FINANCIAL STATEMENTS OF POWERGRID HIMACHAL TRANSMISSION LIMITED (PHTL) FOR THE YEAR 2025-26.

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2. Balance Sheet.
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Independent Auditors' Report

To the Members of
POWERGRID HIMACHAL TRANSMISSION LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of **POWERGRID HIMACHAL TRANSMISSION LIMITED** ("the Company"), which comprise the balance sheet as at March 31, 2026, 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 Financial Statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2026, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the 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 Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements for the year ended 31 March 2026. These matters were addressed in the context of our audit of the 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.	**Revenue Recognition:** 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.	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. • 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.

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	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. 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. 48 and 49 to Financial Statement)	• Verified on test basis, the income recognised on provisional basis as per the regulatory guidelines and orders of the CERC in recent cases where trueing up petition filed/tariff orders 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.	<u>**Deferred Tax Assets relating to MAT credit entitlement**</u> • The Union Budget 2026 introduced major change to MAT framework effective from April1,2026 transitioning into a final tax for old regime companies. Utilization of existing MAT credit is limited to 25% of tax liability in each future year with in 15 years window. Company in the old regime will not able be able to set them off and existing MAT credit will lapse if Company does not transition to the new regime. • As at March 31, 2026, the Company has recognized a reduction/reversal of MAT credit entitlement in accordance with INDAS 12 in the statement of profit and loss. • Following the decision to opt for the new tax regime under Section 115BAA of the Income Tax Act, 1961, management determined that it is no longer probable that the accumulated MAT credit can be utilized against future taxable profits within the allowed timeframe. • 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 recognition of MAT credit entitlement. (Refer Note No.50 to Financial Statements).	Our audit approach involved: **Auditor's Response** • **Evaluating Design and Implementation**: We tested the internal controls over the calculation of income tax, including the assessment of MAT credit utilization. • **Reviewing Management Assessment:** We reviewed the management's assessment of the impact of opting for the new tax regime. • **Assessing Future Profitability:** We analysed the company's financial projections to confirm that, under the new regime, the MAT credit would not be utilized. • **Verifying Calculations:** We engaged tax specialists to verify the computational accuracy of the reversal amount against regulatory requirements. • **Disclosures:** We evaluated the adequacy of disclosures in the notes to the financial statements regarding this reversal."and reasonable.
3.	<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> 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	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: • 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.

	from legal and independent tax consultants wherever necessary. We identified the above area as Key Audit Matters in view of associated uncertainty relating to the outcome of these matters. (Refer Note No. 41 of Financial Statements).	• 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 on those issues.

Information Other than the Financial Statements and Auditors' 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 Financial Statements and our auditors' report thereon. The other information is made available to us after the date of Auditors' Report.

Our opinion on the 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 Financial Statements, our responsibility is to read the other information when it becomes available and in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
When we read the other information. If we conclude that there is a material misstatement of this other information; we shall communicate the matter to those charged with the governance.

Responsibility of Management and Those Charged with Governance for the 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 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 Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Financial Statements.

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

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- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to 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 auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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 Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' 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 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 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 Auditors' 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. 41).

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 interim dividend declared and paid during the year 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, 2026 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. Further, during

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the course of our audit, we did not come across any instance of the audit trail feature being tempered with.

ix. As required under Rule 11(g) of companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention, the same has been complied with by the company during the financial year ended March 31, 2026.

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 SPG ASSOCIATES
Chartered Accountants
FRN: -011217N

CA S. R. GOEL
Partner
Membership Number: 083131
UDIN: 26083131ZDUHRT1307

Place of Signature: Gurugram
Date: 20th May, 2026

Annexure 'A' To the Independent Auditors' Report of even date on the Financial Statements 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 Financial Statements for the year ended March 31, 2026, we report that:

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

(B) The Company does not have any Intangible Assets. Accordingly, the provisions of clause 3 (i) (a) (B) of the Companies (Auditors' 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 program 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 program, 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 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	Jaypee Powergrid Limited	-	-	The same is in the process of transferring title deed 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 (Auditors' 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 (Auditors' 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, the Company has not been sanctioned during the year any 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 (Auditors' Report) Order, 2020 are not applicable to the Company.

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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 (Auditors' Report) Order, 2020 are not applicable to the Company and all other sub-clauses under this clause are also 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, the Company has not accepted any deposits or amounts which are deemed to be deposits in accordance to the provisions of sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder. Therefore, reporting under clause 3(v) of the Companies (Auditors' Report) Order, 2020 are not applicable to the Company.

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) According to the information and explanations given to us, the Company is generally 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 information and explanations given to us, there are no statutory dues referred to in sub-clause (a) above which have not been deposited on account of any dispute.

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 for the purpose for which the loan was obtained. 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 of the Order is not applicable on the company.

(e) During the year, the Company has not taken any loan from its holding company i.e., Power Grid Corporation of India Limited. 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.

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(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) As no fraud has been noticed as mentioned in sub-clause (a) above, filing of 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 is not applicable.

(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 Indian accounting standards. However, 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 year under audit.

xv) The Company has not entered any non-cash transactions with directors or persons connected with them covered under section 192 of the Act. 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 any CIC. 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.

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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 fund specified under Schedule VII of Companies Act, 2013. 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 PHTL that requires consolidation with the financial statements of PHTL. Accordingly, paragraph 3(xxi) of the Order is not applicable on the company.

For SPG ASSOCIATES
Chartered Accountants
FRN: 011217N

CA S. P. GOEL
Partner
Membership Number: 083131
UDIN: 26083131ZDUHRT1307

Place of Signature: Gurugram
Date: 20th May, 2026

Annexure 'B' to the Auditors Report

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 **Powergrid Himachal Transmission Limited** ("the Company") on the standalone financial statements for the year ended March 31, 2026.

Part I - Directions

S. No.	Directions	Auditors' Comments
1.	Assess the fair valuation of all the investments, both quoted and unquoted, made directly by the Company or through Trusts, for Post retirement benefits of the employees. This includes verifying valuation methodologies, ensuring consistency with Ind AS and reviewing supporting documentation. The auditor shall provide a brief note on the valuation approach, its reasonability, and compliance with applicable regulations, reporting any material deviations or misstatements.	The Company has not made any investment either directly or through Trusts, for Post retirement benefits of the employees.
2.	Whether the Company has a system in place to process all the accounting transactions through IT system? If yes, whether review of this system and controls that are significant to the Companies, financial reporting process as well as cyber security has been done by Information Security Auditing Organisations empaneled by Cert-In at a minimum frequency of once in a year and material discrepancies found, if any, have been suitably reported? The implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications may also be reported	The Parent (Holding) Company has an ERP system (SAP) in place for processing all accounting transactions. The Company has entered into an agreement with the Holding Company to avail the ERP system (SAP) for its operations. The review of the ERP system and controls that are significant to the Holding Company's financial reporting process, as well as cyber security, has been conducted annually by Information Security Auditing Organisations empanelled with Cert-In. No material discrepancies have been observed during these reviews. Based on our verification, all accounting transactions are recorded and processed exclusively through the ERP system in place. No transactions are processed outside the ERP system, thereby ensuring the integrity of accounts and eliminating any adverse financial implications.
3.	Whether funds (grants/ subsidy etc.) received/ receivable for specific schemes from Central/State Government or its agencies were properly accounted for as per the applicable accounting standards or norms and whether the received funds were utilized as per its terms and conditions? Whether accounting of interest earned on grants received has been done as per terms and conditions of the Grant. List the cases of deviation.	The company has not received any funds (grants/ subsidy etc.) from Central/State Government or its agencies.
4.	Whether the Company has identified the key Risk areas? If yes, whether the Company has formulated any Risk Management Policy to mitigate these risks? If yes, (a) whether the Risk Management Policy has been formulated considering global best practices? (b) whether the Company has identified its data assets and whether it has been valued appropriately?	The Parent company has identified the key risk areas and has formulated a risk management policy to mitigate these Risks for all the companies in the group. The said policy as represented by management, is stated to be based on global best practices, namely COSO frame work. The company has not identified any data assets in accordance with the applicable financial reporting framework and consequently these have not been subject to valuation.

5.	Whether the Company is complying with the Securities and Exchange Board of India (SEBI) (Listing Obligation and Disclosure Requirements) Regulations, 2015, and other applicable rules and regulations of SEBI, Department of Investment and Public Asset Management, Ministry of Corporate Affairs, Department of Public Enterprises, Reserve Bank of India, Telecom Regulatory Authority of India, CERT-IN, Ministry of Electronics and Information Technology and National Payments Corporation of India wherever applicable? If not. the cases of deviation may be highlighted.	Based on the information and explanations given to us, and audit procedures carried out, the company is in compliance with the regulations/guidelines issued by the Department of Investment and Public Asset Management, Ministry of Corporate Affairs, Department of Public Enterprises, Reserve Bank of India, and CERT-IN, where ever applicable. The provisions of Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other applicable rules and regulations of SEBI, as well as those of the Telecom Regulatory Authority of India, Ministry of Electronics and Information Technology and National Payments Corporation of India, are not applicable to the Company. No cases of the deviation from the applicable/ guidelines were observed during the course of our audit.

Part II – Sub-directions

S. No.	Sub-Directions	Auditors' Comments
1	Verify whether the existing regulatory assets of the Company are supported by the tariff orders of the Electricity Regulatory Commission.	Based on the information and explanations given to us, there are no regulatory assets of the company that are supported by the tariff orders of the Central Electricity Regulatory Commission (CERC) that are recognized in the financial statements. The Company has recognized Regulatory Deferral Accounts in financial statements in accordance with Ind AS 114 "Regulatory Deferral Accounts" and not as per the tariff orders by CERC.
2	Verify whether the revenue in respect of such assets has been recognized by the Company on the basis of tariff orders issued by the Electricity Regulatory Commission.	
3	State the impact of recognition/ existence of regulatory assets in the absence of tariff orders, if any.	
4	State the impact of delayed/ non-recovery of regulatory assets on the financial statements of the Company.	
5	Examine and report upon the accuracy/ adequacy of accounting treatment/ related disclosures in this regard	

For SPG ASSOCIATES
Chartered Accountants
FRN: -011217N

CA S.P. GOEL
Partner
Membership Number: 083131
UDIN: 26083131ZDUHRT1307

Place of Signature: Gurugram
Date: 20th May, 2026

Annexure 'C' to the Independent Auditors' Report of even date on the 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, 2026 in conjunction with our audit of the 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 auditors' 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 authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

SPG ASSOCIATES ★ CHARTERED ACCOUNTANTS ★ Gurugram

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, 2026 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 SPG ASSOCIATES
Chartered Accountants
FRN: -011217N

CA S. P. GOEL
Partner
Membership Number: 083131
UDIN: 26083131ZDUHRT1307

SPG ASSOCIATES CHARTERED ACCOUNTANTS Gurugram

Place of Signature: Gurugram
Date: 20th May, 2026

POWERGRID HIMACHAL TRANSMISSION LIMITED

CIN : U40101DL2006PLC154627

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

Balance Sheet as at 31st March, 2026

(₹ in lakh)

Sl. No.	Particulars	Note No.	As at 31st March, 2026	As at 31st March, 2025
A	**ASSETS**			
1	**Non- Current Assets**			
	(a) Property, Plant and Equipments	4	34,572.52	35,783.08
	(b) Non Current Financial Assets			
	(i) Trade Receivables	5 i	-	17.76
	(ii) Other Non -Current Financial Assets	5 ii	559.10	0.83
	(c) Deferred Tax Asset	6	326.59	6,288.75
	(d) Other Non Current Assets	7	448.49	874.06
			35,906.70	42,964.48
2	**Current Assets**			
	(a) Inventory		-	-
	(b) Financial Assets			
	(i) Trade Receivables	8	1,030.49	3.58
	(ii) Cash and Cash Equivalents	9	96.08	5.13
	(iii) Bank balances other than (ii) above	10	2,779.84	3,088.82
	(iv) Other Financial Assets	11	17.50	17.50
	(c) Other Current Assets	12	1.25	139.52
			3,925.16	3,254.55
	Total Assets		**39,831.86**	**46,219.03**
B	**EQUITY AND LIABILITIES**			
1	**Equity**			
	(a) Equity Share Capital	13	30,000.00	30,000.00
	(b) Other Equity	14	9,046.86	8,787.00
			39,046.86	38,787.00
2	**Liabilities**			
(i)	**Non Current Liabilities**			
	(a) Financial Liabilities			
	(b) Other Non Current Liabilities			
	(i) Provisions	15	29.23	11.41
			29.23	11.41
(ii)	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) 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	16	10.72	9.50
	(ii) Other Financial Liabilities	17	178.36	86.97
	(b) Other Current Liabilities	18	5.81	1,034.17
	(c) Provisions	19	11.74	1.23
	(d) Current Tax Liabilities (Net)	20	222.55	-
			429.18	1,131.87
	Regulatory Deferral Account Balances	21	326.59	6,288.75
	Total Equity and Liabilities		**39,831.86**	**46,219.03**

The accompanying notes 1 to 52 form an integral part of financial statements.

As per our report of even date

For and on behalf of the Board of Directors

For SPG Associates
Chartered Accountants
FRN 011217N

S. P. Goel
Partner
M.No. 083131
Date : 20-05-2026
Place : Gurugram

SPG ASSOCIATES CHARTERED ACCOUNTANTS Gurugram

Amit Garg
Director
(DIN: 10809416)

Umar Farooque
CFO
(PAN: AAFPF3980K)

Rajeev Kumar
Company Secretary
(PAN: AAVPK6143P)

Manju Gupta
Director
(DIN:08820741)

Tarun Bajaj
CEO
(PAN: ABQPB8046C)

POWERGRID HIMACHAL TRANSMISSION LIMITED

CIN : U40101DL2006PLC154627

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

Statement of Profit and Loss for the year ended 31st March, 2026

(₹ in lakh)

Sl. No.	Particulars	Note No.	For the year ended 31st March, 2026	For the year ended 31st March, 2025
I	Revenue from Operations	22	8,258.59	7,621.04
II	Other Income	23	696.40	269.68
III	**Total Income (I+II)**		**8,954.99**	**7,890.72**
IV	**Expenses**			
	Employee Benefit Expense	24	464.65	172.63
	Finance Cost	25	-	37.54
	Depreciation and Amortization Expenses	26	1,213.99	1,214.60
	Other Expenses	27	628.80	679.52
	Total Expenses (IV)		**2,307.44**	**2,104.29**
V	**Profit before Exceptional items, Tax and Regulatory Deferral Account Balance (III-IV)**		**6,647.55**	**5,786.43**
VI	Exceptional Items		-	-
VII	**Profit before tax & Regulatory Deferral Account Balances (V-VI)**		**6,647.55**	**5,786.43**
VIII	Tax Expense:			
	(1) Current tax - Current Year		1,158.74	1,011.01
	- Earlier Years		(8.44)	-
	(2) Deferred tax	28	5,962.16	(522.43)
			7,112.46	**488.58**
IX	**Profit (Loss) for the year before Regulatory Deferral Account Balance (VII-VIII)**		(464.91)	5,297.85
X	Net movement in Regulatory Deferral Account Balances - Income/(Expenses) (Net of tax)	28	4,921.31	(431.15)
XI	**Profit for the Year (IX+X)**		**4,456.40**	**4,866.70**
	Other Comprehensive Income for the year			
XII	Items that will not be reclassified to profit or loss (net of Tax)	29(i) (E) e	3.45	0.07
XIII	**Total Comprehensive Income for the year (XI+XII)**		**4,459.85**	**4,866.77**
XIV	Earnings per equity share including movement in Regulatory Deferral Account Balances (Face value of ₹10/- each): Basic & Diluted (In ₹)	30	1.49	1.62
XV	Earnings per equity share excluding movement in Regulatory Deferral Account Balances (Face value of ₹10/- each): Basic & Diluted (In ₹)	30	(0.15)	1.77

The accompanying notes 1 to 52 form an integral part of financial statements.

As per our report of even date

For and on behalf of the Board of Directors

For SPG Associates
Chartered Accountants
FRN 011217N

SPG ASSOCIATES CA Gurugram CHARTERED ACCOUNTANTS

S. P. Goel
Partner
M.No. 083131
Date : 20-05-2026
Place : Gurugram

Amit Garg
Director
(DIN: 10809416)

Manju Gupta
Director
(DIN:08820741)

Umar Farooque
CFO
(PAN: AAFPF3980K)

Rajeev Kumar
Company Secretary
(PAN: AAVPK6143P)

Tarun Bajaj
CEO
(PAN: ABQPB8046C)

POWERGRID HIMACHAL TRANSMISSION LIMITED

CIN : U40101DL2006PLC154627

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

Statement of Changes in Equity for the year ended 31st March, 2026

A. Equity Share Capital

Particulars	(₹ in lakh)
As at 1st April, 2025	30,000.00
Change in Equity Share Capital	-
As at 31st March, 2026	**30,000.00**

Particulars	(₹ in lakh)
As at 1st April, 2024	30,000.00
Change in Equity Share Capital	-
As at 31st March, 2025	**30,000.00**

B. Other Equity

(₹ in lakh)

Particulars	Reserve and Surplus			Equity Instruments through other Comprehensive Income	Total
	Self Insurance Reserve	General Reserve	Retained Earning		
As at 1st April, 2025	**241.00**	**4,157.89**	**4,382.77**	**5.34**	**8,787.00**
Total Comprehensive Income for the period	-	-	4,456.41	3.45	**4,459.86**
Transfer to Self Insurance Reserve	120.49	-	(120.49)	-	-
Transfer from Self Insurance Reserve	(46.66)	46.66	-	-	-
1st Interim Dividend for the FY 2025-26	-	-	(1,200.00)	-	**(1,200.00)**
2nd Interim Dividend for the FY 2025-26	-	-	(1,500.00)	-	**(1,500.00)**
3rd Interim Dividend for the FY 2025-26	-	-	(1,500.00)	-	**(1,500.00)**
As at 31st March, 2026	**314.83**	**4,204.55**	**4,518.69**	**8.79**	**9,046.86**

(₹ in lakh)

Particulars	Reserve and Surplus			Equity Instruments through other Comprehensive Income	Total
	Self Insurance Reserve	General Reserve	Retained Earning		
As at 1st April, 2024	120.50	4,157.89	5,936.57	5.27	10,220.23
Total Comprehensive Income for the period	-	-	4,866.70	0.07	4,866.77
Transfer to Self Insurance Reserve	120.50	-	(120.50)	-	-
3rd Interim Dividend for the FY 2023-24	-	-	(1,200.00)	-	(1,200.00)
1st Interim Dividend for the FY 2024-25	-	-	(1,200.00)	-	(1,200.00)
2nd Interim Dividend for the FY 2024-25	-	-	(1,800.00)	-	(1,800.00)
3rd Interim Dividend for the FY 2024-25	-	-	(1,200.00)	-	(1,200.00)
4th Interim Dividend for the FY 2024-25	-	-	(900.00)	-	(900.00)
As at 31st March, 2025	**241.00**	**4,157.89**	**4,382.77**	**5.34**	**8,787.00**

The accompanying notes 1 to 52 form an integral part of financial statements.

As per our report of even date

For and on behalf of the Board of Directors

For SPG Associates
Chartered Accountants
FRN 011217N

S. P. Goel
Partner
M.No. 083131
Date : 20-05-2026
Place : Gurugram

SPG ASSOCIATES CHARTERED ACCOUNTANTS Gurugram

Amit Garg
Director
(DIN: 10809416)

Manju Gupta
Director
(DIN:08820741)

Umar Farooque
CFO
(PAN: AAFPF3980K)

Rajeev Kumar
Company Secretary
(PAN: AAVPK6143P)

Tarun Bajaj
CEO
(PAN: ABQPB8046C)

POWERGRID HIMACHAL TRANSMISSION LIMITED
Statement of Cash flows for the year ended

(₹ in lakh)

Sl. No.	Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
A.	**Cash flow from operating activities**		
	Profit before tax & Regulatory Deferral Account Balances	6,647.55	5,786.43
	Add: Net movement in Regulatory Deferral Account Balances (net of Tax)	(4,921.31)	431.15
	Add: Tax on Net movement in Regulatory Deferral Account Balances	(1,040.85)	91.28
	Net Profit Before Tax (including Net movement in regulatory deferral account balances)	**685.39**	**6,308.86**
	Adjustment For:		
	Depreciation and Amortization Expenses	1,213.99	1,214.60
	Finance Cost	-	37.54
	Interest Income	(218.20)	(157.58)
	Surcharge Income	(8.54)	(44.07)
	Provisions Written Back	(21.27)	(48.49)
	Regulatory Deferral Account	5,962.16	(522.43)
	Sale of Scrap	(0.12)	-
	Loss disposal of Fixed Assets	2.88	-
	Provisions	-	2.88
	Operating Profit before change in Assets and Liabilities	**7,616.29**	**6,791.31**
	Adjustment for Changes in Assets and Liabilities:		
	Inventories	-	-
	(Increase)/Decrease in Trade Receivables	(1,008.24)	2,497.66
	(Increase)/Decrease in Other Financial Assets	(549.17)	379.51
	(Increase)/Decrease in Other Non-current Assets	425.57	(325.47)
	(Increase)/Decrease in Other Current Assets	138.27	(68.19)
	Increase/(Decrease) in Liabilities & Provisions	(676.43)	982.13
		(1,670.00)	**3,465.64**
	Cash generated from operations	**5,946.29**	**10,256.95**
	Tax Payment		
	Direct Tax	(2,182.71)	(1,057.70)
	Net cash inflow from operating activities ----'A'	**3,763.58**	**9,199.24**
B.	**Cash flow from Investing activities**		
	Investment in PPE	(7.42)	(1.42)
	Proceeds of sale of PPE	9.29	-
	Bank Deposits	383.63	(1,095.17)
	Interest Income	134.24	88.58
	Surcharge	7.63	40.49
	Net Cash from/(used in) investing activities-----------'B'	**527.37**	**(967.52)**
C.	**Cash flow from Financing activities**		
	Repayment of Borrowings		
	Non Current Borrowings	-	(1,914.24)
	Finance Costs paid	-	(37.54)
	Dividend Paid	(4,200.00)	(6,300.00)
	Net Cash from/(used in) financing activities-----------'C'	**(4,200.00)**	**(8,251.78)**
	Net change in cash or cash equivalent (A+B+C)	90.95	(20.05)
	Cash & cash equivalent at the commencement of the year	5.13	25.18
	Cash & cash equivalent at the end of the period	96.08	5.13

The accompanying notes 1 to 52 form an integral part of financial statements.

As per our report of even date

For SPG Associates
Chartered Accountants
FRN 011217N

S. P. Goel
Partner
M.No. 083131
Date : 20-05-2026
Place : Gurugram

SPG ASSOCIATES Gurugram CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

Amit Garg
Director
(DIN: 10809416)

Manju Gupta
Director (DIN:08820741)

Umar Farooque
CFO (PAN: AAFPF3980K)

Rajeev Kumar
Company Secretary
(PAN: AAVPK6143P)

Tarun Bajaj
CEO
(PAN: ABQPB8046C)

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 Abdullahpur 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: Powergrid Himachal Transmission 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 2026 were approved for issue by the Board of Directors on 20th May, 2026.

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.

Rajeev Kumar

SPG ASSOCIATES
Gurugram
CHARTERED ACCOUNTANTS

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.

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).

Rajeev Kumar

SPG ASSOCIATES CHARTERED ACCOUNTANTS Gurugram

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 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.

Rajiv Kumar

SPG ASSOCIATES CA Gurugram CHARTERED ACCOUNTANTS

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.

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

Transmission system assets are considered as ready for intended use from the date of commercial operation declared or approved 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 individually costing more than ₹10,00,000/-, 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 asset 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.

Rajeev kumar

SPG Associates Chartered Accountants Gurugram

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.

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.

Rajeev Kumar

SPG ASSOCIATES CA Gurugram CHARTERED ACCOUNTANTS

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.

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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.

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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 useful 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".

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 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.

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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.

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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 individually costing up to ₹10,00,000/- 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.

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.

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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.

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2.12.3 **Other long-term employee benefits**

Benefits under the Company's leave encashment and employee family economic rehabilitation scheme constitute other long term employee benefits.

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.

2.12.4 **Short-term benefits**

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under performance related pay if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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
- at fair value through profit or loss

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

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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

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.

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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.

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.

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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.

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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.

(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.

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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

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as part of tariff under CERC Regulations are treated as Regulatory Deferral Assets/Liabilities.

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.

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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.

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 generated from property, plant and equipment is accounted for as and when sold.

Dividend income is recognised when right to receive payment is established.

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.

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c) **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 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.

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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.

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 noncurrent 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

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• 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.

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 29.

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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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POWERGRID HIMACHAL TRANSMISSION LIMITED (formerly known as Jaypee Powergrid Limited)
Notes to the Financial Statements

4 Property, Plant and Equipments

(₹ in lakh)

Sl. No.	Description	Gross Block					Accumulated Depreciation					Net Block	
		As at 1st April, 2025	Addition during the Year	Disposal	Adjustment during the Year	As at 31st March, 2026	As at 1st April 2025	Addition during the Year	Disposal	Adjustment during the Year	As at 31st March, 2026	As at 31st March, 2026	As at 31st March, 2025
	Tangible Assets												
1	Land (Freehold)	63.27	-	-	-	**63.27**	-	-	-	-	-	63.27	63.27
2	Building	564.39	-	-	-	**564.39**	**178.80**	17.87	-	-	**196.67**	367.72	385.59
3	Tools and Plant Equipment	54.44	-	-	-	**54.44**	**36.86**	3.56	-	-	**40.42**	14.02	17.58
4	Furniture & Fixtures	7.03	-	0.17	-	**6.86**	**5.85**	0.14	0.12	-	**5.87**	0.99	1.18
5	Motor Vehicles	66.03	-	-	-	**66.03**	**51.93**	5.21	-	-	**57.14**	8.89	14.10
6	Office Equipment	9.88	3.69	0.17	-	**13.40**	**8.31**	0.77	0.16	-	**8.92**	4.48	1.57
7	EDP Machinery & Equipment	7.76	3.73	0.59	-	**10.90**	**7.37**	0.09	0.56	-	**6.90**	4.00	0.39
8	Transmission Line LILO	2,477.64	-	-	-	**2,477.64**	**1,705.76**	24.78	-	-	**1,730.54**	747.10	771.88
9	Transmission Line	93,555.58	-	11.18	8.06	**93,536.34**	**60,279.33**	1,087.16	7.28	5.18	**61,354.03**	32,182.31	33,276.25
10	E-bays (Sub-Station)	1,464.08	-	-	-	**1,464.08**	**957.23**	30.04	-	-	**987.27**	476.81	506.85
11	Reactors	2,148.38	-	-	-	**2,148.38**	**1,401.08**	44.37	-	-	**1,445.45**	702.93	747.30
	Total	**1,00,418.48**	**7.42**	**12.11**	**8.06**	**1,00,405.73**	**64,632.52**	**1,213.99**	**8.12**	**5.18**	**65,833.21**	**34,572.52**	**35,785.96**
	Less: Provision for Assets	8.06	-	-	8.06	-	5.18	-	-	5.18	-	-	2.88
	Grand Total	**1,00,410.42**	**7.42**	**12.11**	-	**1,00,405.73**	**64,627.34**	**1,213.99**	**8.12**	-	**65,833.21**	**34,572.52**	**35,783.08**

(₹ in lakh)

Sl. No.	Description	Gross Block					Accumulated Depreciation					Net Block	
		As at 1st April, 2024	Addition during the Year	Disposal	Adjustment during the Year	As at 31st March, 2025	As at 1st April 2024	Addition during the Year	Disposal	Adjustment during the Year	As at 31st March, 2025	As at 31st March, 2025	As at 31st March, 2024
	Tangible Assets												
1	Land (Freehold)	63.27	-	-	-	**63.27**	-	-	-	-	-	63.27	63.27
2	Building	564.39	-	-	-	**564.39**	160.93	17.87	-	-	**178.80**	385.59	403.46
3	Tools and Plant Equipment	54.44	-	-	-	**54.44**	33.30	3.56	-	-	**36.86**	17.58	21.14
4	Furniture & Fixtures	7.03	-	-	-	**7.03**	5.71	0.14	-	-	**5.85**	1.18	1.31
5	Motor Vehicles	66.03	-	-	-	**66.03**	46.72	5.21	-	-	**51.93**	14.10	19.31
6	Office Equipment	8.46	1.42	-	-	**9.88**	8.07	0.24	-	-	**8.31**	1.57	0.39
7	EDP Machinery & Equipment	7.76	-	-	-	**7.76**	6.28	1.09	-	-	**7.37**	0.39	1.48
8	Transmission Line LILO	2,477.64	-	-	-	**2,477.64**	1,680.99	24.77	-	-	**1,705.76**	771.88	796.65
9	Transmission Line	93,555.58	-	-	-	**93,555.58**	59,192.02	1,087.31	-	-	**60,279.33**	33,276.25	34,363.56
10	E-bays (Sub-Station)	1,464.08	-	-	-	**1,464.08**	927.19	30.04	-	-	**957.23**	506.85	536.89
11	Reactors	2,148.38	-	-	-	**2,148.38**	1,356.71	44.37	-	-	**1,401.08**	747.30	791.67
	Total	**1,00,417.06**	**1.42**	-	-	**1,00,418.48**	**63,417.92**	**1,214.60**	-	-	**64,632.52**	**35,785.96**	**36,999.13**
	Less: Provision for Assets	-	-	-	8.06	8.06	-	-	-	5.18	5.18	2.88	-
	Grand Total	**1,00,417.06**	**1.42**	-	**8.06**	**1,00,410.42**	**63,417.92**	**1,214.60**	-	**5.18**	**64,627.34**	**35,783.08**	**36,999.13**

Note:-

1) The depreciation rates on Property Plant and Equipments (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.

2) Depreciation on Transmission Line & its elements has been calculated on Straight Line Method up to 31/03/2024 @ 5.28% as per the methodology notified by Central Electricity Regulatory Commission (CERC) Tariff Regulations. After 12 years from the COD depreciation will be calculated over the balance useful life of the Asset. Since the project completed 12 year on 31/03/2024, the depreciation has been reduced from 5.28% to 1.16%, to align with the Central Electricity Regulatory Commission (CERC) Tariff Regulations.

3) PPE includes mandatory Spares related to transmission line.

4) 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.

5) The title deed of above said freehold land is still appearing in the name of Jaypee Powergrid Limited (JPL) since FY 2020-21 (i.e., 25-03-2021, date of take over of the Company by Power Grid Corporation of India Limited). To change the name of the land of the Company from JPL to PHTL, Company has filed an application in the Department of MPP & Power for NOC (No Objection Certificate), Shimla on 16th September, 2022 and the same has been received. However, the matter is currently pending for final approval of Principle Secretary Cum F.C. (Revenue), Himachal Pradesh.

6) Refer Note No. 36 for disclosure on Right of Use Assets as per Ind AS 116 – "Leases"

SPG & ASSOCIATES Gurugram CHARTERED ACCOUNTANTS

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(₹ in lakh)

5	Non Current Financial Assets	As at 31st March, 2026	As at 31st March, 2025
	i) Trade Receivables		
	Considered good	-	17.76
	Credit Impaired	-	-
	Total	**-**	**17.76**

Note:-

a) Electricity (late payment Surcharge and Related Matters) Rule, 2022 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) up to the date of said notification shall be rescheduled up to 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. Nil) has been charged as Other expenses (Refer Note No. 27) and unwinding thereon amounting to Rs 3.46 lakh (Prev. Year Rs. 12.24 lakh) has been accounted for as Other Income (Refer Note No. 23)

b) Ageing of trade receivable

(₹ in lakh)

Particulars		Not Due	0-6M	6M-1Y	1Y-2Y	2Y-3Y	>3Y	Total
As at 31.03.2026								
Considered – Good	Disputed		-	-	-	-	-	-
	Undisputed	-	-	-	-	-	-	-
Significant increase in Credit Risk	Disputed		-	-	-	-	-	-
	Undisputed		-	-	-	-	-	-
Credit Impaired	Disputed		-	-	-	-	-	-
	Undisputed							
Total		-	-	-	-	-	-	-
Particulars		**Not Due**	**0-6M**	**6M-1Y**	**1Y-2Y**	**2Y-3Y**	**>3Y**	**Total**
As at 31.03.2025								
Considered – Good	Disputed		-	-	-	-	-	-
	Undisputed	17.76	-	-	-	-	-	17.76
Significant increase in Credit Risk	Disputed		-	-	-	-	-	-
	Undisputed		-	-	-	-	-	-
Credit Impaired	Disputed		-	-	-	-	-	-
	Undisputed							
Total		17.76	-	-	-	-	-	**17.76**

(₹ in lakh)

	ii) Other Financial Assets	As at 31st March, 2026	As at 31st March, 2025
i	Fixed Deposit with more than 12 months maturity (including accrued interest)	559.10	-
ii	Surplus in gratuity defined benefit plan	-	0.83
	Total	**559.10**	**0.83**

(₹ in lakh)

6	**Deferred Tax Asset (Net)**			
	(A) Deferred Tax Liability			
	Opening Balance		6,889.47	6,532.68
	Add:- Current Year Deferred Tax		(792.24)	356.79
	Total for the year		**6,097.23**	**6,889.47**
				-
	Deferred Tax Liability	**(A)**	**6,097.23**	**6,889.47**
	(B) Deferred Tax Asset			
	Opening Balance MAT Credit		13,178.22	12,299.00
	Add :- MAT Credit not recorded earlier now recorded		(4.92)	-
	Add :- MAT Credit Entitlement/Non Current Tax Assets		456.13	875.90
	Total for the year		**13,629.43**	**13,174.90**
	Less:- Deferred Tax Asset- Reversal		(7,215.92)	-
	Provisions		10.31	3.32
	Deferred Tax Asset	**(B)**	**6,423.82**	**13,178.22**
	Deferred Tax Asset (Net)	**(B-A)**	**326.59**	**6,288.75**

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Further Notes: (₹ in lakh)

Movement in Deferred Tax Liabilities	Property Plant and Equipment	Other	Total
As at 01/04/2024	6,532.68	-	6,532.68
Charged/(credited) to profit or loss	356.79	-	356.79
As at 31/03/2025	**6,889.47**	-	**6,889.47**
Charged/(credited) to profit or loss	(792.24)	-	(792.24)
As at 31/03/2026	**6,097.23**	-	**6,097.23**

Movement in Deferred Tax Asset		MAT	Other	Total
As at 01/04/2024		12,287.84	11.16	12,299.00
Charged/(credited) to profit or loss		875.90	3.32	879.22
As at 31/03/2025		13,163.74	14.48	13,178.22
Charged/(credited) to profit or loss		(6,764.71)	10.31	(6,754.40)
As at 31/03/2026	Total	**6,399.03**	**24.79**	**6,423.82**

Amount taken to Statement of Profit and Loss (₹ in lakh)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Increase/ (Decrease) in Deferred Tax Liabilities	(792.24)	356.79
Add:- Deferred Tax Asset- Reversal (Refer Note No. 50)	7,215.92	-
Add :- MAT Credit not recorded earlier now recorded	(4.92)	-
Decrease / (Increase) in Deferred Tax Assets	6,754.40	(879.22)
Total	**13,173.16**	**(522.43)**

(₹ in lakh)

7 **Other Non Current Assets**	As at 31st March, 2026	As at 31st March, 2025
i) Security Deposit	3.69	3.49
ii) Income Tax Refundable	51.29	448.01
iii) Other Advance (Deposit with Hon'ble High Court)*	393.51	393.51
iv) Pay Advance	-	29.05
Total	**448.49**	**874.06**

*Other advance pertains to amount deposited during FY 2023-24 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. 41A).

(₹ in lakh)

8 **Current Assets - Trade Receivables**	As at 31st March, 2026	As at 31st March, 2025
Trade Receivable - Unsecured		
i) Considered good	1,030.49	3.58
ii) Credit Impaired	216.56	234.96
Less:-	**1,247.05**	**238.54**
Allowance for Expected Credit Loss	216.56	234.96
Total	**1,030.49**	**3.58**

Note

i) Refer Note No. 34 for disclosure as per Ind AS 115 'Revenue from Contracts with Customers' & Note No. 33 for details of Trade Receivable from related parties.

ii) Trade receivables and the allowance for expected credit loss represent amounts receivable from various DICs through CTUIL (a fellow subsidiary company).

iii) Ageing of trade receivables are as follows: (₹ in lakh)

Particulars		unbilled	Not Due	0-6M	6M-1Y	1Y-2Y	2Y-3Y	>3Y	Total
As at 31-03-2026									
Considered – Good	Disputed								
	Undisputed	717.77	257.92	27.18	-	4.02	1.70	21.90	1,030.49
Significant increase in	Disputed								
	Undisputed								
Credit Impaired	Disputed							216.56	216.56
	Undisputed								-
Total		**717.77**	**257.92**	**27.18**	-	**4.02**	**1.70**	**238.46**	**1,247.05**
As at 31-03-2025									
Considered – Good	Disputed	-	-	-	-	-	-	-	-
	Undisputed	3.58	-	-	-	-	-	-	3.58
Significant increase in	Disputed	-	-	-	-	-	-	-	-
	Undisputed	-	-	-	-	-	-	-	-
Credit Impaired	Disputed	-	-	-	-	-	-	234.96	234.96
	Undisputed	-	-	-	-	-	-	-	-
Total		**3.58**	-	-	-	-	-	**234.96**	**238.54**

iv) The Company has confirmed that there is no significant risk in realizing the outstanding dues, as the majority of the same pertain to DICs/State Electricity Boards and are governed by Government regulations. However, in order to account for the time value of receivables and to reflect them at present value, as well as to provide for any contingencies relating to doubtful debts, management has adopted the policy of Expected Credit Loss (ECL). Accordingly, with effect from FY 2022 23, a provision has been made against dues outstanding for more than three years.
Based on management's estimates, the ECL provision recognized in the books is higher than the actual ECL that would arise as per the ECL Matrix, in line with the Holding Company's policy for lifetime ECL provisioning. Hence, no further provisioning has been considered necessary. Management shall continue to review the position at each reporting period.
Out of the closing balance of trade receivables from CTUIL (a fellow subsidiary company), an amount of ₹216.56 lakhs (Previous Year ₹234.96 lakhs) has been classified as doubtful recovery, against which the full amount has been credit impaired.

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(₹ in lakh)

9	Cash and Cash equivalents:		As at 31st March, 2026	As at 31st March, 2025
	Balance with Banks:			
	In Current Accounts		96.08	5.13
		Total	**96.08**	**5.13**

(₹ in lakh)

10	Bank balances other than cash & cash equivalents		As at 31st March, 2026	As at 31st March, 2025
	i) In term Deposits with Bank having maturity over 3 months up to 12 months (including interest accrued)		2,779.84	2,014.87
	ii) Fixed Deposit with original maturity >12 months & remaining maturity < 3 months (including accrued interest)		-	1,073.95
		Total	**2,779.84**	**3,088.82**

(₹ in lakh)

11	Other Current Financial Assets		As at 31st March, 2026	As at 31st March, 2025
	Other Recoverable*		17.50	17.50
		Total	**17.50**	**17.50**

*Other recoverable pertains to the payments made towards the Tariff Determination Fee amounting to Rs. 13.94 Lakhs (P.Y. Rs. 13.94 Lakhs) to CERC, and advertisement expenses of Rs. 3.56 lakhs (P.Y. Rs. 3.56 Lakhs) for CERC petition publication for FY 2024–25 for the tariff block 2024–29, which are recoverable from CTUIL upon receipt of the final tariff order from CERC.

(₹ in lakh)

12	Other Current Assets		As at 31st March, 2026	As at 31st March, 2025
	i) Prepaid Expenses		1.25	1.55
	ii) Advance Tax & TDS		1,977.77	1,057.72
	Less: Provision for Income Tax (Refer Note No. 20)		1,977.77	919.75
			-	137.97
		Total	**1.25**	**139.52**

(₹ in lakh)

13	Equity Share Capital		As at 31st March, 2026	As at 31st March, 2025
	Authorised			
	300,000,000 (Previous year 300,000,000) Equity Shares of Rs.10 each		30,000.00	30,000.00
	Issued, Subscribed and Paid up			
	300,000,000 (Previous year 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, 2026 and 31st March, 2025 is set out below:

Sl. No.	Particulars	For the year ended 31st March, 2026		For the year ended 31st March, 2025	
		No. of Shares (in Lakh)	(₹ in lakh)	No. of Shares (in Lakh)	(₹ in lakh)
i)	No. of Shares at the beginning of the year	3,000	30,000.00	3,000	30,000.00
ii)	Add: Share allotted during the year	-	-	-	-
iii)	No. of Shares at the end of the year	3,000	30,000.00	3,000	30,000.00

2) Shareholding of promotors and shareholders holding more than 5% equity share of the Company

S. No.	Particulars	No. of Shares		Percentage of shareholding		% change
		As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025	During the FY 2025-26
1	Power Grid Corporation of India Limited (Promoter)	29,99,99,400	29,99,99,400	100%	100%	NIL
2	*Sh. Dilip Nagesh Rozekar	100	100	**	**	NIL
3	*Smt. Sangeeta Saxena	-	100	**	**	NIL
4	*Sh. Upendra Gunawant Pande	-	100	**	**	NIL
5	*Smt. Manju Gupta	100	100	**	**	NIL
6	*Sh. Rajil Srivastava	100	100	**	**	NIL
7	*Sh. Gyaneshwar Prasad Payasi	100	100	**	**	NIL
8	*Sh. Manish Kumar	100	-	**	**	NIL
9	*Sh. Arup Samanta	100	-	**	**	NIL
	Total	**30,00,00,000**	**30,00,00,000**	**100%**	**100%**	**NIL**

* These shares are held by Nominee share holders of Power Grid Corporation of India Limited on its behalf.

** Negligible % beneficial interest of shares held by Nominee share holders of Power Grid Corporation of India

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.

SPG ASSOCIATES CHARTERED ACCOUNTANTS

Rajiv Kumar

(₹ in lakh)

14 Other Equity	As at 31st March, 2026	As at 31st March, 2025
Reserve and Surplus		
General Reserve	4,204.55	4,157.89
Retained Earnings	4,518.69	4,382.77
Self Insurance Reserve (Refer Note No. 39)	314.83	241.00
Other Reserves		
Other Comprehensive Income Reserve	8.79	5.34
Total	**9,046.86**	**8,787.00**

(₹ in lakh)

15 Other Non Current Liabilities	As at 31st March, 2026	As at 31st March, 2025
Provisions		
Employees benefits		
Provision for Gratuity		
Opening balance	-	-
Additions/(adjustments) during the year	0.54	-
Provision for Leave Encashment		
Opening balance	11.41	10.66
Additions/(adjustments) during the year	17.28	0.75
Total	**29.23**	**11.41**

(₹ in lakh)

16 Trade Payables	As at 31st March, 2026	As at 31st March, 2025
i) Total outstanding dues of Micro & Small Enterprises* ^	-	-
ii) Total outstanding dues of creditors other than Micro & Small Enterprises^		
For Goods and Services		
a) To Others	5.31	4.36
b) To Related Parties***	5.41	5.14
Total	**10.72**	**9.50**

* Disclosure with regard to Micro and Small Enterprises as required under "The Micro, Small and Medium Enterprises Development Act, 2006 is given in Note 35(a).

^ Refer note no 35(b) For trade payable aging schedule.

*** Refer Note no. 33 for related party transactions.

(₹ in lakh)

17 Other Current Financial Liabilities	As at 31st March, 2026	As at 31st March, 2025
i) Deposit/Retention Money from Contractors and others	22.96	17.88
ii) Payable to Employees	90.91	3.78
iii) Payable to Others	21.26	18.52
iv) Payable to Related Parties*	42.11	46.24
v) Employees Contribution to EPF	0.87	0.27
vi) Employees Contribution to Pension Fund	0.25	0.28
Total	**178.36**	**86.97**

*Payable to POWERGRID (Holding Company) on account of deputation cost and rent (Refer Note No. 33 for related party transactions).

(₹ in lakh)

18 Other Current Liabilities	As at 31st March, 2026	As at 31st March, 2025
i) Statutory Dues*	5.81	94.29
ii) Advance from customer	-	939.88
Total	**5.81**	**1,034.17**

* Statutory dues include PF Employees Contribution Rs. 1.53 lakh, TDS of Rs. 3.30 lakh, TDS under GST of Rs. 0.11 lakh and GST under RCM of Rs. 0.87 lakh. (Previous year : Statutory dues include PF Employees Contribution Rs. 1.31 lakh, TDS of Rs. 92.41 lakh, TDS under GST of Rs. 0.38 lakh and GST under RCM of Rs. 0.74 lakh)

(₹ in lakh)

19 Provisions	As at 31st March, 2026	As at 31st March, 2025
Current		
Employees benefits		
Provision for Gratuity		
Opening balance	-	-
Additions/(adjustments) during the year	4.94	-
Provision for Leave Encashment		
Opening balance	1.23	0.47
Additions/(adjustments) during the year	5.57	0.76
Total	**11.74**	**1.23**

SPG ASSOCIATES CHARTERED ACCOUNTANTS Gurugram

Rajeev Kumar

(₹ in lakh)

20	**Current Tax Asset/(Liability) - Net**		**As at 31st March, 2026**	**As at 31st March, 2025**
	Provision for Income Tax		2,200.32	919.75
	Less :- TDS/Advance Tax (Refer Note 12)		1,977.77	919.75
		Total	**222.55**	**-**

(₹ in lakh)

21	**The Regulatory Deferral Account Balances**		**As at 31st March, 2026**	**As at 31st March, 2025**
	Opening Balance		(6,288.75)	(5,766.32)
	Less:- Net Movement in Regulatory Deferral Balance Income/(Expenses)*		(5,962.16)	522.43
		Total	**(326.59)**	**(6,288.75)**

*Refer Note No. 28

(₹ in lakh)

22	**Revenue From Operations**		**For the year ended 31st March, 2026**	**For the year ended 31st March, 2025**
	Sale of Services			
	Transmission Charges*		8,247.55	8,303.06
	Other Recoveries		11.04	42.50
	Less:- Reversal of excess revenue of previous block.*		-	(724.52)
		Total	**8,258.59**	**7,621.04**

***Refer Note No. 48 and 49**

(₹ in lakh)

23	**Other Income**		**For the year ended 31st March, 2026**	**For the year ended 31st March, 2025**
	Interest Income from Bank Deposits		218.20	157.58
	Surcharge Income		8.54	44.07
	Other Interest Income		281.49	6.97
	Provisions written back		21.27	48.49
	Miscellaneous Income*		3.91	0.33
	Income Tax Refund Received		154.11	-
	Sale of Scrap		0.12	-
	Profit on Sale of Fixed Assets		5.30	-
			692.94	**257.44**
	Unwinding of discount on financial assets**		3.46	12.24
		Total	**696.40**	**269.68**

* Miscellaneous income include Liquidated Damages and Retention Money written-back.
** Refer Note No. 5 for unwinding of discount on financial assets.

(₹ in lakh)

24	**Employee Benefit Expense**		**For the year ended 31st March, 2026**	**For the year ended 31st March, 2025**
	Salary, Wages, Allowances & Benefits *		365.14	148.79
	Contribution to Provident and other funds #		88.37	8.51
	Staff Welfare Expenses		11.14	15.33
		Total	**464.65**	**172.63**

*Includes Rs. 152.18 Lakhs (Previous Year Nil) paid as arrears for the FY 2021-22 to FY 2024-25 on account of revision of salary of employees.
Includes Rs. 44.98 Lakhs (Previous Year Nil) paid as arrears for the FY 2021-22 to FY 2024-25 on account of revision of salary of employees.

(₹ in lakh)

25	**Finance Cost**		**For the year ended 31st March, 2026**	**For the year ended 31st March, 2025**
	Interest and finance charges on financial liabilities at amortised cost			
	- Intercorporate Borrowing from Holding Company - Power Grid Corporation of India Limited*		-	37.54
	* Refer Note No. 33 for Related Party Transactions	**Total**	-	**37.54**

(₹ in lakh)

26	**Depreciation and Amortization Expenses**		**For the year ended 31st March, 2026**	**For the year ended 31st March, 2025**
	Depreciation on Property, Plant and Equipments		1,213.99	1,214.60
				-
		Total	**1,213.99**	**1,214.60**

The Company do not have any leasehold assets having cancellation period of more than 1 year during the FY 2025-26 and in the previous FY 2024-25.

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(₹ in lakh)

27 **Other expenses**	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Advertisement & Publicity	0.47	3.56
Auditor's Remuneration		
- For Statutory Audit	5.90	5.00
- For Tax Audit	1.18	-
- For Certifications	1.83	1.18
- For Out of Pocket Expenses	-	1.41
Bank Charges	0.03	0.12
Communication Expenses	2.23	1.47
Cost Audit Fee/Others	0.59	0.52
Tax Audit Fee	-	1.50
Corporate Social Responsibility Expenses	119.57	121.25
Deputation Cost*	178.72	254.26
Forest Compensation	11.15	22.50
Internal Audit Fee & Out of Pocket expenses	1.27	0.37
Legal and Professional Expenses	4.60	3.12
Transmission License Fee and Tariff Determination Fee	-	27.88
Miscellaneous Expenses	7.52	4.65
Printing & Stationery Expenses	1.45	1.44
IT, SAP and ERP Support Expenses	9.01	8.41
Reactors Maintenance Cost	15.63	14.84
Rent #	36.89	30.07
Security Expenses	29.57	24.87
Secretarial Audit Fee	-	0.40
Sub-Station Maintenance Cost*	22.00	20.91
System Operation/NLRDC Charges	10.92	11.09
Travelling & Conveyance Expenses	13.89	5.56
Transmission Line Work	133.94	88.47
Vehicle Running & Maintenance Expenses	20.44	21.79
Provisions for		
Loss of Fixed Assets	-	2.88
Total	**628.80**	**679.52**

* For details of Related Party transaction refer note no. 33

Includes ₹ 24.72 Lakhs (Previous Year ₹ 22.47 Lakhs) given to POWERGRID, the holding Company. (Refer Note No. 33)

28 Net Movement in Regulatory Deferral Account Balance-Incomes/(expenses) (Net of tax)

(₹ in lakh)

Particulars	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Deferred asset for Deferred tax liability	5,962.16	(522.43)
	5,962.16	**(522.43)**
Tax on Net movement in regulatory deferred account balance	1,040.85	(91.28)
Total	**4,921.31**	**(431.15)**

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 31-03-2029 may have an impact on the recovery of Regulatory Deferral Account Balances.

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

(₹ in lakh)

Particulars	**For the year ended 31st March, 2026**	**For the year ended 31st March, 2025**
A. Opening Balance	(6,288.75)	(5,766.32)
B. Addition/(deduction) during the year	5,962.16	(522.43)
C. Amount collected/refunded during the year	-	-
D. Regulated Income/(Expense) recognized in the statement of Profit and Loss (B-C)	5,962.16	(522.43)
E. Closing Balance (A+D)	(326.59)	(6,288.75)
F. Tax on Regulated Income/(Expense) recognized in the statement of Profit and Loss	(1,040.85)	91.28

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29 Employees Benefit Obligations

(₹ in lakh)

Particulars	For the year ended 31st March, 2026			For the year ended 31st March, 2025		
	Current	Non Current	Total	Current	Non Current	Total
Leave Obligations	6.80	28.69	35.49	1.23	11.41	12.64
Gratuity	4.94	64.23	69.17	3.57	24.15	27.72
Total employee benefit obligations	**11.74**	**92.92**	**104.66**	**4.80**	**35.56**	**40.36**

Pursuant to pay restructuring of the employees during FY 2025–26, the Company obtained a revised actuarial valuation for gratuity and leave encashment obligations for the year ended 31 March, 2025 vide report dated 06 October, 2025. Adjustments to the gratuity and leave encashment obligations for the period ended 31 March, 2026 have been made based on the difference between the original actuarial valuation and the revised actuarial valuation as at 31 March, 2025.

(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 40 days. Earned leave is encashable on separation from service and in service both. Leaves are en-cashable up to the maximum of 300 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 lakh. 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

The Company pays fixed contribution to Provident Fund. Contribution to family pension scheme is paid to the appropriate authorities. The contribution to the fund and EPS scheme for the year and contribution on arrears of wages for the financial years 2021-22 to 2024-25 amounting to Rs. 88.37 lakh (previous year Rs. 8.51 lakh) has been recognized as expense and is charged to Statement of Profit and Loss.

(D) Pension

The Company has National Pension Scheme (NPS) for the employees of the Company. The Company pays contribution to the NPS accounts of the employees. The contribution to the National Pension scheme for the years 2021-22 to 2025-26 amounting to Rs. 45.62 lakh (previous year Rs. nil) has been recognized as expense and is charged to Statement of Profit and Loss.

(E) 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	For Leave Obligations		For Gratuity Obligations	
			For the year ended 31st March, 2026	For the year ended 31st March, 2025	For the year ended 31st March, 2026	For the year ended 31st March, 2025
I	Discounting Rate	1	7.15%	6.78%	7.15%	6.78%
II	Salary escalation rate (p.a.)	2	6.50%	6.50%	6.50%	6.50%
III	Estimate of amount contribution in the immediate next year	Rs./lakh	4.90	2.09	5.38	2.19

Notes

1 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.

2 The estimates of future salary increase consider takes into a account the inflation, seniority, promotion and other relevant factors.

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

(₹ in lakh)

Sl. No.	Particulars	For the year ended 31st March, 2026		For the year ended 31st March, 2025	
		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	27.72	12.64	23.84	11.14
2	Current Service Cost	8.33	4.96	2.13	1.20
3	Interest Cost	4.75	2.16	1.72	0.80
4	Past Service Cost including curtailment Gains/ Losses	41.04			-
5	Actuarial (Gain)/Loss on obligation	(3.74)	22.65	0.03	(0.50)
6	Benefits paid	(8.93)	(6.92)	-	-
7	Present value of the obligation at the end the year	69.17	35.49	27.72	12.64
b)	**Change in Plan Assets**				
1	Fair value of the Plan Assets at the beginning of the year.	28.55	-	26.51	-
2	Actual Return on Plan Assets.	2.38	-	2.04	-
3	Contribution by Employer.	41.52	-	-	-
4	Actual Benefit Paid.	(8.93)	-	-	-
5	Fair value of the Plan Assets at the end of the year.	63.52	-	28.55	-
					(₹ in lakh)
c)	**Net Liability/(Surplus)(I-II)**				
1	Present value of defined benefit obligation	69.17	35.49	27.72	12.64
2	Fair value of Plan Assets	63.52	-	28.55	-
	Net Liability/(Surplus) (I-II)	**5.65**	**35.49**	**(0.83)**	**12.64**
d)	**Expenses Recognised in the Statement of Profit and Loss**				
1	Current Service Cost	5.07	3.17	2.13	1.20
2	Net interest cost	2.81	2.16	(0.19)	0.80
3	Actuarial Gain/Loss on leave encashment	-	5.15	-	(0.50)
	Total	**7.88**	**10.48**	**1.94**	**1.50**

e) Expenses recognised in Other Comprehensive Income (₹ in lakh)

	Other Comprehensive Income	**For the year ended 31st March, 2026**	**For the year ended 31st March, 2025**
	Net actuarial gain/(loss) recognized in the period		
	Leave Encashment	-	-
	Gratuity	1.79	0.09
	Net gain/(loss) for the period	**1.79**	**0.09**
	Less Deferred Tax Asset/Liability	-	0.02
	Add Deferred Assets	0.44	-
	Net Charge/(Credit)	**2.23**	**0.07**
	Demographic assumptions:		
1	Retirement age	60 Years	60 Years
2	Mortality rate inclusive of provision for disability	100%	100%
3	Ages	9.58	9.84
	Withdrawal rate %		
	Up to 30 years	3	3
	From 31 to 44 years	2	2
	Above 44 years	1	1

f) Sensitivity Analysis of the defined benefit obligation as on 31st March, 2026 (₹ in lakh)

	Impact of the change in	**Gratuity (Funded)**		**Leave Encashment**	
		Increase	**Decrease**	**Increase**	**Decrease**
1	Discount Rate (0.50% movement)	(2.99)	3.19	(1.28)	1.36
2	Salary Escalation Rate (0.50% movement)	2.80	(2.66)	1.36	(1.29)
	Sensitivities due to mortality & withdrawals are not material & hence impact of change due to these not calculated.				

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g)	Maturity Profile of Defined Benefit Obligation as on 31st March, 2026	Gratuity (Funded)	Leave Encashment
1	0 to 1 Year	4.94	6.80
2	1 to 2 Year	5.22	2.97
3	2 to 3 Year	0.96	0.44
4	3 to 4 Year	0.98	0.45
5	4 to 5 Year	1.00	0.45
6	5 to 6 Year	11.87	7.32
7	6 Year onwards	44.19	17.06
h)	**Major categories of plan assets (as percentage of total plan assets)**		
1	Government of India Securities		
2	State Government securities	-	-
3	High Quality Corporate Bonds	-	-
4	Equity Shares of listed companies	-	-
5	Funds Managed by Insurer	100%	-
6	Bank Balance	-	-
	Total	**100%**	-

30 Earnings per share

(in ₹)

(a)	**Basic and Diluted Earnings per share attributable to the equity holder of the Company**	**For the year ended 31st March, 2026**	**For the year ended 31st March, 2025**
	Including movement in Regulatory deferral balances	1.49	1.62
	Excluding movement in Regulatory deferral balances	(0.15)	1.77
	Total basic and Diluted Earnings per share attributable to the equity holder of the Company	1.49	1.62

(₹ in lakh)

(b)	**Reconciliation of earnings used as numerator in calculating**	**For the year ended 31st March, 2026**	**For the year ended 31st March, 2025**
	Earnings attributable to the equity holders of the company including movement in Regulatory deferral balances	4,456.40	4,866.70
	Earnings attributable to the equity holders of the company excluding movement in Regulatory deferral balances	(464.91)	5,297.85
	Total Earnings attributable to the equity holders of the company	4,456.40	4,866.70

(in lakh)

(c)	**Reconciliation of Equity Shares used as denominator in calculating**	**For the year ended 31st March, 2026**	**For the year ended 31st March, 2025**
	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

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31 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 recognized in the books to be recovered from the beneficiaries in future periods are as follows :

(₹ in lakh)

Sl. No.	Particulars	For the year ended 31st March, 2026	For the year ended 31st March, 2025
A	Opening Balance	(6,288.75)	(5,766.32)
B	Addition/(deduction) during the year	5,962.16	(522.43)
C	Add :- MAT Credit not recorded earlier now recorded	-	-
D	Amount collected/refunded during the year	-	-
E	Regulated Income/(Expense) recognized in the statement of Profit and Loss (B-C)	5,962.16	(522.43)
F	**Closing Balance (A+D)**	**(326.59)**	**(6,288.75)**

32 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 (₹ in lakh)

Particulars	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Current Tax		
Current tax on profits for the year	1,158.74	1,011.01
Pertaining to regulatory deferral account balances (A)	1,040.85	(91.28)
Total current tax expense (B)	**2,199.59**	**919.73**
Deferred Tax expense		
Origination and reversal of temporary differences	5,962.16	(522.43)
Total deferred tax expense /benefit (C)	5,962.16	(522.43)
Income tax expense (B+C-A)	**7,120.90**	**488.58**
Pertaining to regulatory deferral account balances	1,040.85	(91.28)
Total tax expense including tax on movement in regulatory deferral account balances	**8,161.75**	**397.30**

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

Particulars	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Deferred assets for Deferred tax liability	5,962.16	(522.43)
Total Regulatory Deferral Account Balances Before Tax - Income /(Expenses)	5,962.16	(522.43)
Current Tax on Regulatory Deferral Account Balances	1,040.85	(91.28)
Net Movement in Regulatory Deferral Account Balances - Income/ (Expenses) (net of Tax)	**4,921.31**	**(431.15)**

(c) Income Tax recognized in other comprehensive income: (₹ in lakh)

Particulars	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Net actuarial losses on defined benefit plans		
Before Tax	-	0.09
Tax Expenses	0.73	0.02
Net of Tax	(0.73)	0.07

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

Particulars	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Profit before income tax expense including movement in regulatory	12,609.71	5,264.00
Tax at the Company's domestic tax rate of 25.168%	3,173.61	1,324.84
Tax effect of:		
Non Deductible tax items	(179.12)	(226.65)
Tax exempt income	(2,994.49)	(1,098.19)
Deferred Tax expense/(income)	5,962.16	(522.43)
Minimum alternate tax adjustments	2,199.59	919.73
Income tax expense	**8,161.75**	**397.30**

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33 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, 2026	As on 31st March, 2025
(a)	**Holding Company**			
1	Power Grid Corporation of India Limited	India	100%	100%
(b)	**Subsidiaries of Holding Company**			
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*	India	-	NA
29	POWERGRID Khavda II- C Transmission Limited	India	NA	NA
30	POWERGRID Khavda RE Transmission Limited *	India	-	NA
31	POWERGRID KPS2 Transmission Limited *	India	-	NA
32	POWERGRID KPS3 Transmission Limited *	India	-	NA
33	POWERGRID ERWR Power Transmission Limited *	India	-	NA
34	POWERGRID Raipur Pool Dhamtari Transmission Limited *	India	-	NA
35	POWERGRID Dharamjaigarh Transmission Limited *	India	-	NA
36	POWERGRID Bhadla Sikar Transmission Limited *	India	-	NA
37	POWERGRID Ramgarh II Transmission Limited #	India	-	NA
38	POWERGRID Bhadla III Transmission Limited #	India	-	NA
39	POWERGRID Bikaner Neemrana Transmission Limited #	India	-	NA
40	POWERGRID Koppal Gadag Transmission Limited *	India	-	NA
41	POWERGRID Bidar Transmission Limited *	India	-	NA
42	POWERGRID Sikar Khetri Transmission Limited #	India	-	NA
43	POWERGRID Neemrana Bareilly Transmission Limited*	India	-	NA

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44	POWERGRID Ananthpuram Kurnool Transmission Limited *	India	-	NA
45	POWERGRID Vataman Transmission Limited	India	NA	NA
46	POWERGRID Beawar Dausa Transmission Limited #	India	-	NA
47	POWERGRID Khavda IV-E2 Power Transmission Limited	India	NA	NA
48	POWERGRID Mandsaur Transmission Limited	India	NA	NA
49	POWERGRID Mewar Transmission Limited	India	NA	NA
50	POWERGRID Sirohi Transmission Limited	India	NA	NA
51	POWERGRID Beawar-Mandsaur Transmission Limited	India	NA	NA
52	POWERGRID Bhadla-III Power Transmission Limited	India	NA	NA
53	POWERGRID Bhadla Bikaner Transmission Limited	India	NA	NA
54	POWERGRID South Olpad Transmission Limited	India	NA	NA
55	POWERGRID Kurawar Transmission Limited	India	NA	NA
56	POWERGRID Jam Khambhaliya Transmission Limited	India	NA	NA
57	POWERGRID Khavda PS1 And 3 Transmission Limited	India	NA	NA
58	POWERGRID Barmer I Transmission Limited	India	NA	NA
59	POWERGRID Bikaner IV Transmission Limited	India	NA	NA
60	POWERGRID Siwani Transmission Limited	India	NA	NA
61	POWERGRID West Central Transmission Limited	India	NA	NA
62	POWERGRID Ghiror Transmission Limited	India	NA	NA
63	POWERGRID Kudankulam Transmission Limited	India	NA	NA
64	POWERGRID Koppal Gadag Augmentation Transmission Limited	India	NA	NA
65	POWERGRID Bidar Augmentation Limited (erstwhile Bidar Transco Limited)	India	NA	NA
66	POWERGRID KPS 1 and 2 Augmentation Transmission Limited (erstwhile Khavda V-B1B2 Power Transmission Limited)	India	NA	NA
67	POWERGRID Chitradurga Bellary Transmission Limited (erstwhile Chitradurga Bellary REZ Transmission Limited)	India	NA	NA
68	POWERGRID Fatehgarh Barmer Augmentation Transmission Limited (erstwhile Fatehgarh II and Barmer I PS Transmission Limited)	India	NA	NA
69	POWERGRID Banaskantha Augmentation Transmission Limited (erstwhile Banaskantha Transco Limited)	India	NA	NA
70	POWERGRID Kurnool-IV Transmission Limited (erstwhile Kurnool-IV Transmission Limited)	India	NA	NA
71	POWERGRID Sirohi Khandwa Transmission Limited (erstwhile Rajasthan V Power Transmission Limited)	India	NA	NA
72	POWERGRID Kurnool III CPETA Transmission Limited (Erstwhile Kurnool III PS RE Transmission Limited)	India	NA	NA
73	Powergrid Mahan Rewa Transmission Limited (Erstwhile MEL Power Transmission Limited)	India	NA	-
74	Powergrid Davanagere Augmentation Transmission Limited (Erstwhile Davanagere Power Transmission Limited)	India	NA	-
75	Powergrid Mandsaur Augmentation Transmission Limited (Erstwhile Mandasur I RE Transmission Limited)	India	NA	-
76	Powergrid Prayagraj Transmission Limited (Erstwhile Vindhyanchal Varanasi Transmission Limited)	India	NA	-

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77	Powergrid Parli Bidar Transmission Limited (Erstwhile SR WR Power Transmission Limited)	India	NA	-
78	SR and ER Power Transmission Limited	India	NA	-
79	Bellary Davanagere Power Transmission Limited	India	NA	-
80	NES Pune East New Transmission Limited	India	NA	-
	* Merged with Powergrid Khavda II C Transmission Ltd. w. e. f. 01/03/2026			
	# Merged with Powergrid Vitaman Transmission Ltd. w. e. f. 01/03/2026			
(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 (Erstwhile Teestavalley 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	Rajasthan Power Grid Transmission Limited	India	NA	NA
13	Power Transmission Company Nepal Limited	Nepal	NA	NA
(d)	**Associates of Holding Company**			
1	Kala Amb Transmission Limited (Erstwhile POWERGRID Kala Amb Transmission Limited)*	India	NA	NA
2	Jabalpur Power Transmission Limited (Erstwhile POWERGRID Jabalpur Transmission Limited)*	India	NA	NA
3	Warora Transmission Limited (Erstwhile POWERGRID Warora Transmission Limited)*	India	NA	NA
4	Parli Power Transmission Limited (Erstwhile POWERGRID Parli Transmission Limited)*	India	NA	NA
	* Associates with 26% Shareholding till 30.12.2024			
(e)	**Key Management Personnel**			
1	Smt. Manju Gupta, Director			
2	Shri D N Rozekar, Director (upto 09.09.2025)			
3	Shri Amit Garg, Director			
4	Shri Rakesh Kumar, Director (w.e.f. 08.09.2025)			
5	Shri Tarun Bajaj, Chief Executive Officer			
6	Shri Umar Farooque, Chief Financial Officer			
7	Shri Rajeev Kumar, Company Secretary			
8	Shri R. K. Tyagi (KMP of POWERGRID)			
9	Dr. Saibaba Darbamulla (KMP of POWERGRID)			
10	Dr. Yatindra Dwivedi (KMP of POWERGRID)			
11	Shri Ravisankar Ganesan (KMP of POWERGRID)			
12	Shri Shiv Tapasya Paswan (Independent Director w.e.f. 16.04.2025)			
13	Shri Rohit Vaswani (Independent Director w.e.f. 16.04.2025)			
14	Smt. Sajal Jha (Independent Director w.e.f. 16.05.2025)			
15	Shri Abhay Bakre (Independent Director w.e.f. 12.04.2025)			
16	Shri Lalit Bohra (KMP of POWERGRID) upto 11.04.2025			

(f) Government Related Entities

The Company is a wholly owned subsidiary of Power Grid Corporation of India Limited - a 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 Grid Controller of India Limited (Regional Load Dispatch Centre fees for an amount of ₹ 10.92 lakh (Previous year ₹ 11.09 lakh). (Refer Note No. 27)

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Disclosure as per Ind AS 24 - Related Party Disclosures (₹ in lakh)

S. No.	Nature of Transaction	POWERGRID (Holding Company)		Central Transmission Utility of India Ltd. (Fellow Subsidiary Company)		Key Management Personnel	
		For the year ended 31st March, 2026	For the year ended 31st March, 2025	For the year ended 31st March, 2026	For the year ended 31st March, 2025	For the year ended 31st March, 2026	For the year ended 31st March, 2025
(g) Balances outstanding as at the year ended 31st March 2026							
1	Managerial Remuneration (KMP) *	-	-	-	-	24.73	16.08
2	Reimbursement of Deputation Cost *	42.11	43.85	-	-	-	-
3	Bay Maintenance at Abdullahpur S/s	5.41	5.14	-	-	-	-
4	Rent payable	-	2.39	-	-	-	-
5	Transactions in capacity of CTU (Receivable)		-	1,247.05	21.34	-	-
(h) Transaction with Related parties							
1	Dividend	4,200.00	6,300.00	-	-	-	-
2	Bay Maintenance at Abdullahpur S/s (excluding GST)	18.65	17.72	-	-	-	-
3	Managerial Remuneration KMP (excluding GST) #	-	-	-	-	98.31	87.20
4	Loan Repayment	-	1,914.24	-	-	-	-
5	Interest Payment	-	37.54	-	-	-	-
6	Reimbursement of Deputation Cost (excluding GST) #	151.45	163.22	-	-	-	-
7	Rent and Other Support Services Expense (excluding GST)	28.58	26.17				
8	Transactions in capacity of CTUIL	-	-	8,258.59	7,621.04	-	-

* The outstanding balance of Reimbursement of Deputation Cost includes Rs. 21.10 Lakhs (Previous Year Rs. 16.08 Lakhs) of CFO of the Company and also included in the outstanding balance of Managerial Remuneration (KMP)

\# The transaction relating to reimbursement of deputation cost includes Rs. 67.95 Lakhs (Previous Year Rs. 65.23 Lakhs) of CFO of the Company and also included in transaction with Managerial Remuneration KMP.

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

a) The company does not have any contract asset or contract liability as at 31-03-2026.

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:

(₹ in lakh)

Particulars	For the year ended 31-03-2026	For the year ended 31-03-2025
Contracted Price	8,208.10	8,272.87
Add/ (Less)- Discounts/ rebates provided to customer	(64.28)	(64.43)
Add/ (Less)- Performance bonus	104.19	101.00
Add/ (Less)- Other adjustments	(8.06)	(6.38)
Add/ (Less)- Other Recoveries	11.04	42.50
Add/ (Less)- Other Reversal (Refer Note No. 49)	7.60	(724.52)
Revenue recognised in Profit and Loss Statement	**8,258.59**	**7,621.04**

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35 a) Micro, Small and Medium Enterprises

Based on information available with the company, there are certain 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:

(₹ in lakh)

Sr. No	Particulars	Trade Payables		Others	
		As at 31-03-2026	As at 31-03-2025	As at 31-03-2026	As at 31-03-2025
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

Ageing of Trade Payables is as follows: (₹ in lakh)

Particulars	Unbilled/ Not Due	0Y-1Y	1Y-2Y	2Y-3Y	>3Y	Total
As at 31.03.2026						
MSME						
Disputed	-	-	-	-	-	-
Undisputed	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**
Others	**-**	**-**	**-**	**-**	**-**	**-**
Disputed	-	-	-	-	-	-
Undisputed	5.31	5.41	-	-	-	10.72
Total	**5.31**	**5.41**	**-**	**-**	**-**	**10.72**
As at 31.03.2025						
MSME						
Disputed	-	-	-	-	-	-
Undisputed	-	-	-	-	-	-
Total	-	-	-	-	-	-
Others	**-**	**-**	**-**	**-**	**-**	**-**
Disputed	-	-	-	-	-	-
Undisputed	4.36	5.14	-	-	-	9.50
Total	**4.36**	**5.14**	**-**	**-**	**-**	**9.50**

36 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 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 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 three properties during the previous years (up to 31-03-2026). The management of the company has determined these agreements as cancellable for which the contract was enforceable for 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 IND AS 116 is not made applicable in respect of aforesaid lease deeds. (Refer Note no 27)

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37 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: -

(₹ in lakh)

Sl. No.	PARTICULARS	For the year ended 31-03-2026	For the year ended 31-03-2025
A	Amount required to be spent during the year	119.57	121.21
B	Amount approved by the Board to be spent during the year	119.57	121.21
C	Amount spent on CSR –		
(i)	Construction or acquisition of any asset	-	-
(ii)	on Purpose other than (i) above –	119.57	121.25
D	Total Shortfall/(Excess) amount	-	(0.04)
E	Break-up of the amount spent on CSR		
(i)	Education and Skill Development expenses	-	49.31
(ii)	Health and Sanitation expenses	108.77	60.21
(iii)	Other CSR activities - Contribution to PM CARES FUNDS	10.80	11.73
	Total Amount spent on CSR	**119.57**	**121.25**
	Amount spent in Cash out of above	119.57	121.25
	Amount yet to be spent in Cash	-	-

Excess amount spent and carried forward to next financial year.

(₹ in lakh)

Sl. No.	Particulars	For the year ended 31-03-2026	For the year ended 31-03-2025
1	Opening Balance	0.05	0.01
2	Amount required to be spend during the year	119.57	121.21
3	Amount spent	119.57	121.25
4	Closing Balance	0.05	0.05

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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38 **Fair Value Measurement**

(₹ in lakh)

Financial Instruments by category	As at 31-03-2026						
	Carrying Value	Classification			Fair Value		
		FVTPL	FVTOCI	Amortised Cost	Level 1	Level 2	Level 3
Financial Assets							
Trade Receivables	1,030.49	-	-	1,030.49	-	-	-
Cash & cash Equivalents	96.08	-	-	96.08			
Bank Balances other than cash and cash equivalents	3,338.94	-	-	3,338.94	-	-	-
Other Financial Assets							
Current	17.50	-	-	17.50	-	-	-
Non-Current	-	-	-	-	-	-	-
Total Financial assets	**4,483.01**	**-**	**-**	**4,483.01**	**-**	**-**	**-**
Financial Liabilities							
Trade Payables	10.72	-	-	10.72	-	-	-
Other Financial Liabilities							
Current	178.36	-	-	178.36	-	-	-
Non-Current	-	-	-	-	-	-	-
Total financial liabilities	**189.08**	-	-	**189.08**	-	-	-

(₹ in lakh)

Financial Instruments by category	As at 31-03-2025						
	Carrying Value	Classification			Fair Value		
		FVTPL	FVTOCI	Amortised Cost	Level 1	Level 2	Level 3
Financial Assets							
Trade Receivables	21.34	-	-	21.34	-	-	-
Cash & cash Equivalents	5.13	-	-	5.13	-	-	-
Bank Balances other than cash and cash equivalents	3,088.82	-	-	3,088.82	-	-	-
Other Financial Assets							
Current	17.50	-	-	17.50	-	-	-
Non-Current	0.83	-	-	0.83	-	-	-
Total Financial assets	**3,133.62**	**-**	**-**	**3,133.62**	**-**	**-**	**-**
Financial Liabilities							
Trade Payables	9.50	-	-	9.50	-	-	-
Other Financial Liabilities							
Current	86.97	-	-	86.97	-	-	-
Non-Current	-	-	-	-	-	-	-
Total financial liabilities	**96.46**	**-**	**-**	**96.46**	**-**	**-**	**-**

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 IND AS. 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.

(₹ in lakh)

39 Self Insurance Reserve	As at 31st March 2026	As at 31st March 2025
Balance at the beginning of the year	**241.00**	**120.50**
Addition during the year	120.49	120.50
Deduction during the year	(46.66)	-
Balance at the end of the year	**314.84**	**241.00**

Self-Insurance Reserve is created @ 0.12% p.a. (@ 0.12% in previous year) on the Gross Block of Property Plant & Equipments 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 equipment's of AC sub-station to take care of future contingencies. During the current year, the Company made adjustments of ₹46.66 lakhs from the SIR, comprising ₹2.88 lakhs against loss of PPE and ₹43.78 lakhs against repair of transmission line.

40 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 one reportable segment i.e., Power transmission network for transmission system.

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

41 Contingent Liabilities, Contingent assets and Commitments

A. Contingent Liabilities

(₹ in lakh)

Particulars	As at 31st March 2026	As at 31st March 2025
i) Claim against the Company not acknowledged as debts	-	-
ii) Demand raised by the authorities against which, Company has filed appeals:		
Income Tax matters #	-	331.33
iii) Tree/crop compensation cases*	528.86	541.91
v) Demand raised by Land Revenue Department of Himachal Pradesh **	54.87	54.87

The matter has been settled by Income Tax Department during the current year.

* In respect of damage of crops during the errection 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 of Rs. 393.51 Lakh (Previous Year Rs. 393.51 Lakh) already deposited against it has been recognised as other advances under other non current financial assets (Refer Note No. 7).

** In respect of the demand raised by Land Revenue Department, an amount of Rs. 54.87 lakh was demanded by Tehsildar, Rajgarh, Dist. Sirmour, H.P. vide letter dated 06.03.2025 towards stamp duty and registration fee for transfer/change of name of the Company from erstwhile M/s Jaypee Powergrid Limited to M/s Powergrid Himachal Transmission Limited in the revenue records of the State Government. The management vide letter dated 10.03.2025 has requested to withdraw the demand letter by asserting that stamp duty is not applicable in cases where there is merely a change in the name of the company. Further, Based on judicial precedents, the management expects that possibility of an outflow of resources embodying economic benefits is remote.

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B. Commitments

Particulars	As at 31st March 2026	As at 31st March 2025
Other Commitments	-	-

42 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
The debt – equity ratio of the Company was as follows: -

Particulars	As at 31.03.2026	As at 31.03.2025
Total Borrowings (₹ in lakh)	-	-
Equity including reserve & surplus (excluding revaluation reserve) (₹ in lakh)	39,046.86	38,787.00
Debt to Equity ratio	-	-

b) Dividends (₹ in lakh)

Particulars	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Interim Dividend for FY 2023-24 3rd @ 0.40 Paisa per share		1,200.00
Interim Dividend for FY 2024-25 1st @ 0.40 Paisa per share		1,200.00
Interim Dividend for FY 2024-25 2nd @ 0.60 Paisa per share		1,800.00
Interim Dividend for FY 2024-25 3rd @ 0.40 Paisa per share		1,200.00
Interim Dividend for FY 2024-25 4th @ 0.30 Paisa per share		900.00
Interim Dividend for FY 2025-26 1st @ 0.40 Paisa per share	1,200.00	-
Interim Dividend for FY 2025-26 2nd @ 0.50 Paisa per share	1,500.00	-
Interim Dividend for FY 2025-26 3rd @ 0.50 Paisa per share	1,500.00	-

43 Financial Risk Management

The Company's principal financial liabilities comprise trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's 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 Contract Assets

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 ₹ 1247.05 lakh as on 31st March, 2026 (₹ 256.30 lakh as on 31st March, 2025). Refer Note No. 5 and 8.

The 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 except those are classified as credit imparied. 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 made. 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) Allowance for Expected Credit Losses

- **Financial assets for which loss allowance is measured using life time expected credit losses**

With regard to transmission business, the Company has customers most of them 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.

(iii) Other Financial Assets (excluding trade receivables and unbilled revenue)

- **Cash and cash equivalents**

The Company held cash and cash equivalents of ₹ 96.08 lakh (Previous Year ₹ 5.13 lakh). The cash and cash equivalents are held with public 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 ₹ 559.10 Lakh (Previous Year ₹ Nil lakh) having maturity of more than 12 months, ₹ 2779.84 lakh (Previous Year ₹ 2014.87 lakh) having maturity of more than 3 and less than 12 months and ₹ Nil (Previous Year ₹ 1073.95 lakh) having maturity of more than 12 months (remaining maturity period less than 3 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:

(₹ in lakh)

Ageing	Unbilled	Not due	0-6M	6M-1Y	1Y-2Y	2Y-3Y	>3Y	Total
Gross carring amount as on 31-03-2026	717.77	257.92	27.18	-	4.02	1.70	238.46	1,247.05
Gross carring amount as on 31-03-2025	3.58	17.76	-	-	-	-	234.96	256.30

(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 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.

(₹ in lakh)

Contractual maturities of financial liabilities	Within a year	Between 1-5 years	Beyond 5 years	Total
As at 31.03.2026				
Borrowings (including interest outflows)	-	-	-	-
Trade payables	10.72	-	-	10.72
Other financial liabilities	178.36	-	-	178.36
Others	-	-	-	-
Total	**189.08**	-	-	**189.08**
As at 31.03.2025				
Borrowings (including interest outflows)	-	-	-	-
Trade payables	9.50	-	-	9.50
Other financial liabilities	86.97	-	-	86.97
Others	-	-	-	-
Total	**96.47**	-	-	**96.47**

SPG ASSOCIATES CHARTERED ACCOUNTANTS Gurugram

Rajeev Kumar

(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 is foreign currency.

(ii) Interest rate risk

The Company is not exposed to interest rate risk because the Company does not have any borrowings, hence sensitivity analysis for the risk is not disclosed.

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

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

Type of Property	Description of property	Gross Carrying value (Rs. in lakh)	Held in Name of	Whether title deed holder is a promoter, director or relative of promoter/ director or employee of promoter/ director	Property held since which date	Reason not being held in the name of Company
Property, Plant and Equipments - "Land and Building"	Vill. Pervipul, Near Sanura P.O. Karganoo, Tehsil Rajgarh , Distt. Sirmour H.P. 173224	63.27 and 564.39	Jaypee Powergrid Limited	No	25-03-2021	The same is in the process of transferring the title deed in the name of Powergrid Himachal Transmission Limited

b) There is no capital work in progress (CWIP) in current and previous year, hence no disclosure is required.

c) As the Company has no CWIP, disclosure is not required for completion of capital-work-in progress (CWIP) over due or 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/Banks.

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 during the year.

j) The Company is neither required for creation of any charge nor satisfaction of charge during the financial year with the Registrar of the 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.

44 (l) **Ratios**

Ratio	Numerator	Denominator	Current Year 31.03.2026	Previous Year 31.03.2025	Variance	Reason for Variance >25%
			Ratio	Ratio		
(a) Current Ratio	Current Assets	Current Liabilities	9.15	2.88	218.07%	Due to increase in the book debt
(b) Debt-Equity Ratio	Total Debt	Shareholder's Equity	-	-	-	NA
(c) Debt Service Coverage Ratio	Profit for the period + Depreciation and amortization expense + Finance costs	Interest & Lease Payments + Principal Repayments	-	3.61	-	NA
(d) Return on Equity Ratio	Profit for the period	Average Shareholder's Equity	11.45%	12.32%	-7.05%	NA
(e) Inventory turnover ratio	Revenue from Operations	Average Inventory	Not Applicable			NA
(f) Trade Receivables turnover ratio	Revenue from Operations	Average Trade Receivables (before deducting provision)	10.99	4.98	120.48%	Due to increase in the Trade Receivables
(g) Trade payables turnover ratio	Gross Other Expense (–) FERV, Provisions, Loss on disposal of PPE	Average Trade payables	62.20	34.84	78.51%	Due to decrease in Gross Other Expenses
(h) Net capital turnover ratio	Revenue from Operations	Working Capital	2.36	3.98	-40.65%	Due to provision made for Trueing-up Petition for Tariff Block 2019-24
(i) Net profit ratio	Profit for the period	Revenue from Operations	53.96%	63.86%	-15.50%	NA
(j) Return on Capital employed	Earnings before interest and taxes	Tangible Net Worth + Total Debt + Deferred Tax Liability	17.17%	17.92%	-4.20%	NA
(k) Return on Investment	Income from Investments & Capital Appreciation	Time weighted Investments	Not Applicable			NA

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.

SPG ASSOCIATES CHARTERED ACCOUNTANTS Gurugram

Rajeev Kumar

45. Certain Balance of debtors, creditors, security deposit and other assets/liabilities as on 31-03-2026 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 reconciliations.

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

47. 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 for Collection and Disbursement (BCD) of transmission charges on behalf of all the IST licensees. Accordingly, CTUIL is raising bills for transmission charges to DICs on behalf of IST licensees. The debtors and their recovery are accounted for based on the list of DICs given by CTUIL. Power Grid Corporation of India Limited (holding Company) was notified as CTU by GOI till 31.03.2021.

48. Transmission income for FY 2025-26 has been recognized based on the tariff petition filed with CERC on November 30, 2024, in accordance with the tariff regulations for the 2024-29 block. The final tariff order is still awaited.

49. The Company has considered tariff income for FY 2025-26 at ₹ 8208.10 lakhs. The increase of ₹7.60 lakhs arises from: (i) applying an interest rate of 12.25% on working capital, based on SBI's 1 year MCLR as on 01 April 2025 plus 325 basis points, as against the Petition rate of 11.90%, and (ii) accounting for actual security expenses of ₹29.57 lakhs (Petition amount: ₹26.30 lakhs). This calculation has been carried out in accordance with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024.

Adjustments for 2019–24 Tariff Period made during FY 2024-25 : Pending approval of true up petition, differences arising from the True up tariff petition filed with CERC for the Block period 2019–24 amounting to ₹514.02 lakh, along with interest payable to constituents of ₹210.50 lakh on the same as per regulations 10(6), have been accounted for in the previous year's transmission income. On account of this, previous year's revenue from operation has been reduced by Rs 724.52 lakh and correspondingly profit for the previous year by the same amount.

50. Based on management's current estimates, the Company may opt for the new tax regime under the Income Tax Act in future years. Accordingly, deferred tax assets and liabilities have been measured using the tax rates expected to apply after such transition.

Further, pursuant to the amendments introduced by the Finance Act, 2026, accumulated MAT credit remains eligible for set off against tax liability under the new regime. However, domestic companies can utilize such credit only up to 25% of their regular tax liability in any given year.

As per the Books of Accounts as on 31 March 2025, The Company holds MAT Credit of ₹13,158.82 lakhs. Based on projections, only ₹5,942.90 lakhs can be utilized up to FY 2041-42 (maximum 15 years from AY 2026-27). Accordingly, balance amount of deferred tax asset amounting to Rs. 7215.92 Lakh has been written off during the current year.

In line with Ind AS 12, The Company has recognized this adjustment in the accounts, since deferred tax assets relating to unutilized MAT credit will not be available in future. Consequently, the reduction in deferred tax assets has been added back to taxable income, resulting in a revised tax liability of ₹2,200.32 lakhs.

51. Recent Accounting Pronouncements and amendments -

i) Amendments to Indian Accounting Standards (Ind AS):

On 07.05.2025 and 13.08.2025, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2025 and Companies (Indian Accounting Standards) Second Amendment Rules, 2025 respectively, applicable from 01.04.2025 with amendments in Ind AS 21 "The Effects of Changes in Foreign Exchange Rates", Ind AS1 "Presentation of Financial Statements", Ind AS 7 "Statement of Cash Flows", Ind AS 107 "Financial Instruments Disclosures", Ind AS 12 "Income Taxes". The company has assessed that the amendments have no material impact on the accounts of the company.

ii) New Labour codes

The Central Government issued four separate notifications in the Official Gazette announcing implementation of four Labour Codes, viz., the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020 (Collectively referred to as the "New Labour Codes" effective from 21.11.2025). These New Labour codes replace and consolidate the 29 existing labour laws. The Ministry of Labour and Employment published draft Central Rules and FAQs to enable assessment of the financial impact due to changes in regulations. The company has assessed that the New Labour Codes have no material impact on the accounts of the Company during the current financial year.

52. 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**

Amit Garg
Director (DIN: 10809416)

Manju Gupta
Director (DIN:08820741)

For SPG Associates
Chartered Accountants
FRN 011217N

SPG ASSOCIATES
CA
Gurugram
CHARTERED ACCOUNTANTS

S. P. Goel
Partner
M.No. 083131
Date : 20-05-2026
Place : Gurugram

Umar Farooque
CFO
(PAN: AAFPF3980K)

Rajeev Kumar
Company Secretary
(PAN: AAVPK6143P)

Tarun Bajaj
CEO
(PAN: ABQPB8046C)