

TORRENT SOLARGEN LIMITED
Balance Sheet

as at 31st March, 2020

	Note	As at 31st March, 2020	(₹ in Lakhs) As at 31st March, 2019
Assets			
Non-current assets			
Property, plant and equipment	5	84,022.53	-
Capital work-in-progress	6	-	49.97
Financial assets			
Loans	7	64.55	0.05
Deferred tax assets (net)		1,985.96	110.28
Non-current tax assets (net)	8	4.97	4.97
Other non-current assets	9	0.45	12,742.65
		86,078.46	12,907.92
Current assets			
Financial assets			
Investments	10	6,906.15	8,881.84
Trade receivables	11	1,270.53	-
Cash and cash equivalents	12	36.39	3.28
Loans	13	-	0.76
Other current assets	14	43.46	0.32
		8,256.53	8,886.20
		94,334.99	21,794.12
Equity and liabilities			
Equity			
Share capital	15	8,005.00	8,005.00
Other equity	16	(7,469.48)	625.07
		535.52	8,630.07
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	17	81,061.30	-
Deferred tax liabilities (net)		-	-
		81,061.30	-
Current liabilities			
Financial liabilities			
Borrowings	18	-	13,135.19
Trade payables	19	-	-
Total outstanding dues of micro and small enterprises		-	-
Total outstanding dues other than micro and small enterprises		335.72	2.57
Other financial liabilities	20	9,420.92	-
Other current liabilities	21	181.53	26.29
Provisions	22	2,800.00	-
		12,738.17	13,164.05
		94,334.99	21,794.12

See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number : 012754N / N500016

Chintan Shah

Chief Executive Officer

Jayesh Desai

 Chairman
DIN:02295309

Viren Shah
Partner

Membership No.: 046521

Shivani Jain

Company Secretary

Priya Jain

Chief Financial Officer

Place:

Date:

Place: Ahmedabad

Date: 15th May, 2020

TORRENT SOLARGEN LIMITED**Statement of Profit and Loss**

for the year ended 31st March, 2020

	Note	Year ended 31st March, 2020	(₹ in Lakhs) Year ended 31st March, 2019
Income			
Revenue from operations	23	2,022.31	-
Other income	24	470.83	550.71
Total income		2,493.14	550.71
Expenses			
Employee benefits expense	25	58.50	23.91
Finance costs	26	5,766.53	372.43
Depreciation and amortization expense	27	1,061.59	-
Other expenses	28	417.87	48.08
Provision for impairment		2,302.63	-
Provision for damages		2,800.00	-
Total expenses		12,407.12	444.42
(Loss) / Profit before tax		(9,913.98)	106.29
Tax expenses			
Current tax	29	-	123.07
Deferred tax	29	(1,875.68)	(224.94)
Short provision of current tax for earlier years		-	0.06
		(1,875.68)	(101.81)
(Loss) / Profit for the year		(8,038.30)	208.10
Other comprehensive income		-	-
Other comprehensive income for the year (net of tax)		-	-
Total comprehensive income for the year		(8,038.30)	208.10
Basic and diluted earnings per share of face value of Rs.10 each (in Rs.)	35	(10.04)	0.26

See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board of Directors

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

Chintan Shah
Chief Executive Officer

Jayesh Desai
Chairman
DIN:02295309

Viren Shah
Partner
Membership No.: 046521

Shivani Jain
Company Secretary

Priya Jain
Chief Financial Officer

Place:
Date:

Place: Ahmedabad
Date: 15th May, 2020

TORRENT SOLARGEN LIMITED
Cash flow statement

for the year ended 31st March, 2020

	Note	Year ended 31st March, 2020	(₹ in Lakhs) Year ended 31st March, 2019
Cash flow from operating activities			
Net (loss) / profit before tax		(9,913.98)	106.29
Adjustments for :			
Depreciation and amortization expense	27	1,061.59	-
Finance costs	26	5,766.53	372.43
Interest income	24		(198.48)
Provision for Impairment	6	2,302.63	
Provision for Damages	22	2,800.00	
Profit on sale of investments in mutual funds	24	(566.30)	(520.74)
Net gain arising on investments in mutual funds mandatorily measured at fair value through profit or loss	24	95.47	168.51
Operating profit / (loss) before working capital changes		1,545.94	(71.99)
Movement in working capital:			
Adjustments for decrease / (increase) in operating assets:			
Trade receivables		(1,270.53)	-
Long-term loans		(64.50)	-
Short-term loans		0.76	(0.76)
Other current assets		(43.14)	(0.32)
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		333.15	(1.08)
Other current financial liabilities		-	(5.16)
Short-term provisions		-	-
Other current liabilities		155.24	(11.32)
Cash generated from / (used in) operations		656.92	(90.62)
Taxes paid		-	(27.02)
Net cash flow generated from / (used in) operating activities		656.92	(117.64)
Cash flow from investing activities			
Payments for property, plant and equipment & capital work-in-progress		(66,823.64)	(49.97)
Long-term advances for capital assets		-	(12,742.20)
Investment in subsidiaries		(200.00)	-
Sale of Investment in subsidiaries		200.00	-
Interest received		-	408.71
Profit on sale of investments in mutual funds		566.30	520.74
Redemption / (purchase) of mutual funds		1,880.22	(5,370.41)
Receipts on maturity of Fixed Deposits		-	4,554.00
Net cash used in investing activities		(64,377.12)	(12,679.14)
Cash flow from financing activities			
Expenses incurred for increase in authorised share capital		(56.25)	-
Repayment of short-term / Long term borrowings		(68,984.68)	-
Proceeds from Long term / short-term borrowings		1,37,516.20	12,800.00
Finance costs paid		(4,721.96)	-
Net cash generated from in financing activities		63,753.31	12,800.00
Net increase in cash and cash equivalents		33.11	3.22
Cash and cash equivalents as at beginning of the year		3.28	0.06
Cash and cash equivalents as at end of the year		36.39	3.28

See accompanying notes forming part of the financial statements

	Note	As at 31st March, 2020	As at 31st March, 2019
Notes:			
1. Cash and cash equivalents as at end of the year:			
Cash and cash equivalents			
	12		
Balance in current accounts		35.95	3.03
Cash on hand		0.44	0.25
		36.39	3.28

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

In terms of our report attached

For and on behalf of the Board of Directors

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

 Chintan Shah
 Chief Executive Officer

 Jayesh Desai
 Chairman
 DIN:02295309

 Viren Shah
 Partner
 Membership No.: 046521

 Shivani Jain
 Company Secretary

 Priya Jain
 Chief Financial Officer

 Place:
 Date:

 Place: Ahmedabad
 Date: 15th May, 2020

TORRENT SOLARGEN LIMITED

Notes to the financial statements for the year ended March 31, 2020

Note 1. General Information:

The Company is a wholly owned subsidiary of Torrent Power Limited. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located at "Samanvay", 600, Tapovan, Ambawadi, Ahmedabad – 380 015.

The Hon'ble Gujarat High Court has approved Scheme of arrangement ("Scheme") for transfer and vesting of the Solar Energy Undertaking as well as Wind Energy Undertaking of the Company, to Torrent Power Limited, pursuant to the provisions of Sections 391 to 394 and other relevant provisions of the Companies Act, 1956 / Companies Act, 2013 vide order dated October 14, 2016. The copy of the same order was filed with Registrar of the Companies on December 01, 2016 ("Effective Date"). The Scheme of Arrangement shall have legal effect from April 01, 2015 ("Appointed Date"). The Scheme has accordingly been given effect to in the financial statements with effect from the Appointed Date.

The Company is engaged in the business of generation of wind power. The Company's project of 126MW is situated in the Koral and Lohara district in the State of Maharashtra.

Note 2: New standards or interpretations adopted by the Company

The Company has applied the following Ind AS for the first time for its annual reporting period commencing 1st April, 2019:

Ind AS - 116 "Leases"

The Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards), 2019 on 30th March, 2019 which includes Ind AS - 116 "Leases". The Company has applied Ind AS 116, Leases for the first time for their annual reporting period commencing 1st April, 2019.

The Company had to change its accounting policies as a result of adopting Ind AS 116. This is disclosed in note 3.12.

Note 3. Significant accounting policies

3.1 Basis of preparation:

a) Compliance with Ind AS

The financial statements are in compliance, in all material aspects, with 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 Act 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, the Company has applied this norm while preparing the financial statements.

b) Historical cost convention

The financial statements have been prepared on an accrual basis under the historical cost convention except for following;

TORRENT SOLARGEN LIMITED

Notes to the financial statements for the year ended March 31, 2020

- Certain financial assets and liabilities (including derivative instruments) which have been measured at fair value.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III (Division II) to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of asset and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current / non-current classification of assets and liabilities.

3.2 Property, plant and equipment:

Tangible fixed assets:

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

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, 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 the Company 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 period is provided on additions / deductions of the assets during the period from / up to the month in which the asset is added / deducted. Depreciation is provided to allocate their cost, net of their residual values on a straight line basis over the estimated useful lives, which are as follows:

Class of assets	Useful Life (yrs)
Plant and machinery	25

The useful lives have been determined based on technical evaluation done by the management's expert which is specified by the Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets.

The estimated useful life, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

TORRENT SOLARGEN LIMITED

Notes to the financial statements for the year ended March 31, 2020

3.3 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.

3.4 Cash and cash equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, 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.

3.5 Revenue recognition:

Revenue is recognized, when control in relation to goods or services are transferred to consumers and for which the Company expects to receive consideration for exchange of those goods or services. Revenue is reduced for discount and other similar allowances.

- (i) Revenue from power supply are accounted for on the basis of billings to consumer in accordance with the Power Purchase Agreement.

3.6 Taxation:

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax:

The tax currently payable is based on taxable income for the year in accordance with the provisions of the Income Tax Act, 1961. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expenses that are taxable or deductible in other years and items that are never taxable or deductible. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and revises the provisions, where consider necessary.

Advance taxes and provisions for current income taxes are offset when there is a legally enforceable right to offset and balance arises with same tax authority.

Deferred Tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

TORRENT SOLARGEN LIMITED

Notes to the financial statements for the year ended March 31, 2020

Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

3.7 Earnings per share:

Basic earnings per share is computed by dividing the profit /(loss) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by adjusting the figures used in the determination of basic EPS to take into account:

- After tax effect of interest and other financing costs associated with dilutive potential equity shares.
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

3.8 Provisions, contingent liabilities and contingent assets:

Provisions:

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

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

TORRENT SOLARGEN LIMITED

Notes to the financial statements for the year ended March 31, 2020

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 Company.

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

3.9 Financial instruments:

Initial measurement of financial assets and financial liabilities :

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

Financial assets

i) Classification of financial assets (including debt instruments)

The Company 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 terms of the cash flows.

ii) Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the debt instruments can be classified:

• Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part

TORRENT SOLARGEN LIMITED

Notes to the financial statements for the year ended March 31, 2020

of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

• Fair value through other comprehensive income (FVOCI):

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains and losses and impairment expenses in other expenses.

• Fair value through profit or loss:

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

iii) Impairment of financial assets

The Company 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, the Company follows 'simplified approach' for recognition of impairment loss and always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on historical credit loss experience.

iv) 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 the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset

When the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the

TORRENT SOLARGEN LIMITED

Notes to the financial statements for the year ended March 31, 2020

financial assets 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 the Company has not retained control over the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

3.10 Financials liabilities:

The Company's financial liabilities include trade and other payables, loans and borrowings .

i) Classification

The Company financial liabilities, except for financial liabilities at fair value through profit or loss, are measured at amortized cost.

The Effective Interest Rate Method (EIR) is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

ii) Subsequent measurement

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

iii) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or or waived off or have expired. An exchange between the Company 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.

3.11 Contributed equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Transaction costs of an equity transaction shall be accounted for in other equity

3.12 Leases:

The Company has applied Ind AS 116 for the first time for the annual reporting period commencing April 01, 2019.

TORRENT SOLARGEN LIMITED

Notes to the financial statements for the year ended March 31, 2020

Company as a lessee:

From April 01, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. 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 the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

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

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

Short term leases and leases of low value assets:

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

3.13 Rounding of amounts:

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Lakhs with two decimals as per the requirement of Schedule III of the Companies Act, 2013, unless otherwise stated.

TORRENT SOLARGEN LIMITED

Notes to the financial statements for the year ended March 31, 2020

Note 4 - 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 the Company 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.

The estimates and underlying 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.

Key source of estimation of uncertainty at the date of financial statements, which may cause material adjustment to the carrying amount of assets and liabilities within the next financial year, is in respect of recognition of deferred tax assets (refer note 29)

TORRENT SOLARGEN LIMITED

Note - 5 : Property, plant and equipment - as at 31 March 2020

(₹ in Lakhs)

PARTICULARS	GROSS BLOCK					DEPRECIATION & AMORTISATION				NET BLOCK	
	As At 1st April, 2019	Additions during the year	Deduction during the year	Adjustment	As At 31st March 2,020	As At 1st April, 2019	For the year	Deduction during the year	As At 31st March 2,020	As At 31st March 2,020	As At 31st March, 2,019
Freehold land	-	1,274.33	-	-	1,274.33	-	-	-	-	1,274.33	-
Plant And Machinery	-	83,809.79	-	-	83,809.79	-	1,061.59	-	1,061.59	82,748.20	-
Total	-	85,084.12	-	-	85,084.12	-	1,061.59	-	1,061.59	84,022.53	-

TORRENT SOLARGEN LIMITED

Statement of changes in equity for the year ended 31st March, 2020

A. Equity share capital (refer note 15)

	(₹ in Lakhs)
Balance as at 1st April, 2018	8,005.00
Changes in equity share capital during the year	-
Balance as at 31st March, 2019	8,005.00
Changes in equity share capital during the year	-
Balance as at 31st March, 2020	8,005.00

B. Other equity (refer note 16)

	Reserves and surplus Retained earnings
Balance as at 1st April, 2018	416.97
Profit for the year	208.10
Other comprehensive income for the year, net of income tax	-
Total comprehensive income for the year	208.10
Balance as at 31st March, 2019	625.07
Loss for the year	(8,038.30)
Share issue expense	(56.25)
Other comprehensive income for the year, net of income tax	-
Total comprehensive income for the year	(8,094.55)
Balance as at 31st March, 2020	(7,469.48)

In terms of our report attached

For and on behalf of the Board of Directors

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

Chintan Shah
Chief Executive Officer

Jayesh Desai
Chairman
DIN:02295309

Viren Shah
Partner
Membership No.: 046521

Shivani Jain
Company Secretary

Priya Jain
Chief Financial Officer

Place:
Date:

Place: Ahmedabad
Date: 15th May, 2020

TORRENT SOLARGEN LIMITED**Notes to the financial statements for the year ended March 31, 2020**

(₹ in Lakhs)

Note 6 : Capital work-in-progress

	As at 31st March, 2020	As at 31st March, 2019
Capital work-in-progress*	2,302.63	49.97
Less: Provision for impairment (Refer Note 39)	(2,302.63)	-
	<u>-</u>	<u>49.97</u>

Note 7 : Non-current loans

Unsecured (considered good unless stated otherwise)

	As at 31st March, 2020	As at 31st March, 2019
Security deposits	64.55	0.05
	<u>64.55</u>	<u>0.05</u>

Note 8 : Other non-current tax assets

	As at 31st March, 2020	As at 31st March, 2019
Advance income tax (net)	4.97	4.97
	<u>4.97</u>	<u>4.97</u>

Note 9 : Other non-current assets

Unsecured (considered good unless stated otherwise)

	As at 31st March, 2020	As at 31st March, 2019
Capital advances	-	12,742.20
Balances with government authority	0.45	0.45
	<u>0.45</u>	<u>12,742.65</u>

TORRENT SOLARGEN LIMITED
Notes to the financial statements for the year ended March 31, 2020

(₹ in Lakhs)

Note - 10 : Current investments

(Investments carried at fair value through profit or loss)

	As at 31st March, 2020	As at 31st March, 2019
Investment in mutual funds (unquoted)		
ICICI Prudential Liquid Plan - Regular - Growth (No. of units- 31st March, 2020: Nil, 31st March, 2019: 13,87,305.406)	-	3,820.90
ICICI Prudential Overnight Fund - Direct - Growth (No. of units- 31st March, 2020: 9,97,912.843, 31st March, 2019: Nil)	1,075.24	
HDFC Overnight Fund - Direct- Growth (No. of units- 31st March, 2020: 59,083.691, 31st March, 2019: Nil)	1,754.26	
TATA Overnight Fund - Direct - Growth (No. of units- 31st March, 2020: 3,86,893.659, 31st March, 2019: Nil)	4,076.65	
Tata Money Market Fund- Growth- Regular Plan (No. of units- 31st March, 2020: 1,72,695.854, 31st March, 2019: 1,34,947.726)	-	5,060.94
	6,906.15	8,881.84
Aggregate amount of unquoted investments	6,906.15	8,881.84
Aggregate amount of market value of unquoted investments	6,906.15	8,881.84

Note - 11 : Trade receivables

	As at 31st March, 2020	As at 31st March, 2019
Trade receivables		
Secured - Considered good		
Unsecured - Considered good	1,270.53	-
- Considered doubtful		
	1,270.53	-
Less: Allowance for bad and doubtful debts		
	1,270.53	-

Note:

1 Refer Note 38 for credit risk related disclosures.

Note - 12 : Cash and cash equivalents

	As at 31st March, 2020	As at 31st March, 2019
Balances with banks		
Balance in current accounts	35.95	3.03
Cash on hand	0.44	0.25
	36.39	3.28

Note 13 : Current loans

Unsecured (considered good unless stated otherwise)

	As at 31st March, 2020	As at 31st March, 2019
Other loans	-	0.76
	-	0.76

Note 14 : Other current assets

Unsecured (considered good unless stated otherwise)

	As at 31st March, 2020	As at 31st March, 2019
Advances for goods and services	0.06	0.32
Prepayments	43.40	-
	43.46	0.32

TORRENT SOLARGEN LIMITED
Notes to the financial statements for the year ended March 31, 2020

Note - 15 : Equity share capital

	As at 31st March, 2020	(₹ in Lakhs) As at 31st March, 2019
Authorised		
20,00,00,000 (12,50,00,000 as at 31st March, 2019) equity shares of Rs.10 each	<u>20,000.00</u>	12,500.00
	<u>20,000.00</u>	<u>12,500.00</u>
Issued, subscribed and paid up		
8,00,50,000 (8,00,50,000 as at 31st March, 2019) equity shares of Rs.10 each	<u>8,005.00</u>	8,005.00
	<u>8,005.00</u>	<u>8,005.00</u>

1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting year :

	No. of shares As at 31st March, 2020	No. of shares As at 31st March, 2019
At the beginning of the year	<u>8,00,50,000</u>	8,00,50,000
Outstanding at the end of the year	<u>8,00,50,000</u>	<u>8,00,50,000</u>

2 Shares held by holding company :

8,00,50,000 equity shares (8,00,50,000 equity shares as at 31st March, 2019) of Rs.10 each fully paid up are held by holding company - Torrent Power Limited jointly with nominees.

3 Terms / Rights attached to equity shares :

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

4 Details of shareholders holding more than 5% shares in the Company :

Name of the Shareholder	As at 31st March, 2020		As at 31st March, 2019	
	No. of shares	% holding	No. of shares	% holding
Torrent Power Limited (Jointly with nominees)	8,00,50,000	100.00%	8,00,50,000	100.00%

Note - 16 : Other equity

	As at 31st March, 2020	(₹ in Lakhs) As at 31st March, 2019
Reserves and surplus		
Retained earnings	<u>(7,469.48)</u>	625.07
	<u>(7,469.48)</u>	<u>625.07</u>

Notes:

1 Retained earnings:

The same reflects the profit of the company earned till date net of appropriations. The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the balance in this reserve, after considering the requirements of the Companies Act, 2013.

Note - 17 : Non-current borrowings

	As at 31st March, 2020	As at 31st March, 2019
Non-current borrowings		
Unsecured loans - at amortised cost	81,061.30	-
interest accrued thereon) is repayable on earlier of drawal of loan from lender banks or available cash flow whichever is earlier.		
	<u>81,061.30</u>	<u>-</u>

Note - 18 : Current borrowings

	As at 31st March, 2020	As at 31st March, 2019
Unsecured loans		
Loans from Torrent Power Limited - Parent company (including interest accrued)	-	13,135.19
	<u>-</u>	<u>13,135.19</u>
	<u>-</u>	<u>13,135.19</u>

Net debt reconciliation

This section sets out an analysis of net debt and the movement in net debt for each of the periods presented:

	As at 31st March, 2020	As at 31st March, 2019
Cash and cash equivalents	36.39	3.28
Current Investment	6,906.15	8,881.84
Current Borrowings	-	(13,135.19)
Non-current borrowings (including current maturities and interest accrued)	(82,711.30)	-
	<u>(75,768.76)</u>	<u>(4,250.07)</u>

	Other Assets		Liabilities from financing activities		Total
	Cash and cash equivalents	Current Investment	Non current borrowings		
Net debt as on 31st March,2019	3.28	8,881.84	(13,135.19)		(4,250.07)
Cash Flows	33.11	(1,880.22)	(64,883.00)		(66,730.11)
Fair value adjustment	-	(95.47)	-		(95.47)
Interest Expense (net of TDS)			(4,693.11)		(4,693.11)
Net debt as on 31st March,2020	<u>36.39</u>	<u>6,906.15</u>	<u>(82,711.30)</u>		<u>(75,768.76)</u>

	Other Assets		Liabilities from financing activities		Total
	Cash and cash equivalents	Current Investment	Current Borrowings		
Net debt as on 31st March,2018	0.06	3,679.94			3,680.00
Cash Flows	3.22	5,370.41	(12,800.00)		(7,426.37)
Interest Expense (net of TDS)	-	-	(335.19)		(335.19)
Fair value adjustment	-	(168.51)	-		(168.51)
Net debt as on 31st March,2019	<u>3.28</u>	<u>8,881.84</u>	<u>(13,135.19)</u>		<u>(4,250.07)</u>

TORRENT SOLARGEN LIMITED
Notes to the financial statements for the year ended March 31, 2020

(₹ in Lakhs)

Note - 19 : Current trade payables

	As at 31st March, 2020	As at 31st March, 2019
Trade payables for goods and services		
Due to micro and small enterprises (refer note 31)	-	-
Due to others	335.72	2.57
	<u>335.72</u>	<u>2.57</u>

Note - 20 : Other current financial liabilities

	As at 31st March, 2020	As at 31st March, 2019
Current maturities of long-term debt (note 17)	1,650.00	-
Payables on purchase of property, plant and equipment	7,770.92	-
	<u>9,420.92</u>	<u>-</u>

Note - 21 : Other current liabilities

	As at 31st March, 2020	As at 31st March, 2019
Statutory dues	181.53	26.29
	<u>181.53</u>	<u>26.29</u>

Note - 22 : Current provisions

	As at 31st March, 2020	As at 31st March, 2019
Other provisions		
Provision for Damages (Refer Note 39)	2,800.00	-
	<u>2,800.00</u>	<u>-</u>
Movement in provision for damages:		
Opening balance as on April 01, 2019	-	-
Additional provision recognised	2,800.00	-
Reduction arising from payments	-	-
Closing balance as on March 31, 2020	<u>2,800.00</u>	<u>-</u>
	<u>2,800.00</u>	<u>-</u>

TORRENT SOLARGEN LIMITED
Notes to the financial statements for the year ended March 31, 2020

	Year ended 31st March, 2020	(₹ in Lakhs) Year ended 31st March, 2019
Note - 23 : Revenue from operations		
Revenue from power supply	2,022.31	-
	<u>2,022.31</u>	<u>-</u>

Note - 24 : Other income

	Year ended 31st March, 2020	Year ended 31st March, 2019
Interest income from financial assets at amortised cost		
Deposits	-	198.48
Gain on sale of current investment in mutual fund	566.30	520.74
Net gain arising on investments in mutual funds measured at fair value through profit or loss	(95.47)	(168.51)
	<u>470.83</u>	<u>550.71</u>

Note - 25 : Employee benefits expense *

	Year ended 31st March, 2020	Year ended 31st March, 2019
Salaries, wages and bonus	50.29	21.70
Contribution to provident and other funds	8.21	2.21
	<u>58.50</u>	<u>23.91</u>

*Represents shared expenditure with Torrent Power Limited (Refer note - 37)

Note - 26 : Finance costs

	Year ended 31st March, 2020	Year ended 31st March, 2019
Interest expense for financial liabilities not classified as fair value through profit or loss		
Others	5,214.56	372.43
Other borrowing costs	551.97	-
	<u>5,766.53</u>	<u>372.43</u>
Less: Allocated to capital works	<u>5,766.53</u>	<u>372.43</u>

Note - 27 : Depreciation and amortization expense

	Year ended 31st March, 2020	Year ended 31st March, 2019
Depreciation expense on property, plant and equipment	1,061.59	-
	<u>1,061.59</u>	<u>-</u>

Note - 28 : Other expenses

	Year ended 31st March, 2020	Year ended 31st March, 2019
Rent and hire charges	5.10	0.64
Repairs to		
Plant and machinery	324.12	-
Insurance	20.73	-
Rates and taxes	0.02	0.02
Vehicle running expenses	11.95	-
Electricity expenses	29.98	-
Corporate social responsibility expenses (Refer note - 34)	-	43.00
Auditors remuneration (Refer note -33)	2.36	1.18
Legal, professional and consultancy fees	90.80	3.12
Miscellaneous expenses	18.96	0.12
	<u>504.02</u>	<u>48.08</u>
Less: Allocated to capital works, repairs and other relevant revenue accounts	<u>86.15</u>	<u>-</u>
	<u>417.87</u>	<u>48.08</u>

TORRENT SOLARGEN LIMITED
Notes to the financial statements for the year ended March 31, 2020
Note 29: Income tax expenses

(₹ in Lakhs)

(a) Income tax expense recognised in statement of profit and loss

	Year ended 31st March, 2020	Year ended 31st March, 2019
Current tax :		
Current tax on profits for the year	-	123.07
	<u>-</u>	<u>123.07</u>
Deferred tax :		
(Increase)/ Decrease in deferred tax assets	(1,848.82)	(178.06)
(Decrease)/ Increase in deferred tax liabilities	(26.85)	(46.88)
	<u>(1,875.68)</u>	<u>(224.94)</u>
Adjustment for current tax of prior periods	-	0.06
Income tax expense attributable to continuing operations	<u>(1,875.68)</u>	<u>(101.81)</u>

(b) Reconciliation of income tax expense

	Year ended 31st March, 2020	Year ended 31st March, 2019
Profit / (Loss) before tax from continuing operations	(9,913.98)	106.29
Expected income tax expense calculated using tax rate at 25.17% (Previous year - 27.82%)	(2,495.34)	29.58
Adjustment to reconcile expected income tax expense to reported income tax expense:		
Effect of expenditure that is not deductible in determining tax profit	583.51	5.98
Effect of MAT credit (recognised)/not recognised in the previous years	28.35	(129.54)
Deferred tax on tax losses pertaining to earlier years recognised		(7.89)
Effect on deferred tax balance due to change in enacted income tax rate	7.80	-
Total	<u>(1,875.68)</u>	<u>(101.87)</u>
Adjustment for current tax of prior periods	-	0.06
Total expenses as per statement of Profit and Loss	<u>(1,875.68)</u>	<u>(101.81)</u>

Note 29: Income tax expenses (Contd.)

(₹ in Lakhs)

(c) Deferred tax balances

(i) The following is the analysis of deferred tax assets / (liabilities) presented in the balance sheet

	As at 31st March, 2020	As at 31st March, 2019
Deferred tax assets	1,988.68	139.85
Deferred tax liabilities	(2.72)	(29.57)
	<u>1,985.96</u>	<u>110.28</u>

(ii) Movement of deferred tax

Deferred tax assets / (liabilities) in relation to the year ended 31st March, 2020

	Opening balance	Recognised in profit or loss	Utilisation	Closing balance (₹ in Lakhs)
Property, plant and equipment / Capital Work in Progress	103.61	178.10	-	281.71
Financial assets at fair value through profit and loss	(29.57)	26.85	-	(2.72)
MAT credit recognised / (utilised) of earlier years	28.36	(28.36)	-	-
Provision for damages	-	704.76	-	704.76
Unabsorbed depreciation	-	995.07	-	995.07
Unabsorbed tax loss	7.88	(0.74)	-	7.14
	<u>110.28</u>	<u>1,875.68</u>	<u>-</u>	<u>1,985.96</u>

Deferred tax assets / (liabilities) in relation to the year ended 31st March, 2019

	Opening balance	Recognised in profit or loss	Utilisation	Closing balance
Property, plant and equipment / Capital Work in Progress		103.61	-	103.61
Financial assets at fair value through profit and loss	(76.45)	46.88	-	(29.57)
MAT credit recognised / (utilised) of earlier years	-	129.54	(101.18)	28.36
Unabsorbed depreciation	62.97	(62.97)	-	-
Unabsorbed tax loss	-	7.88	-	7.88
	<u>(13.48)</u>	<u>224.94</u>	<u>(101.18)</u>	<u>110.28</u>

TORRENT SOLARGEN LIMITED**Notes to the financial statements for the year ended March 31, 2020****Note 30: Commitments**

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		
Property, plant and equipment	-	72,205.80
	<u>-</u>	<u>72,205.80</u>

Note 31: Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding as at the Balance Sheet date. The above information has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors. No interest is paid/payable during the year and no amount is outstanding at the year end.

Note 32: Operating lease

The Company's significant leasing arrangements are in respect of office premises. The arrangement is for 9 years and is renewable/cancellable by mutual consent on mutually agreeable terms. Under these arrangements, generally refundable interest free deposits have been given. The Company has not entered into any material financial lease. The Company does not have any non-cancellable lease.

There are no leasing arrangements entered into by the Company falling under the ambit of Ind AS-116. Hence, disclosures under Ind AS-116 are not applicable to the Company

TORRENT SOLARGEN LIMITED**Notes to the financial statements for the year ended March 31, 2020**

(₹ in Lakhs)

Note 33: Auditors remuneration

	Year ended 31st March, 2020	Year ended 31st March, 2019
As auditor		
Audit fees (including Goods and Service Tax)	2.36	1.18
	<u>2.36</u>	<u>1.18</u>

Note 34: Corporate Social Responsibility (CSR) expenditure

	Year ended 31st March, 2020	Year ended 31st March, 2019
(a) Gross amount required to be spent by the Company	-	42.63
(b) Amount spent during the year on		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	-	43.00
	<u>-</u>	<u>43.00</u>
(c) Contribution to section 8 companies in relation to CSR expenditure		
(i) Tornascent Care Institute	-	43.00
	<u>-</u>	<u>43.00</u>

Note 35: Earnings per share

	Year ended 31st March, 2020	Year ended 31st March, 2019
Basic earnings per share	(10.04)	0.26
Diluted earnings per share	(10.04)	0.26

Basic and diluted earnings per share

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows:

	Year ended 31st March, 2020	Year ended 31st March, 2019
(Loss) / Profit for the year attributable to the Company used in calculation of basis earning per share (amount in hundred)	(8,038.30)	208.10
Weighted average number of equity shares (in Lakhs)	800.50	800.50

The Company does not have any dilutive potential ordinary shares and therefore diluted earning per share is the same as basic earning per share.

Note 36: Operating segment

Company is engaged in generation of wind power in the state of Maharashtra which has been commissioned during the period. The Chief Operating Decision Maker (CODM) evaluates the Company's performance and applies the resources to whole of the Company business and hence the Company does not have any reportable segment as per Ind AS - 108 "Operating Segments".

TORRENT SOLARGEN LIMITED

Notes to the financial statements for the year ended March 31, 2020

Note 37: Related party disclosures**(a) Names of related parties and description of relationship:**

1	Parent Company	Torrent Power Limited
2	Ultimate parent company	Torrent Private Limited
3	Subsidiary of Parent company #	TCL Cables Private Limited (From 23rd October,2019 to 4th November, 2019)
4	Key management personnel	Jayesh Desai Chairman & Director Chintan Shah Chief Executive Officer
5	Non Executive Directors	Harnish Patel Pradip Mehta

with whom transactions have taken place during the year.

TORRENT SOLARGEN LIMITED
Notes to the financial statements for the year ended March 31, 2020

(₹ in Lakhs)

Note 37: Related party disclosures (Contd.)
(b) Related party transactions

	Entity where parent company has 50% voting rights		Subsidiary/Subsidiary of Parent Company		Parent Company		Total	
	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Nature of transactions								
Addition in Capital Work in Progress	-	-			2,623.07		2,623.07	
Torrent Power Limited	-	-			2,623.07		2,623.07	
Rent Expense	-	-			0.67	0.64	0.67	0.64
Torrent Power Limited	-	-			0.67	0.64	0.67	0.64
Shared Expenditure charged from	-	-			104.30	23.91	104.30	23.91
Torrent Power Limited	-	-			104.30	23.91	104.30	23.91
Donation for CSR expenditure	-	43.00			-	-	-	43.00
Tornascent Care Institute	-	43.00			-	-	-	43.00
Loan received	-	-			1,39,813.67	12,800.00	1,39,813.67	12,800.00
Torrent Power Limited	-	-			1,39,813.67	12,800.00	1,39,813.67	12,800.00
Loan repaid	-	-			71,282.15	-	71,282.15	-
Torrent Power Limited	-	-			71,282.15		71,282.15	-
Equity contribution			200.00	-			200.00	
TCL Cables Private Limited			200.00	-			200.00	
Sale of investment in Subsidiary					200.00		200.00	
Torrent Power Limited					200.00		200.00	
Interest Expense on Loan	-	-			5,214.56	372.43	5,214.56	372.43
Torrent Power Limited	-	-			5,214.56	372.43	5,214.56	372.43

TORRENT SOLARGEN LIMITED
Notes to the financial statements for the year ended March 31, 2020

Note 37: Related party disclosures (Contd.)

(c) Related party balances

(₹ in Lakhs)

	Parent Company		Total	
	As at	As at	As at	As at
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Balances at the end of the year				
Current Borrowings	-	13,135.18	-	13,135.18
Torrent Power Limited	-	13,135.18	-	13,135.18
Non-Current Borrowings	81,061.30	-	81,061.30	-
Torrent Power Limited	81,061.30	-	81,061.30	-
Other Current Financial Liabilities	1,650.00	-	1,650.00	-
Torrent Power Limited	1,650.00	-	1,650.00	-
Trade Payable	16.21	-	16.21	-
Torrent Power Limited	16.21	-	16.21	-
Rent Deposit	0.05	0.05	0.05	0.05
Torrent Power Limited	0.05	0.05	0.05	0.05
Bank Guarantees	5,338.00	-	5,338.00	-
Torrent Power Limited	5,338.00	-	5,338.00	-

(d) Terms and conditions of outstanding balances

1. Interest free Rent Deposit has been given to Torrent Power Limited as per agreement for leave and license for use of office premises for 9 years.

Note 38: Financial instruments and risk review

(a) Capital Management

The Company manages its capital structure to ensure that the Company will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Company's capital structure is represented by equity (comprising issued capital, retained earnings and other reserves as detailed in notes 15 & 16) and debt (borrowings as detailed in note 17 & 20).

The Company's management reviews the capital structure of the Company on annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. The Company has a target gearing ratio of 2:1 determined as the proportion of debt to equity.

Gearing ratio

The gearing ratio at end of the reporting period was as follows.

	As at 31st March, 2020	As at 31st March, 2019
Debt	82,711.30	13,135
Equity	<u>(1,450.44)</u>	<u>8,519.79</u>
Net debt to equity ratio	<u>(57.02)</u>	<u>1.54</u>

- (i) Debt represents borrowing taken from the parent company including interest accrued
(ii) Equity is defined as Equity share capital + all reserve (excluding revaluation reserve) + deferred tax liabilities – deferred tax assets.

Loan Covenants

The Company has complied with financial covenants specified as per the terms of borrowing facility.

(b) Categories of financial instruments

	As at 31st March, 2020		As at 31st March, 2019	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Measured at amortised Cost				
Cash and cash equivalents	36.39	36.39	3.28	3.28
Trade receivables	1,270.53	1,270.53		
Loans	64.55	64.55	0.81	0.81
Other current financial assets		-	-	-
	<u>1,371.47</u>	<u>1,371.47</u>	4.09	4.09
Measured at fair value through profit and loss (FVTPL)				
Investments in mutual funds	6,906.15	6,906.15	8,881.84	8,881.84
	<u>6,906.15</u>	<u>6,906.15</u>	8,881.84	8,881.84
Financial liabilities				
Measured at amortised Cost				
Borrowings	81,061.30	81,061.30	13,135.18	13,135.18
Trade payable	335.72	335.72	2.57	2.57
Other financial liabilities	9,420.92	9,420.92	-	-
	<u>90,817.94</u>	<u>90,817.94</u>	13,137.75	13,137.75

(c) Fair value measurement

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

- Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

Note 38: Financial instruments and risk review

(i) Financial assets at fair value through profit and loss (FVTPL)

	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)
	31st March, 2020	31st March, 2019		
Investment in mutual funds	6,906.15	8,881.84	Level 1	Quoted bid prices in an active market
	<u>6,906.15</u>	<u>8,881.84</u>		

(d) Financial risk management objectives

The Company's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations, routine and projects capital expenditure. The Company's principal financial assets include investment in mutual funds, cash and cash equivalents.

The Company's activities expose it to a variety of financial risks viz interest rate risk, credit risk, liquidity risk etc. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's senior management oversees the management of these risks. It advises on financial risks and the appropriate financial risk governance framework for the Company. Company's borrowing includes borrowing from Parent Company.

Interest rate risk

Company's borrowings are on a floating rate of interest. The Company has exposure to interest rate risk, arising principally on changes in Marginal Cost of Funds based Lending Rate (MCLR).

The following table provides a break-up of the Company's borrowings:

	As at 31st March, 2020	As at 31st March, 2019
Fixed rate borrowings	-	13,135.18
Floating rate borrowings [^]	82,711.30	-
	<u>82,711.30</u>	<u>13,135.18</u>

[^] Gross amount including unamortised expense.

Interest rate risk sensitivity:

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

	As at 31st March, 2020	As at 31st March, 2019
Impact on profit before tax - increase in 50 basis points	(413.56)	-
Impact on profit before tax - decrease in 50 basis points	413.56	-

Credit risk

Trade receivables

1. Exposures to credit risk:

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to the credit risk arising from the possibility that counterparties (primarily trade receivable, suppliers etc.) might fail to comply with contractual obligations. This exposure may arise with regard to unsettled amounts and the cost of substituting products that are not supplied.

2. Credit risk management:

Credit risk is managed and limited in accordance with the type of transaction and the creditworthiness of the counterparty. The credit risk is limited as the revenue and collection are from Maharashtra State Electricity Distribution Company Limited which is a Government of Maharashtra undertaking.

3. Other credit enhancements:

The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

4. Age of receivables and expected credit loss

Based on an analysis of past trends of recovery, the management is of the view that the entire receivables are fully recoverable. Accordingly, the Company does not recognise any impairment loss on its receivables.

TORRENT SOLARGEN LIMITED**Notes to the financial statements for the year ended March 31, 2020****Note 38: Financial instruments and risk review****(d) Financial risk management objectives (contd.)****Liquidity risk**

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due because it has inadequate funding or is unable to liquidate its assets. The Company manages liquidity risk by preparing cash flow forecasts and by ensuring it has sufficient funding to meet its forecast cash demands. As of now, the Company's obligations are met by raising funds from the Parent Company.

Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

As at 31st March, 2020

				(₹ in Lakhs)
	Less than 1 year	Between 1 and 5 year	5 years and above	Total
Financial liabilities				
Non current financial liabilities				
Borrowings	-	40,450.00	40,611.30	81,061.30
Trade payables	-	-	-	-
Other financial liabilities	-	-	-	-
	<u>-</u>	<u>40,450.00</u>	<u>40,611.30</u>	<u>81,061.30</u>
Current financial liabilities				
Current Borrowings	-	-	-	-
Trade payables	335.72	-	-	335.72
Other financial liabilities	9,420.92	-	-	9,420.92
	<u>9,756.64</u>	<u>-</u>	<u>-</u>	<u>9,756.64</u>
Total financial liabilities	<u>9,756.64</u>	<u>40,450.00</u>	<u>40,611.30</u>	<u>90,817.94</u>

As at 31st March, 2019

				(₹ in Lakhs)
	Less than 1 year	Between 1 and 5 year	5 years and above	Total
Financial liabilities				
Current financial liabilities				
Current Borrowings	13,135.19	-	-	13,135.19
Trade payables	2.57	-	-	2.57
	<u>13,137.76</u>	<u>-</u>	<u>-</u>	<u>13,137.76</u>
Total financial liabilities	<u>13,137.76</u>	<u>-</u>	<u>-</u>	<u>13,137.76</u>

TORRENT SOLARGEN LIMITED**Notes to the financial statements for the year ended March 31, 2020****Note 39: Provision for SECI-V project**

During the year, the Company has made provision of Rs. 5,102.63 lakhs (Rs. 2,302.63 lakhs towards provision for impairment on Capital works-in-progress (Refer Note 6) and Rs. 2,800 lakhs towards provision for damages) in respect of certain onerous contracts, towards potential damages and other project related costs, arising from expected delays or failure to set up wind power generation capacity, awarded to the Company in a prior period under a competitive bidding process.

Note 40: Previous year figures

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

Note 41: Impact of Covid-19 pandemic

The spread of COVID-19 disease has severely impacted economies, businesses and social set ups across the globe. India is no exception; the spread of COVID-19 and the consequent lock-downs, disruptions in transportation and supply chains, travel bans, quarantines, social distancing and other such emergency measures have caused widespread disruptions in the economy and businesses. The resultant situation is both complex and continuously evolving, with no clear visibility of the near to medium term future outlook. In the above backdrop, the Company has considered various internal and external information available up to the date of approval of financial statements in assessing the impact of COVID-19 pandemic in the financial statements for the year ended March 31, 2020.

The Company is mainly engaged in the business of generation of wind power. Since electricity has been categorised as an essential service and due to set up of wind generation plant, the company is in a position to generate and supply power to its customer.

The disruption has not caused any reduction in immediate electricity demand since the company has entered into Power Purchase Agreement with Maharashtra State Electricity Distribution Company Limited (which is a government of Maharashtra undertaking) for 25 years at a fixed tariff rate.

The Company has made a detailed assessment of the liquidity position for the next one year and of the recoverability and carrying value of its assets comprising of Property Plant and equipment, trade receivables and investments as at Balance sheet date and has concluded that there are no material adjustments required in the financial statements.

Management believes that it has taken into account all the known impacts arising from COVID 19 pandemic in the preparation of the stand-alone financial results. However, the impact assessment of COVID 19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

Note 42: Approval of financial statements

The financial statements were approved for issue by the board of directors on 15th May, 2020

Signature to Note 1 to 42

In terms of our report attached

For and on behalf of the Board of Directors

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number : 012754N / N500016

Chintan Shah

Chief Executive Officer

Jayesh Desai

Chairman

DIN:02295309

Viren Shah

Partner

Membership No.: 046521

Shivani Jain

Company Secretary

Priya Jain

Chief Financial Officer

Place:

Date:

Place: Ahmedabad

Date: 15th May, 2020