Torrent Power Limited

Dahej Supply Area

TPL-D (Dahej)

Price Waterhouse Chartered Accountants LLP

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

Torrent Power Limited - Dahej 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 Dahej Distribution license Area [TPL- D (Dahej)] 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.

Chartered Accountants
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Ahmedabad

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6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

7. Based on our audit, we report that:
   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 (Dahej) 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.

Waterhouse Chartered Accountants LLPIN AAC-5001 FRN 012754N/N500016 Ahmedabad

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

Pradip Kanakia
Partner
Membership No.: 039985

Place: Bangalore
Date: September 10, 2019
UDIN: 19039985AAAABC2651

TORRENT POWER LIMITED
Dahej Distribution Area

BALANCE SHEET AS AT 31ST MARCH, 2019

(Rs. in Crore)

	Note	As at 31st March, 2019	As at 31st March, 2018
Assets			
Non-current assets			
Property, plant and equipment	4	119.16	122.36
Capital work-in-progress		1.26	0.19
Intangible assets	5	0.13	0.03
Financial assets			
Investments	6	3.05	2.27
Loans	7	0.02	0.14
Other non-current assets	8	4.25	4.57
		127.87	129.56
Current assets			
Inventories	9	3.22	4.97
Financial assets			
Trade receivables	10	17.80	11.34
Cash and cash equivalents	11	0.01	0.01
Loans	12	0.02	0.02
Other financial assets	13	24.74	5.82
Other current assets	14	0.69	0.72
		46.48	22.88
		174.35	152.44
Equity and liabilities			
Equity			
Head Office Account	15	2.75	(24.12)
Other equity	16	3.80	2.99
		6.55	(21.13)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	17	64.23	71.00
Other financial liabilities	18	34.12	31.37
Provisions	19	0.30	0.23
Other non-current liabilities	20	22.41	21.46
		121.06	124.06
Current liabilities			
Financial liabilities			
Borrowings	21	10.00	-
Trade payables	22		
Total outstanding dues of micro and small enterprises		0.20	0.10
Total outstanding dues other than micro and small enterprises		6.58	2.25
Other financial liabilities	23	24.74	43.06
Other current liabilities	24	5.18	4.06
Provisions	25	0.04	0.04
		46.74	49.51
		174.35	152.44

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
Dahej Distribution Area

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

(Rs. in Crore)

	Note	Year ended 31st March, 2019	Year ended 31st March, 2018
Income			
Revenue from operations	26	218.32	127.47
Other income	27	2.67	1.32
Total income		220.99	128.79
Expenses			
Electrical energy purchased		191.91	109.58
Employee benefits expense	28	1.57	0.23
Finance costs	29	8.59	9.03
Depreciation and amortization expense	30	7.68	7.40
Other expenses	31	7.18	7.41
Total expenses		216.93	133.65
Profit for the year		4.06	(4.86)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit plans		(0.01)	0.03
Other comprehensive income for the year		(0.01)	0.03
Total comprehensive income for the year		4.05	(4.83)

See accompanying notes forming part of the standalone 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
Dahej Distribution Area

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31ST MARCH, 2019

(Rs. in Crore)

	Note	Year ended 31st March, 2019	Year ended 31st March, 2018
Cash flow from operating activities			
Profit/(Loss) for the year		4.06	(4.86)
Adjustments for :			
Depreciation and amortization expense	30	7.68	7.40
Amortisation of deferred revenue	26	(1.52)	(1.43)
Loss on sale / discarding of property, plant and equipment	31	0.08	0.03
Bad debts written off (net)	31	-	(*)
Finance costs	29	8.59	9.03
Interest income	27	(0.20)	(0.16)
Operating profit before working capital changes		18.69	10.01
Movement in working capital:			
Adjustments for decrease / (increase) in operating assets:			
Inventories		1.75	1.22
Trade receivables		(6.46)	(4.57)
Non-current loans		0.12	0.06
Current loans		-	(0.02)
Other current financial assets		(18.89)	(5.80)
Other current assets		0.03	(0.10)
Other non-current assets		0.31	0.11
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		4.43	(0.04)
Other current financial liabilities		(18.51)	(3.87)
Other non-current financial liabilities		2.75	0.97
Long-term provisions		0.07	(0.03)
Short-term provisions		(0.01)	0.04
Other current liabilities		13.23	(4.93)
Net cash flow from operating activities		(2.49)	(6.95)
Cash flow from investing activities			
Payments for property, plant and equipment and capital work-in-progress		(5.77)	(19.63)
Payments for intangible assets		(0.15)	(0.04)
Non-current advances for capital assets		-	0.22
Purchase of non-current investments		(0.78)	(0.70)
Interest received		0.18	0.16
Net cash generated from / (used in) investing activities		(6.52)	(19.99)
Cash flow from financing activities			
Inter Branch/Head office Transactions net		11.37	33.24
Proceeds from short-term borrowings		10.00	-
Repayment of long-term borrowings		(3.24)	(3.60)
Prepayment of long-term borrowings		(3.19)	(0.21)
Receipt of contribution from consumers		2.61	6.49
Finance costs paid		(8.54)	(8.97)
Net cash generated from / (used in) financing activities		9.01	26.95

TORRENT POWER LIMITED

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TORRENT POWER LIMITED
Dahej Distribution Area

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31ST MARCH, 2019

		(Rs. in Crore)
	Year ended 31st March, 2019	Year ended 31st March, 2018
Net (decrease) / increase in cash and cash equivalents	**0.00**	0.01
Cash and cash equivalents as at beginning of the year	**0.01**	0.00
Cash and cash equivalents as at end of the year	**0.01**	0.01

See accompanying notes forming part of the financial statements
Footnotes:

		(Rs. in Crore)
	As at 31st March, 2019	As at 31st March, 2018
1 Cash and cash equivalents as at end of the year:		
Balances with banks		
Balance in current accounts	**0.01**	0.01
Cash on hand	(*)	(*)
	0.01	0.01

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 short term borrowing represent amounts allocated by Head-office. (Refer Note 2.1 (iv))

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
Dahej Distribution Area
STATEMENT OF CHANGES IN EQUITY [Refer note 16]

Other equity

(Rs. in Crore)

	Reserves and surplus		Total
	Contingency reserve	Retained earnings	
Balance as at 1st April, 2017	**2.28**	**-**	**2.28**
(Loss) for the year	-	(4.86)	**(4.86)**
Other comprehensive income for the year	-	0.03	**0.03**
Total comprehensive income for the year	**-**	**(4.83)**	**(4.83)**
Transfer to contingency reserve	0.71	(0.71)	**-**
Transferred to Head office Account		5.54	**5.54**
Balance as at 31st March, 2018	**2.99**	**-**	**2.99**
Balance as at 1st April, 2018	**2.99**	**-**	**2.99**
Impact on adoption of Ind AS 115 [Refer note 41]	-	12.26	**12.26**
Restated balance as at 1st April, 2018	**2.99**	**12.26**	**15.25**
Profit for the year	-	4.06	**4.06**
Other comprehensive income for the year	-	(0.01)	**(0.01)**
Total comprehensive income for the year	**-**	**4.05**	**4.05**
Transfer to contingency reserve	0.81	(0.81)	**-**
Transferred to Head office Account		(15.50)	**(15.50)**
Balance as at 31st March, 2019	**3.80**	**-**	**3.80**

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

Note 1A: General information

These special purpose financial statements 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 Dahej Distribution license Area [TPL- D (Dahej)] 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 (Dahej) operates in electricity distribution activities in Dahej 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 TPL – D (Dahej)

TPL – D (Dahej) 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 2.8 for the accounting policy and note 41 for the impact on change in policy and related disclosures.

Note 1C: New standards or interpretations issued but not yet effective

TPL – D (Dahej) 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 (Dahej) financial statements, TPL – D (Dahej) is analysing leasing contracts. TPL – D (Dahej) 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 (Dahej) progresses further in the implementation process. As a result, at this stage TPL – D (Dahej) is not able to estimate the impact of the new standard on TPL – D (Dahej)'s financial statements. TPL – D (Dahej) will make more detailed assessments of the impact over the future periods.

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.

TORRENT POWER LIMITED

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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 (Dahej) 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.

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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, TPL – D (Dahej) 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 (Dahej).

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

In respect of TPL- D (Dahej) 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, 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) Loan balances:

The borrowings of the Company are centralized. 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 (Dahej) towards unrecovered / unbilled regulatory gap including disputed regulatory gap as assessed by the management.

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

Head office account represents the closing balance which has been arrived at after considering transactions with Head office and all inter-unit transactions. The profit earned during the year by the TPL-D (Dahej) also gets transferred to Head Office account as at the year end.

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

TORRENT POWER LIMITED

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

2.2 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 upto the date the asset is ready for its intended use. Such property, plant and equipment are classified to the appropriate categories when completed and ready for intended use.

Subsequent cost are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to TPL – D (Dahej) 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 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 Regulated business
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%
Office equipment	5.28% to 15.00%

2.3 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".

TORRENT POWER LIMITED

Price Waterhouse Chartered Accountants LLPIN AAC-5001 FRN 012754N/N500016 Ahmedabad

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.

2.4 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.

2.5 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.

2.6 Cash and cash equivalents:

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

2.7 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.

2.8 Revenue recognition

Revenue is recognized, when the control of the goods and 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.

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These adjustments / accruals are carried forward as "Unbilled revenue" under "Other current financial assets" in Note 13, which would be adjusted through future billing bases on tariff determination by the regulator in accordance with the electricity regulations.
[refer note 3.1(i)]

(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.

2.9 **Foreign currency translation:**

Functional and presentation currency

These financial statements are prepared in Indian rupee (INR) which is functional as well as presentation currency of TPL – D (Dahej).

Transactions and balances

In preparing the financial statements of TPL – D (Dahej), 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 (Dahej)'s monetary items at rates different from those at which they were initially recorded during the financial year are recognized as income or expense in the financial year in which they arise.

2.10 **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 (Dahej) 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

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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 TPL – D (Dahej)'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.

2.11 **Provisions, contingent liabilities and contingent assets:**

Provisions

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

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

Contingent liability

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

2.12 **Financial instruments:**

Financial assets

i) **Classification of financial assets (including debt instruments)**

TPL – D (Dahej) classifies its financial assets in the following measurement categories:

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- 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 from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains and losses and impairment expenses in other expenses.

- **Fair value through profit or loss (FVTPL)**

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

iv) **Impairment of financial assets**

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

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

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Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, TPL – D (Dahej) 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.

v) Derecognition of financial assets

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

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

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

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

vi) Income Recognition

Interest income from financial assets is recognised when it is probable that the economic benefits will flow to TPL – D (Dahej) and the amount of income can be measured reliably.

Interest on overdue receivables of energy bills and claims including insurance claims, coal cost variation and other claims etc. are accounted as and when recovered.

Financial liabilities

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

i) Classification

All TPL – D (Dahej)'s financial liabilities, except for financial liabilities at fair value through profit or loss, are measured at amortized cost.

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.

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iv) Derecognition of financial liabilities

TPL – D (Dahej) derecognises financial liabilities when, and only when TPL – D (Dahej) obligations are discharged, cancelled or waived off or have expired. An exchange between TPL – D (Dahej) 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.

2.13 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 (Dahej) 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.

2.14 Amount 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 '*'.

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

In the course of applying the policies outlined in all notes under note 2 above, the management of TPL – D (Dahej) 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 (Dahej) 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 (Dahej) has not recognized those truing up adjustment claims which are subject of dispute and for which the TPL – D (Dahej) is in appeal with regulatory authorities.

3.2 Property Plant and Equipment:

(i) Service concession arrangements:

TPL – D (Dahej) 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 (Dahej) 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 (Dahej) estimates the credit allowance as per practical expedient based on historical credit loss experience as enumerated in note 40.

3.4 Contingencies:

Contingent liabilities

In the normal course of business, contingent liabilities may arise from litigation and other claims against TPL – D (Dahej). 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.

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.

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Note 4.1 : Property, plant and equipment

As at 31st March, 2019

(Rs. in Crore)

Particulars	Gross carrying amount				Accumulated depreciation				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
Buildings	37.55	0.41	-	37.96	3.84	1.34	-	5.18	32.78
Plant and machinery	101.67	4.00	0.07	105.60	15.16	5.98	0.01	21.13	84.47
Electrical fittings and apparatus	1.39	0.01	0.01	1.39	0.22	0.10	-	0.32	1.07
Furniture and fixtures	0.49	-	-	0.49	0.08	0.04	-	0.12	0.37
Office equipment	0.99	0.09	0.04	1.04	0.43	0.16	0.02	0.57	0.47
Total	**142.09**	**4.51**	**0.12**	**146.48**	**19.73**	**7.62**	**0.03**	**27.32**	**119.16**

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Note 4.2 : Property, plant and equipment

As at 31st March, 2018

(Rs. in Crore)

Particulars	Gross carrying amount				Accumulated depreciation				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
Buildings	35.98	1.57	-	37.55	2.52	1.32	-	3.84	33.71
Plant and machinery	83.65	18.06	0.04	101.67	9.38	5.79	0.01	15.16	86.51
Electrical fittings and apparatus	1.17	0.22	-	1.39	0.13	0.09	-	0.22	1.17
Furniture and fixtures	0.43	0.06	-	0.49	0.05	0.03	-	0.08	0.41
Office equipment	0.94	0.05	-	0.99	0.27	0.16	-	0.43	0.56
Total	**122.17**	**19.96**	**0.04**	**142.09**	**12.35**	**7.39**	**0.01**	**19.73**	**122.36**

Footnotes to Note 4.1 and 4.2:

1 **Assets pledged as security:**
Entire movable and immovable properties (including capital work-in-progress) with the net carrying amount of Rs.120.42 Crore (31st March, 2018 - Rs.122.55 Crore) have been mortgaged and hypothecated to secure borrowings of the Company (Refer note 17).

2 **Capital commitment:**
Refer note 33 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

3 Additions to plant and machinery includes capitalisation of directly attributable costs incurred by TPL - D (Dahej) under various headings.

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Note - 5 : Intangible assets

As at 31st March, 2019

(Rs. in Crore)

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
Computer software	0.56	0.16	-	0.72	0.53	0.06	-	0.59	0.13
Total	**0.56**	**0.16**	**-**	**0.72**	**0.53**	**0.06**	**-**	**0.59**	**0.13**

As at 31st March, 2018

(Rs. in Crore)

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
Computer software	0.53	0.03	-	0.56	0.52	0.01	-	0.53	0.03
Total	**0.53**	**0.03**	**-**	**0.56**	**0.52**	**0.01**	**-**	**0.53**	**0.03**

Footnote:

1 The above computer software has been mortgaged and hypothecated to secure borrowings of the Company [Refer note 17].

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

Note - 6 : Non-current investments

(Rs. in Crore)

	As at 31st March, 2019	As at 31st March, 2018
Contingency reserve investments - statutory (quoted) (at amortised cost) $		
8.32% GOI Bond - 2032	**0.32**	0.32
8.28% GOI Bond - 2027	**0.30**	0.30
7.35% GOI Bond - 2024	**0.32**	0.32
8.40% GOI Bond - 2024	**0.63**	0.63
6.68% GOI Bond - 2031	**0.70**	0.70
7.37% GOI Bond - 2023	**0.78**	-
	3.05	2.27
Aggregate amount of quoted investments	**3.05**	2.27
Aggregate amount of impairment in value of investments	**-**	-
Aggregate amount of market value of quoted investments	**3.12**	2.28

$ 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 16- Contingency reserve]

Note 7 : Non-current loans
Unsecured (considered good unless stated otherwise)

(Rs. in Crore)

	As at 31st March, 2019	As at 31st March, 2018
Security deposits	**0.02**	0.14
	0.02	0.14

Note 8 : Other non-current assets
Unsecured (considered good unless stated otherwise)

(Rs. in Crore)

	As at 31st March, 2019	As at 31st March, 2018
Prepaid expenses	**0.33**	0.47
Unamortised premium for leasehold land	**3.92**	4.10
	4.25	4.57

Note - 9 : Inventories
(valued at lower of cost and net realizable value)

(Rs. in Crore)

	As at 31st March, 2019	As at 31st March, 2018
Stores and spares	**3.21**	4.96
Loose tools	**0.01**	0.01
	3.22	4.97

Footnotes:

1 The cost of stores and spares inventories recognised as an expense includes Rs. (0.89) Crore (Previous year - Rs. 0.44 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.

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Note - 10 : Trade receivables

(Rs. in Crore)

	As at 31st March, 2019	As at 31st March, 2018
Trade receivables		
Secured - Considered good	**17.80**	11.34
Unsecured - Considered good	**(*)**	(*)
	17.80	11.34

Footnotes:
1 Refer note 40 for credit risk related disclosures.
2 Refer note 17 for charge on current assets including trade receivables.

Note - 11 : Cash and cash equivalents

(Rs. in Crore)

	As at 31st March, 2019	As at 31st March, 2018
Balances with banks		
Balance in current accounts	**0.01**	0.01
	0.01	0.01
Cash on hand	**(*)**	(*)
	0.01	0.01

Note 12 : Current loans
Unsecured (considered good unless stated otherwise)

(Rs. in Crore)

	As at 31st March, 2019	As at 31st March, 2018
Security deposits	**0.02**	0.02
	0.02	0.02

Note 13 : Other current financial assets
Unsecured (considered good unless stated otherwise)

(Rs. in Crore)

	As at 31st March, 2019	As at 31st March, 2018
Interest accrued on non-current investments	**0.05**	0.02
Unbilled revenue (including revenue gap / surplus)[Refer note 41]	**24.69**	2.14
	24.74	2.16
Other advances / receivables		
Considered good	**-**	3.66
	-	3.66
	24.74	5.82

Note 14 : Other current assets
Unsecured (considered good unless stated otherwise)

(Rs. in Crore)

	As at 31st March, 2019	As at 31st March, 2018
Advances for goods and services	**0.03**	0.05
Balances with government authorities	**0.01**	-
Prepaid expenses	**0.46**	0.48
Unamortised premium for leasehold land	**0.19**	0.19
	0.69	0.72

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Note - 15 : Head Office Account
(Refer Note 2.1 (v))

(Rs. in Crore)

	As at 31st March, 2019	As at 31st March, 2018
Balance at the beginning of the year	**(24.12)**	(51.82)
Add : Retained earnings transferred from reserves and surplus	**15.50**	(5.54)
Less : Inter branch / Head Office transactions, net	**11.37**	33.24
Balance at the end of the year	**2.75**	(24.12)

Note - 16 : Other equity

(Rs. in Crore)

	As at 31st March, 2019	As at 31st March, 2018
Reserves and surplus		
Contingency reserve	**3.80**	2.99
Retained earnings	**4.05**	(4.83)
Impact on adoption of Ind AS 115 [Refer note 41]	**12.26**	
	20.11	(1.84)
Less : Transfer to contingency reserve	**(0.81)**	**(0.71)**
Less: Retained earnings transferred to Head office Account	**(15.50)**	**5.54**
	3.80	2.99

Footnotes:

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

2 Retained earnings:
The retained earnings reflects surplus/deficit in the statement of Profit and Loss, which is transferred to Head office Account.

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Note - 17 : Non-current borrowings
(Refer Note 2.1 (iv))

(Rs. in Crore)

	As at 31st March, 2019	As at 31st March, 2018
Non-current borrowings		
Secured loans - at amortised cost		
Term loans @		
From banks	**64.23**	71.00
	64.23	71.00

@ After considering unamortised expense of Rs. 0.35 Crore as at 31st March, 2019 and Rs. 0.4 Crore as at 31st March, 2018.

(Rs. in Crore)

	As at 31st March, 2019	As at 31st March, 2018
Current maturities		
Secured loans - at amortised cost		
Term loans $		
From banks	**6.77**	6.38
	6.77	6.38
Amount disclosed under the head 'Other current financial liabilities' [Refer note 23]	**(6.77)**	(6.38)
	-	-

$ After considering unamortised expense of Rs. 0.05 Crore as at 31st March, 2019 and Rs. 0.05 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 (Dahej) are mortgaged and hypothecated by way of first pari passu charge in favour of lenders for term loans of Rs.71.40 Crore.

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

(Rs. in Crore)

Financial year	Term loans
2019-2020	6.82
2020-2021	3.86
2021-2022	5.01
2022-2023	2.51
2023-2024	3.08
2024-2025	4.63
2025-2026	5.59
2026-2027	5.98
2027-2028	6.17
2028-2029	6.17
2029-2030	6.17
2030-2031	6.17
2031-2032	5.39
2032-2033	3.85

Net debt reconciliation :

(Rs. in Crore)

	As at 31st March, 2019	As at 31st March, 2018
Cash and cash equivalents	**0.01**	0.01
Current borrowings	**(10.00)**	-
Non-current borrowings (including current maturities and interest accrued but not due)	**(71.40)**	(77.83)
	(81.39)	(77.82)

	Other assets	Liabilities from financing		Total
	Cash and cash equivalent	Current borrowing	Non-current borrowing	
Net balance as at 1st April, 2017	(*)	-	(81.65)	(81.65)
Cash flows, net	0.01	-	3.82	3.83
Interest expense	-	-	6.85	6.85
Interest paid	-	-	(6.85)	(6.85)
Net balance as at 31st March, 2018	0.01	-	(77.83)	(77.82)
Cash flows, net	(0.00)	(10.00)	6.43	(3.57)
Interest expense	-	(*)	6.46	6.46
Interest paid	-	(*)	(6.46)	(6.46)
Net balance as at 31st March, 2019	0.01	(10.00)	(71.40)	(81.39)

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Note - 18 : Other non-current financial liabilities

(Rs. in Crore)

	As at 31st March, 2019	As at 31st March, 2018
Security deposits from consumers	34.12	31.37
	34.12	31.37

Note - 19 : Non-current provisions

(Rs. in Crore)

	As at 31st March, 2019	As at 31st March, 2018
Provision for employee benefits		
Provision for compensated absences	0.30	0.23
	0.30	0.23

Note - 20 : Other non-current liabilties

(Rs. in Crore)

	As at 31st March, 2019	As at 31st March, 2018
Deferred revenue		
Contribution received from consumers [Refer Note 32(2)]	22.41	21.46
	22.41	21.46

Note - 21 : Current borrowings

(Rs. in Crore)

	As at 31st March, 2019	As at 31st March, 2018
Unsecured loans		
Loans from Head office *	10.00	-
	10.00	-

*Represent amounts allocated from Head-office. (Refer Note 2.1 (iv))

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Note - 22 : Current trade payables

(Rs. in Crore)

	As at 31st March, 2019	As at 31st March, 2018
Trade payables for goods and services		
Total outstanding dues of micro and small enterprises [Refer note 34]	0.20	0.10
Total outstanding dues other than micro and small enterprises	6.58	2.25
	6.78	2.35

Note - 23 : Other current financial liabilities

(Rs. in Crore)

	As at 31st March, 2019	As at 31st March, 2018
Current maturities of long-term debt [Refer note 17]	6.77	6.38
Book overdraft	2.81	-
Payables for purchase of property, plant and equipment	1.52	1.72
Sundry payables (including for employees related payables)	13.64	34.96
	24.74	43.06

Note - 24 : Other current liabilities

(Rs. in Crore)

	As at 31st March, 2019	As at 31st March, 2018
Credit balances of consumers	0.30	0.37
Service line deposits from consumers	2.77	1.89
Deferred revenue		
Contribution received from consumers [Refer Note 32(2)]	1.61	1.47
Statutory dues	0.49	0.29
Sundry payables (including for electricity duty payable)	0.01	0.04
	5.18	4.06

Note - 25 : Current provisions

(Rs. in Crore)

	As at 31st March, 2019	As at 31st March, 2018
Provision for employee benefits		
Provision for compensated absences	0.04	0.04
	0.04	0.04

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Note - 26 : Revenue from operations

(Rs. in Crore)

	Year ended 31st March, 2019	Year ended 31st March, 2018
Revenue from contracts with customers		
Revenue from power supply [Refer Note 41]	**216.60**	125.94
	216.60	125.94
Other operating income		
Hire of meters	**-**	0.05
Amortisation of deferred revenue		
Contribution received from consumers [Refer note 32(a)(2)]	**1.52**	1.43
Miscellaneous income	**0.20**	0.05
	1.72	1.53
	218.32	127.47

Note - 27 : Other income

(Rs. in Crore)

	Year ended 31st March, 2019	Year ended 31st March, 2018
Interest income from financial assets at amortised cost		
Consumers	**(*)**	0.01
Contingency reserve investments	**0.20**	0.15
Others	**(*)**	-
	0.20	0.16
Miscellaneous income	**2.47**	1.16
	2.67	1.32

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Note - 28 : Employee benefits expense

(Rs. in Crore)

	Year ended 31st March, 2019	Year ended 31st March, 2018
Salaries, wages and bonus	**3.32**	2.24
Contribution to provident and other funds [Refer note 36.1]	**0.28**	0.21
Employees welfare expenses	**0.10**	0.09
Compensated absences	**0.09**	0.05
Gratuity [Refer note 36.2]	**0.07**	0.10
	3.86	2.69
Less: Allocated to capital works, repairs and other relevant revenue accounts	**2.29**	2.46
	1.57	0.23

Note - 29 : Finance costs

(Rs. in Crore)

	Year ended 31st March, 2019	Year ended 31st March, 2018
Interest expense for financial liabilities not classified as fair value through profit or loss		
Term loans	**6.46**	6.85
Working capital loans	**(*)**	(*)
Security deposits from consumers	**2.06**	2.05
Others	**(*)**	(*)
Other borrowing costs	**0.02**	0.07
Amotisation of borrowing costs	**0.05**	0.06
	8.59	9.03

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Note - 30 : Depreciation and amortization expense

(Rs. in Crore)

	Year ended 31st March, 2019	Year ended 31st March, 2018
Depreciation expense on property, plant and equipment	7.62	7.39
Amortization expense on intangible assets	0.06	0.01
	7.68	7.40

Note - 31 : Other expenses

(Rs. in Crore)

	Year ended 31st March, 2019	Year ended 31st March, 2018
Consumption of stores and spares	(0.40)	0.72
Rent and hire charges	1.05	1.02
Repairs to		
Buildings	0.01	0.05
Plant and machinery	3.12	2.96
Others	0.03	0:05
	3.16	3.06
Insurance	0.10	0.07
Rates and taxes	0.01	(*)
Vehicle running expenses	0.48	0.48
Electricity expenses	0.26	0.22
Security expenses	0.85	0.84
Water charges	0.04	0.04
Corporate social responsibility expenses	0.09	0.03
Loss on sale / discarding of property, plant and equipment	0.08	0.03
Commission to non-executive directors	-	(*)
Directors sitting fees	-	(*)
Auditors remuneration [Refer note 37]	0.06	-
Legal, professional and consultancy fees	0.63	0.58
Donations [Refer note 38]	0.32	0.02
Bad debts written off (net of recovery)	-	(*)
Miscellaneous expenses	0.59	0.45
	7.32	7.56
Less: Allocated to capital works, repairs and other relevant revenue accounts	0.14	0.15
	7.18	7.41

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Note 32: 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**

(Rs. in Crore)

	As at 31st March, 2019	As at 31st March, 2018
Opening balance	**22.93**	17.87
Add: Contribution received during the year	**2.61**	6.49
Less: Amortisation of contribution transferred to statement of profit and loss [Refer note 26]	**(1.52)**	(1.43)
Closing balance	**24.02**	22.93
Non-current portion [Refer note 20]	**22.41**	21.46
Current portion [Refer note 24]	**1.61**	1.47
	24.02	22.93

Note 33: Contingent liabilities and Capital commitments

(a) Contingent liabilities

TPL - D (Dahej) 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.

(b) Capital commitments

(Rs. in Crore)

	As at 31st March, 2019	As at 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	**0.58**	0.37

Note 34: 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 (Dahej) and the required disclosures are

		As at 31st March, 2019	As at 31st March, 2018
(a)	Principal amount remaining unpaid [Refer notes 22 and 23]	**0.20**	0.10
(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	-	-
(ii)	Interest paid under section 16 of the MSMED Act, to the suppliers, beyond the appointed day during the year	-	-
(d)	The amount of interest due and payable for the year (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	**(*)**	-
(e)	The amount of interest accrued and remaining unpaid [b+d]	**(*)**	-
(f)	The amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible	-	-

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Note 35: Operating lease

TPL- D (Dahej)'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 (Dahej) has not entered into any material financial lease. TPL- D (Dahej) does not have any non-cancellable lease.

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

Note 36: Emloyee benefit plans

36.1 Defined contribution plan

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

TPL- D (Dahej)'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 (Dahej)'s superannuation scheme for qualifying employees is administered through its various superannuation trust funds. TPL- D (Dahej)'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 (Dahej) has no further obligation in respect of such plans beyond the contributions made.

TPL- D (Dahej)'s contribution to provident, pension and superannuation funds aggregating to Rs. 0.28 Crore and to employees state insurance scheme of Rs. (*) Crore (Previous year - Rs. 0.21 Crore & (*) Crore respectively) has been recognised in the statement of profit and loss under the head employee benefits expense [Refer note 28].

36.2 Defined benefit plans

(a) Gratuity

TPL- D (Dahej) 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 the TPL- D (Dahej) scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. The gratuity benefits payable to the employees are based on the tenure of employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by TPL- D (Dahej). In case of death while in service, the gratuity is payable irrespective of vesting.

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

(b) Risk exposure to defined benefit plans

The plans typically expose TPL- D (Dahej) 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 weighted average duration of the gratuity plan based on average future service is 15 years (Previous year - 15 years).

(e) Expected contribution to the plan for the next annual reporting period is Rs.0.10 Crore (Previous year - Rs. 0.10 Crore).

36.3 Other long-term employee benefit obligations

The leave obligation covers TPL- D (Dahej)'s liability for sick and earned leave. Under these compensated absences plans, leave encashment is payable to all eligible employees on separation from the TPL- D (Dahej) 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 19, 25 and 28 for the leave encashment provision / change in the balance sheet and statement of profit and loss.

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Note 37: Auditors remuneration (including taxes)

(Rs. in Crore)

	Year ended 31st March, 2019	Year ended 31st March, 2018
As auditor		
Audit fees	**(*)**	-
Other services- certificates etc.	**0.06**	-
	0.06	-

Note 38: Donations include political contributions as under

(Rs. in Crore)

	Year ended 31st March, 2019	Year ended 31st March, 2018
Prudent Electoral Trust	**0.32**	0.02
	0.32	0.02

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Note 39: Related party disclosures

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 (Dahej). It does not include transactions between the units and its head office.

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

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), Khatiyu 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 Mehta, 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.**

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Note 39: Related party disclosures (Contd.)

(b) Related party transactions

(Rs. in Crore)

	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	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
	31.03.19	31.03.18	31.03.19	31.03.18	31.03.19	31.03.18	31.03.19	31.03.18	31.03.19	31.03.18	31.03.19	31.03.18
Nature of transactions												
Sale of electricity	-	-	-	-	-	-	-	-	8.78	7.91	8.78	7.91
Torrent Pharmaceuticals Ltd.	-	-	-	-	-	-	-	-	8.78	7.91	8.78	7.91

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

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Note 39: Related party disclosures (Contd.)

(c) Related party balances

(Rs. in Crore)

	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		Total	
	As at 31.03.19	As at 31.03.18	As at 31.03.19	As at 31.03.18	As at 31.03.19	As at 31.03.18	As at 31.03.19	As at 31.03.18	As at 31.03.19	As at 31.03.18	As at 31.03.19	As at 31.03.18
Balances at the end of the year												
Trade receivables	-	-	-	-	-	-	-	-	0.66	0.67	0.66	0.67
Torrent Pharmacueticals Ltd.	-	-	-	-	-	-	-	-	0.66	0.67	0.66	0.67

(d)Terms and conditions of outstanding balances

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

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Note 40: Financial instruments and risk review

(a) Categories of financial instruments

(Rs. in Crore)

	As at 31st March, 2019 Carrying value	Fair value	As at 31st March, 2018 Carrying value	Fair value
Financial assets				
Measured at amortised Cost				
Cash and cash equivalents	**0.01**	**0.01**	0.01	0.01
Investment in bonds and debentures	**3.05**	**3.05**	2.27	2.27
Trade receivables	**17.80**	**17.80**	11.34	11.34
Loans	**0.04**	**0.04**	0.16	0.16
Other financial assets	**24.74**	**24.74**	5.82	5.82
	45.64	**45.64**	19.60	19.60
Financial liabilities				
Measured at amortised Cost				
Borrowings	**74.23**	**74.23**	71.00	71.00
Trade payables	**6.78**	**6.78**	2.35	2.35
Other financial liabilities	**58.86**	**58.86**	74.43	74.43
	139.87	**139.87**	147.78	147.78

(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.

(c) Financial risk management objectives

The financial risk management objectives are decided at the Company's level. TPL- D (Dahej)'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 (Dahej)'s operations, routine and projects capital expenditure. TPL- D (Dahej)'s principal financial assets include loans, advances, trade and other receivables and cash and cash equivalents that derive directly from its operations.

TPL- D (Dahej)'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 (Dahej)'s primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. TPL - D (Dahej)'s senior management oversees the management of these risks. It advises on financial risks and the appropriate financial risk governance framework for TPL- D (Dahej).

Foreign currency risk

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

Interest rate risk

Most of TPL- D (Dahej)'s borrowings are on a floating rate of interest. TPL- D (Dahej) has exposure to interest rate risk, arising principally on changes in Marginal Cost of Funds based Lending Rate (MCLR). TPL- D (Dahej) 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 (Dahej)'s fixed and floating rate borrowings:

(Rs. in Crore)

	As at 31st March. 2019	As at 31st March. 2018
Floating rate borrowings^	**81.40**	77.83
	81.40	77.83

^ Gross amount including unamortised expense.

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Note 40: Financial instruments and risk review

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 .

(Rs. in Crore)

	Year ended 31st March, 2019	Year ended 31st March, 2018
Impact on profit before tax - increase in 50 basis points	**(0.41)**	(0.39)
Impact on profit before tax - decrease in 50 basis points	**0.41**	0.39

Credit risk

Trade receivables
(1) Exposures to credit risk:
TPL- D (Dahej) 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 (Dahej) 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 (Dahej) is dependent on the domestic market for its business and revenues.

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

(4) Age of receivables and expected credit loss
TPL- D (Dahej) 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	**17.80**	**-**
	17.80	**-**

As at 31st March, 2018

(Rs. in Crore)

	Gross trade receivables	Allowance for doubtful Debt
Less than or equal to 6 months	11.34	-
	11.34	-

Other financial assets

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

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Note 40: Financial instruments and risk review

Liquidity risk

Liquidity risk is the risk that TPL- D (Dahej) 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 (Dahej) 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 (Dahej)'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 (Dahej) 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 (Dahej) 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^	-	14.46	50.13	64.59
Other financial liabilities	-	-	34.12	34.12
	-	14.46	84.25	98.71
Current financial liabilities				
Borrowings	10.00	-	-	10.00
Trade payables	6.78	-	-	6.78
Other financial liabilities^	24.79	-	-	24.79
	41.57	-	-	41.57
Total financial liabilities	41.57	14.46	84.25	140.28

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^	-	16.41	54.99	71.40
Other financial liabilities	-	-	31.37	31.37
	-	16.41	86.36	102.77
Current financial liabilities				
Trade payables	2.35	-	-	2.35
Other financial liabilities^	43.11	-	-	43.11
	45.46	-	-	45.46
Total financial liabilities	45.46	16.41	86.36	148.23

^ Gross amount including unamortised expense.

TORRENT POWER LIMITED

Price Waterhouse Chartered Accountants LLP
LLPIN AAC-5001
FRN 012754N/N500016
Ahmedabad

TORRENT POWER LIMITED
Dahej Distribution Area

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

Note 41: Change due to transition to Ind AS - 115"Revenue from Contracts with Customers"

TPL-D (Dahej) 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 (Dahej) had been recognizing the Fuel and Power Purchase Price Adjustment ("FPPPA") claims as and when approved by the regulatory authorities and the truing up adjustment claims as and when these were billed to consumers subsequent to approval by the regulatory authorities.

TPL-D (Dahej) 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 (Dahej) 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 (Dahej) has not recognized those true up adjustment claims which are subject of dispute and for which TPL-D (Dahej) 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. 12.26 Crore and sundry payables is lower by an equivalent amount.

Had the above change in revenue recognition policy not been there, the revenue from operations for the year ended March 31, 2019 would have been lower by Rs. 24.11 Crores, there would have been loss for the year of Rs. 20.05 Crores instead of profit for the year of Rs. 4,06 Crores and accordingly, retained earnings would have been lower by Rs. 36.37 Crores, unbilled revenue would have been lower by Rs. 15.05 Crores and Sundry payables would have been higher by Rs. 21.32 Crores as at March 31, 2019.

Note 42:

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 42

In terms of our report attached

For Torrent Power Limited

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

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

Naimesh Shah
Authorised Signatory

Date AHMEDABAD
Place: SEPT 09, 2019