

Torrent Power Limited

Surat Supply Area

TPL-D (Surat)

Price Waterhouse Chartered Accountants LLP

The Board of Directors
Torrent Power Limited
Samanvay, 600, Tapovan,
Ambawadi,
Ahmedabad, Gujarat 380015

Torrent Power Limited - Surat Distribution Area

Report on financial statements

1. This report is issued in accordance with the terms of our agreement dated August 04, 2022.
2. We have audited the accompanying Balance sheet as at March 31, 2022, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year ended on that date and a summary of significant accounting policies and other explanatory information of these special purpose financial statements (the 'financial statements') to the extent considered relevant for the purpose of Surat Distribution license Area [TPL- D (Surat)] of Torrent Power Limited (the "Company") (hereinafter referred to as 'financial statements'), which we have digitally signed under reference to this report.

Management's Responsibility for the Financial Statements

3. Management is responsible for the preparation of these financial statements in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act, to the extent considered relevant by it for the purpose for which these financial statements have been prepared. The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

4. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 ("the Act") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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Price Waterhouse Chartered Accountants LLP (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP Identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)

Price Waterhouse Chartered Accountants LLP

To the Board of Directors
Torrent Power Limited
Report on financial statements
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6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

7. Based on our audit, we report that:
- We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - The Balance Sheet, Statement of Profit and Loss (including other comprehensive income), Statement of Cash Flows and Statement of changes in equity dealt with by this report are in agreement with the books of account;
 - In our opinion and to the best of our information and according to the explanations given to us, the financial statements, together with the notes thereon and attached thereto, to the extent considered relevant, fairly present, in all material respects, in conformity with the accounting principles generally accepted in India:
 - in the case of the Balance Sheet, the state of affairs of TPL-D (Surat) as at March 31, 2022;
 - in the case of the statement of Profit and Loss, the profit for the year ended on that date;
 - in the case of the statement of Cash flows, of the cash flows for the year ended on that date; and
 - in the case of the statement of changes in equity, of the equity for the year ended on that date.

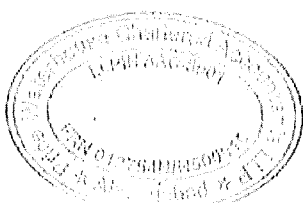
Emphasis of Matter

8. We draw attention to Note 2.1 to the financial statements, which describes the basis of its preparation in the manner as required by the Gujarat Electricity Regulatory Commission (GERC). The financial statements are not the statutory financial statements of the Company, and are not intended to, and do not, fully comply with the disclosure provisions applicable to statutory financial statements prepared under the Companies Act, 2013, as several disclosures are not considered relevant by the Management and the intended users of the financial statements for the purpose for which those have been prepared. Our opinion is not modified in respect of this matter.

Other Matters

9. The financial statements dealt with by this report, have been prepared for the express purpose of submission to the GERC.
10. The Company has prepared its statutory financial statements for the year ended March 31, 2022 in accordance with Companies Act 2013 on which we issued an unmodified opinion vide our audit report dated May 10, 2022.

Our opinion is not modified in respect of these matters.



Price Waterhouse Chartered Accountants LLP

To the Board of Directors
Torrent Power Limited
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Restriction on Use

11. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.
12. This report is addressed to the Board of Directors of the Company and has been prepared only for the purpose set out in paragraph 9 above. This report should not be otherwise used by or shown to or otherwise distributed to any other party or used for any other purpose except with our prior consent in writing. Price Waterhouse Chartered Accountants LLP neither accepts nor assumes any duty, responsibility or liability to any other party or for any other purpose.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N / N500016

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Priyanshu Gundana
Partner
Membership Number: 109553
UDIN: 22109553ARZCMR8454

Place: Mumbai
Date: September 13, 2022

TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA
Balance sheet

as at March 31, 2022

	Notes	As at March 31, 2022	(₹ in Crore) As at March 31, 2021
Assets			
Non-current assets			
Property, plant and equipment	4	1,235.22	1,185.26
Right-of-use assets	5	14.92	15.15
Capital work-in-progress	6	90.85	25.81
Intangible assets	7	1.63	1.92
Financial assets			
Investments	8	4.09	3.69
Other financial assets	9	1.30	0.73
Non-current tax assets (net)	10	1.37	1.37
Other non-current assets	11	12.61	12.77
		<u>1,361.99</u>	<u>1,246.70</u>
Current assets			
Inventories	12	36.63	25.95
Financial assets			
Trade receivables	13	217.84	206.90
Cash and cash equivalents	14	12.24	9.45
Bank balances other than cash and cash equivalents	15	0.50	0.93
Other financial assets	16	349.11	324.79
Other current assets	17	5.90	3.71
		<u>622.22</u>	<u>571.73</u>
		<u>1,984.21</u>	<u>1,818.43</u>
Equity and liabilities			
Equity			
Head Office Account	18	157.86	315.09
Other equity	19	27.28	26.88
		<u>185.14</u>	<u>341.97</u>
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	20	398.84	387.76
Lease liabilities	36	0.23	0.27
Other non-current liabilities	21	134.56	125.24
		<u>533.63</u>	<u>513.27</u>
Current liabilities			
Financial liabilities			
Borrowings	22	336.08	247.96
Trade payables	23		
Total outstanding dues of micro and small enterprises		1.88	3.34
Total outstanding dues other than micro and small enterprises		403.06	262.78
Lease liabilities	36	0.04	0.03
Other financial liabilities	24	440.11	367.65
Other current liabilities	25	63.34	59.97
Provisions	26	20.93	21.46
		<u>1,265.44</u>	<u>963.19</u>
		<u>1,984.21</u>	<u>1,818.43</u>

See accompanying notes forming part of the financial statements

In terms of our report attached

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number : 012754N/N500016

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Priyanshu Gundana
Partner
Membership No.: 109553
Place: Mumbai
Date: September 13, 2022

For Torrent Power Limited

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Naimesh Shah
Authorised Signatory

Place: Ahmedabad
Date: September 13, 2022

TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA
Statement of profit and loss

for the year ended March 31, 2022

	Notes	Year ended March 31, 2022	(₹ in Crore) Year ended March 31, 2021
Income			
Revenue from operations	27	2,382.80	1,954.04
Other income	28	8.32	6.64
Total income		2,391.12	1,960.68
Expenses			
Electrical energy purchased		1,999.31	1,483.24
Employee benefits expense	29	57.22	61.32
Finance costs	30	59.96	64.54
Depreciation and amortisation expense	31	84.08	77.85
Other expenses	32	74.40	67.70
Total expenses		2,274.97	1,754.65
Profit for the year		116.15	206.03
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit plans	37	0.03	(0.30)
Other comprehensive income for the year		0.03	(0.30)
Total comprehensive income for the year		116.18	205.73

See accompanying notes forming part of the financial statements

In terms of our report attached

For Price Waterhouse Chartered Accountants LLP
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Priyanshu Gundana
Partner
Membership No.: 109553
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For Torrent Power Limited

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Date: September 13, 2022

TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA
Statement of cash flows
for the year ended March 31, 2022

	Notes	Year ended March 31, 2022	(₹ in Crore) Year ended March 31, 2021
Cash flow from operating activities			
Profit for the year		116.15	206.03
Adjustments for :			
Depreciation and amortisation expense	31	84.08	77.85
Amortisation of deferred revenue	27	(10.72)	(9.99)
Provision of earlier years written back	27	(0.06)	(0.84)
Loss on sale / discarding of property, plant and equipment	32	1.28	1.38
Gain on disposal of property, plant and equipment	28	(0.65)	(0.39)
Bad debts written off (net of recovery)	32	0.55	0.39
Allowance for doubtful debts (net)	32	0.36	1.48
Finance costs	30	59.96	64.54
Interest income	28	(3.88)	(5.17)
Operating profit before working capital changes		247.07	335.28
Movement in working capital:			
Adjustments for decrease / (increase) in operating assets:			
Inventories		(10.68)	20.89
Trade receivables		(11.86)	(32.36)
Other financial assets		(24.37)	(72.23)
Other assets		(1.54)	(1.09)
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		138.83	(68.21)
Other financial liabilities		33.54	5.86
Provisions		(0.52)	(1.28)
Other liabilities		2.28	(12.29)
Net cash flow generated from operating activities		372.75	174.57
Cash flow from investing activities			
Payments for property, plant and equipment		(158.94)	(112.48)
Proceeds from sale of property, plant and equipment		1.01	0.62
Purchase of non-current investments		(0.41)	(0.41)
(Investments) / redemption in bank deposits (net) (original maturity more than three months)		(0.14)	0.07
Interest received		3.93	5.12
Net cash generated from / (used in) investing activities		(154.55)	(107.08)
Cash flow from financing activities			
Inter-Branch / H.O. transactions, net		(273.01)	(0.70)
Proceeds from long-term borrowings		88.40	-
Proceeds from short-term borrowings		91.00	10.00
Repayment of long-term borrowings		(76.06)	(8.91)
Prepayment of long-term borrowings		(2.29)	(2.83)
Repayment of Accelerated Power Development and Reform Programme (APDRP) loan		(1.56)	(1.56)
Receipt of contribution from consumers		21.16	9.18
Principal elements of lease payments		(0.06)	(0.06)
Finance costs paid		(62.99)	(69.12)
Net cash generated from / (used in) financing activities		(215.41)	(64.00)
Net (decrease) / increase in cash and cash equivalents		2.79	3.49
Cash and cash equivalents as at beginning of the year		9.45	5.96
Cash and cash equivalents as at end of the year		12.24	9.45

Footnotes:

- (₹ in Crore)
- | | As at
March 31, 2022 | As at
March 31, 2021 |
|--|-------------------------|-------------------------|
|--|-------------------------|-------------------------|
- 1 Cash and cash equivalents as at end of the year:
- | | | |
|-----------------------------|-------|------|
| Balances with banks | 12.20 | 9.41 |
| Balance in current accounts | 0.04 | 0.04 |
| Cash on hand | 12.24 | 9.45 |
- 2 The statement of cash flow has been prepared under the 'Indirect Method' set out in Indian Accounting Standards (Ind AS) - 7 "Statement of Cash Flows".
- 3 Proceeds from long term borrowings and short term borrowings represents amount allocated from head office.(Refer Note 2.1(v)).
- See accompanying notes forming part of the financial statements**

In terms of our report attached

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number : 012754N/N500016

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Priyanshu Gundana
Partner
Membership No.: 109553
Place: Mumbai
Date: September 13, 2022

For Torrent Power Limited

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Naimesh Shah
Authorised Signatory

Place: Ahmedabad
Date: September 13, 2022

**TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA**

Statement of changes in equity for the year ended March 31, 2022

Head Office Account [Refer note 18]

	(₹ in Crore)
Balance as at April 01, 2020	110.46
Add : Retained earnings transferred from reserves and surplus	205.33
Less : Inter branch / Head Office transactions, net	(0.70)
Balance as at March 31, 2021	315.09
Balance as at April 01, 2021	315.09
Add : Retained earnings transferred from reserves and surplus	115.78
Less : Inter branch / Head Office transactions, net	(273.01)
Balance as at March 31, 2022	157.86

Other equity [Refer note 19]

	Reserves and surplus			(₹ in Crore)
	Contingency reserve	Special reserve	Retained earnings	Total
Balance as at April 01, 2020	2.76	23.72	-	26.48
Profit for the year	-	-	206.03	206.03
Other comprehensive income for the year	-	-	(0.30)	(0.30)
Total comprehensive income for the year	-	-	205.73	205.73
Transfer to contingency reserve	0.40	-	(0.40)	-
Transfer to Head Office Account	-	-	(205.33)	(205.33)
Balance as at March 31, 2021	3.16	23.72	-	26.88
Balance as at April 01, 2021	3.16	23.72	-	26.88
Profit for the year	-	-	116.15	116.15
Other comprehensive income for the year	-	-	0.03	0.03
Total comprehensive income for the year	-	-	116.18	116.18
Transfer to contingency reserve	0.40	-	(0.40)	-
Transfer to Head Office Account	-	-	(115.78)	(115.78)
Balance as at March 31, 2022	3.56	23.72	-	27.28

Footnote:

Retained earning includes ₹ -5.5 Crore (March 31, 2021 ₹ -5.53 Crore) related to re-measurement of defined benefit plans.

See accompanying notes forming part of the financial statements

In terms of our report attached

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number : 012754N/N500016

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Priyanshu Gundana

Partner

Membership No.: 109553

Place: Mumbai

Date: September 13, 2022

For Torrent Power Limited

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Naimesh Shah

Authorised Signatory

Place: Ahmedabad

Date: September 13, 2022

TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended March 31, 2022

Note 1(a): General information

These special purpose financial statements comprising of the Balance sheet as at March 31, 2022, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended on that date and a summary of significant accounting policies and other explanatory information, to the extent considered relevant for the purpose of Surat Distribution license Area [TPL-D (Surat)] of Torrent Power Limited ("the Company") (hereinafter referred to as 'financial statements') have been prepared by the management for the purpose of submission to the Gujarat Electricity Regulatory Commission (GERC).

TPL-D (Surat) operates in electricity distribution activities in Surat distribution license area as per the terms of the tariff order approved by Gujarat Electricity Regulatory Commission (GERC) year on year.

Note 1(b): New standards or interpretations adopted by TPL-D (Surat)

TPL-D (Surat) has applied the following Ind AS for the first time for its annual reporting period commencing April 01, 2021:

- i) Ind AS-116, extension of COVID-19 related concessions
- ii) Ind AS 107, Ind AS 109 and Ind AS 116, Interest rate benchmark reform

The above other amendments did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

Note 1(c): New standards or interpretations issued but not yet effective

TPL-D (Surat) will apply the following standard for the first time for its annual reporting period commencing April 01, 2022:

Ind AS 16, "Property, Plant and Equipment", proceeds before intended use of property, plant and equipment

The amendment clarifies that an entity shall deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly).

Ind AS 37, "Provisions, Contingent Liabilities and Contingent Assets", onerous contracts – cost of fulfilling a contract

The amendment explains that the cost of fulfilling a contract comprises: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Ind AS 103, "Business combinations", References to the conceptual framework

The amendment adds a new exception in Ind AS 103 for liabilities and contingent liabilities.

Ind AS 109, "Financial Instruments", Fees included in the 10% test for derecognition of financial liabilities

The amendment clarifies which fees an entity includes when it applies the '10%' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or

TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended March 31, 2022

received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Ind AS 101, "First-time adoption", subsidiary as a first-time adopter

Simplifies the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Note 1(d): Reclassifications consequent to amendments to Schedule III:

The Ministry of Corporate Affairs amended the Schedule III to the Companies Act, 2013 on March 24, 2021 to increase the transparency and provide additional disclosures to users of financial statements. These amendments are effective from April 01, 2021.

Consequent to above, TPL-D (Surat) has changed the classification/presentation as per below in the current year:

- Current maturities of long-term borrowings have now been included in the "Current borrowings" line item as compared to previous disclosure under the line item 'other financial liabilities'.
- Security deposits (which meet the definition of a financial asset as per Ind AS 32) have been included in 'other financial assets' line item as compared to previous disclosure under the line item 'loans'.

TPL-D (Surat) has reclassified comparative amounts to conform with current year presentation as per the requirements of Ind AS 1. The impact of such classifications is summarised as below:

(₹ in Crore)			
Balance sheet (extract)	March 31, 2021 (previously reported)	Increase/ (Decrease)	March 31, 2021 (restated)
Loans (non-current)	0.38	(0.38)	NIL
Other financial assets (non-current)	0.35	0.38	0.73
Loans (current)	9.31	(9.31)	NIL
Other financial assets (current)	315.48	9.31	324.79
Borrowings(current)	170.00	77.96	247.96
Other financial liabilities (current)	445.61	(77.96)	367.65

TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended March 31, 2022

Note 2: Significant accounting policies

2.1 Basis of preparation:

Compliance with Ind AS

These financial statements have been prepared /extracted from the books and records and audited financial statements of the Company which are based on Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act 2013 (the 'Act') read with the [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Companies Act, 2013 and rules made there under.

As prescribed by the Ind AS, if the particular Ind AS is not in conformity with the applicable laws, the provisions of the said law shall prevail and financial statements shall be prepared in conformity with such laws. Consequently, TPL-D (Surat) has applied this norm while preparing the financial statements.

The principles of measurement, recognition and disclosure (to the extent considered relevant) followed for preparation of these financial statements are consistent with the accounting policies followed by Torrent Power Limited in its annual standalone audited financial statements for the year ended March 31, 2022 subject to the following:

(i) Tax Provision

The Company's corporate tax liability under Income Tax Act, 1961 is assessed for the Company as a whole and accordingly no current tax or deferred tax has been accounted for in these financial statements of TPL-D (Surat).

(ii) Basis of determining the value of inter-unit sales of power:

In respect of TPL-D (Surat) and the Company's other generating units, the transfer price for sale of power has been determined on the basis of the principles stated in the Multi-year tariff regulations as issued by the GERC and Central Electricity Regulatory Commission (CERC) respectively, read with the tariff orders issued by them for respective generating units.

(iii) Basis of allocation of common expenditure:

The expenditure incurred by the Company that is directly attributable to a particular unit/area is allocated to that particular unit/area. The common expenditure incurred by the Company is allocated between the units/areas in the ratio determined based on the respective sales of each unit/area as a proportion to the total sales of the Company, including inter-unit sales.

(iv) Power Purchase Cost:

Total power purchase cost of TPL-D (Surat) and Ahmedabad Distribution license areas is calculated on collective basis and apportioned between them as per GERC order.

(v) Loan balances:

The borrowings of the Company are centralised. The loans obtained by the Company from the banks and financial institutions are allocated between the units of the Company, based on the level of funding deployed in the respective units and accordingly interest cost is paid by the unit.

Loan from Head Office represents the amount of funding by Head office to TPL-D (Surat) towards unrecovered/unbilled regulatory gap including disputed carrying cost as assessed by the management.

(vi) Transactions between Head Office /Inter-Unit:

Head office account represents the closing balance which has been arrived at after considering

TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended March 31, 2022

transactions with Head Office and all inter-unit transactions. The profit earned during the year by TPL-D (Surat) also gets transferred to Head Office account as at the year end.

(vii) Events after the Reporting Period:

These financial statements do not reflect the effects of events that occurred subsequent to May 10, 2022 i.e. the date on which the statutory financial statements of the Company for the year ended March 31, 2022 were authorized by the Board of Directors, for the purpose of comparability.

Historical cost convention

The financial statements have been prepared on an accrual basis under the historical cost convention except for following which have been measured at fair value;

- Defined benefit plan assets

All assets and liabilities have been classified as current or non-current as set out in the Schedule III (Division II) to the Companies Act, 2013.

2.2 Government grants:

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and TPL-D (Surat) will comply with all the attached conditions.

Government grants relating to income are recognised in profit or loss on a systematic basis over the periods in which TPL-D (Surat) recognises as expenses the related costs for which the grants are intended to compensate. Government grants relating to purchase of property, plant and equipment whose primary condition is that TPL-D (Surat) should purchase, construct or otherwise acquire property, plant and equipment are recognised as deferred revenue in the balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

2.3 Property, plant and equipment:

Freehold land is carried at historical cost. All other items of property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any, except that on adoption of Ind AS, property, plant and equipment had been measured at deemed cost, using the net carrying value as per previous GAAP as at April 01, 2015.

Capital work in progress in the course of construction for production, supply or administrative purposes is carried at cost, less any recognised impairment loss. Cost includes purchase price, taxes and duties, labour cost and other directly attributable costs incurred upto the date the asset is ready for its intended use. Such property, plant and equipment are classified to the appropriate categories when completed and ready for intended use.

Subsequent cost are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to TPL-D (Surat) and the cost of the item can be measured reliably. Subsequent costs relating to day to day servicing of the item are not recognised in the carrying amount of an item of property, plant and equipment; rather, these costs are recognised in profit or loss as incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss

TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended March 31, 2022

arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation methods, estimated useful lives and residual value

Depreciation commences when the assets are ready for their intended use. Depreciation for the year is provided on additions / deductions of the assets during the period from / up to the month in which the asset is added / deducted. Depreciation on tangible assets is provided on straight line basis using the depreciation rates, the methodology and residual value as per the provisions of Annexure-I of Section 39 of Chapter 3 of Gujarat Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2016. The effect of any such change in estimate in this regard is being accounted for on a prospective basis.

The range of depreciation rates of property, plant and equipment are as follows:

Class of Assets	Rate of Depreciation
Buildings	1.80% to 6.00%
Plant and machinery	1.80% to 7.00%
Electrical fittings and apparatus	5.28% to 19.00%
Furniture and fixtures	5.28% to 15.00%
Vehicles	9.50%
Office equipment	3.60% to 19.00%

2.4 Intangible assets – acquired:

Computer software is carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over its estimated useful life of 3 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period and the effect of any changes in such estimate being accounted for on a prospective basis.

Expenditure incurred on acquisition of intangible assets which are not ready to use at the reporting date is disclosed under "Intangible assets under development".

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.5 Impairment of property, plant and equipment and Intangible assets:

Property, plant and equipment and intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's fair value less costs of disposal and value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. An impairment loss is recognised immediately in profit or loss.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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2.6 Borrowing costs:

Borrowing costs that are directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, such as new projects and / or specific assets created in the existing business, are capitalized up to the date of completion and ready for their intended use.

Income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are charged to the statement of profit and loss in the period of their accrual.

2.7 Cash and cash equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, cheques / drafts on hand, current account balances with banks and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet. [Also refer Note 2.1].

2.8 Inventories:

Stores and spares and loose tools are stated at the lower of cost and net realizable value. Cost of inventories includes purchase price and all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.9 Revenue recognition:

Revenue is recognized, when the control of the goods or services has been transferred to consumers net of discounts and other similar allowances.

- (i) Revenue from power supply is accounted for in accordance with the principles laid down under the relevant Tariff Regulations / Tariff Orders notified by the Electricity Regulator. Revenue recognized includes amounts billed to consumers on the basis of recording of consumption of energy by installed meters based on the applicable tariff and adjustments in respect of unbilled amounts towards revenue gaps / unapproved FPPPA which are recognized considering applicable tariff regulations / tariff orders, past trends of approval, management's probability estimate and when no significant uncertainty exists in such determination. Revenue from power supply excludes taxes and duties.

These adjustments / accruals are carried forward as 'Unbilled revenue' under "Other current financial assets" in Note 16, which would be adjusted through future billing based on tariff determination by the regulator in accordance with the electricity regulations.

- (ii) Contributions by consumers towards items of property, plant and equipment, which require an obligation to provide electricity connectivity to the consumers, are recognized as a credit to deferred revenue. Such revenue is recognized over the useful life of the property, plant and equipment.

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2.10 Foreign currency translation:

Functional and presentation currency

The financial statements are prepared in Indian rupee (₹) which is functional as well as presentation currency of TPL-D (Surat).

Transactions and balances

In preparing the financial statements of TPL-D (Surat), transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign exchange differences arising on foreign currency borrowings are presented in the Statement of profit and loss, within finance costs. All other foreign exchange differences arising on settlement of monetary items or on reporting the TPL-D (Surat)'s monetary items at rates different from those at which they were initially recorded during the financial year are recognized as income or expense in the financial year in which they arise.

2.11 Employee benefits:

Defined contribution plans

Contributions to retirement benefit plans in the form of provident fund, employee state insurance scheme, pension scheme and superannuation schemes as per regulations are charged as an expense on an accrual basis when employees have rendered the service. TPL-D (Surat) has no further payment obligations once the contributions have been paid.

Defined benefits plans

The liability or asset recognised in the balance sheet in respect of the retirement benefit plan i.e. gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated by an actuary using projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligations.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of the plan assets. This cost is included in the employee benefit expense in the statement of profit and loss.

Remeasurements, comprising actuarial gains and losses and the effect of the changes to the asset ceiling (if applicable), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur and consequently recognised in retained earnings and is not reclassified to profit or loss.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the TPL-D (Surat)'s defined benefit plans. Any surplus resulting from this calculation is

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limited to the present value of any economic benefits available in the form of reductions in future contributions to the plans.

Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The said obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

2.12 Provisions, contingent liabilities and contingent assets:

Provisions

A provision is recognized when TPL-D (Surat) has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent liability

A possible obligation that arises from past events and 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 enterprise are disclosed as contingent liability and not provided for. Such liability is not disclosed if the possibility of outflow of resources is remote.

Contingent assets

A contingent asset is a possible asset that arises 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 entity.

Contingent assets are not recognised but disclosed only when an inflow of economic benefits is probable.

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2.13 Financial instruments:

Financial assets

i) Classification of financial assets (including debt instruments)

TPL-D (Surat) classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

ii) Initial measurement

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

iii) Subsequent measurement

There are three measurement categories into which the debt instruments can be classified:

• 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 and is not part of a hedging relationship 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 method.

• 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). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains / (losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains and losses and impairment expenses in other expenses.

• Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains / (losses) in the period in which it arises. Net gain / (Losses) from these financial assets is included in other

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income.

iv) Impairment of financial assets

TPL-D (Surat) assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115 only, TPL-D (Surat) follows 'simplified approach' for recognition of impairment loss and always measures the loss allowance at an amount equal to lifetime expected credit losses.

TPL-D (Surat) applies the Ind AS 109 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on days past due. TPL-D (Surat) recognises expected loss rates in case of unbilled revenue after considering applicable tariff regulations / tariff orders, management's probability estimate and the past trends of approval.

v) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the TPL-D (Surat)'s balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- TPL-D (Surat) has transferred its rights to receive cash flows from the asset

When the entity has transferred an asset, TPL-D (Surat) evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of financial asset, the financial asset is derecognised if TPL-D (Surat) has not retained control over the financial asset. Where TPL-D (Surat) retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

vi) Income recognition

Interest income on financial assets at amortised cost is calculated using the effective interest method is recognised in the statement of profit and loss as part of other income. Interest on overdue receivables of energy bills and claims including insurance claims, and other claims etc. are accounted as and when recovered.

Financial liabilities

TPL-D (Surat)'s financial liabilities include trade and other payables, loans and borrowings.

i) Classification

All TPL-D (Surat)'s financial liabilities, are measured at amortized cost.

ii) Initial measurement

Financial liabilities are initially measured at fair value. Transaction costs that are directly

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attributable to the acquisition or issue of financial liabilities are deducted from the fair value of the financial liabilities, as appropriate, on initial recognition.

iii) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the Effective Interest Rate Method.

The Effective Interest Rate Method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including transaction costs and other premiums or discounts) through the expected life of the financial liability,

iv) Derecognition of financial liabilities

TPL-D (Surat) derecognises financial liabilities when, and only when, TPL-D (Surat)'s obligations are discharged, cancelled or waived off or have expired. An exchange between TPL-D (Surat) and the lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

v) Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

2.14 Leases:

TPL-D (Surat) as a lessee:

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by TPL-D (Surat). Contracts may contain both lease and non-lease components.

Lease liabilities:

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the lease payments.

The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by TPL-D (Surat) and payments of penalties for terminating the lease, if the lease term reflects TPL-D (Surat) exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the lessee's incremental borrowing rate. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining

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balance of the liability for each period.

Right-of-use assets:

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability and lease payments made before the commencement date.

Right-of-use assets are depreciated over the lease term on a straight-line basis. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated over the asset's lease term on a straight line basis.

Short term leases and leases of low value assets:

Payments associated with short-term leases of equipment and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office equipment including IT equipment.

2.15 Amount presented and rounding off:

All amounts in the financial statements and notes have been presented in ₹ Crore rounded to two decimals as per the requirement of Schedule III of the Companies Act, 2013, unless otherwise stated. Figures below Rs. 50,000 are denoted by '*'.

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Note 3: Critical accounting judgements and key sources of estimation uncertainty

In the course of applying the policies outlined in all notes under note 2 above, the management of TPL-D (Surat) is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Such estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period, if the revision affects current and future periods.

3.1 Revenue recognition:

TPL-D (Surat) has recognised revenue (including the adjustment in respect of unapproved FPPPA claims and other true up adjustment claims) as per the applicable tariff regulations / tariff orders, management's probability estimate and the past trends of approval. TPL-D (Surat) has not recognized those true up adjustment claims which are subject of dispute and for which TPL-D (Surat) is in appeal with regulatory authorities. These are recognised on receipt of final orders of respective regulatory authority. (Refer Note 27 & 33)

3.2 Property, plant and equipment:

Service concession arrangements

TPL-D (Surat) has assessed applicability of Appendix D of Ind AS – 115 "Service Concession Arrangements" with respect to its property, plant and equipment. In assessing the applicability, TPL-D (Surat) has exercised judgment in relation to the provisions of the Electricity Act, 2003, conditions provided under transmission / distribution license and / or agreements. Further, TPL-D (Surat) has ability to pledge the assets pursuant to which it has control and ability to direct the use of assets. Based on such assessment, it has concluded that Appendix D of Ind AS 115 is not applicable.

3.3 Contingencies:

Contingent liabilities

In the normal course of business, contingent liabilities may arise from litigation and other claims against TPL-D (Surat). Potential liabilities that are possible but not probable of crystallizing or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized. Potential liabilities that are remote are neither recognized nor disclosed as contingent liability. The management judgement is involved in classification under 'remote', 'possible' or 'probable' based on expert advice, past judgments, experiences etc. (Refer Note 34(a)).

3.4 Employee benefit plans:

Defined benefit plans and other long-term employee benefits

The present value of obligations under defined benefit plan and other long term employment benefits is determined using actuarial valuations. An actuarial valuation involves making various assumptions

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that may differ from actual development in the future. These include the determination of the discount rate, future salary escalations, attrition rate and mortality rates etc. Due to the complexities involved in the valuation and its long term nature, these obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Information about the various estimates and assumptions made in determining present value of defined benefit obligation are disclosed in note 37.2.

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Notes forming part of the financial statements for the year ended March 31, 2022

Note 4 : Property, plant and equipment

Note 4.1 : Property, plant and equipment - as at March 31, 2022

Particulars	Gross carrying amount				Accumulated depreciation			Net carrying amount	
	As at April 01, 2021	Additions during the year	Deductions during the year	Adjustments	As at March 31, 2022	As at April 01, 2021	For the year Depreciation	Deductions during the year	As at March 31, 2022
Freehold land	13.77	-	-	-	13.77	-	-	-	13.77
Buildings	92.11	5.86	-	-	97.97	10.96	2.84	-	84.17
Plant and machinery	1,423.52	125.31	4.21	0.53	1,545.15	348.16	77.78	2.62	1,121.83
Electrical fittings and apparatus	4.73	0.19	-	-	4.92	1.10	0.30	-	3.52
Furniture and fixtures	4.84	0.94	-	-	5.78	1.59	0.28	-	3.91
Vehicles	1.00	-	-	0.13	1.13	0.05	0.21	-	0.87
Office equipment	13.90	1.27	0.24	(0.13)	14.80	6.75	1.09	0.19	7.15
Total	1,553.87	133.57	4.45	0.53	1,683.52	368.61	82.50	2.81	1,235.22

(₹ in Crore)

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Notes forming part of the financial statements for the year ended March 31, 2022

Note 4 : Property, plant and equipment (Contd.)

Note 4.2 : Property, plant and equipment - as at March 31, 2021

Particulars	Gross carrying amount					Accumulated depreciation			Net carrying amount	
	As at April 01, 2020	Additions during the year	Deductions during the year	Adjustments	As at March 31, 2021	As at April 01, 2020	For the year Depreciation	Deductions during the year	As at March 31, 2021	As at March 31, 2021
Freehold land	13.77	-	-	-	13.77	-	-	-	-	13.77
Buildings	86.84	5.14	-	0.13	92.11	8.32	2.64	-	10.96	81.15
Plant and machinery	1,316.34	108.81	3.12	1.49	1,423.52	278.09	71.70	1.63	348.16	1,075.36
Electrical fittings and apparatus	4.17	0.61	0.05	-	4.73	0.84	0.29	0.03	1.10	3.63
Furniture and fixtures	3.86	0.98	-	-	4.84	1.36	0.23	-	1.59	3.25
Vehicles	1.03	0.10	0.13	-	1.00	0.04	0.11	0.10	0.05	0.95
Office equipment	13.22	0.77	0.09	-	13.90	5.68	1.10	0.03	6.75	7.15
Total	1,439.23	116.41	3.39	1.62	1,553.87	294.33	76.07	1.79	368.61	1,185.26

Footnotes to Note 4.1 and Note 4.2:

- 1 The above property, plant and equipment have been mortgaged and hypothecated to secur borrowings of the Company [Refer note 20].
- 2 Capital commitment:
Refer note 34(b) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- 3 Adjustments during the year include capitalisation of borrowing costs of ₹ 0.53 Crore (Previous year - ₹ 1.62 Crore), which are directly attributable to purchase / construction of qualifying assets in accordance with Ind AS - 23 "Borrowing Costs".
- 4 The weighted average rate for capitalisation of borrowing cost relating to general borrowing is 7.30% (Previous year 7.95%).
- 5 Additions to plant and machinery includes capitalisation of directly attributable costs incurred by the TPL-D (Surat) under various headings.
- 6 Refer note 43 for title deeds of immovable property not held in the name of the Company.
- 7 TPL-D (Surat) has not revalued its Property, Plant and Equipment during the current or previous year.

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Note 5 : Right-of-use assets

Note 5.1 : Right-of-use assets - as at March 31, 2022

Particulars	Gross carrying amount			Accumulated depreciation			Net carrying amount (₹ in Crore)
	As at April 01, 2021	Additions during the year	Deductions during the year	As at March 31, 2022	As at April 01, 2021	For the year	As at March 31, 2022
Land	15.22	-	-	15.22	0.35	0.18	14.69
Plant and machinery	0.38	-	-	0.38	0.10	0.05	0.23
Total	15.60	-	-	15.60	0.45	0.23	14.92

Note 5.2 : Right-of-use assets - as at March 31, 2021

Particulars	Gross carrying amount			Accumulated depreciation			Net carrying amount (₹ in Crore)
	As at April 01, 2020	Additions during the year	Deductions during the year	As at March 31, 2021	As at April 01, 2020	For the year	As at March 31, 2021
Land	15.22	-	-	15.22	0.18	0.17	14.87
Plant and machinery	0.38	-	-	0.38	0.05	0.05	0.28
Total	15.60	-	-	15.60	0.23	0.22	15.15

Footnotes:

- 1 The above right-of-use assets have been mortgaged and hypothecated to secure borrowings of the Company [Refer note 20].
- 2 Refer note 36 for disclosure relating to right-of-use asset.
- 3 Refer note 43 for title deeds of right-of-use assets not held in the name of the Company.
- 4 TPL-D (Surat) has not revalued its right-of-use assets during the current or previous year.

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Notes forming part of the financial statements for the year ended March 31, 2022

Note 6 : Capital work-in-progress

As at March 31, 2022

(₹ in Crore)

Particulars	As at April 01, 2021	Additions during the year	Capitalised during the year	As at March 31, 2022
Capital work-in-progress	25.81	197.57	132.53	90.85
Total	25.81	197.57	132.53	90.85

As at March 31, 2021

(₹ in Crore)

Particulars	As at April 01, 2020	Additions during the year	Capitalised during the year	As at March 31, 2021
Capital work-in-progress	32.43	109.70	116.32	25.81
Total	32.43	109.70	116.32	25.81

Footnotes:

- 1 The above capital work-in-progress have been mortgaged and hypothecated to secure borrowings of the Company [Refer note 20].
- 2 Capital work-in-progress include borrowing costs of ₹ 2.50 Crore (March 31, 2021 - ₹ 0.32 Crore), which are directly attributable to purchase / construction of qualifying assets in accordance with Ind AS - 23 "Borrowing Costs".
- 3 Refer note 42 for ageing schedule of the capital work-in-progress.

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Notes forming part of the financial statements for the year ended March 31, 2022

Note 7 : Intangible assets

As at March 31, 2022

Particulars	Gross carrying amount			Accumulated amortisation			Net carrying amount (₹ in Crore)
	As at April 01, 2021	Additions during the year	Deductions during the year	As at April 01, 2021	For the year	Deductions during the year	As at March 31, 2022
Computer software	8.04	1.06	-	6.12	1.35	-	1.63
Total	8.04	1.06	-	6.12	1.35	-	1.63

As at March 31, 2021

Particulars	Gross carrying amount			Accumulated amortisation			Net carrying amount (₹ in Crore)
	As at April 01, 2020	Additions during the year	Deductions during the year	As at April 01, 2020	For the year	Deductions during the year	As at March 31, 2021
Computer software	6.49	1.55	-	4.56	1.56	-	1.92
Total	6.49	1.55	-	4.56	1.56	-	1.92

Footnotes:

- 1 The above computer software has been mortgaged and hypothecated to secured borrowings of the Company [Refer note 20].
- 2 TPL-D (Surat) has not revalued its intangible assets during the current or previous year.

TORRENT POWER LIMITED
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Notes forming part of the financial statements for the year ended March 31, 2022

Note 8 : Non-current investments

	As at March 31, 2022	(₹ in Crore) As at March 31, 2021
Contingency reserve investments - statutory (quoted) (at amortised cost) \$		
8.28% GOI Bond - 2032	0.40	0.40
8.97% GOI Bond - 2030	0.41	0.41
8.28% GOI Bond - 2027	0.40	0.40
7.35% GOI Bond - 2024	0.40	0.40
8.40% GOI Bond - 2024	0.40	0.40
6.68% GOI Bond - 2031	0.39	0.39
7.37% GOI Bond - 2023	0.47	0.47
7.57% GOI Bond - 2033	0.42	0.42
7.73% GOI Bond - 2034	0.40	0.40
9.20% GOI Bond - 2030	0.40	-
	<u>4.09</u>	<u>3.69</u>
Aggregate amount of quoted investments	4.09	3.69
Aggregate amount of market value of quoted investments	4.25	3.96

\$ Investment in Government of India bonds have been made in terms of Gujarat Electricity Regulatory Commission (GERC) Multi-Year Tariff (MYT) Regulations, which can be utilised only for the purposes mentioned therein. [Refer note 19 - Contingency reserve]

TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended March 31, 2022

Note 9 : Other non-current financial assets

Unsecured (considered good)

	As at March 31, 2022	(₹ in Crore) As at March 31, 2021
Security deposits	0.38	0.38
Bank fixed deposits	0.92	0.35
	<u>1.30</u>	<u>0.73</u>

Note 10 : Non-current tax assets

	As at March 31, 2022	(₹ in Crore) As at March 31, 2021
Advance income tax (net)*	1.37	1.37
	<u>1.37</u>	<u>1.37</u>

* It pertains to estwhile Surat Electricity Co.Ltd. Merged with Torrent Power Ltd.

Note 11 : Other non-current assets

Unsecured (considered good)

	As at March 31, 2022	(₹ in Crore) As at March 31, 2021
Capital advances	7.34	6.85
Balances with government authorities	4.92	5.45
Prepaid expenses	0.35	0.47
	<u>12.61</u>	<u>12.77</u>

TORRENT POWER LIMITED
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Notes forming part of the financial statements for the year ended March 31, 2022

Note 12 : Inventories

(valued at lower of cost and net realizable value)

	As at March 31, 2022	(₹ in Crore) As at March 31, 2021
Stores and spares	36.46	25.87
Loose tools	0.17	0.08
	<u>36.63</u>	<u>25.95</u>

Footnotes:

1 The cost of stores and spares inventories recognised as an expense includes ₹ 0.05 Crore (Previous year - ₹ 0.18 Crore) in respect of write-downs of inventory to net realisable value determined based on evaluation of slow and non-moving inventories.

2 The above carrying amount of inventories has been mortgaged and hypothecated to secured borrowings of the Company. [Refer note 20].

Note 13 : Trade receivables

	As at March 31, 2022	(₹ in Crore) As at March 31, 2021
Trade receivables		
Secured - Considered good #	160.08	147.68
Unsecured - Considered good	57.76	59.22
- Credit impaired	2.42	2.06
	<u>220.26</u>	<u>208.96</u>
Less: Allowance for bad and doubtful debts	2.42	2.06
	<u>217.84</u>	<u>206.90</u>

TPL-D (Surat) holds security deposits in respect of electricity receivables.

Footnotes:

- Refer note 40 for credit risk related disclosures.
- Refer note 20 for charge on current assets including trade receivables.
- Refer note 44 for ageing schedule of trade receivables.

Note 14 : Cash and cash equivalents

	As at March 31, 2022	(₹ in Crore) As at March 31, 2021
Balances with banks		
Balance in current accounts	12.20	9.41
Cash on hand	0.04	0.04
	<u>12.24</u>	<u>9.45</u>

Note 15 : Bank balances other than cash and cash equivalents

	As at March 31, 2022	(₹ in Crore) As at March 31, 2021
Balance in fixed deposit accounts (maturity of more than three months but less than twelve months)	0.50	0.93
	<u>0.50</u>	<u>0.93</u>

Note 16 : Other current financial assets
Unsecured (considered good)

	As at March 31, 2022	(₹ in Crore) As at March 31, 2021
Security deposits	9.31	9.31
Interest accrued on non-current investments	0.06	0.06
Interest accrued on deposits	0.07	0.12
Unbilled revenue (including revenue gap / surplus) [Refer note 33(a)(2)]	339.03	314.88
	<u>348.47</u>	<u>324.37</u>
Other advances / receivables		
Considered good	0.64	0.42
	<u>0.64</u>	<u>0.42</u>
	<u>349.11</u>	<u>324.79</u>

Note 17 : Other current assets
Unsecured (considered good)

	As at March 31, 2022	(₹ in Crore) As at March 31, 2021
Advances for goods and services	4.36	1.04
Prepaid expenses	1.54	2.67
	<u>5.90</u>	<u>3.71</u>

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Notes forming part of the financial statements for the year ended March 31, 2022

Note 18 : Head Office Account

(Refer Note 2.1 (vi))

	As at March 31, 2022	(₹ in Crore) As at March 31, 2021
Balance at the beginning of the year	315.09	110.46
Add : Retained earnings transferred from reserves and surplus	115.78	205.33
Less : Inter branch / Head Office transactions, (net)	(273.01)	(0.70)
Balance at the end of the year	<u>157.86</u>	<u>315.09</u>

Note 19 : Other equity

	As at March 31, 2022	(₹ in Crore) As at March 31, 2021
Reserves and surplus		
Contingency reserve	3.56	3.16
Special reserve	23.72	23.72
Retained earnings	116.18	205.73
	<u>143.46</u>	<u>232.61</u>
Less: Transfer to contingency reserve	(0.40)	(0.40)
Less: Retained earnings transferred to Head Office Account	(115.78)	(205.33)
	<u>27.28</u>	<u>26.88</u>

Footnotes:

1 Contingency reserve:

As per the provisions of GERC MYT Regulations read with Tariff orders passed by GERC, TPL-D (Surat) being a Distribution Licensee makes an appropriation to the contingency reserve to meet with certain exigencies. Investments in Bonds issued by Government of India have been made against such reserve.

2 Special reserve:

As per MYT Regulations (2007), TPL-D (Surat) has created a reserve in FY 2011-12 and FY 2012-13, which represents one third amount of controllable gain shall be retained in a special reserve by TPL-D (Surat) for the purpose of absorbing the impact of any future losses on account of controllable factors.

3 Retained earnings:

The retained earnings reflects surplus / deficit in the statement of profit and loss, which is transferred to Head Office Account.

TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA
Notes forming part of the financial statements for the year ended March 31, 2022

Note 20 : Non-current borrowings

	As at March 31, 2022	(₹ in Crore) As at March 31, 2021
Non-current borrowings		
Secured loans - at amortised cost		
Non convertible debentures		
10.35% Series 1	-	43.34
	-	43.34
Term loans @		
From banks	395.09	339.10
	395.09	339.10
	395.09	382.44
Unsecured loans - at amortised cost		
Term loans		
From Government of India under Accelerated Power Development and Reform Programme (APDRP)	3.75	5.32
	3.75	5.32
	3.75	5.32
	398.84	387.76

@ After considering unamortised expense of ₹ 1.07 Crore as at March 31, 2022 and ₹ 0.9 Crore as at March 31, 2021.

Current maturities

Secured loans - at amortised cost

Non convertible debentures		
10.35% Series 1	43.34	43.33
	43.34	43.33
Term loans \$		
From banks	30.18	33.07
	30.18	33.07

Unsecured loans - at amortised cost

Term loans		
From Government of India under Accelerated Power Development and Reform Programme (APDRP)	1.56	1.56
	1.56	1.56
	75.08	77.96
	(75.08)	(77.96)
	-	-

Amount disclosed under the head 'Current borrowings' [Refer note 22]

\$ After considering unamortised expense of ₹ 0.23 Crore as at March 31, 2022 and ₹ 0.12 Crore as at March 31, 2021.

Footnotes:

1 Nature of security

The entire immovable and movable assets including current assets, both present and future, of the Company are mortgaged and hypothecated by way of first pari passu charge in favour of lenders for term loans of ₹ 426.57 Crore and non convertible debentures of ₹ 43.34 Crore.

2 The future annual repayment obligations on principal amount for the above long-term borrowings are as under:-

Financial year	Term loans	(₹ in Crore) Non convertible debentures
2022-23	31.97	43.34
2023-24	28.68	-
2024-25	31.36	-
2025-26	54.67	-
2026-27	54.71	-
2027-28	52.43	-
2028-29	55.87	-
2029-30	67.15	-
2030-31	38.94	-
2031-32	9.39	-
2032-33	6.71	-

3 Proceeds from term loans raised during the current and previous year have been utilized for the purposes for which it was obtained.

TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended March 31, 2022

Note 21 : Other non-current liabilities

	As at March 31, 2022	(₹ in Crore) As at March 31, 2021
Deferred revenue		
Contribution received from consumers [Refer note 33(b)]	125.98	115.43
Capital grant from government [Refer note 41(b)]	3.72	4.95
	4.86	4.86
Sundry payables	<u>134.56</u>	<u>125.24</u>

TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended March 31, 2022

Note 22 : Current borrowings

	(₹ in Crore)
	As at
	March 31, 2022
	As at
	March 31, 2021
Unsecured loans	
Loans from Head Office*	261.00
* Represent amounts allocated from head office (Refer Note 2.1(v))	170.00
Secured Loans	
Current maturities of long-term debt [Refer note 20]	75.08
	77.96
	336.08
	247.96

Footnotes:

- 1 The entire immovable and movable assets including current assets, both present and future, of the Company are mortgaged and hypothecated by way of first pari passu charge in favour of lenders for working capital facilities and by way of second pari passu charge in favour of lenders for hedge facility.
- 2 During the year, TPL-D (Surat) has used the loans for the purpose for which it was obtained.
- 3 The Company has borrowings from banks and financial institutions on the basis of security of current assets and quarterly returns or statements of current assets filed are in agreement with the books of accounts.

Net debt reconciliation :

	(₹ in Crore)
	As at
	March 31, 2022
	As at
	March 31, 2021
Cash and cash equivalents	12.24
Current borrowings (excluding current maturities of long-term debt)	9.45
Non-current borrowings (including current maturities of long-term debt and interest accrued but not due)	(261.00)
Lease liabilities	(170.00)
	(475.29)
	(466.89)
	(0.27)
	(0.30)
	(724.32)
	(627.74)

	(₹ in Crore)
	Total
Other assets	
Cash and cash equivalents	
Liabilities from financing activities	
Current borrowings	
Non-current borrowings	
Lease liabilities	
Net balance as at April 01, 2020	5.96
	(160.00)
	(482.84)
	(0.33)
	(637.21)
Cash flows	3.49
Interest expense	(10.00)
Interest paid	13.19
Net balance as at March 31, 2021	9.45
	(170.00)
	(466.89)
	(0.30)
	(627.74)
Cash flows	2.79
Interest expense	(91.00)
Interest paid	12.00
Net balance as at March 31, 2022	12.24
	(261.00)
	(475.29)
	(0.27)
	(724.32)

TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended March 31, 2022

Note 23 : Current trade payables

	(₹ in Crore)
	As at
	March 31, 2022
	March 31, 2021
Trade payables for goods and services	
Total outstanding dues of micro and small enterprises [Refer note 35]	1.88
Total outstanding dues other than micro and small enterprises	262.78
	<u>403.06</u>
	<u>404.94</u>
	<u>266.12</u>

Footnote:

1 Refer note 45 for ageing schedule of current trade payables.

Note 24 : Other current financial liabilities

	(₹ in Crore)
	As at
	March 31, 2022
	March 31, 2021
Interest accrued but not due on loans and security deposits	0.07
Security deposits from consumers @	359.44
Payables for purchase of property, plant and equipment^	56.95
Sundry payables (including for employees related payables)	23.65
	<u>440.11</u>
	<u>367.65</u>

@Security deposits from consumers in the TPL-D (Surat)'s business, which is in the nature of utility, are generally not repayable within a period of twelve months based on historical experience.

^ including dues to micro and small enterprises for ₹ 5.27 Crore (March 31, 2021 - ₹ 1.82 Crore) [Refer note 35]

Note 25 : Other current liabilities

	(₹ in Crore)
	As at
	March 31, 2022
	March 31, 2021
Credit balances of consumers [Refer note 33(d)]	9.27
Service line deposits from consumers [Refer note 33(c)]	7.89
Deferred revenue	
Contribution received from consumers [Refer note 33(b)]	10.19
Capital grant from government [Refer note 41(b)]	1.23
Statutory dues	34.15
Sundry payables	0.61
	<u>63.34</u>
	<u>59.97</u>

Note 26 : Current provisions

	(₹ in Crore)
	As at
	March 31, 2022
	March 31, 2021
Provision for employee benefits	
Provision for gratuity [Refer note 37.2(d)]	2.46
Provision for compensated absences \$	18.47
	<u>20.93</u>
	<u>21.46</u>

\$ Provision for compensated absences is disclosed under current provision as the entity does not have an unconditional right to defer settlement for at least twelve months however these are generally not repayable within a period of twelve months based on historical experience.

TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended March 31, 2022

Note 27 : Revenue from operations

	Year ended March 31, 2022	(₹ in Crore) Year ended March 31, 2021
Revenue from contracts with customers [Refer footnotes below]		
Revenue from power supply	2,364.12	1,939.13
	<u>2,364.12</u>	<u>1,939.13</u>
Other operating income		
Provisions of earlier years written back	0.06	0.84
Amortisation of deferred revenue		
Contribution received from consumers [Refer note 33(b)(2)] #	9.49	8.76
Capital grant from government [Refer note 41]	1.23	1.23
Insurance claim receipt	-	0.05
Miscellaneous income	7.90	4.03
	<u>18.68</u>	<u>14.91</u>
	<u>2,382.80</u>	<u>1,954.04</u>

Amortisation of deferred revenue are recognised within the scope of Ind AS 115.

Footnotes:

- 1 Disclosure given above presents disaggregated revenue from contracts with customers. TPL-D (Surat) believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by market and other economic factors.
- 2 Timing of revenue recognition (from contract with customers) : Revenue from power supply is recognised over a period of time.
- 3 Revenue from operations for the year ended March 31, 2022 includes Nil (Previous year ₹ 79.77 Crore) on account of favourable orders received from the Appellate Tribunal for Electricity in respect of disputed Revenue Gap related to carrying costs of earlier years.

Note 28 : Other income

	Year ended March 31, 2022	(₹ in Crore) Year ended March 31, 2021
Interest income from financial assets at amortised cost		
Deposits	0.08	0.09
Consumers	3.49	4.78
Contingency reserve investments	0.30	0.27
Others	0.01	0.03
	<u>3.88</u>	<u>5.17</u>
Gain on disposal of property, plant and equipment	0.65	0.39
Miscellaneous income	3.79	1.08
	<u>8.32</u>	<u>6.64</u>

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Notes forming part of the financial statements for the year ended March 31, 2022

Note 29 : Employee benefits expense

	Year ended March 31, 2022	(₹ in Crore) Year ended March 31, 2021
Salaries, wages and bonus	75.19	72.40
Contribution to provident and other funds [Refer note 37.1]	5.46	5.11
Employees welfare expenses	3.96	3.13
Compensated absences	1.13	3.01
Gratuity [Refer note 37.2(e)(3)]	2.05	2.01
	<u>87.79</u>	<u>85.66</u>
Less: Allocated to capital works, repairs and other relevant revenue accounts #	<u>30.57</u>	<u>24.34</u>
	<u>57.22</u>	<u>61.32</u>

includes allocated to capital works of ₹ 13.28 Crore (previous year ₹ 8.08 Crore)

Note 30 : Finance costs

	Year ended March 31, 2022	(₹ in Crore) Year ended March 31, 2021
Interest expense for financial liabilities classified as amortised cost		
Term loans	29.65	27.47
Non convertible debentures	6.69	11.18
Working capital loans	-	*
Security deposits from consumers	14.03	14.46
Lease liabilities	0.03	0.03
Others	12.00	13.19
Other borrowing costs	0.04	-
Amortisation of borrowing costs	0.23	0.16
	<u>62.67</u>	<u>66.49</u>
Less: Allocated to capital works	<u>2.71</u>	<u>1.95</u>
	<u>59.96</u>	<u>64.54</u>

Note 31 : Depreciation and amortisation expense

	Year ended March 31, 2022	(₹ in Crore) Year ended March 31, 2021
Depreciation expense on property, plant and equipment	82.50	76.07
Depreciation expense on right-of-use assets	0.23	0.22
Amortisation expense on intangible assets	1.35	1.56
	<u>84.08</u>	<u>77.85</u>

Note 32 : Other expenses

	Year ended March 31, 2022	(₹ in Crore) Year ended March 31, 2021
Consumption of stores and spares	9.92	7.24
Rent and hire charges	1.44	1.44
Repairs to		
Buildings	2.43	1.67
Plant and machinery	33.70	28.98
Others	0.49	0.49
	<u>36.62</u>	<u>31.14</u>
Insurance	1.31	1.33
Rates and taxes	1.72	1.68
Vehicle running expenses	3.97	3.63
Electricity expenses	2.56	2.51
Security expenses	4.43	4.64
Loss on sale / discarding of property, plant and equipment	1.28	1.38
Commission to non-executive directors	0.34	0.97
Directors sitting fees	0.09	0.08
Auditors remuneration [Refer note 38]	0.22	0.23
Legal, professional and consultancy fees	4.00	3.59
Bad debts written off (net of recovery)	0.55	0.39
Allowance for doubtful debts (net)	0.36	1.48
Miscellaneous expenses	13.77	11.54
	<u>82.58</u>	<u>73.27</u>
Less: Allocated to capital works, repairs and other relevant revenue accounts ^	<u>8.18</u>	<u>5.57</u>
	<u>74.40</u>	<u>67.70</u>

^ includes allocated to capital works of ₹ Nil Crore (previous year ₹ Nil Crore)

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Notes forming part of the financial statements for the year ended March 31, 2022

Note 33: Revenue from Contracts with Customers

(a) Unbilled revenue

- (1) Revenue from contracts with customers include unbilled revenue towards FPPPA claims and other true up adjustments which is recognised considering applicable tariff regulations / tariff orders, past trends of approval and management's probability estimate.

TPL-D (Surat) has not recognized those true up adjustment claims which are subject of dispute and for which the Company is in appeal with regulatory authorities. These are recognised on receipt of final orders of respective regulatory authorities.

(2) Movement in unbilled revenue

	As at March 31, 2022	(₹ in Crore) As at March 31, 2021
Opening balance	314.88	242.76
Add: Income accrued during the year as per tariff regulations / orders	722.96	609.98
Less: Amount billed during the year to the consumers as per tariff orders	(698.81)	(537.86)
Closing balance	339.03	314.88
Disclosed under		
Unbilled revenue [Refer note 16]	339.03	314.88
	339.03	314.88

(b) Contribution received from consumers

(1) Nature of contribution received from consumers

Contributions received from consumers towards property, plant and equipment has been recognised as deferred revenue over its useful life.

(2) Movement of contribution received from consumers

	As at March 31, 2022	(₹ in Crore) As at March 31, 2021
Opening balance	124.50	124.08
Add: Contribution received during the year	21.16	9.18
Less: Amortisation of contribution transferred to statement of profit and loss [Refer note 27]	(9.49)	(8.76)
Closing balance	136.17	124.50
Non-current portion [Refer note 21]	125.98	115.43
Current portion [Refer note 25]	10.19	9.07
	136.17	124.50

(c) Service line deposit from consumers

	As at March 31, 2022	(₹ in Crore) As at March 31, 2021
Opening balance	6.48	4.16
Add: Received during the year (net of refund)	22.57	11.50
Less: Transferred to contribution received from consumers	(21.16)	(9.18)
Closing balance [Refer note 25]	7.89	6.48

Footnote:

1. Service line deposits are collected against the cost of capital work to be carried out for new connection or load extension on application by consumers. On the completion of the work, such contribution is transferred to deferred revenue under the head "other current / non-current liabilities".

(d) Credit balance of consumers

	As at March 31, 2022	(₹ in Crore) As at March 31, 2021
Opening balance	7.74	6.35
Add / (less) : Adjustment to current billing (net)	1.53	1.39
Closing balance [Refer note 25]	9.27	7.74

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Notes forming part of the financial statements for the year ended March 31, 2022

Note 34: Contingent liabilities and capital commitments

(a) Contingent liabilities

	(₹ in Crore)	
	As at	As at
	March 31, 2022	March 31, 2021
Disputed stamp duty matters	0.26	0.35

TPL-D (Surat) has evaluated the impact of Supreme Court ("SC") judgement dated February 28, 2019 in the case of Regional Provident Fund Commissioner (II) West Bengal v/s Vivekananda Vidyamandir and Others, in relation to exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to Provident Fund ("PF") under the Employees' Provident Fund & Miscellaneous Provisions Act, 1952. There are interpretation issues relating to the said SC judgement. Based on such evaluation, management has concluded that effect of the aforesaid judgement on TPL-D (Surat) is not material and accordingly, no provision has been made in the financial statements.

Footnotes :

- 1 Management believes that its position on the aforesaid direct and indirect tax demands and other claims against TPL-D (Surat) will likely be upheld in the appellate process and accordingly no provision has been made in the standalone financial statements for such demands.
- 2 In respect of the above, the expected outflow will be determined at the time of final resolution of the dispute / matters.
No reimbursement is expected.

(b) Capital commitments

	(₹ in Crore)	
	As at	As at
	March 31, 2022	March 31, 2021
i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		
Property, plant and equipment	50.13	64.46

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Notes forming part of the financial statements for the year ended March 31, 2022

Note 35: Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)

Micro and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) have been determined based on the information available with TPL-D (Surat) and the required disclosures are given below:

	As at March 31, 2022	(₹ in Crore) As at March 31, 2021
(a) Principal amount remaining unpaid [Refer notes 23 and 24]	7.15	5.16
(b) Interest due thereon	-	-
(c) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(i) Principal amounts paid to the suppliers beyond the appointed day during the year	0.01	-
(ii) Interest paid under section 16 of the MSMED Act, to the suppliers, beyond the appointed day during the year	-	-
(d) The amount of interest due and payable for the year (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	-	-
(e) The amount of interest accrued and remaining unpaid [b+d]	-	-
(f) The amount of further interest 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.	-	-

Note 36: Leases

This note provides information for leases where TPL-D (Surat) is a lessee.

(i) Amounts recognised in balance sheet

The balance sheet shows the following amounts relating to leases:

Right-of-use assets

	Notes	As at March 31, 2022	(₹ in Crore) As at March 31, 2021
Land	5	14.69	14.87
Plant and machinery	5	0.23	0.28
Total		14.92	15.15

Lease liabilities

	As at March 31, 2022	(₹ in Crore) As at March 31, 2021
Current	0.04	0.03
Non-current	0.23	0.27
Total	0.27	0.30

(ii) Amounts recognised in the statement of profit and loss

The statement of profit or loss shows the following amounts relating to leases:

	Notes	Year ended March 31, 2022	(₹ in Crore) Year ended March 31, 2021
Depreciation charge of right-of-use assets	31	0.23	0.22
Interest expense (included in finance costs)	30	0.03	0.03
Expense relating to short-term leases (included in other expenses)	32	1.00	0.94
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in other expenses)	32	0.44	0.50
Total		1.70	1.69

(iii) Maturities of lease liabilities

As at March 31, 2022:

	Non-current lease liabilities	(₹ in Crore) Current lease liabilities
Less than 1 year	-	0.06
Between 1 year and 5 years	0.28	-
Total	0.28	0.06

As at March 31, 2021:

	Non-current lease liabilities	(₹ in Crore) Current lease liabilities
Less than 1 year	-	0.06
Between 1 year and 5 years	0.27	-
5 years and above	0.08	-
Total	0.35	0.06

(iv) The total cash outflow for leases for the year was ₹ 0.06 Crore (March 31, 2021 ₹ 0.06 Crore).

TORRENT POWER LIMITED
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Notes forming part of the financial statements for the year ended March 31, 2022

Note 37: Employee benefits plan

37.1 Defined contribution plan

TPL-D (Surat) has defined contribution retirement benefit plans for its employees.

TPL-D (Surat)'s contributions to provident fund, pension scheme and employee state insurance scheme are made to the relevant government authorities as per the prescribed rules and regulations. TPL-D (Surat)'s superannuation scheme for qualifying employees is administered through its superannuation trust funds. TPL-D (Surat)'s contributions to the above defined contribution plans are recognised as employee benefit expenses in the statement of profit and loss for the year in which they are due. TPL-D (Surat) has no further obligation in respect of such plans beyond the contributions made.

TPL-D (Surat)'s contribution to provident, pension, superannuation funds and to employees state insurance scheme aggregating to ₹ 5.46 Crore (Previous year - ₹ 5.11 Crore) has been recognised in the statement of profit and loss under the head employee benefits expense [Refer note 29].

37.2 Defined benefit plans

(a) Gratuity

TPL-D (Surat) operates through its gratuity trust plan, covering all its employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or TPL-D (Surat) scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. The gratuity benefits payable to the employees are based on the tenure of employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by TPL-D (Surat). In case of death while in service, the gratuity is payable irrespective of vesting.

TPL-D (Surat) makes annual contribution to the gratuity schemes administered by the Life Insurance Corporation of India through its Gratuity Trust Funds. The liability in respect of plan is determined on the basis of an actuarial valuation.

(b) Risk exposure to defined benefit plans

The plans typically expose TPL-D (Surat) to actuarial risks such as: asset volatility, interest rate risk, longevity risk and salary risk as described below:

Asset volatility

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on Indian government securities; if the return on plan asset is below this rate, it will create a plan deficit.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out at March 31, 2022. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

(c) Significant assumptions

The principal assumptions used for the purpose of the actuarial valuation were as follows.

	As at March 31, 2022	As at March 31, 2021
Discount rate (p.a.)	7.17%	7.08%
Salary escalation rate (p.a.)	8.50%	8.50%

(d) The amount included in the balance sheet arising from the TPL-D (Surat)'s obligation in respect of its defined benefit plans is as follows:

Balances of defined benefit plan

	As at March 31, 2022	(₹ in Crore) As at March 31, 2021
Present value of funded defined benefit obligation	42.71	40.84
Fair value of plan assets	40.25	38.49
Net (asset) / liability [Refer note 26]	2.46	2.35

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Notes forming part of the financial statements for the year ended March 31, 2022

Note 37: Employee benefits plan(Contd.)

(e) Expenses recognised for defined benefit plan and movement of plan assets and liabilities

Following are the amounts recognised in statement of profit and loss, other comprehensive income, movement in defined benefit liability and movement in plan assets:

	(₹ in Crore)	
	Funded plan- Gratuity	
	As at	As at
	March 31, 2022	March 31, 2021
(1) Movements in the present value of the defined benefit obligation:		
Obligation at the beginning of the year	40.84	39.23
Current service cost	1.93	1.73
Interest cost	2.95	2.72
Actuarial (gains) / losses from changes in demographic assumptions	0.01	-
Actuarial (gains) / losses arising changes in financial assumptions	(0.29)	(0.46)
Actuarial (gains) / losses from experience adjustments	(0.74)	0.70
Liability transferred in	0.73	0.31
Liability transferred out	(0.03)	(0.28)
Benefits paid	(2.55)	(2.31)
Transfer of Obligation pertaining to Dahej Dist.	(0.14)	(0.80)
Obligation at the end of the year	42.71	40.84
(2) Movements in the fair value of the plan assets:		
Plan assets at the beginning of the year, at fair value	38.49	34.72
Interest income	2.78	2.40
Return on plan assets (excluding interest income)	(0.99)	(0.07)
Contributions received	2.66	4.51
Benefits paid	(2.55)	(2.31)
Transfer of Plan assets pertaining to Dahej Dist	(0.14)	(0.76)
Plan assets at the end of the year, at fair value	40.25	38.49
(3) Gratuity cost recognized in the statement of profit and loss		
Current service cost	1.93	1.73
Interest cost, net	0.17	0.32
Transfer of Gratuity cost pertaining to Dahej Dist	(0.05)	(0.04)
Net gratuity cost recognized in the statement of profit and loss[Refer note 29]	2.05	2.01
(4) Gratuity cost recognized in the other comprehensive income (OCI)		
Return on plan assets (excluding interest income)	0.99	0.07
Actuarial (gains) / losses	(1.02)	0.24
Gratuity cost pertaining to TPL-D (Dahej)	-	(0.01)
Net (income) / expense for the period recognized in OCI	(0.03)	0.30

(f) Category wise plan assets

Contributions to fund the obligations under the gratuity plan are made to the Life Insurance Corporation of India.

(g) Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis given below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	(₹ in Crore)	
Change in assumptions	As at	As at
	March 31, 2022	March 31, 2021
Increase / (decrease) in defined benefit obligation of gratuity		
50 basis points increase in discount rate	(1.49)	(1.48)
50 basis points decrease in discount rate	1.59	1.58
50 basis points increase in salary escalation rate	1.56	1.55
50 basis points decrease in salary escalation rate	(1.48)	(1.47)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

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Notes forming part of the financial statements for the year ended March 31, 2022

Note 37: Employee benefits plan(Contd.)

- (h) The weighted average duration of the gratuity plan based on average future service is 19 years (Previous year - 19 years).
- (i) Expected contribution to the plan for the next annual reporting period is ₹ 2.46 Crore (Previous year - ₹ 2.35 Crore).
- (j) Cash flow projection from the fund

Projected benefits payable in future years from the date of reporting

	(₹ in Crore)	
	Funded Plan - Gratuity	
	As at	As at
	March 31, 2022	March 31, 2021
1st following year	4.28	3.43
2nd following year	3.13	2.10
3rd following year	3.30	4.51
4th following year	3.48	3.27
5th following year	2.71	3.39
sum of years 6 th to 10 th	25.89	22.13

37.3 Other long-term employee benefit obligations

The leave obligation covers the TPL-D (Surat)'s liability for sick and earned leave. Under these compensated absences plans, leave encashment is payable to all eligible employees on separation from TPL-D (Surat) due to death, retirement or resignation; at the rate of daily last drawn salary, multiplied by leave days accumulated as at the end of relevant period. Refer notes 26 and 29 for the leave encashment provision / change in the balance sheet and statement of profit and loss.

Note 38: Auditors remuneration (including taxes)

	(₹ in Crore)	
	Year ended	Year ended
	March 31, 2022	March 31, 2021
As audit fees	0.14	0.15
For other services	0.08	0.08
	<u>0.22</u>	<u>0.23</u>

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Notes forming part of the financial statements for the year ended March 31, 2022

Note 39: Related party disclosures

(a) Names of related parties and description of relationship:

Related party disclosures given below are based on the relationships identified at the Company level and includes those where transactions have been recorded in the books of TPL-D (Surat). It does not include transactions between the units and its head office.

1	Parent Company	Torrent Investments Private Limited (formerly known as Torrent Private Limited)
2	Subsidiaries	Torrent Power Grid Limited, Torrent Pipavav Generation Limited, Torrent Solargen Limited, Jodhpur Wind Farms Private Limited, Latur Renewable Private Limited, TCL Cables Private Limited, Torrent Solar Power Private Limited (w.e.f. July 28, 2020), Torrent Saurya Urja 2 Private Limited (w.e.f. February 05, 2021), Torrent Saurya Urja 3 Private Limited (w.e.f. February 17, 2021), Torrent Saurya Urja 4 Private Limited (w.e.f. July 20, 2021), Torrent Saurya Urja 5 Private Limited (w.e.f. July 16, 2021), Visual Percept Solar Projects Private Limited (w.e.f. February 15, 2022), Surya Vidyut Limited (w.e.f. March 11, 2022), Dadra and Nagar Haveli and Daman and Diu Power Distribution Corporation Limited (w.e.f. March 15, 2022) and LREHL Renewables India SPV 1 Private Limited (w.e.f. March 25, 2022)
3	Associates	Wind Two Renergy Private Limited
4	Employee benefits plans*	TPL (Ahmedabad) Gratuity Trust, TPL (Ahmedabad) Superannuation Fund, TPL (Surat) Gratuity Trust, TPL (Surat) Superannuation Fund, TPL (SUGEN) Gratuity Trust, TPL (SUGEN) Superannuation Fund, TPL (DGEN) Gratuity Trust, TPL (DGEN) Superannuation Fund
5	Key management personnel	Samir Mehta Jinal Mehta
6	Non-executive directors	Sudhir Mehta Pankaj Patel Samir Barua Keki Mistry Usha Sangwan (w.e.f. May 21, 2021) Radhika Haribhakti (w.e.f. August 07, 2021) Mamta Verma (w.e.f. August 07, 2021) Bhavna Doshi (upto September 30, 2021) Dharmishta Raval (upto September 30, 2021) Sunaina Tomar (upto June 15, 2021)
7	Relatives of key management personnel*	Varun Mehta
8	Other entities where the company has 50% voting right / enterprises controlled by the Parent Company / Associate of Parent Company*	UNM Foundation (formerly known as Tornascent Care Institute)#, Torrent Pharmaceuticals Limited, Torrent Power Services Private Limited, Torrent Gas Pune Limited (formerly known as Mahesh Gas Limited), Torrent Gas Private Limited, Torrent Fincorp Private Limited, Torrent Sports Ventures Private Limited, Torrent Diagnostics Private Limited, Gujarat Lease Financing Limited

* where transactions have taken place during the year and / or previous year or where balances are outstanding at the year end

The National Company Law Tribunal (NCLT) has approved a Scheme of Arrangement ("Scheme") in the nature of Amalgamation of UNM Foundation with Tornascent Care Institute vide order dated March 23, 2021. The Scheme is effective from April 01, 2020 ("Appointed Date"). The name "Tornascent Care Institute" changed to "UNM Foundation" w.e.f. July 20, 2021.

Note 39: Related party disclosures (Contd.)

(₹ in Crore)

	Subsidiaries		Associates		Employee benefits plans		Key management personnel / non-executive directors		Parent Company / enterprises controlled by the Parent Company / Relatives of key management personnel / enterprises controlled by relatives of key management personnel / entity where the company has 50% voting right		Total	
	Year ended 31.03.22	Year ended 31.03.21	Year ended 31.03.22	Year ended 31.03.21	Year ended 31.03.22	Year ended 31.03.21	Year ended 31.03.22	Year ended 31.03.21	Year ended 31.03.22	Year ended 31.03.21	Year ended 31.03.22	Year ended 31.03.21
Nature of transactions												
Purchase of cables	27.49	8.46	-	-	-	-	-	-	-	-	27.49	8.46
TCL Cables Pvt. Ltd.	27.49	8.46	-	-	-	-	-	-	-	-	27.49	8.46
Shared expenditure charged to	-	-	-	-	-	-	-	-	-	0.06	-	0.06
Torrent Gas Pune Ltd.	-	-	-	-	-	-	-	-	-	0.06	-	0.06
Transfer of gratuity/leave liability to / (from)	-	0.19	-	-	-	-	-	-	-	(0.03)	-	(0.03)
Torrent Power Grid Ltd.	-	0.19	-	-	-	-	-	-	-	-	-	0.19
Torrent Gas Pune Ltd.	-	-	-	-	-	-	-	-	-	(0.22)	-	(0.22)
Contribution to employee benefit plans (net)	-	-	-	-	-	5.80	-	-	-	-	4.17	5.80
TPL (Surat) Gratuity Trust	-	-	-	-	-	2.66	4.51	-	-	-	2.66	4.51
TPL (Surat) Superannuation Fund	-	-	-	-	-	1.51	1.29	-	-	-	1.51	1.29

TP-LD (Surat) is a public utility, being engaged in distribution of electricity. Transactions entered with the above mentioned related party does not include sale of electricity since the tariff charged to the customers are determined by an independent rate-setting authority.

TORRENT POWER LIMITED

SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended March 31, 2022

Note 39: Related party disclosures (Contd.)

(c) Related party balances

	Subsidiaries		Associates		Employee benefits plans		Key management personnel / non-executive directors		Parent Company / enterprises controlled by the Parent Company / Relatives of key management personnel / enterprises controlled by relatives of key management personnel / entity where the company has 50% voting right				Total
	As at 31.03.22	As at 31.03.21	As at 31.03.22	As at 31.03.21	As at 31.03.22	As at 31.03.21	As at 31.03.22	As at 31.03.21	As at 31.03.22	As at 31.03.21	As at 31.03.22	As at 31.03.21	
Balances at the end of the year													
Current liabilities													
Torrent Power Grid Ltd.	20.75	2.58	-	-	-	-	-	-	-	(0.22)	20.75	2.36	
TCL Cables Pvt. Ltd.	-	0.19	-	-	-	-	-	-	-	-	-	0.19	
Torrent Gas Pune Ltd.	20.75	2.39	-	-	-	-	-	-	-	-	20.75	2.39	
TPLD (Surat) is a public utility, being engaged in distribution of electricity. Transactions entered with the above mentioned related party does not include sale of electricity since the tariff charged to the customers are determined by an independent rate-setting authority.	-	-	-	-	-	-	-	-	-	(0.22)	-	(0.22)	

(d) Terms and conditions of outstanding balances

The transactions with related parties are made in the normal course of business on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured.

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Notes forming part of the financial statements for the year ended March 31, 2022

Note 40: Financial instruments and risk review

(a) Categories of financial instruments

	As at March 31, 2022		As at March 31, 2021	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	12.24	12.24	9.45	9.45
Bank balance other than cash and cash equivalents	0.50	0.50	0.93	0.93
Investment in bonds and debentures	4.09	4.09	3.69	3.69
Trade receivables	217.84	217.84	206.90	206.90
Other financial assets	350.41	350.41	325.52	325.52
	<u>585.08</u>	<u>585.08</u>	<u>546.49</u>	<u>546.49</u>
Financial liabilities				
Measured at amortised cost				
Borrowings	734.92	736.10	635.72	640.00
Trade payables	404.94	404.94	266.12	266.12
Other financial liabilities	440.11	440.11	367.65	367.65
	<u>1,579.97</u>	<u>1,581.15</u>	<u>1,269.49</u>	<u>1,273.77</u>

Footnotes:

- 1 The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

(b) Fair value measurement

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 : Inputs are Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable. This includes unquoted floating and fixed rate borrowing.
Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. This includes floating rate borrowing.

The following table summarises financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required) :

Financial liabilities at amortised cost

	(₹ in Crore)		Fair value hierarchy	Valuation technique(s) and key input(s)
	Fair value As at March 31, 2022	As at March 31, 2021		
Fixed rate borrowings (Non-convertible debentures)	44.52	90.95	Level 2	Inputs other than quoted prices that are observable based on yields provided by FIMMDA
	<u>44.52</u>	<u>90.95</u>		

(c) Financial risk management objectives

The Financial risk management objectives, Capital Management and Loan covenants are decided at the Company's level.

TPL-D (Surat)'s principal financial liabilities, comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance TPL-D (Surat)'s operations, routine and projects capital expenditure. TPL-D (Surat)'s principal financial assets include loans, advances, trade and other receivables and cash and cash equivalents that derive directly from its operations.

TPL-D (Surat)'s activities expose it to a variety of financial risks viz interest rate risk, credit risk, liquidity risk etc. TPL-D (Surat)'s primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. TPL-D (Surat)'s senior management oversees the management of these risks. It advises on financial risks and the appropriate financial risk governance framework for TPL-D (Surat).

TORRENT POWER LIMITED
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Notes forming part of the financial statements for the year ended March 31, 2022

Note 40: Financial Instruments and risk review (Contd.)

Interest rate risk

Most of the TPL-D (Surat)'s borrowings are on a floating rate of interest. TPL-D (Surat) has exposure to interest rate risk, arising principally on changes in Marginal Cost of Funds based Lending Rate (MCLR). TPL-D (Surat) uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like non-convertible debentures and short term credit lines besides internal accruals.

The following table provides a break-up of the TPL-D (Surat)'s fixed and floating rate borrowings:

	(₹ in Crore)	
	As at March 31, 2022	As at March 31, 2021
Fixed rate borrowings [^]	48.65	93.55
Floating rate borrowings [^]	687.57	543.19
	<u>736.22</u>	<u>636.74</u>

[^] Transactions cost reduced from the borrowing is excluded.

Interest rate risk sensitivity:

The below mentioned sensitivity analysis is based on the exposure to interest rates for floating rate borrowings. For this it is assumed that the amount of the floating rate liability outstanding at the end of the reporting period was outstanding for the whole year. If interest rates had been 50 basis points higher or lower, other variables being held constant, following is the impact on profit before tax.

	(₹ in Crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
Impact on profit before tax - increase in 50 basis points	(3.44)	(2.72)
Impact on profit before tax - decrease in 50 basis points	3.44	2.72

Credit risk

Trade receivables:

(1) Exposures to credit risk

TPL-D (Surat) is exposed to the counterparty credit risk arising from the possibility that counterparties might fail to comply with contractual obligations. This exposure may arise with regard to unsettled amounts.

(2) Credit risk management

Credit risk is managed and limited in accordance with the type of transaction and the creditworthiness of the counterparty. TPL-D (Surat) has established criteria for admission, approval systems, authorisation levels, exposure measurement methodologies, etc. The concentration of credit risk is limited due to the fact that the customer base is large. None of the customers accounted for more than 10% of the receivables and revenue for the year ended March 31, 2022 and March 31, 2021. TPL-D (Surat) is dependent on the domestic market for its business and revenues.

TPL-D (Surat)'s credit policies and practices with respect to distribution areas are designed to limit credit exposure by collecting security deposits prior to providing utility services or after utility service has commenced according to applicable regulatory requirements.

(3) Other credit enhancements

TPL-D (Surat) does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended March 31, 2022

Note 40: Financial instruments and risk review (Contd.)

(4) Age of receivables and expected credit loss

TPL-D (Surat) has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experienced and adjusted for forward - looking information. The expected credit loss allowance is based on ageing of the days the receivables are due and the rates as given in the provision matrix.

The age of receivables and provision matrix at the end of the reporting period is as follows.

As at March 31, 2022

		(₹ in Crore)
	Gross trade receivables	Allowance for doubtful debt
Less than or equal to 6 months	216.83	0.34
More than 6 months but less than or equal to 1 year	2.15	1.00
More than one year	1.28	1.08
	<u>220.26</u>	<u>2.42</u>

As at March 31, 2021

		(₹ in Crore)
	Gross trade receivables	Allowance for doubtful debt
Less than or equal to 6 months	206.44	0.82
More than 6 months but less than or equal to 1 year	1.51	-
More than one year	1.01	1.24
	<u>208.96</u>	<u>2.06</u>

(5) Movement in the expected credit loss allowance

	(₹ in Crore)
	Year ended March 31, 2022
Opening balance	0.58
Movement in expected credit loss allowance on trade receivable, (net) [Refer note 32]	1.48
Closing balance [Refer note 13]	<u>2.06</u>

The concentration of credit risk is very limited due to the fact that the customer base is large and widely dispersed and secured with security deposit.

Other financial assets:

TPL-D (Surat) is having balances in cash and cash equivalents, term deposits with banks and investments in government securities. With respect to investments, TPL-D (Surat) limits its exposure to credit risk by investing in liquid securities with counterparties depending on their Composite Performance Rankings (CPR) published by CRISIL. The Company's investment policy lays down guidelines with respect to exposure per counterparty, rating, processes in terms of control and continuous monitoring. The Company therefore considers credit risks on such investments to be negligible.

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Notes forming part of the financial statements for the year ended March 31, 2022

Note 40: Financial instruments and risk review (Contd.)

Liquidity risk

Liquidity risk is the risk that TPL-D (Surat) will encounter difficulty in meeting the obligations associated with its financial liabilities that are required to be settled by delivering the cash or another financial asset. TPL-D (Surat) manages liquidity risk by maintaining adequate reserves, banking facilities and unused borrowing facilities, by continuously monitoring projected / actual cash flows.

Maturities of financial liabilities:

TPL-D (Surat)'s remaining contractual maturity for its financial liabilities with agreed repayment periods is given below. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which TPL-D (Surat) can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which TPL-D (Surat) may be required to pay.

As at March 31, 2022

	Less than 1 year	Between 1 year and 5 years	5 years and above	(₹ in Crore) Total
Financial liabilities				
Non current financial liabilities				
Borrowings (including interest on borrowings)^	-	266.56	268.08	534.64
Lease liabilities	-	0.28	-	0.28
	-	266.84	268.08	534.92
Current financial liabilities				
Borrowings (including interest on borrowings)^	368.99	-	-	368.99
Trade payables	404.94	-	-	404.94
Lease liabilities	0.06	-	-	0.06
Other financial liabilities	440.11	-	-	440.11
	1,214.10	-	-	1,214.10
Total financial liabilities	1,214.10	266.84	268.08	1,749.02

As at March 31, 2021

	Less than 1 year	Between 1 year and 5 years	5 years and above	(₹ in Crore) Total
Financial liabilities				
Non current financial liabilities				
Borrowings (including interest on borrowings)^	-	253.42	268.96	522.38
Lease liabilities	-	0.27	0.08	0.35
	-	253.69	269.04	522.73
Current financial liabilities				
Borrowings (including interest on borrowings)^	281.34	-	-	281.34
Trade payables	266.12	-	-	266.12
Lease liabilities	0.06	-	-	0.06
Other financial liabilities	367.65	-	-	367.65
	915.17	-	-	915.17
Total financial liabilities	915.17	253.69	269.04	1,437.90

^ Transactions cost reduced from the borrowing is excluded.

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Notes forming part of the financial statements for the year ended March 31, 2022

Note 41: Government grant

(a) Nature of government grant

Ministry of Power, Government of India (GoI), had introduced the Accelerated Power Development & Reforms Programme (APDRP) to achieve reduction in AT&C losses, to strengthen the T&D network and to ensure reliable and quality power supply with adequate consumer satisfaction. The projects approved for financing under the programme are eligible for a grant and soft loan each equivalent to 25% of the project cost from the GoI. The Balance 50% was required to be funded by the Company. There are no unfulfilled conditions or other contingencies attached to these grants.

(b) Movement of government grant

	(₹ in Crore)	
	As at March 31, 2022	As at March 31, 2021
Opening balance	6.18	7.41
Add: Grants during the year	-	-
Less: Amortisation of grant transferred to statement of profit and loss [Refer note 27]	(1.23)	(1.23)
Closing balance	4.95	6.18
Non-current portion [Refer note 21]	3.72	4.95
Current portion [Refer note 25]	1.23	1.23
	4.95	6.18

TORRENT POWER LIMITED
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Notes forming part of the financial statements for the year ended March 31, 2022

Note 42: Ageing schedule for capital work-in-progress (CWIP)

As at March 31, 2022

Particulars	Amount in CWIP for a period of				(₹ in Crore)
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	77.90	12.55	0.40	-	90.85
Projects temporarily suspended	-	-	-	-	-
	77.90	12.55	0.40	-	90.85

As at March 31, 2021

Particulars	Amount in CWIP for a period of				(₹ in Crore)
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	22.81	2.98	-	0.02	25.81
Projects temporarily suspended	-	-	-	-	-
	22.81	2.98	-	0.02	25.81

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Notes forming part of the financial statements for the year ended March 31, 2022

Note 43: Title deeds of immovable property not held in the name of the company

(₹ in Crore)

As at March 31, 2022

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Title deed holder is a promoter, director or relative of promoter/ director or employee of promoter/ director	Period held - range	Reason for not being held in the name of the company
Property, plant and equipment	Freehold Land	3.39	SEC Limited	No	17 years	Amalgamated due to various court orders. Appeal filed against rate valuation.
Property, plant and equipment	Freehold Land	1.30	SEC Limited	No	17 years	Amalgamated due to various court orders. Applications filed and under process of name change.
Property, plant and equipment	Freehold Land	0.03	Torrent Power SEC Limited	No	15 years	
Property, plant and equipment	Buildings	0.05	SEC Limited	No	17 years	
Right-of-use assets	Leasehold Land	6.92	SEC Limited	No	17 years	
Right-of-use assets	Leasehold Land	1.69	Torrent Power SEC Limited	No	17 years	

(₹ in Crore)

As at March 31, 2021

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Title deed holder is a promoter, director or relative of promoter/ director or employee of promoter/ director	Period held	Reason for not being held in the name of the company
Property, plant and equipment	Freehold Land	3.39	SEC Limited	No	16 years	Amalgamated due to various court orders. Appeal filed against rate valuation.
Property, plant and equipment	Freehold Land	1.35	SEC Limited	No	16 years	Amalgamated due to various court orders. Applications filed and under process of name change.
Property, plant and equipment	Freehold Land	0.03	Torrent Power SEC Limited	No	14 years	
Property, plant and equipment	Buildings	0.05	SEC Limited	No	16 years	
Right-of-use assets	Leasehold Land	6.92	SEC Limited	No	16 years	
Right-of-use assets	Leasehold Land	1.69	Torrent Power SEC Limited	No	16 years	

TORRENT POWER LIMITED
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Notes forming part of the financial statements for the year ended March 31, 2022

Note 44: Ageing schedule for trade receivables

Current trade receivables:

As at March 31, 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables							
- Considered good	208.30	8.19	1.15	-	-	-	217.64
- Credit impaired	-	0.34	1.00	0.33	0.21	0.38	2.26
Disputed Trade receivables							
- Considered good	-	-	-	-	-	0.20	0.20
- Credit impaired	-	-	-	-	-	0.16	0.16
	208.30	8.53	2.15	0.33	0.21	0.74	220.26

As at March 31, 2021

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables							
- Considered good	185.87	19.75	1.01	0.07	-	-	206.70
- Credit impaired	-	0.82	0.50	0.41	0.13	0.13	1.99
Disputed Trade receivables							
- Considered good	-	-	-	-	-	0.20	0.20
- Credit impaired	-	-	-	-	-	0.07	0.07
	185.87	20.57	1.51	0.48	0.13	0.40	208.96

Note 45: Ageing schedule for trade payables

(b) Current trade payables:

As at March 31, 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed dues							
- Micro and small enterprises	-	1.88	-	-	-	-	1.88
- Others	51.16	227.58	123.12	0.56	0.01	0.63	403.06
Disputed dues							
- Micro and small enterprises	-	-	-	-	-	-	-
- Others	-	-	-	-	-	-	-
	51.16	229.46	123.12	0.56	0.01	0.63	404.94

As at March 31, 2021

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed dues							
- Micro and small enterprises	-	3.34	-	-	-	-	3.34
- Others	11.68	250.13	0.33	0.02	-	0.62	262.78
Disputed dues							
- Micro and small enterprises	-	-	-	-	-	-	-
- Others	-	-	-	-	-	-	-
	11.68	253.47	0.33	0.02	-	0.62	266.12

TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended March 31, 2022

Note 46: Financial ratios

Ratio	Numerator	Denominator	As at March 31, 2022	As at March 31, 2021	Variance (%)	Remarks for variation more than 25%
(a) Current Ratio (in times)	Current assets	Current liabilities – Security deposits from consumers – Service line deposits from consumers – Deferred revenue	0.70	0.93	-24.24%	-
(b) Debt-Equity Ratio (in times)	This ratio is not applicable for Surat Distribution Area, since this financial statements are special purpose financial statements.					
(c) Debt Service Coverage Ratio (in times)	Profit for the year + Depreciation and amortisation + Interest on debt	Principal repayment of debt (excluding voluntary prepayments if any) + Interest on debt + Lease payment	2.03	6.20	-67.17%	This ratio decreased due to higher PBT in PY because of income on account of favourable regulatory order on carrying cost.
(d) Return on Equity (ROE) (in %)	This ratio is not applicable for Surat Distribution Area, since this financial statements are special purpose financial statements.					
(e) Inventory turnover Ratio (in times)	Revenue from operations	Average inventories	76.15	53.69	41.83%	This ratio improved due to increase in revenue from operation during the year.
(f) Trade Receivables turnover Ratio (in times)	Revenue from operations	Average trade receivables	11.22	10.20	10.05%	-
(g) Trade Payables turnover Ratio (in times)	Electrical energy purchased + Consumption of stores and spares	Average trade payables	5.99	4.96	20.62%	-
(h) Net capital turnover Ratio (in times)	Revenue from operations	(Current assets- Security deposits from consumers - Service line deposits from consumers- Deferred revenue))	(9.01)	(42.90)	79.00%	This ratio improved due to increase in revenue from operation during the year
(i) Net profit Ratio (in %)	Profit for the year	Revenue from operations	4.87%	10.54%	-53.77%	This ratio decreased due to higher PBT in PY because of income on account of favourable regulatory order on carrying cost.
(j) Return on Capital employed (ROCE) (in %)	This ratio is not applicable for Surat Distribution Area, since this financial statements are special purpose financial statements.					
(k) Return on investment (in %)	Profit for the year + Finance costs	Average Total Assets	9.26%	15.40%	-39.85%	This ratio decreased due to higher PBT in PY because of income on account of favourable regulatory order on carrying cost.

TORRENT POWER LIMITED
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Notes forming part of the financial statements for the year ended March 31, 2022

Note 47: Social security code

The Indian Parliament has approved the Code on Social Security, 2020 ("Code") which may likely impact the obligations of TPL-D (Surat) for contribution to employees' provident fund and gratuity. The effective date from which the Code is applicable and the rules to be framed under the Code are yet to be notified. In view of this, impact if any, of the change will be assessed and accounted in the period in which the Code and the rules thereunder are notified.

Note 48: Additional regulatory information required by Schedule III

- (a) The Company is in compliance with number of layers of companies in accordance with clause 87 of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017 during the year ended March 31, 2022 and March 31, 2021.
- (b) The Company has not invested or traded in Crypto Currency or Virtual Currency during the year ended March 31, 2022 and March 31, 2021.
- (c) No proceedings have been initiated on or are pending against TPL-D (Surat) for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder during the year ended March 31, 2022 and March 31, 2021.
- (d) The Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority during the year ended March 31, 2022 and March 31, 2021.
- (e) During the year ended March 31, 2022 and March 31, 2021, the Company has not surrendered or disclosed as income any transactions not recorded in the books of accounts in the course of tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (f) TPL-D (Surat) does not have any transactions with companies struck off under section 248 of The Companies Act, 2013 or section 560 of Companies Act, 1956 during the year ended March 31, 2022 and March 31, 2021.

Signature to Note 1 to 48

In terms of our report attached

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number : 012754N/N500016

PRIYANSHU
DINESHKUMAR
R GUNDANA

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PRIYANSHU DINESHKUMAR
GUNDANA
Date: 2022.09.13 17:42:04
+05'30'

Priyanshu Gundana
Partner

Membership No.: 109553
Place: Mumbai
Date: September 13, 2022

For Torrent Power Limited

NAIMESH
VINODCHANDRA
SHAH

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VINODCHANDRA SHAH
Date: 2022.09.13 12:39:50
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Naimesh Shah
Authorised Signatory

Place: Ahmedabad
Date: September 13, 2022