Torrent Power Limited

Ahmedabad Supply Area

TPL-D (Ahmedabad)

Price Waterhouse Chartered Accountants LLP

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

Torrent Power Limited - Ahmedabad and Gandhinagar Distribution Area

Report on financial statements

1. This report is issued in accordance with the terms of our agreement dated February 12, 2020.

2. We have audited the accompanying Balance sheet as at March 31, 2020, 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 Ahmedabad and Gandhinagar Distribution license Area [TPL- D (Ahmedabad)] 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.

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 (Ahmedabad) as at March 31, 2020;
      (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

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.

9. We draw attention to Note 42 to the financial statements which explains the uncertainties and the management's assessment of the financial impact due to the lockdown and other restrictions related to the COVID-19 pandemic situation, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve.

   Our opinion is not modified in respect of these matters.

Other Matters

10. The financial statements dealt with by this report, have been prepared for the express purpose of submission to the GERC.

11. The Company has prepared its statutory financial statements for the year ended March 31, 2020 in accordance with Companies Act 2013 on which we issued an unmodified opinion vide our audit report dated May 18, 2020.

    Our opinion is not modified in respect of these matters.

Restriction on Use

12. 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.

13. This report is addressed to the Board of Directors of the Company and has been prepared only for the purpose set out in paragraph 10 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

Nitin Khatri
Partner
Membership Number: 110282
UDIN: 20110282AAAAFU7744
Place: Mumbai
Date: September 09, 2020

TORRENT POWER LIMITED
Ahmedabad and Gandhinagar Distribution Area

Balance sheet as at March 31, 2020

(₹ in Crore)

	Note	As at March 31, 2020	As at March 31, 2019
Assets			
Non-current assets			
Property, plant and equipment	4	**4,331.46**	4,171.06
Right-of-use asset	5	**21.38**	-
Capital work-in-progress		**406.39**	188.08
Intangible assets	6	**5.17**	5.74
Financial assets			
Investments	7	**4.89**	4.26
Loans	8	**1.36**	1.36
Other non-current assets	9	**46.17**	62.79
		4,816.82	4,433.29
Current assets			
Inventories	10	**117.99**	133.26
Financial assets			
Trade receivables	11	**475.88**	474.63
Cash and cash equivalents	12	**12.93**	16.18
Loans	13	**2.52**	2.48
Other financial assets	14	**1,239.45**	1,121.58
Other current assets	15	**6.34**	2.46
		1,855.11	1,750.59
		6,671.93	6,183.88
Equity and liabilities			
Equity			
Head Office Account	16	**836.27**	705.30
Other equity	17	**33.41**	32.81
		869.68	738.11
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	18	**1,777.01**	1,850.18
Other financial liabilities	19	**2.13**	-
Provisions	20	**47.44**	36.88
Other non-current liabilities	21	**748.64**	677.31
		2,575.22	2,564.37
Current liabilities			
Financial liabilities			
Borrowings	22	**955.00**	880.00
Trade payables	23		
Total outstanding dues of micro and small enterprises		**4.77**	6.74
Total outstanding dues other than micro and small enterprises		**660.33**	623.53
Other financial liabilities	24	**1,222.67**	982.91
Other current liabilities	25	**346.21**	369.37
Provisions	26	**38.05**	18.85
		3,227.03	2,881.40
		6,671.93	6,183.88

See accompanying notes forming part of the financial statements

In terms of our report attached

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

Nitin Khatri
Partner
Membership No : 110282
Place : Mumbai
Date : September 09, 2020

For Torrent Power Limited

Naimesh Shah
Authorised Signatory

Place : Ahmedabad
Date : September 09, 2020

TORRENT POWER LIMITED
Ahmedabad and Gandhinagar Distribution Area

Statement of Profit And Loss For The Year Ended March 31, 2020

(₹ in Crore)

	Note	Year ended March 31, 2020	Year ended March 31, 2019
Income			
Revenue from operations	27	5,941.01	5,953.35
Other income	28	23.41	30.92
Total income		5,964.42	5,984.27
Expenses			
Electrical energy purchased		4,561.31	4,900.49
Employee benefits expense	29	146.57	119.48
Finance costs	30	300.80	272.14
Depreciation and amortization expense	31	268.05	247.49
Other expenses	32	205.81	211.68
Total expenses		5,482.54	5,751.28
Profit for the year		481.88	232.99
Other comprehensive income			
Items that will not be reclassified to profit or loss	37		
Remeasurement of the defined benefit plans		(21.09)	(2.31)
Other comprehensive income for the year		(21.09)	(2.31)
Total comprehensive income for the year		460.79	230.68

See accompanying notes forming part of the financial statements

In terms of our report attached

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

Nitin Khatri
Partner
Membership No : 110282
Place : Mumbai
Date : September 09, 2020

For Torrent Power Limited

Naimesh Shah
Authorised Signatory

Place : Ahmedabad
Date : September 09, 2020

TORRENT POWER LIMITED
Ahmedabad and Gandhinagar Distribution Area

Statement of Cash Flow
for the year ended March 31,2020

	Note	Year ended March 31, 2020	(₹ in Crore) Year ended March 31, 2019
Cash flow from operating activities			
Profit for the year		481.88	232.99
Adjustments for :			
Depreciation and amortization expense	31	268.05	247.49
Amortisation of deferred revenue	27	(49.14)	(41.73)
Loss on sale / discarding of property, plant and equipment	32	3.15	3.56
Gain on disposal of property, plant and equipment	28	(1.46)	(5.31)
Bad debts written off (net of recovery)	32	(0.12)	0.49
Allowance for doubtful debts (net)	32	4.08	4.43
Finance costs	30	300.80	272.14
Interest income	28	(12.20)	(12.29)
Operating profit before working capital changes		995.04	701.77
Movement in working capital:			
Adjustments for decrease / (increase) in operating assets:			
Inventories		15.27	13.31
Trade receivables		(5.22)	(11.47)
Loans		(0.04)	(0.13)
Other financial assets		(117.85)	(280.95)
Other assets		(9.88)	(37.15)
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		34.83	170.48
Other financial liabilities		49.61	84.82
Provisions		8.66	1.53
Other liabilities		(24.03)	36.76
Net cash flow generated from operating activities		**946.39**	678.97
Cash flow from investing activities			
Payments for property, plant and equipment & intangible assets		(604.36)	(680.10)
Proceeds from sale of property, plant and equipment		2.93	9.00
Purchase of non-current investments		(0.63)	(0.68)
Interest received		12.19	12.27
Net cash generated from / (used in) investing activities		**(589.87)**	(659.51)
Cash flow from financing activities			
Inter Branch / HO Office transactions, net		(329.22)	(229.91)
Proceeds from long-term borrowings		260.00	232.35
Proceeds from short-term borrowings		75.00	275.00
Prepayment long-term borrowings		(52.57)	(52.24)
Repayment of long-term borrowings		(132.88)	(88.45)
Repayment of APDRP loan		(2.26)	(2.26)
Receipt of contribution from consumers		121.34	122.92
Principal elements of finance lease payments		(0.25)	-
Finance costs paid		(298.93)	(277.91)
Net cash generated from / (used) in financing activities		**(359.77)**	(20.50)
Net (decrease) / increase in cash and cash equivalents		**(3.25)**	**(1.04)**
Cash and cash equivalents as at beginning of the year		**16.18**	17.22
Cash and cash equivalents as at end of the year		**12.93**	16.18

TORRENT POWER LIMITED AHMEDABAD

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

TORRENT POWER LIMITED
Ahmedabad and Gandhinagar Distribution Area

Statement of Cash Flow
for the year ended March 31,2020
See accompanying notes forming part of the financial statements

	Year ended March 31, 2020	(₹ in Crore) Year ended March 31, 2019
Footnotes:		
1. Cash and cash equivalents as at end of the year:		
Balance with Banks		
Balance in current accounts	**12.84**	16.12
Cash on hand	**0.09**	0.06
	12.93	16.18

2. The statement of cash flow has been prepared under the 'Indirect Method' set out in Indian Accounting Standards (IND AS)- 7 - "Statement of Cash Flows".

3. Proceeds from long-term borrowings and short-term borrowings represent amounts allocated from Head Office. (Refer Note 2.1 (v))

In terms of our report attached

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

Nitin Khatri
Partner
Membership No : 110282
Place : Mumbai
Date : September 09, 2020

For Torrent Power Limited

Naimesh Shah
Authorised Signatory

Place : Ahmedabad
Date : September 09, 2020

TORRENT POWER LIMITED
Ahmedabad and Gandhinagar Distribution Area

Statement of Changes In Equity for the year ended March 31, 2020

Other equity [Refer Note 17]

(₹ in Crore)

	Reserves and surplus			Total
	Contingency reserve	Special reserve	Retained earnings	
Balance as at April 1, 2018	3.00	29.21	-	32.21
Impact on adoption of Ind AS 115 [Refer note 43]	-	-	528.15	528.15
Restated balance as at April 1, 2018	3.00	29.21	528.15	560.36
Profit for the year	-	-	232.99	232.99
Other comprehensive income for the year	-	-	(2.31)	(2.31)
Total comprehensive income for the year	-	-	230.68	230.68
Transfer to contingency reserve	0.60	-	(0.60)	-
Transfer to Head Office Account	-	-	(758.23)	(758.23)
Balance as at March 31, 2019	3.60	29.21	-	32.81
Balance as at April 1, 2019	3.60	29.21	-	32.81
Profit for the year	-	-	481.88	481.88
Other comprehensive income for the year	-	-	(21.09)	(21.09)
Total comprehensive income for the year	-	-	460.79	460.79
Transfer to contingency reserve	0.60	-	(0.60)	-
Transfer to Head Office Account	-	-	(460.19)	(460.19)
Balance as at March 31, 2020	4.20	29.21	-	33.41

In terms of our report attached

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

Nitin Khatri
Partner
Membership No : 110282
Place : Mumbai
Date : September 09, 2020

For Torrent Power Limited

Naimesh Shah
Authorised Signatory
Place : Ahmedabad
Date : September 09, 2020

AHMEDABAD AND GHANDHINAGAR DISTRIBUTION AREA

Note 1A: General information

These special purpose financial statements comprising of the Balance sheet as at March 31, 2020, 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 Ahmedabad and Gandhinagar Distribution license Area [TPL- D (Ahmedabad)] 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 (Ahmedabad) operates in electricity distribution activities in Ahmedabad and Gandhinagar 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 (Ahmedabad)

TPL-D (Ahmedabad) has applied the following Ind AS for the first time for its annual reporting period commencing April 01, 2019:

Ind AS - 116 "Leases"

The Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards), 2019 on March 30, 2019 which includes Ind AS - 116 "Leases". TPL-D (Ahmedabad) has applied Ind AS 116, Leases for the first time for their annual reporting period commencing April 01, 2019.

TPL-D (Ahmedabad) had to change its accounting policy as a result of adopting Ind AS 116. This is disclosed in note 2.14.

Other amendments:

On March 30, 2019, the Ministry of Corporate Affairs (MCA) notified certain other amendments to Indian Accounting Standards (Ind AS), as part of the Companies (Indian Accounting Standards) Second Amendment Rules, 2019.

i) Ind AS – 19 "Employee benefits", Plan amendment, curtailment or settlement
ii) Ind AS - 23 "Borrowing costs"
iii) Ind AS 109 "Financial Instruments", Prepayment Features with Negative Compensation

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

TORRENT POWER LIMITED AHMEDABAD

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

TORRENT POWER LIMITED

Ahmedabad and Gandhinagar Distribution Area

Notes forming part of the financial statements for the year ended March 31, 2020

Note 2: Significant accounting policies

2.1 Basis of preparation:

Compliance with Ind AS

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

As prescribed by the Ind AS, if the particular Ind AS is not in conformity with the applicable laws, the provisions of the said law shall prevail and financial statements shall be prepared in conformity with such laws. Consequently, TPL-D (Ahmedabad) 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, 2020 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 (Ahmedabad).

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

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

(iii) Basis of allocation of common expenditure:

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

(iv) Power Purchase Cost:

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

(v) Loan balances:

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

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

TORRENT POWER LIMITED AHMEDABAD

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

(vi) 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 (Ahmedabad) also gets transferred to Head Office account as at the year end.

(vii) Events after the Reporting Period

These financial statements do not reflect the effects of events that occurred subsequent to May 18, 2020 i.e. the date on which the statutory financial statements of the Company for the year ended March 31, 2020 were authorized by the Board of Directors, for the purpose of comparability.

Historical cost convention

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

- Defined benefit plan assets

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

2.2 Government grants:

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

Government grants relating to income are recognised in profit or loss on a systematic basis over the periods in which TPL-D (Ahmedabad) 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 (Ahmedabad) 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 and accumulated impairment losses, except that on adoption of Ind AS, property, plant and equipment had been measured at deemed cost, using the net carrying value as per previous GAAP as at April 01, 2015.

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

Subsequent cost are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to TPL-D (Ahmedabad) 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.

TORRENT POWER LIMITED AHMEDABAD

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

TORRENT POWER LIMITED
Ahmedabad and Gandhinagar Distribution Area
Notes forming part of the financial statements for the year ended March 31, 2020

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
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 and accumulated impairment losses. 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.

TORRENT POWER LIMITED AHMEDABAD

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

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]

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 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. Revenue from power supply excludes taxes and duties.

These adjustments / accruals are carried forward as 'Unbilled revenue' under "Other current financial assets" in Note 14, 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.

TORRENT POWER LIMITED AHMEDABAD

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

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 TPL-D (Ahmedabad).

Transactions and balances

In preparing the financial statements of TPL-D (Ahmedabad), 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 (Ahmedabad)'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.

The exchange differences relating to long term foreign currency monetary items, recognised in the financial statement upto March 31, 2016, in so far as they relate to acquisition of depreciable capital assets is adjusted to the cost of such capital asset and depreciated over the balance useful life of such asset.

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 (Ahmedabad) 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

TORRENT POWER LIMITED AHMEDABAD

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

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

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

Contingent liability

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise are disclosed as contingent liability and not provided for. Such liability is not disclosed if the possibility of outflow of resources is remote.

Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

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

TORRENT POWER LIMITED AHMEDABAD

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

2.13 Financial instruments:

Financial assets

i) Classification of financial assets (including debt instruments)

TPL-D (Ahmedabad) 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 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.

TORRENT POWER LIMITED AHMEDABAD

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

iv) Impairment of financial assets

TPL-D (Ahmedabad) 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 (Ahmedabad) follows 'simplified approach' for recognition of impairment loss and always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, TPL-D (Ahmedabad) 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 derecognised (i.e. removed from TPL-D (Ahmedabad)'s balance sheet) when:

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

When the entity has transferred an asset, TPL-D (Ahmedabad) 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 (Ahmedabad) has not retained control over the financial asset. Where TPL-D (Ahmedabad) 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 (Ahmedabad) and the amount of income can be measured reliably.

Interest on overdue receivables of energy bills and claims including insurance claims are accounted as and when recovered.

Financial liabilities

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

i) Classification

All TPL-D (Ahmedabad)'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

TORRENT POWER LIMITED AHMEDABAD

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

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 (Ahmedabad) derecognises financial liabilities when, and only when, TPL-D (Ahmedabad)'s obligations are discharged, cancelled or waived off or have expired. An exchange between TPL-D (Ahmedabad) 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:

TPL-D (Ahmedabad) has applied Ind AS 116 for the first time for the annual reporting period commencing April 01, 2019.

TPL-D (Ahmedabad) as a lessee:

From April 01, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by TPL-D (Ahmedabad). Contracts may contain both lease and non-lease components.

Lease liabilities:

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

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

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

Right-of-use assets:

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

TORRENT POWER LIMITED AHMEDABAD

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

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

Right-of-use assets are depreciated over the asset's lease term on a straight line basis. The leasing arrangements range between 11 months and 99 years generally.

Short term leases and leases of low value assets:

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

2.15 Amount presented and rounding off:

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

TORRENT POWER LIMITED AHMEDABAD

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

TORRENT POWER LIMITED
Ahmedabad and Gandhinagar Distribution Area
Notes forming part of the financial statements for the year ended March 31, 2020

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 (Ahmedabad) 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 (Ahmedabad) 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 (Ahmedabad) has not recognized those truing up adjustment claims which are subject of dispute and for which TPL-D (Ahmedabad) is in appeal with regulatory authorities.

3.2 Property, plant and equipment:

Service concession arrangements

TPL-D (Ahmedabad) 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 (Ahmedabad) 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 (Ahmedabad) estimates the credit allowance as per practical expedient based on historical credit loss experience as enumerated in note 41.

3.4 Contingencies:

Contingent liabilities

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

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

TORRENT POWER LIMITED

Ahmedabad and Gandhinagar Distribution Area

Notes forming part of the financial statements for the year ended March 31, 2020

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
Ahmedabad and Gandhinagar Distribution Area
Notes forming part of the financial statements for the year ended March 31, 2020

Note - 4 : Property, plant and equipment

Note - 4.1 : Property, plant and equipment - as at March 31, 2020

(₹ in Crore)

PARTICULARS	Gross carrying amount					Accumulated depreciation				Net carrying amount
	As at April 1, 2019	Additions during the year	Deductions during the year	Adjustments	As at March 31, 2020	As at April 1, 2019	For the year	Deductions during the year	As at March 31, 2020	As at March 31, 2020
Property, plant and equipment										
Freehold land	159.54	2.34	-	-	161.88	-	-	-	-	161.88
Buildings	327.04	26.02	-	0.10	353.16	28.21	10.86	-	39.07	314.09
Plant and machinery	4,391.81	387.18	7.64	2.14	4,773.49	726.18	247.80	3.35	970.63	3,802.86
Electrical fittings and apparatus	7.81	0.83	-	-	8.64	2.82	0.62	-	3.44	5.20
Furniture and fixtures	5.66	0.91	-	-	6.57	1.36	0.39	-	1.75	4.82
Vehicles	2.39	0.37	0.36	-	2.40	0.77	0.22	0.25	0.74	1.66
Office equipments	46.89	9.56	0.32	0.08	56.21	10.74	4.61	0.09	15.26	40.95
Total	**4,941.14**	**427.21**	**8.32**	**2.32**	**5,362.35**	**770.08**	**264.50**	**3.69**	**1,030.89**	**4,331.46**

TORRENT POWER LIMITED * AHMEDABAD

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

TORRENT POWER LIMITED
Ahmedabad and Gandhinagar Distribution Area
Notes forming part of the financial statements for the year ended March 31, 2020

Note - 4 : Property, plant and equipment

Note -4.2 : Property, plant and equipment - as at March 31, 2019

(₹ in Crore)

PARTICULARS	Gross carrying amount					Accumulated depreciation				Net carrying amount
	As at April 1, 2018	Additions during the year	Deductions during the year	Adjustments	As at March 31, 2019	As at April 1, 2018	For the year	Deductions during the year	As at March 31, 2019	As at March 31, 2019
Property, plant and equipment										
Freehold land	137.43	22.11	-	-	159.54	-	-	-	-	159.54
Buildings	281.51	45.52	-	0.01	327.04	18.75	9.46	-	28.21	298.83
Plant and machinery	3,849.66	549.20	11.20	4.15	4,391.81	499.18	231.10	4.10	726.18	3,665.63
Electrical fittings and apparatus	7.71	0.10	-	-	7.81	2.07	0.75	-	2.82	4.99
Furniture and fixtures	5.13	0.53	-	-	5.66	0.99	0.37	-	1.36	4.30
Vehicles	2.29	0.24	0.14	-	2.39	0.59	0.26	0.08	0.77	1.62
Office equipments	28.15	18.84	0.12	0.02	46.89	7.56	3.21	0.03	10.74	36.15
Total	**4,311.88**	**636.54**	**11.46**	**4.18**	**4,941.14**	**529.14**	**245.15**	**4.21**	**770.08**	**4,171.06**

Footnotes to Note 4.1 and Note 4.2 :

1 Assets pledged as security:
Entire movable and immovable properties (including capital work-in-progress) with the net carrying amount of ₹4737.85 Crore (March 31, 2019 - ₹4359.14 Crore) have been mortgaged and hypothecated to secure borrowings of the Company (Refer note 18).

2 Capital commitment:
Refer note 34 (b) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

3 Adjustments during the year include capitalisation of borrowing costs of ₹2.32 Crore (Previous year - ₹ 4.18 Crore), which are directly attributable to purchase / construction of qualifying assets in accordance with Ind AS - 23 "Borrowing Costs".

4 Capital work-in-progress include borrowing costs of ₹11.08 Crore (March 31, 2019- ₹ 2.65 Crore), which are directly attributable to purchase / construction of qualifying assets in accordance with Ind AS - 23 "Borrowing Costs".

5 The weighted average rate for capitalisation of borrowing cost relating to general borrowing is 9.00% (Previous year 8.68%)

6 Additions to plant and machinery includes capitalisation of directly attributable costs incurred by [TPL- D (Ahmedabad)] under various headings.

TORRENT POWER LIMITED * AHMEDABAD

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

TORRENT POWER LIMITED
Ahmedabad and Gandhinagar Distribution Area
Notes forming part of the financial statements for the quarter ended March 31, 2020

Note 5 : Right-of-use assets

As at March 31, 2020

(₹ in Crore)

Particulars	Gross carrying amount					Accumulated depreciation					Net carrying amount
	As at April 1, 2019	Transition impact of Ind AS 116	Additions during the year	Deductions during the year	As at March 31, 2020	As at April 1, 2019	Transition impact of Ind AS 116	For the year	Deductions during the year	As at March 31, 2020	As at March 31, 2020
Land	-	25.30	-	-	25.30	-	3.48	0.44	-	3.92	21.38
Total	**-**	**25.30**	**-**	**-**	**25.30**	**-**	**3.48**	**0.44**	**-**	**3.92**	**21.38**

Footnote:
1 Refer note 36 for disclosure relating to right-of-use asset.

TORRENT POWER LIMITED * AHMEDABAD

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

TORRENT POWER LIMITED
Ahmedabad and Gandhinagar Distribution Area
Notes forming part of the financial statements for the year ended March 31, 2020

Note - 6 : Other intangible assets

As at March 31, 2020

(₹ in Crore)

PARTICULARS	Gross carrying amount				Accumulated amortization				Net carrying amount
	As at April 1, 2019	Additions during the year	Deductions during the year	As at March 31, 2020	As at April 1, 2019	For the year	Deductions during the year	As at March 31, 2020	As at March 31, 2020
Computer Software	14.37	2.54	-	16.91	8.63	3.11	-	11.74	5.17
Total	**14.37**	**2.54**	**-**	**16.91**	**8.63**	**3.11**	**-**	**11.74**	**5.17**

As at March 31, 2019

(₹ in Crore)

PARTICULARS	Gross carrying amount				Accumulated amortization				Net carrying amount
	As at April 1, 2018	Additions during the year	Deductions during the year	As at March 31, 2019	As at April 1, 2018	For the year	Deductions during the year	As at March 31, 2019	As at March 31, 2019
Computer Software	9.33	5.04	-	14.37	6.29	2.34	-	8.63	5.74
Total	**9.33**	**5.04**	**-**	**14.37**	**6.29**	**2.34**	**-**	**8.63**	**5.74**

Footnote:

1 The above computer software has been mortgaged and hypothecated to secure borrowings of the Company [Refer note 18].

TORRENT POWER LIMITED AHMEDABAD

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

Note - 7 : Non-current investments

(₹ in Crore)

	As at March 31, 2020	As at March 31, 2019
Contingency reserve investments - statutory (quoted) (at amortised cost) $		
8.28% GOI Bond - 2032	**0.59**	0.59
8.97% GOI Bond - 2030	**0.60**	0.60
8.28% GOI Bond - 2027	**0.60**	0.60
7.35% GOI Bond - 2024	**0.60**	0.60
8.40% GOI Bond - 2024	**0.60**	0.60
6.68% GOI Bond -2031	**0.59**	0.59
7.37% GOI Bond -2023	**0.68**	0.68
7.57% GOI Bond -2033	**0.63**	-
	4.89	4.26
Aggregate amount of quoted investments	**4.89**	4.26
Aggregate amount of market value of quoted investments	**5.31**	4.44

$ 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 17 - Contingency Reserve).

Note 8 : Non-current loans
Unsecured (considered good unless stated otherwise)

(₹ in Crore)

	As at March 31, 2020	As at March 31, 2019
Security deposits	**1.36**	1.36
	1.36	1.36

Note 9 : Other non-current assets
Unsecured (considered good unless stated otherwise)

(₹ in Crore)

	As at March 31, 2020	As at March 31, 2019
Capital advances	**3.14**	6.38
Balances with government authority	**43.03**	37.34
Unamortised premium for leasehold land	**-**	19.07
	46.17	62.79

TORRENT POWER LIMITED AHMEDABAD

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

Note - 10 : Inventories
(valued at lower of cost and net realizable value)

(₹ in Crore)

	As at March 31, 2020	As at March 31, 2019
Stores and spares	117.34	132.80
Loose tools	0.65	0.46
	117.99	133.26

Footnotes:

1 The cost of stores and spares inventories recognised as an expense includes ₹2.19 Crore (Previous year - ₹1.93 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 - 11 : Trade receivables

(₹ in Crore)

		As at March 31, 2020	As at March 31, 2019
Trade receivables			
Secured	- Considered good	357.63	339.08
Unsecured	- Considered good	118.25	135.55
	- Credit impaired	21.30	17.22
		497.18	491.85
Less: Allowance for bad and doubtful debts		21.30	17.22
		475.88	474.63

Footnote:
1 Refer note 41 for credit risk related disclosures.
2 Refer note 18 for charge on current assets including trade receivables.

Note - 12 : Cash and cash equivalents

(₹ in Crore)

	As at March 31, 2020	As at March 31, 2019
Balances with banks		
Balance in current accounts	12.84	16.12
	12.84	16.12
Cash on hand	0.09	0.06
	12.93	16.18

Note 13 : Current loans
Unsecured (considered good unless stated otherwise)

(₹ in Crore)

	As at March 31, 2020	As at March 31, 2019
Security deposits	2.52	2.48
	2.52	2.48

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

(₹ in Crore)

	As at March 31, 2020	As at March 31, 2019
Interest accrued on non-current investments	0.08	0.07
Unbilled revenue (including revenue gap / surplus) [Refer note 43]	1,239.36	1,121.48
	1,239.44	1,121.55
Other advances		
Considered good	0.01	0.03
	0.01	0.03
	1,239.45	1,121.58

TORRENT POWER LIMITED AHMEDABAD

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

TORRENT POWER LIMITED
Ahmedabad and Gandhinagar Distribution Area
Notes forming part of the financial statements for the year ended March 31, 2020

Note 15 : Other current assets
Unsecured (considered good unless stated otherwise)

(₹ in Crore)

	As at March 31, 2020	As at March 31, 2019
Advances for goods and services	**1.57**	0.21
Balances with government authorities	**0.70**	0.18
Prepaid expenses	**4.07**	1.76
Unamoritsed premium for leasehold land	**-**	0.31
	6.34	2.46

TORRENT POWER LIMITED AHMEDABAD

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

TORRENT POWER LIMITED
Ahmedabad and Gandhinagar Distribution Area
Notes forming part of the financial statements for the year ended March 31, 2020

Note - 16 : Head Office Account
(Refer Note 2.1 (vi))

(₹ in Crore)

	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	**705.30**	176.98
Add : Retained earnings transferred from reserves and surplus	**460.19**	758.23
Less : Inter branch / Head Office transactions, net	**(329.22)**	(229.91)
Balance at the end of the year	**836.27**	705.30

Note - 17 : Other equity

(₹ in Crore)

	As at March 31, 2020	As at March 31, 2019
Reserves and surplus		
Contingency reserve	**4.20**	3.60
Special reserve	**29.21**	29.21
Retained earnings	**460.79**	230.68
Impact on account of IND AS 115 [Refer Note 43]	**-**	528.15
Less : Transfer to contingency reserve	**(0.60)**	(0.60)
Less : Retained earnings Transferred to Head Office Account	**(460.19)**	(758.23)
	33.41	32.81

Footnotes:

1 Contingency reserve:

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

2 Special reserve:

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

3 Retained earnings:

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

TORRENT POWER LIMITED AHMEDABAD

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

TORRENT POWER LIMITED
Ahmedabad and Gandhinagar Distribution Area
Notes forming part of the financial statements for the year ended March 31, 2020

Note - 18 : Non-current borrowings
(Refer Note 2.1 (v))

		(₹ in Crore)
	As at March 31, 2020	As at March 31, 2019
Non-current borrowings		
Secured loans - at amortised cost		
Non convertible debentures		
10.35% Series 1	**280.01**	420.00
	280.01	420.00
Term loans @		
From banks	**1,487.07**	1,417.99
	1,487.07	1,417.99
	1,767.08	1,837.99
Unsecured loans - at amortised cost		
Term loans		
From Government of India under Accelerated Power Development and Reform Programme (APDRP)	**9.93**	12.19
	9.93	12.19
	1,777.01	1,850.18

@ After considering unamortised expense of ₹ 4.43 Crore as at .March 31, 2020, (₹ 4.31 Crore as at March 31, 2019)

		(₹ in Crore)
	As at March 31, 2020	As at March 31, 2019
Current maturities		
Secured loans - at amortised cost		
Non convertible debentures		
10.35% Series 1	**139.99**	-
Term loans $		
From banks	**163.32**	158.03
	303.31	158.03
Unsecured loans - at amortised cost		
Term loans		
From Government of India under Accelerated Power Development and Reform Programme (APDRP)	**2.26**	2.26
	2.26	2.26
	305.57	160.29
Amount disclosed under the head "Other current financial liabilities" (note 24)	**(305.57)**	(160.29)
	-	-

$ After considering unamortised expense of ₹ 0.75 Crore as at .March 31, 2020, (₹ 0.69 Crore as at March 31, 2019)

Foot notes:

1 Nature of security:
The entire immovable and movable assets including current assets, both present and future, of the Company are mortgaged and hypothecated by way of first pari passu charge in favour of lenders for term loans of ₹1655.57 Crore and non convertible debentures of ₹420 Crore.

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

		(₹ in Crore)
Financial year	**Term loans**	**Non convertible debentures**
2020-2021	166.33	139.99
2021-2022	129.19	139.99
2022-2023	105.81	140.02
2023-2024	102.97	
2024-2025	122.11	
2025-2026	157.85	
2026-2027	164.75	
2027-2028	168.28	
2028-2029	132.31	
2029-2030	142.71	
2030-2031	116.71	
2031-2032	82.20	
2032-2033	76.54	

3 In view of the extension of time granted vide a circular of Reserve Bank of India (RBI), RBI/2019-20/186 dated March 27, 2020 for the payment of interest and principal for term loans falling due between March 1, 2020 and May 31, 2020, the Company has availed the moratorium.

TORRENT POWER LIMITED
Ahmedabad and Gandhinagar Distribution Area
Notes forming part of the financial statements for the year ended March 31, 2020

Note - 19 : Other non-current financial liabilities

(₹ in Crore)

	As at March 31, 2020	As at March 31, 2019
Lease liabilities	2.13	-
	2.13	-

Note - 20 : Non-current provisions

(₹ in Crore)

	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Provision for compensated absences	47.44	36.88
	47.44	36.88

Note - 21 : Other non-current liabilties

(₹ in Crore)

	As at March 31, 2020	As at March 31, 2019
Deferred revenue		
Contribution received from consumers [Refer Note 33(a)(ii)]	695.09	627.80
Capital grant from government [Refer Note 33(b)(ii)]	12.66	14.17
Sundry payables	40.89	35.34
	748.64	677.31

TORRENT POWER LIMITED AHMEDABAD

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

Note - 22 : Current borrowings

(₹ in Crore)

	As at March 31, 2020	As at March 31, 2019
Unsecured loans		
Loans from Head Office*	**955.00**	880.00
	955.00	880.00

*Represents amount allocated from Head office. [Refer Note 2.1 (v)]

Net debt reconciliation :

Cash and cash equivalents	12.93	16.18
Current borrowings	(955.00)	(880.00)
Non-current borrowings (including current maturities and interest accrued but not due)	(2,101.07)	(2,016.20)
	(3,043.14)	(2,880.02)

	Other assets	Liabilities from financing activities		Total
	Cash and cash equivalent	Current borrowing	Non-current borrowing	
Net balance as at April 01, 2018	**17.22**	**(605.00)**	**(1,926.79)**	**(2,514.57)**
Cash flows, net	(1.04)	(275.00)	(89.41)	(365.45)
Interest expense	-	(51.05)	(183.25)	(234.30)
Interest paid	-	51.05	183.25	234.30
Net balance as at March 31, 2019	**16.18**	**(880.00)**	**(2,016.20)**	**(2,880.02)**
Cash flows, net	(3.25)	(75.00)	(72.29)	(150.54)
Interest expense	-	(72.17)	(188.57)	(260.74)
Interest paid	-	72.17	175.99	248.16
Net balance as at March 31, 2020	**12.93**	**(955.00)**	**(2,101.07)**	**(3,043.14)**

Note - 23 : Current trade payables

(₹ in Crore)

	As at March 31, 2020	As at March 31, 2019
Trade payables for goods and services		
Total outstanding dues of micro and small enterprises [Refer note 35]	**4.77**	6.74
Total outstanding dues other than micro and small enterprises	**660.33**	623.53
	665.10	630.27

Note - 24 : Other current financial liabilities

(₹ in Crore)

	As at March 31, 2020	As at March 31, 2019
Current maturities of long-term debt [Refer note 18]	**305.57**	160.29
Interest accrued but not due on loans and security deposits	**13.31**	0.73
Book overdraft	**-**	8.71
Security deposits from consumers @	**815.27**	743.32
Other deposits	**2.49**	2.39
Payables for purchase of property, plant and equipment^	**63.93**	31.89
Lease liabilities	**0.25**	-
Sundry payables (including for employees related payables)	**21.85**	35.58
	1,222.67	982.91

@Notwithstanding the fact that security deposits from consumers in TPL-D (Ahmedabad)'s business, which is in the nature of utility, are generally not repayable within a period of twelve months based on historical experience, such deposits amounting to ₹ 729.63 Crore as at March 31, 2019 that were earlier included as part of Other non-current financial liabilities have now been included under Other current financial liabilities pursuant to a Opinion issued by Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India pertaining to consumer deposits in another case.

^ including dues to micro and small enterprises for ₹ 0.04 Crore (March 31, 2019 - ₹ 1.06) [Refer note 35]

POWER LIMITED AHMEDABAD

Waterhouse Chartered Accountants LLPIN AAC-5001

TORRENT POWER LIMITED
Ahmedabad and Gandhinagar Distribution Area
Notes forming part of the financial statements for the year ended March 31, 2020

Note - 25 : Other current liabilities

(₹ in Crore)

	As at March 31, 2020	As at March 31, 2019
Credit balances of consumers	**48.95**	39.99
Service line deposits from consumers	**137.85**	192.53
Deferred revenue		
Contribution received from consumers [Refer Note 33(a)(ii)]	**50.18**	43.77
Capital grant from government [Refer Note 33(b)(ii)]	**1.50**	1.49
Statutory dues	**107.73**	91.59
	346.21	369.37

Note - 26 : Current provisions

(₹ in Crore)

	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Provision for gratuity [Refer note 37.2(d)]	**26.97**	7.59
Provision for compensated absences	**11.08**	11.26
	38.05	18.85

TORRENT POWER LIMITED AHMEDABAD

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

TORRENT POWER LIMITED
Ahmedabad and Gandhinagar Distribution Area
Notes forming part of the financial statements for the year ended March 31, 2020

Note - 27 : Revenue from operations

	Year ended March 31, 2020	(₹ in Crore) Year ended March 31, 2019
Revenue from contracts with customers [Refer footnotes below]		
Revenue from power supply	**5,873.01**	5,887.81
	5,873.01	5,887.81
Less: Discount for prompt payment of bills	**-**	(0.01)
	5,873.01	5,887.82
Other operating income		
Hire of meters	**-**	1.31
Insurance claim receipt	**0.02**	0.02
Amortisation of deferred revenue		
Contribution received from consumers [Refer Note 33(a)(ii)]	**47.64**	40.23
Capital grant from government [Refer Note 33(b)(ii)]	**1.50**	1.50
Miscellaneous income	**18.84**	22.47
	68.00	65.53
	5,941.01	5,953.35

Footnotes:

1 Disclosure given above presents disaggregated revenue from contracts with customers. TPL-D (Ahmedabad) believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by market and other economic factors.

2 Timing of revenue recognition: All revenues of TPL-D (Ahmedabad) are recognised at a point in time.

Note - 28 : Other income

	Year ended March 31, 2020	(₹ in Crore) Year ended March 31, 2019
Interest income from financial assets at amortised cost		
Consumers	**11.84**	11.98
Contingency reserve investments	**0.36**	0.31
	12.20	12.29
Miscellaneous income	**9.75**	13.32
Gain on disposal of property, plant and equipment	**1.46**	5.31
	23.41	30.92

TORRENT POWER LIMITED AHMEDABAD

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

TORRENT POWER LIMITED
Ahmedabad and Gandhinagar Distribution Area
Notes forming part of the financial statements for the year ended March 31, 2020

Note - 29 : Employee benefits expense

(₹ in Crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	**201.17**	191.10
Contribution to provident and other funds (Refer note 37.1)	**12.85**	11.65
Employees welfare expenses	**10.11**	6.58
Compensated absences	**14.73**	6.91
Gratuity (Refer note 37.2(e)(3))	**5.76**	5.39
	244.62	221.63
Less: Allocated to capital works, repairs and other relevant revenue accounts	**98.05**	102.15
	146.57	119.48

Note - 30 : Finance costs

(₹ in Crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Interest expense for financial liabilities classified as amortised cost		
Term loans	**145.10**	139.78
Non convertible debentures	**43.47**	43.47
Working capital loans	**-**	0.01
Security deposits from consumers	**48.60**	42.12
Lease liabilities	**0.20**	-
Others	**72.17**	51.05
Other borrowing costs	**0.96**	1.12
Amotisation of borrowing costs	**1.04**	0.72
	311.54	278.27
Less: Allocated to capital works	**10.74**	6.13
	300.80	272.14

TORRENT POWER LIMITED AHMEDABAD *

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

TORRENT POWER LIMITED
Ahmedabad and Gandhinagar Distribution Area
Notes forming part of the financial statements for the year ended March 31, 2020

Note - 31 : Depreciation and amortization expense

(₹ in Crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation expense on property, plant and equipment	**264.50**	245.15
Depreciation expense on right-of-use asset	**0.44**	-
Amortization expense on intangible assets	**3.11**	2.34
	268.05	247.49

Note - 32 : Other expenses

(₹ in Crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Consumption of stores and spares	**27.85**	30.64
Rent and hire charges	**1.18**	1.45
Repairs to		
Buildings	**1.03**	3.27
Plant and machinery	**109.40**	100.20
Others	**1.03**	0.41
	111.46	103.88
Insurance	**3.38**	2.47
Rates and taxes	**3.88**	3.07
Vehicle running expenses	**12.82**	13.20
Electricity expenses	**9.43**	9.20
Security expenses	**13.90**	9.07
Miscellaneous expenses	**25.77**	29.78
Corporate social responsibility expenses	**-**	5.29
Loss on sale / discarding of property, plant and equipment	**3.15**	3.56
Commission to non-executive directors	**1.94**	1.80
Directors sitting fees	**0.18**	0.23
Auditors remuneration (Refer note 38)	**0.45**	0.41
Legal, professional and consultancy fees	**8.95**	6.90
Donations (Refer note 39)	**-**	10.02
Loss on foreign currency transactions	**-**	*
Bad debts written off (net of recovery)	**(0.12)**	0.49
Allowance for doubtful debts (net)	**4.08**	4.43
	228.30	235.89
Less: Allocated to capital works, repairs and other relevant revenue accounts	**22.49**	24.21
	205.81	211.68

TORRENT POWER LIMITED AHMEDABAD

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

TORRENT POWER LIMITED
Ahmedabad and Gandhinagar Distribution Area
Notes forming part of the financial statements for the year ended March 31, 2020

Note 33: Deferred revenue

(a) Contribution received from consumers

(1) Nature of contribution received from consumers
Contributions received from consumers towards the item of property, plant and equipment (PP&E) has been recognised as deferred revenue.

(2) Movement of contribution received from consumers

(₹ in Crores)

	As at March 31, 2020	As at March 31, 2019
Opening balance	**671.57**	588.88
Add: Contribution received during the year	**121.34**	122.92
Less: Amortisation of contribution transferred to statement of profit and loss (Refer Note 27)	**(47.64)**	(40.23)
Closing balance	**745.27**	671.57
Non-current portion (Refer Note 21)	**695.09**	627.80
Current portion (Refer Note 25)	**50.18**	43.77
	745.27	671.57

(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 the TPL-D (Ahmedabad). There are no unfulfilled conditions or other contingencies attached to these grant.

(2) Movement of government grant

(₹ in Crores)

	As at March 31, 2020	As at March 31, 2019
Opening balance	**15.66**	17.16
Less: Amortisation of grant transferred to statement of profit and loss (Refer Note 27)	**(1.50)**	(1.50)
Closing balance	**14.16**	15.66
Non-current portion (Refer Note 21)	**12.66**	14.17
Current portion (Refer Note 25)	**1.50**	1.49
	14.16	15.66

TORRENT POWER LIMITED AHMEDABAD

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

TORRENT POWER LIMITED
Ahmedabad and Gandhinagar Distribution Area
Notes forming part of the financial statements for the year ended March 31, 2020

Note 34: Contingent liabilities and capital commitments

(a) Contingent liabilities

	As at March 31, 2020	As at March 31, 2019
		(₹ in Crores)
Disputed sales tax matters	**0.96**	-
Claims against TPL-D (Ahmedabad) not acknowledged as debt	**5.81**	5.40

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

Footnotes :

1 Management believes that its position on the aforesaid indirect tax demands and other claims against TPL-D (Ahmedabad) will likely be upheld in the appellate process and accordingly no provision has been made in financial statements for such demands.

2 In respect of the above, the expected outflow will be determined at the time of final resolution of the dispute/matters. No reimbursement is expected.

(b) Capital commitments

	As at March 31, 2020	As at March 31, 2019
		(₹ in Crores)
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		
Property, plant and equipment	**209.89**	196.80

TORRENT POWER LIMITED AHMEDABAD

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

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

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

(₹ in Crores)

		As at March 31, 2020	As at March 31, 2019
(a)	Principal amount remaining unpaid [Refer Note 23 and 24]	4.81	7.72
(b)	Interest due thereon	-	0.02
(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	0.96	5.12
	(ii) Interest paid under section 16 of the MSMED Act, to the suppliers, beyond the appointed day during the year	0.01	0.04
(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)	*	0.07
(e)	The amount of interest accrued and remaining unpaid [b+d]	*	0.09
(f)	The amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

Note 36: Operating lease

This note explains the impact of the adoption of Ind AS 116, Leases on TPL-D (Ahmedabad)'s financial statements.

(i) Amounts recognised in balance sheet

The balance sheet shows the following amounts relating to leases:

Right-of-use assets

(₹ in Crores)

Particulars	Note	As at March 31, 2020	As at April 1, 2019
Land	5	21.38	21.82
Total		**21.38**	**21.82**

Lease Liabilities

(₹ in Crores)

Particulars	Note	As at March 31, 2020	As at April 1, 2019
Current	24	0.25	0.25
Non-current	19	2.13	2.19
Total		**2.38**	**2.44**

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

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

(₹ in Crores)

Particulars	Note	Year ended March 31, 2020
Depreciation charge of right-of-use assets	31	0.44
Interest expense (included in finance costs)	30	0.20
Expense relating to short-term leases (included in other expenses)	40	0.93
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in other expenses)	40	0.15
Total		**1.72**

(iii) Maturities of lease liabilities as at March 31, 2020:

(₹ in Crores)

	Non-current lease liabilities	Current lease liabilities
Less than 1 year	-	0.25
Between 1 year and 5 years	1.00	-
5 years and above	3.25	-
Total	**4.25**	0.25

(iv) Impact on the financial statements due to change in accounting policy on leases

TPL-D (Ahmedabad) has adopted Ind AS 116 retrospectively from April 01, 2019, but has not restated comparatives for year ended March 31, 2019, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on April 01, 2019. The new accounting policies are disclosed in note 2.14.

On adoption of Ind AS 116, TPL-D (Ahmedabad) recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of April 01, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on April 01, 2019 was 9.00%.

POWER LIMITED AHMEDABAD

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

(a) Practical expedients applied :

In applying Ind AS 116 for the first time, TPL-D (Ahmedabad) has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- accounting for operating leases with a remaining lease term of less than 12 months as at April 1, 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date. TPL-D (Ahmedabad) relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, Determining whether an Arrangement contains a Lease.

(b) Measurement of lease liabilities:

	(₹ in Crores)
Operating lease commitments disclosed as at March 31, 2019 *	-
Discounted using the lessee's incremental borrowing rate at the date of initial application	
Add: finance lease liabilities recognised as at March 31, 2019	
(Less): short-term leases not recognised as a liability	-
(Less): low-value leases not recognised as a liability	-
Add/(less): contracts reassessed as lease contracts	-
Add/(less): adjustments as a result of a different treatment of extension and termination options ^	2.44
Add/(less): adjustments relating to changes in the index or rate affecting variable payments	
Lease liability recognised as at April 1, 2019	2.44

*TPL-D (Ahmedabad)'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 or can be terminated at the option of TPL-D (Ahmedabad) during the tenure of the lease term. Further TPL-D (Ahmedabad) has not entered into any material financial lease. Accordingly there were no future minimum lease payments under non-cancellable operating leases required to be disclosed under the previous standard Ind AS 17.

^TPL-D (Ahmedabad) has extension and termination options available in the lease contracts and the majority of extension and termination options are exercisable by TPL-D (Ahmedabad). Accordingly TPL-D (Ahmedabad) on adoption of Ind AS 116 Leases has recognised such lease liabilities by measuring present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of April 01, 2019.

(c) Adjustments recognised in the balance sheet on April 1, 2019

The change in accounting policy affected the following items in the balance sheet on April 1, 2019:

- Right-of-use assets – increased by ₹ 21.82 Crore
- Prepayments – decreased by ₹ 19.38 Crore
- Lease liabilities – increased by ₹ 2.44 Crore

Note 37: Emloyee benefit plans

37.1 Defined contribution plan

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

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

TPL-D (Ahmedabad)'s contribution to provident, pension, superannuation funds and employees state insurance scheme aggregating to ₹ 12.85 Crore (Previous year -₹ 11.65 Crore) has been recognised in the statement of profit and loss under the head employee benefits expense [Refer note 29].

37.2 Defined benefit plans

(a) Gratuity

TPL-D (Ahmedabad) operates through a gratuity trust plan covering all its employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or TPL-D (Ahmedabad) 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 (Ahmedabad). In case of death while in service, the gratuity is payable irrespective of vesting.

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

(b) Risk exposure to defined benefit plans

The plans typically expose TPL-D (Ahmedabad) 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.

TORRENT POWER LIMITED AHMEDABAD

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

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 were carried out at March 31,2020. 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 purposes of the actuarial valuations were as follows.

	As at March 31, 2020	As at March 31, 2019
Discount rate	**6.93%**	7.92%
Salary escalation rate	**8.50%**	8.50%

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

Balances of defined benefit plan

(₹ in Crores)

	As at March 31, 2020	As at March 31, 2019
Present value of funded defined benefit obligation	**148.66**	123.48
Fair value of plan assets	**121.69**	115.89
Net (asset) / liability [Refer Note 26]	**26.97**	7.59

(e) Expenses recognised for defined benefit plan and movement of plan assets and liabilities
Following are the amount recognised in statement of profit and loss, other comprehensive income, movement in defined benefit liability and movement in plan assets:

(₹ in Crores)

	Funded plan- Gratuity	
	As at March 31, 2020	As at March 31, 2019
(1) Movements in the present value of the defined benefit obligation:		
Obligation at the beginning of the year	**123.48**	123.07
Current service cost	**5.16**	4.91
Interest cost	**9.78**	9.58
Actuarial (gains) / losses from changes in demographic assumptions	**1.24**	-
Actuarial (gains) / losses arising changes in financial assumptions	**10.91**	(0.97)
Actuarial (gains) / losses from experience adjustments	**12.21**	2.65
Liability transferred in	**1.05**	0.18
Liability transferred out	**(0.82)**	(0.13)
Benefits paid directly by employer	**(0.12)**	(0.17)
Benefits paid	**(14.23)**	(15.64)
Obligation at the end of the year	**148.66**	123.48
(2) Movements in the fair value of the plan assets:		
Plan assets at the beginning of the year, at fair value	**115.89**	116.84
Interest income	**9.18**	9.09
Return on plan assets (excluding interest income)	**3.27**	(0.63)
Contributions	**7.58**	6.23
Benefits paid	**(14.23)**	(15.64)
Plan assets at the end of the year, at fair value	**121.69**	115.89
(3) Gratuity cost recognized in the statement of profit and loss		
Current service cost	**5.16**	4.91
Interest cost, net	**0.60**	0.48
Net gratuity cost recognized in the statement of profit and loss [Refer Note 29]	**5.76**	5.39

TORRENT POWER LIMITED AHMEDABAD

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

	As at March 31, 2020	(₹ in Crores) As at March 31, 2019
(4) Gratuity cost recognized in the other comprehensive income (OCI)		
Return on plan assets, excluding interest income	**(3.27)**	0.63
Actuarial (gains) / losses	**24.36**	1.68
Net (income) / expense for the period recognized in OCI	**21.09**	2.31

(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 March 31, 2020	(₹ in Crores) As at March 31, 2019
Impact on defined benefit obligation of gratuity		
50 basis points increase in discount rate	**(4.89)**	(2.88)
50 basis points decrease in discount rate	**5.34**	3.08
50 basis points increase in salary escalation rate	**5.23**	1.06
50 basis points decrease in salary escalation rate	**(4.84)**	(4.82)

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 19 years (Previous year - 13 years).

(i) Expected contributions to the plan for the next annual reporting period is ₹ 26.97 Crore (Previous year - ₹ 7.59 Crore).

(j) Cash flow projection from the fund

Projected benefits payable in future years from the date of reporting

	Funded Plan - Gratuity As at March 31, 2020	(₹ in Crores) As at March 31, 2019
1st following year	**15.16**	16.15
2nd following year	**11.22**	9.37
3rd following year	**15.79**	17.45
4th following year	**13.08**	14.85
5th following year	**12.19**	11.81
sum of years 6 to 10th	**38.67**	38.85

37.3 Other long-term employee benefit obligations

The leave obligation covers TPL-D (Ahmedabad)'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 (Ahmedabad) 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 20, 26 and 29 for the leave encashment provision / change in the balance sheet and statement of profit and loss.

TORRENT POWER LIMITED AHMEDABAD

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

TORRENT POWER LIMITED
Ahmedabad and Gandhinagar Distribution Area
Notes forming part of the financial statements for the year ended March 31, 2020

Note 38: Auditors remuneration (including taxes)

(₹ in Crores)

	As at March 31, 2020	As at March 31, 2019
As auditor		
Audit fees	**0.29**	0.27
Other services- certificates etc.	**0.09**	0.07
Reimbursement of expenses	**0.07**	0.07
	0.45	0.41

Note 39: Donations include political contributions as under

(₹ in Crores)

	As at March 31, 2020	As at March 31, 2019
Electoral Bonds	-	7.33
	-	7.33

TORRENT POWER LIMITED AHMEDABAD

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

TORRENT POWER LIMITED
Ahmedabad and Gandhinagar Distribution Area
Notes forming part of the financial statements for the year ended March 31, 2020

Note 40: 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 (Ahmedabad). 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, Latur Renewable Private Limited, TCL Cables Private Limited (w.e.f. November 05, 2019)
3	**Associates**	Wind Two Renergy Private Limited, Wind Four Renergy Private Limited (upto June 04, 2019), Wind Five Renergy Private Limited (upto August 30, 2019), Nani Virani Wind Energy Private Limited (upto December 15, 2018), Ravapar Wind Energy Private Limited (upto December 15, 2018), Khatiyu Wind Energy Private Limited (upto December 15, 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, TPL (DGEN) Superannuation Fund
5	**Key management personnel**	Samir Mehta Markand Bhatt (upto 30th September,2018) Jinal Mehta
6	**Non-Executive Directors**	Sudhir Mehta Pankaj Patel Samir Barua Kiran Karnik (upto March 31, 2019) Keki Mistry Bhavna Doshi Dharmishta Raval Pankaj Joshi (upto December 17, 2019) Sunaina Tomar (w.e.f. February 13, 2020)
7	**Relatives of key management personnel***	Varun Mehta
8	**Enterprise controlled by relatives of key management personnel***	Munjal Bhatt Architects (upto September 30, 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

@ Torrent Private Limited changed to Torrent Investments Private Limited w.e.f April 15, 2020.

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

TORRENT POWER LIMITED * AHMEDABAD

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

TORRENT POWER LIMITED
Ahmedabad and Gandhinagar Distribution Area
Notes forming part of the financial statements for the year ended March 31, 2020
Note 40: Related party disclosures (Contd.)

(b) Related party transactions

(₹ in Crores)

	Subsidiaries		Associates		Employee benefits plans		Key management personnel / Non-Executive Directors		Parent Company / enterprises controlled by the Parent Company / Relatives of key management personnel / enterprises controlled by relatives of key management personnel / entity where the company has 50% voting right		Total	
	Year ended 31.03.20	Year ended 31.03.19	Year ended 31.03.20	Year ended 31.03.19	Year ended 31.03.20	Year ended 31.03.19	Year ended 31.03.20	Year ended 31.03.19	Year ended 31.03.20	Year ended 31.03.19	Year ended 31.03.20	Year ended 31.03.19
Nature of transactions												
Sale of electricity	-	-	-	-	-	-	**0.23**	**0.28**	**0.96**	**1.19**	**1.19**	**1.47**
Torrent Pharmaceuticals Ltd.	-	-	-	-	-	-	-	-	0.93	1.15	0.93	1.15
Executive and Non-executive director	-	-	-	-	-	-	0.23	0.28	-	-	0.23	0.28
UNM Foundation	-	-	-	-	-	-	-	-	0.03	0.04	0.03	0.04
Munjal Bhatt Architects	-	-	-	-	-	-	-	-	-	*	-	*
Services received / remuneration paid	-	-	-	-	-	-	-	-	-	**0.47**	-	**0.47**
Munjal Bhatt Architects	-	-	-	-	-	-	-	-	-	0.47	-	0.47
Transfer of gratuity/leave liability to / (from)	**0.22**	-	-	-	-	-	-	-	**(0.12)**	**0.01**	**0.10**	**0.01**
Mahesh Gas Ltd.	-	-	-	-	-	-	-	-	-	0.01	-	0.01
Torrent Phamaceuticals Ltd	-	-	-	-	-	-	-	-	(0.14)	-	(0.14)	-
Torrent Gas Private Ltd	-	-	-	-	-	-	-	-	0.02	-	0.02	-
Torrent Power Grid Ltd	0.22	-	-	-	-	-	-	-	-	-	0.22	-
Contribution to employee benefit plans (net)	-	-	-	-	**9.83**	**8.17**	-	-	-	-	**9.83**	**8.17**
TPL (Ahmedabad) Gratuity Trust	-	-	-	-	7.58	6.23	-	-	-	-	7.58	6.23
TPL (Ahmedabad) Superannuation Fund	-	-	-	-	2.25	1.94	-	-	-	-	2.25	1.94

TORRENT POWER LIMITED AHMEDABAD

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

TORRENT POWER LIMITED
Ahmedabad and Gandhinagar Distribution Area
Notes forming part of the financial statements for the year ended March 31, 2020
Note 40: Related party disclosures (Contd.)

(c) Related party balances

(₹ in Crores)

	Subsidiaries		Associates		Employee benefits plans		Key management personnel / Non-Executive Directors		Parent Company / enterprises controlled by the Parent Company / Relatives of key management personnel / enterprises controlled by relatives of key management personnel / entity where the company has 50% voting right		Total	
	Year ended 31.03.20	Year ended 31.03.19	Year ended 31.03.20	Year ended 31.03.19	Year ended 31.03.20	Year ended 31.03.19	Year ended 31.03.20	Year ended 31.03.19	Year ended 31.03.20	Year ended 31.03.19	Year ended 31.03.20	Year ended 31.03.19
Balance at the end of the year												
Current liabilities	-	-	-	-	-	-	-	-	**0.02**	-	**0.02**	-
Torrent Gas Private Ltd	-	-	-	-	-	-	-	-	0.02		0.02	-
Trade and other receivables	**(0.22)**	-	-	-	-	-	-	-	**0.14**	**0.08**	**(0.08)**	**0.08**
Torrent Pharmaceuticals Ltd.	-	-	-	-	-	-	-	-	0.14	0.08	0.14	0.08
Torrent Power Grid Ltd	(0.22)	-	-	-	-	-	-	-			(0.22)	-

(d)Terms and conditions of outstanding balances
The Transactions with related parties are made on the terms equivalent to those that prevail in arm's length transactions.
Outstanding balances at the year-end are unsecured and settlement is expected to occur in cash.

TORRENT POWER LIMITED * AHMEDABAD

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

Note 41: Financial instruments and risk review

(a) Categories of financial instruments

(₹ in Crores)

	As at March 31, 2020		As at March 31, 2019	
	Carrying value	**Fair value**	Carrying value	Fair value
Financial assets				
Measured at amortised Cost				
Cash and cash equivalents	**12.93**	**12.93**	16.18	16.18
Investment in bonds and debentures	**4.89**	**4.89**	4.26	4.26
Trade receivables	**475.88**	**475.88**	474.63	474.63
Loans	**3.88**	**3.88**	3.84	3.84
Other financial assets	**1,239.45**	**1,239.45**	1,121.58	1,121.58
	1,737.03	**1,737.03**	1,620.49	1,620.49
Financial liabilities				
Measured at amortised Cost				
Borrowings	**2,732.01**	**2,750.25**	2,730.18	2,744.79
Trade payables	**665.10**	**665.10**	630.27	630.27
Other financial liabilities	**1,224.80**	**1,224.80**	982.91	982.91
	4,621.91	**4,640.15**	4,343.36	4,357.97

(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) :

(1) Financial liabilities at amortised cost

(₹ in Crores)

	Fair value		**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
	As at March 31, 2020	As at March 31, 2019		
Fixed rate borrowings (Non-Convertible Debentures)	**438.24**	434.61	Level 2	Inputs other than quoted prices that are observable
	438.24	**434.61**		

(c) Financial risk management objectives

The Financial risk management objectives are decided at the Company's level.

TPL-D (Ahmedabad)'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 (Ahmedabad)'s operations, routine and projects capital expenditure. TPL-D (Ahmedabad)'s principal financial assets include loans, advances, trade and other receivables and cash and cash equivalents that derive directly from its operations.

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

TORRENT POWER LIMITED AHMEDABAD

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

Note 41: Financial instruments and risk review (contd.)

Foreign currency risk

TPL-D (Ahmedabad) is exposed to foreign currency risks arising from various currency exposures, primarily with respect to the USD and EURO. 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 (Ahmedabad)'s exposure with regards to foreign currency risk which are not hedged are given below. However, these risks are not significant to TPL-D (Ahmedabad)'s operation and accordingly sensitivity analysis is not given.

Unhedged foreign currency exposures:

(₹ in Crores)

Nature of transactions	Currency	**As at March 31, 2020**	As at March 31, 2019
Financial liabilities			
Trade payable	CHF	**-**	**0.02**

Interest rate risk

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

(₹ in Crores)

	As at March 31. 2020	As at March 31. 2019
Fixed rate borrowings	**432.19**	434.45
Floating rate borrowings^	**2,610.57**	2,461.02
	3,042.76	2,895.47

^ 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 .

(₹ in Crores)

	As at March 31, 2020	As at March 31, 2019
Impact on profit before tax - increase in 50 basis points	**13.05**	12.31
Impact on profit before tax - decrease in 50 basis points	**(13.05)**	(12.31)

Credit risk

Trade receivables

(1) Exposures to credit risk:

TPL-D (Ahmedabad) 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 (Ahmedabad) has established criteria for admission, approval systems, authorisation levels, exposure measurement methodologies, etc. The concentration of credit risk is limited due to the fact that the customer base is large. None of the customers accounted for more than 10% of the receivables and revenue for the year ended March 31, 2020 and March 31, 2019. However, TPL-D (Ahmedabad) is dependent on the domestic market for its business and revenues.

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

TORRENT POWER LIMITED AHMEDABAD

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

TORRENT POWER LIMITED

Ahmedabad and Gandhinagar Distribution Area

Notes forming part of the financial statements for the year ended March 31, 2020

Note 41: Financial instruments and risk review (contd.)

(4) Age of receivables and expected credit loss

TPL-D (Ahmedabad) 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.

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

As at March 31, 2020

(₹ in Crores)

	Gross trade receivables	**Allowance for doubtful Debt**
Less than or equal to 6 months	**473.67**	**4.78**
More than 6 months but less than or equal to 1 year	**5.67**	**4.11**
More than one year	**17.84**	**12.41**
	497.18	**21.30**

As at March 31, 2019

(₹ in Crores)

	Gross trade receivables	Allowance for doubtful Debt
Less than or equal to 6 months	468.71	3.50
More than 6 months but less than or equal to 1 year	5.41	1.93
More than one year	17.73	11.79
	491.85	17.22

(5) Movement in the expected credit loss allowance

(₹ in Crores)

	As at March 31, 2020	As at March 31, 2019
Opening balance	**17.22**	12.79
Movement in expected credit loss allowance on trade receivable, net	**4.08**	4.43
Closing balance [Refer note 11]	**21.30**	17.22

Other financial assets

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

TORRENT POWER LIMITED AHMEDABAD

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

Note 41: Financial instruments and risk review

Liquidity risk
Liquidity risk is the risk that TPL-D (Ahmedabad) 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 (Ahmedabad) 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 (Ahmedabad)'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 (Ahmedabad) can be required to pay. The tables include both interest (accrued upto March 31, 2020) and principal cash flows. The contractual maturity is based on the earliest date on which TPL-D (Ahmedabad) may be required to pay.

As at March 31, 2020

(₹ in Crores)

	Less than 1 year	Between 1 and 5 year	5 years and above	Total
Financial liabilities				
Non current financial liabilities				
Borrowings^	-	740.09	1,041.35	1,781.44
Other financial liabilities^		1.00	3.25	4.25
	-	741.09	1,044.60	1,785.69
Current financial liabilities				
Borrowings	955.00	-	-	955.00
Trade payables	665.10	-	-	665.10
Other financial liabilities^	1,223.42	-	-	1,223.42
	2,843.52	-	-	2,843.52
Total financial liabilities	2,843.52	741.09	1,044.60	4,629.21

As at March 31, 2019

(₹ in Crores)

	Less than 1 year	Between 1 and 5 year	5 years and above	Total
Financial liabilities				
Non current financial liabilities				
Borrowings^	-	854.11	1,000.38	1,854.49
	-	854.11	1,000.38	1,854.49
Current financial liabilities				
Borrowings	880.00	-	-	880.00
Trade payables	630.27	-	-	630.27
Other financial liabilities^	983.60	-	-	983.60
	2,493.87	-	-	2,493.87
Total financial liabilities	2,493.87	854.11	1,000.38	4,348.36

^ Gross amount including unamortised expense.

Note 42: Impact of COVID 19 pandemic

The spread of COVID-19 disease has severely impacted economies, businesses and social set ups across the globe and in India. The spread of COVID-19 and the consequent lock-downs, disruptions in transportation and supply chains, travel bans, quarantines, social distancing and other such emergency measures have caused widespread disruptions in the economy and businesses. The resultant situation is a VUCA situation - Volatile, Uncertain, Complex and Ambiguous and continuously evolving, with no clear visibility of the near to medium term future outlook. In this backdrop, the Company has considered various internal and external information available up to the date of approval of financial statements of the Company in assessing the impact of COVID-19 pandemic. Such assessment carried out for the Company as a whole is also applicable to individual business units including TPL-D (Ahmedabad).

TPL-D (Ahmedabad) is predominantly engaged in the business of distribution of electricity. Since electricity has been categorised as an essential service, TPL-D (Ahmedabad) is in a position to supply power to its customers in the cities of Ahmedabad and Gandhinagar in Gujarat.

However, the disruption has caused a dramatic reduction in immediate electricity demand, mainly in commercial and industrial categories. Based on current assessment, this situation will likely prevail throughout FY 2020-21, with a gradual pick up in electricity demand after the lockdown and associated restrictions are eased.

Management has carried out a detailed assessment of its liquidity position for the next one year from the date of approval of the financial statements of the Company and of the recoverability and carrying values of Property, Plant & Equipment, Trade receivables, Inventory, and Investments as at the balance sheet date.

Based on the Company's liquidity position at March 31, 2020 and review of cash flow projections (after applying sensitivity analysis) over the next twelve months, the management believes the Company will have sufficient liquidity to operate its businesses in the ordinary course.

Based on assessment of the management, in case of licensed distribution business, no additional bad debt provision is required due to largely unaffected collection efficiency and availability of adequate security deposits from customers.

Management has performed a physical inventory verification for most of its locations around the year end and for some locations at a date subsequent to the year end in order to obtain comfort over existence and condition of Inventory after applying roll forward and Roll back, procedures as appropriate. No additional provision is required to the carrying amount of inventory on account of COVID-19 as the inventory has been moving in the ordinary course post the year end.

TORRENT POWER LIMITED AHMEDABAD

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

TORRENT POWER LIMITED
Ahmedabad and Gandhinagar Distribution Area

Notes forming part of the financial statements for the year ended March 31, 2020

Management believes that it has taken into account all the known impacts arising from COVID-19 pandemic in the preparation of the financial statements. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. Management will continue to monitor any material changes to future economic conditions and the impact thereof on the Company and individual business units, if any. The eventual outcome of the impact of the COVID-19 pandemic on the Company's business may be different from that estimated as on the date of approval of the financial statements of the Company.

Note 43: Change due to transition to Ind AS - 115"Revenue from Contracts with Customers"

(a) During the previous year, TPL-D (Ahmedabad) has adopted Ind AS 115, Revenue from Contracts with Customers, from April 01, 2018. The adoption has resulted changes in accounting policies and adjustment to the amounts recognized in the financial statements. Prior to adoption of Ind As 115, TPL-D (Ahmedabad) had been recognising 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 (Ahmedabad) has adopted Ind AS 115 retrospectively with the cumulative effect of initial application recognized in the Opening Retained Earnings on April 01, 2018. TPL-D (Ahmedabad) 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 (Ahmedabad) has not recognized those truing up adjustment claims which are subject of dispute and for which TPL-D (Ahmedabad) is in appeal with regulatory authorities.

Due to the application of Ind AS 115, as at April 01, 2018, Retained Earnings are higher by ₹ 528.15 Crore, unbilled revenue higher by ₹ 528.15 Crore.

Had the above change in revenue recognition policy not been there, the revenue from the operations for the year ended March 31, 2019 would have been lower by Rs. 263.36 Crore, there would have been loss of Rs. 30.37 Crore instead of profit for the year of Rs. 232.99 Crore and accordingly, retained earnings and unbilled revenue as at March 31, 2019 would have been lower by Rs. 788.52 Crore.

(b) Movement in recoverable from consumers and liabilities towards consumers

(₹ in Crores)

Particulars	**As at March 31, 2020**	As at March 31, 2019
Opening balance	1,121.48	312.42
Add: Transition to Ind AS 115	-	528.15
Add: Income accrued during the year as per tariff regulations / orders	1,767.59	1,793.96
Less: Amount billed during the year to the consumers as per tariff orders	(1,649.71)	(1,513.05)
Closing balance	**1,239.36**	**1,121.48**
Disclosed under		
Unbilled revenue [Refer note 14]	1,239.36	1,121.48
	1,239.36	**1,121.48**

Note 44:

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 44

In terms of our report attached

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

Nitin Khatri
Partner
Membership No : 110282
Place : Mumbai
Date : September 09, 2020

For Torrent Power Limited

Naimesh Shah
Authorised Signatory

Place : Ahmedabad
Date : September 09, 2020