

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, 2015, 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 Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit

Deloitte Haskins & Sells

Deloitte Haskins & Sells
Chartered Accountants
100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000

- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 24 to the financial statements;
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

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

Gaurav J Shah
Partner
(Membership No. 35701)

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. 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 program 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.
2. 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.
3. The Company has not granted any loans, secured or unsecured, to Companies, firms or other parties covered in the Register maintained under section 189 of the Companies Act, 2013.
4. 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.
5. 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 73 to 76 or any other relevant provisions of the Companies Act, 2013.
6. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (cost records and audit)(Cost Accounting Records) Rules, 2015 prescribed by the Central Government under Section 148(1) of the Companies Act, 2013 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.

7. 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, 2015 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, 2015 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 |
| Income Tax Act, 1961 | Demand of tax | Appeal is pending | PY 2009-10 | 1,033,670 |

- (d) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
8. 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.
 9. 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.
 10. 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.

TORRENT POWER GRID LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2015

(Amount in INR)

| | Note No. | As at 31st March, 2015 | As at 31st March, 2014 |
|----------------------------------|----------|---------------------------|---------------------------|
| I. Equity and liabilities | | | |
| Shareholders' funds | | | |
| Share capital | 3 | 900,000,000 | 900,000,000 |
| Reserves and surplus | 4 | <u>137,381,708</u> | <u>137,435,607</u> |
| | | 1,037,381,708 | 1,037,435,607 |
| Non-current liabilities | | | |
| Long term borrowings | 5 | 1,223,800,000 | 1,427,400,000 |
| Deferred tax liability (net) | 31 | 110,140,650 | 75,412,658 |
| Long-term provisions | 7 | <u>807,154</u> | <u>418,110</u> |
| | | 1,334,747,804 | 1,503,230,768 |
| Current liabilities | | | |
| Trade payables | | 7,203,772 | 5,425,942 |
| Other current liabilities | 6 | 212,856,139 | 407,681,677 |
| Short-term provisions | 7 | <u>60,123,592</u> | <u>17,445,829</u> |
| | | 280,183,503 | 430,553,448 |
| | | <u>2,652,313,015</u> | <u>2,971,219,823</u> |
| II. Assets | | | |
| Non-current assets | | | |
| Fixed assets | 8 | | |
| Tangible assets | | 2,378,871,508 | 2,617,554,301 |
| Long term loans and advances | 9 | - | 9,314 |
| Other non-current assets | 10 | <u>33,466</u> | <u>25,961</u> |
| | | 2,378,904,974 | 2,617,589,576 |
| Current assets | | | |
| Current investments | 11 | 64,651,143 | 204,685,022 |
| Inventories | 12 | 5,472,542 | 2,905,172 |
| Trade receivables | 13 | 92,607,729 | 78,583,079 |
| Cash and bank balances | 14 | 53,530,148 | 16,172,389 |
| Short term loans and advances | 9 | 4,550,686 | 6,044,381 |
| Other current assets | 15 | <u>52,595,793</u> | <u>45,240,204</u> |
| | | 273,408,041 | 353,630,247 |
| | | <u>2,652,313,015</u> | <u>2,971,219,823</u> |

See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

R.N.Nayak
Chairman
DIN 02658070

Gaurav J. Shah
Partner

T. P. Vijayasarithy
CFO

Darshan Soni
Company Secretary

Ahmedabad, _____ 2015

Gurgaon _____ 2015

TORRENT POWER GRID LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

| | | (Amount in INR) | |
|---|----------|--------------------------------|--------------------------------|
| | Note No. | Year ended 31st March, 2015 | Year ended 31st March, 2014 |
| Income | | | |
| Revenue from operations | 16 | 576,134,063 | 575,542,437 |
| Other income | 17 | 25,340,601 | 34,400,597 |
| Total revenue | | <u>601,474,664</u> | <u>609,943,034</u> |
| Expenses | | | |
| Employee benefits expense | 18 | 9,325,238 | 7,187,284 |
| Operation and other expenses | 19 | 29,081,774 | 31,300,065 |
| Finance costs | 20 | 182,782,766 | 205,623,082 |
| Depreciation | | 164,517,411 | 169,173,681 |
| (Less) transfer from overhead line contribution | | (4,120,934) | (4,120,934) |
| Total expenses | | <u>381,586,255</u> | <u>409,163,178</u> |
| Profit before tax | | 219,888,409 | 200,779,856 |
| Tax expenses | | | |
| Current tax | | 46,100,000 | 42,500,000 |
| Deferred tax | | 34,727,992 | 41,733,404 |
| Short/(excess) provision of current tax for earlier years | | - | (209,131) |
| Profit after tax | | <u>139,060,417</u> | <u>116,755,583</u> |
| Basic and diluted earnings per share of face value of Rs.10 each | 22 | 1.55 | 1.30 |

See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

R.N.Nayak
Chairman
DIN 02658070

Gaurav J. Shah
Partner

T. P. Vijayasarithy
CFO

Darshan Soni
Company Secretary

Ahmedabad, _____ 2015

Gurgaon _____ 2015

TORRENT POWER GRID LIMITED

NOTES TO THE FINANCIAL STATEMENTS

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2015

| | (Amount in INR) | |
|---|--------------------------------|--------------------------------|
| | Year ended 31st March, 2015 | Year ended 31st March, 2014 |
| Cash flow from operating activities | | |
| Net profit before tax | 219,888,409 | 200,779,856 |
| Adjustments for : | | |
| Depreciation | 160,396,477 | 165,052,747 |
| Loss on sale of fixed assets | - | 550,542 |
| Interest expenses | 182,782,766 | 205,623,082 |
| Interest income | (2,416,273) | (1,947) |
| Operating profit before working capital changes | 560,651,379 | 572,004,280 |
| Movement in working capital: | | |
| Increase/(decrease) in trade payables | 1,777,830 | (574,331) |
| Increase/(decrease) in long term provisions | 389,045 | (775,493) |
| Increase/(decrease) in short term provisions | 89,650 | (125,123) |
| Increase/(decrease) in other current liabilities | 501,191 | (122,071) |
| Decrease/(Increase) in trade receivables | (14,024,650) | 133,789,016 |
| Decrease/(Increase) in inventories | (2,567,370) | 139,195 |
| Decrease/(Increase) in long term loans and advances | 9,314 | 9,686 |
| Decrease/(Increase) in short term loans and advances | (276,631) | (129,193) |
| Decrease/(Increase) in other current assets | (5,576,967) | (7,736,985) |
| Cash generated from operations | 540,972,791 | 696,478,980 |
| Taxes paid | (45,843,149) | (40,400,000) |
| Net cash flow from operating activities | 495,129,642 | 656,078,980 |
| Cash flow from investing activities | | |
| Purchase of fixed assets | (121,161,348) | (45,606,593) |
| Sale of fixed assets | - | 2,323,438 |
| Fixed deposits placed | (47,582,566) | - |
| Fixed deposit matured | 25,961 | - |
| Interest received | 637,651 | - |
| Net cash used in investing activities | (168,080,302) | (43,283,155) |
| Cash flow from financing activities | | |
| Long term borrowings | (203,600,000) | (203,600,000) |
| Dividend paid | (90,891,794) | (195,295,000) |
| Interest paid | (182,782,766) | (205,623,082) |
| Net cash used in financing activities | (477,274,560) | (604,518,082) |
| Net (decrease)/increase in cash and cash equivalents | (150,225,220) | 8,277,744 |
| Cash and cash equivalents as at beginning of the year | 220,857,411 | 212,579,667 |
| Cash and cash equivalents as at end of the year | 70,632,191 | 220,857,411 |

TORRENT POWER GRID LIMITED

NOTES TO THE FINANCIAL STATEMENTS

CASH FLOW STATEMENT (Contd.)

(Amount in INR)

| Notes: | Year ended 31st March, 2015 | Year ended 31st March, 2014 |
|--|--------------------------------|--------------------------------|
| 1. Cash and cash equivalents as at end of the year | | |
| Cash on hand | 14,719 | 36,736 |
| Balances with banks In current account | 5,966,329 | 16,135,653 |
| Current investment (Investments in mutual funds) | 64,651,143 | 204,685,022 |
| | <u>70,632,191</u> | <u>220,857,411</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 and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

R.N.Nayak
Chairman
DIN 02658070

Gaurav J. Shah
Partner

T. P. Vijayasathy
CFO

Darshan Soni
Company Secretary

Ahmedabad, _____ 2015

Gurgaon, _____ 2015

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 Akhakhol 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 accounting standards specified under section 133 of the Companies Act, 2013 ("the 2013 Act") read with rule 7 of the Companies (Accounts) Rules, 2014 . 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 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 II of CERC (Terms and conditions of Tariff) Regulation, 2014.

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.

Cost of inventories includes cost of purchase price, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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 in accordance with applicable tax rates 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: (For the purposes of cash flow statement)

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

(Amount in INR)

NOTE-3 : SHARE CAPITAL

| | As at 31st March, 2015 | As at 31st March, 2014 |
|--|---------------------------|---------------------------|
| 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, 2015 | No. of shares 31st March, 2014 |
|------------------------------------|-----------------------------------|-----------------------------------|
| 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, 2014) 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.

d. Details of shareholders holding more than 5% shares in the company:

| Name of Shareholder | 31st March, 2015 | | 31st March, 2014 | |
|---|------------------|-----------|------------------|-----------|
| | 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, 2015 | As at 31st March, 2014 |
|--|---------------------------|---------------------------|
| Capital reserve | | |
| Overhead line contributions | | |
| As per last balance sheet | 62,517,198 | 66,638,132 |
| Add: Received during the year | - | - |
| | <u>62,517,198</u> | <u>66,638,132</u> |
| Less: Transfer to statement of profit and loss - (Refer Note 2C) | <u>4,120,934</u> | <u>4,120,934</u> |
| | 58,396,264 | 62,517,198 |
| Surplus in the statement of profit and loss | | |
| As per last balance sheet | 74,918,409 | 63,458,326 |
| Add: Profit after tax for the year | 139,060,417 | 116,755,583 |
| | <u>213,978,826</u> | <u>180,213,909</u> |
| Less : Appropriations | | |
| Interim dividend on equity shares | 63,000,000 | 90,000,000 |
| Corporate dividend tax on interim dividend | 12,596,294 | 15,295,500 |
| Proposed dividend | 49,500,000 | - |
| Corporate dividend tax on dividend | 9,897,088 | - |
| Total appropriations | <u>134,993,382</u> | <u>105,295,500</u> |
| | <u>78,985,444</u> | <u>74,918,409</u> |
| | <u>137,381,708</u> | <u>137,436,607</u> |

TORRENT POWER GRID LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Amount in INR)

NOTE-5 : LONG TERM BORROWINGS

| | Non-current | | Current maturities | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| | As at 31st March, 2015 | As at 31st March, 2014 | As at 31st March, 2015 | As at 31st March, 2014 |
| Secured loans | | | | |
| Term loan from a bank | 1,223,800,000 | 1,427,400,000 | 203,600,000 | 203,600,000 |
| | <u>1,223,800,000</u> | <u>1,427,400,000</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>1,223,800,000</u> | <u>1,427,400,000</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, 2015 | As at 31st March, 2014 |
|---|---------------------------|---------------------------|
| Current maturities of long term debt (Refer Note 5) | 203,600,000 | 203,600,000 |
| Unpaid dividend | - | 500 |
| Other Payables | | |
| Deposits | 200,000 | - |
| Statutory dues | 317,487 | 15,795 |
| Payable on purchase of fixed assets | 8,738,652 | 204,065,382 |
| | <u>212,856,139</u> | <u>407,681,677</u> |

NOTE - 7 : PROVISIONS

| | Long-term | | Short-term | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| | As at 31st March, 2015 | As at 31st March, 2014 | As at 31st March, 2015 | As at 31st March, 2014 |
| Provision for employees' benefits (Refer Note 28) | | | | |
| Provision for gratuity | - | - | 61,712 | - |
| Provision for compensated absences | 807,154 | 418,110 | 61,607 | 33,670 |
| | <u>807,154</u> | <u>418,110</u> | <u>123,319</u> | <u>33,670</u> |
| Proposed interim dividend | - | - | - | - |
| Corporate dividend tax on interim dividend | - | - | - | 15,295,500 |
| Proposed dividend | - | - | 49,500,000 | - |
| Corporate dividend tax on dividend | - | - | 9,897,088 | - |
| Provision for taxation (Net of Advance Tax and Tax deducted at Source) | - | - | 603,185 | 2,116,659 |
| | <u>-</u> | <u>-</u> | <u>60,000,273</u> | <u>17,412,159</u> |
| | <u>807,154</u> | <u>418,110</u> | <u>60,123,592</u> | <u>17,445,829</u> |

TORRENT POWER GRID LIMITED

NOTES TO THE FINANCIAL STATEMENTS

NOTE-8 : FIXED ASSETS

(Amount in INR)

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION AND AMORTIZATION | | | | NET BLOCK | |
|--------------------------------|-----------------------|---------------------------|---|------------------------|-------------------------------|--------------|----------------------------|------------------------|------------------------|------------------------|
| | As at 1st April, 2014 | Additions during the year | Deductions/ Adjustments during the year | As at 31st March, 2015 | As at 1st April, 2014 | For the year | Deductions during the year | As at 31st March, 2015 | As at 31st March, 2015 | As at 31st March, 2014 |
| Tangible assets | | | | | | | | | | |
| Plant and machinery | 3,050,709,493 | - | 74,077,891 | 2,976,631,602 | 566,106,066 | 156,100,929 | - | 721,206,995 | 2,255,424,607 | 2,485,603,427 |
| (a) Overhead transmission line | 152,412,794 | - | 87,491 | 152,325,303 | 24,450,779 | 8,043,353 | - | 32,494,132 | 119,831,171 | 127,962,015 |
| (b) 400 KV- Kamod sub station | 3,635,189 | - | - | 3,635,189 | 671,567 | 191,938 | - | 863,505 | 2,771,654 | 2,963,622 |
| (c) Others | 760,533 | - | - | 760,533 | 470,956 | 105,192 | - | 575,148 | 184,395 | 289,577 |
| Office equipments | 800,000 | - | - | 800,000 | 64,340 | 75,999 | - | 140,339 | 659,661 | 735,860 |
| Vehicles | | | | | | | | | | |
| Total | 3,208,318,009 | - | 74,165,382 | 3,134,152,627 | 590,763,708 | 164,517,411 | - | 755,281,119 | 2,378,871,508 | 2,617,554,301 |
| Previous year | 3,210,536,459 | 800,000 | 3,080,449 | 3,208,318,009 | 421,795,496 | 169,173,681 | 206,469 | 590,763,708 | 2,617,554,301 | 2,788,901,962 |

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 | As at | As at | As at |
| | 31st March, 2015 | 31st March, 2014 | 31st March, 2015 | 31st March, 2014 |
| Advances recoverable in cash or kind or for value to be received | - | - | 417,889 | 98,233 |
| Advance tax and tax deducted at source (Net of provision for income tax) | - | - | 3,951,640 | 5,721,966 |
| Balance with government authority | - | 9,314 | - | - |
| Prepaid expense | - | - | 181,157 | 224,182 |
| | <u>-</u> | <u>9,314</u> | <u>4,550,686</u> | <u>6,044,381</u> |

NOTE-10 : OTHER NON CURRENT ASSET

| | As at | As at |
|---|------------------|------------------|
| | 31st March, 2015 | 31st March, 2014 |
| In bank deposit account (Refer note 14) (Original maturity for more than twelve months) | 33,466 | 25,961 |
| Above balance is under lien with VAT authority of Gujarat | | |
| | <u>33,466</u> | <u>25,961</u> |

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

| | No. of units | | No. of units | |
|---|------------------|------------------|-------------------|--------------------|
| | As at | As at | As at | As at |
| | 31st March, 2015 | 31st March, 2014 | 31st March, 2015 | 31st March, 2014 |
| Investment in mutual funds-(Unquoted) | | | | |
| ICICI Prudential Liquid - Growth- (Rs.100 each) | - | 517,749 | - | 95,895,957 |
| IDFC Cash Fund - Growth-(Rs. 1000 each) | 38,575 | 58,032 | 64,651,143 | 86,289,065 |
| Birla Sun Life Cash Plus- Growth (Rs.100 each) | - | 112,166 | - | 22,500,000 |
| | | | <u>64,651,143</u> | <u>204,685,022</u> |
| Aggregate NAV of mutual funds | | | <u>65,537,845</u> | <u>208,606,912</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

(Amount in INR)

NOTE-12 : INVENTORIES

| | As at 31st March, 2015 | As at 31st March, 2014 |
|--|---------------------------|---------------------------|
| Stores and spares (Valued at lower of cost and net realizable value) | 5,472,542 | 2,905,172 |
| | <u>5,472,542</u> | <u>2,905,172</u> |

NOTE-13 : TRADE RECEIVABLES

| | As at 31st March, 2015 | As at 31st March, 2014 |
|---|---------------------------|---------------------------|
| Unsecured- considered good (Refer Note 30) | | |
| Debts outstanding for a period exceeding six months | 10,475,720 | 32,136,264 |
| Other debts | 82,132,009 | 46,446,815 |
| | <u>92,607,729</u> | <u>78,583,079</u> |

NOTE-14 : CASH AND BANK BALANCES

| | Non-current | | Current | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| | As at 31st March, 2015 | As at 31st March, 2014 | As at 31st March, 2015 | As at 31st March, 2014 |
| Cash and cash equivalents | | | | |
| Bank balances | | | | |
| Balance in current accounts | - | - | 5,966,329 | 16,135,653 |
| | - | - | 5,966,329 | 16,135,653 |
| Cash on hand | - | - | 14,719 | 36,736 |
| | - | - | 5,981,048 | 16,172,389 |
| Other bank balances | | | | |
| Balance in bank deposit account (Original maturity for more than three months but less than twelve Months)# | - | - | 47,549,100 | - |
| Balance in bank deposit account (Original maturity for more than twelve Months) * | 33,466 | 25,961 | - | - |
| | <u>33,466</u> | <u>25,961</u> | <u>47,549,100</u> | <u>-</u> |
| Amount disclosed under Non current asset (Refer note 10) | (33,466) | (25,961) | - | - |
| | <u>-</u> | <u>-</u> | <u>53,530,148</u> | <u>16,172,389</u> |

* Includes Rs.33,466 (Previous year Rs.25,961) on which the bank has lien.

Includes Rs.49,100 (Previous year Nil) on which the bank has lien

NOTE-15 : OTHER CURRENT ASSET

| | As at 31st March, 2015 | As at 31st March, 2014 |
|--|---------------------------|---------------------------|
| Interest accrued on bank deposits but not received | 1,785,363 | 6,741 |
| Unbilled revenue | 50,810,430 | 45,233,463 |
| | <u>52,595,793</u> | <u>45,240,204</u> |

TORRENT POWER GRID LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Amount in INR)

NOTE-16 : REVENUE FROM OPERATIONS

| | Year ended 31st March, 2015 | Year ended 31st March, 2014 |
|--|--------------------------------|--------------------------------|
| Transmission income including incentive# | <u>576,134,063</u> | <u>575,542,437</u> |
| | <u>576,134,063</u> | <u>575,542,437</u> |

Transmission income includes Rs.24,605,742/- pertaining to F.Y.2011-12, F.Y.2012-13 & F.Y.2013-14 recognized on receipt of final tariff order for Phase-III during the year. (Rs. 36,089,882/- 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 the previous year.)

Considering the fact that the tariff order for the tariff period 2014-19 is yet to be obtained from the Central Electricity Regulatory Commission, revenue for the year 2014-15 has been accounted for based on the tariff order issued for the tariff period 2009-14

NOTE-17 : OTHER INCOME

| | Year ended 31st March, 2015 | Year ended 31st March, 2014 |
|---------------------------------------|--------------------------------|--------------------------------|
| Interest income | | |
| On bank deposits | 1,983,949 | 1,947 |
| Income tax refund | 432,324 | - |
| Miscellaneous Income | 2,337,553 | 8,400 |
| Profit on sale of current investments | <u>20,586,775</u> | <u>34,390,250</u> |
| | <u>25,340,601</u> | <u>34,400,597</u> |

NOTE-18 : EMPLOYEE BENEFITS EXPENSE

| | Year ended 31st March, 2015 | Year ended 31st March, 2014 |
|---|--------------------------------|--------------------------------|
| Salaries, wages and bonus | 7,669,702 | 7,378,257 |
| Contribution to provident and other funds | 745,517 | 672,106 |
| Gratuity and leave encashment | <u>920,019</u> | <u>(863,079)</u> |
| | <u>9,325,238</u> | <u>7,187,284</u> |

NOTE-19 : OPERATION AND OTHER EXPENSES

| | Year ended 31st March, 2015 | Year ended 31st March, 2014 |
|--|--------------------------------|--------------------------------|
| Consumption of stores and spares | 489,120 | 456,737 |
| Repairs to: | | |
| Plant and machinery | <u>22,126,537</u> | <u>23,203,643</u> |
| | <u>22,126,537</u> | <u>23,203,643</u> |
| Legal, Professional and Consultancy fees | 1,188,008 | 508,267 |
| Insurance | 283,711 | 206,029 |
| Rates and taxes | 2,400 | 13,086 |
| Rebate on transmission income | 3,274,850 | 5,460,645 |
| Loss on sale of asset | - | 550,542 |
| Auditors remuneration (Refer note 21) | 831,464 | 434,822 |
| Miscellaneous expenses | <u>1,374,804</u> | <u>923,031</u> |
| | <u>29,570,894</u> | <u>31,756,802</u> |
| Less : Allocated to repairs to plant & machinery | <u>(489,120)</u> | <u>(456,737)</u> |
| | <u>29,081,774</u> | <u>31,300,065</u> |

NOTE-20 : FINANCE COST

| | Year ended 31st March, 2015 | Year ended 31st March, 2014 |
|-----------------------|--------------------------------|--------------------------------|
| Interest on term loan | 182,755,509 | 205,595,052 |
| Other borrowing cost | <u>27,257</u> | <u>28,030</u> |
| | <u>182,782,766</u> | <u>205,623,082</u> |

TORRENT POWER GRID LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Amount in INR)

NOTE-21 : AUDITORS REMUNERATION

| | Year ended 31st March, 2015 | Year ended 31st March, 2014 |
|-------------------------------------|--------------------------------|--------------------------------|
| Audit fee | 640,000 | 275,000 |
| Tax audit fee | 100,000 | 85,000 |
| Other services (Certification fees) | - | 7,500 |
| Reimbursement of expenses | - | 21,899 |
| For service tax | 91,464 | 45,423 |
| | <u>831,464</u> | <u>434,822</u> |

NOTE-22 : EARNINGS PER SHARE

| | Year ended 31st March, 2015 | Year ended 31st March, 2014 |
|--------------------------------------|--------------------------------|--------------------------------|
| Profit after tax | 139,060,417 | 116,755,583 |
| 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 | 1.55 | 1.30 |

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.1,033,670 (Previous Year Rs.1,022,950)

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.606,302/- (Previous Year Rs.521,433/-) in the Statement of Profit and Loss on account of Contribution to Provident Fund and Rs.139,215/- (Previous Year Rs.1,50,673/-) 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, 2015 | | As at 31 st March, 2014 | |
|---|------------------------------------|------------------|------------------------------------|------------------|
| | 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 | 451,780 | 1,630,722 | 402,829 | 1,503,962 |
| Current Service cost | 39,950 | 81,264 | 73,240 | 88,387 |
| Interest Cost | 41,790 | 150,842 | 32,226 | 120,317 |
| Liabilities transferred in | 202,457 | 1,031,772 | - | 2,577,896 |
| Liabilities transferred out | (151,761) | (1,013,447) | - | (463,088) |
| Actuarial (gain) / loss | 587,046 | 65,120 | 13,676 | 381,144 |
| Benefits paid | (302,501) | - | (70,191) | (2,577,896) |
| Obligations at the end of the year | 868,761 | 1,946,273 | 451,780 | 1,630,722 |
| 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 | - | 1,728,955 | - | 554,395 |
| Expected return on plan assets | - | 164,261 | - | 47,124 |
| Actuarial gain / (Loss) | - | (8,645) | - | 322,787 |
| Contributions | - | - | - | - |
| Benefits paid | - | - | - | (2,577,896) |
| Liabilities transferred | - | - | - | 3,382,545 |
| Plan assets at the end of the year, at fair value | - | 1,884,561 | - | 1,728,955 |
| c. Net Liability/(Asset) recognised in the Balance Sheet as at 31-Mar-2015. | | | | |
| Obligations at the end of the year | 868,761 | 1,946,273 | 451,780 | 1,630,722 |
| Plan assets at the end of the year, at fair value | - | 1,884,561 | - | 1,728,955 |
| Liability recognized in Balance sheet as at 31-Mar-2015. | 868,761 | 61,712 | 451,780 | (98,233) |
| d. Cost for the period: | | | | |
| Current service cost | 39,950 | 81,264 | 73,240 | 88,387 |
| Interest cost | 41,790 | (13,409) | 32,226 | 120,317 |
| Expected return on plan assets | - | - | - | (47,124) |
| Net Actuarial loss/ (gain) | 587,046 | 73,765 | 13,676 | 58,357 |
| Net cost | 668,786 | 141,620 | 119,142 | 219,937 |
| 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 | 8.00% | 8.00% | 9.25% | 9.25% |
| Salary Escalation rate | - | 8.50% | - | 9.00% |
| Expected rate of return on plan assets (Yield on long term bonds of Central Government prevailing on 31-Mar-2015) | - | 9.00% | - | 9.50% |
| g. Net Assets/ (Liability) recognised in the Balance Sheet as at respective year ends | 31st March, 2014 | 31st March, 2013 | 31st March, 2012 | 31st March, 2011 |
| Gratuity | | | | |
| 1. Present Value of Defined Benefit Obligation | 1,630,722 | 1,503,962 | 1,273,747 | 3,860,146 |
| 2. Fair value of plan assets | (98,233) | 949,567 | 240,280 | 3,284,276 |
| 3. Funded Status (Surplus/(Deficit)) | (1,728,955) | (554,395) | (1,033,467) | (575,870) |
| 4. Experience adjustment: | | | | |
| On plan liabilities | 537,775 | (15,223) | (166,019) | - |
| On plan assets | 322,787 | 293,691 | (315,018) | - |

h. Investment Pattern :

| | % Invested Current Year | % Invested Previous Year |
|---------------------------------|-------------------------|--------------------------|
| Central Government Securities | 25.39% | 23.86% |
| State Government Securities | 20.12% | 16.14% |
| Other Approved Securities | 1.09% | 1.21% |
| Debentures and Bonds | 34.61% | 39.32% |
| Equity Shares | 4.56% | 4.67% |
| Fixed Deposits | 14.23% | 14.20% |
| Mutual Fund | 0.00% | 0.58% |
| CBLO(Money Markets Instruments) | 0.00% | 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 (Holding Company) Torrent Private Limited Torrent Energy Limited Torrent Pipavav Generation Limited Torrent Solargen 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 Tornascent Care Institute Aptil Pharma Limited UK | |
| 3 | Enterprise Controlled by the Company | TPG Gratuity Trust TPG Superannuation Fund | |
| 4 | Key Management Personnel | Jinal Mehta – Director & CEO | R P Rath – Whole time Director |
| 5 | Relatives of Key Management Personnel | Nirja Mehta, Wife Rishaan Jinal Mehta, Son Saira Jinal Mehta, Daughter Varun Mehta, Brother Sudhir Mehta, Father Anita Mehta, Mother | 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:

(Amount in INR)

| Particulars | Year ended | Year ended |
|--|------------------|------------------|
| | 31st March, 2015 | 31st March, 2014 |
| Amount billed to beneficiary on behalf of the Company | | |
| Power Grid Corporation of India Limited | 569,309,399 | 760,354,872 |
| Services provided | | |
| Torrent Power Limited | 3,250,525 | - |
| Services received | | |
| Power Grid Corporation of India Limited | 13,907,591 | 15,566,580 |
| Tsunami Tours & Travels Private Limited | 324,809 | 228,659 |
| Dividend paid | | |
| Torrent Power Limited | 46,620,000 | 133,200,000 |
| Power Grid Corporation of India Limited | 16,380,000 | 46,800,000 |
| Deposit received on behalf of Director | | |
| Torrent Power Limited | 600,000 | - |
| Deposit refunded on behalf of Director | | |
| Torrent Power Limited | 400,000 | - |
| Contribution to fund | | |
| TPG Superannuation Trust | 139,215 | 122,508 |
| Managerial remuneration | | |
| R.P.Rath | 4,058,657 | 3,525,613 |

B. Balances at the end of the Year

| | | |
|---|------------|------------|
| Receivables: | | |
| Power Grid Corporation of India Limited | 89,682,257 | 78,583,079 |
| Torrent Power Limited-Sugen | 2,925,472 | - |
| Payables: | | |
| Torrent Power Limited | 200,000 | - |

NOTE 31: DEFERRED TAX

| | As at 31st March, 2015 | As at 31st March, 2014 |
|-----------------------------------|---------------------------|---------------------------|
| a) Deferred tax liability: | | |
| Depreciation | 110,462,668 | 75,527,366 |
| b) Deferred tax assets: | | |
| Provision for gratuity | 21,357 | (31,872) |
| Provision for leave encashment | 300,661 | 146,580 |
| Net deferred tax liability | 110,140,650 | 75,412,658 |

NOTE 32: PREVIOUS YEAR FIGURES

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