

TORRENT POWER GRID LIMITED

9th ANNUAL REPORT

FOR THE YEAR

2013-14

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TORRENT POWER GRID LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **TORRENT POWER GRID LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs).

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- (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1) (g) of the Act.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117365W)

Hemendra L. Shah
Partner
(Membership No. 33590)

Date: 9th May, 2014
Place: Ahmedabad

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

1. Having regard to the nature of the Company's business / activities / results during the year, clauses (xiv) and (xv) of CARO are not applicable.
2. In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets have been physically verified by the management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
3. In respect of its inventory:
 - (a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventory and no discrepancies were noticed on such physical verification.
4. The Company has neither granted nor taken any loans, secured/unsecured, to/from Companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956.
5. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for sale of services and during the course of audit we have not observed any continuing failure to correct major weaknesses in such internal control system.

6. In our opinion and according to the information and explanations given to us, there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
7. According to the information and explanations given to us, the Company has not accepted any deposits during the year from public within the meaning of provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956.
8. In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
9. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
10. According to the information and explanations given to us in respect of statutory dues :
 - (a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income tax, Sales tax, Wealth tax, Service Tax, Custom Duty, Excise duty, Cess and Other material statutory dues with appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears, as at 31st March, 2014 for a period of more than six months from the date they became payable.
 - (c) Details of dues of Income-tax, Sales Tax/VAT, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2014 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs.)
Income Tax Act, 1961	Demand of tax	CIT (Appeals)	PY 2010-11	1,022,950

11. The accumulated losses of the Company at the end of the financial year are not more than fifty per cent of its net worth and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

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12. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not issued any debentures.
13. In our opinion, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
15. The Company has not obtained term loans during the year.
16. In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short term basis have, *prima facie*, not been used during the year for long-term investment.
17. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
18. The Company has not issued any debentures during the year.
19. The Company has not raised money by public issue during the year.
20. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company was noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 117365W)

Hemendra L. Shah
Partner
(Membership No. 33590)

Date: 9th May, 2014
Place: Ahmedabad

TORRENT POWER GRID LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2014

(Amount in INR)

	Note No.	As at 31st March, 2014	As at 31st March, 2013
I. EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	900,000,000	900,000,000
Reserves and surplus	4	137,435,607	130,096,458
		<u>1,037,435,607</u>	<u>1,030,096,458</u>
Non-current liabilities			
Long term borrowings	5	1,427,400,000	1,631,000,000
Deferred tax liability (net)	31	75,412,658	33,679,254
Long-term provisions	7	418,110	1,193,603
		<u>1,503,230,768</u>	<u>1,665,872,857</u>
Current liabilities			
Trade payables		5,425,942	6,000,273
Other current liabilities	6	407,681,677	452,609,841
Short term provisions	7	17,445,829	105,681,916
		<u>430,553,448</u>	<u>564,292,030</u>
		<u>2,971,219,823</u>	<u>3,260,261,345</u>
II. ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	2,617,554,301	2,788,801,962
Deferred tax assets (net)		-	-
Long term loans and advances	9	9,314	19,000
Other non-current assets	10	25,961	25,961
		<u>2,617,589,576</u>	<u>2,788,846,923</u>
Current assets			
Current investments	11	204,685,022	91,898,974
Inventories	12	2,905,172	3,044,367
Trade receivables	13	78,583,079	212,372,095
Cash and bank balances	14	16,172,389	120,680,693
Short term loans and advances	9	6,044,381	5,917,021
Other current assets	15	45,240,204	37,501,272
		<u>353,630,247</u>	<u>471,414,422</u>
		<u>2,971,219,823</u>	<u>3,260,261,345</u>

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

R.N.Nayak
Chairman

Deepak Dalal
Director

Hemendra L. Shah
Partner

R.P.Rath
Director

Jinal Mehta
Director & CEO

Darshan Soni
Company Secretary

Ahmedabad, 9th May, 2014

Gurgaon 8th May, 2014

TORRENT POWER GRID LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(Amount in INR)

	Note No.	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Income			
Revenue from operations	16	575,542,437	492,912,942
Other income	17	34,400,597	7,327,069
Total revenue		609,943,034	500,240,011
Expenses			
Employee benefits expense	18	7,187,284	7,835,087
Operation and other expenses	19	31,300,065	33,268,614
Finance costs	20	205,623,082	229,187,870
Depreciation		169,173,681	169,670,384
(Less) transfer from overhead line contribution		(4,120,934)	(4,120,934)
Total expenses		409,163,178	435,841,021
Profit before tax		200,779,856	64,398,990
Tax expenses			
Current tax		42,500,000	13,100,000
Deferred tax		41,733,404	27,392,550
Short/(Excess) Provision of current tax for earlier years		(209,131)	-
Profit after tax		116,755,583	23,906,440
Basic and diluted earnings per share of face value of Rs.10 each	22	1.30	0.27

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

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Chairman

Deepak Lalal
Director

Hemendra L. Shah
Partner

R.P.Rath
Director

Jinal Mehta
Director & CEO

Darshan Soni
Company Secretary

Ahmedabad, 9th May, 2014

Gurgaon, 8th May, 2014

TORRENT POWER GRID LIMITED

NOTES TO THE FINANCIAL STATEMENTS

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

	(Amount in INR)	
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Cash Flow from Operating Activities		
Net Profit before tax	200,779,856	64,398,990
Adjustments for :		
Depreciation	165,052,747	165,549,450
Loss on sale of fixed assets	550,542	220,065
Interest expenses	205,623,082	229,187,870
Interest Income	(1,947)	(4,037,210)
Operating Profit before Working Capital Changes	<u>572,004,280</u>	<u>455,319,165</u>
Movement in Working Capital:		
Increase/(decrease) in Trade Payables	(574,331)	(9,799,092)
Increase/(decrease) in Long term Provisions	(775,493)	3,125
Increase/(decrease) in Short Term Provisions	(125,123)	776
Increase/(decrease) in Other Current Liabilities	(122,071)	(1,029,145)
Decrease/(Increase) in Trade Receivables	133,789,016	(156,961,151)
Decrease/(Increase) in Inventories	139,195	306,092
Decrease/(Increase) in Long term Loans and Advances	9,686	35,750
Decrease/(Increase) in Short term Loans and Advances	(129,193)	248,744
Decrease/(Increase) in Other Current Assets	(7,736,985)	204,616,877
Cash Generated from Operations	<u>696,478,981</u>	<u>492,741,141</u>
Taxes Paid	(40,400,000)	(15,944,920)
Net Cash Flow from Operating Activities	<u>656,078,981</u>	<u>476,796,221</u>
Cash Flow from Investing Activities		
Purchase of fixed assets including capital work-in-progress	(45,606,593)	(5,297,117)
Sale of Fixed assets	2,323,438	935,000
Maturity of Fixed Deposit	-	106,171
Interest received	-	7,236,292
Net Cash used in Investing Activities	<u>(43,283,155)</u>	<u>2,980,346</u>
Cash Flow from Financing Activities		
Long Term borrowings	(203,600,000)	(203,600,000)
Proceed from Short Term Borrowing (Holding company)	-	75,000,000
Repayment of Short Term Borrowing (Holding company)	-	(75,000,000)
Dividend paid	(195,295,000)	-
Interest Paid	(205,623,082)	(229,187,870)
Net Cash used in Financing Activities	<u>(604,518,082)</u>	<u>(432,787,870)</u>
Net (decrease)/increase in Cash and Cash Equivalents	<u>8,277,744</u>	<u>46,988,697</u>
Cash and Cash Equivalents as at beginning of the year	<u>212,579,667</u>	<u>165,590,970</u>
Cash and Cash Equivalents as at end of the year	<u>220,857,411</u>	<u>212,579,667</u>
Notes:		
1. Cash and Cash Equivalents as at end of the year		
Cash on hand	36,736	24,730
Balances With Banks		
On current account	16,135,653	120,655,963
On deposit account	-	-
Current Investment (Investments in Mutual Fund)	204,685,022	91,898,974
	<u>220,857,411</u>	<u>212,579,667</u>

2. The Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard - 3 "Cash Flow Statement"

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

R.N.Nayak
Chairman

Deepak Dhanai
Director

Hemendra L. Shah
Partner

R.P.Rath
Director

Jinal Mehta
Director & CEO

Darshan Soni
Company Secretary

Ahmedabad, 9th May, 2014

Gurgaon, 8th May, 2014

TORRENT POWER GRID LIMITED

NOTES TO THE FINANCIAL STATEMENTS

NOTE-1 : CORPORATE INFORMATION

Torrent Power Grid Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is in the business of establishing, commissioning, setting up, operating and maintaining electric power transmission system/networks. The Company has set up a transmission system for evacuation of power from Torrent Power Limited's 1147.5 MW Generation Project near Akakhol in District Surat, Gujarat to Western region and the system is being used to transfer power to its beneficiaries in and outside Gujarat State.

NOTE-2 : SIGNIFICANT ACCOUNTING POLICIES

A Basis of Preparation of Financial Statements:

The Financial statements have been prepared and presented to comply in all material respects with the notified accounting standards by the Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 ("the 1956 Act"). The said rules continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared under the historical cost convention on an accrual basis in accordance with the accounting principles generally accepted in India. Accounting policies have been followed consistently except as stated specifically.

B Use of Estimates:

The preparation 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.

C Capital Receipts:

Contribution received from Gujarat Mineral Development Corporation Limited towards construction of Overhead Lines is treated as capital receipt and accounted as Capital Reserve. In line with with the depreciation policy in respect of the related overhead line, amount calculated @ 5.28% p.a. is transferred to the Statement of Profit and Loss for the year.

D Fixed Assets:

Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes purchase price, taxes and duties, labour cost and directly attributable costs for self-constructed assets and other direct and overhead costs incurred upto the date the asset is ready for its intended use.

E Impairment of Fixed Assets:

Fixed Assets are reviewed for impairment losses, if any, 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.

F Depreciation and Amortisation:

Depreciation is provided from the date the asset is put to use till the date of disposal.

Depreciation is provided on a Straight Line Method considering the rates provided in Appendix III of CERC (Terms and conditions of Tariff) Regulation, 2009.

G 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 provision for diminution, other than temporary, if any, in the value of such investments.

H Inventories:

Inventories are valued at weighted average cost or net realizable value whichever is lower.

I Revenue Recognition:

Revenue (Income) is recognized when no significant uncertainty as to the measurability or collectability exists. Revenue recognized in excess of billing has been reflected under " Other Current Assets" as unbilled revenue.

TORRENT POWER GRID LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENT

J Retirement and Other Employee Benefits:

Retirement Benefits in the form of Provident Fund, Family Pension Fund and Superannuation Schemes, which are defined contribution schemes, are charged to the statement of profit and loss of the period in which the contributions to the respective funds accrue.

The Company has created Employees Group Gratuity Fund which has taken a Group Gratuity Insurance Policy from Life Insurance Corporation of India (LIC). Premium on the above policy as intimated by LIC is charged to the statement of profit and loss. The adequacy of balances available is compared with actuarial valuation obtained at the period-end and shortfall, if any, is provided for in the statement of profit and loss.

Provision for leave encashment is determined and accrued on the basis of actuarial valuation.

Actuarial gains and losses are immediately recognized in the statement of profit and loss and are not deferred.

K 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 asset 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.

L Earnings Per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

M Cash and Cash Equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

N Provisions, Contingent Liabilities and Contingent Assets:

Provision is recognised 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. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or nonoccurrence 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 are neither recognized nor disclosed in the financial statements.

TORRENT POWER GRID LIMITED

NOTES TO THE FINANCIAL STATEMENTS

NOTE-3 : SHARE CAPITAL

(Amount in INR)

	As at 31st March, 2014	As at 31st March, 2013
Authorised:		
125,000,000 Equity Shares of Rs 10/- each	1,250,000,000	1,250,000,000
	<u>1,250,000,000</u>	<u>1,250,000,000</u>
Issued, subscribed and fully paid up:		
90,000,000 Equity Shares of Rs 10/- each	900,000,000	900,000,000
	<u>900,000,000</u>	<u>900,000,000</u>

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

	No. of Shares 31st March, 2014	No. of Shares 31st March, 2013
At the beginning of the year	90,000,000	90,000,000
Issued during the year	-	-
Outstanding at the end of the year	<u>90,000,000</u>	<u>90,000,000</u>

b. 66,600,000 equity shares (66,600,000 equity shares as at 31st March, 2013) of Rs.10 each fully paid up are held by the holding company - Torrent Power Limited

c. Terms /Rights attached to Equity Shares:

The Company had only one class of equity share having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The company will declare and pay dividend in Indian Rupees.

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

Interim Dividend amount per share recognized as distribution to equity shareholders is Rs.1.00 per equity share during the year ended 31st March, 2014 (Previous year : Nil)

d. Details of Shareholders holding more than 5% shares in the Company:

Name of Share Holder	31st March, 2014		31st March, 2013	
	No. of Shares	% holding	No. of Shares	% holding
Torrent Power Limited	66,600,000	74.00%	66,600,000	74.00%
Power Grid Corporation of India Limited	23,400,000	26.00%	23,400,000	26.00%

NOTE-4 : RESERVES AND SURPLUS

	As at 31st March, 2014	As at 31st March, 2013
Capital Reserve		
Overhead line contributions		
As per last balance sheet		
Add: Received during the year	66,638,132	70,759,066
	<u>66,638,132</u>	<u>70,759,066</u>
Less: transfer to statement of profit and loss - (Refer Note 2C)	4,120,934	4,120,934
	<u>62,517,198</u>	<u>66,638,132</u>
Surplus in the statement of profit and loss		
As per last balance sheet		
Add: Profit after tax for the year	63,458,326	144,847,386
	<u>116,755,583</u>	<u>23,906,440</u>
Less : Appropriations	90,000,000	90,000,000
Interim Dividend on equity shares		
Proposed Dividend		
Corporate Dividend Tax on Interim/ Proposed Dividend		
Total Appropriations	<u>15,295,500</u>	<u>15,295,500</u>
	<u>101,460,083</u>	<u>8,610,940</u>
Total reserves and surplus	<u>137,435,607</u>	<u>130,096,458</u>

TORRENT POWER GRID LIMITED

NOTES TO THE FINANCIAL STATEMENTS

NOTE-5 : LONG TERM BORROWINGS

(Amount in INR)

	Non Current Portion		Current Maturities	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
SECURED LOANS				
Term Loan From a Bank	1,427,400,000	1,631,000,000	203,600,000	203,600,000
	<u>1,427,400,000</u>	<u>1,631,000,000</u>	<u>203,600,000</u>	<u>203,600,000</u>
Amount Disclosed under the head "Other Current Liabilities " (Refer Note 6)	-	-	(203,600,000)	(203,600,000)
	<u>1,427,400,000</u>	<u>1,631,000,000</u>	<u>-</u>	<u>-</u>

1 Terms of Repayment

As per the term loan agreement with Bank of Baroda, the term loan is scheduled to be paid in 44 Quarterly installments starting from 31st December, 2011, 40 quarterly installments of Rs. 50,900,000 each and the last 4 quarterly installments of Rs. 26,000,000 each.

2 The above term loan is secured by way of first pari passu charge created on the entire moveable properties including transmission towers, insulators and other moveable assets, book debts, operating cash flows, revenues, intangibles, trust and retention account and by way of pledge of 18,000,000 equity shares of Rs.10 each fully paid up held by Torrent Power Limited in the equity share capital of the Company.

NOTE-6 : OTHER CURRENT LIABILITIES

	As at 31st March, 2014	As at 31st March, 2013
Current Maturities of Long Term Debt (Refer Note 5)	203,600,000	203,600,000
Unpaid Dividend	500	-
Statutory Dues	15,795	137,866
Payable on purchase of fixed assets	204,065,382	248,871,975
	<u>407,681,677</u>	<u>452,609,841</u>

NOTE - 7 : PROVISIONS

	Long Term		Short Term	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Provision for employees' benefits (Refer Note 28)	-	817,162	-	132,405
Provision for Gratuity	418,110	376,441	33,670	26,388
Provision for Leave encashment	418,110	1,193,603	33,670	158,793
Proposed Dividend	-	-	-	90,000,000
Corporate Dividend Tax on Interim/ Proposed Dividend	-	-	15,295,500	15,295,500
Provision for Taxation (Net of Advance tax and TDS)	-	-	2,116,659	227,623
	<u>418,110</u>	<u>1,193,603</u>	<u>17,412,159</u>	<u>105,523,123</u>
	<u>418,110</u>	<u>1,193,603</u>	<u>17,445,829</u>	<u>105,681,916</u>

TORRENT POWER GRID LIMITED

NOTES TO THE FINANCIAL STATEMENTS

NOTE-8 : FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION AND AMORTISATION			NET BLOCK	
	As At 1st April, 2013	Additions During The Year	Deduction During The Year	As At 31st March, 2014	For The Year	Deduction During The Year	As At 31st March, 2014	As At 31st March, 2013
Tangible Assets								
Plant and Machinery (a) Overhead Transmission Line	3,052,454,792	-	1,745,299	3,050,709,493	160,800,501	-	565,105,056	2,648,149,227
(b) 400 KV- Kamod Sub Station	152,926,358	-	513,564	152,412,794	7,992,048	-	24,450,779	136,467,627
(c) Others	3,535,189	-	-	3,535,189	191,938	-	671,557	3,155,550
Furniture and Fixtures	821,586	-	821,586	-	19,663	205,469	-	634,780
Office Equipments	760,533	-	-	760,533	105,191	-	470,956	394,768
Vehicles	-	800,000	-	800,000	64,340	-	64,340	-
Total	3,210,598,458	800,000	3,080,449	3,208,318,009	169,173,581	206,469	590,763,708	2,788,801,952
Previous Year	3,212,037,518	-	1,439,060	3,210,598,458	169,670,384	283,994	421,796,496	2,959,627,412

(Amount in INR)

TORRENT POWER GRID LIMITED

NOTES TO THE FINANCIAL STATEMENTS

NOTE-9 : LOANS AND ADVANCES

(Amount in INR)

Unsecured (Considered Good)

	Non-Current		Current	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Advances recoverable in cash or kind or for value to be received	-	-	98,233	2,844
Other Loans and Advances to a Related party	-	-	-	29,750
Advance Tax and Tax deducted at source (Net of Provision for Income Tax)	-	-	5,721,966	5,723,799
Balance with Government Authority	9,314	19,000	-	-
Prepaid Expense	-	-	224,182	160,628
	<u>9,314</u>	<u>19,000</u>	<u>6,044,381</u>	<u>5,917,021</u>

NOTE-10 : OTHER NON CURRENT ASSET

	As at 31st March, 2014	As at 31st March, 2013
In Bank Deposit Account (Refer Note 14) (Original Maturity for more than Twelve Months) Above Balance is under lien with VAT Authority of Gujarat	25,961	25,961
	<u>25,961</u>	<u>25,961</u>

NOTE-11 : CURRENT INVESTMENTS (At lower of Cost or Market Value)

	No. of Units		As at	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Investment in Mutual Funds-(Unquoted)				
ICICI Prudential Liquid - Growth- (Rs.100 Each)	517,749	-	95,895,957	-
IDFC Cash Fund - Growth-(Rs.1000 Each)	56,032	-	86,289,065	-
Birla Sun Life Cash Plus- (Rs.100 Each)	112,166	492,140	22,500,000	91,898,974
Aggregate NAV of Mutual Funds			<u>204,685,022</u>	<u>91,898,974</u>
			<u>208,605,912</u>	<u>92,400,678</u>

Above Current Investment is in the nature of 'Cash and Cash Equivalents' considered as part of Cash and Cash Equivalents in the Cash Flow Statement.

TORRENT POWER GRID LIMITED
NOTES TO THE FINANCIAL STATEMENTS

NOTE-12 : INVENTORIES

(Amount in INR)

	As at 31st March, 2014	As at 31st March, 2013
Stores and Spares (Valued at lower of cost and net realizable value)	2,905,172	3,044,367
	<u>2,905,172</u>	<u>3,044,367</u>

NOTE-13 : TRADE RECEIVABLES

Unsecured- Considered Good

Debts outstanding for a period exceeding Six Months

Other Debts

	As at 31st March, 2014	As at 31st March, 2013
	32,136,264	177,575,684
	48,446,815	34,796,411
	<u>78,583,079</u>	<u>212,372,095</u>

NOTE-14 : CASH AND BANK BALANCES

	Non-Current		Current	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Cash and Cash Equivalents				
Bank Balances				
Balance in Current accounts	-	-	16,135,653	120,655,963
Cash on hand	-	-	16,135,653	120,655,963
	-	-	36,736	24,730
Other Bank Balances			16,172,389	120,680,693
Balance in Bank Deposit account (Original Maturity for more than three months but less than twelve Months)	-	-	-	-
Balance in Bank Deposit account (Original Maturity for more than twelve Months) *	25,961	25,961	-	-
	<u>25,961</u>	<u>25,961</u>	-	-
Amount Disclosed under Non Current Asset (Refer Note 10)				
Net Amount	<u>(25,961)</u>	<u>(25,961)</u>	<u>16,172,389</u>	<u>120,680,693</u>

* Includes Rs.25,961 (Previous Year Rs.25,961) on which the bank has lien.

NOTE-15 : OTHER CURRENT ASSET

	As at 31st March, 2014	As at 31st March, 2013
Interest accrued on Bank Deposits But Not Received	6,741	4,794
Unbilled Revenue	45,233,463	37,496,476
	<u>45,240,204</u>	<u>37,501,272</u>

TORRENT POWER GRID LIMITED

NOTES TO THE FINANCIAL STATEMENTS

NOTE-16 : REVENUE FROM OPERATIONS

(Amount in INR)

	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Transmission Income including Incentive	575,542,437	492,912,942
	<u>575,542,437</u>	<u>492,912,942</u>

The Company has recognized revenue in respect of transmission charges @ 85% (Previous year: 85%) for Phase III based on the norms and other amendments notified by CERC and the provisional tariff order received for Phase III. Transmission income includes Rs.36,089,862/- pertaining to F.Y.2010-11, F.Y.2011-12 & F.Y.2012-13 recognized on receipt of final tariff order for Phase-II during the year. Excess transmission income booked due to accounting of higher % of income in excess of approved figure by the said authority of Rs. 37,844,816 during the period prior to 31st March, 2012 have been reversed in the year 31st March, 2013.

NOTE-17 : OTHER INCOME

	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Interest Income		
On Bank Deposits	1,947	4,037,210
Miscellaneous Income	8,400	124,005
Profit on sale of Current Investments	34,390,250	3,165,854
	<u>34,400,597</u>	<u>7,327,069</u>

NOTE-18 : EMPLOYEE BENEFITS EXPENSE

	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Salaries, Wages and Bonus	7,378,257	6,285,667
Contribution to Provident and other funds	672,106	1,333,018
Employees Welfare expenses	-	24,198
Gratuity and Leave Encashment (including excess provision for earlier years Rs. 1,267,737 (Previous year: Rs. Nil))	(863,079)	192,204
	<u>7,187,284</u>	<u>7,835,087</u>

NOTE-19 : OPERATION AND OTHER EXPENSES

	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Consumption of Stores and Spares	456,737	778,624
Repairs to:		
Plant and Machinery	23,203,643	24,778,937
	<u>23,203,643</u>	<u>24,778,937</u>
Insurance	206,029	252,110
Rates and Taxes	13,086	9,400
Rebate on Transmission Income	5,460,645	3,328,637
Loss on Sale of Asset	550,542	220,065
Auditors Remuneration	434,822	388,944
Miscellaneous expenses	1,431,298	4,290,522
(Reimbursement of license fees, petition fees & WRLDC fees reduced from expense)		
	<u>31,756,802</u>	<u>34,047,238</u>
Less : Allocated to Repairs to Plant & Machinery	(456,737)	(778,624)
	<u>31,300,065</u>	<u>33,268,614</u>

NOTE-20 : FINANCE COST

	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Interest on Term Loan	205,595,052	226,686,210
Interest on Loan from Holding Company	-	2,477,261
Other Borrowing Cost	28,030	24,399
	<u>205,623,082</u>	<u>229,187,870</u>

TORRENT POWER GRID LIMITED

NOTES TO THE FINANCIAL STATEMENTS

NOTE-21 : AUDITORS REMUNERATION

(Amount in INR)

	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Audit Fee	275,000	250,000
Tax Audit Fee	85,000	75,000
Other Services (Certification Fees)	7,500	20,000
Reimbursement of Expenses	21,899	-
For service tax	45,423	43,944
	<u>434,822</u>	<u>388,944</u>

NOTE-22 : EARNINGS PER SHARE

	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Profit After Tax	116,755,583	23,906,440
Nominal Value per Equity Share (Rs.)	10	10
No. of Equity Shares (Weighted)	90,000,000	90,000,000
Basic and Diluted Earnings per share	1.30	0.27

NOTE-23 : CAPITAL AND OTHER COMMITMENTS

- i Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. NIL (Previous Year Rs. NIL)
- ii The Company is having a performance obligation for a period of 25 years from the date of transmission license i.e. 16th May, 2007 under the Implementation agreement dated 23rd February, 2007 executed with Torrent Power Limited to provide entire transmission capacity of the Company's Project on a commercial basis for transmitting of Power within and across regions of India.

NOTE-24 : CONTINGENT LIABILITIES (Not provided for)

- i guarantees given by banks on behalf of the Company of Rs. 20,000 (Previous year Rs.20,000).
- ii disputed income tax matters Rs.1,022,950/- (Previous Year Nil)

NOTE-25 : BILLING OF TRANSMISSION CHARGES BASED ON POC MECHANISM

In accordance with the Point of Connection charges (POC) mechanism introduced by the Central Electricity Regulatory Commission (CERC), the responsibility for billing, collection and disbursement of transmission charges on behalf of all the interstate transmission (ISTS) licencees has been entrusted to the Central Transmission Utility (CTU) which in this case is the Power Grid Corporation of India Limited. Accordingly, since the Company is an ISTS licencee, billing is done and disbursements are made by the CTU on behalf of the Company and accounted in the books of the company based on CTU's records & collections received from CTU.

NOTE-26 : PRIMARY BUSINESS

The Company is a single business segment company engaged in the business of Transmission of Electricity and the same is its primary segment. Based on the guiding principles given in Accounting Standard on "Segment Reporting" (AS-17), this activity falls within a single primary and secondary business segment and accordingly the disclosure requirements of AS-17 in this regard are not applicable.

NOTE-27 : DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES

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.

TORRENT POWER GRID LIMITED

NOTES TO THE FINANCIAL STATEMENTS

NOTE 28: EMPLOYEE BENEFITS:

The liability on account of gratuity and leave (retirement benefit in the nature of defined benefits plan) is accounted as per AS 15 (revised) dealing with Employee benefits

The Company operates a defined benefit plan (the Gratuity and Leave Plan) covering eligible employees, which provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employees salary and tenure of employment

The Company has recognised Rs.5,21,433/- (Previous Year Rs.8,24,655/-) in the Statement of Profit and Loss on account of Contribution to Provident Fund and Rs.1,50,673/- (Previous Year Rs.5,08,353/-) in the Statement of Profit and Loss on account of Contribution to superannuation fund.

Status of Gratuity Plan and Leave Encashment as required under AS-15 [revised]:

(Amount in INR)

Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
a. Reconciliation of opening and closing balances of the present value of the defined benefit obligation:				
Obligations at the beginning of the year				
Current Service cost	402,829	1,503,962	315,029	1,273,747
Interest Cost	73,240	88,387	157,839	81,305
Liabilities transferred in	32,226	120,317	26,777	108,268
Liabilities transferred out	-	2,577,896	-	-
Actuarial (gain) / loss	-	(463,088)	-	-
Benefits paid	13,676	381,144	(61,410)	40,642
Obligations at the end of the year	(70,191)	(2,577,896)	(35,408)	-
	451,780	1,630,722	402,829	1,503,962
b. Reconciliation of opening and closing balances of the fair value of plan assets:				
Plan assets at the beginning of the year, at fair value				
Expected return on plan assets	-	554,395	-	240,280
Actuarial gain / (Loss)	-	47,124	-	20,424
Contributions	-	322,787	-	293,691
Benefits paid	-	-	-	-
Liabilities transferred	-	(2,577,896)	-	-
Plan assets at the end of the year, at fair value	-	3,382,545	-	-
	-	1,728,955	-	554,395
c. Net Liability/(Asset) recognised in the Balance Sheet as at 31-Mar-2014.				
Obligations at the end of the year	451,780	1,630,722	402,829	1,503,962
Plan assets at the end of the year, at fair value	-	1,728,955	-	554,395
Liability recognized in Balance sheet as at 31-Mar-2014.	451,780	(98,233)	402,829	949,567
d. Cost for the period:				
Current service cost				
Interest cost	73,240	88,387	157,839	81,305
Expected return on plan assets	32,226	120,317	26,777	108,268
Net Actuarial loss/ (gain)	-	(47,124)	-	(20,424)
Net cost	13,676	58,357	(61,410)	(253,049)
	119,142	219,937	123,206	(63,900)
e. Investment details of plan assets:				
Contributions to fund the obligations under the gratuity plan are made to Life Insurance Corporation of India, who has invested the funds substantially in the government securities.				
f. Assumptions				
Interest rate				
Salary Escalation rate	9.25%	9.25%	8.00%	8.00%
Expected rate of return on plan assets		9.00%		9.00%
(Yield on long term bonds of Central Government prevailing on 31-Mar-2014)		9.50%		8.50%
g. Net Assets/ (Liability) recognised in the Balance Sheet as at respective year ends				
	31st March, 2013	31st March, 2012	31st March, 2011	31st March, 2010
Gratuity				
1. Present Value of Defined Benefit Obligation	1,503,962	1,273,747	3,860,146	3,463,205
2. Fair value of plan assets	949,567	240,280	3,284,276	1,528,235
3. Funded Status [Surplus/(Deficit)]	(554,395)	(1,033,467)	(575,870)	(1,934,970)
4. Experience adjustment:				
On plan liabilities	(15,223)	(166,019)	-	-
On plan assets	293,691	(315,018)	-	-

h. Investment Pattern :

	% Invested Current Year	% Invested Previous Year
Central Government Securities	23.86%	23.86%
State Government Securities	16.14%	16.14%
Other Approved Securities	1.21%	1.21%
Debentures and Bonds	39.32%	39.32%
Equity Shares	4.67%	4.67%
Fixed Deposits	14.20%	14.20%
Mutual Fund	0.58%	0.58%
CBLI(Money Markets Instruments)	0.02%	0.02%
Total	100.00%	100.00%

Note:

The estimates of future salary increases considered in the actuarial valuation take account of inflation, promotion and other relevant factors, such as supply and demand in the employment market. Future separation and Mortality rates obtained from relevant data of Life Insurance Corporation of India.

TORRENT POWER GRID LIMITED

NOTES TO THE FINANCIAL STATEMENTS

NOTE 29 : NAMES OF RELATED PARTIES AND NATURE OF RELATIONSHIP

1	Associates	Power Grid Corporation of India Ltd	
2	Holding Company/ Enterprise Controlled by the Holding Company	Torrent Power Limited Torrent Private Limited Torrent Energy Limited Torrent Pipavav Generation Limited Torrent Power Bhiwandi Limited Torrent Pharmaceuticals Limited Torrent Cables Limited Gujarat Lease Financing Limited Torrent Power Services Private Limited Heumann Pharma GmbH & Co. Generica KG, Torrent Do Brasil Ltda. Zao Torrent Pharma Torrent Pharma GmbH. Torrent Pharma Inc. Torrent Pharma Philippines Inc. Torrent Australasia Pty Ltd. Laboratorios Torrent SA de CV Torrent Pharma Canada Inc. Torrent Pharma (Thailand) Co., Ltd. Norispharm GmbH. Heunet Pharma GmbH. Torrent Pharma (UK) Ltd. Torrent Pharma S.R.L. Laboratories Torrent (Malaysia) Sdn. Bhd. Torrent Pharmaceuticals Sikkim TPL(Ahmedabad) Gratuity Trust TPL(Ahmedabad) Superannuation Fund TPL(Surat) Gratuity Trust TPL(Surat) Superannuation Fund TPL(SUGEN) Gratuity Trust TPL(SUGEN) Superannuation Fund Torrent Financiers AEC Cements & Constructions Limited Tidong Hydro Power Limited Tsunami Tours & Travels Pvt. Ltd. Torrent Fincorp Pvt. Ltd. Opening Pharma, France	
3	Enterprise Controlled by the Company	TPG Gratuity Trust TPG Superannuation Fund	
4	Key Management Personnel	Jagrul Vyas – Director & CEO	R P Rath – Whole time Director
5	Relatives of Key Management Personnel	Harsha Vyas, Wife Mahek Vyas, Son Satin Vyas, Brother Meena Vyas, Sister Bhavana Vyas, Sister Chelna Vyas, Sister	Gitanjali Rath, Wife Ashit Rath, Son Sambit Rath, Son

TORRENT POWER GRID LIMITED

NOTES TO THE FINANCIAL STATEMENTS

NOTE 30: RELATED PARTY DISCLOSURES FOR THE YEAR ENDED

A: Volume of Transactions:

Particulars	(Amount in INR)	
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Amount billed to beneficiary on behalf of the Company		
Power Grid Corporation of India Limited	760,354,872	697,718,372
Services Received		
Power Grid Corporation of India Limited	15,566,580	15,168,903
Tsunami Tours & Travels Private Limited	228,659	394,969
Dividend Paid		
Torrent Power Limited	133,200,000	-
Power Grid Corporation of India Limited	46,800,000	-
Loan Taken		
Torrent Power Limited	-	75,000,000
Loan Repaid		
Torrent Power Limited	-	75,000,000
Interest Paid		
Torrent Power Limited	-	2,477,261
Contribution to Fund		
TPG Superannuation Trust	122,508	508,363
Managerial Remuneration:		
R.P.Rath		
R.C.Singh	3,525,613	1,830,617
	-	1,518,914

B. Balances at the end of the Year

Receivables:		
Power Grid Corporation of India Limited	78,583,079	212,372,095
Liabilities:		
Power Grid Corporation of India Limited	-	376,969
Other loans and advances:		
Torrent Pharmaceuticals Limited	-	29,750

NOTE 31: DEFERRED TAX

	As at 31st March, 2014	As at 31st March, 2013
a) Deferred tax liability:		
Depreciation	75,527,366	34,118,039
b) Deferred tax assets:		
Provision for gratuity	(31,872)	308,087
Provision for leave encashment	146,580	130,698
Net Deferred tax liability	75,412,658	33,679,254

NOTE 32: PREVIOUS YEAR FIGURES

The previous year figures have been regrouped / re-classified, where necessary, to conform to the current year's classification.