

TORRENT POWER GRID LIMITED

8th ANNUAL REPORT

FOR THE YEAR

2012-13

Deloitte Haskins & Sells

Deloitte Haskins & Sells,
Chartered Accountants
"Heritage", 3rd Floor,
Near Gujarat Vidhyapeeth,
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AUDITOR'S 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, 2013, 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 referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, 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 the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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 the internal controls 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. An audit also includes evaluating the appropriateness of the accounting policies

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used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements. 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, 2013;
- (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 referred to in Section 211(3C) of the Act.

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- (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 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)

Place: Mumbai
Date: 23.04.2013

ANNEXURE TO THE 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.

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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, 2013 for a period of more than six months from the date they became payable.

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- (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, 2013 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 2009-10	120,030

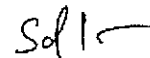
11. The accumulated losses of the Company at the end of the financial year are not more than fifty per cent of its net worth and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
12. In our opinion and according to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

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- 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)

Place: Mumbai
Date: 23.06.2012

TORRENT POWER GRID LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2013

(Amount in INR)

	Note No.	As at 31st March, 2013	As at 31st March, 2012
I. EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	90,00,00,000	90,00,00,000
Reserves and surplus	4	13,00,96,458	21,56,06,452
		<u>1,03,00,96,458</u>	<u>1,11,56,06,452</u>
Non-current liabilities			
Long term borrowings	5	1,63,10,00,000	1,83,46,00,000
Deferred tax liability (net)	31	3,36,79,254	62,86,704
Long-term provisions	7	11,93,603	11,90,478
		<u>1,66,58,72,857</u>	<u>1,84,20,77,182</u>
Current liabilities			
Trade payables		60,00,273	1,57,99,365
Other current liabilities	6	45,26,09,841	45,89,36,103
Short term provisions	7	10,54,54,293	1,58,017
		<u>56,40,64,407</u>	<u>47,48,93,485</u>
		<u>3,26,00,33,722</u>	<u>3,43,25,77,119</u>
II. ASSETS			
Non-current assets			
Fixed assets	8		
Tangible assets		2,78,88,01,962	2,95,96,27,412
Deferred tax assets (net)		-	-
Long term loans and advances	9	19,000	54,750
Other non-current assets	10	25,961	25,961
		<u>2,78,88,46,923</u>	<u>2,95,97,08,123</u>
Current assets			
Current investments	11	9,18,98,974	3,25,38,070
Inventories	12	30,44,367	33,50,459
Trade receivables	13	21,23,72,095	5,54,10,944
Cash and bank balances	14	12,06,80,693	13,31,59,071
Short term loans and advances	9	56,89,398	30,93,222
Other current assets	15	3,75,01,272	24,53,17,230
		<u>47,11,86,799</u>	<u>47,28,68,996</u>
		<u>3,26,00,33,722</u>	<u>3,43,25,77,119</u>

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117365W)

Hemendra L. Shah
Partner

R.N.Nayak
Chairman

Murli Ranganathan
Director

R.K.Singh
Director

Jagrut Vyas
Director & CEO

Mumbai, 23.04.2013

Gurgaon 22nd April 2013

TORRENT POWER GRID LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(Amount in INR)

	Note No.	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Income			
Revenue from operations	16	49,29,12,942	52,02,51,833
Other income	17	73,27,069	2,48,65,296
Total revenue		50,02,40,011	54,51,17,129
Expenses			
Employee benefits expense	18	78,35,087	1,61,41,953
Operation and other expenses	19	3,32,68,614	2,85,69,891
Finance costs	20	22,91,87,870	23,71,61,314
Depreciation		16,96,70,384	16,97,17,572
(Less) transfer from overhead line contribution		(41,20,934)	(41,20,934)
		16,55,49,450	16,55,96,638
Total expenses		43,58,41,021	44,74,69,796
Profit before tax		6,43,98,990	9,76,47,333
Tax expenses			
Current tax		1,31,00,000	2,00,00,000
Deferred tax		2,73,92,550	(2,49,54,054)
		4,04,92,550	(49,54,054)
Profit after tax		2,39,06,440	10,26,01,387
Basic and diluted earnings per share of face value of Rs.10 each	22	0.27	1.14

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117365W)

R.N.Nayak
Chairman

Murli Ranganathan
Director

Hemendra L. Shah
Partner

R.K.Singh
Director

Agarwal Vyas
Director & CEO

Mumbai, 23-04-2013

Gurgaon, 29th April 2013

TORRENT POWER GRID LIMITED

NOTES TO THE FINANCIAL STATEMENTS

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(Amount in INR)

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Cash Flow from Operating Activities		
Net Profit before tax	6,43,98,990	9,76,47,333
Adjustments for :		
Depreciation	16,55,49,450	16,55,96,638
Loss on sale of fixed assets	2,20,065	2,12,307
Interest expenses	22,91,87,870	23,71,61,314
Interest Income	(40,37,210)	(1,98,18,826)
Operating Profit before Working Capital Changes	45,53,19,165	48,07,98,786
Movement in Working Capital:		
Increase/(decrease) in Trade Payables	(97,99,092)	(1,76,62,160)
Increase/(decrease) in Long term Provisions	3,125	(83,894)
Increase/(decrease) in Short Term Provisions	776	(3,19,808)
Increase/(decrease) in Other Current Liabilities	(63,28,262)	(2,76,89,388)
Decrease/(Increase) in Trade Receivables	(15,69,61,151)	(78,58,696)
Decrease/(Increase) in Inventories	3,06,092	(19,68,258)
Decrease/(Increase) in Long term Loans and Advances	35,750	-
Decrease/(Increase) in Short term Loans and Advances	2,48,744	(53,516)
Decrease/(Increase) in Other Current Assets	20,46,16,877	(24,21,13,355)
Cash Generated from Operations	48,74,44,023	18,30,51,691
Taxes Paid	(1,59,44,920)	(1,94,93,076)
Net Cash Flow from Operating Activities	47,14,99,104	16,35,58,615
Cash Flow from Investing Activities		
Purchase of fixed assets including capital work-in-progress	-	(9,55,922)
Sale of Fixed assets	9,35,000	2,25,000
Investment in Fixed Deposit	-	(1,08,171)
Maturity of Fixed Deposit	1,06,171	15,01,00,000
Interest received	72,36,292	1,70,45,758
Net Cash used in Investing Activities	82,77,463	16,63,08,665
Cash Flow from Financing Activities		
Long Term borrowings	(20,36,00,000)	(10,18,00,000)
Proceed from Short Term Borrowing (Holding company)	7,50,00,000	-
Repayment of Short Term Borrowing (Holding company)	(7,50,00,000)	-
Overhead line contributions	-	4,80,48,000
Interest Paid	(22,91,87,870)	(25,54,48,951)
Net Cash used in Financing Activities	(43,27,87,870)	(30,92,00,951)
Net (decrease)/increase in Cash and Cash Equivalents	4,69,88,697	2,06,66,329
Cash and Cash Equivalents as at beginning of the year	16,55,90,970	14,49,24,641
Cash and Cash Equivalents as at end of the year	21,25,79,667	16,55,90,970

Notes:

1. Cash and Cash Equivalents as at end of the year

Cash on hand	24,730	54,767
Balances With Banks		
On current account	12,06,55,963	1,21,23,037
On deposit account	-	12,08,75,096
Current Investment (Investments in Mutual Fund)	9,18,98,974	3,25,38,070
	21,25,79,667	16,55,90,970

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
(Registration No. 117365W)

R.N.Nayak
Chairman

Murli Ranganathan
Director

Hemendra L. Shah
Partner

R.K.Singh
Director

Vijay Vyas
Director & CEO

Rev. No. 23.04 2013

Gurgaon, 22nd April 2013

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 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 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:

A 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.

Liabilities which are of contingent nature are not provided but are disclosed at their estimated amount in the Notes to the Accounts. Contingent assets are neither recognized nor disclosed in financial statements.

TORRENT POWER GRID LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Amount in INR)

NOTE-3 : SHARE CAPITAL

	As at 31st March, 2013	As at 31st March, 2012
Authorised:		
125,000,000 Equity Shares of Rs.10/- each	<u>1,25,00,00,000</u>	<u>1,25,00,00,000</u>
	<u>1,25,00,00,000</u>	<u>1,25,00,00,000</u>
Issued, subscribed and fully paid up:		
90,000,000 Equity Shares of Rs.10/- each	<u>90,00,00,000</u>	<u>90,00,00,000</u>
	<u>90,00,00,000</u>	<u>90,00,00,000</u>

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

	No. of Shares 31st March, 2013	No. of Shares 31st March, 2012
At the beginning of the year	9,00,00,000	9,00,00,000
Issued during the year	-	-
Outstanding at the end of the year	<u>9,00,00,000</u>	<u>9,00,00,000</u>

b. 66,600,000 equity shares (66,600,000 equity shares as at 31st March, 2012) 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 Share Holder	31st March, 2013 No. of Shares	% holding	31st March, 2012 No. of Shares	% holding
Torrent Power Limited	6,66,00,000	74.00%	6,66,00,000	74.00%
Power Grid Corporation of India Limited	2,34,00,000	26.00%	2,34,00,000	26.00%

NOTE-4 : RESERVES AND SURPLUS

	As at 31st March, 2013	As at 31st March, 2012
Capital Reserve		
Overhead line contributions		
As per last balance sheet	7,07,59,066	2,68,32,000
Add: Received during the year	-	4,80,48,000
	<u>7,07,59,066</u>	<u>7,48,80,000</u>
Less: transfer to statement of profit and loss - (Refer Note 2C)	<u>41,20,934</u>	<u>41,20,934</u>
	<u>6,66,38,132</u>	<u>7,07,59,066</u>
Surplus in the statement of profit and loss		
As per last balance sheet	14,48,47,386	4,22,45,998
Add: Profit after tax for the year	<u>2,39,06,440</u>	<u>10,26,01,387</u>
	<u>16,87,53,825</u>	<u>14,48,47,386</u>
Proposed Dividend	9,00,00,000	-
Corporate Dividend Tax on Proposed Dividend	<u>1,52,95,500</u>	<u>-</u>
Total Appropriations	<u>10,52,95,500</u>	<u>-</u>
	<u>6,34,58,325</u>	<u>14,48,47,386</u>
Total reserves and surplus	<u>13,00,96,458</u>	<u>21,56,06,452</u>

TORRENT POWER GRID LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Amount in INR)

NOTE-5 : LONG TERM BORROWING

	Non Current Portion		Current Maturities	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
SECURED LOANS				
Term Loan From a Bank	1,631,000,000	1,834,600,000	203,600,000	203,600,000
Total	1,631,000,000	1,834,600,000	203,600,000	203,600,000
Amount Disclosed under the head "Other Current Liabilities" (Refer Note 6)	-	-	(203,600,000)	(203,600,000)
Net Amount	1,631,000,000	1,834,600,000	-	-

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. 50,000,000 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, 2013	As at 31st March, 2012
Current Maturities of Long Term Debt (Refer Note 5)	203,600,000	203,600,000
Interest accrued but not due on loans	-	-
Statutory Dues	137,866	1,167,011
Sundry Payables	248,871,975	254,169,092
Total	452,609,841	458,936,103

NOTE - 7 : PROVISIONS

	Long Term		Short Term	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Provision for employees' benefits (Refer Note 28)	817,162	904,822	132,405	128,545
Provision for Gratuity	376,441	285,656	26,388	29,372
Provision for Leave encashment	1,193,603	1,190,478	158,793	158,017
Proposed Dividend	-	-	90,000,000	-
Provision for Corporate Dividend tax	-	-	15,295,500	-
Provision for Taxation (Net of Advance tax and TDS)	-	-	-	-
	-	-	105,295,500	-
Total	1,193,603	1,190,478	105,454,293	158,017

TORRENT POWER GRID LIMITED

NOTES TO THE FINANCIAL STATEMENTS

NOTE-4 : FIXED ASSETS

(Amount in INR)

PARTICULARS	GROSS BLOCK			DEPRECIATION AND AMORTISATION			NET BLOCK	
	As At 1st April, 2012	Additions During The Year	Deduction During The Year	As At 31st March, 2013	As At 1st April, 2012	For The Year	As At 31st March, 2013	As At 31st March, 2012
I. Tangible Assets								
Plant and Machinery	3,05,24,54,782	-	-	3,05,24,54,782	24,31,05,952	16,11,58,613	40,43,05,565	2,64,81,49,227
(a) Overhead Transmission Line	15,28,26,398	-	-	15,28,26,398	83,84,219	80,74,512	1,64,58,791	14,45,42,139
(b) 400 KV- Kamod Sub Station	36,35,189	-	-	36,35,189	2,87,631	1,91,838	4,79,620	33,47,488
(c) Others	8,21,586	-	-	8,21,586	1,34,800	52,006	1,06,806	6,80,789
Furniture and Fixtures	7,60,533	-	-	7,60,533	2,60,574	1,05,191	3,65,765	4,00,050
Office Equipments	14,39,080	-	-	14,39,080	2,08,870	77,124	-	12,32,190
Vehicles	-	-	-	-	-	-	-	-
Total (I)	3,21,20,37,518	-	14,39,080	3,21,05,98,438	25,24,10,105	16,56,70,384	42,17,96,495	2,78,88,01,952
II. Intangible Assets	-	-	-	-	-	-	-	-
Total (II)	-	-	-	-	-	-	-	-
Total (I+II)	3,21,20,37,518	-	14,39,080	3,21,05,98,438	25,24,10,105	16,56,70,384	42,17,96,495	2,78,88,01,952
Previous Year	3,21,17,84,288	9,66,922	6,82,693	3,21,20,37,518	8,29,37,920	16,97,17,672	25,24,10,106	2,09,96,27,412
III. Capital Work-in-Progress	-	-	-	-	-	-	-	-
IV. Intangible Assets under Development	-	-	-	-	-	-	-	-
							2,78,88,01,952	2,95,56,27,412

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, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Deposit to a related party	-	29,750	-	-
Advances recoverable in cash or kind or for value to be received	-	-	2,844	2,46,678
Other Loans and Advances to a Related party	-	-	29,750	-
Advance Tax and Tax deducted at source (Net of Provision for Income Tax)	-	-	54,96,176	26,51,256
Balance with Government Authority	19,000	25,000	-	-
Prepaid Expense	-	-	1,60,628	1,95,288
	<u>19,000</u>	<u>54,750</u>	<u>56,88,398</u>	<u>30,93,222</u>

NOTE-10 : OTHER NON CURRENT ASSET

	As at 31st March, 2013	As at 31st March, 2012
In Bank Deposit Account (Refer Note 14) (Original Maturity for more than Twelve Month)	25,961	25,961
Above Balance is under lien with VAT Authority of Gujarat	<u>25,961</u>	<u>25,961</u>

NOTE-11 : CURRENT INVESTMENTS

	No. of Units As at 31st March, 2013	No. of Units As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Investment in Mutual Funds-(Unquoted)				
Birla Sun Life Cash Plus- (Rs.100 Each)	4,92,140	1,96,262	<u>9,18,98,974</u>	<u>3,25,38,070</u>
			<u>9,18,98,974</u>	<u>3,25,38,070</u>
Aggregate NAV of Mutual Funds			<u>9,24,00,678</u>	<u>3,37,08,418</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

Stores and Spares (Valued at lower of cost and net realizable value)

As at 31st March, 2013	As at 31st March, 2012
30,44,367	33,50,459
<u>30,44,367</u>	<u>33,50,459</u>

NOTE-13 : TRADE RECEIVABLES

Unsecured- Considered Good

Debts outstanding for a period exceeding Six Months
Other Debts

As at 31st March, 2013	As at 31st March, 2012
17,75,75,884	-
3,47,96,411	5,54,10,044
<u>21,23,72,095</u>	<u>5,54,10,044</u>

NOTE-14 : CASH AND BANK BALANCES

Cash and Cash Equivalents

Bank Balances

Balance in Current accounts

Balance in Bank Deposit account (Original Maturity
of less than three months)

Cash on hand

Non-Current		Current	
As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
-	-	12,06,55,983	1,21,23,037
-	-	-	12,08,75,086
-	-	<u>12,06,55,983</u>	<u>13,29,98,133</u>
-	-	24,730	54,767
-	-	<u>12,06,80,693</u>	<u>13,30,52,900</u>

Other Bank Balances

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) *

Amount Disclosed under Non Current Asset (Refer Note 10)

Net Amount

-	-	-	1,06,171
25,961	25,961	-	-
<u>25,961</u>	<u>25,961</u>	<u>-</u>	<u>1,06,171</u>
(25,961)	(25,961)	-	-
<u>-</u>	<u>-</u>	<u>12,06,80,693</u>	<u>13,31,59,071</u>

* Includes Rs.25,061 (Previous Year Rs.25,961) on which the bank has lien.

NOTE-15 : OTHER CURRENT ASSET

Interest accrued on Bank Deposits But Not Received
Unbilled Revenue

As at 31st March, 2013	As at 31st March, 2012
4,784	32,03,875
3,74,96,478	24,21,13,355
<u>3,75,01,272</u>	<u>24,53,17,230</u>

TORRENT POWER GRID LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Amount in INR)

NOTE-16 : REVENUE FROM OPERATIONS

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Transmission Income including Incentive #	49,29,12,942	52,02,51,833
	<u>49,29,12,942</u>	<u>52,02,51,833</u>

The Company has recognized revenue in respect of transmission charges @ 90% for Phase II & transmission charges @ 85% for Phase III based on the norms and other amendments notified by CERC and the provisional tariff order received for Phase II & Phase III. Excess transmission income on account of this, booked in the year ended 31st March, 2011 and 2012 of Rs. 17,021,761 and Rs. 20,823,055 respectively is reversed during the year.

NOTE-17 : OTHER INCOME

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Interest Income	40,37,210	1,88,36,836
On Bank Deposits	-	1,81,590
Others	1,24,005	8,400
Miscellaneous Income	31,65,854	50,38,070
Profit on sale of Current Investments (Net)	<u>73,27,069</u>	<u>2,48,65,296</u>

NOTE-18 : EMPLOYEE BENEFITS EXPENSE

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Salaries, Wages and Bonus	62,85,667	1,47,63,990
Contribution to Provident and other funds	13,33,018	8,25,426
Employees Welfare expenses	24,188	2,41,234
Gratuity and Leave Encashment	<u>1,92,204</u>	<u>3,11,303</u>
	<u>78,35,087</u>	<u>1,61,41,953</u>

NOTE-19 : OPERATION AND OTHER EXPENSES

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Consumption of Stores and Spares	7,78,624	18,52,043
Rent and Hire charges	10,57,095	17,84,498
Repairs to:		
Buildings	-	1,17,829
Plant and Machinery	2,47,78,937	2,03,86,611
Others	-	19,873
	<u>2,47,78,937</u>	<u>2,05,24,313</u>
Legal, Professional and Consultancy fees	16,85,045	31,42,571
Insurance	2,52,110	1,96,993
Rates and Taxes	8,37,400	1,33,241
Rebate on Transmission Income	33,28,837	-
Loss on Sale of Asset	2,20,065	2,12,307
Auditors Remuneration	3,88,944	3,07,367
Miscellaneous expenses	7,19,581	22,68,582
Less : Allocated to Repairs to Plant & Machinery	<u>(7,78,624)</u>	<u>(19,52,043)</u>
	<u>3,32,68,614</u>	<u>2,85,69,891</u>

NOTE-20 : FINANCE COST

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Interest on Term Loan	22,66,86,210	23,71,33,175
Interest on Loan from Holding Company	24,77,261	-
Other Borrowing Cost	<u>24,399</u>	<u>28,139</u>
	<u>22,91,87,870</u>	<u>23,71,61,314</u>

TORRENT POWER GRID LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Amount in INR)

NOTE-21 : AUDITORS REMUNERATION

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Audit Fee	2,50,000	2,00,000
Tax Audit Fee	75,000	65,000
Other Services (Certification Fees)	20,000	7,500
Reimbursement of Expenses	-	1,232
For service tax	43,044	33,655
	3,88,044	3,07,387

NOTE-22 : EARNINGS PER SHARE

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Profit After Tax	2,39,08,440	10,26,01,387
Nominal Value per Equity Share (Rs.)	10	10
No. of Equity Shares (Weighted)	9,00,00,000	9,00,00,000
Basic and Diluted Earnings per share	0.27	1.14

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

Contingent Liabilities not provided for in respect of guarantees given by banks on behalf of the Company of Rs. 20,000 (Previous year Rs.20,000).

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) licensees 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 licensee, 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.

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

(Amount in INR)

Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
	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	3,15,029	12,73,747	11,31,468	38,60,146
Current Service cost	1,57,839	81,305	1,88,242	2,68,566
Interest Cost	26,777	1,08,268	91,536	3,45,160
Liabilities transferred	-	-	(3,15,799)	(30,40,984)
Actuarial (gain) / loss	(61,410)	40,642	(6,71,762)	(1,59,141)
Benefits paid	(35,406)	-	(1,08,656)	-
Obligations at the end of the year	4,02,829	15,03,962	3,15,029	12,73,747
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	-	2,40,280	-	32,84,276
Expected return on plan assets	-	20,424	-	3,12,006
Actuarial gain / (Loss)	-	2,93,691	(1,08,656)	(3,15,018)
Contributions	-	-	-	-
Benefits paid	-	-	1,08,656	-
Liabilities transferred	-	-	-	(30,40,984)
Plan assets at the end of the year, at fair value	-	5,54,395	-	2,40,280
c. Net Liability/(Asset) recognised in the Balance Sheet as at 31st March, 2013.				
Obligations at the end of the year	4,02,829	15,03,962	3,15,029	12,73,747
Plan assets at the end of the year, at fair value	-	5,54,395	-	2,40,280
Liability recognized in Balance sheet as at 31-Mar-2013.	4,02,829	9,49,567	3,15,029	10,33,467
d. Cost for the period:				
Current service cost	1,57,839	81,305	1,88,242	2,68,566
Interest cost	26,777	1,08,268	91,536	3,45,160
Expected return on plan assets	-	(20,424)	-	(3,12,006)
Net Actuarial loss/ (gain)	(61,410)	(2,53,049)	(6,71,762)	1,55,877
Net cost	1,23,206	(83,900)	(3,91,984)	4,57,597
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%	8.50%	8.50%
Expected rate of return on plan assets	-	8.50%	-	9.50%
(Yield on long term bonds of Central Government prevailing on 31-Mar-2013)				
g. Net Assets/ (Liability) recognised in the Balance Sheet as at respective year ends				
	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009
Gratuity				
1. Present Value of Defined Benefit Obligation	12,73,747	38,60,146	34,83,205	56,435
2. Fair value of plan assets	2,40,280	32,84,276	15,28,235	32,914
3. Funded Status (Surplus/(Deficit))	(10,33,467)	(5,75,870)	(19,34,970)	(23,521)

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	<p> 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 Dahej 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. </p>	
3	Enterprise Controlled by the Company	<p> TPG Gratuity Trust TPG Superannuation Fund </p>	
4	Key Management Personnel	Jagrut Vyas – Director & CEO	R P Rath – Whole time Director
5	Relatives of Key Management Personnel	<p> Harsha Vyas, Wife Mahek Vyas, Son Satin Vyas, Brother Meena Vyas, Sister Bhavana Vyas, Sister Chelna Vyas, Sister </p>	<p> Gitanjali Rath, Wife Ashit Rath, Son Sambit Rath, Son </p>

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 31st March, 2013	Year Ended 31st March, 2012
Services Provided		
Torrent Power Limited	-	27,81,38,478
Amount billed to beneficiary on behalf of the Company		
Power Grid Corporation of India Limited	69,77,18,372	-
Services Received		
Power Grid Corporation of India Limited	1,51,68,903	1,32,13,721
Torrent Power Limited	-	2,53,489
Tsunami Tours & Travels Private Limited	3,94,969	5,53,671
Loan Taken		
Torrent Power Limited	7,50,00,000	-
Loan Repaid		
Torrent Power Limited	7,50,00,000	-
Interest Paid		
Torrent Power Limited	24,77,261	-
Contribution to Fund		
TPG Superannuation Trust	5,08,363	-
Managerial Remuneration:		
R C Singh	15,18,914	36,75,445
R.P.Rath	18,30,617	-

B. Balances at the end of the Year

Receivables:		
Torrent Power Limited	-	5,54,10,944
Power Grid Corporation of India Limited	21,23,72,095	
Liabilities:		
Power Grid Corporation of India Limited	3,76,969	98,73,569
Security Deposit given outstanding:		
Torrent Power Limited	-	29,750
Other loans and advances:		
Torrent Pharmaceuticals Limited	29,750	-

NOTE 31: DEFERRED TAX

	As at 31st March, 2013	As at 31st March, 2012
a) Deferred tax liability:		
Depreciation	3,41,18,039	12,92,92,778
b) Deferred tax assets:		
Preliminary Expenses	-	4,45,541
Provision for gratuity	3,08,087	3,35,308
Provision for leave encashment	1,30,698	-
Unabsorbed depreciation	-	12,22,25,224
Net Deferred tax liability	3,36,79,254	62,86,704

NOTE 32: PREVIOUS YEAR FIGURES

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