

HIMACHAL PRADESH STATE ELECTRICITY BOARD LIMITED
(A State Govt. undertaking)



Registered office:
(CIN):
GST No.
Telephone No.
Website address:
Email:



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No. HPSEBL/F&A/Comp-II/IDC/2026-27-15-34

Dated:- 20-04-2026

To

The Chief Engineer (ES),
HPSEB Ltd., Hamirpur.

The Chief Engineer (Generation),
HPSEB Ltd., Sundernagar.

The Chief Engineer (P&M),
HPSEB Ltd., Shimla-04.

The Chief Engineer (PCA),
HPSEB Ltd., Shimla-04.

The Sr. Executive Engineer,
Mtc. Division, HPSEB Ltd.,
Shimla-04.

All the Superintending Engineers
(OP) Circle _____ HPSEB Ltd.

Sub: - Scheme-wise list of Interest paid by the HPSEB Ltd. during the FY 2025-26.

Sir,

Please find enclosed herewith the list of scheme-wise interest incurred along with average rate of interest for the FY 2025-26 (Attached as "Annexure-A") along with guidance note of ICAI on "IND AS-23: Borrowing Cost" (having proper implementation details and FAQ Attached as "Annexure-B") for taking necessary action for capitalization of the interest cost i.e. interest during construction as per the extant guidelines (Details available on HPSEBL website). All the field units are requested to capitalize the interest into the Schemes and following points may be followed in letter and spirit;

- i) **Qualifying assets for capitalization of IDC;** qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Examples of qualifying assets are manufacturing plants, real estate and infrastructure assets such as bridges and railways etc. **Ind AS 23 does not provide any guidance on what constitutes a 'substantial period of time'.** The specific facts and circumstances should be considered in each case. For example, it is likely that a period of twelve months or more might be considered 'substantial'. Accordingly, the decision wrt substantial period for completion of CWIP may be assessed for each work as per the technical assessment.
- ii) **Commencement of Capitalisation of IDC;** An entity is required to begin the capitalization of borrowing costs as part of the cost of a qualifying asset on the commencement date. The commencement date is the date when the entity first meets all of the following conditions cumulatively on a particular date:
 - (a) it incurs expenditures for the asset;
 - (b) it incurs borrowing costs; and
 - (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale.
- iii) **Suspension of Capitalization of IDC;** Capitalization of borrowing costs shall be suspended during the extended periods in which the active development of a qualifying asset is suspended.

Capitalization of borrowing cost is not suspended when temporary delay is a necessary part of the process of getting an asset ready for its intended use or sale.


- iv) **Cessation of Capitalization of IDC;** Capitalisation of borrowing costs should cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.
- v) **Partial Capitalization:** In case of partial capitalization, the Interest during construction is to be applied to the pending CWIP and applying specific funding pattern for a scheme i.e. applying IDC through average rate or pro-rata of interest incurred on debt portion of that specific scheme.
- vi) **Application of Average Rate of Interest (ROI):** In case of common schemes or schemes where average ROI is to be applied on CWIP, the same is to applied on debt portion of that CWIP only by applying the applicable funding pattern of the debt duly mentioned in the AA/ES of that respective scheme work.

Therefore, field units are requested to keep the above factors in mind and not to capitalize the interest during construction on the works that have been completed and has been **put to use or ready for intended use**. Further, AAOs/AOs in field units are requested to monitor the said exercise at their end and the concerned technical staff/work executing authority shall co-ordinate with respect to the technical aspects i.e. normal delay/abnormal delays for a work involved in the said exercise please.

All field units are hereby instructed to ensure that no WBS element remains pending for settlement as of 31.03.2026 (Detail of un-settled WBS is already been shared by this office email dated 18.04.2026). Please note that access for SAP period opening will not be provided in the future, and hence, all settlement activities must be completed within the stipulated time. Kindly take necessary action on priority to avoid any issues post the cutoff date.


DA: As above.

Yours faithfully,


(Kapil kumar Bhimta)
Chief Accounts Officer,
F&A Wing, Vidyut Bhawan,
HPSEB Ltd. Shimla-04.

Copy forwarded to:-

1. The Superintending Engineer (IT), HPSEB Ltd., Shimla-04. for similar action and also with a request to upload the subject cited letter along with its enclosures on HPSEB Ltd., Web-Site.
2. The Accounts Officer (SAP), F&A Wing, HPSEB Ltd., Shimla-4. He is directed to give the requisite access to the field units up to 27.04.2026 for the posting of IDC TEOs.


Chief Accounts Officer
F&A Wing, Vidyut Bhawan,
HPSEB Ltd. Shimla-04.