

Independent Auditor's Report On the Financial Results of the Company Pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors
Talwandi Sabo Power Limited

Report on the audit of the Financial Results**Opinion**

We have audited the accompanying statement of Ind AS financial results of **Talwandi Sabo Power Limited** ('the Company') for the year ended March 31, 2020 ('the Statement') attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. is presented in accordance with the requirements of the Listing Regulations, in this regard; and
- ii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information of the Company for the year ended March 31, 2020.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Results" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 8 to the accompanying financial results which, describes the uncertainties caused to the business due to the effects of Covid-19 and delay in installation of Flue Gas Desulphurization ('FGD') by the Company. Our opinion is not modified in respect of this matter.

Management's Responsibilities for the Financial Results

The Statement has been prepared on the basis of the annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive income of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.



S.R. BATLIBOI & CO. LLP

Chartered Accountants

Auditor's Responsibilities for the Audit of the Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

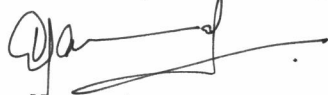
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Further, we report that the figures for the half year ended March 31, 2020 represent the derived figures between the audited figures in respect of the financial year ended March 31, 2020 and the published unaudited figures for the half year ended September 30, 2019, which were subjected to a limited review by us, as required under the Listing Regulations.

For S.R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm registration number: 301003E/E300005



per Naman Agarwal
Partner

Membership No.: 502405

UDIN: 20502405AAAAAL6152

Place: New Delhi

Date: May 18, 2020



TALWANDI SABO POWER LIMITED
 Regd. Office : Village Banawala, Mansa-Talwandi Sabo Road, District Mansa-151302, Punjab
 CIN: L40101PB2007PLC031035

Statement of Audited Financial Results for the period ended March 31, 2020

(₹ in Crores except per share data and ratios)

	Particulars	Half year ended	Half year ended	Year Ended	Year Ended
		31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
		Unaudited	Unaudited	Audited	Audited
I	Revenue from operations	1,960.16	2,599.39	4,771.82	5,235.60
II	Other Operating Income	28.38	28.81	45.64	49.13
III	Other income (Refer note 5&7)	76.85	0.71	139.70	1.68
IV	Total Income (I+II+III)	2,065.39	2,628.91	4,957.16	5,286.41
V	Expenses:				
(a)	Power and fuel	1,156.51	1,822.66	3,201.26	3,699.43
(b)	Employee benefits expense	10.98	12.71	22.95	25.71
(c)	Finance costs (Refer note 7)	336.73	440.49	764.72	835.86
(d)	Depreciation and amortisation expense	229.06	226.86	459.43	454.50
(e)	Other expenses	140.18	147.39	268.34	271.71
	Total expenses	1,873.46	2,650.11	4,716.70	5,287.21
VI	Profit/(loss) before exceptional items and tax (IV-V)	191.93	(21.20)	240.46	(0.80)
VII	Exceptional Items (Refer note 5)	-	-	82.06	-
VIII	Profit/(loss) before tax (VI+VII)	191.93	(21.20)	322.52	(0.80)
IX	Tax expense / (benefit):				
	On other than exceptional items				
(a)	Current tax	-	(4.42)	-	-
(b)	Deferred tax (Refer note 6)	47.28	49.07	(428.30)	53.78
	On Exceptional items				
(a)	Deferred tax	-	-	20.65	-
	Net Tax expense / (benefit)	47.28	44.65	(407.65)	53.78
X	Profit / (Loss) for the year (VIII-IX)	144.65	(65.85)	730.17	(54.58)
XI	Other Comprehensive Income / (Loss)				
	Items that will not be reclassified to the profit and loss				
	Remeasurement of the net defined benefit liability / asset	(0.12)	(0.37)	(0.39)	(0.27)
XII	Total Other Comprehensive loss	(0.12)	(0.37)	(0.39)	(0.27)
XIII	Total Comprehensive Income / (Loss) for the year (X+XII)	144.53	(66.22)	729.78	(54.85)
	Paid-up equity share capital (Face Value of ₹ 10 each)	3,206.61	3,206.61	3,206.61	3,206.61
	Paid up debt capital	2,649.58	3,249.29	2,649.58	3,249.29
	(Non Convertible Debentures of ₹ 10 Lacs each)				
	Reserves excluding revaluation reserves as per balance sheet			78.98	(650.80)
	Earnings / (Loss) per share (in ₹)				
	(not annualised except for the year ended March 31, 2020 & March 31, 2019)				
	- Basic & Diluted - after exceptional items	0.45	(0.21)	2.28	(0.17)
	- Basic & Diluted - before exceptional items	0.45	(0.21)	2.09	(0.17)
	Debt redemption reserve	26.03	26.03	26.03	26.03
	Debt Equity Ratio*	2.29	3.39	2.29	3.39
	Debt Service Coverage Ratio*	1.61	1.48	1.40	1.56
	Interest Service Coverage Ratio*	2.08	1.50	1.78	1.57

*Note: The ratios have been computed as

a) Debt Equity Ratio = Total Debt / Equity,

b) Debt Service Coverage Ratio = EBITDA / (Finance Cost+ Normal Long term debt repayments). Any facility prepaid/refinanced/substituted by way of fresh facility is not considered,

c) Interest Service Coverage Ratio = EBITDA / Finance cost



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TALWANDI SABO POWER LIMITED
Regd. Office : Village Banawala, Mansa-Talwandi Sabo Road,
District Mansa-151302, Punjab
CIN: L40101PB2007PLC031035

Audited Statement of Assets & Liabilities as at March 31, 2020

(₹ in Crores)

	Particulars	As at March 31, 2020	As at March 31, 2019
		Audited	Audited
I	ASSETS		
1	Non-current assets		
	(a) Property, plant and equipment	9,546.85	9,941.96
	(b) Capital work-in-progress	7.20	9.02
	(c) Intangible assets	0.48	1.02
	(d) Financial assets		
	(i) Trade receivables	1,544.94	2,200.08
	(ii) Other financial assets	8.73	8.51
	(e) Deferred tax assets (net)	173.07	-
	(f) Other non-current assets	3.74	3.47
	Total non-current assets	11,285.01	12,164.06
2	Current assets		
	(a) Inventories	533.34	441.62
	(b) Financial Assets		
	(i) Trade receivables	462.94	448.39
	(ii) Cash and cash equivalents	75.41	262.18
	(iii) Bank balances	59.14	-
	(iv) Other financial assets	183.16	3.95
	(c) Other current assets	53.19	42.10
	Total current assets	1,367.18	1,198.24
	Total assets	12,652.19	13,362.30
II	EQUITY AND LIABILITIES		
A	EQUITY		
	(a) Equity share capital	3,206.61	3,206.61
	(b) Other equity	78.98	(650.80)
	Total Equity	3,285.59	2,555.81
B	LIABILITIES		
1	Non-current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	4,869.30	5,898.83
	(ii) Other financial liabilities (Refer note 7)	765.18	-
	(b) Provisions	0.83	0.42
	(c) Deferred tax liabilities (net)	-	234.59
	Total non-current liabilities	5,635.31	6,133.84
2	Current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	1,687.76	1,792.28
	(ii) Trade payables		
	(a) Total Outstanding Dues of Micro Enterprises and Small Enterprises	1.32	3.00
	(b) Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises	300.77	389.44
	(iii) Other financial liabilities	1,733.60	2,481.81
	(b) Other current liabilities	6.74	5.26
	(c) Provisions	1.10	0.86
	Total current liabilities	3,731.29	4,672.65
	Total liabilities	9,366.60	10,806.49
	Total equity and liabilities	12,652.19	13,362.30

Signature

Signature



TALWANDI SABO POWER LIMITED

Regd. Office : Village Banawala, Mansa-Talwandi Sabo Road, District Mansa-151302, Punjab

NOTES FORMING PART OF THE STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2020:

- 1 The Audit Committee has reviewed the above results and the Board of Directors have approved the above results and its release in their respective meetings held on May 18, 2020. The results for the year ended March 31, 2020 have also been audited by the auditors of the Company.
- 2 The Company operates only in one segment namely power generation and there are no reportable segments in accordance with IND-AS 108 on 'Operating Segments'.
- 3 Additional disclosures as per Regulation 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirement) Regulations, 2015:

- a) Previous due date of Interest/Principal repayment, payment made on respective due date:

Particulars	Previous Due Date (1st October, 2019 to 31st March, 2020)	
	Principal Due Date	Interest Due Date
NCD's- INE694L07131 bearing interest 9.00%*	29-Nov-19	29-Nov-19
NCD's- INE694L07081 bearing interest 8.20%	29-Nov-19	29-Nov-19

* The debenture holders of these NCDs and the company had put and call option which can be exercised on November 29, 2019 by any the parties by giving 30 days notice to the other party. Two debenture holders exercised the put option and thereby ₹ 50 Cr has been repaid on November 29, 2019

- b) Next due date of Interest/Principal repayments along with amount due are as follows:

(₹ in Crores)

Particulars	Following Due Date and Amount due (1st April, 2020 to 30th September, 2020)			
	Principal Due Date	Amount Due	Interest due date	Amount Due
NCD's- INE694L07115 bearing interest 8.55%	-	-	23-Apr-20	85.50
NCD's- INE694L07123 bearing interest 9.23%	-	-	30-Jul-20	92.30
NCD's- INE694L07107 bearing interest 7.85%	04-Aug-20	500.00	04-Aug-20	39.25

- c) During the year, CRISIL updated the credit rating suffix of Non-Convertible Debentures (NCD) from CRISIL "AA (SO)/(Stable)" to CRISIL "AA (CE)/(Stable)" on September 7, 2019 & later reaffirmed the same ratings on January 13, 2020 and India Rating updated its rating of NCD from IND "AA(CE)/(Stable)" to IND "AA(CE)/(Negative)" on March 19, 2020. Subsequent to year end, CRISIL has updated the credit rating outlook of NCD from CRISIL "AA (CE)/(Stable)" to CRISIL "AA(CE)/(Negative)" on April 3, 2020.
- d) The Listed Non-Convertible debentures of the company aggregating to face value of ₹ 2,650 Crore as on March 31, 2020 are secured by way of first pari passu charge on assets of the company and the asset cover thereof exceeds one times of the principal amount of the said debentures.
- e) Other Information's:

(₹ in Crores)

Particulars	31-Mar-20	31-Mar-19
a) Net Worth (Equity+Other Equity)	3,285.59	2,555.81
b) Asset Coverage Ratio (Net Fixed Assets / Long Term Borrowing)	1.64	1.45

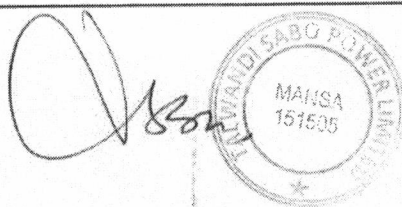
- 4 Exceptional items comprises of the following:

(₹ in Crores)

Particulars	Half year ended	Half year ended	Year Ended	Year Ended
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
	Unaudited	Unaudited	Audited	Audited
Interest income on claims based on Supreme Court order (a) (Refer note 5)	-	-	82.06	-
Exceptional gain	-	-	82.06	-
Tax expense on above (b)	-	-	20.65	-
Exceptional gain, net of tax (a)-(b)	-	-	61.41	-

- 5 Based on the Supreme Court orders dated March 7, 2018 and August 7, 2019, the Company's sole customer PSPCL has paid ₹ 1,002 Crore in the months of September 2019 and October 2019 against pending claims. In line with the Supreme Court order, the Company has recognised interest income on delayed payments of ₹ 139.92 Crore, out of which ₹ 82.06 Crore is accrued till March 31, 2019 and has been disclosed as exceptional item and remaining ₹ 57.85 Cr in other income in the financial statements for the year ended March 31, 2020. Management expects to receive this amount in the next 12 months.
- 6 As per the amendments to the tax laws in September, 2019, a new tax provision has been introduced whereby a company can claim the benefits of reduced tax rates, provided it forgoes certain incentives/exemptions under Income Tax Act, 1961. The Company has opted for the same leading to a Deferred tax credit of ₹ 407.65 Crore (including ₹ 488.46 Crore on timing difference as at March 31, 2019) during the year ended March 31, 2020. As per the Company's projections, there is a convincing evidence that there would be sufficient profits in the future years and Deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available to utilize the same.
- 7 During the year, the Company has entered into settlement arrangement vide minutes of meeting dated February 15, 2020 with one of its EPC project contractors for outstanding liabilities. Basis the arrangement, the contractor has agreed to waive the interest on the outstanding balance and receive the payment as per a schedule. Accordingly, interest accrued upto March 31, 2019 amounting to ₹ 70.64 Crore has been reversed and included under other income.

Supervisor



TALWANDI SABO POWER LIMITED

Regd. Office : Village Banawala, Mansa-Talwandi Sabo Road, District Mansa-151302, Punjab

- 8 Due to the outbreak of COVID-19 globally and in India, the Company has made an initial assessment of the likely adverse impact on economic environment in general and financial risks to itself on account of the same. The Company is in the business of generation of electricity which is an essential service as emphasized by the Ministry of Power, Government of India. The availability of power plant to generate electricity as per the demand of the customers is important. Hence, the Company has ensured the availability of its power plant to generate power, considering essential service as declared by the Government of India. The Company has ensured that it has sufficient coal stock and manpower to make the plant available to generate power in safe environment. The Company has received force majeure notice from its sole customer PSPCL on March 29, 2020 citing nationwide lockdown declared from March 23, 2020 onwards resulting into significant decline in the demand for power. The notice seeks to invoke force majeure owing to the lockdown and therefore to stop scheduling power from TSPL power plant and requested TSPL not to declare availability thereby not paying capacity charges. The notice has been replied to by the Company stating that the said situation is not covered under force majeure clause of PPA, considering electricity generation falls under essential services vide notification dated March 25, 2020 issued by Ministry of Home Affairs. As per the understanding of the management, PSPCL is sourcing its current requirement of power from other producers. Further, the Power Ministry has also clarified on April 6, 2020 that power purchasers will have to comply with the obligation to pay fixed capacity charges as per the terms of the relevant agreement with the power producers. Based on management assessment and legal opinion obtained, the Company is confident of realising such revenues which have been recognized in these financial statements and also that it would be entitled to in the future periods as long as the lock down prevails.

Further, the Reserve Bank of India has granted relief to borrowers by way of moratorium of interest and principal instalments falling due to banks and financial institution till May 2020. This will also help to mitigate the stress on cash flows, if any, during the period of COVID-19. The Company is also having sufficient stock of coal and has also tied up further supply of coal so as to maintain supply of electricity. On long term basis also, the Company does not anticipate any major challenge in meeting its financial obligations.

Also, the Central Pollution Control Board (CPCB) has issued a Show Cause Notice (SCN) dated January 31, 2020 to almost all the power plants having timeline of Sep / Dec 19 for installation of Flue Gas Desulphurization (FGD) and which could not comply with the same. TSPL has been directed to show cause as to why Units 1-3 of the plant should not be closed down and environment compensation be imposed for the continuing of non-compliance of directions of CPCB. TSPL has replied that earnest efforts have been taken for FGD installation and has requested for revoking the SCN and allowing time till Dec'2022. Final response of CPCB is still awaited. Punjab Pollution Control Board intimated TSPL vide its letter no PPCB/2019/38646 that the SCN issued by it in Nov 2019 has been disposed of with recommendations to forward the matter to CPCB to accept the request of the industry favourably for granting the extension up to December 31, 2022 for installation, commissioning and operationalization of FGD. Further, Management has obtained an opinion received from an expert stating that Company has good merits to file an appeal against any adverse order from CPCB. In addition to this, the Company had filed a petition for regulatory approvals for change in law seeking cost passthrough under power purchase agreement with PSPCL. The matter has been heard and currently order is reserved by Appellate Tribunal for Electricity (APTEL). Accordingly, the Company is not expecting any material liability or obstruction in its business operations

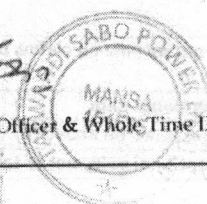
- 9 The figures for the half year ended March 31, 2020 and March 31, 2019 are the balancing figures between audited figures in respect of full financial year ended March 31, 2020 and March 31, 2019 respectively and the unaudited published year to date figures upto September 30, 2019 and September 30, 2018 respectively, being the end of the first half year of the respective financial year, which were subject to limited review.
- 10 The figures for the previous periods have been re-classified/re-grouped, wherever necessary, to correspond with the current period's classification/disclosure.

Place: Mansa
Date : May 18, 2020



By order of the Board
For Talwandi Sabo Power Limited

Vikas Sharma
(Chief Executive Officer & Whole Time Director)



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