



पावर ग्रिड कॉर्पोरेशन ऑफ इंडिया लिमिटेड
Power Grid Corporation of India Limited
सूचना का अधिकार अभिनियम 2005 के अंतर्गत केन्द्रीय लोक सूचना अधिकारी
Central Public Information Officer under the RTI Act, 2005
केन्द्रीय कार्यालय, 'सौदामिनी', प्लॉट नं.2, सेक्टर-29, गुडगांव, हरियाणा-122007
Corporate Centre, 'Saudamini', Plot No. 2, Sector-29, Gurgaon, Haryana-122007



PGCIL/R/E/20/00430

दिनांक: 5 November, 2020

SHRI BASANT KUMAR,
15, Greylands, 61, New Marine Lines, MUMBAI, Pin:400020,
Maharashtra

विषय: सूचना का अधिकार अधिनियम, 2005 के तहत जानकारी।

महोदय / महोदया,

कृपया आर.टी.आई. अधिनियम, 2005 के तहत दिनांक 15 October, 2020 को प्रेषित अपने आर.टी.आई. अनुरोध का संदर्भ लें।

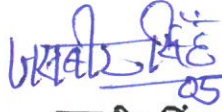
उपरोक्त पत्र में वांछित जानकारी अनुलग्नक-1 में संलग्न है।

यदि आप केन्द्रीय लोक सूचना अधिकारी के उत्तर से संतुष्ट न हो तो, केन्द्रीय लोक सूचना अधिकारी के उत्तर की प्राप्ति के 30 दिनों के भीतर पहले अपील प्राधिकारी के सम्मुख अपील की जा सकती है। आरटीआई अधिनियम, 2005 के तहत केन्द्रीय कार्यालय, गुडगांव में अपील प्राधिकारी का विवरण निम्नानुसार है:

श्री बी.एन.डे.भौमिक,
कार्यपालक निदेशक (तकनीकी विकास) एवं अपील प्राधिकारी
केन्द्रीय कार्यालय, पावर ग्रिड कॉर्पोरेशन ऑफ इंडिया लिमिटेड,
सौदामिनी, प्लॉट नंबर-2, सेक्टर-29, गुडगांव-122001, हरियाणा।
ईमेल आईडी: appellate.cc@powergrid.co.in
फोन नंबर: 0124-2571790,2863616

धन्यवाद,

भवदीय,


05/11/2020
(जसबीर सिंह)

मुख्य महाप्रबंधक (के. आ.) एवं के.लो.स्.अधिकारी

Email ID: cpio.cc@powergrid.co.in

Sub.: Reply to RTI Query by Shri Basant Kumar, Maharashtra.

Query	Kindly provide a soft copy of the depreciation policy followed by the Company in respect of its core assets, like transmission lines, load despatch centres, power houses etc. A summary of the same in the form of a small write up will also do.
Reply	The information pertaining to depreciation policy of the company is disclosed in the POWERGRID Annual Report (Note 2.6 at page-191 & 192) for FY 2019-20 and a copy of the same is enclosed for your kind reference.

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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 are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

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

The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits is recognized 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 capitalization of related transmission lines.

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

Expenditure on research is recognised as an expense when 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.

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 and on property, plant and equipment of telecom and consultancy business is provided on straight line method as per useful life specified in Schedule II of the Companies Act, 2013 except for property, plant and equipment specified in the following paragraphs.

ULDC assets commissioned prior to 1st April 2014 are depreciated on Straight Line Method @ 6.67% per annum. Such assets commissioned on or after 1st April 2014 are depreciated on straight line method following the rates and methodology notified by the CERC for the purpose of recovery of tariff.

In the case of property, plant and equipment of National Thermal Power Corporation Limited (NTPC), National Hydro-Electric Power Corporation Limited (NHPC), North-Eastern Electric Power Corporation Limited (NEEPCO), Neyveli Lignite Corporation Limited (NLC) transferred w.e.f. April 1, 1992, Jammu and Kashmir Lines w.e.f. April 1, 1993, and Tehri Hydro Development Corporation Limited (THDC) w.e.f. August 1, 1993, depreciation is charged based on gross block as indicated in transferor's books with necessary adjustments so that the life of the assets as laid down in the CERC notification for tariff is maintained.

Depreciation on buildings held as investment property is provided on straight line method as specified in Schedule II of The Companies Act, 2013.

Depreciation on spares parts, standby equipment and servicing equipment which are capitalized, 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.

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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 unamortized balance of such asset is depreciated prospectively at the rates and methodology as specified by the CERC Tariff Regulations, except for telecom and consultancy business assets where residual life is determined on the basis of useful life of property, plant and equipment as specified in Schedule II of the Companies Act, 2013.

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

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

Right of Use Assets:

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

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

Intangible Assets

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

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

Telecom Licenses are amortised on straight line basis over their respective useful lives.

Expenditure on development of 1200kv Transmission System shall be amortised over a period of 10 years.

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 amortization period and the amortization method for an intangible asset 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 of time to get ready for their intended use.

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

2.8 Impairment of non-financial assets

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

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