

Price Waterhouse Chartered Accountants LLP

Review Report

To
The Board of Directors
Torrent Power Limited
"Samanvay", 600, Tapovan,
Ambawadi,
Ahmedabad – 380015

1. We have reviewed the unaudited consolidated financial results of Torrent Power Limited (the "Parent"), its subsidiaries (the parent and its subsidiaries hereinafter referred to as the "Group") and associate companies [(refer Note 1 on the Statement)] for the quarter and the half year ended September 30, 2019 which are included in the accompanying Statement of Consolidated Financial Results for the quarter and six months ended September 30, 2019 and the consolidated statement of assets and liabilities as on that date and the consolidated statement of cash flows for the half-year ended on that date (the "Statement"). The Statement is being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations"), which has been initialled by us for identification purposes.
2. This Statement, which is the responsibility of the Parent's Management and has been approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.
4. The Statement includes the results of the following entities:
 - a. Torrent Power Limited
 - b. Torrent Power Grid Limited
 - c. Torrent Pipavav Generation Limited
 - d. Torrent Solargen Limited
 - e. Jodhpur Wind Farms Private Limited
 - f. Latur Renewables Private Limited



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5. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement has not been prepared in all material respects in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We draw attention to Note 4 to the Statement which states that no provision for impairment was required for the quarter and six months ended September 30, 2019 in respect of the Group's DGEN Mega Power Project ('DGEN') which has a carrying value of Rs. 4,223 crore as on that date, based on an impairment assessment/ review carried out by the Group in accordance with the Indian Accounting Standards 36 "Impairment of Assets". The assessment of 'value in use' of DGEN involved several key assumptions described in the said note, and changes, if any in such key assumptions in future may impact the 'value in use' of DGEN. Our conclusion is not modified in respect of this matter.
7. We were neither engaged to review, nor have we reviewed the comparative figures for the consolidated statement of cash flows for the period from April 1, 2018 to September 30, 2018 and accordingly, we do not express any conclusion on the cash flows presented in the Statement for the period from April 1, 2018 to September 30, 2018. As set out in note 13 to the Statement, these figures have been furnished by Management. Our conclusion is not modified in respect of this matter.

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



Pradip Kanakia
Partner
Membership Number: 039985

Place: Ahmedabad
Date: November 5, 2019
UDIN:19039985AAAA024921

TORRENT POWER LIMITED

Registered Office: "Samanvay", 600, Tapovan, Ambawadi, Ahmedabad - 380 015, Ph.: 079-26628000

CIN: L31200GJ2004PLC044068; Website: www.torrentpower.com; E-mail: cs@torrentpower.com

STATEMENT OF CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30TH SEPTEMBER, 2019

Particulars	(₹ in Crore except per share data)					
	For the quarter ended			For the six months ended		For the year ended
	30.09.2019	30.06.2019	30.09.2018	30.09.2019	30.09.2018	31.03.2019
	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Audited
Income						
Revenue from operations (Refer note 6)	3,842.00	3,736.13	3,444.54	7,578.13	6,972.67	13,150.97
Other income	49.29	54.48	44.12	103.77	96.41	189.59
Total income	3,891.29	3,790.61	3,488.66	7,681.90	7,069.08	13,340.56
Expenses						
Electrical energy purchased	915.41	1,177.96	981.64	2,093.37	2,216.20	4,116.50
Fuel cost	1,234.39	1,254.65	1,062.52	2,489.04	2,133.57	4,019.46
Cost of materials consumed	63.38	74.09	75.60	137.47	147.67	259.86
Purchase of stock-in-trade	29.26	24.43	9.90	53.69	89.21	229.46
Changes in inventories of finished goods, work-in-progress and stock-in-trade	6.67	0.37	0.08	7.04	(23.44)	(19.58)
Employee benefits expense	147.09	124.27	109.33	271.36	220.80	486.42
Finance costs	249.48	247.71	224.73	497.19	453.97	898.93
Depreciation and amortisation expense	321.92	320.57	304.38	642.49	606.16	1,226.53
Other expenses (Refer note 3)	390.82	246.69	218.61	637.51	435.39	859.37
Total expenses	3,358.42	3,470.74	2,986.79	6,829.16	6,279.53	12,076.95
Profit before tax	532.87	319.87	501.87	852.74	789.55	1,263.61
Tax expense						
- Current tax	95.60	72.67	109.80	168.27	173.99	275.51
- Deferred tax (Refer note 5)	(318.34)	(29.39)	(21.45)	(347.73)	(25.28)	84.27
Total tax expenses	(222.74)	43.28	88.35	(179.46)	148.71	359.78
Profit for the period	755.61	276.59	413.52	1,032.20	640.84	903.83
Profit for the period attributable to :						
Owners of the company	754.41	275.27	412.18	1,029.68	638.03	898.94
Non-controlling interests	1.20	1.32	1.34	2.52	2.81	4.89
Other comprehensive income :						
Items that will not be reclassified to profit or loss	(8.65)	(4.42)	(1.53)	(13.07)	0.48	(9.60)
Tax relating to other comprehensive income	(3.03)	(1.54)	(0.53)	(4.57)	0.17	(3.35)
Other comprehensive income (net of tax)	(5.62)	(2.88)	(1.00)	(8.50)	0.31	(6.25)
Total comprehensive income	749.99	273.71	412.52	1,023.70	641.15	897.58
Total comprehensive income attributable to :						
Owners of the company	748.79	272.39	411.18	1,021.18	638.34	892.69
Non-controlling interests	1.20	1.32	1.34	2.52	2.81	4.89
Paid up equity share capital (F.V. ₹ 10/- per share)	480.62	480.62	480.62	480.62	480.62	480.62
Reserves excluding revaluation reserves as per balance sheet of previous accounting year						8,489.61
Earnings per share (EPS)						
Earnings per share (of ₹ 10/- each) (not annualised)						
(a) Basic (₹)	15.70	5.73	8.58	21.42	13.28	18.70
(b) Diluted (₹)	15.70	5.73	8.58	21.42	13.28	18.70



Consolidated Statement of Assets and Liabilities

(₹ in Crore)

Particulars	As at 30th September, 2019	As at 31st March, 2019
	Un-audited	Audited
ASSETS		
Non-current assets		
Property, plant and equipment (Refer note 4)	17,696.60	17,996.58
Right-of-use assets (Refer note 2)	185.09	-
Capital work-in-progress	469.62	359.27
Intangible assets	17.36	17.31
Financial assets		
Investments	112.64	287.56
Loans	17.21	16.74
Other financial assets	0.76	230.61
Deferred tax assets (net)	5.87	3.56
Non-current tax assets (net)	21.52	28.36
Other non-current assets	943.28	975.56
Sub total - Non-current assets	19,469.95	19,915.55
Current assets		
Inventories	532.86	627.03
Financial assets		
Investments	1,000.35	626.86
Trade receivables	1,649.93	1,229.69
Cash and cash equivalents	148.62	116.07
Bank balances other than cash and cash equivalents	188.70	211.93
Loans	38.84	15.07
Other financial assets	1,853.83	1,679.38
Other current assets	172.41	132.45
Sub total - Current assets	5,585.54	4,638.48
Total - Assets	25,055.49	24,554.03
EQUITY AND LIABILITIES		
Equity		
Equity share capital	480.62	480.62
Other equity	9,221.08	8,489.61
Sub total - Equity	9,701.70	8,970.23
Non-controlling interests	35.11	37.39
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	8,754.69	8,576.45
Trade payables		
Total outstanding dues of micro and small enterprises	-	-
Total outstanding dues other than micro and small enterprises	146.77	109.34
Other financial liabilities	23.01	0.24
Provisions	90.13	83.24
Deferred tax liabilities (net)	1,215.38	1,565.38
Other non-current liabilities	988.21	975.40
Sub total - Non-current liabilities	11,218.19	11,310.05
Current liabilities		
Financial liabilities		
Borrowings	13.36	300.05
Trade payables		
Total outstanding dues of micro and small enterprises	17.57	27.17
Total outstanding dues other than micro and small enterprises	863.90	763.32
Other financial liabilities (Refer note 11)	2,248.16	2,417.69
Other current liabilities	696.61	669.27
Provisions (Refer note 3)	210.52	42.44
Current tax liabilities (net)	50.37	16.42
Sub total - Current liabilities	4,100.49	4,236.36
Total - Equity and liabilities	25,055.49	24,554.03



Consolidated Statement of Cash Flow

(₹ in Crore)

	For the six months ended		For the year ended
	30th September, 2019	30th September, 2018	31st March, 2019
	Un-audited	Refer note 13	Audited
Cash flow from operating activities			
Net profit before tax	852.74	789.55	1,263.61
Adjustments for :			
Depreciation and amortisation expense	642.49	606.16	1,226.53
Amortisation of deferred revenue	(34.77)	(31.14)	(64.07)
Provision of earlier years written back	(0.44)	(0.01)	(26.98)
Loss on sale / discarding of property, plant and equipment	9.36	5.60	17.97
Gain on disposal of property, plant and equipment	(1.30)	(2.39)	(8.40)
Bad debts written off (net of recovery)	(13.59)	(16.37)	3.96
Provision for damages	161.40	-	-
Allowance for doubtful debts (net)	7.87	39.71	17.44
Finance costs	497.19	453.97	898.93
Interest income	(43.58)	(40.26)	(75.94)
Gain on sale of current investments in mutual funds	(26.62)	(21.64)	(49.56)
Gain on sale of non-current investments	(8.64)	-	-
Net (gain) / loss arising on current investments in mutual funds measured at fair value through profit or loss	(2.56)	3.46	9.09
Net gain arising on financial assets / liabilities measured at amortised cost	(7.97)	(13.29)	(24.45)
Net unrealised loss / (gain) on foreign currency transactions	(0.84)	5.87	(4.70)
Operating profit before working capital changes	2,030.74	1,779.22	3,183.43
Movement in working capital:			
Adjustments for decrease / (increase) in operating assets:			
Inventories	94.17	(204.27)	(172.15)
Trade receivables	(414.52)	(323.93)	(120.64)
Non-current loans	(0.47)	0.08	(0.01)
Current loans	0.70	(1.87)	1.24
Other current financial asset	60.85	(119.14)	(280.22)
Other non-current financial asset	0.03	0.03	(229.98)
Other current assets	(45.81)	(16.08)	(53.23)
Other non-current assets	11.69	11.71	15.39
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables	90.98	180.39	131.80
Non-current trade payables	35.53	44.21	26.98
Other current financial liabilities	39.46	20.66	119.88
Other non-current financial liabilities	(0.01)	(0.07)	(0.06)
Long-term provisions	6.89	(1.61)	4.19
Short-term provisions	(6.39)	(3.37)	1.01
Other current liabilities	24.69	19.94	82.89
Cash generated from operations	1,928.53	1,385.90	2,710.52
Taxes paid	(127.47)	(94.46)	(285.92)
Net cash flow generated from operating activities	1,801.06	1,291.44	2,424.60
Cash flow from investing activities			
Payments for property, plant and equipment & capital work-in-progress	(558.32)	(746.14)	(1,648.15)
Payments for intangible assets & intangible asset under development	(4.04)	(4.97)	(8.39)
Non-current advances (given) / recovered for capital assets (net)	(135.25)	(203.29)	(332.13)
Proceeds from sale of property, plant and equipment / investment property	6.39	4.21	100.80
Non-current (investment in) / redemption of debentures from associates	191.62	(25.68)	(78.30)
Purchase of non-current investments	(1.92)	(1.93)	(1.93)
(Loans to) / repayment of loans from related parties (net)	(24.47)	-	-
(Investments) / redemption in bank deposits (net) (maturity more than three months)	22.86	37.75	(31.40)
Interest received	38.97	36.55	76.79
(Purchase of) / proceeds from current investments (net)	(344.31)	228.72	94.27
Bank balances not considered as cash and cash equivalents	-	(0.02)	(0.02)
Net cash generated from / (used in) investing activities	(808.47)	(674.80)	(1,828.46)



Consolidated Statement of Cash Flow(Contd.)

(₹ in Crore)

	For the six months ended		For the year ended
	30th September, 2019	30th September, 2018	31st March, 2019
	Un-audited	Refer note 13	Audited
Cash flow from financing activities			
Proceeds from long-term borrowings	1,478.05	317.03	859.61
Proceeds from short-term borrowings	263.36	150.68	1,200.05
Repayment of long-term borrowings	(251.41)	(208.41)	(447.55)
Prepayment of long-term borrowings	(1,199.10)	(290.75)	(290.75)
Repayment of short-term borrowings	(550.05)	-	(900.00)
Repayment of Accelerated Power Development and Reform Programme (APDRP) loan	(1.53)	(1.53)	(3.82)
Receipt of contribution from consumers	50.25	71.20	166.00
Dividend paid	(244.29)	(242.65)	(242.65)
Dividend distribution tax paid	(50.22)	(49.88)	(49.88)
Principal elements of finance lease payments	(3.08)	-	-
Finance costs paid	(452.02)	(421.62)	(907.58)
Net cash generated from / (used) in financing activities	(960.04)	(675.93)	(616.57)
Net (decrease) / increase in cash and cash equivalents	32.55	(59.29)	(20.43)
Cash and cash equivalents as at beginning of the period	116.07	136.50	136.50
Cash and cash equivalents as at end of the period	148.62	77.21	116.07

Notes:

1 The consolidated financial results include the financial results of Torrent Power Limited (the "Company") and five subsidiaries : Torrent Power Grid Limited, Torrent Pipavav Generation Limited, Torrent Solargen Limited, Jodhpur Wind Farms Private Limited and Latur Renewables Private Limited (the "Group"). The Company has not invested equity in its two associates namely Wind Two Renergy Private Limited and Wind Five Renergy Private Limited and accordingly, no share of loss of these associates are accounted.

Wind Five Renergy Private Limited has ceased to be an associate of the Company w.e.f 30th August, 2019. There is no impact of this development on the consolidated financial results for the quarter ended 30th September, 2019.

2 Effective 1st April, 2019, the Group has adopted Ind AS 116, "Leases". Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is of a low value.

The Group has used the 'modified retrospective approach' for transition from the previous standard - Ind AS 17, and consequently, comparatives for previous periods have not been retrospectively adjusted. On transition, the Group has recorded the lease liability at the present value of future lease payments discounted using the incremental borrowing rate and has also chosen the practical expedient provided in the standard to measure the right-of-use assets at the same value as the lease liability.

The adoption of the new standard resulted in recognition of right-of-use assets and an equivalent lease liability as on 1st April, 2019. The effect of Ind AS 116 on the profit for the period and earning per share is not material.

3 During the current quarter, the Company has made a provision of ₹ 161.40 Crore in respect of certain onerous contracts towards potential damages and other project related costs, arising from expected delays in setting up certain wind power generation capacities ("Project"), awarded to the Company in a prior period under a competitive bidding process. The Company has filed an application with the long-term buyer of electricity from the Project to grant extension of the scheduled commissioning date of the Project and is awaiting the buyer's response thereon.

4 Property, Plant & Equipment ("PPE") as at 30th September, 2019 includes carrying amount of ₹ 4,223 Crore pertaining to 1,200 MW DGEN Mega Power Project located at Dahej, India ("DGEN"). DGEN started commercial operations from November 2014 ("COD") but did not operate after COD, except for intermittent periods, including the current quarter. During the periods of non-operation, DGEN is maintained in cold standby mode for immediate start-up, as and when required.

The Company had carried out an impairment assessment as at 31st March, 2019 by considering 'value-in-use' of DGEN in accordance with Indian Accounting Standard 36 ("Ind AS 36") and concluded that no provision for impairment was required. The Company has reviewed the key assumptions underlying the above conclusion as on 30th September 2019 and has concluded that no impairment provision is considered necessary as at 30th September 2019.

The assessment of 'value-in-use' involves several key assumptions including expected demand, future price of fuel, expected tariff rates for electricity, discount rate, exchange rate and current electricity market scenario, which the management considered reasonable based on past trends and the current and likely future state of the industry. Management intends to review such assumptions periodically to factor updated information based on events or changes in circumstances in order to make fresh assessment of impairment, if any. Changes in such key assumptions in future may have a material adverse impact on the value-in-use.

5 Taxation Laws (Amendment) Ordinance, 2019 promulgated on 20th September 2019, inter alia, reduced the rate of MAT from 21.55% to 17.47% (including applicable surcharge and cess). The net deferred tax credit of ₹ 321.37 Crore (including deferred tax credit in other comprehensive income) in the current period includes the impact of this change amounting to ₹ 280.18 Crore, due to the Group's ability to utilize accumulated MAT credit in future years, not previously recognized.



- 6 The revenue for the current quarter includes ₹ 165.07 Crore on account of a favorable Order received from the Appellate Tribunal for Electricity in respect of disputed Revenue Gap of earlier years..
- 7 The Board at its meeting of even date, has approved the Scheme of Arrangement ("Scheme") for transfer and vesting of Cable Business Undertaking of the Company to TCL Cables Pvt. Ltd., a wholly owned subsidiary (w.e.f. 5th November, 2019) of the Company, on a going concern basis by way of slump sale with effect from the appointed date of 1st April 2020 for a lump sum consideration of ₹ 214.50 Crore (to be adjusted for change in working capital), under sections 230 to 232 and other applicable provisions of the Companies Act, 2013. The Scheme is subject to requisite regulatory and other approvals, pending which no adjustments are required to be made in the statement of assets and liabilities and in the financial results as at and for the quarter and six months ended 30th September, 2019.

The key financial data as per books pertaining to the Cables Business Undertaking (including inter unit transactions) for the relevant periods presented in the Statement of results are as follows:

(₹ in Crore)

Particulars	Quarter ended 30th September, 2019	Six months ended 30th September, 2019	Previous year ended 31st March, 2019
Revenue from operations	117.69	231.18	358.02
Profit before tax	3.65	9.92	1.58
Total assets		248.05	277.93
Total liabilities		38.16	40.94

- 8 Torrent Pipavav Generation Limited ("TPGL"), a subsidiary of the Company, had paid for acquisition of land in Amreli, Gujarat for the purpose of developing a coal based power plant of 1,000+ MW. Due to non-availability of fuel linkage, the Government of Gujarat vide its letter dated 6th December, 2017, has communicated that the said project may not be developed and accordingly, the joint venture between Torrent Power Limited and Gujarat Power Corporation Limited (GPCL) is intended to be dissolved. The cost of land would be reimbursed to TPGL through disposal by state government. With reference to this, in the month of March 2019, GPCL has written a letter to Collector, Amreli stating that land is surrendered to the Government and requested Energy and Petroleum Department, Government of Gujarat to take further action in the matter. The management has made an impairment assessment of the land valuation by comparing the carrying value of such land in the books with the stamp value as prescribed by the Superintendent of Stamps, Gandhinagar, Gujarat, on the basis of which it has been concluded that there is no impairment. The recovery of the amount invested for land by TPGL is dependent on the ability of the Government to find a suitable buyer for the land.
- 9 The chief operating decision maker evaluates the Group's performance and allocates the resources to whole of the Group business viz. "Generation, Transmission and Distribution of Power" as an integrated utility. Further, the Group's cable business is not a reportable segment in terms of revenue, profit, assets and liabilities. Hence the Group does not have any reportable segment as per Ind AS - 108 "Operating Segments".
- 10 The entire immovable and movable assets including current assets, both present and future, of the Company are mortgaged and hypothecated by way of first charge in favour of holders of Non Convertible Debentures series no. 1, 2A / 2B / 2C and 3A / 3B / 3C and which charge is held on a *pari passu* basis with lenders of term loans, cash credits and non-fund based credit facilities, availed by the Company.
- 11 Notwithstanding the fact that security deposits from consumers in the Company's business, which is in the nature of utility, are generally not repayable within a period of twelve months based on historical experience, such deposits amounting to ₹ 1054.79 Crore as at 31st March, 2019 that were earlier included as part of Other non-current financial liabilities have now been included under Other current financial liabilities pursuant to a recent Opinion issued by Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India pertaining to consumer deposits in another case.
- 12 The figures for the previous periods have been regrouped / recast, wherever necessary, to make them comparable with the figures for the current period.
- 13 The comparative figures for cash flows for the six months ended 30th September, 2018 have been prepared by management, reviewed by the Audit Committee of the Company and approved by the Company's Board of Directors at their respective meetings held on 5th November, 2019, but have not been subjected to review by the statutory auditors as the mandatory requirement for limited review of cash flows has been made applicable for periods beginning 1st April, 2019, pursuant to Regulation 33(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- 14 The Audit Committee has reviewed the above results and the same have been subsequently approved by the Board of Directors in their respective meetings held on 5th November, 2019.
- 15 Summary of key standalone financial results is as follows:

(₹ in crore)

Particulars	For the quarter ended			For the six months ended		For the year ended
	30.09.2019	30.06.2019	30.09.2018	30.09.2019	30.09.2018	31.03.2019
	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Audited
Revenue from operations	3,776.53	3,686.48	3,381.34	7,463.01	6,866.47	12,977.52
Profit before tax	518.83	316.90	484.52	835.73	766.05	1,248.36
Profit after tax	743.71	276.15	402.08	1,019.86	623.12	889.24
Total comprehensive income	737.98	273.27	401.09	1,011.25	623.44	883.03

Note : The standalone financial results of the Company for the above mentioned periods are available in the investors section in www.torrentpower.com and also with the stock exchanges where it is listed. The information above has been extracted from the published standalone financial results.

For, TORRENT POWER LIMITED


Samir Mehta
Chairman

Place : Ahmedabad
Date : 5th November, 2019

