time-frame: 2022
(with New Strengthening - Oct'2019)
(with Chapra 400kV, Buxar TPS)



Bihar State Power Transmission Company Limited
Balance Sheet as at 31st March, 2021

(₹ in Lakh)

Sr. No.	Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
A	ASSETS			
1	Non-current assets			
	(a) Property, Plant and Equipment	2	7,69,504	7,45,228
	(b) Capital work-in-progress		2,80,881	2,22,899
	(c) Financial Assets			
	(i) Loans	3	60	44
	(d) Other non current assets	4	7,875	13,281
	Total Non-Current Assets		10,58,320	9,81,452
2	Current assets			
	(a) Inventories	5	10,576	10,553
	(b) Financial Assets			
	(i) Trade receivables	6	2,25,284	1,59,299
	(ii) Cash and cash equivalents	7	1,15,757	74,809
	(iii) Bank Balances other than (ii) above	8	29,391	28,713
	(iv) Others	9	2,029	1,884
	(c) Current Tax Assets	10	1,886	11,562
	(d) Other Current Assets	11	5,274	5,360
	Total Current Assets		3,90,198	2,92,180
	Total Assets		14,48,517	12,73,632
B	EQUITY AND LIABILITIES			
1	Equity			
	(i) Equity Share capital	12	7,58,923	7,58,923
	(ii) Other Equity	13	1,54,607	1,10,257
	Total Equity		9,13,530	8,69,180
2	Deferred Government Grant and Consumer	14	1,63,734	1,68,740
3	Liabilities			
3.1	Non-current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	15	2,21,413	96,403
	(b) Provisions	16	9,473	9,615
	(c) Deferred Tax Liabilities	17	52,458	49,608
	Total Non-current liabilities		2,83,343	1,55,627
3.2	Current Liabilities			
	(a) Financial Liabilities			
	(i) Others	18	72,415	71,922
	(b) Provisions	19	1,805	1,699
	(c) Other Current Liabilities	20	13,689	6,464
	Total Current Liabilities		87,909	80,085
	Total Liabilities		3,71,253	2,35,712
	Total Equity & Liabilities		14,48,517	12,73,632

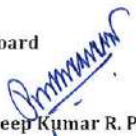
The accompanying notes are an integral part of the Standalone Financial Statements.

As per our report of even date attached

For, R. N. Singh & Co.
Chartered Accountants
Firm Reg. No. 322066E

For and on behalf of the board


Aftab Alam
Dy. General Manager (F&A)


Sandeep Kumar R. Pudakalkatti
Managing Director DIN-07387571

CA Chanakya Shree
Membership No. 079322
Partner

Place: Patna
Date:


Sanjeev Hans
Chairman DIN -05342058

Bihar State Power Transmission Company Limited

Statement of Profit and Loss for the year ended 31st March, 2021

(₹ in Lakh)

Sr. No.	Particulars	Note No	For the year ended 31st March, 2021	For the year ended 31st March, 2020
I	Income			
a)	Revenue from operations	21	88,680	1,03,308
b)	Other Income	22	12,359	14,270
	Total Income		1,01,039	1,17,578
II	Expenses			
a)	Power Purchase cost		-	-
b)	Employee Benefit Expenses	23	23,003	23,613
c)	Finance Cost	24	6,076	3,985
d)	Depreciation and amortisation expense	25	44,608	39,859
e)	Other Expenses	26	12,825	9,575
	Total Expenses		86,511	77,032
III	Profit (+)/ Loss (-) before tax (I - II)		14,528	40,546
IV	Tax Expense			
a)	Current tax (Income Tax)		2,538	7,084
b)	Deferred tax		5,388	(5,470)
c)	MAT Credit Entitlement		(2,538)	(7,084)
V	Profit (+)/ Loss (-) for the year (III - IV)		9,141	46,016
VI	Other comprehensive income			
	other comprehensive Income			
A	Items that will not be reclassified to profit or loss			
	- Actuarial Gain/(Loss)		5,702	4,220
	- Recoverable From GoB/BSPHCL		(5,702)	(4,220)
VII	Total Comprehensive Income for the period		9,141	46,016
VIII	Earnings per equity share:			
a)	Basic		0.12	0.61
b)	Diluted		0.12	0.61

As per our report of even date attached

For, R.N. Singh & Co.
Chartered Accountants
Firm Reg. No. 322066E

For and on behalf of the board

Atish Alam
Dy. General Manager (F&A)

Sandeep Kumar R. Pudukalkatti
Managing Director DIN-07387571

CA Chanakya Shree
Membership No. 079322
Partner
Place: Patna
Date:

Sanjeev Hans
Chairman DIN -05342058

Bihar State Power Transmission Company Limited

Statement of Cash Flow as at 31st March, 2021

(₹ in Lakh)


Sr. No.	Particulars	As at 31st March, 2021	As at 31st March, 2020
(A)	Cash and Cash Equivalent from Operating Activities:		
	Net Profit before tax as per Profit & Loss Account	14,528	40,546
	Adjusted for:		
	Depreciation	44,608	39,859
	Interest Expenses	6,076	3,985
	Interest Income	(4,315)	(6,511)
	Deferred Income	(7,226)	(7,116)
	Prior Period Errors	25,712	(640)
	Tax Expenses	(7,926)	(1,614)
	Deferred Tax	2,849	(12,555)
	<i>Operating Profit before Working Capital Changes</i>	74,305	55,954
	Change in Working Capital	(48,569)	(62,624)
	Net Cash used in Operating Activities (A)	25,736	(6,670)
(B)	Cash and Cash Equivalent from Investing Activities:		
	Investment in PPE	(72,332)	(1,94,601)
	Sale Proceeds of PPE	265	157
	Change in CWIP	(57,982)	25,298
	Disbursement / Realisation of Staff Loan	(16)	(9)
	Advances for Capital Supplies	5,406	(3,255)
	Interest Income	4,315	6,511
	MAT Credit Entitlement	2,538	7,084
	Net Cash from Investing Activities (B)	(1,17,806)	(1,58,815)
(C)	Cash and Cash Equivalent from Financing Activities:		
	Fund Received from Consomers	2,221	1,416
	Issue of Share	12,683	36,076
	Raise / Adjustment of Loan	1,25,009	57,556
	Settlement of Terminal Benefit Liabilities	(142)	310
	Finance Cost	(6,076)	(3,985)
	Net Cash from Financing Activities (C)	1,33,695	91,373
	Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	41,625	(74,112)
	Cash and cash equivalents at the beginning of the year	1,03,522	1,77,634
	Cash and cash equivalents at the end of the year	1,45,147	1,03,522

As per our report of even date attached

For, R. N. Singh & Co.
Chartered Accountants
Firm Reg. No. 322066E

For and on behalf of the board


Aftab Alam
Dy. General Manager (F&A)


Sandeep Kumar R. Pudakalkatti
Managing Director DIN-07387571

CA Chanakya Shree
Membership No. 079322
Partner
Place: Patna
Date:


Sanjeev Hans
Chairman DIN -05342058

Bihar State Power Transmission Company Limited

Schedule Change in Working Capital

For the period ended March 31, 2021

(₹ in Lakh)

Particulars	Year		Change
	2021	2020	Increase/ (Decrease)
CURRENT ASSETS			
Inventories	10,576	10,553	24
Trade Receivables	2,25,284	1,59,299	65,986
Other Financial Assets	2,029	1,884	145
Current Tax Assets	1,886	11,562	(9,676)
Other Current Assets	5,274	5,360	(86)
Total	2,45,050	1,88,658	56,394
CURRENT LIABILITIES			
Other Financial Liabilities	72,415	71,922	(493)
Provisions	1,805	1,699	(106)
Other Current Liabilities	13,689	6,464	(7,225)
Total	87,909	80,085	(7,825)
Change In Working Capital			48,569

Bihar State Power Transmission Company Limited
Statement of Changes in Equity for the period ended March 31, 2021

A. Equity Share Capital

(₹ in Lakh)

Particulars	No of Shares	Amount
Balance as at March 31, 2020	7,58,92,32,878	7,58,923
Changes in equity share capital during the year	-	0
Balance as at March 31, 2021	7,58,92,32,878	7,58,923

B. Other Equity

(₹ in Lakh)

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, 2020	-	36,076	74,180	-	1,10,257
(i) Changes in accounting policy or prior period errors	-	-	22,528	-	22,528
(ii) Actuarial adjustment due to Ind AS	-			-	-
(iii) Addition / Profit for the year other than item (i) to (ii)	4,634	12,683	9,141	-	26,458
Addition during the year 2020-21	4,634	12,683	31,668	-	48,986
(iv) Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	4,634	12,683	31,668	-	48,986
Transfer during the F.Y. 2020-21	-	-	(4,634)	-	(4,634)
Balance at the end of the reporting period March 31, 2021	4,634	48,759	1,01,214	-	1,54,608



Bihar State Power Transmission Company Limited

Notes to the Financial Statements for the year ended March 31, 2021

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 works-in-progress includes the cost incurred on fixed assets that are not yet ready for the intended use and is capitalized up to the date these assets are ready to use. All expenditures incurred on project under construction are allocated on pro-rata basis to the additions made to respective project.

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 Derecognition

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 comprise 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 sale 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.

Remeasurement, comprising actuarial gains and losses, are recognized in the period in which they occur, directly in other comprehensive income. Remeasurement 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.

The Company does not contribute to Group Saving Schemes but Deductions on accounts GSS from eligible employees at predetermined rate is made are also remitted to BSPHCL Master Trust Employees A/c a separate trust maintained with Bihar State Power (Holding) Co. Ltd. The obligation of the Company is to make such remittance.