

Torrent Power Limited
Surat Supply Area
TPL-D (Surat)

Price Waterhouse Chartered Accountants LLP

The Board of Directors
Torrent Power Limited
Samanvay, 600, Tapovan, Ambavadi,
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 May 28, 2019.
2. We have audited the accompanying Balance sheet as at March 31, 2019, the statement of profit and loss (including other comprehensive income), the cash flow statement 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 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 (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

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:
 - a. 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;
 - b. The Balance Sheet, Statement of Profit and Loss (including other comprehensive income), Statement of changes in equity and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - c. 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:
 - (i) in the case of the Balance Sheet, the state of affairs of TPL-D (Surat) as at March 31, 2019;
 - (ii) in the case of the Statement of Profit and Loss, the profit for the year ended on that date;
 - (iii) in the case of the Cash flow statement, of the cash flows for the year ended on that date; and
 - (iv) in the case of the statement of changes in equity, of the equity for the year ended on that date.

Emphasis of Matter – Basis of preparation

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, 2019 in accordance with Companies Act 2013 on which we issued an unmodified opinion vide our audit report dated May 15, 2019.

Our opinion is not modified in respect of these matters.

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.



Price Waterhouse Chartered Accountants LLP

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
Chartered Accountants



Place: Bangalore
Date: September 10, 2019
UDIN: 19039985AAAABB8803

Pradip Kanakia
Partner
Membership No.: 039985

TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

BALANCE SHEET
as at 31st March, 2019

	Note	As at 31st March, 2019	(Rs. in Crore) As at 31st March, 2018
Assets			
Non-current assets			
Property, plant and equipment	4	1,099.86	994.64
Capital work-in-progress		39.88	28.63
Intangible assets	5	2.50	1.38
Financial assets			
Investments	6	2.86	2.39
Loans	7	0.19	0.12
Other financial assets	8	0.48	0.61
Non-current tax assets (net)	9	1.55	1.55
Other non-current assets	10	19.23	17.79
		<u>1,166.55</u>	<u>1,047.11</u>
Current assets			
Inventories	11	22.57	18.08
Financial assets			
Trade receivables	12	183.71	177.48
Cash and cash equivalents	13	9.01	18.69
Bank balances other than cash and cash equivalents	14	0.76	0.54
Loans	15	9.31	9.31
Other financial assets	16	307.29	157.21
Other current assets	17	6.82	2.00
		<u>539.47</u>	<u>383.31</u>
		<u>1,706.02</u>	<u>1,430.42</u>
Equity and liabilities			
Equity			
Head Office Account	18	(44.83)	(83.55)
Other equity	19	26.08	25.68
		<u>(18.75)</u>	<u>(57.87)</u>
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	20	406.61	438.32
Other financial liabilities	21	291.04	270.71
Provisions	22	12.89	9.99
Other non-current liabilities	23	117.85	115.13
		<u>828.39</u>	<u>834.15</u>
Current liabilities			
Financial liabilities			
Borrowings	24	220.00	170.00
Trade payables	25		
Total outstanding dues of micro and small enterprises		2.86	1.80
Total outstanding dues other than micro and small enterprises		486.19	332.67
Other financial liabilities	26	110.40	91.07
Other current liabilities	27	68.87	56.26
Provisions	28	8.06	2.34
		<u>896.38</u>	<u>654.14</u>
		<u>1,706.02</u>	<u>1,430.42</u>

See accompanying notes forming part of the financial statements
in terms of our report attached

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

Pradip Kanakia

Pradip Kanakia
Partner
Membership No.: 039985
Place: BANGALORE
Date: SEPT 10, 2019

For Torrent Power Limited

Naimesh Shah

Naimesh Shah
Authorised Signatory

Place: AHMEDABAD
Date: SEPT 09, 2019

TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

STATEMENT OF PROFIT AND LOSS
for the year ended 31st March, 2019

	Note	Year ended 31st March, 2019	(Rs. in Crore) Year ended 31st March, 2018
Income			
Revenue from operations	29	2,337.43	2,213.12
Other income	30	5.49	5.79
Total income		2,342.92	2,218.91
Expenses			
Electrical energy purchased		1,997.40	1,773.15
Employee benefits expense	31	56.52	58.42
Finance costs	32	71.00	69.42
Depreciation and amortization expense	33	63.76	59.97
Other expenses	34	80.13	72.64
Total expenses		2,268.81	2,033.60
Profit for the year		74.11	185.31
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit plans		(4.78)	3.64
Other comprehensive income for the year		(4.78)	3.64
Total comprehensive income for the year		69.33	188.95

See accompanying notes forming part of the financial statements

In terms of our report attached

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



Pradip Kanakia
Partner
Membership No.: 039985
Place: BANGALORE
Date: SEPT 10, 2019

For Torrent Power Limited



Naimesh Shah
Authorised Signatory
Place: AHMEDABAD
Date: SEPT 09, 2019

TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

STATEMENT OF CASHFLOW
for the year ended 31st March, 2019

		Year ended 31st March, 2019	(Rs. in Crore) Year ended 31st March, 2018
Cash flow from operating activities	Note		
Profit for the year		74.11	185.31
Adjustments for :			
Depreciation and amortization expense	33	63.76	59.97
Amortisation of deferred revenue	29	(8.75)	(8.06)
Provision of earlier years written back	29	(0.09)	(0.07)
Loss on sale / discarding of property, plant and equipment	34	2.65	3.45
Gain on disposal of property, plant and equipment	30	(0.11)	(0.04)
Bad debts written off (net)	34	(0.17)	(0.03)
Allowance for doubtful debts (net)	34	0.36	(0.07)
Finance costs	32	71.00	69.42
Interest income	30	(3.72)	(4.01)
Net unrealised loss / (gain) on foreign currency transactions		-	0.01
Operating profit before working capital changes		199.04	305.88
Movement in working capital:			
Adjustments for decrease / (increase) in operating assets:			
Inventories		(4.49)	(0.06)
Trade receivables		(6.42)	(19.19)
Non-current loans		(0.07)	(0.12)
Current loans		-	(9.31)
Other current financial assets		(43.01)	(49.56)
Other current assets		(4.81)	1.88
Other non-current assets		0.25	0.25
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		154.58	110.34
Other current financial liabilities		(9.70)	24.64
Other non-current financial liabilities		20.33	26.62
Long-term provisions		2.89	(4.55)
Short-term provisions		0.95	2.03
Other current liabilities		11.95	(11.46)
Cash generated from operations		321.49	377.39
Tax balance transferred to Head Office account		-	(8.54)
Net cash flow from operating activities		321.49	368.85
Cash flow from investing activities			
Payments for property, plant and equipment and capital work-in-progress		(155.02)	(88.78)
Payments for intangible assets		(1.92)	(1.20)
Non-current advances for capital assets		(1.69)	(1.42)
Proceeds from sale of property, plant and equipment		0.44	0.19
Purchase of non-current investments		(0.47)	(0.39)
(Investments) / redemption in bank deposits (net) (maturity more than three months)		(0.08)	(0.19)
Interest received		3.70	4.11
Net cash generated from / (used in) investing activities		(155.04)	(87.68)
Cash flow from financing activities			
Inter-Branch / H.O. transactions (net)		(137.27)	(368.94)
Proceeds from long-term borrowings		-	99.40
Repayment of long-term borrowings		(17.32)	(10.48)
Prepayment of long-term borrowings		(9.30)	(0.62)
Proceeds from short-term borrowings		50.00	60.00
Repayment of Accelerated Power Development and Reform Programme (APDRP) loan		(1.56)	(1.56)
Receipt of contribution from consumers		12.12	13.71
Finance costs paid		(72.80)	(69.73)
Net cash generated from / (used in) financing activities		(176.13)	(278.22)
Net (decrease) / increase in cash and cash equivalents		(9.68)	2.95
Cash and cash equivalents as at beginning of the year		18.69	15.74
Cash and cash equivalents as at end of the year		9.01	18.69



**TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA**

**STATEMENT OF CASHFLOW
for the year ended 31st March, 2019**

See accompanying notes forming part of the financial statements

Footnotes:

	As at 31st March, 2019	(Rs. in Crore) As at 31st March, 2018
1 Cash and cash equivalents as at end of the year:		
Balances with banks	8.97	18.62
Balance in current accounts	0.04	0.07
Cash on hand	9.01	18.69
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 & short term borrowings represent amounts allocated from head office. (Refer Note 2.1(v))		

In terms of our report attached

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



Pradip Kanakia
Partner
Membership No.: 039985
Place: BANGALORE
Date: SEPT 10, 2019

For Torrent Power Limited



Naimesh Shah
Authorised Signatory
Place: AHMEDABAD
Date: SEPT 09, 2019

TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Statement of changes in equity for the year ended 31st March, 2019

Other equity [Refer note 19]

	Reserves and surplus			(Rs. in Crore)
	Contingency reserve	Special reserve	Retained earnings	Total
Balance as at 1st April, 2017	1.56	23.72	-	25.28
Profit for the year	-	-	185.31	185.31
Other comprehensive income for the year, net of income tax	-	-	3.64	3.64
Total comprehensive income for the year	-	-	188.95	188.95
Transfer to contingency reserve	0.40	-	(0.40)	-
Transfer to Head Office Account	-	-	(188.55)	(188.55)
Balance as at 31st March, 2018	1.96	23.72	-	25.68
Balance as at 1st April, 2018	1.96	23.72	-	25.68
Impact on adoption of Ind AS 115 [Refer note 44]	-	-	107.06	107.06
Restated balance as at 1st April, 2018	1.96	23.72	107.06	132.74
Profit for the year	-	-	74.11	74.11
Other comprehensive income for the year, net of income tax	-	-	(4.78)	(4.78)
Total comprehensive income for the year	-	-	69.33	69.33
Transfer to contingency reserve	0.40	-	(0.40)	-
Transfer to Head Office Account	-	-	(175.99)	(175.99)
Balance as at 31st March, 2019	2.36	23.72	-	26.08

In terms of our report attached

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



Pradip Kanakia
Partner
Membership No.: 039985

Place: **BANGALORE**
Date: **SEPT 10, 2019**

For Torrent Power Limited



Naimesh Shah
Authorised Signatory

Place: **AHMEDABAD**
Date: **SEPT 09, 2019**

TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

SURAT DISTRIBUTION AREA

Note 1A: General information

These special purpose financial statement comprising of the Balance sheet as at March 31, 2019, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement 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 licence area as per the terms of the tariff order approved by Gujarat Electricity Regulatory Commission (GERC) year on year.

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

TPL-D (Surat) has applied the following Ind AS for the first time for its annual reporting period commencing 1st April, 2018:

Change due to transition to Ind AS - 115 "Revenue from Contracts with Customers"

The Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 on 28th March 2018 which include Indian Accounting Standard (Ind AS) 115 in respect of 'Revenue from Contracts with Customers' which has replaced inter alia, the existing Ind AS 18 'Revenue' and is mandatory for reporting periods beginning on or after 1st April 2018.

Refer note 2.9 for the accounting policy and note 44 for the impact on change in policy and related disclosures.

Note 1C: 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 1st April, 2019:

Ind AS - 116 "Leases"

The Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards), 2019 on 30th March 2019 which includes Ind AS - 116 "Leases". This will replace Ind AS 17 on leases.

Ind AS - 116 will result in almost all leases being recognized on the balance sheet by the lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short term and low value leases.

In order to identify the potential impact of the standard on TPL-D (Surat)'s financial statements, TPL-D (Surat) is analysing leasing contracts. TPL-D (Surat) has begun the analysis on the key areas identified, in order to estimate the effect of the application of the new standard for which the work is ongoing and impact areas may be identified as TPL-D (Surat) progresses further in the implementation process. As a result, at this stage TPL-D (Surat) is not able to estimate the impact of the new standard on TPL-D (Surat)'s financial statements. TPL-D (Surat) will make a more detailed assessment of the impact over the future periods.



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

Other amendments

On 30th March, 2019, the Ministry of Corporate Affairs (MCA) notified certain other amendments to Indian Accounting Standards (Ind AS), as below, as part of the Companies (Indian Accounting Standards) Second Amendment Rules, 2019. These other amendments come into force on 1st April 2019.

Ind AS – 19 “Employee benefits”, Plan amendment, curtailment or settlement

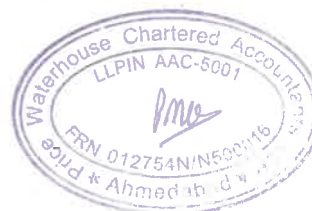
The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

Ind AS - 23 “Borrowing costs”

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The effective date for adoption of amendments as per Companies (Indian Accounting Standards) Second Amendment Rules, 2019 is annual periods beginning on or after 1st April 2019. TPL-D (Surat) will adopt the standard on 1st April, 2019 and is in the process of evaluating the impact on account of above amendment on its financial statements and will accordingly consider the same from period beginning 1st April, 2019.



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

Note 2: Significant accounting policies

2.1 Basis of preparation:

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, the Company 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, 2019 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 business 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 receivable by Head office from TPL-D (Surat) towards unrecovered /unbilled regulatory gap including disputed regulatory gap 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 transaction 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.



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

Historical cost convention

These 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 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 the 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:

Tangible fixed assets

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, 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 1st April, 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 up to 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 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



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

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 18.00%
Electrical fittings and apparatus	3.60% to 6.33%
Furniture and fixtures	5.28% to 6.33%
Vehicles	6.00% to 18.00%
Office equipment	5.28% to 15.00%

2.4 Intangible assets – acquired:

Computer software is carried at cost less accumulated amortisation. 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 tangible and intangible assets other than goodwill:

Tangible 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.

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 capitalisation.

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].



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

2.8 Inventories:

Raw materials, fuel, stores and spares, packing materials, loose tools, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of inventories includes purchase price and all 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 realisable 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. Revenue is measured at the fair value of the consideration received or receivable, 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 recognised 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 recognised considering applicable tariff regulations / tariff orders, past trends of approval, management's probability estimate and when no significant uncertainty exists in such determination.

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 recognised as a credit to deferred revenue. Such revenue is recognised over the useful life of the property, plant and equipment.

2.10 Foreign currency translation:

Functional and presentation currency

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

Transactions and balances

In preparing these 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 regarded as an adjustment to borrowing costs 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 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.



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

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 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 the 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).



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

Contingent liability

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or nonoccurrence 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.

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 or deducted 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



Notes forming part of the financial statements for the year ended 31st March, 2019

- Fair value through profit or loss (FVTPL)

iv) Impairment of financial assets

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, TPL-D (Surat) has used a practical expedient as permitted under Ind AS 109 i.e. expected credit loss allowance as computed based on historical credit loss experience.



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

ii) Initial measurement

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

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, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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.

2.14 Leases:

Leases (including lease arrangements for land) are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating Lease (TPL-D (Surat) as lessee): Lease payments under an operating lease are recognized as expense in the statement of profit and loss, on a straight-line or other systematic basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Lessor's expected inflationary cost increases, such increases are recognised in the year in which such liability accrues.

2.15 Amounts presented and Rounding off:

All amounts disclosed in these financial statements and notes have been presented in Rs. crores 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 "**".



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

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

In the course of applying the policies described in note 2 above, the management of the 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 the TPL – D (Surat) is in appeal with regulatory authorities.

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 distribution and transmission assets portfolio. In assessing the applicability, TPL-D (Surat) has exercised judgment in relation to the provisions of the Electricity Act, 2003, transmission/distribution license and/or agreements. Based on such assessment, it has concluded that Appendix D of Ind AS-115 is not applicable.

3.3 Impairment of financial assets:

Trade receivables

TPL-D (Surat) estimates the credit allowance as per practical expedient based on historical credit loss experience as enumerated in note 43.

3.4 Contingencies:

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 crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised. Potential liabilities that are remote are neither recognized nor disclosed as contingent liability. The management decides whether the matters needs to be classified as 'remote', 'possible' or 'probable' based on expert advice, past judgements, experiences etc.



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

3.5 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 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.

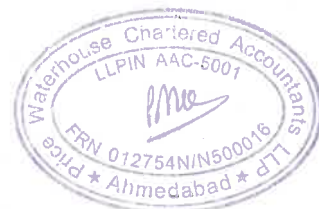


TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

Note - 4.1 : Property, plant and equipment - as at 31st March, 2019

Particulars	Gross carrying amount					Accumulated depreciation and impairment loss				Net carrying amount	
	As at 1st April, 2018	Additions during the year	Deductions during the year	Adjustments	As at 31st March, 2019	As at 1st April, 2018	For the year	Deductions during the year	As at 31st March, 2019	As at 31st March, 2019	As at 31st March, 2019
Freehold land	13.77	-	-	-	13.77	-	-	-	-	-	13.77
Buildings	65.46	17.88	0.01	0.70	84.03	3.97	1.96	-	5.93	-	78.10
Plant and machinery	1,062.02	146.81	4.65	2.38	1,206.56	154.29	59.47	1.83	211.93	-	994.63
Electrical fittings and apparatus	2.55	0.77	-	0.01	3.33	0.40	0.20	-	0.60	-	2.73
Furniture and fixtures	3.63	0.20	0.02	-	3.81	0.82	0.28	0.01	1.09	-	2.72
Vehicles	0.38	-	0.04	-	0.34	0.03	0.04	0.03	0.04	-	0.30
Office equipment	10.28	2.41	0.31	-	12.38	3.94	1.01	0.18	4.77	-	7.61
Total	1,158.09	168.07	5.03	3.09	1,324.22	163.45	62.96	2.05	224.36	-	1,099.86



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA
Notes forming part of the financial statements for the year ended 31st March, 2019

Note - 4.2 : Property, plant and equipment - as at 31st March, 2018

Particulars	Gross carrying amount					Accumulated depreciation				(Rs. in Crore)	
	As at 1st April, 2017	Additions during the year	Deductions during the year	Adjustments	As at 31st March, 2018	As at 1st April, 2017	For the year	Deductions during the year	As at 31st March, 2018	Net carrying amount	
										As at 31st March, 2018	As at 31st March, 2018
Freehold land	13.77	-	-	-	13.77	-	-	-	-	13.77	13.77
Buildings	58.79	6.41	-	0.26	65.46	2.25	1.72	-	3.97	61.49	61.49
Plant and machinery	1,001.80	64.75	4.55	0.02	1,062.02	99.64	55.80	1.25	154.29	907.73	907.73
Electrical fittings and apparatus	2.01	0.60	0.08	0.02	2.55	0.26	0.18	0.04	0.40	2.15	2.15
Furniture and fixtures	2.64	1.24	0.25	-	3.63	0.61	0.34	0.13	0.82	2.81	2.81
Vehicles	0.48	-	0.10	-	0.38	0.06	0.04	0.07	0.03	0.35	0.35
Office equipment	7.52	2.95	0.19	-	10.28	2.79	1.24	0.09	3.94	6.34	6.34
Total	1,087.01	75.95	5.17	0.30	1,158.09	105.61	59.42	1.58	163.45	994.64	994.64

Footnotes to Note 4.1 and Note 4.2 :

- Assets pledged as security:
Entire movable and immovable properties (including capital work-in-progress) with the net carrying amount of Rs.1,139.74 Crore (31st March, 2018 - Rs.1,023.27 Crore) have been mortgaged and hypothecated to secure borrowings of the Company (Refer note 20).
- Capital commitment:
Refer note 36(b) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- Adjustments during the year include capitalisation of borrowing costs of Rs. 3.09 Crore (Previous year - Rs. 0.30 Crore), which are directly attributable to purchase / construction of qualifying assets in accordance with Ind AS - 23 "Borrowing Costs".
- Capital work-in-progress include borrowing costs of Rs. 0.02 Crore (31st March, 2018- Nil), which are directly attributable to purchase / construction of qualifying assets in accordance with Ind AS - 23 "Borrowing Costs".
- The weighted average rate for capitalisation of borrowing cost relating to general borrowing is 8.68% (Previous year 8.55%).
- Additions to plant and machinery includes capitalisation of directly attributable costs incurred by TPL-D (Surat) under various headings.



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

Note - 5 : Intangible assets

As at 31st March, 2019

Particulars	Gross carrying amount				Accumulated amortization				Net carrying amount	
	As at 1st April, 2018	Additions during the year	Deductions during the year	As at 31st March, 2019	As at 1st April, 2018	For the year	Deductions during the year	As at 31st March, 2019	As at 31st March, 2019	As at 31st March, 2019
Computer software	3.90	1.92	-	5.82	2.52	0.80	-	3.32	2.50	2.50
Total	3.90	1.92	-	5.82	2.52	0.80	-	3.32	2.50	2.50

As at 31st March, 2018

Particulars	Gross carrying amount				Accumulated amortization				Net carrying amount	
	As at 1st April, 2017	Additions during the year	Deductions during the year	As at 31st March, 2018	As at 1st April, 2017	For the year	Deductions during the year	As at 31st March, 2018	As at 31st March, 2018	As at 31st March, 2018
Computer software	2.70	1.20	-	3.90	1.97	0.55	-	2.52	1.38	1.38
Total	2.70	1.20	-	3.90	1.97	0.55	-	2.52	1.38	1.38

Footnote:

- 1 The above computer software has been mortgaged and hypothecated to secure borrowings of the Company [Refer note 20].



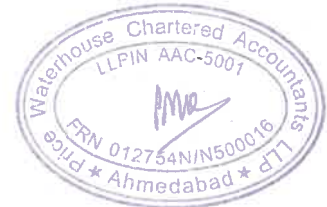
TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

Note - 6 : Non-current investments

	(Rs. in Crore)	
	As at	As at
	31st March, 2019	31st March, 2018
Contingency reserve investments - statutory (quoted) (at amortised cost) \$		
8.28% GOI Bond - 2032	0.40	0.40
8.97% GOI Bond - 2030	0.40	0.40
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	-
	<u>2.86</u>	<u>2.39</u>
Aggregate amount of quoted investments	2.86	2.39
Aggregate amount of impairment in value of investments	-	-
Aggregate amount of market value of quoted investments	2.98	2.46

\$ 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 31st March, 2019

Note 7 : Non-current loans

Unsecured (considered good unless stated otherwise)

	As at 31st March, 2019	(Rs. in Crore) As at 31st March, 2018
Security deposits	0.19	0.12
	<u>0.19</u>	<u>0.12</u>

Note 8 : Other non-current financial assets

Unsecured (considered good unless stated otherwise)

	As at 31st March, 2019	(Rs. in Crore) As at 31st March, 2018
Bank fixed deposits	0.48	0.61
	<u>0.48</u>	<u>0.61</u>

Note 9 : Non-current tax assets

	As at 31st March, 2019	(Rs. in Crore) As at 31st March, 2018
Advance income tax (net)*	1.55	1.55
	<u>1.55</u>	<u>1.55</u>

* It pertains to erstwhile Surat Electricity Co. Ltd. merged with Torrent Power Ltd.

Note 10 : Other non-current assets

Unsecured (considered good unless stated otherwise)

	As at 31st March, 2019	(Rs. in Crore) As at 31st March, 2018
Capital advances	3.79	2.11
Prepaid expenses	0.40	0.46
Unamortised premium for leasehold land	15.04	15.22
	<u>19.23</u>	<u>17.79</u>



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA
Notes forming part of the financial statements for the year ended 31st March, 2019

Note - 11 : Inventories

(valued at lower of cost and net realizable value)

	As at 31st March, 2019	(Rs. in Crore) As at 31st March, 2018
Stores and spares	22.48	17.98
Loose tools	0.09	0.10
	<u>22.57</u>	<u>18.08</u>

Footnotes:

1 The cost of stores and spares inventories recognised as an expense includes Rs. 0.11 Crore (Previous year - Rs. 0.09 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 secure borrowings of the Company.

Note - 12 : Trade receivables

	As at 31st March, 2019	(Rs. in Crore) As at 31st March, 2018
Trade receivables		
Secured - Considered good	131.46	124.73
Unsecured - Considered good	52.25	52.75
- Credit impaired	0.64	0.27
	<u>184.35</u>	<u>177.75</u>
Less: Allowance for bad and doubtful debts	0.64	0.27
	<u>183.71</u>	<u>177.48</u>

Footnotes:

- 1 Refer note 43 for credit risk related disclosures.
2 Refer note 20 for charge on current assets including trade receivables.

Note - 13 : Cash and cash equivalents

	As at 31st March, 2019	(Rs. in Crore) As at 31st March, 2018
Balances with banks		
Balance in current accounts	8.97	18.62
	<u>8.97</u>	<u>18.62</u>
Cash on hand	0.04	0.07
	<u>9.01</u>	<u>18.69</u>

Note - 14 : Bank balances other than cash and cash equivalents

	As at 31st March, 2019	(Rs. in Crore) As at 31st March, 2018
Balance in fixed deposit accounts (maturity of more than three months but less than twelve months)	0.76	0.54
	<u>0.76</u>	<u>0.54</u>

Note 15 : Current loans

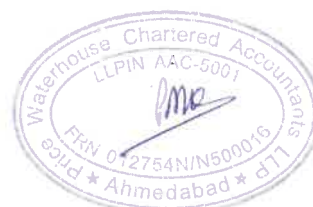
Unsecured (considered good unless stated otherwise)

	As at 31st March, 2019	(Rs. in Crore) As at 31st March, 2018
Security deposits	9.31	9.31
	<u>9.31</u>	<u>9.31</u>

Note 16 : Other current financial assets

Unsecured (considered good unless stated otherwise)

	As at 31st March, 2019	(Rs. in Crore) As at 31st March, 2018
Interest accrued on non-current investments	0.05	0.03
Interest accrued on deposits	0.09	0.10
Unbilled revenue (including revenue gap/ surplus) [Refer note 44]	306.81	156.91
	<u>306.95</u>	<u>157.04</u>
Other advances / receivables		
Considered good	0.34	0.17
	<u>0.34</u>	<u>0.17</u>
	<u>307.29</u>	<u>157.21</u>



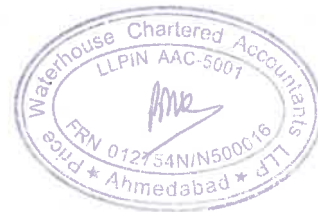
TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

Note 17 : Other current assets

Unsecured (considered good unless stated otherwise)

	As at 31st March, 2019	(Rs. in Crore) As at 31st March, 2018
Advances for goods and services	0.76	0.57
Balances with government authorities	4.56	-
Prepaid expenses	1.32	1.25
Unamortised premium for leasehold land	0.18	0.18
	<u>6.82</u>	<u>2.00</u>



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

Note - 18 : Head Office Account

(Refer Note 2.1 (vi))

	As at 31st March, 2019	(Rs. in Crore) As at 31st March, 2018
Balance at the beginning of the year	(83.55)	96.84
Add : Retained earnings transferred from reserves and surplus	175.99	188.55
Less : Inter branch / Head Office transactions, net	(137.27)	(368.94)
Balance at the end of the year	<u>(44.83)</u>	<u>(83.55)</u>

Note - 19 : Other equity

	As at 31st March, 2019	(Rs. in Crore) As at 31st March, 2018
Reserves and surplus		
Contingency reserve	2.36	1.96
Special reserve	23.72	23.72
Retained earnings	<u>69.33</u>	<u>188.95</u>
	95.41	214.63
Impact on account of IND AS 115 [Refer Note 44]	107.06	
Less: Transfer to contingency reserve	(0.40)	(0.40)
Less: Retained earnings transferred to Head Office Account	<u>(175.99)</u>	<u>(188.55)</u>
	<u>26.08</u>	<u>25.68</u>

Footnotes:

1 Contingency reserve:

As per the provisions of GERC MYT Regulations read with Tariff orders passed by GERC, 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 that 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 earning 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 31st March, 2019

Note - 20 : Non-current borrowings

	As at 31st March, 2019	(Rs. in Crore) As at 31st March, 2018
Non-current borrowings		
Secured loans - at amortised cost		
Non convertible debentures		
10.35% Series 1	130.00	130.00
	130.00	130.00
Term loans @		
From banks	268.16	298.31
	268.16	298.31
	398.16	428.31
Unsecured loans - at amortised cost		
Term loans		
From Government of India under Accelerated Power Development and Reform Programme (APDRP)	8.45	10.01
	8.45	10.01
	406.61	438.32

@ After considering unamortised expense of Rs. 1.25 Crore as at 31st March, 2019 and Rs. 1.45 Crore as at 31st March, 2018.

	As at 31st March, 2019	(Rs. in Crore) As at 31st March, 2018
Current maturities		
Secured loans - at amortised cost		
Term loans \$		
From banks	30.15	26.41
	30.15	26.41
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
	31.71	27.97
Amount disclosed under the head 'Other current financial liabilities' [Refer note 26]	(31.71)	(27.97)
	-	-

\$ After considering unamortised expense of Rs. 0.2 Crore as at 31st March, 2019 and Rs. 0.21 Crore as at 31st March, 2018.

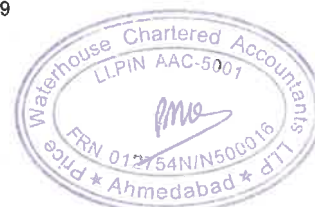
Footnotes:

1 Nature of security

The entire immovable and movable assets including current assets, both present and future, of TPL - D (Surat) are mortgaged and hypothecated by way of first pari passu charge in favour of lenders for term loans of Rs. 299.76 Crore and non convertible debentures of Rs.130.00 Crore.

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

Financial year	Term loans	(Rs. in Crore) Non convertible debentures
2019-2020	31.91	
2020-2021	23.27	43.33
2021-2022	26.64	43.33
2022-2023	19.34	43.34
2023-2024	21.02	
2024-2025	25.52	
2025-2026	27.39	
2026-2027	27.89	
2027-2028	25.84	
2028-2029	17.99	
2029-2030	17.99	
2030-2031	17.99	
2031-2032	15.79	
2032-2033	11.19	



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

Note - 21 : Other non-current financial liabilities

	As at 31st March, 2019	(Rs. in Crore) As at 31st March, 2018
Security deposits from consumers	291.04	270.64
Sundry payables	-	0.07
	<u>291.04</u>	<u>270.71</u>

Note - 22 : Non-current provisions

	As at 31st March, 2019	(Rs. in Crore) As at 31st March, 2018
Provision for employee benefits		
Provision for compensated absences	12.89	9.99
	<u>12.89</u>	<u>9.99</u>

Note - 23 : Other non-current liabilities

	As at 31st March, 2019	(Rs. in Crore) As at 31st March, 2018
Deferred revenue		
Contribution received from consumers [Refer note 35 (a) (2)]	110.44	106.48
Capital grant from government [Refer note 35 (b) (2)]	7.41	8.65
	<u>117.85</u>	<u>115.13</u>



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

Note - 24 : Current borrowings

(Rs. in Crore)

As at
31st March, 2019

As at
31st March, 2018

Unsecured loans

Loans from Head Office *

*Represent amounts allocated from Head Office (Refer Note 2.1(v))

220.00

170.00

220.00

170.00

Net debt reconciliation :

(Rs. in Crore)

As at
31st March, 2019

As at
31st March, 2018

Cash and cash equivalents

9.01

18.69

Current borrowings

(220.00)

(170.00)

Non-current borrowings (including current maturities and interest accrued but not due)

(441.11)

(468.19)

(652.10)

(619.50)

	Other assets	Liabilities from financing activities		Total
	Cash and cash equivalent	Current borrowing	Non-current borrowing	
Net balance as at 1st April, 2017	15.74	(110.00)	(381.44)	(475.70)
Cash flows, net	2.95	(60.00)	(86.75)	(143.80)
Interest expense	-	11.83	(40.17)	(28.34)
Interest paid	-	(11.83)	40.17	28.34
Net balance as at 31st March, 2018	18.69	(170.00)	(468.19)	(619.50)
Cash flows, net	(9.68)	(50.00)	28.18	(31.50)
Interest expense	-	14.57	(41.59)	(27.02)
Interest paid	-	(14.57)	40.49	25.92
Net balance as at 31st March, 2019	9.01	(220.00)	(441.11)	(652.10)



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

Note - 25 : Current trade payables

	(Rs. in Crore)
	As at
	31st March, 2019
	31st March, 2018
Trade payables for goods and services	
Total outstanding dues of micro and small enterprises [Refer note 37]	2.86
Total outstanding dues other than micro and small enterprises	486.19
	489.05
	332.67
	334.47

Note - 26 : Other current financial liabilities

	(Rs. in Crore)
	As at
	31st March, 2019
	31st March, 2018
Current maturities of long-term debt [Refer note 20]	31.71
Interest accrued but not due on loans and security deposits	1.34
Book overdraft	1.32
Security deposits from consumers	7.35
Other deposits	0.29
Payables for purchase of property, plant and equipment [^]	49.45
Sundry payables (including for employees related payables)	18.94
	110.40
	27.97
	0.24
	4.00
	7.09
	0.31
	25.16
	26.30
	91.07

[^] including dues to micro and small enterprises for Rs. Nil (31st March, 2018 - Rs. Nil) [Refer note 37]

Note - 27 : Other current liabilities

	(Rs. in Crore)
	As at
	31st March, 2019
	31st March, 2018
Credit balances of consumers	8.48
Service line deposits from consumers	3.43
Deferred revenue	
Contribution received from consumers [Refer note 35 (a) (2)]	7.84
Capital grant from government [Refer note 35 (b) (2)]	1.23
Statutory dues	1.89
Sundry payables (including for electricity duty payable)	46.00
	68.87
	8.29
	5.32
	7.20
	1.22
	1.75
	32.48
	56.26

Note - 28 : Current provisions

	(Rs. in Crore)
	As at
	31st March, 2019
	31st March, 2018
Provision for employee benefits	
Provision for gratuity [Refer note 39.2(d)]	5.50
Provision for compensated absences	2.56
	8.06
	0.34
	2.00
	2.34



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

Note - 29 : Revenue from operations

	Year ended 31st March, 2019	(Rs. in Crore) Year ended 31st March, 2018
Revenue from contracts with customers		
Revenue from power supply [Refer Note 44]	2,322.92	2,186.11
	<u>2,322.92</u>	<u>2,186.11</u>
Other operating income		
Hire of meters	0.10	13.76
Provisions of earlier years written back	0.09	0.07
Provision for doubtful debts no longer required	-	0.07
Recovery of bad debts (net)	0.17	0.03
Insurance claim receipt	-	0.10
Amortisation of deferred revenue		
Contribution received from consumers [Refer note 35(a)(2)]	7.52	6.85
Capital grant from government [Refer note 35(b)(2)]	1.23	1.21
Miscellaneous income	5.40	4.92
	<u>14.51</u>	<u>27.01</u>
	<u>2,337.43</u>	<u>2,213.12</u>

Note - 30 : Other income

	Year ended 31st March, 2019	(Rs. in Crore) Year ended 31st March, 2018
Interest income from financial assets at amortised cost		
Deposits	0.09	0.08
Consumers	3.41	3.25
Contingency reserve investments	0.21	0.18
Others	0.01	0.50
	<u>3.72</u>	<u>4.01</u>
Gain on disposal of property, plant and equipment / investment property	0.11	0.04
Miscellaneous income	1.66	1.74
	<u>5.49</u>	<u>5.79</u>



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA
Notes forming part of the financial statements for the year ended 31st March, 2019

Note - 31 : Employee benefits expense

	Year ended 31st March, 2019	(Rs. in Crore) Year ended 31st March, 2018
Salaries, wages and bonus	70.78	67.34
Contribution to provident and other funds [Refer note 39.1]	4.72	4.42
Employees welfare expenses	4.36	4.09
Compensated absences	4.50	0.85
Gratuity [Refer note 39.2(e)(3)]	1.29	2.79
	<u>85.65</u>	<u>79.49</u>
Less: Allocated to capital works, repairs and other relevant revenue accounts	29.13	21.07
	<u>56.52</u>	<u>58.42</u>

Note - 32 : Finance costs

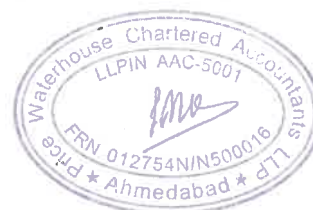
	Year ended 31st March, 2019	(Rs. in Crore) Year ended 31st March, 2018
Interest expense for financial liabilities not classified as fair value through profit or loss		
Term loans	28.13	26.71
Non convertible debentures	13.46	13.46
Working capital loans	0.01	0.01
Security deposits from consumers	17.32	17.10
Others	14.56	11.82
Other borrowing costs	0.42	0.41
Amortisation of borrowing costs	0.21	0.21
	<u>74.11</u>	<u>69.72</u>
Less: Allocated to capital works	3.11	0.30
	<u>71.00</u>	<u>69.42</u>

Note - 33 : Depreciation and amortization expense

	Year ended 31st March, 2019	(Rs. in Crore) Year ended 31st March, 2018
Depreciation expense on property, plant and equipment	62.96	59.42
Amortization expense on intangible assets	0.80	0.55
	<u>63.76</u>	<u>59.97</u>

Note - 34 : Other expenses

	Year ended 31st March, 2019	(Rs. in Crore) Year ended 31st March, 2018
Consumption of stores and spares	11.06	10.79
Rent and hire charges	3.25	0.76
Repairs to		
Buildings	2.22	2.30
Plant and machinery	33.70	29.58
Others	0.34	1.55
	<u>36.26</u>	<u>33.43</u>
Insurance	0.82	0.63
Rates and taxes	2.18	1.58
Vehicle running expenses	3.55	3.51
Electricity expenses	2.67	2.75
Security expenses	3.89	3.82
Corporate social responsibility expenses	2.47	1.91
Loss on sale / discarding of property, plant and equipment	2.65	3.45
Commission to non-executive directors	0.81	0.17
Directors sitting fees	0.10	0.11
Auditors remuneration [Refer note 40]	0.22	0.14
Legal, professional and consultancy fees	2.83	4.00
Donations [Refer note 41]	4.55	2.29
Net loss on foreign currency transactions	-	0.01
Allowance for doubtful debts (net)	0.36	-
Miscellaneous expenses	11.56	12.27
	<u>89.23</u>	<u>81.62</u>
Less: Allocated to capital works, repairs and other relevant revenue accounts	9.10	8.98
	<u>80.13</u>	<u>72.64</u>



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

Note 35: Deferred revenue

(a) Contribution received from consumers

(1) Nature of contribution received from consumers

Contributions received from consumers towards property, plant and equipment (PP&E) has been recognised as deferred revenue.

(2) Movement of contribution received from consumers

	As at 31st March, 2019	(Rs. in Crore) As at 31st March, 2018
Opening balance	113.68	106.83
Add: Contribution received during the year	12.12	13.70
Less: Amortisation of contribution transferred to statement of profit and loss [Refer note 29]	(7.52)	(6.85)
Closing balance	<u>118.28</u>	<u>113.68</u>
Non-current portion [Refer note 23]	110.44	106.48
Current portion [Refer note 27]	<u>7.84</u>	<u>7.20</u>
	<u>118.28</u>	<u>113.68</u>

(b) Government grant

(1) 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 TPL-D (Surat). There are no unfulfilled conditions or other contingencies attached to these grants.

(2) Movement of government grant

	As at 31st March, 2019	(Rs. in Crore) As at 31st March, 2018
Opening balance	9.87	11.08
Less: Amortisation of grant transferred to statement of profit and loss [Refer note 29]	(1.23)	(1.21)
Closing balance	<u>8.64</u>	<u>9.87</u>
Non-current portion [Refer note 23]	7.41	8.65
Current portion [Refer note 27]	<u>1.23</u>	<u>1.22</u>
	<u>8.64</u>	<u>9.87</u>



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

Note 36: Contingent liabilities, contingent assets and capital commitments

(a) Contingent liabilities

	(Rs. in Crore)	
	As at	As at
	31st March, 2019	31st March, 2018
Disputed stamp duty matters	0.35	0.35
Claims against TPL - D (Surat) not acknowledged as debt	2.31	10.09

TPL - D (Surat) is in the process of evaluating the impact of the Supreme Court ("SC") judgement dated 28th February, 2019 in the case of Regional Provident Fund Commissioner (II) West Bengal v/s Vivekananda Vidyamandir and Others, in relation to non-inclusion of certain allowances within 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 and review petitions are pending before the SC in this matter. In the assessment of the management, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in the financial statements.

Footnote :

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 commitment

	(Rs. in Crore)	
	As at	As at
	31st March, 2019	31st March, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		
Property, plant and equipment	36.50	62.73



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

Note 37: 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 31st March, 2019 Micro and small enterprises	As at 31st March, 2018 Micro and small enterprises
(a) Principal amount remaining unpaid	2.83	1.80
(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	0.12	0.27
(ii) Interest paid under section 16 of the MSMED Act, to the suppliers, beyond the appointed day during the year	0.00	0.00
(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)	0.03	
(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 38: Operating lease

TPL - D (Surat)'s significant leasing arrangements, other than land, are in respect of residential flats, office premises, plant and machinery and equipment taken on lease. The arrangements range between 11 months and 10 years generally and are usually renewable by mutual consent on mutually agreeable terms. Under these arrangements, generally refundable interest free deposits have been given. TPL - D (Surat) has not entered into any material financial lease. TPL - D (Surat) does not have any non-cancellable lease.

Leasing arrangements with respect to land range between 25 years to 99 years.

Note 39: Employee benefit plans

39.1 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 fund, pension and superannuation fund aggregating to Rs.4.72 crore and to employees state insurance scheme of Rs. 0.04 Crore (Previous year - Rs.4.42 crore & Rs.0.03 crore respectively) has been recognised in the statement of profit and loss under the head employee benefits expense [Refer note 31].

39.2 Defined benefit plans

(a) Gratuity

TPL - D (Surat) operates a gratuity 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 employee's service and 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.



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

(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 31st March, 2019. 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 31st March, 2019	As at 31st March, 2018
Discount rate	7.92%	7.78%
Salary escalation rate	8.50%	8.50%

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

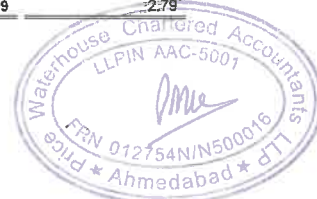
Balances of defined benefit plan

	As at 31st March, 2019	As at 31st March, 2018
Present value of funded defined benefit obligation	35.00	31.08
Fair value of plan assets	29.50	30.74
Net (asset) / liability [Refer note 28]	5.50	0.34

(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:

	As at 31st March, 2019	As at 31st March, 2018
(1) Movements in the present value of the defined benefit obligation:		
Obligation at the beginning of the year	31.08	31.55
Current service cost	1.27	1.33
Interest cost	2.41	2.27
Past service cost	-	1.06
Actuarial (gains) / losses from changes in demographic assumptions	-	(0.55)
Actuarial (gains) / losses arising changes in financial assumptions	(0.29)	(1.13)
Actuarial (gains) / losses from experience adjustments	4.83	(1.76)
Liability transferred in	0.37	0.65
Liability transferred out	(0.62)	(0.38)
Benefits paid directly by employer	(0.33)	-
Benefits paid	(3.72)	(1.96)
Obligation at the end of the year	35.00	31.08
(2) Movements in the fair value of the plan assets:		
Plan assets at the beginning of the year, at fair value	30.74	25.94
Interest income	2.39	1.87
Return on plan assets (excluding interest income)	(0.24)	0.19
Contributions received	0.33	4.70
Benefits paid	(3.72)	(1.96)
Plan assets at the end of the year, at fair value	29.50	30.74
(3) Gratuity cost recognized in the statement of profit and loss		
Current service cost	1.27	1.33
Interest cost, net	0.02	1.05
Past service cost	-	0.41
Net gratuity cost recognized in the statement of profit and loss [Refer note 31]	1.29	2.79



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

	As at 31st March, 2019	(Rs. in Crore) As at 31st March, 2018
(4) Gratuity cost recognized in the other comprehensive income (OCI)		
Return on plan assets, excluding interest income	0.24	(0.19)
Actuarial (gains) / losses	4.54	(3.45)
Net (income) / expense for the period recognized in OCI	4.78	(3.64)

(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.

Change in assumptions	As at 31st March, 2019	(Rs. in Crore) As at 31st March, 2018
Impact on defined benefit obligation of gratuity		
50 basis points increase in discount rate	(1.01)	(0.92)
50 basis points decrease in discount rate	1.07	0.97
50 basis points increase in salary escalation rate	0.19	0.59
50 basis points decrease in salary escalation rate	(1.83)	(1.27)

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.

(h) The weighted average duration of the gratuity plan based on average future service is 14 years (Previous year - 13 years).

(i) Expected contributions to the plan for the next annual reporting period is Rs. 5.50 Crore (Previous year - Rs. 0.34 Crore).

(j) Cash flow projection from the fund

Projected benefits payable in future years from the date of reporting

	As at 31st March, 2019	(Rs. in Crore) As at 31st March, 2018
Funded Plan - Gratuity		
1st following year	4.81	4.44
2nd following year	2.71	2.07
3rd following year	3.21	3.63
4th following year	3.52	2.62
5th following year	4.39	2.89
sum of years 6 to 10 th	16.21	14.60

39.3 Other long-term employee benefit obligations

The leave obligation covers 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, superannuation or resignation; at the rate of daily last drawn salary, multiplied by leave days accumulated as at the end of relevant period. Refer notes 22, 28 and 31 for the leave encashment provision / change in the balance sheet and statement of profit and loss.



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

Note 40: Auditors remuneration (including taxes)

	Year ended 31st March, 2019	(Rs. in Crore) Year ended 31st March, 2018
As auditor		
Audit fees	0.12	0.09
Other services- certificates etc.	0.07	0.04
Reimbursement of expenses	0.03	0.01
	<u>0.22</u>	<u>0.14</u>

Note 41: Donations include political contributions as under

	Year ended 31st March, 2019	(Rs. in Crore) Year ended 31st March, 2018
Electoral Bonds	3.33	-
Prudent Electoral Trust	-	1.26
	<u>3.33</u>	<u>1.26</u>



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

Note 42: 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 only 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 Private Limited
2	Subsidiaries	Torrent Power Grid Limited, Torrent Pipavav Generation Limited, Torrent Solargen Limited, Jodhpur Wind Farms Private Limited (w.e.f. 29th January, 2018), Latur Renewables Private Limited (w.e.f. 29th January, 2018)
3	Associates	Wind Two Renergy Private Limited (w.e.f. 12th December, 2017), Wind Four Renergy Private Limited (w.e.f. 12th December, 2017), Wind Five Renergy Private Limited (w.e.f. 12th December, 2017), Nani Virani Wind Energy Private Limited (w.e.f. 9th March, 2018 to 15th December, 2018), Ravapar Wind Energy Private Limited (w.e.f. 9th March, 2018 to 15th December, 2018), Khaliyu Wind Energy Private Limited (w.e.f. 9th March, 2018 to 15th December, 2018)
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 (formerly known as TEL Gratuity Trust), TPL (DGEN) Superannuation Fund (formerly known as TEL Superannuation Fund)
5	Key management personnel	Sudhir Mehta (upto 31st March, 2018) Samir Mehta Markand Bhatt (upto 30th September, 2018) Jinal Mehta
6	Non-executive directors	Sudhir Mehta (w.e.f 1st April, 2018) Pankaj Patel Samir Barua Kiran Karnik (upto 31st March, 2019) Keki Mistry R. Ravichandran (upto 1st August, 2017) Bhavna Doshi Dharmishta Raval P. K. Taneja (upto 23rd May, 2017) Pankaj Joshi (w.e.f. 23rd May, 2017)
7	Relatives of key management personnel	Varun Mehla, Aman Mehta
8	Enterprise controlled by relatives of key management personnel	Munjal Bhatt Architects (upto 30th September, 2018)
9	Other entities where the company has 50% voting right / enterprises controlled by the Parent Company*	Tornascent Care Institute, UNM Foundation, Torrent Pharmaceuticals Limited, Torrent Power Services Private Limited, Mahesh Gas Limited, Torrent Gas Private Limited

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



Note 42: Related party disclosures (Contd.)

(b) Related party transactions

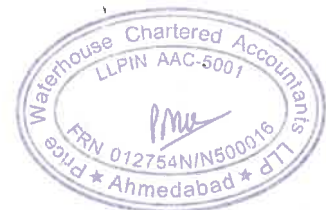
(Rs. in Crore)

	Parent Company		Subsidiaries		Associates		Employee benefits plans		Key management personnel / Non-Executive Directors		Relatives of key management personnel / enterprises controlled by relatives of key management personnel / entity where the company has 50% voting right / enterprises controlled by the Parent Company / Parent Company		Total	
	Year ended 31.03.19	Year ended 31.03.18	Year ended 31.03.19	Year ended 31.03.18	Year ended 31.03.19	Year ended 31.03.18	Year ended 31.03.19	Year ended 31.03.18	Year ended 31.03.19	Year ended 31.03.18	Year ended 31.03.19	Year ended 31.03.18	Year ended 31.03.19	Year ended 31.03.18
Nature of transactions														
Services received / remuneration paid	-	-	-	-	-	-	-	-	-	-	-	0.20	-	0.20
Murjat Bhatt Architects	-	-	-	-	-	-	-	-	-	-	-	0.20	-	0.20
Transfer of gratuity/leave liability to / (from)	-	-	-	-	-	-	-	-	-	-	0.02	-	0.02	-
Maheesh Gas Ltd.	-	-	-	-	-	-	-	-	-	-	0.02	-	0.02	-
Contribution to employee benefit plans (net)	-	-	-	-	-	-	1.45	5.67	-	-	-	-	1.45	5.67
TPL (Surat) Gratuity Trust	-	-	-	-	-	-	0.34	4.70	-	-	-	-	0.34	4.70
TPL (Surat) Superannuation Fund	-	-	-	-	-	-	1.11	0.97	-	-	-	-	1.11	0.97

Public utilities as covered under Ind AS - 24 "Related Party Disclosures", are not related parties. Hence transactions related to sale of electricity, by TPL - D (Surat) as per GERC tariff order, have not been reported as related party transactions.

(c) Terms and conditions of outstanding balances

The transactions with related parties are made in terms equivalent to those that prevails in arm's length transactions.
Outstanding balances at the year-end are unsecured and settlement is expected to occur in cash



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

Note 43: Financial instruments and risk review

(a) Categories of financial instruments

	As at 31st March, 2019		As at 31st March, 2018	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Measured at amortised Cost				
Cash and cash equivalents	9.01	9.01	18.69	18.69
Bank balance other than cash and cash equivalents	0.76	0.76	0.54	0.54
Investment in bonds and debentures	2.86	2.86	2.39	2.39
Trade receivables	183.71	183.71	177.48	177.48
Loans	9.50	9.50	9.43	9.43
Other financial assets	307.77	307.77	157.82	157.82
	<u>513.61</u>	<u>513.61</u>	<u>366.35</u>	<u>366.35</u>
Financial liabilities				
Measured at amortised Cost				
Borrowings	626.61	631.13	608.32	615.79
Trade payables	489.05	489.05	334.47	334.47
Other financial liabilities	401.44	401.44	361.78	361.78
	<u>1,517.10</u>	<u>1,521.62</u>	<u>1,304.57</u>	<u>1,312.04</u>



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

Note 43: Financial instruments and risk review

(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 : 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
 Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

Financial liabilities at amortised cost

	(Rs. in Crore)		Fair value hierarchy	Valuation technique(s) and key input(s)
	Fair value As at 31st March, 2019	As at 31st March, 2018		
Fixed rate borrowings (Non-convertible debentures)	134.52	137.47	Level 2	Inputs other than quoted prices that are observable
	<u>134.52</u>	<u>137.47</u>		

(c) Financial risk management objectives

The financial risk objectives are decided at the Company's level. TPL - D (Surat)'s principal financial liabilities, other than derivatives, 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 foreign currency risk, commodity price risk, 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 the TPL - D (Surat).

Foreign currency risk

TPL - D (Surat) is exposed to foreign currency risks arising from various currency exposures, primarily with respect to the USD and EUR. Foreign currency risks arise from future commercial transactions and recognized assets and liabilities, when they are denominated in a currency other than Indian Rupee.

TPL - D (Surat)'s exposure with regards to foreign currency risk which are not hedged are given below. However, these risks are not significant to TPL - D (Surat)'s operation and accordingly sensitivity analysis is not given.



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

Note 43: Financial instruments and risk review

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 TPL - D (Surat)'s fixed and floating rate borrowings:

	As at 31st March, 2019	(Rs. in Crore) As at 31st March, 2018
Fixed rate borrowings	140.01	311.57
Floating rate borrowings [^]	519.76	326.38
	<u>659.77</u>	<u>637.95</u>

[^] Gross amount including unamortised expense.

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.

	Year ended 31st March, 2019	(Rs. in Crore) Year ended 31st March, 2018
Impact on profit before tax - increase in 50 basis points	(2.60)	(1.63)
Impact on profit before tax - decrease in 50 basis points	2.60	1.63

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 (primarily trade receivables, suppliers, contractors etc.) might fail to comply with contractual obligations. This exposure may arise with regard to unsettled amounts and the cost of substituting products and services that are not provided.

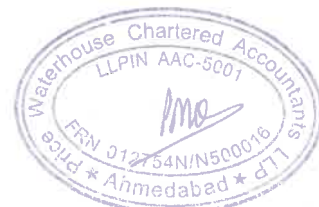
(2) Credit risk management:

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 31st March, 2019 and 31st March, 2018. However, 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 31st March, 2019

Note 43: Financial instruments and risk review

(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 31st March, 2019

	(Rs. in Crore)
Gross trade receivables	Allowance for doubtful Debt
Less than or equal to 6 months	183.30
More than 6 months but less than or equal to 1 year	0.62
More than one year	0.43
	184.35

As at 31st March, 2018

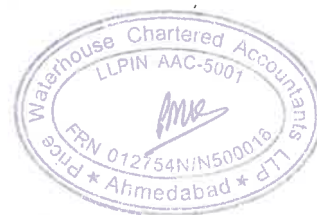
	(Rs. in Crore)
Gross trade receivables	Allowance for doubtful Debt
Less than or equal to 6 months	176.46
More than 6 months but less than or equal to 1 year	0.65
More than one year	0.64
	177.75

(5) Movement in the expected credit loss allowance

	Year ended 31st March, 2019	Year ended 31st March, 2018
Opening balance	0.27	0.34
Movement in expected credit loss allowance on trade receivable, net	0.37	(0.07)
Closing balance [Refer note 12]	0.64	0.27

Other financial assets

TPL - D (Surat) is having balances in cash and cash equivalents, term deposits with banks, investments in government securities and investment in mutual funds. 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. TPL - D (Surat)'s investment policy lays down guidelines with respect to exposure per counterparty, rating, processes in terms of control and continuous monitoring. TPL - D (Surat) therefore considers credit risks on such investments to be negligible.



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

Note 43: Financial instruments and risk review

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 non-derivative 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 (accrued upto 31st March, 2019) 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 31st March, 2019

	(Rs. in Crore)			
	Less than 1 year	Between 1 year and 5 years	5 years and above	Total
Financial liabilities				
Non current financial liabilities				
Borrowings ^A	-	220.27	187.59	407.86
Other financial liabilities	-	14.68	276.36	291.04
	-	234.95	463.95	698.90
Current financial liabilities				
Borrowings	220.00	-	-	220.00
Trade payables	489.05	-	-	489.05
Other financial liabilities ^A	110.60	-	-	110.60
	819.65	-	-	819.65
Total financial liabilities	819.65	234.95	463.95	1,518.55

As at 31st March, 2018

	(Rs. in Crore)			
	Less than 1 year	Between 1 year and 5 years	5 years and above	Total
Financial liabilities				
Non current financial liabilities				
Borrowings ^A	-	223.06	216.71	439.77
Other financial liabilities	-	13.71	257.00	270.71
	-	236.77	473.71	710.48
Current financial liabilities				
Borrowings	170.00	-	-	170.00
Trade payables	334.47	-	-	334.47
Other financial liabilities ^A	91.28	-	-	91.28
	595.75	-	-	595.75
Total financial liabilities	595.75	236.77	473.71	1,306.23

^A Gross amount including unamortised expense.



TORRENT POWER LIMITED
SURAT DISTRIBUTION AREA

Notes forming part of the financial statements for the year ended 31st March, 2019

Note 44: Change due to transition to Ind AS - 115 "Revenue from Contracts with Customers"

TPL-D (Surat) has adopted Ind AS 115, Revenue from Contracts with Customers, from 1st April 2018. The adoption has resulted for changes in accounting policies and adjustment to the amounts recognized in the financial statements. Prior to adoption of Ind AS 115, TPL-D (Surat) had been recognising the Fuel and Power Purchase Price Adjustment ("FPPPA") claims as and when approved by the regulatory authorities and the true up adjustment claims as and when these were billed to consumers subsequent to approval by the regulatory authorities.

TPL-D (Surat) has adopted Ind AS 115 retrospectively with the cumulative effect of initial application recognized in the Opening Retained Earnings on 1st April, 2018. TPL-D (Surat) has in the current year recognized revenue on FPPPA claims and other true up adjustments, as per the applicable tariff regulations, management's probability estimate and the past trends of approval, by applying the guidance on variable consideration under Ind AS 115.

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.

Due to the application of Ind AS 115 on transition, as at 1st April, 2018, Retained Earnings are higher by Rs. 107.06 Crore and unbilled revenue is higher by an equivalent amount.

Consequent to adoption of Ind AS 115, Revenue from Operations and Profit for the year ended 31st March 2019, are higher by Rs. 43.26 Crore. Accordingly, as at 31st March, 2019, Retained Earnings are higher by Rs. 149.03 Crore and unbilled revenue is higher by an equivalent amount.

Note 45:

The figures for the previous year have been regrouped / recast, wherever necessary, to make them comparable with the figures for the current year.

Signature to Note 1 to 45

In terms of our report attached

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



Pradip Kanakia
Partner
Membership No.: 039985
Place: **BANGALORE**
Date: **SEPT 10, 2019**

For Torrent Power Limited



Naimesh Shah
Authorised Signatory

Place: **AHMEDABAD**
Date: **SEPT 09, 2019**

