

BALANCE SHEET

AS AT 30TH SEPTEMBER, 2006

		(Rs. in lacs)	
	Schedule	As at 30-Sept-2006 (See Note - 4)	As at 31-Mar-2005 (See Note - 4)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	47,244.83	1.00
Reserves and Surplus	2	215,963.05	–
		263,207.88	1.00
Loan Funds			
Secured Loans	3	55,931.44	–
Unsecured Loans	4	6,377.56	7.59
		62,309.00	7.59
Other Fund			
Service Line and Security Deposits from Consumers		28,732.76	–
		354,249.64	8.59
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	279,996.74	–
Less: Depreciation		29,717.34	–
Net Block		250,279.40	–
Capital Work-in-Progress		97,878.15	–
		348,157.55	–
Investments			
	6	20,777.76	–
Deferred Tax Assets			
		908.60	–
Current Assets, Loans and Advances			
Interest accrued on Investments and Deposits	7	183.53	–
Inventories		9,394.31	–
Sundry Debtors		40,909.58	–
Cash and Bank Balances		5,510.95	0.93
Loans and Advances		33,612.45	–
		89,610.82	0.93
Less: Current Liabilities and Provisions	8		
Current Liabilities		58,944.49	0.01
Provisions		46,260.60	–
		105,205.09	0.01
Net Current Assets		(15,594.27)	0.92
Miscellaneous Expenditure (to the extent not written off)		–	7.67
		354,249.64	8.59
Significant Accounting Policies			
14			
Notes on Accounts			
15			

As per our report of even date

For **C. C. CHOKSHI & CO.**
Chartered Accountants

Gaurav J. Shah
Partner

Ahmedabad, 7th November 2006

Sudhir Mehta
Chairman

Samir Mehta
Director

Jagdish Mehta
Company Secretary

Ahmedabad, 7th November 2006

PROFIT AND LOSS ACCOUNT

TORRENT POWER LIMITED

FOR THE PERIOD ENDED 30TH SEPTEMBER, 2006

(Rs. in lacs)

	Schedule	Period ended 30-Sept-2006 (See Note - 4)	Period ended 31-Mar-2005 (See Note - 4)
INCOME			
Sale of Electrical Energy		382,333.26	—
Less: Discount for prompt payment of bills		4,023.21	—
		378,310.05	—
Net Income of Power/Contract Services Division	9	408.51	—
Net Income of Fly Ash Division	10	(10.69)	—
Insurance Claim Receipt		1,731.31	—
Other Income	11	13,511.53	—
		393,950.71	—
EXPENDITURE			
Electrical Energy Purchased		165,711.79	—
Generation, Distribution, Administration and Other Expenses	12	156,812.33	—
Interest and Finance Charges	13	6,309.11	—
Depreciation		29,893.78	—
Less: Transfer from Service line contribution & APDRP Grant		806.50	—
		29,087.28	—
		357,920.51	—
		36,030.20	—
Profit Before Tax			—
Provision for Current Tax [Including Rs. 6 lacs for Wealth Tax (31st March, 2005: Rs. Nil)]		15,982.20	—
Fringe Benefit Tax		106.18	—
Provision for Deferred Tax		1,641.15	—
Profit After Tax		18,300.67	—
Short /(-) Excess Provision for Taxation of earlier years		373.51	—
Profit After Tax but before Contingency Reserve		17,927.16	—
Contingency Reserve		1,400.00	—
Profit After Contingency Reserve		16,527.16	—
Balance brought forward from Previous year		—	—
Amount available for Appropriations		16,527.16	—
APPROPRIATIONS			
General Reserve		1,790.00	—
Proposed Dividend		5,669.38	—
Corporate Dividend Tax		795.13	—
		8,254.51	—
Balance Carried to Balance Sheet		8,272.65	—
		16,527.16	—
Basic and Diluted Earnings per Share of face value of Rs. 10 each (in Rupees) (Refer Note 16, Schedule 15)		3.79	—
Significant Accounting Policies	14		
Notes on Accounts	15		

As per our report of even date

For **C. C. CHOKSHI & CO.**
Chartered Accountants

Gaurav J. Shah
Partner

Ahmedabad, 7th November 2006

Sudhir Mehta
Chairman

Samir Mehta
Director

Jagdish Mehta
Company Secretary

Ahmedabad, 7th November 2006



FORMING PART OF THE BALANCE SHEET

SCHEDULE '1' : SHARE CAPITAL

(Rs. in lacs)

	As at 30-Sept-2006 (See Note - 4)	As at 31-Mar-2005 (See Note - 4)
Authorised:		
2,000,000,000 Equity Shares of Rs. 10/- each (31st March, 2005 : 10,000,000 Equity Shares of Rs. 10/- each)	200,000.00	1,000.00
	200,000.00	1,000.00
Issued, Subscribed and Paid up:		
472,448,308 Equity Shares of Rs. 10/- each (31st March, 2005 : 10,000 Equity Shares of Rs. 10/- each)	47,244.83	1.00
	47,244.83	1.00

Notes:

1. The Authorised Share Capital has been increased from 10,000,000 equity shares to 2,000,000,000 equity shares of Rs. 10/- each pursuant to the Composite Scheme of Arrangement including Amalgamation ("the Scheme") (See note 4 of Schedule 15)
2. The Company has allotted 40,000 equity shares as fully paid up of Rs. 10/- each before implementing the Scheme.
3. During the period, pursuant to the Scheme;
 - a. The share capital of the Company was reorganised by reducing the face value of the existing equity shares from Rs. 10/- each to Rs. 2.50 each and simultaneously, four equity shares of Rs. 2.50 each were consolidated into one equity share of Rs. 10/- each fully paid up. Accordingly, 50,000 equity shares of Rs. 10/- each were reduced and consolidated into 12,500 equity shares of Rs. 10/- each fully paid up.
 - b. 472,435,808 equity shares of Rs. 10/- each fully paid up were issued to the shareholders of the Transferor Companies i.e Torrent Power AEC Limited, Torrent Power SEC Limited and Torrent Power Generation Limited without being payment received in cash as per the ultimate exchange ratio determined pursuant to the Scheme and reorganisation of capital of the Company.
4. 258,240,991 equity shares of Rs. 10/- each fully paid up are held by holding company i.e. Torrent Private Limited.

SCHEDULES

FORMING PART OF THE BALANCE SHEET

SCHEDULE '2' : RESERVES AND SURPLUS

	As at 30-Sept-2006 (See Note - 4)	As at 31-Mar-2005 (See Note - 4)
(Rs. in lacs)		
Capital Reserves		
Service Line Contribution		
As per last Balance Sheet	–	–
Contributions during the Period	7,812.70	–
	7,812.70	–
Less: Transfer to Profit and Loss Account	347.22	–
	7,465.48	–
Grant in Aid under Accelerated Power Development & Reform Programme		
As per last Balance Sheet	–	–
Received during the Period	4,589.00	–
	4,589.00	–
Less: Transfer to Profit and Loss Account	459.28	–
	4,129.72	–
Statutory Reserves		
Contingency Reserve		
As per last Balance Sheet	–	–
Add: Amount credited on amalgamation (See Note - 4(v), Schedule 15)	6,543.36	–
	6,543.36	–
Add: Transfer from Profit and Loss Account	1,400.00	–
	7,943.36	–
Tariff and Dividend Control Reserve		
As per last Balance Sheet	–	–
Add: Amount credited on amalgamation (See Note - 4(v), Schedule 15)	1,159.17	–
	1,159.17	–
Other Reserves		
General Reserve		
As per last Balance Sheet	–	–
Add: Amount credited on amalgamation (See Note - 4(vi), Schedule 15)	185,202.67	–
	185,202.67	–
Add: Transfer from Profit and Loss Account	1,790.00	–
	186,992.67	–
Balance in Profit and Loss Account	8,272.65	–
	215,963.05	–

FORMING PART OF THE BALANCE SHEET

SCHEDULE '3' : SECURED LOANS

(Rs. in lacs)

	As at 30-Sept-2006 (See Note - 4)	As at 31-Mar-2005 (See Note - 4)
Rupee Term Loans:		
From Financial Institutions	44,156.00	–
From Banks	11,775.44	–
	55,931.44	–

Of the above:

1. Amount of Rs. 8,229.32 lacs from a financial institution is secured by first charge by way of hypothecation of all movables (except book debts), and by way of equitable mortgage of all immovable properties, present and future, situated at Ahmedabad and Gandhinagar, both subject to prior charges created and/or to be created in favour of bankers for securing the borrowing for working capital requirements in the ordinary course of business.
2. Amount of Rs. 8,571.43 lacs from a financial institution is secured by first charge by way of hypothecation of all movables (except book debts), and by way of equitable mortgage of all immovable properties, present and future, situated at Surat, both subject to prior charges created and/or to be created in favour of bankers for securing the borrowing for working capital requirements in the ordinary course of business.
3. Amount of Rs. 27,355.25 lacs and Rs.11,775.44 lacs from a financial institution and banks respectively, under consortium finance are secured by first charge by way of equitable mortgage of all immovable properties, present and future, situated at village Akhakhol, Surat relating to 1100 MW SUGEN Project, both subject to prior charges created and/or to be created in favour of bankers for securing the borrowing for working capital requirements in the ordinary course of business.
4. Amount of Rs. 5,248.12 lacs (31st March, 2005: Rs. Nil) is repayable within one year.

SCHEDULE '4' : UNSECURED LOANS

(Rs. in lacs)

	As at 30-Sept-2006 (See Note - 4)	As at 31-Mar-2005 (See Note - 4)
Term Loan from Government of India under Accelerated Power Development & Reform Programme	6,377.56	–
From Other	–	7.59
	6,377.56	7.59

Of the above amount of Rs. 163.78 lacs (31st March, 2005: Rs. Nil) is repayable within one year.

SCHEDULES

FORMING PART OF THE BALANCE SHEET

SCHEDULE '5' : FIXED ASSETS

(Rs. in lacs)

Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION			NET BLOCK	
	As at 1-Apr-05 (See Note I below)	Additions during the period	Deductions during the period	As at 30-Sep-06	For the Period	Deductions during the period	Upto 30-Sep-06	As at 30-Sep-06	As at 31-Mar-05
Land									
(a) Freehold	2,206.89	1,818.74	900.08	3,125.55	–	–	–	3,125.55	–
(b) Leasehold	2,764.88	498.28	–	3,263.16	46.29	–	46.29	3,216.87	–
Buildings	4,315.82	1,659.22	–	5,975.04	265.56	–	265.56	5,709.48	–
Railway siding	52.18	–	–	52.18	3.72	–	3.72	48.46	–
Plant and Machinery									
(a) Steam Station	55,750.62	1,249.58	9.39	56,990.81	6,704.29	0.91	6,703.38	50,287.43	–
(b) Others including Switchgears and Transformers	76,880.61	20,767.93	1,354.57	96,293.97	12,374.03	184.17	12,189.86	84,104.11	–
Transmission and Distribution systems									
(a) Overhead	12,708.18	1,273.95	–	13,982.13	2,211.78	–	2,211.78	11,770.35	–
(b) Underground	83,596.09	13,055.14	315.54	96,335.69	7,457.12	12.12	7,445.00	88,890.69	–
Electrical Fittings and Apparatus	901.21	331.43	4.10	1,228.54	201.98	0.20	201.78	1,026.76	–
Furniture, Fixture and Office Equipments	1,184.31	726.92	0.42	1,910.81	390.20	0.05	390.15	1,520.66	–
Vehicles	314.71	445.10	24.23	735.58	227.63	7.30	220.33	515.25	–
Intangible Assets – Softwares	76.10	27.18	–	103.28	39.49	–	39.49	63.79	–
Total	240,751.60	41,853.47	2,608.33	279,996.74	29,922.09	204.75	29,717.34	250,279.40	–
Previous period	–	–	–	–	–	–	–	–	–
Capital Work-in-Progress								96,230.81	–
Capital Advances								1,647.34	–
								348,157.55	

Notes:

- Assets of the Transferor Companies transferred at their fair value as at the Appointed Date in terms of the Composite Scheme of Arrangement including Amalgamation between the Transferor Companies and the Company. [See Note 4(i) of Schedule 15]
- Capital Work-in-Progress includes borrowing cost of Rs. 2,271.03 lacs that are directly attributable to purchase/construction of qualifying assets in accordance with Accounting Standard - 16 "Borrowing Costs" issued by the Institute of Chartered Accountants of India.
- Depreciation for the period includes Rs. 1.63 lacs (31st March, 2005: Rs. Nil) of Power/Contract Services Division and Rs. 1.35 lacs (31st March, 2005: Rs. Nil) of Fly Ash Division.
- The Company has leased a portion of its land to AEC Cements & Constructions Limited.
- Land includes freehold land at Chandkheda amounting to Rs. 4.23 lacs and leasehold land at Kathwada and Prahladnagar amounting to Rs. 286.17 lacs pending for documents.

FORMING PART OF THE BALANCE SHEET

SCHEDULE '6' : INVESTMENTS

(Rs. in lacs)

	No. of Units	Face Value	As at 30-Sept-2006 (See Note - 4)	As at 31-Mar-2005 (See Note - 4)
A. LONG TERM INVESTMENTS				
Contingency Reserve Investments (Quoted):				
5.30% Nuclear Power Corporation Limited Tax Free Bonds -2007	200	200.00	203.16	-
6.20% Andhra Pradesh State Development Loan -2015	-	350.00	355.85	-
6.20% Tamilnadu State Development Loan - 2015	-	350.00	355.85	-
11.70% ICICI Bond - 2011	500	500.00	660.70	-
9.00% Power Finance Corporation - 2009	400	400.00	435.02	-
9.75% ICICI Bond - 2007	10	100.00	111.25	-
7.00% Power Finance Corporation - 2011	50	500.00	498.65	-
7.95% Power Finance Corporation - 2016	50	500.00	490.00	-
7.49% GOI BOND - 2017		250.00	251.45	-
10.47% GOI BOND - 2015		500.00	613.45	-
11.43% GOI BOND - 2015		500.00	652.00	-
11.83% GOI BOND - 2014		200.00	263.36	-
7.94% GOI BOND - 2021		600.00	606.84	-
10.25% GOI BOND - 2021		600.00	722.40	-
8.70% IIFCL - 2021	20	200.00	201.60	-
11.50% IFCI - 2009	10	0.10	0.10	-
12.00% IFCI - 2012	50	0.50	0.50	-
7.35% ILFS - 2008	2,000	20.00	20.03	-
12.00% VIDC - 2008	6	6.00	6.20	-
11.50% GOI BOND - 2011		8.00	10.56	-
7.40% GOI BOND - 2012		25.00	26.87	-
6.85% GOI BOND - 2012		150.00	150.86	-
7.27% GOI BOND -2013		165.00	168.88	-
6.20% Andhra Pradesh State Loan - 2015		115.00	116.92	-
6.20% Karnataka State Loan - 2015		150.00	152.50	-
6.20% Tamilnadu State Loan - 2015		150.00	152.50	-
11.25% ICICI Bank Ltd. - 2016		250.00	328.53	-
9.75% ICICI Bank Ltd.- 2007		300.00	333.60	-
9.25% Power Finance Corporation - 2012		240.00	262.86	-
3.00% Calcutta Port Trust Debentures - 2006		1.00	0.69	-
			8,153.18	-
OTHER INVESTMENTS:				
Quoted				
11.40% APPFC - 2009			10.40	-
11.50% Haryana State Loan			6.74	-
11.50% Punjab State Loan			0.52	-
11.50% Tamilnadu State Loan			0.41	-
11.58% HPSEB - 2009			15.71	-
12.00% Uttar pradesh State Loan			1.75	-
13.75% National Housing Bond - 2007			10.56	-
			46.09	-
Unquoted				
Trade				
AEC Cements & Constructions Ltd. Equity Shares of Rs. 10/- each fully paid up	611,500	61.15	61.15	-
Torrent Power Transmission Private Limited Equity Shares of Rs. 10/- each fully paid up	5,000	0.50	0.50	-
			61.65	-
Less: Provision for diminution in value of investment			61.15	-
			0.50	-
Other				
Gujarat Venture Capital Fund-1995-Contribution			51.00	-
			97.59	-
Total (A)			8,250.77	-

SCHEDULES

FORMING PART OF THE BALANCE SHEET

SCHEDULE '6' : INVESTMENTS (Contd.)

(Rs. in lacs)

B. CURRENT INVESTMENT In Units - (Unquoted)	No. of Units	Face Value	As at	As at
			30-Sept-2006 (See Note - 4)	31-Mar-2005 (See Note - 4)
HDFC liquid Fund Plan	2,458,485	300.00	301.41	—
HDFC liquid Fund Plan	4,092,665	500.00	501.75	—
HDFC liquid Fund Plan	2,450,837	300.00	300.47	—
HDFC liquid Fund Plan	4,119,993	500.00	505.10	—
HDFC liquid Fund Plan	4,081,598	500.00	500.40	—
HDFC Cash Liquid Premium Plus	14,723,966	1,472.00	1,800.14	—
Prudential ICICI Institutional liquid Plan	4,023,070	400.00	402.31	—
Prudential ICICI Institutional liquid Plan	5,035,595	500.00	503.56	—
Prudential ICICI Institutional liquid Plan	5,013,830	500.00	501.38	—
Prudential ICICI Institutional liquid Plan	5,777,804	578.00	577.78	—
Templeton India Treasury Management Account	50,346	500.00	503.58	—
Templeton India Treasury Management Account	50,101	500.00	501.14	—
Templeton India Treasury Management Account	50,130	500.00	501.43	—
Templeton India Treasury Management Account	80,917	800.00	809.37	—
DSP Merrill Lynch Liquidity Fund	50,193	500.00	502.03	—
DSP Merrill Lynch Liquidity Fund	70,828	700.00	708.42	—
DSP Merrill Lynch Liquidity Fund	40,190	400.00	401.98	—
DSP Merrill Lynch Liquidity Fund	50,141	500.00	501.51	—
Grindlay Liquidity Manager	70,177	700.00	701.84	—
Grindlay Liquidity Manager	50,134	500.00	501.39	—
Kotak FMP-3 months	5,000,000	500.00	500.00	—
Prudential ICICI-3 months	5,000,000	500.00	500.00	—
Total (B)			12,526.99	—
[Aggregate NAV of Investments in Mutual Funds Rs. 12,574.07 lacs (31st March, 2005 Rs. Nil)]			—	—
Total (A + B)			20,777.76	—
Aggregate book value of quoted investments			8,153.18	—
Aggregate book value of unquoted investments			12,624.58	—
Total			20,777.76	—
Market Value of Quoted Investment			7,637.79	—
Current Investment purchased and sold during the Period				
	No. of Units	Rs. in lacs		
Birla Floating Rate Fund	9,998,500	1,000.00		
DSP Merrill Lynch - Floating Rate Fund	74,202,172	11,921.53		
Grindlays Floating Rate Plan	90,525,297	9,100.00		
HDFC Floating Rate Income Fund	145,242,706	11,900.00		
Kotak Floater Fund	13,987,123	1,400.00		
Prudential ICICI Floating Rate Plan	194,739,092	14,975.51		
Reliance Floating Rate Fund	4,986,795	500.85		
Templeton India Floating Rate Plan	99,922,115	10,009.75		
DSP Merrill Lynch Fixed Maturity Plan	20,000,000	2,000.00		
Grindlays Fixed Maturity Plan	26,000,000	2,600.00		
JM Fixed Maturity Plan	15,000,000	1,500.00		
Kotak Fixed Maturity Plan	15,000,000	1,500.00		
Prudential ICICI Fixed Maturity Plan	20,083,565	2,008.36		
Reliance Fixed Maturity Plan	20,000,000	2,000.00		
Prudential ICICI Fixed Maturity Plan	15,081,235	1,508.12		
DSP Merrill Lynch Liquidity Fund	21,741,872	9,730.03		
Grindlays Cash Fund	31,423,135	3,202.77		
Grindlays Liquidity Manager	26,237,426	5,000.50		
HDFC Cash Liquid Premium Plus	17,169,937	1,716.99		
HDFC Cash Management Fund	34,318,930	3,431.89		
HDFC Liquid Fund Premium Plan	75,697,247	9,200.00		
HSBC Cash Fund	14,367,678	1,500.00		
JM High Liquidity Fund	52,508,218	5,259.07		
Prudential ICICI Liquid Plan	121,386,506	12,138.65		
Reliance Liquid Fund	6,549,586	1,000.56		
Templeton India TMA Liquid Fund	6,369,099	14,496.27		

SCHEDULES

FORMING PART OF THE BALANCE SHEET

SCHEDULE '8' : CURRENT LIABILITIES AND PROVISIONS

	As at 30-Sept-2006 (See Note - 4)	(Rs. in lacs) As at 31-Mar-2005 (See Note - 4)
CURRENT LIABILITIES		
Sundry Creditors		
Small Scale Industries	174.88	—
Others	53,647.84	0.01
Investors Education & Protection Funds shall be credited by the following:		
Unclaimed Dividends	56.44	—
Unclaimed Amount of Debentures and Interest thereon	0.16	—
Unclaimed Fixed Deposits	6.39	—
Consumers' Benefit Account	1,200.79	—
Credit Balances of Consumers	2,752.55	—
Interest Accrued but not Due on Loans & Security Deposits	1,105.44	—
	58,944.49	0.01
PROVISIONS		
Provision for Gratuity and other funds	3,146.57	—
Provision for Leave Encashment	5,765.69	—
Provision for Taxation	30,883.83	—
Proposed Dividend	5,669.38	—
Provision for Corporate Dividend Tax	795.13	—
	46,260.60	—
	105,205.09	0.01

FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE '9' : NET INCOME OF POWER/CONTRACT SERVICES DIVISION

(Rs. in lacs)

	Period ended 30-Sept-2006 (See Note - 4)	Period ended 31-Mar-2005 (See Note - 4)
INCOME		
Value of Contracts Billed & Service Charges [Tax Deducted at Source Rs. 0.98 lacs (31st March, 2005: Rs. Nil)]	818.80	—
Interest	3.00	—
Miscellaneous Income	2.34	—
Insurance Claim	2.12	—
Recovery of Bad Debts	60.81	—
Provisions no longer required Written Back	5.00	—
Increase/(Decrease) in Work-in-Progress	55.99	—
	948.06	—
EXPENDITURE		
Cost of Materials	65.36	—
Labour Charges	101.66	—
Salaries, Wages and Bonus	280.18	—
Provision for Gratuity	6.80	—
Provision for Leave Encashment	2.59	—
Contribution to Provident and Other Funds	29.24	—
Employees' Welfare Expenses	0.57	—
Insurance	2.34	—
Legal Expenses	0.14	—
Rates & Taxes	1.90	—
Other Expenses	46.06	—
Depreciation	1.63	—
Capital Tools written off	0.16	—
Provision of Doubtful Debt [Net of Recovery Rs. 6.97 lacs (31st March, 2005: Rs. Nil)]	0.92	—
	539.55	—
	408.51	—

SCHEDULES

FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE '10' : NET INCOME OF FLY ASH DIVISION

	(Rs. in lacs)	
	Period ended 30-Sept-2006 (See Note - 4)	Period ended 31-Mar-2005 (See Note - 4)
INCOME	-	-
EXPENDITURE		
Salaries, Wages and Bonus	7.12	-
Provision for Gratuity	1.26	-
Contribution to Provident Fund & E.S.I.	0.92	-
Other Expenses	0.04	-
Depreciation	1.35	-
	10.69	-
	(10.69)	-

SCHEDULE '11' : OTHER INCOME

	(Rs. in lacs)	
	Period ended 30-Sept-2006 (See Note - 4)	Period ended 31-Mar-2005 (See Note - 4)
Street Lighting Maintenance Contracts	1,891.17	-
Hire of Meters	3,341.84	-
Miscellaneous Income	3,471.76	-
Provisions no longer required	702.14	-
Profit on Sale/Redemption of Current Investments	100.46	-
Recovery of Bad Debts	518.56	-
Interest from Contingency Reserve Investments [Tax Deducted at Source Rs. 49.49 lacs (31st March, 2005: Rs. Nil)]	733.26	-
Dividend	1,650.72	-
Other Interest [Tax Deducted at Source Rs. 204.78 lacs (31st March, 2005: Rs. Nil)]	1,101.62	-
	13,511.53	-

FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE '12' : GENERATION, DISTRIBUTION, ADMINISTRATION AND OTHER EXPENSES

(Rs. in lacs)

	Period ended 30-Sept-2006 (See Note - 4)	Period ended 31-Mar-2005 (See Note - 4)
Fuel [after credit of claims of Rs. 1,001.41 lacs (31st March, 2005: Rs. Nil)]	101,861.85	-
Consumption of Stores & Spares	7,894.60	-
Rent and Hire Charges	357.42	-
Repairs to		
Buildings	1,176.06	-
Plant & Machinery	17,151.47	-
Others	1,107.14	-
	19,434.67	-
Salaries & Wages		
Salaries, Wages & Bonus	21,884.44	-
Contribution to Provident and Other Funds	1,266.06	-
Employees Welfare Expenses	1,122.79	-
Provision for Gratuity & Leave Encashment	3,300.57	-
	27,573.86	-
Insurance	2,488.82	-
Rates and Taxes	443.51	-
Miscellaneous Expenses	6,660.48	-
Amalgamation Expenditure	1,132.18	-
Service Line Charges for Sub-Stations	666.72	-
Loss on Sale of Investments	109.73	-
Loss on Sale of Fixed Assets (net)	1,386.40	-
Audit Fee	15.71	-
Legal, Professional & Consultancy Fee	159.38	-
Donations	474.59	-
Bad debts written off Net of Provision of Rs. 78.91 lacs (31st March, 2005: Rs. Nil)	1,098.53	-
Preliminary and Deferred Revenue Expenditure written off	7.67	-
	171,766.12	-
Less: Allocated to Capital Works, Repairs and other relevant revenue accounts	14,953.79	-
	156,812.33	-

SCHEDULE '13' : INTEREST AND FINANCE CHARGES

(Rs. in lacs)

	Period ended 30-Sept-2006 (See Note - 4)	Period ended 31-Mar-2005 (See Note - 4)
Interest on Term Loans	3,756.58	-
Interest on Security Deposits from Consumers	1,885.95	-
Others including Finance Charges	666.58	-
	6,309.11	-

SCHEDULES

SCHEDULE 14 : SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements:

The Company has applied provisions of the Companies Act, 1956 and provisions of the Electricity Act, 2003 for preparation of its financial statements. The Financial statements are prepared and presented under the historical cost convention on accrual basis of accounting, in accordance with the accounting principles generally accepted in India and comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India. Accounting policies have been followed consistently otherwise than stated specifically.

2. Use of Estimates:

The presentation of financial statements requires certain estimates and assumptions. These estimates and assumptions affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known/materialized.

3. Capital Receipts:

- (i) Grant received under the Accelerated Power Development and Reforms Programme (APDRP) of the Ministry of Power, Government of India, is treated as capital receipt and accounted as Capital Reserve.
- (ii) Service line contributions received from consumers is treated as capital receipt and accounted as Capital Reserve.

4. Revenue Recognition:

- (i) Revenue (income) is recognized when no significant uncertainty as to the measurability or collectability exists.
- (ii) Dividend is accounted when the right to receive payment is established.
- (iii) Interest on overdue receivables of energy bills, insurance, coal and other claims, casual income etc. are accounted on grounds of prudence, as and when recovered.
- (iv) Power Services Division revenue is recognized when the contract is completed. Losses are recognized as and when they arise.
- (v) All expenses are accounted on accrual basis except leave travel concession, educational allowance and medical reimbursement to employees which are accounted on payment basis.
- (vi) Allocation of indirect expenses to capital / revenue account is done on the basis of technical evaluation by the Management.
- (vii) Material items of prior period expenses, non-recurring and extra-ordinary expenses are disclosed separately.

5. Inventories :

- (i) Inventories are valued at weighted average cost or net realizable value whichever is lower.
- (ii) Work-in-Progress in respect of Power Services Division and Finished Goods of Fly-Ash Division are valued at cost or net realizable value whichever is lower.

6. Investments:

Investments are classified into current and long term investments. Current investments are stated at the lower of cost and fair value. Long Term Investments are stated at cost less any provision for diminution in value other than temporary.

7. Fixed Assets:

Fixed Assets are stated at historical cost less accumulated depreciation. Advances given to suppliers for identified capital project/ expenditure are included in Capital Work-in-Progress.

Certain computer software costs are capitalised and recognised as Intangible Assets based on materiality, accounting prudence and significant benefits there from expected to flow for a period longer than one year.

8. Impairment of Fixed Assets:

Fixed Assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an assets' net selling price and value in use.

9. Expenditure During Construction Period:

Expenditure incurred during construction/pre-operative period including interest and finance charges on specific loans, prior to commencement of commercial operation is capitalised and interest on temporary investments of the specific loan funds earned during the construction period is deducted from the total of the capital expenditure.

10. Borrowing Cost:

Borrowing costs comprising of interest, finance charges, etc. to the extent related/attributed to the qualifying assets, such as new projects and/or specific assets created in the existing business, are capitalised up to the date of completion and ready for their intended use. Other borrowing costs are charged to the profit and loss account in the period of their accrual.

11. Depreciation and Amortisation:**(i) Straight Line Method of Depreciation (SLM)**

In respect of following assets used for business of Generation and Supply of electricity, depreciation is provided on SLM at the rates mentioned below which have been determined on the basis of useful life of the assets as estimated by the Management and which are higher than the rates prescribed under Schedule XIV to the Companies Act, 1956;

• Generating Station	- Thermal	7.84%
	- Gas based	8.24%
• Transformers, Switch Gears & Equipments		7.84%
• Meters		12.77%
• Distribution systems	- Overhead	7.84%
	- Underground	5.27%
• Others		7.84%
• Vehicles		33.40%
• Electrical fittings, Apparatus, Furniture Fixtures, Communication equipments and office equipments		12.77%

For all other assets, depreciation is provided at the rates prescribed under Schedule XIV to the Companies Act, 1956. Leasehold land is amortized over the lease period.

Computer Software costs capitalised are amortised using the straight line method over its useful life estimated at the time of capitalisation at 3 years.

Depreciation is provided on additions/deductions of the assets during the year from/up to the month in which the asset is added/deducted.

The depreciation for the year has been shown after reducing the proportion of the amount of depreciation provided on assets created against the service line contribution & APDRP Grant received.

(ii) Written Down Value Method of Depreciation (WDV)

In respect of the assets of Power Services Division and Contract Division, depreciation is provided on WDV Method at the rates and in the manner provided under Schedule XIV of the Companies Act, 1956.

12. Transactions in Foreign Currency:

- Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- Monetary items denominated in foreign currencies at the period end are restated at period end rates.
- Non monetary foreign currency items are carried at cost.
- Any income or expense on account of exchange difference either on settlement or on transaction is recognized in the profit and loss account except in cases where they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

13. Retirement Benefits:

Provision for leave encashment and gratuity is made on the basis of actuarial valuation done at the period end. Contributions to provident fund and superannuation fund are accounted on accrual basis with the corresponding contributions to the recognised funds.

14. Research and Development:

Research and Development expenses are charged to revenue in the respective heads of accounts in the period in which they are incurred.

Capital expenditure on Research and Development is treated as additions to fixed assets.

15. Taxation:

Provision for Current tax is made on the basis of estimated taxable income for the current accounting period and in accordance with the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between accounting and taxable profit for the period is accounted for using the tax rates and laws that have been enacted or substantively enacted as at the balance sheet date. Deferred tax assets is recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such assets can be realized. Provision for Fringe benefit tax is made on the basis of estimated taxable liabilities for the period.

16. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

Liabilities which are of contingent nature are not provided but are disclosed at their estimated amount in the Notes to the Accounts.

Contingent assets are neither recognized nor disclosed in financial statements.

SCHEDULES

SCHEDULE '15' : NOTES ON ACCOUNTS

	As at 30-Sept-2006	As at 31-Mar-2005
	(Rs. in lacs)	
1. Estimated amount of contracts remaining to be executed on Capital Accounts	29,700.10	–
2. Contingent Liabilities not provided for in respect of:		
(i) Guarantee given to Housing Development Finance Corporation Ltd. for housing loans sanctioned to Employees of the Company	0.75	–
(ii) L/C established & Guarantee given by Banks on behalf of the Company	172,748.79	–
(iii) Income-tax matters		
Assessment Year 1988-89		
In respect of Department's appeal against the order of the Income Tax Appellate Tribunal on applicability of Section 115-J pending with the Gujarat High Court	19.41	–
Assessment Year 2003-04		
The matter pending before the Commissioner (Appeals), Ahmedabad in respect of certain disallowances	149.16	–
(iv) Sales-tax matters		
The matter pending before Asst. Commissioner (Appeals), Surat in respect of applicability of work contract tax	21.34	–
(v) Property Tax matters		
In respect of the demand raised by Ahmedabad Municipal Corporation for tax and interest in the matter of AEC Tower and Sabarmati plant, disputed by the Company	217.67	–
In respect of the demand raised by Surat Municipal Corporation for tax on switchyard as structure disputed by the Company	36.12	–
3. The Company divested 350,000 equity shares (25.12%) of AEC Cements & Constructions Ltd. on 28th July, 2006 leaving a balance 611,500 equity shares (43.88%). Hence, it has ceased to be a subsidiary of the Company from that date.		
4. (i) Pursuant to the Composite Scheme of Arrangement including Amalgamation under section 391 to 394 and section 100 of the Companies Act, 1956 (the Scheme) between the erstwhile Torrent Power AEC Ltd (TPAL), Torrent Power SEC Ltd. (TPSL) and Torrent Power Generation Ltd. (TPGL) (collectively referred to as "Transferor Companies") with the Company, sanctioned by the Hon'ble High Court of Gujarat on 12th July 2006 (made effective from 12th September, 2006), the undertakings of the Transferor Companies were transferred to and vested in the Company on going concern basis from the Appointed Date i.e. 1st April, 2005. In terms of the Scheme, all assets and liabilities have been recorded at their respective fair values on the Appointed Date under the 'Purchase Method' of accounting for amalgamation. The Scheme has, accordingly, been given effect to in these financial statements.		
(ii) TPAL was engaged in the business of generation and distribution of electricity in the cities of Ahmedabad and Gandhinagar. The total generating capacity of the Company was 500 MWs with a customer base of approx. 1.3 million customers. TPSL was engaged in the distribution of electricity to approx. 0.5 million customers in the city of Surat. TPGL was setting up a 1100 MW Combined Cycle Power Project at village Akhakhol, near Surat.		
(iii) The shareholders of TPAL, TPSL & TPGL were entitled to receive, in consideration of the vesting of the undertaking of the respective companies, and after cancellation of equity shares of TPGL held by TPAL and TPSL, the equity		

shares of face value of Rs. 10/- each of the Company credited as fully paid up as per the following exchange ratio determined by the valuers:

Exchange Ratio

- 22 equity shares of Rs. 10/- each fully paid up of the Company against one equity share of Rs. 10/- each fully paid up of TPAL,
- 47 equity shares of Rs. 10/- each fully paid up of the Company against one equity share of Rs. 10/- each fully paid up of TPSL and
- 1 equity share of Rs. 10/- each fully paid up of the Company against one equity share of Rs. 10/- each fully paid up of TPGL.

(iv) Reduction & Consolidation

As an integral part of the Scheme, the paid up value of the equity shares arrived based on above, including the existing shares of the Company, of Rs. 10/- each was reduced to Rs. 2.50 each with effect from the Appointed Date and simultaneously four equity shares of Rs. 2.50 each were consolidated into one equity share of Rs. 10/- each fully paid-up.

Thus, the equity shareholders of the Transferor Companies are actually allotted, in consideration and vesting of the undertakings of the respective companies, and after cancellation of equity shares of TPGL held by TPAL and TPSL, equity shares of the face value of Rs. 10/- each in the following manner:

- 5.5 (Five and half) equity shares of Rs. 10/- each fully paid up of the Company for every 1 (one) equity share of Rs. 10/- each fully paid up held in TPAL.
- 11.75 (Eleven and three-fourth) equity shares of Rs. 10/- each fully paid up of the Company for every 1 (one) equity share of Rs. 10/- each fully paid up held in TPSL.
- 0.25 (one-fourth) equity share of Rs. 10/- each fully paid up of the Company for every 1 (one) equity share of Rs. 10/- each fully paid up held in TPGL.

As a result, 472,435,808 equity shares of Rs. 10/- each are allotted as fully paid-up to the shareholders of TPAL, TPSL & TPGL respectively.

- (v) The following amounts are shown as reserves in the books of the Company being the corresponding balance of such reserves in the books of TPAL & TPSL on the Appointed Date under the applicable laws:-
- a) Tariff & Dividend Control Reserve Rs. 1,159.17 lacs
 - b) Contingency Reserve Rs. 6,543.36 lacs.
- (vi) Pursuant to the Scheme, the difference of Rs. 185,202.67 lacs, arising between (a) the value of assets and liabilities as recorded in the books of accounts of the Company after considering the cancellation of equity shares of TPGL held by TPAL and TPSL and (b) the aggregate value of (i) the equity shares to be allotted subject to reorganisation and the General Reserve arising pursuant to the reorganisation and (ii) the Tariff & Dividend Control Reserve and Contingency Reserve recorded in the books of the Company as mentioned above, is recorded as General Reserve in the books of the Company.
- (vii) The current financial year of the Company has been extended by six months to close on 30th September, 2006. The figures of the current period are for eighteen months and are after giving effect to the Composite Scheme of Arrangement including Amalgamation of TPAL, TPSL and TPGL with the Company and hence, are not comparable with those of the previous year. The amounts of the previous year have been regrouped and rearranged, wherever necessary.

5. The Company has given Loans and Advances of Rs. 640.18 lacs to its associate company i.e. AEC Cements & Constructions Limited, which is included in Schedule 7 i.e. Loans & Advances (maximum balance outstanding Rs. 640.18 lacs).

6. Pre-operative expenditure pending allocation to 1100 MW SUGEN CCPP under implementation till the date of financial statements are as under:

	(Rs. in lacs)	
	As at 30-Sept-2006	As at 31-Mar-2005
PRE-OPERATIVE EXPENDITURE		
Salary, wages, bonus, gratuity and superannuation	1,005.14	–
Advertisement	153.05	–
Insurance	17.50	–
Legal, Professional and Consultancy Fees	548.46	–
Rates & Taxes	42.92	–
Electricity Charges	42.63	–
Miscellaneous Expenses	395.76	–
Printing, Stationery, Postage & Telephone	62.25	–
Repairs & Maintenance	46.11	–
Traveling Expenses	264.79	–
Interest & Financial Charges	982.96	–
Auditors' Remuneration	1.37	–
Depreciation	38.52	–
Loss on sale of Fixed Assets	0.01	–
Provision for Wealth Tax	2.61	–
Provision for Fringe Benefit Tax	21.13	–
Total	3,625.21	–

7. (i) The Company uses forward contracts to hedge its risk associated with foreign currency fluctuation relating to firm commitments. The Company does not use forward contracts for speculative purposes.

The following are the outstanding foreign exchange contracts as at 30th September, 2006.

No. of Contracts	15
USD Equivalent	USD 165 Million
INR Equivalent	Rs. 74,876.25 lacs

- (ii) Foreign currency exposure not hedged by derivative instruments as at 30th September, 2006 on capital imports amount to Rs. 1,691.67 lacs

8. Names of the small scale industrial undertakings to whom the Company owes amount outstanding for more than 30 days are:

A-One Electricals Service Centre	Flowmore Pvt. Ltd.	Power Systems (Gujarat)
Atlanta Electricals Pvt. Ltd.	Globe Industries	Pyrotech Electronics Pvt. Ltd
Atlas Plastic	Hariom Fabricators	Radiant Engineers
Bina Electric & Engg. Corporation	IMECO Limited	Siemag Industries
Bharat Fabricator & Erectors	Jagruti Rubber Enterprise Pvt. Ltd	Shreenath Enterprises
Bhagyodaya Engineering	Kamal Industrial Enterprise	Shah Bhogilal Jethalal & Brothers
BL Fusegear Private Ltd.	Khodidas U Mistry	S. V. Trust
Brass Copper & Alloy (I) Ltd.	Mc Machines	UCIL Synchem Pvt. Ltd.
Danke Electricals Ltd	Mistry Brothers	Viral Corporation
Elymer International Pvt. Ltd.	Panermik electricals	

9. The confirmations of some of the parties for the amounts due to them/amount due from them as per books of accounts are not received. Necessary adjustments, if any, will be made when the accounts are reconciled/settled.

	Period ended 30-Sept-2006		(Rs. in lacs) Period ended 31-Mar-2005	
10. Payments to Auditors				
Audit Fee	15.71		0.01	
Tax Audit Fee	1.68		-	
Other services – certificates etc.	6.33		-	
Reimbursement of expenses	0.20		-	
	23.92		0.01	
11. C.I.F Value of imports –				
Components, stores, fuel and spare parts	11,767.99		-	
Capital goods	20,294.24		-	
12. Expenditure in foreign currency				
Subscription	1.82		-	
Travelling	32.94		-	
Professional and consultation fees	158.85		-	
Others	0.75		-	
	194.36		-	
	%		%	
13. Value of stores and spare parts consumed (including fuel)				
Imported	24,870.32	20.64	-	-
Indigenous	95,627.05	79.36	-	-
	120,497.37	100.00	-	-
14. Quantitative information				
Units sold (million KWh Units)		10,110		-
Units purchased (million KWh Units)		5,711		-

	As at 30-Sept-2006		As at 31-Mar-2005	
	Asset	Liability	Asset	Liability
15. Deferred Tax:				
Arising on account of timing differences in respect of:				
Depreciation	-	3,038.98	-	-
Provision for Gratuity	1,055.45	-	-	-
Leave Encashment	1,616.60	-	-	-
Provision for Doubtful Debts	254.77	-	-	-
Municipal Taxes	131.17	-	-	-
Amalgamation Expenses	342.98	-	-	-
Provision for works contract	45.29	-	-	-
Provision for wages	481.26	-	-	-
Provision for ESI Claim	20.06	-	-	-
	3,947.58	3,038.98	-	-
Net Deferred Tax (Asset)/Liability	(908.60)	-	-	-

(Rs. in lacs)

	Period ended 30-Sept-2006	Period ended 31-Mar-2005
16. Earnings Per Share		
Profit after tax	17,927.16	–
No. of Equity Shares (in lacs)	4,724.48	0.10
Basic & Diluted Earnings per Share (in Rs.)	3.79	–
17. The Company operates only in one business segment viz. “Generation and Distribution of Electricity”		
18. Information pursuant to the provisions of Part II of Schedule VI of the Companies Act, 1956. (Fly Ash Division)	As at 30-Sept-2006	As at 31-Mar-2005
a. Capacity & Production		
Product : Building Materials		
Licensed Capacity – Not applicable		
Installed Capacity – in M.T.	26,340	–
Production In M.T.	–	–
	Period ended 30-Sept-2006	Period ended 31-Mar-2005
	Quantity MT	Quantity MT
b. Turnover and Closing Stock of Building materials		
Turnover	–	NA
Closing Stock	–	NA
c. Consumption of Raw Material	–	NA

19. Related party Disclosures

	Associates		Enterprises controlled by the Company		Holding Company/ Enterprises controlled by the Holding Company		Relatives of Key Management Personnel		Enterprises controlled by Key Management Personnel/Relatives of Key Management Personnel		TOTAL	
	Period ended 30.09.06	Period ended 31.03.05	Period ended 30.09.06	Period ended 31.03.05	Period ended 30.09.06	Period ended 31.03.05	Period ended 30.09.06	Period ended 31.03.05	Period ended 30.09.06	Period ended 31.03.05	Period ended 30.09.06	Period ended 31.03.05
A) Volume of Transactions												
Purchase of Materials	290.40	–			11,383.36	–					11,673.76	–
Sale of Stores/Materials/Scrap	1.48	–			8.16	–					9.64	–
Services Received	22.75	–			598.47	–	10.68	–	155.86	–	787.76	–
Sale of Fixed Assets					3.82	–					3.82	–
Exps Reimbursement	0.28	–									0.28	–
Loans Received					250.00	7.59					250.00	7.59
Equity Contribution	0.50	–									0.50	–
Share Application Money	2.70	–									2.70	–
Sale of Investment					3.50	–					3.50	–
Contribution to Funds			1,604.46	–							1,604.46	–
B) Balances at the end of the period												
Current Liabilities	14.66	–			773.84	–			1.12	–	789.62	–
Investment in Equities	61.65	–									61.65	–
Loans & Advances	640.18	–									640.18	–
Unsecured Loans					–	7.59					–	7.59

Names of related parties and description of relationship:

- | | | | |
|--|---|---|--|
| 1. Associates: | AEC Cements & Constructions Ltd.
Torrent Power Transmission Private Ltd. | | |
| 2. Enterprises controlled by the Company: | The Provident Fund of The Ahmedabad Electricity Company Limited (Contribution transferred to EPFO effective from I.I.2006)
Torrent Power AEC Limited Employees' Group Gratuity Scheme
Torrent Power AEC Limited Officers' Superannuation Scheme
The Provident Fund of Torrent Power SEC Limited (Contribution transferred to EPFO effective from I.I.2006)
Torrent Power SEC Limited Employees' Group Gratuity Scheme
Torrent Power SEC Limited Officers' Superannuation Scheme
Torrent Power Generation Limited Employees' Group Gratuity Scheme
Torrent Power Generation Limited Officers' Superannuation Scheme | | |
| 3. Holding Company/Enterprises controlled by the Holding Company | Torrent Private Ltd.
Torrent Cables Ltd.
Torrent Pharmaceuticals Ltd.
Torrent Gujarat Biotech Ltd.
Gujarat Lease Financing Ltd.
Torrent Power Services Pvt. Ltd.
Ahmedabad Royal Garden Hotel Pvt. Ltd.
Gujarat Chlor Alkalies Industries Limited | | |
| 4. Key Management Personnel (w.e.f. 29-09-2006) | Sudhir Mehta
Executive Chairman | Markand Bhatt
Whole-time Director | Murli Ranganathan
Whole-time Director |
| Relatives of Key Management Personnel | Anita Mehta, wife
Shardaben Mehta, mother
Samir Mehta, brother
Varun Mehta, son
Jinal Mehta, son
Meena Modi, sister
Nayna Shah, sister | Nandini Bhatt, wife
Arvindbhai Bhatt, brother
Maltiben Joshi, sister
Anjuben Trivedi, sister
Vasudhaben Pandya, sister
Munjali Bhatt, son
Gunjan Bhatt, son | Jayashree Ranganathan, wife
T.P. Ranganathan, father
Kaushalya Ranganathan mother
R.Vijay Kumar, brother
Suhasini Ranganathan, daughter
Sujeet Ranganathan, son |
| 5. Enterprises controlled by Key Management Personnel/ Relatives of Key Management Personnel | U. N. Mehta Charitable Trust
D N Modi Charitable Trust
Shardaben Mehta Charitable Trust
Tsunami Tours & Travels Pvt. Ltd.
Torrel Cosmetics Pvt. Ltd.
Zeal Pharmachem India Pvt. Ltd.
Shruti Plastics Industries Pvt. Ltd.
Munjali Bhatt Associates | | |

Signature to Schedule I to 15

As per our report of even date

For C.C. CHOKSHI & CO.
Chartered Accountants

Gaurav J. Shah
Partner

Ahmedabad, 7th November 2006

Sudhir Mehta
Chairman

Samir Mehta
Director

Jagdish Mehta
Company Secretary

Ahmedabad, 7th November 2006