

Torrent Power Ltd
Ahmedabad Generation
TPL-G (APP)

Price Waterhouse Chartered Accountants LLP

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

Torrent Power Limited - Ahmedabad Generation Area

Report on financial statements

1. This report is issued in accordance with the terms of our agreement dated July 27, 2023.
2. We have audited the accompanying Balance sheet as at March 31, 2023, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year ended on that date and a summary of significant accounting policies and other explanatory information of these special purpose financial statements (the 'financial statements') to the extent considered relevant for the purpose of Ahmedabad Generation Area [TPL- G (Ahmedabad)] of Torrent Power Limited (the "Company") (hereinafter referred to as 'financial statements'), which we have digitally signed under reference to this report.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Price Waterhouse Chartered Accountants LLP

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

Opinion

7. Based on our audit, we report that:
 - 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 cash flows and statement of changes in equity 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-G (Ahmedabad) as at March 31, 2023;
 - (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 statement of cash flows, 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. Our opinion is not modified in respect of this matter.

Other Matters

9. The financial statements dealt with by this report, have been prepared for the express purpose of submission to the GERC.
10. The Company has prepared its statutory financial statements for the year ended March 31, 2023 in accordance with Companies Act 2013 on which we issued an unmodified opinion vide our audit report dated May 29, 2023.

Our opinion is not modified in respect of these matters.

Price Waterhouse Chartered Accountants LLP

To the Board of Directors
Torrent Power Limited
Report on financial statements
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Restriction on Use

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

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

PRIYANSHU
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GUNDANA

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Date: 2023.09.27 19:13:34
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Priyanshu Gundana
Partner
Membership Number: 109553
UDIN: 23109553BGWNRK8353

Place: Mumbai
Date: September 27, 2023

TORRENT POWER LIMITED
AHMEDABAD GENERATION AREA

Balance sheet
as at March 31, 2023

| | Notes | As at March 31, 2023 | (₹ in Crore) As at March 31, 2022 |
|---|-------|-------------------------|---|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 510.39 | 538.97 |
| Right-of-use assets | 5 | 3.91 | 4.69 |
| Capital work-in-progress | 6 | 2.59 | 2.45 |
| Intangible assets | 7 | 0.33 | 0.76 |
| Financial assets | | | |
| Other financial assets | 8 | 0.03 | 0.03 |
| Other non-current assets | 9 | 0.69 | 0.72 |
| | | <u>517.94</u> | <u>547.62</u> |
| Current assets | | | |
| Inventories | 10 | 252.03 | 182.73 |
| Financial assets | | | |
| Trade receivables | 11 | 4.35 | 1.15 |
| Cash and cash equivalents | 12 | 7.02 | 9.69 |
| Other financial assets | 13 | 13.38 | 13.37 |
| Other current assets | 14 | 7.09 | 6.16 |
| | | <u>283.87</u> | <u>213.10</u> |
| | | <u>801.81</u> | <u>760.72</u> |
| Equity and liabilities | | | |
| Equity | | | |
| Head Office Account | 15 | 535.62 | 458.10 |
| Other equity | 16 | 25.14 | 25.14 |
| | | <u>560.76</u> | <u>483.24</u> |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 17 | 131.97 | 155.97 |
| Lease liabilities | 32 | 4.21 | 4.87 |
| | | <u>136.18</u> | <u>160.84</u> |
| Current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 18 | 23.36 | 14.51 |
| Lease liabilities | 32 | 1.10 | 1.03 |
| Trade payables | 19 | | |
| Total outstanding dues of micro and small enterprises | | 1.51 | 2.86 |
| Total outstanding dues other than micro and small enterprises | | 35.36 | 45.63 |
| Other financial liabilities | 20 | 16.63 | 22.76 |
| Other current liabilities | 21 | 2.37 | 2.73 |
| Provisions | 22 | 24.54 | 27.12 |
| | | <u>104.87</u> | <u>116.64</u> |
| | | <u>801.81</u> | <u>760.72</u> |

See accompanying notes forming part of the financial statements

In terms of our report attached

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

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Date: 2023.09.27 19:11:15
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Priyanshu Gundana
Partner
Membership No.: 109553
Place : Mumbai
Date : September 27, 2023

For Torrent Power Limited

NILESH KHATRI
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Date: 2023.09.27
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Nilesh Khatri
Authorised Signatory

Place: Ahmedabad
Date: September 27, 2023

TORRENT POWER LIMITED
AHMEDABAD GENERATION AREA

Statement of profit and loss

for the year ended March 31, 2023

| | Notes | Year ended March 31, 2023 | (₹ in Crore) Year ended March 31, 2022 |
|--|-------|------------------------------|--|
| Income | | | |
| Revenue from operations | 23 | 1,354.56 | 1,154.20 |
| Other income | 24 | 1.17 | 1.54 |
| Total income | | 1,355.73 | 1,155.74 |
| Expenses | | | |
| Fuel cost | | 1,005.07 | 804.77 |
| Employee benefits expense | 25 | 50.23 | 57.07 |
| Finance costs | 26 | 13.57 | 15.41 |
| Depreciation and amortisation expense | 27 | 51.14 | 49.96 |
| Other expenses | 28 | 121.36 | 108.29 |
| Total expenses | | 1,241.37 | 1,035.50 |
| Profit for the year | | 114.36 | 120.24 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurement of the defined benefit plans | 33 | 1.52 | 0.59 |
| Other comprehensive income for the year | | 1.52 | 0.59 |
| Total comprehensive income for the year | | 115.88 | 120.83 |

See accompanying notes forming part of the financial statements

In terms of our report attached

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

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Priyanshu Gundana
Partner
Membership No.: 109553
Place : Mumbai
Date : September 27, 2023

For Torrent Power Limited

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Nilesh Khatri
Authorised Signatory

Place: Ahmedabad
Date: September 27, 2023

TORRENT POWER LIMITED
AHMEDABAD GENERATION AREA

Statement of cash flows

for the year ended March 31, 2023

| | Notes | Year ended March 31, 2023 | (₹ in Crore) Year ended March 31, 2022 |
|--|-------|------------------------------|--|
| Cash flow from operating activities | | | |
| Profit for the year | | 114.36 | 120.24 |
| Adjustments for : | | | |
| Depreciation and amortisation expense | 27 | 51.14 | 49.96 |
| Provision of earlier years written back | 23 | * | * |
| Loss on sale / discarding of property, plant and equipment | 28 | 0.51 | 0.66 |
| Gain on disposal of property, plant and equipment | 24 | (0.41) | (1.01) |
| Finance costs | 26 | 13.57 | 15.41 |
| Interest income from financial assets at amortised cost | 24 | * | * |
| Net unrealised loss / (gain) on foreign currency transactions | | * | * |
| Operating profit before working capital changes | | 179.17 | 185.26 |
| Movement in working capital: | | | |
| Adjustments for decrease / (increase) in operating assets: | | | |
| Inventories | | (69.30) | (65.81) |
| Trade receivables | | (3.20) | (0.42) |
| Other financial assets | | (0.01) | 0.01 |
| Other assets | | (0.93) | (1.33) |
| Adjustments for increase / (decrease) in operating liabilities: | | | |
| Trade payables | | (11.62) | 22.14 |
| Other financial liabilities | | (6.00) | (4.58) |
| Provisions | | (1.06) | (3.31) |
| Other liabilities | | (0.36) | 0.15 |
| Net cash flow generated from operating activities | | 86.69 | 132.11 |
| Cash flow from investing activities | | | |
| Payments for property, plant and equipment & intangible assets | | (22.43) | (25.99) |
| Proceeds from sale of property, plant and equipment | | 0.74 | 1.77 |
| (Investments) / redemption in bank deposits (net) (original maturity more than three months) | | - | (0.03) |
| Interest received | | * | * |
| Net cash (used in) investing activities | | (21.69) | (24.25) |
| Cash flow from financing activities | | | |
| Inter Branch/Head office transactions, net | | (38.36) | (69.55) |
| Repayment of long-term borrowings | | (8.02) | (15.42) |
| Prepayment of long-term borrowings | | (7.28) | (10.19) |
| Principal elements of lease payments | | (1.03) | (0.96) |
| Finance costs paid | | (12.98) | (14.76) |
| Net cash (used in) financing activities | | (67.67) | (110.88) |
| Net decrease in cash and cash equivalents | | (2.67) | (3.02) |
| Cash and cash equivalents as at beginning of the year | | 9.69 | 12.71 |
| Cash and cash equivalents as at end of the year | | 7.02 | 9.69 |

See accompanying notes forming part of the financial statements

Footnotes:

1 Cash and cash equivalents as at end of the year:

| | As at March 31, 2023 | As at March 31, 2022 |
|-----------------------------|-------------------------|-------------------------|
| Balances with banks | | |
| Balance in current accounts | 7.01 | 9.69 |
| Cash on hand | 0.01 | * |
| | 7.02 | 9.69 |

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

In terms of our report attached

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

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Date: 2023.09.27 19:11:51
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Priyanshu Gundana
Partner
Membership No.: 109553
Place : Mumbai
Date : September 27, 2023

For Torrent Power Limited

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Date: 2023.09.27
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Nilesh Khatri
Authorised Signatory

Place: Ahmedabad
Date : September 27, 2023

TORRENT POWER LIMITED
AHMEDABAD GENERATION AREA

Statement of changes in equity for the year ended March 31, 2023

Head Office Account [Refer note 15]

| | (₹ in Crore) |
|---|---------------|
| Head Office Account | |
| Balance as at April 01, 2021 | 406.82 |
| Add : Retained earnings transferred from reserves and surplus | 120.83 |
| Less : Inter branch / Head Office transactions, net | (69.55) |
| Balance as at March 31, 2022 | 458.10 |
| Balance as at April 01, 2022 | 458.10 |
| Add : Retained earnings transferred from reserves and surplus | 115.88 |
| Less : Inter branch / Head Office transactions, net | (38.36) |
| Balance as at March 31, 2023 | 535.62 |

Other equity [Refer note 16]

| | Reserves and surplus | | (₹ in Crore) |
|--|----------------------|-------------------|---------------|
| | Special reserve | Retained earnings | Total |
| Balance as at April 01, 2021 | 25.14 | - | 25.14 |
| Profit for the year | - | 120.24 | 120.24 |
| Other comprehensive income for the year | - | 0.59 | 0.59 |
| Total comprehensive income for the year | - | 120.83 | 120.83 |
| Transfer to Head office Account | - | (120.83) | (120.83) |
| Balance as at March 31, 2022 | 25.14 | - | 25.14 |
| Balance as at April 01, 2022 | 25.14 | - | 25.14 |
| Profit for the year | - | 114.36 | 114.36 |
| Other comprehensive income for the year | - | 1.52 | 1.52 |
| Total comprehensive income for the year | - | 115.88 | 115.88 |
| Transfer to Head office Account | - | (115.88) | (115.88) |
| Balance as at March 31, 2023 | 25.14 | - | 25.14 |

Footnote:

1. Retained earning includes ₹ (7.59) Crore (March 31, 2022 ₹ (9.11) Crore) related to re-measurement of defined benefit plans.

See accompanying notes forming part of the financial statements

In terms of our report attached

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

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Date: 2023.09.27 19:12:13
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Priyanshu Gundana
Partner
Membership No.: 109553
Place : Mumbai
Date : September 27, 2023

For Torrent Power Limited

NILESH
KHATRI
Digitally signed
by NILESH
KHATRI
Date: 2023.09.27
16:12:17 +05'30'

Nilesh Khatri
Authorised Signatory

Place: Ahmedabad
Date : September 27, 2023

TORRENT POWER LIMITED
AHMEDABAD GENERATION AREA

Notes forming part of the financial statements for the year ended March 31, 2023

Note 1(a): General information

These special purpose financial statements comprising of the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash flows and the Statement of changes in Equity for the year ended on that date and a summary of significant accounting policies and other explanatory information, to the extent considered relevant for the purpose of Ahmedabad Generation Area [TPL-G (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-G (Ahmedabad) operates a coal based power plant of 362 MW. All the units generated are sold to Ahmedabad and Gandhinagar Distribution license area of the Company as per the terms of the tariff order approved by Gujarat Electricity Regulatory Commission (GERC) year on year.

Note 1(b): New standards or interpretations adopted by TPL-G (Ahmedabad)

The Ministry of Corporate Affairs had vide notification dated March 23, 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amended certain accounting standards, and are effective April 01, 2022. These 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.

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

The Ministry of Corporate Affairs has vide notification dated March 31, 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 (the 'Rules') which amends certain accounting standards, and are effective April 01, 2023.

The Rules predominantly amend Ind AS 12, Income taxes, and Ind AS 1, Presentation of financial statements. The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

These amendments are not expected to have a material impact on TPL-G (Ahmedabad) the in the current or future reporting periods and on foreseeable future transactions.

TORRENT POWER LIMITED
AHMEDABAD GENERATION AREA

Notes forming part of the financial statements for the year ended March 31, 2023

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 thereunder.

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-G (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, 2023 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- G (Ahmedabad).

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

In respect of TPL- G (Ahmedabad) and the Company's other distribution units, the transfer price for sale of power has been determined on the basis of the principles stated in the Multi-Year Tariff Regulations as issued by the GERC, read with the Tariff Orders issued by them for TPL-G (Ahmedabad).

(iii) Basis of allocation of common expenditure:

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

(iv) Loan balances:

The borrowings of the Company are 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.

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

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

(vi) Events after the Reporting Period:

These financial statements do not reflect the effects of events that occurred subsequent to May 29, 2023 i.e. the date on which the statutory financial statements of the Company for the year ended March 31, 2023 were authorized by the Board of Directors, for the purpose of comparability.

TORRENT POWER LIMITED
AHMEDABAD GENERATION AREA

Notes forming part of the financial statements for the year ended March 31, 2023

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 Property, plant and equipment:

Freehold land is carried at historical cost. All other items of property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses, 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-G (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.

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 property, plant and equipment which are governed as per the provisions of Part B of Schedule II of the Companies Act, 2013 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 change in estimate in this regard is 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 3.88% |
| Railway siding | 1.80% to 5.28% |
| Plant and machinery | 1.10% to 6.00% |
| Electrical fittings and apparatus | 0.64% to 6.33% |
| Furniture and fixtures | 0.91% to 6.33% |
| Vehicles | 9.50% |

TORRENT POWER LIMITED
AHMEDABAD GENERATION AREA

Notes forming part of the financial statements for the year ended March 31, 2023

| | |
|------------------|-----------------|
| Office equipment | 0.91% to 15.00% |
|------------------|-----------------|

\$ For assets acquired on or after April 01, 2009, remaining depreciable value as on 31st March of the year closing after a period of 12 years from date on which assets are ready for their intended use, shall be spread over the balance useful life of the assets as defined in GERC Multi Year Tariff (MYT) regulations.

2.3 Intangible assets – acquired:

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

2.4 Impairment of assets:

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

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

2.5 Borrowing costs:

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

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

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

2.6 Cash and cash equivalents:

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

TORRENT POWER LIMITED
AHMEDABAD GENERATION AREA

Notes forming part of the financial statements for the year ended March 31, 2023

2.7 Inventories:

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

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

2.8 Revenue recognition:

Revenue towards satisfaction of a performance obligation is measured and recognized at transaction price, when the control of the goods or services has been transferred to consumers net of discounts and other similar allowances.

- (i) Revenue from power supply is accounted for in accordance with the rates, terms and conditions laid down under the relevant Tariff Regulations / Tariff Orders notified by the Electricity Regulator. Revenue recognised includes amounts billed on the basis of schedule generation of energy based on the applicable tariff and adjustments in respect of unbilled/ excess billed amounts towards revenue gaps/surplus 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 'Sundry Payables' under "Other Current Financial Liabilities" in Note 20, which would be adjusted through future billing based on tariff determination by the regulator in accordance with the electricity regulations.

- (ii) Income from Generation Based Incentive is accounted on accrual basis considering eligibility of project for availing incentive.

2.9 Foreign currency translation:

Functional and presentation currency

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

Transactions and balances

In preparing the financial statements of TPL-G (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 arising on foreign currency borrowings are presented in the Statement of profit and loss, within finance costs. All other foreign exchange differences arising on settlement of monetary items or on reporting TPL-G (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.

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Notes forming part of the financial statements for the year ended March 31, 2023

2.10 Employee benefits:

Defined contribution plans

Contributions to retirement benefit plans in the form of provident fund, employee state insurance scheme, pension scheme and superannuation schemes as per regulations are charged as an expense on an accrual basis when employees have rendered the service. TPL-G (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 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 recognised in the balance sheet represents the actual deficit or surplus in the TPL-G (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.

2.11 Provisions, contingent liabilities and contingent assets:

Provisions

A provision is recognized when TPL-G (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.

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Notes forming part of the financial statements for the year ended March 31, 2023

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.

2.12 Financial instruments:

Financial assets

i) Classification of financial assets (including debt instruments)

TPL-G (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 (excluding trade receivables) are initially measured at fair value. Transaction costs that are directly attributable to the acquisition (other than financial assets at fair value through profit or loss) are added to 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. Trade receivables which do not contain a significant financing component are measured at transaction price.

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. Interest income from these financial assets is included in finance income using the effective interest rate method. 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.

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Notes forming part of the financial statements for the year ended March 31, 2023

• **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. The Company currently does not have any debt instruments which are measured at FVOCI.

• **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 is recognised in profit or loss and presented net in the statement of profit and loss within other gains / (losses) in the period in which it arises. Net gains / (losses) from these financial assets is included in other income.

iv) Impairment of financial assets

TPL-G (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-G (Ahmedabad) follows 'simplified approach' for recognition of impairment loss and always measures the loss allowance at an amount equal to lifetime expected credit losses to measure the expected credit losses, trade receivables have been grouped based on days past due.

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-G (Ahmedabad)'s balance sheet) when:

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

When the entity has transferred an asset, TPL-G (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-G (Ahmedabad) has not retained control over the financial asset. Where TPL-G (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 on financial assets at amortised cost is calculated using the effective interest method is recognised in the statement of profit and loss as part of other income. Claims including insurance claims, coal cost variation and other claims etc. are accounted as and when there is a certainty of Recovery.

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Notes forming part of the financial statements for the year ended March 31, 2023

Financial liabilities

i) Classification

All the TPL-G (Ahmedabad)'s financial liabilities are measured at amortized cost.

ii) Initial measurement

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issue of financial liabilities are deducted from the fair value of the financial liabilities, as appropriate, on initial recognition.

iii) Subsequent measurement

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

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

iv) Derecognition of financial liabilities

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

v) Financial guarantee contracts

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

2.13 Leases:

TPL-G (Ahmedabad) as a lessee:

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-G (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-G (Ahmedabad) and payments of penalties for terminating the lease, if the lease term reflects TPL-G (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.

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Notes forming part of the financial statements for the year ended March 31, 2023

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.

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 if any, 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.

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.

2.14 Amount presented and rounding off:

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

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Notes forming part of the financial statements for the year ended March 31, 2023

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-G (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-G (Ahmedabad) has recognised revenue (including the adjustment in respect of true up adjustment claims) as per the applicable tariff regulations / tariff orders, management's probability estimate and the past trends of approval. TPL-G (Ahmedabad) has not recognized those truing up adjustment claims which are disputed and for which TPL-G (Ahmedabad) is in appeal with regulatory authorities. These are recognised on receipt of final orders of respective regulatory authorities. (Refer note 23 and 29)

3.2 Property, plant and equipment:

(i) Service concession arrangements

TPL-G (Ahmedabad) has assessed applicability of Appendix D of Ind AS115 "Service Concession Arrangements" with respect to its Property, plant and equipment. In assessing the applicability, The TPL-G (Ahmedabad) has exercised judgment in relation to the provisions of the Electricity Act, 2003, conditions provided under transmission and distribution license and / or agreements. Further, TPL-G (Ahmedabad) has ability to pledge the assets pursuant to which it has control and ability to direct the use of assets. Based on such assessment, it has concluded that Appendix D of Ind AS 115 is not applicable.

(ii) Impairment of property, plant and equipment

Determining whether property, plant and equipment are impaired requires an estimation of the value in use of the relevant cash generating units. The value in use calculation is based on a Discounted Cash Flow model over the estimated useful life of the property, plant and equipment. Further, the cash flow projections are based on estimates and assumptions relating to expected demand, future price of fuel, expected tariff rates for electricity, discount rate, exchange rate and electricity market scenario, based on past trends and the current and likely future state of the industry etc. which are considered reasonable by the Management. Any reasonable possible change in the underlying assumptions would not lead to a material change to the amount of impairment.

3.3 Contingencies:

Contingent liabilities

In the normal course of business, contingent liabilities may arise from litigation and other claims against TPL-G (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

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Notes forming part of the financial statements for the year ended March 31, 2023

are neither recognized nor disclosed as contingent liability. The management judgement is involved in classification under 'remote', 'possible' or 'probable' which is carried out based on expert advice, past judgements, experiences etc. [Refer note 30(a)]

3.4 Employee benefit plans:

Defined benefit plans and other long-term employee benefits

The present value of obligations under defined benefit plan and other long term employment benefits is determined using actuarial valuations. An actuarial valuation involves making various assumptions 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. Due to the complexities involved in the valuation and its long-term nature, these obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Information about the various estimates and assumptions made in determining present value of defined benefit obligation are disclosed in note 33.2.

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Notes forming part of the financial statements for the year ended March 31, 2023

Note 4 : Property, plant and equipment

Note 4.1 : Property, plant and equipment as at March 31, 2023

(₹ in Crore)

| Particulars | Gross carrying amount | | | | Accumulated depreciation and impairment loss | | | | Net carrying amount |
|-----------------------------------|-----------------------|---------------------------|----------------------------|----------------------|--|---------------------------|----------------------------|----------------------|----------------------|
| | As at April 01, 2022 | Additions during the year | Deductions during the year | As at March 31, 2023 | As at April 01, 2022 | For the year Depreciation | Deductions during the year | As at March 31, 2023 | As at March 31, 2023 |
| Freehold land | 16.69 | - | - | 16.69 | - | - | - | - | 16.69 |
| Buildings | 38.45 | 1.59 | - | 40.04 | 8.94 | 1.45 | - | 10.39 | 29.65 |
| Railway siding | 1.84 | - | - | 1.84 | 0.35 | 0.04 | - | 0.39 | 1.45 |
| Plant and machinery | 812.87 | 20.02 | 1.30 | 831.59 | 329.77 | 47.40 | 0.63 | 376.54 | 455.05 |
| Electrical fittings and apparatus | 4.80 | 0.25 | 0.01 | 5.04 | 2.02 | 0.30 | 0.01 | 2.31 | 2.73 |
| Furniture and fixtures | 3.10 | - | * | 3.10 | 1.43 | 0.21 | * | 1.64 | 1.46 |
| Vehicles | 0.91 | * | * | 0.91 | 0.43 | 0.07 | - | 0.50 | 0.41 |
| Office equipment | 5.66 | 0.33 | 0.65 | 5.34 | 2.41 | 0.46 | 0.48 | 2.39 | 2.95 |
| Total | 884.32 | 22.19 | 1.96 | 904.55 | 345.35 | 49.93 | 1.12 | 394.16 | 510.39 |

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Notes forming part of the financial statements for the year ended March 31, 2023

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

Note 4.2 : Property, plant and equipment as at March 31, 2022

| Particulars | Gross carrying amount | | | | Accumulated depreciation and impairment loss | | | | Net carrying amount |
|-----------------------------------|-----------------------|---------------------------|----------------------------|----------------------|--|---------------------------|----------------------------|----------------------|----------------------|
| | As at April 01, 2021 | Additions during the year | Deductions during the year | As at March 31, 2022 | As at April 01, 2021 | For the year Depreciation | Deductions during the year | As at March 31, 2022 | As at March 31, 2022 |
| Freehold land | 16.69 | - | - | 16.69 | - | - | - | - | 16.69 |
| Buildings | 37.21 | 1.24 | - | 38.45 | 7.55 | 1.39 | - | 8.94 | 29.51 |
| Railway siding | 1.84 | - | - | 1.84 | 0.30 | 0.05 | - | 0.35 | 1.49 |
| Plant and machinery | 791.09 | 24.11 | 2.33 | 812.87 | 284.40 | 46.35 | 0.98 | 329.77 | 483.10 |
| Electrical fittings and apparatus | 4.43 | 0.37 | - | 4.80 | 1.72 | 0.30 | - | 2.02 | 2.78 |
| Furniture and fixtures | 3.09 | 0.02 | 0.01 | 3.10 | 1.21 | 0.22 | * | 1.43 | 1.67 |
| Vehicles | 0.82 | 0.09 | - | 0.91 | 0.36 | 0.07 | - | 0.43 | 0.48 |
| Office equipment | 5.34 | 0.46 | 0.14 | 5.66 | 2.07 | 0.42 | 0.08 | 2.41 | 3.25 |
| Total | 860.51 | 26.29 | 2.48 | 884.32 | 297.61 | 48.80 | 1.06 | 345.35 | 538.97 |

Footnotes to Note 4.1 and Note 4.2:

- 1 The above property, plant and equipment have been mortgaged and hypothecated to secure borrowings of the Company [Refer note 17].
- 2 Capital commitment:
Refer note 30(c) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- 3 Additions to plant and machinery includes capitalisation of directly attributable costs incurred by TPL-G (Ahmedabad) under various headings.
- 4 The closing balance of accumulated depreciation and impairment consist impairment loss of ₹ 14.07 Crore (March 31, 2022: ₹ 14.07 Crore).
- 5 TPL-G (Ahmedabad) has not revalued its property, plant and equipment during the current or previous year.
- 6 Title deeds of immovable property are held in the name of the TPL-G (Ahmedabad).

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Notes forming part of the financial statements for the year ended March 31, 2023

Note 5 : Right-of-use assets

As at March 31, 2023

(₹ in Crore)

| Particulars | Gross carrying amount | | | | Accumulated depreciation | | | | Net carrying amount |
|--------------|-----------------------|---------------------------|----------------------------|----------------------|--------------------------|--------------|----------------------------|----------------------|----------------------|
| | As at April 01, 2022 | Additions during the year | Deductions during the year | As at March 31, 2023 | As at April 01, 2022 | For the year | Deductions during the year | As at March 31, 2023 | As at March 31, 2023 |
| Land | 7.03 | - | - | 7.03 | 2.34 | 0.78 | - | 3.12 | 3.91 |
| Total | 7.03 | - | - | 7.03 | 2.34 | 0.78 | - | 3.12 | 3.91 |

As at March 31, 2022

(₹ in Crore)

| Particulars | Gross carrying amount | | | | Accumulated depreciation | | | | Net carrying amount |
|--------------|-----------------------|---------------------------|----------------------------|----------------------|--------------------------|--------------|----------------------------|----------------------|----------------------|
| | As at April 01, 2021 | Additions during the year | Deductions during the year | As at March 31, 2022 | As at April 01, 2021 | For the year | Deductions during the year | As at March 31, 2022 | As at March 31, 2022 |
| Land | 7.03 | - | - | 7.03 | 1.56 | 0.78 | - | 2.34 | 4.69 |
| Total | 7.03 | - | - | 7.03 | 1.56 | 0.78 | - | 2.34 | 4.69 |

Footnotes:

- 1 The above right-of-use assets have been mortgaged and hypothecated to secure borrowings of the Company [Refer note 17].
- 2 Refer note 32 for disclosure relating to right-of-use asset.
- 3 Title deeds of right-of-use assets are held in the name of the TPL-G (Ahmedabad).
- 4 TPL-G (Ahmedabad) has not revalued its right-of-use assets during the current or previous year.

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Notes forming part of the financial statements for the year ended March 31, 2023

Note 6 : Capital work-in-progress

As at March 31, 2023

| (₹ in Crore) | | | | |
|--------------------------|----------------------------|---------------------------------|-----------------------------------|----------------------------|
| Particulars | As at April 01, 2022 | Additions during the year | Capitalised during the year | As at March 31, 2023 |
| Capital work-in-progress | 2.45 | 22.31 | 22.17 | 2.59 |
| Total | 2.45 | 22.31 | 22.17 | 2.59 |

As at March 31, 2022

| (₹ in Crore) | | | | |
|--------------------------|----------------------------|---------------------------------|-----------------------------------|----------------------------|
| Particulars | As at April 01, 2021 | Additions during the year | Capitalised during the year | As at March 31, 2022 |
| Capital work-in-progress | 2.30 | 26.44 | 26.29 | 2.45 |
| Total | 2.30 | 26.44 | 26.29 | 2.45 |

Footnotes:

- 1 The above capital work-in-progress have been mortgaged and hypothecated to secure borrowings of the Company [Refer note 17].
- 2 Capital work-in-progress mainly comprises Plant and machinery and Buildings.
- 3 Refer note 37 for ageing schedule of the capital work-in-progress.

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Notes forming part of the financial statements for the year ended March 31, 2023

Note 7 : Intangible assets

As at March 31, 2023

(₹ in Crore)

| Particulars | Gross carrying amount | | | | Accumulated amortisation | | | | Net carrying amount |
|-------------------|-----------------------|---------------------------|----------------------------|----------------------|--------------------------|--------------|----------------------------|----------------------|----------------------|
| | As at April 01, 2022 | Additions during the year | Deductions during the year | As at March 31, 2023 | As at April 01, 2022 | For the year | Deductions during the year | As at March 31, 2023 | As at March 31, 2023 |
| Computer software | 2.69 | - | - | 2.69 | 1.93 | 0.43 | - | 2.36 | 0.33 |
| Total | 2.69 | - | - | 2.69 | 1.93 | 0.43 | - | 2.36 | 0.33 |

As at March 31, 2022

(₹ in Crore)

| Particulars | Gross carrying amount | | | | Accumulated amortisation | | | | Net carrying amount |
|-------------------|-----------------------|---------------------------|----------------------------|----------------------|--------------------------|--------------|----------------------------|----------------------|----------------------|
| | As at April 01, 2021 | Additions during the year | Deductions during the year | As at March 31, 2022 | As at April 01, 2021 | For the year | Deductions during the year | As at March 31, 2022 | As at March 31, 2022 |
| Computer software | 2.21 | 0.48 | - | 2.69 | 1.55 | 0.38 | - | 1.93 | 0.76 |
| Total | 2.21 | 0.48 | - | 2.69 | 1.55 | 0.38 | - | 1.93 | 0.76 |

Footnotes:

- 1 The above computer software has been mortgaged and hypothecated to secure borrowings of the Company [Refer note 17]
- 2 TPL-G (Ahmedabad) has not revalued its intangible assets during the current or previous year.

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Notes forming part of the financial statements for the year ended March 31, 2023

Note 8 : Other non-current financial assets

Unsecured (considered good)

| | As at March 31, 2023 | (₹ in Crore) As at March 31, 2022 |
|---------------------|-------------------------|---|
| Bank fixed deposits | 0.03 | 0.03 |
| | <u>0.03</u> | <u>0.03</u> |

Note 9 : Other non-current assets

Unsecured (considered good)

| | As at March 31, 2023 | (₹ in Crore) As at March 31, 2022 |
|--------------------------------------|-------------------------|---|
| Capital advances | 0.16 | 0.19 |
| Balances with government authorities | 0.53 | 0.53 |
| | <u>0.69</u> | <u>0.72</u> |

Note 10 : Inventories

(valued at lower of cost and net realizable value)

| | As at March 31, 2023 | (₹ in Crore) As at March 31, 2022 |
|-------------------|-------------------------|---|
| Stores and spares | 54.34 | 45.50 |
| Fuel | 197.51 | 137.03 |
| Loose tools | 0.18 | 0.20 |
| | <u>252.03</u> | <u>182.73</u> |

Footnotes:

- 1 The cost of stores and spares inventories recognised as an expense includes ₹ 1.01 Crore (Previous year: ₹ 0.78 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 [Refer note 17].
- 3 The above carrying amount of fuel includes goods in transit of ₹ 9.35 Crore (Previous Year: ₹ 8.93 Crore).

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Notes forming part of the financial statements for the year ended March 31, 2023

Note 11 : Trade receivables

| | As at March 31, 2023 | (₹ in Crore) As at March 31, 2022 |
|-----------------------------|-------------------------|---|
| Trade receivables* | | |
| Unsecured - Considered good | 4.35 | 1.15 |
| | <u>4.35</u> | <u>1.15</u> |

* Excluding trade receivables pertaining to inter unit sales made to TPL-D (Ahmedabad)

Footnotes:

- 1 Refer note 36 for credit risk related disclosures.
- 2 Refer note 17 for charge on current assets including trade receivables.
- 3 Refer note 38 for ageing schedule of trade receivables.

Note 12 : Cash and cash equivalents

| | As at March 31, 2023 | (₹ in Crore) As at March 31, 2022 |
|-----------------------------|-------------------------|---|
| Balances with banks | | |
| Balance in current accounts | 7.01 | 9.69 |
| Cash on hand | 0.01 | * |
| | <u>7.02</u> | <u>9.69</u> |

Note 13 : Other current financial assets

Unsecured (considered good)

| | As at March 31, 2023 | (₹ in Crore) As at March 31, 2022 |
|------------------------------|-------------------------|---|
| Security deposits | 13.37 | 13.37 |
| Interest accrued on deposits | * | - |
| | <u>13.37</u> | <u>13.37</u> |
| Other advances / receivables | 0.01 | - |
| | <u>0.01</u> | <u>-</u> |
| | <u>13.38</u> | <u>13.37</u> |

Note 14 : Other current assets

Unsecured (considered good)

| | As at March 31, 2023 | (₹ in Crore) As at March 31, 2022 |
|--------------------------------------|-------------------------|---|
| Advances for goods and services | 5.84 | 5.50 |
| Balances with government authorities | 0.01 | - |
| Prepaid expenses | 1.24 | 0.66 |
| | <u>7.09</u> | <u>6.16</u> |

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Notes forming part of the financial statements for the year ended March 31, 2023

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

| | As at March 31, 2023 | (₹ in Crore) As at March 31, 2022 |
|---|-------------------------|---|
| Balance at the beginning of the year | 458.10 | 406.82 |
| Add : Retained earnings transferred from reserves and surplus | 115.88 | 120.83 |
| Less : Inter branch / Head Office transactions, net | (38.36) | (69.55) |
| Balance at the end of the year | <u>535.62</u> | <u>458.10</u> |

Note 16 : Other equity

| | As at March 31, 2023 | (₹ in Crore) As at March 31, 2022 |
|--|-------------------------|---|
| Reserves and surplus | | |
| Special reserve | 25.14 | 25.14 |
| Retained earnings | 115.88 | 120.83 |
| | <u>141.02</u> | <u>145.97</u> |
| Less: Retained earnings transferred to head office Account | (115.88) | (120.83) |
| | <u>25.14</u> | <u>25.14</u> |

Refer "Statement of Changes in Equity" for movement in each reserve.
Footnotes:

1 Special reserve:

As per MYT Regulations (2007), TPL-G (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 TPL-G (Ahmedabad) for the purpose of absorbing the impact of any future losses on account of controllable factors.

2 Retained earnings:

The retained earnings reflect surplus/ deficit in the statement of Profit and loss, which is transferred to Head office account.

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Notes forming part of the financial statements for the year ended March 31, 2023

Note 17 : Non-current borrowings

| | As at March 31, 2023 | (₹ in Crore) As at March 31, 2022 |
|--|-------------------------|---|
| Non-current borrowings | | |
| Secured loans - at amortised cost | | |
| Term loans @ | | |
| From banks | 131.97 | 155.97 |
| | <u>131.97</u> | <u>155.97</u> |

@ After considering unamortised expense of ₹ 0.61 Crore as at March 31, 2023 and ₹ 0.75 Crore as at March 31, 2022.

Current maturities

| | | |
|--|----------------|----------------|
| Secured loans - at amortised cost | | |
| Term loans \$ | | |
| From banks | 23.36 | 14.51 |
| Amount disclosed under the head 'Current borrowings' [Refer note 18] | <u>(23.36)</u> | <u>(14.51)</u> |
| | - | - |

\$ After considering unamortised expense of ₹ 0.14 Crore as at March 31, 2023 and ₹ 0.15 Crore as at March 31, 2022.

Footnotes:

As at March 31, 2023

- 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 ₹ 156.08 Crore.
- The future annual repayment obligations on principal amount for the above long-term borrowings are as under:-

| Financial year | Term loans |
|----------------|------------|
| 2023-24 | 23.50 |
| 2024-25 | 12.30 |
| 2025-26 | 14.86 |
| 2026-27 | 15.88 |
| 2027-28 | 16.40 |
| 2028-29 | 16.40 |
| 2029-30 | 16.40 |
| 2030-31 | 16.40 |
| 2031-32 | 14.33 |
| 2032-33 | 9.61 |

- No New borrowings have been taken during the current year.

As at March 31, 2022

- 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 ₹ 171.38 Crore.
- The future annual repayment obligations on principal amount for the above long-term borrowings are as under:-

| Financial year | Term loans |
|----------------|------------|
| 2022-23 | 14.66 |
| 2023-24 | 9.09 |
| 2024-25 | 13.63 |
| 2025-26 | 16.47 |
| 2026-27 | 17.60 |
| 2027-28 | 18.17 |
| 2028-29 | 18.17 |
| 2029-30 | 18.17 |
| 2030-31 | 18.17 |
| 2031-32 | 15.90 |
| 2032-33 | 11.35 |

- No New borrowings have been taken during the previous year.

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Notes forming part of the financial statements for the year ended March 31, 2023

Note 18 : Current borrowings

| | As at March 31, 2023 | (₹ in Crore) As at March 31, 2022 |
|--|-------------------------|---|
| Secured Loans | | |
| Current maturities of long-term debt [Refer note 17] | 23.36 | 14.51 |
| | <u>23.36</u> | <u>14.51</u> |

Net debt reconciliation :

| | As at March 31, 2023 | (₹ in Crore) As at March 31, 2022 |
|--|-------------------------|---|
| Cash and cash equivalents | 7.02 | 9.69 |
| * Non-current borrowings (including current maturities of long-term debt and interest accrued but not due) | (156.08) | (171.38) |
| Lease liabilities | (5.31) | (5.90) |
| | <u>(154.37)</u> | <u>(167.59)</u> |

| | Other assets Cash and cash equivalents | Liabilities from financing activities Non-current borrowings | Lease liabilities | Total |
|---|---|---|----------------------|-----------------|
| Net balance as at April 01, 2021 | 12.71 | (196.99) | (6.37) | (190.65) |
| Cash flows (Net) | (3.02) | 25.61 | 0.96 | 23.55 |
| Interest expense | - | (13.39) | (0.49) | (13.88) |
| Interest paid | - | 13.39 | - | 13.39 |
| Net balance as at March 31, 2022 | <u>9.69</u> | <u>(171.38)</u> | <u>(5.90)</u> | <u>(167.59)</u> |
| Cash flows (Net) | (2.67) | 15.30 | 1.03 | 13.66 |
| Interest expense | - | (11.72) | (0.44) | (12.16) |
| Interest paid | - | 11.72 | - | 11.72 |
| Net balance as at March 31, 2023 | <u>7.02</u> | <u>(156.08)</u> | <u>(5.31)</u> | <u>(154.37)</u> |

* Transactions cost reduced from the borrowings is excluded.

Footnotes:

- 1 TPL-G (Ahmedabad) has used the loans for the purpose for which it was obtained. No New borrowings have been taken during the current or previous year.
- 2 The company has borrowings from banks and financial institutions on the basis of security of current assets and quarterly returns or statement of current assets filed are in agreement with the book of accounts.

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Notes forming part of the financial statements for the year ended March 31, 2023

Note 19 : Current trade payables

| | As at March 31, 2023 | (₹ in Crore) As at March 31, 2022 |
|---|-------------------------|---|
| Trade payables for goods and services | | |
| Total outstanding dues of micro and small enterprises [Refer note 31] | 1.51 | 2.86 |
| Total outstanding dues other than micro and small enterprises | 35.36 | 45.63 |
| | <u>36.87</u> | <u>48.49</u> |

Footnote:

1 Refer note 39 for ageing schedule of current trade payables.

Note 20 : Other current financial liabilities

| | As at March 31, 2023 | (₹ in Crore) As at March 31, 2022 |
|---|-------------------------|---|
| Security deposits from consumers | 1.06 | 0.94 |
| Other deposits | 0.14 | 0.10 |
| Payables for purchase of property, plant and equipment^ | 3.20 | 3.33 |
| Sundry payables (including for employees related payables)* | 12.23 | 18.39 |
| | <u>16.63</u> | <u>22.76</u> |

^ including dues to micro and small enterprises for ₹ 0.86 Crore (March 31, 2022: ₹ 0.19 Crore) [Refer note 31]

* including unbilled revenue for ₹ 2.02 crore (March 31, 2022: ₹ 10.79 crore) [Refer note 29 (a) (2)]

Note 21 : Other current liabilities

| | As at March 31, 2023 | (₹ in Crore) As at March 31, 2022 |
|---|-------------------------|---|
| Credit balances of consumers [Refer note 29(b)] | 0.04 | 0.04 |
| Statutory dues | 2.33 | 2.69 |
| | <u>2.37</u> | <u>2.73</u> |

Note 22 : Current provisions

| | As at March 31, 2023 | (₹ in Crore) As at March 31, 2022 |
|---|-------------------------|---|
| Provision for employee benefits | | |
| Provision for gratuity [Refer note 33.2(d)] | 0.16 | 1.29 |
| Provision for compensated absences \$ | 24.38 | 25.83 |
| | <u>24.54</u> | <u>27.12</u> |

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

TORRENT POWER LIMITED
AHMEDABAD GENERATION AREA

Notes forming part of the financial statements for the year ended March 31, 2023

Note 23 : Revenue from operations

| | Year ended March 31, 2023 | (₹ in Crore) Year ended March 31, 2022 |
|---|------------------------------|--|
| Revenue from contracts with customers [Refer footnotes below] | | |
| Revenue from power supply | 1,335.52 | 1,140.60 |
| | <u>1,335.52</u> | <u>1,140.60</u> |
| Other operating income | | |
| Provisions of earlier years written back | * | * |
| Insurance claim receipt | 2.00 | * |
| Miscellaneous income | 17.04 | 13.60 |
| | <u>19.04</u> | <u>13.60</u> |
| | <u>1,354.56</u> | <u>1,154.20</u> |

Footnotes:

- 1 Disclosure given above presents disaggregated revenue from contracts with customers. TPL-G (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 (from contract with customers) : Revenue from power supply is recognised over a period of time.

Note 24 : Other income

| | Year ended March 31, 2023 | (₹ in Crore) Year ended March 31, 2022 |
|---|------------------------------|--|
| Interest income from financial assets at amortised cost | | |
| Deposits | * | - |
| Others | * | * |
| | <u>*</u> | <u>*</u> |
| Gain on disposal of property, plant and equipment | 0.41 | 1.01 |
| Miscellaneous income | 0.76 | 0.53 |
| | <u>1.17</u> | <u>1.54</u> |

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Notes forming part of the financial statements for the year ended March 31, 2023

Note 25 : Employee benefits expense

| | Year ended March 31, 2023 | (₹ in Crore) Year ended March 31, 2022 |
|---|------------------------------|--|
| Salaries, wages and bonus | 55.92 | 61.22 |
| Contribution to provident and other funds [Refer note 33.1] | 3.50 | 3.69 |
| Employees welfare expenses | 2.61 | 5.04 |
| Compensated absences | 2.14 | 2.13 |
| Gratuity [Refer note 33.2(e)(3)] | 2.78 | 3.01 |
| | <u>66.95</u> | <u>75.09</u> |
| Less: Allocated to capital works, repairs and other relevant revenue accounts # | <u>16.72</u> | <u>18.02</u> |
| | <u>50.23</u> | <u>57.07</u> |

includes allocated to capital works of ₹ NIL (previous year ₹ NIL)

Note 26 : Finance costs

| | Year ended March 31, 2023 | (₹ in Crore) Year ended March 31, 2022 |
|---|------------------------------|--|
| Interest expense for financial liabilities classified at amortised cost | | |
| Term loans | 11.72 | 13.39 |
| Lease liabilities | 0.44 | 0.49 |
| Others | * | * |
| Other borrowing costs | 1.26 | 1.37 |
| Amortisation of borrowing costs | 0.15 | 0.16 |
| | <u>13.57</u> | <u>15.41</u> |

Note 27 : Depreciation and amortisation expense

| | Year ended March 31, 2023 | (₹ in Crore) Year ended March 31, 2022 |
|---|------------------------------|--|
| Depreciation expense on property, plant and equipment | 49.93 | 48.80 |
| Depreciation expense on right-of-use assets | 0.78 | 0.78 |
| Amortisation expense on intangible assets | 0.43 | 0.38 |
| | <u>51.14</u> | <u>49.96</u> |

Note 28 : Other expenses

| | Year ended March 31, 2023 | (₹ in Crore) Year ended March 31, 2022 |
|--|------------------------------|--|
| Consumption of stores and spares | 23.41 | 22.66 |
| Rent and hire charges | 0.01 | * |
| Repairs to | | |
| Buildings | 2.31 | 5.34 |
| Plant and machinery | 72.58 | 59.33 |
| Others | 1.72 | 3.37 |
| | <u>76.61</u> | <u>68.04</u> |
| Insurance | 3.77 | 3.84 |
| Rates and taxes | 2.05 | 1.61 |
| Vehicle running expenses | 0.28 | 0.24 |
| Electricity expenses | 0.92 | 0.98 |
| Security expenses | 2.83 | 2.68 |
| Water charges | 23.72 | 21.18 |
| Loss on sale / discarding of property, plant and equipment | 0.51 | 0.66 |
| Commission to non-executive directors | 0.15 | 0.15 |
| Directors sitting fees | 0.04 | 0.04 |
| Auditors remuneration [Refer note 34] | 0.11 | 0.09 |
| Legal, professional and consultancy fees | 1.15 | 1.04 |
| Net loss on foreign currency transactions | * | * |
| Miscellaneous expenses | 3.77 | 3.01 |
| | <u>139.33</u> | <u>126.22</u> |
| Less: Allocated to capital works, repairs and other relevant revenue accounts^ | <u>17.97</u> | <u>17.93</u> |
| | <u>121.36</u> | <u>108.29</u> |

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

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Notes forming part of the financial statements for the Year ended March 31, 2023

Note 29: Revenue from Contracts with Customers

(a) Unbilled revenue

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

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

(2) Movement in unbilled revenue

| | (₹ in Crore) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Opening balance | (10.79) | (20.84) |
| Add: Income accrued during the year as per tariff regulations / orders | (9.03) | (3.67) |
| Less: Amount billed during the year to the consumers as per tariff orders | 17.80 | 13.72 |
| Closing balance | (2.02) | (10.79) |
| Disclosed under | | |
| Sundry payables [Refer note 20] | (2.02) | (10.79) |
| | (2.02) | (10.79) |

(b) Credit balance of consumers

| | (₹ in Crore) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Opening balance | 0.04 | 0.03 |
| Add / (less) : Adjustment to current billing (net) | * | 0.01 |
| Closing balance [Refer note 21] | 0.04 | 0.04 |

TORRENT POWER LIMITED
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Notes forming part of the financial statements for the Year ended March 31, 2023

Note 30: Contingent liabilities, contingent assets and capital commitments

(a) Contingent liabilities

| | (₹ in Crore) | |
|---|----------------|----------------|
| | As at | As at |
| | March 31, 2023 | March 31, 2022 |
| Disputed custom duty matters | 18.50 | 18.50 |
| Disputed excise duty matters | 0.18 | 0.18 |
| Disputed value added tax matters | 2.94 | 2.94 |
| | 8.46 | 8.46 |
| Claims against TPL-G (Ahmedabad) not acknowledged as debt [Refer foot note 3] | | |

TPL-G (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-G (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-G (Ahmedabad) will likely be upheld in the appellate process and accordingly no provision has been made in the 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.
- 3 Break up of claims against TPL-G (Ahmedabad) not acknowledged as debt as

| | (₹ in Crore) | |
|---|----------------|----------------|
| | As at | As at |
| | March 31, 2023 | March 31, 2022 |
| Compensation payable for short lifting for material | 8.46 | 8.46 |
| | 8.46 | 8.46 |

(b) Contingent assets

| | (₹ in Crore) | |
|---|----------------|----------------|
| | As at | As at |
| | March 31, 2023 | March 31, 2022 |
| Claim for coal grade slippage | 6.92 | 6.35 |
| Claim of compensation for short lifting of material | 8.46 | 8.46 |
| | 15.38 | 14.81 |

(c) Capital and other commitments

| | (₹ in Crore) | |
|--|----------------|----------------|
| | As at | As at |
| | March 31, 2023 | March 31, 2022 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | | |
| Property, plant and equipment | 3.43 | 5.85 |

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Notes forming part of the financial statements for the Year ended March 31, 2023

Note 31: 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-G (Ahmedabad) and the required disclosures are given below:

| | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| (a) Principal amount remaining unpaid [Refer notes 19 and 20] | 2.37 | 3.05 |
| (b) Interest due thereon | - | - |
| (c) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | | |
| (i) Principal amounts paid to the suppliers beyond the appointed day during the year | - | 0.04 |
| (ii) Interest paid under section 16 of the MSMED Act, to the suppliers, beyond the appointed day during the year | - | * |
| (d) The amount of interest due and payable for the year (where the principal has been paid but interest under the MSMED Act, 2006 not paid) | - | - |
| (e) The amount of interest accrued and remaining unpaid [b+d] | - | - |
| (f) The amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23. | - | - |

Note 32: Leases

This note provides information for leases where TPL-G (Ahmedabad) is a lessee.

(i) Amounts recognised in balance sheet

The balance sheet shows the following amounts relating to leases:

Right-of-use assets

| | Notes | As at March 31, 2023 | As at March 31, 2022 |
|--------------|-------|-------------------------|-------------------------|
| Land | 5 | 3.91 | 4.69 |
| Total | | 3.91 | 4.69 |

Lease liabilities

| | As at March 31, 2023 | As at March 31, 2022 |
|--------------|-------------------------|-------------------------|
| Current | 1.10 | 1.03 |
| Non-current | 4.21 | 4.87 |
| Total | 5.31 | 5.90 |

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

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

| | Notes | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|-------|------------------------------|------------------------------|
| Depreciation charge of right-of-use assets | 27 | 0.78 | 0.78 |
| Interest expense (included in finance costs) | 26 | 0.44 | 0.49 |
| Expense relating to leases of low-value assets that are not shown above as short-term leases (included in other expenses) | 28 | * | 0.01 |
| Total | | 1.22 | 1.28 |

(iii) Maturities of lease liabilities

As at March 31, 2023:

| | Non-current lease liabilities | Current lease liabilities |
|----------------------------|----------------------------------|------------------------------|
| Less than 1 year | - | 1.10 |
| Between 1 year and 5 years | 5.23 | - |
| 5 years and above | - | - |
| Total | 5.23 | 1.10 |

As at March 31, 2022:

| | Non-current lease liabilities | Current lease liabilities |
|----------------------------|----------------------------------|------------------------------|
| Less than 1 year | - | 1.03 |
| Between 1 year and 5 years | 4.89 | - |
| 5 years and above | 1.44 | - |
| Total | 6.33 | 1.03 |

(iv) The total cash outflow for leases :

| | Notes | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|-------|------------------------------|------------------------------|
| Principal elements of lease payments (disclosed in Cash flow statement) | | 1.03 | 0.96 |
| Expense relating to leases of low-value assets that are not shown above as short-term leases (included in other expenses) | 28 | * | 0.01 |
| | | 1.03 | 0.97 |

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Notes forming part of the financial statements for the Year ended March 31, 2023

Note 33: Employee benefit plans

33.1 Defined contribution plan

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

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

The TPL-G (Ahmedabad)'s contribution to provident, pension, superannuation funds and to employees state insurance scheme aggregating to ₹ 3.50 Crore (Previous year ₹ 3.69 Crore) has been recognised in the statement of profit and loss under the head employee benefits expense [Refer note 25].

33.2 Defined benefit plans

(a) Gratuity

TPL-G (Ahmedabad) operates through its gratuity trust, a 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-G (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-G (Ahmedabad). In case of death while in service, the gratuity is payable irrespective of vesting.

TPL-G (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-G (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.

Interest risk

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

Longevity risk

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

Salary risk

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

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out at March 31, 2023. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

(c) Significant assumptions

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

| | As at March 31, 2023 | As at March 31, 2022 |
|-------------------------------|-------------------------|-------------------------|
| Discount rate (p.a.) | 7.57% | 7.17% |
| Salary escalation rate (p.a.) | 8.50% | 8.50% |

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

Balances of defined benefit plan

| | As at March 31, 2023 | (₹ in Crore) As at March 31, 2022 |
|--|-------------------------|---|
| Present value of funded defined benefit obligation | 75.93 | 77.14 |
| Fair value of plan assets | 75.77 | 75.85 |
| Net (asset) / liability [Refer note 22] | 0.16 | 1.29 |

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Notes forming part of the financial statements for the Year ended March 31, 2023

Note 33: Employee benefit plans(Contd.)

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

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

| | (₹ in Crore) | |
|---|-------------------------|-------------------------|
| | Funded plan- Gratuity | |
| | As at March 31, 2023 | As at March 31, 2022 |
| (1) Movements in the present value of the defined benefit obligation: | | |
| Obligation at the beginning of the year | 77.14 | 82.18 |
| Current service cost | 3.93 | 2.85 |
| Interest cost | 5.19 | 5.45 |
| Actuarial (gains) / losses from changes in demographic assumptions | - | 0.03 |
| Actuarial (gains) / losses arising changes in financial assumptions | (2.75) | (0.63) |
| Actuarial (gains) / losses from experience adjustments | 0.31 | (0.57) |
| Liability transferred out | (0.28) | (0.05) |
| Benefits paid directly by employer | (0.82) | (1.08) |
| Benefits paid | (6.79) | (11.04) |
| Obligation at the end of the year | <u>75.93</u> | <u>77.14</u> |
| (2) Movements in the fair value of the plan assets: | | |
| Plan assets at the beginning of the year, at fair value | 75.85 | 79.99 |
| Interest income | 6.34 | 5.29 |
| Return on plan assets (excluding interest income) | (0.92) | (0.58) |
| Contributions received | 1.29 | 2.19 |
| Benefits paid | (6.79) | (11.04) |
| Plan assets at the end of the year, at fair value | <u>75.77</u> | <u>75.85</u> |
| (3) Gratuity cost recognized in the statement of profit and loss | | |
| Current service cost | 3.93 | 2.85 |
| Interest cost, net | (1.15) | 0.16 |
| Net gratuity cost recognized in the statement of profit and loss[Refer note 25] | <u>2.78</u> | <u>3.01</u> |
| (4) Gratuity cost recognized in the other comprehensive income (OCI) | | |
| Return on plan assets (excluding interest income) | 0.92 | 0.58 |
| Actuarial (gains) / losses | (2.44) | (1.17) |
| Net (income) / expense for the period recognized in OCI | <u>(1.52)</u> | <u>(0.59)</u> |

(f) Category wise plan assets

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

(g) Sensitivity analysis

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

| | (₹ in Crore) | |
|---|-------------------------|-------------------------|
| Change in assumptions | As at March 31, 2023 | As at March 31, 2022 |
| Increase / (decrease) in defined benefit obligation of gratuity | | |
| 50 basis points increase in discount rate | (1.75) | (1.94) |
| 50 basis points decrease in discount rate | 1.91 | 2.12 |
| 50 basis points increase in salary escalation rate | 1.89 | 2.09 |
| 50 basis points decrease in salary escalation rate | (1.75) | (1.93) |

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

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

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Notes forming part of the financial statements for the Year ended March 31, 2023

Note 33: Employee benefit plans(Contd.)

- (h) The weighted average duration of the gratuity plan based on average future service is 18 years (Previous year 19 years).
- (i) Expected contribution to the plan for the next annual reporting period is ₹ 0.16 Crore (Previous year ₹ 1.29 Crore).
- (j) Cash flow projection from the fund
Projected benefits payable in future years from the date of reporting

| | (₹ in Crore) | |
|--|------------------------|----------------|
| | Funded Plan - Gratuity | |
| | As at | As at |
| | March 31, 2023 | March 31, 2022 |
| 1st following year | 4.38 | 5.57 |
| 2nd following year | 2.57 | 2.62 |
| 3rd following year | 4.13 | 4.73 |
| 4th following year | 2.74 | 4.41 |
| 5th following year | 2.67 | 2.90 |
| Sum of years 6 th to 10 th | 11.25 | 12.18 |
| More than 10 years | 74.30 | 76.09 |

33.3 Other long-term employee benefit obligations

The leave obligation covers TPL-G (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-G (Ahmedabad) due to death, retirement or resignation; at the rate of daily last drawn salary, multiplied by leave days accumulated as at the end of relevant period. Refer notes 22 and 25 for the leave encashment provision / charge in the balance sheet and statement of profit and loss.

Note 34: Auditors remuneration (including taxes)

| | (₹ in Crore) | |
|-------------------------------|----------------|----------------|
| | Year ended | Year ended |
| | March 31, 2023 | March 31, 2022 |
| As audit fees | 0.08 | 0.07 |
| For other services | 0.02 | 0.02 |
| | 0.01 | * |
| For reimbursement of expenses | 0.11 | 0.09 |

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Notes forming part of the financial statements for the Year ended March 31, 2023

Note 35: Related party disclosures

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

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

| | | |
|---|---|---|
| 1 | Parent Company | Torrent Investments Private Limited |
| 2 | Subsidiaries* | Torrent Power Grid Limited, Torrent Pipavav Generation Limited, Torrent Solargen Limited, Jodhpur Wind Farms Private Limited, Latur Renewable Private Limited, TCL Cables Private Limited, Torrent Solar Power Private Limited, Torrent Saurya Urja 2 Private Limited, Torrent Saurya Urja 3 Private Limited, Torrent Saurya Urja 4 Private Limited (w.e.f. July 20, 2021), Torrent Saurya Urja 5 Private Limited (w.e.f. July 16, 2021), Visual Percept Solar Projects Private Limited (w.e.f. February 15, 2022), Surya Vidyut Limited (w.e.f. March 11, 2022), Dadra and Nagar Haveli and Daman and Diu Power Distribution Corporation Limited (w.e.f. March 15, 2022), Torrent Saurya Urja 6 Private Limited (Formerly known as LREHL Renewables India SPV 1 Private Limited) (w.e.f. March 25, 2022), Sun Shakti Solar Power Projects Private Limited (w.e.f. June 13, 2022) and Wind Two Renergy Private Limited (w.e.f. July 30, 2022) |
| 3 | Associates | Wind Two Renergy Private Limited (upto July 29, 2022) |
| 4 | Employee benefits plans* | TPL (Ahmedabad) Gratuity Trust, TPL (Ahmedabad) Superannuation Fund, TPL (Surat) Gratuity Trust, TPL (Surat) Superannuation Fund, TPL (SUGEN) Gratuity Trust, TPL (SUGEN) Superannuation Fund, TPL (DGEN) Gratuity Trust, TPL (DGEN) Superannuation Fund |
| 5 | Key management personnel | Samir Mehta Jinal Mehta Varun Mehta (w.e.f. August 8, 2022) |
| 6 | Non-executive directors | Sudhir Mehta Pankaj Patel Samir Barua (Upto September 30, 2022) Keki Mistry Usha Sangwan (w.e.f. May 21, 2021) Radhika Haribhakti (w.e.f. August 07, 2021) Mamta Verma (w.e.f. August 07, 2021) Bhavna Doshi (upto September 30, 2021) Dharmishta Raval (upto September 30, 2021) Sunaina Tomar (upto June 15, 2021) Ketan Dalal (w.e.f. May 11, 2022) |
| 7 | Relatives of key management personnel* | Varun Mehta (upto August 07, 2022) |
| 8 | Other entities where the company has 50% voting right / enterprises controlled by the Parent Company / Associate of Parent Company* | UNM Foundation (formerly known as Tornascent Care Institute)†, Torrent Pharmaceuticals Limited, Torrent Power Services Private Limited, Torrent Gas Pune Limited, Torrent Gas Private Limited, Torrent Gas Chennai Private Limited, Torrent Gas Jaipur Private Limited, Torrent Gas Moradabad Limited, Torrent Fincorp Private Limited, Torrent Sports Ventures Private Limited, Torrent Diagnostics Private Limited, Torrent Hospitals Private Limited, Gujarat Lease Financing Limited, School of Ultimate Leadership Foundation (w.e.f. October 15, 2022) |

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

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

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Notes forming part of the financial statements for the Year ended March 31, 2023
Note 35: Related party disclosures (Contd.)

(b) Related party transactions (₹ in Crore)

| | Subsidiaries | | Associates | | Employee benefits plans | | Key management personnel / non-executive directors | | Parent Company / enterprises controlled by the Parent Company / Relatives of key management personnel / enterprises controlled by relatives of key management personnel / entity where the company | | Total | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|--|---------------------------|--|---------------------------|---------------------------|---------------------------|
| | Year ended March 31, 2023 | Year ended March 31, 2022 | Year ended March 31, 2023 | Year ended March 31, 2022 | Year ended March 31, 2023 | Year ended March 31, 2022 | Year ended March 31, 2023 | Year ended March 31, 2022 | Year ended March 31, 2023 | Year ended March 31, 2022 | Year ended March 31, 2023 | Year ended March 31, 2022 |
| Purchase of cables | 0.14 | 0.01 | - | - | - | - | - | - | - | - | 0.14 | 0.01 |
| TCL Cables Pvt. Ltd. | 0.14 | 0.01 | - | - | - | - | - | - | - | - | 0.14 | 0.01 |
| Transfer of gratuity/leave liability to / (from) | - | - | - | - | - | - | - | - | - | - | 0.07 | - |
| Torrent Pharmaceuticals Ltd. | - | - | - | - | - | - | - | - | - | - | 0.07 | - |
| Contribution to employee benefit plans (net) | - | - | - | - | 2.17 | 3.18 | - | - | - | - | 2.17 | 3.18 |
| TPL (Ahmedabad) Gratuity Trust | - | - | - | - | 1.29 | 2.19 | - | - | - | - | 1.29 | 2.19 |
| TPL (Ahmedabad) Superannuation Fund | - | - | - | - | 0.88 | 0.99 | - | - | - | - | 0.88 | 0.99 |

(c) Related party balances (₹ in Crore)

| | Subsidiaries | | Associates | | Employee benefits plans | | Key management personnel / non-executive directors | | Parent Company / enterprises controlled by the Parent Company / Relatives of key management personnel / enterprises controlled by relatives of key management personnel / entity where the company has 50% voting right | | Total | |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|-------------------------|----------------------|--|----------------------|---|----------------------|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2023 | As at March 31, 2022 |
| Balances at the end of the year | - | - | - | - | - | - | - | - | - | - | 0.07 | - |
| Current liabilities | - | - | - | - | - | - | - | - | - | - | 0.07 | - |
| Torrent Pharmaceuticals Ltd. | - | - | - | - | - | - | - | - | - | - | 0.07 | - |

(d) Terms and conditions of outstanding balances

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

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Notes forming part of the financial statements for the Year ended March 31, 2023

Note 36: Financial instruments and risk management

(a) Categories of financial instruments

| | As at March 31, 2023 | | As at March 31, 2022 | |
|------------------------------|-------------------------|---------------|-------------------------|---------------|
| | Carrying value | Fair value | Carrying value | Fair value |
| Financial assets | | | | |
| Measured at amortised cost | | | | |
| Cash and cash equivalents | 7.02 | 7.02 | 9.69 | 9.69 |
| Trade receivables | 4.35 | 4.35 | 1.15 | 1.15 |
| Other financial assets | 13.41 | 13.41 | 13.40 | 13.40 |
| | <u>24.78</u> | <u>24.78</u> | <u>24.24</u> | <u>24.24</u> |
| Financial liabilities | | | | |
| Measured at amortised cost | | | | |
| Borrowings | 155.33 | 155.33 | 170.48 | 170.48 |
| Trade payables | 36.87 | 36.87 | 48.49 | 48.49 |
| Other financial liabilities | 16.63 | 16.63 | 22.76 | 22.76 |
| | <u>208.83</u> | <u>208.83</u> | <u>241.73</u> | <u>241.73</u> |

Footnotes:

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

(b) Fair value measurement

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

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

(c) Financial risk management objectives

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

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

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

Foreign currency risk

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

Unhedged foreign currency exposures:

| | | (₹ in Crore) | |
|------------------------------|----------|-------------------------|-------------------------|
| Nature of transactions | Currency | As at March 31, 2023 | As at March 31, 2022 |
| Financial liabilities | | | |
| Trade payable | EURO | 0.01 | 0.01 |

TORRENT POWER LIMITED**AHMEDABAD GENERATION AREA**

Notes forming part of the financial statements for the Year ended March 31, 2023

Note 36: Financial instruments and risk management (Contd.)**Commodity price risk**

The commodity exposure is mainly on account of fuel, a substantial part of which is a pass through cost and hence the commodity price exposure is not likely to have a material financial impact on TPL-G (Ahmedabad).

TPL-G (Ahmedabad) has exposure to USD/INR and EURO/INR exchange rate arising principally on account of import of coal. The extant tariff regulations do not permit the cost of hedging such exposure as a cost to be passed through to the off-takers / beneficiaries. As a result, TPL-G (Ahmedabad) does not follow a policy of hedging such exposures and actual rupee costs of import of fuel are substantially passed on to the off-takers / consumers, because of which such commodity price exposure is not likely to have a material financial impact on TPL-G (Ahmedabad).

Interest rate risk

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

| | As at March 31, 2023 | (₹ in Crore) As at March 31, 2022 |
|---------------------------------------|-------------------------|---|
| Floating rate borrowings ^A | 156.08 | 171.38 |
| | <u>156.08</u> | <u>171.38</u> |

^A Transactions cost reduced from the borrowing is excluded.

Interest rate risk sensitivity:

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

| | Year ended March 31, 2023 | (₹ in Crore) Year ended March 31, 2022 |
|---|------------------------------|--|
| Impact on profit before tax - increase in 50 basis points | (0.78) | (0.86) |
| Impact on profit before tax - decrease in 50 basis points | 0.78 | 0.86 |

Credit risk

Trade receivables:

(1) Exposures to credit risk

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

(2) Credit risk management

Credit risk is managed and limited in accordance with the type of transaction and the creditworthiness of the counterparty. TPL-G (Ahmedabad) has established criteria for admission, approval systems, authorisation levels, exposure measurement methodologies, etc. TPL-G (Ahmedabad) is dependent on the domestic market for its business and revenues. However, TPL-G (Ahmedabad) generally has letter of credit/bank guarantees to limit its credit exposure.

(3) Other credit enhancements

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

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Notes forming part of the financial statements for the Year ended March 31, 2023

Note 36: Financial instruments and risk management (Contd.)**(4) Age of receivables and expected credit loss**

TPL-G (Ahmedabad) has used a practical expedient by computing the expected credit loss allowance for trade receivables. The expected credit loss allowance is based on ageing of the days receivables are due. 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 ageing of receivables and allowance for doubtful debt at the end of the reporting period is as follows.

As at March 31, 2023

| | | (₹ in Crore) |
|---|-------------------------|-----------------------------|
| | Gross trade receivables | Allowance for doubtful debt |
| Less than or equal to 6 months | 3.77 | - |
| More than 6 months but less than or equal to 1 year | 0.27 | - |
| More than one year | 0.31 | - |
| | <u>4.35</u> | <u>-</u> |

As at March 31, 2022

| | | (₹ in Crore) |
|---|-------------------------|-----------------------------|
| | Gross trade receivables | Allowance for doubtful debt |
| Less than or equal to 6 months | 1.15 | - |
| More than 6 months but less than or equal to 1 year | - | - |
| More than one year | - | - |
| | <u>1.15</u> | <u>-</u> |

Other financial assets:

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

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Notes forming part of the financial statements for the Year ended March 31, 2023
Note 36: Financial instruments and risk management (Contd.)
Liquidity risk

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

As at March 31, 2023

| | (₹ in Crore) | | | |
|--|---------------------|----------------------------------|----------------------|---------------|
| | Less than 1 year | Between 1 year and 5 years | 5 years and above | Total |
| Financial liabilities | | | | |
| Non current financial liabilities | | | | |
| Borrowings (including interest on borrowings) [^] | - | 95.40 | 87.82 | 183.22 |
| Lease liabilities | - | 5.23 | - | 5.23 |
| | - | 100.63 | 87.82 | 188.45 |
| Current financial liabilities | | | | |
| Borrowings (including interest on borrowings) [^] | 35.48 | - | - | 35.48 |
| Trade payables | 36.87 | - | - | 36.87 |
| Lease liabilities | 1.10 | - | - | 1.10 |
| Other financial liabilities | 16.63 | - | - | 16.63 |
| | 90.08 | - | - | 90.08 |
| Total financial liabilities | 90.08 | 100.63 | 87.82 | 278.53 |

As at March 31, 2022

| | (₹ in Crore) | | | |
|--|---------------------|----------------------------------|----------------------|---------------|
| | Less than 1 year | Between 1 year and 5 years | 5 years and above | Total |
| Financial liabilities | | | | |
| Non current financial liabilities | | | | |
| Borrowings (including interest on borrowings) [^] | - | 95.83 | 121.04 | 216.87 |
| Lease liabilities | - | 4.89 | 1.44 | 6.33 |
| | - | 100.72 | 122.48 | 223.20 |
| Current financial liabilities | | | | |
| Borrowings (including interest on borrowings) [^] | 26.57 | - | - | 26.57 |
| Trade payables | 48.49 | - | - | 48.49 |
| Lease liabilities | 1.03 | - | - | 1.03 |
| Other financial liabilities | 22.76 | - | - | 22.76 |
| | 98.85 | - | - | 98.85 |
| Total financial liabilities | 98.85 | 100.72 | 122.48 | 322.05 |

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

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Notes forming part of the financial statements for the Year ended March 31, 2023

Note 37: Ageing schedule for capital work-in-progress(CWIP)

| As at March 31, 2023 | | | | | |
|--------------------------------|------------------|-------------|-------------|-------------------|--------------|
| Amount in CWIP for a period of | | | | | (₹ in Crore) |
| Particulars | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 1.63 | 0.53 | 0.17 | 0.26 | 2.59 |
| Projects temporarily suspended | - | - | - | - | - |
| | <u>1.63</u> | <u>0.53</u> | <u>0.17</u> | <u>0.26</u> | <u>2.59</u> |
| As at March 31, 2022 | | | | | |
| Amount in CWIP for a period of | | | | | (₹ in Crore) |
| Particulars | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 1.88 | 0.31 | 0.22 | 0.04 | 2.45 |
| Projects temporarily suspended | - | - | - | - | - |
| | <u>1.88</u> | <u>0.31</u> | <u>0.22</u> | <u>0.04</u> | <u>2.45</u> |

There are no capital-work-in-progress, whose cost has exceeded or completion is overdue as compared to its original plan for the year ended March 31, 2023 and March 31, 2022.

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Notes forming part of the financial statements for the Year ended March 31, 2023

Note 38: Ageing schedule for Trade Receivables

As at March 31, 2023

(₹ in Crore)

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|------------------------------|--|--------------------|------------------|-----------|-----------|-------------------|-------|
| | Not due | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed Trade receivables | | | | | | | |
| - Considered good | 2.61 | 1.16 | 0.27 | 0.27 | 0.04 | - | 4.35 |
| - Credit impaired | - | - | - | - | - | - | - |
| Disputed Trade receivables | | | | | | | |
| - Considered good | - | - | - | - | - | - | - |
| - Credit impaired | - | - | - | - | - | - | - |
| | 2.61 | 1.16 | 0.27 | 0.27 | 0.04 | - | 4.35 |

As at March 31, 2022

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|------------------------------|--|--------------------|------------------|-----------|-----------|-------------------|-------|
| | Not due | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed Trade receivables | | | | | | | |
| - Considered good | 0.58 | 0.57 | - | - | - | - | 1.15 |
| - Credit impaired | - | - | - | - | - | - | - |
| Disputed Trade receivables | | | | | | | |
| - Considered good | - | - | - | - | - | - | - |
| - Credit impaired | - | - | - | - | - | - | - |
| | 0.58 | 0.57 | - | - | - | - | 1.15 |

Note 39: Ageing schedule for Trade Payables

As at March 31, 2023

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|-------------------------------|--|---------|------------------|-----------|-----------|-------------------|-------|
| | Unbilled | Not due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed dues | | | | | | | |
| - Micro and small enterprises | 0.15 | 1.36 | - | - | - | - | 1.51 |
| - Others | 12.91 | 10.70 | 11.75 | - | * | - | 35.36 |
| Disputed dues | | | | | | | |
| - Micro and small enterprises | - | - | - | - | - | - | - |
| - Others | - | - | - | - | - | - | - |
| | 13.06 | 12.06 | 11.75 | - | - | - | 36.87 |

As at March 31, 2022

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|-------------------------------|--|---------|------------------|-----------|-----------|-------------------|-------|
| | Unbilled | Not due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed dues | | | | | | | |
| - Micro and small enterprises | 0.96 | 1.90 | - | - | - | - | 2.86 |
| - Others | 16.35 | 6.21 | 23.07 | - | - | - | 45.63 |
| Disputed dues | | | | | | | |
| - Micro and small enterprises | - | - | - | - | - | - | - |
| - Others | - | - | - | - | - | - | - |
| | 17.31 | 8.11 | 23.07 | - | - | - | 48.49 |

TORRENT POWER LIMITED
AHMEDABAD GENERATION AREA
Notes forming part of the financial statements for the Year ended March 31, 2023

Note 40: Relationship with Struck off Companies

| | | | | | (₹ in Crore) |
|--|--|--|--|--|--------------|
| Name of struck off Company | Nature of transactions with struck-off Company | Balance outstanding As at March 31, 2023 | Balance outstanding As at March 31, 2022 | Relationship with the Struck off company | |
| Scanstar Inspection Technology Private Limited | Payables | 0.01 | - | Vendor | |

Note 41: Financial Ratios

| Ratio | Numerator | Denominator | As at March 31, 2023 | As at March 31, 2022 | Variance (%) | Remarks for variation more than 25% |
|---|--|---|----------------------|----------------------|--------------|---|
| (a) Current Ratio (in times) | Current assets | Current liabilities – Security deposits from consumers | 2.73 | 1.84 | 48.45% | Due to increase in current assets compared to previous year |
| (b) Debt-Equity Ratio (in times) | This ratio is not applicable for TPL-G (Ahmedabad), since this Financial Statement is special purpose Financial Statement. | | | | | |
| (c) Debt Service Coverage Ratio (in times) | Profit for the year + Depreciation and amortisation + Interest on debt | Principal repayment of debt (excluding voluntary prepayments if any) + Interest on debt + Lease payment | 8.64 | 6.08 | 41.97% | Due to decrease in amount of principal repayment of debt compare to previous year |
| (d) Return on Equity (ROE) (in %) | This ratio is not applicable for TPL-G (Ahmedabad), since this Financial Statement is special purpose Financial Statement. | | | | | |
| (e) Inventory turnover Ratio (in times) | Revenue from operations | Average inventories | 6.23 | 7.70 | -19.11% | - |
| (f) Trade Receivables turnover Ratio (in times) | Revenue from operations excluding Inter unit sale | Average trade receivables | 8.31 | 14.20 | -41.48% | Due to increase in average trade receivables |
| (g) Trade Payables turnover Ratio (in times) | Fuel Cost + Consumption of stores and spares | Average trade payables | 24.10 | 22.11 | 8.97% | - |
| (h) Net capital turnover Ratio (in times) | Revenue from operations | (Current assets- (Current Liabilities- Security deposits from consumers)) | 7.52 | 11.85 | -36.51% | Due to overall increase in value of working capital compared to increase in revenue from operations |
| (i) Net profit Ratio (in %) | Profit for the year | Revenue from operations | 8.44% | 10.42% | -18.96% | - |
| (j) Return on Capital employed (ROCE) (in %) | This ratio is not applicable for TPL-G (Ahmedabad), since this Financial Statement is special purpose Financial Statement. | | | | | |
| (k) Return on investment (in %) | Profit for the year | Average Total Assets | 16.38% | 18.31% | -10.56% | - |

TORRENT POWER LIMITED
AHMEDABAD GENERATION AREA

Notes forming part of the financial statements for the Year ended March 31, 2023

Note 42: Social Security Code

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

Note 43: Additional regulatory information required by Schedule III

- (a) The Company is in compliance with number of layers of companies in accordance with clause 87 of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017 during the year ended March 31, 2023 and March 31, 2022.
- (b) The Company has not invested or traded in Crypto Currency or Virtual Currency during the year ended March 31, 2023 and March 31, 2022.
- (c) No proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder during the year ended March 31, 2023 and March 31, 2022.
- (d) The Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority during the year ended March 31, 2023 and March 31, 2022.
- (e) During the year ended March 31, 2023 and March 31, 2022, the Company has not surrendered or disclosed as income any transactions not recorded in the books of accounts in the course of tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

Signature to Note 1 to 43

In terms of our report attached

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

PRIYANSHU
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GUNDANA
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PRIYANSHU DINESHKUMAR
GUNDANA
Date: 2023.09.27 19:12:38
+05'30'

Priyanshu Gundana
Partner
Membership No.: 109553
Place : Mumbai
Date : September 27, 2023

For Torrent Power Limited

NILESH
KHATRI
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by NILESH KHATRI
Date: 2023.09.27
16:12:45 +05'30'

Nilesh Khatri
Authorised Signatory

Place: Ahmedabad
Date: September 27, 2023

