

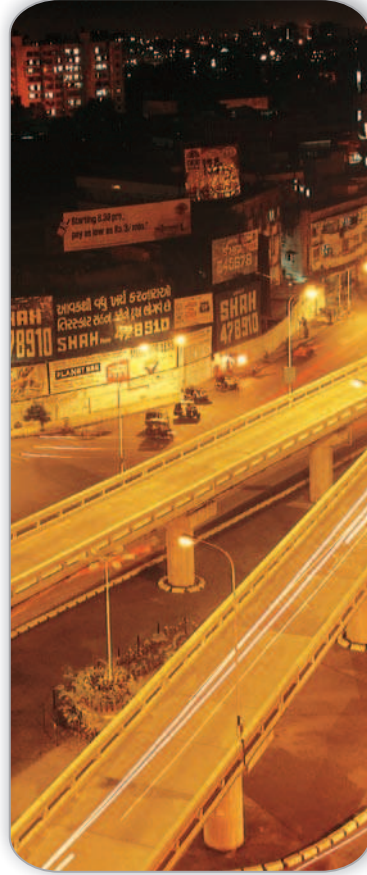
# CREATING SYNERGIES



GENERATION



TRANSMISSION



DISTRIBUTION



ANNUAL REPORT 2010 - 2011

## Creating Synergies

Providing end-to-end solutions in order to better serve the end user is the mark of a company dedicated towards its customers. Torrent Power, one of the leading power sector brands in India, through its seamless integration of services, continually strives to light up your lives, in the truest sense of the word.

A unified entity, functioning across all areas related to power, Torrent Power has a proven track record across domains of generation, transmission and distribution of power. Years of experience, backed by expertise, has enabled us to further build upon our strengths through creation of synergies and utilize them to positively transform your lives.

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## CORPORATE INFORMATION

<b>Directors</b>	Sudhir Mehta S. K. Barua Kiran Karnik Keki M. Mistry Pankaj Patel K. Sridhar Samir Mehta Markand Bhatt Murli Ranganathan T. P. Vijayasarathy	Executive Chairman      Executive Vice Chairman Whole-time Director Whole-time Director Whole-time Director
<b>Audit Committee</b>	Keki M. Mistry S. K. Barua Kiran Karnik K. Sridhar	Chairman
<b>Shareholders' Grievances Committee</b>	Pankaj Patel Markand Bhatt Samir Mehta	Chairman
<b>Nomination and Remuneration Committee</b>	Kiran Karnik Sudhir Mehta Pankaj Patel	Chairman
<b>Committee of Directors</b>	Samir Mehta Markand Bhatt Murli Ranganathan	Chairman
<b>Company Secretary</b>	Rajiv Shah	
<b>Auditors</b>	Deloitte Haskins & Sells	Chartered Accountants
<b>Registered Office</b>	Torrent House, Off Ashram Road, Ahmedabad-380009 Telephone: (079) 2658 5090, 2658 3060 Fax: (079) 2658 2326	
<b>Plants</b>	<ul style="list-style-type: none"> <li>• Power House, Sabarmati, Ahmedabad-380005</li> <li>• Vatva Gas Power Station, Vatva, Ahmedabad-382445</li> <li>• SUGEN Mega Power Project, Off National Highway No. 8, Taluka Kamrej, District Surat-394155</li> </ul>	
<b>Distribution Divisions</b>	<ul style="list-style-type: none"> <li>• Electricity House, Lal Darwaja, Ahmedabad-380001</li> <li>• Torrent House, Station Road, Surat-395003</li> <li>• Old Agra Road, Anjur Phata, Bhiwandi-421302</li> <li>• 6, Raghunath Nagar, Suresh Plaza Market, Opp. Sanjay Place, M.G. Road, Agra-282002</li> </ul>	
<b>Website</b>	<a href="http://www.torrentpower.com">www.torrentpower.com</a>	
<b>Registrar and Share Transfer Agent</b>	Sharepro Services (India) Private Limited 13 A-B, Samhita Warehousing Complex, 2 <sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai-400072	

## NOTICE

NOTICE is hereby given that the Seventh Annual General Meeting of the Shareholders of **TORRENT POWER LIMITED** will be held on Friday, 29<sup>th</sup> July, 2011 at 9.30 a.m. at **J. B. Auditorium, Torrent-AMA Centre, Ahmedabad Management Association, Vastrapur, Ahmedabad-380015** to transact the following business:

### ORDINARY BUSINESS

- 1) To receive, consider and adopt the Balance Sheet as on 31<sup>st</sup> March, 2011, the Profit and Loss Account for the year ended on that date and reports of the Auditors and the Directors thereon.
- 2) To declare dividend on equity shares.
- 3) To appoint a Director in place of Shri Murlī Ranganathan, who retires by rotation and being eligible offers himself for re-appointment.
- 4) To appoint a Director in place of Shri S. K. Barua, who retires by rotation and being eligible offers himself for re-appointment.

- 5) To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad (ICAI Registration No. 117365W) be and are hereby appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors of the Company.”

### SPECIAL BUSINESS

- 6) To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Shri T. P. Vijayasathy, who was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956 read with Article 160(b) of the Articles of Association of the Company and who holds office till commencement of this Annual General Meeting and in respect of whom the Company has received a notice from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

- 7) To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof (hereinafter referred to as “the Act”) and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded to the pre-closure of the term of appointment of Shri Sudhir Mehta as Executive Chairman under the shareholders’ resolution at the Annual General Meeting of the Company dated 15<sup>th</sup> December, 2006 effective from the close of working hours of 31<sup>st</sup> July, 2010 and the Company further approves his appointment as Executive Chairman of the Company on the following terms and conditions:

1.	Period of Appointment	:	5 years effective from 1 <sup>st</sup> August, 2010.
2.	Commission	:	At a rate such that the total remuneration does not exceed percentage limit of net profits of the Company as specified in the Act, calculated in accordance with Section 349 and 350 read with Section 198, subject to the overall ceiling prescribed under Section 309 read with Section I of Part II of Schedule XIII to the Act.

3.	Perquisites	:	Will be allowed as under:
	A.	(i)	The Company shall reimburse annual fees for two clubs.
		(ii)	The Company shall pay the premium on personal accident insurance policy as per the Company rules.
		(iii)	The Company shall pay the premium on medical insurance for self and family as per the Company rules.
	B.	(i)	The Company shall provide a car with driver for official and personal use.
		(ii)	The Company shall provide telephones at his residence, the cost of which will be borne by the Company.
4.	Other Terms	(i)	His entitlement for leave and its accumulation shall be as per the prevailing rules of the Company.
		(ii)	Such appointment shall not be considered as a break in his service as managerial personnel of the Company.
		(iii)	The total remuneration for any year shall not exceed percentage limit of net profits of the Company as specified in the Act, calculated in accordance with Section 349 and 350 read with Section 198, subject to the overall ceiling prescribed under Section 309 read with Section I of Part II of Schedule XIII to the Act.
		(iv)	He shall not be entitled to receive sitting fees for attending meetings of the Board of Directors or a committee thereof.

RESOLVED FURTHER THAT Shri Sudhir Mehta shall exercise substantial powers of management subject to superintendence, control and direction of the Board of Directors of the Company.

RESOLVED FURTHER THAT the actual amount of commission to be paid to Shri Sudhir Mehta for each year and periodicity of payment shall be decided by the Board of Directors (hereinafter referred to as "the Board") which shall include any committee of the Board specifically authorised for this purpose from time to time.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in any financial year, the Company shall pay Shri Sudhir Mehta, in respect of such financial year, remuneration by way of salary, allowances, perquisites and other benefits as the Board may deem fit, subject to the limits prescribed in Section II of Part II of Schedule XIII to the Act."

- 8) To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof (hereinafter referred to as "the Act") and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded to the appointment of Shri Samir Mehta as Executive Vice Chairman of the Company for a period of five years effective from 1<sup>st</sup> August, 2010.

RESOLVED FURTHER THAT Shri Samir Mehta shall exercise substantial powers of management subject to superintendence, control and direction of the Chairman and the Board of Directors of the Company.

RESOLVED FURTHER THAT Shri Samir Mehta shall be paid commission at a rate not exceeding the percentage limit of net profits of the Company as specified in the Act, calculated in accordance with Section 349 and 350 read with Section 198, subject to the overall ceiling prescribed under Section 309 read with Section III of Part II of Schedule XIII to the Act.

RESOLVED FURTHER THAT the actual amount of commission to be paid to Shri Samir Mehta for each year and periodicity of payment shall be decided by the Board of Directors (hereinafter referred to as “the Board”) which shall include any committee of the Board specifically authorised for this purpose from time to time.

RESOLVED FURTHER THAT Shri Samir Mehta shall not be entitled to any other perquisites and shall not be paid sitting fees for attending meetings of the Board of Directors or a committee thereof.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in any financial year, the Company shall pay Shri Samir Mehta, in respect of such financial year, remuneration by way of salary, allowances, perquisites and other benefits as the Board may deem fit, subject to the limits prescribed in Section II of Part II of Schedule XIII to the Act.”

- 9) To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof (hereinafter referred to as “the Act”) and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded to the revision of remuneration of Shri Markand Bhatt for the financial year commencing from 1<sup>st</sup> April, 2010 as detailed below:

1.	Salary	:	Rs. 46,30,000/- (Rupees Forty Six Lacs Thirty Thousand only) per month.
2.	Commission	:	At a rate such that the total remuneration does not exceed percentage limit of net profits of the Company as specified in the Act, calculated in accordance with Section 349 and 350 read with Section 198, subject to the overall ceiling prescribed under Section 309 read with Section I of Part II of Schedule XIII to the Act.
3.	Perquisites	:	Will be allowed as under:
	A.	i)	The Company shall provide him a fully furnished accommodation. If he is not provided accommodation by the Company, the Company shall pay House Rent Allowance at the rate of 60% of the salary.
		ii)	The Company shall reimburse annual fees for two clubs.
		iii)	The Company shall pay premium on personal accident insurance policy as per the Company rules.
		iv)	The Company shall pay premium on medical insurance for self and family as per the Company rules.
	B.	i)	The Company shall provide a car with driver for official and personal use.
		ii)	The Company shall provide telephones at his residence, the cost of which will be borne by the Company.
	C.	i)	Special Allowance @ 20% of the Salary.



4.	Other Terms	i)	His entitlement for leave, its accumulation and encashment shall be as per the prevailing rules of the Company.
		ii)	The total remuneration for the year shall not exceed percentage limit of net profits of the Company as specified in the Act, calculated in accordance with Section 349 and 350 read with Section 198, subject to the overall ceiling prescribed under Section 309 read with Section I of Part II of Schedule XIII to the Act.
		iii)	He shall not be entitled to receive sitting fees for attending meetings of the Board of Directors or a committee thereof.

RESOLVED FURTHER THAT the actual amount of commission to be paid to Shri Markand Bhatt for the year and periodicity of payment shall be decided by the Board of Directors (hereinafter referred to as "the Board") which shall include any committee of the Board specifically authorised for this purpose from time to time.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in the financial year, the Company shall pay Shri Markand Bhatt remuneration by way of salary, allowances, perquisites and other benefits as the Board may deem fit, subject to the limits prescribed in Section II of Part II of Schedule XIII to the Act."

- 10) To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof (hereinafter referred to as "the Act") and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded to the pre-closure of the term of appointment of Shri Markand Bhatt as Whole-time Director under the shareholders' resolution at the Annual General Meeting of the Company dated 15<sup>th</sup> December, 2006 effective from the close of working hours of 31<sup>st</sup> March, 2011 and the Company further approves his appointment as Whole-time Director of the Company on the following terms and conditions:

1.	Period of Appointment	:	5 years effective from 1 <sup>st</sup> April, 2011.
2.	Salary	:	Rs. 51,00,000/- (Rupees Fifty One Lacs only) per month. Salary may be increased within the range of Rs. 51,00,000 per month to Rs. 90,00,000 per month during the period of appointment, in such increments as may be decided by the Board of Directors (hereinafter referred to as "the Board") which shall include any committee of the Board specifically authorised for this purpose from time to time.
3.	Commission	:	At a rate such that the total remuneration does not exceed percentage limit of net profits of the Company as specified in the Act, calculated in accordance with Section 349 and 350 read with Section 198, subject to the overall ceiling prescribed under Section 309 read with Section I of Part II of Schedule XIII to the Act.



4.	Perquisites	:	Will be allowed as under:
	A.	i)	The Company shall provide him a fully furnished accommodation. If he is not provided accommodation by the Company, the Company shall pay House Rent Allowance at the rate of 60% of the salary.
		ii)	The Company shall reimburse annual fees for two clubs.
		iii)	The Company shall pay the premium on personal accident insurance policy as per the Company rules.
		iv)	The Company shall pay the premium on medical insurance for self and family as per the Company rules.
	B.	i)	The Company shall provide a car with driver for official and personal use.
		ii)	The Company shall provide telephones at his residence, the cost of which will be borne by the Company.
	C.	i)	Special Allowance @ 20% of the Salary.
5.	Other Terms	i)	His entitlement for leave, its accumulation and encashment shall be as per the prevailing rules of the Company.
		ii)	Such appointment shall not be considered as a break in his service as managerial personnel of the Company.
		iii)	The total remuneration for any year shall not exceed percentage limit of net profits of the Company as specified in the Act, calculated in accordance with Section 349 and 350 read with Section 198, subject to the overall ceiling prescribed under Section 309 read with Section I of Part II of Schedule XIII to the Act.
		iv)	He shall not be entitled to receive sitting fees for attending meetings of the Board of Directors or a committee thereof.

RESOLVED FURTHER THAT the actual amount of commission to be paid to Shri Markand Bhatt for each year and periodicity of payment shall be decided by the Board from time to time.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in any financial year, the Company shall pay Shri Markand Bhatt, in respect of such financial year, remuneration by way of salary, allowances, perquisites and other benefits as the Board may deem fit, subject to the limits prescribed in Section II of Part II of Schedule XIII to the Act.”

- 11) To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof (hereinafter referred to as “the Act”) and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded to the revision of remuneration of Shri Murli Ranganathan for the financial year commencing from 1<sup>st</sup> April, 2010 as detailed below:

1.	Salary	:	Rs. 18,81,000/- (Rupees Eighteen Lacs Eighty One Thousand only) per month.
2.	Commission	:	At a rate such that the total remuneration does not exceed percentage limit of net profits of the Company as specified in the Act, calculated in accordance with Section 349 and 350 read with Section 198, subject to the overall ceiling prescribed under Section 309 read with Section I of Part II of Schedule XIII to the Act.
3.	Perquisites	:	Will be allowed as under:
	A.	i)	The Company shall provide him a fully furnished accommodation. If he is not provided accommodation by the Company, the Company shall pay House Rent Allowance at the rate of 60% of the salary.
		ii)	The Company shall reimburse annual fees for two clubs.
		iii)	The Company shall pay premium on personal accident insurance policy as per the Company rules.
		iv)	The Company shall pay premium on medical insurance for self and family as per the Company rules.
	B.	i)	The Company shall provide a car with driver for official and personal use.
		ii)	The Company shall provide telephones at his residence, the cost of which will be borne by the Company.
	C.	i)	Contribution to the Provident Fund as per applicable laws and rules of the Company.
		ii)	Contribution to the Pension/ Superannuation Fund as per applicable laws and rules of the Company.
		iii)	Gratuity shall be payable as per applicable laws and rules of the Company.
4.	Other Terms	i)	His entitlement for leave, its accumulation and encashment shall be as per the prevailing rules of the Company.
		ii)	The total remuneration for the year shall not exceed percentage limit of net profits of the Company as specified in the Act, calculated in accordance with Section 349 and 350 read with Section 198, subject to the overall ceiling prescribed under Section 309 read with Section I of Part II of Schedule XIII to the Act.
		iii)	He shall not be entitled to receive sitting fees for attending meetings of the Board of Directors or a committee thereof.

RESOLVED FURTHER THAT the actual amount of commission to be paid to Shri Murli Ranganathan for the year and periodicity of payment shall be decided by the Board of Directors (hereinafter referred to as "the Board") which shall include any committee of the Board specifically authorised for this purpose from time to time.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in the financial year, the Company shall pay Shri Murli Ranganathan remuneration by way of salary, allowances, perquisites and other benefits as the Board may deem fit, subject to the limits prescribed in Section II of Part II of Schedule XIII to the Act.”

- 12) To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof (hereinafter referred to as “the Act”) and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded to the pre-closure of the term of appointment of Shri Murli Ranganathan as Whole-time Director under the shareholders’ resolution at the Annual General Meeting of the Company dated 15<sup>th</sup> December, 2006 effective from the close of working hours of 31<sup>st</sup> March, 2011 and the Company further approves his appointment as Whole-time Director of the Company on the following terms and conditions:

1.	Period of Appointment	:	5 years effective from 1 <sup>st</sup> April, 2011.
2.	Salary	:	Rs. 21,00,000 (Rupees Twenty One Lacs only) per month.  Salary may be increased within the range of Rs. 21,00,000 per month to Rs. 40,00,000 per month during the period of appointment, in such increments as may be decided by the Board of Directors (hereinafter referred to as “the Board”) which shall include any committee of the Board specifically authorised for this purpose from time to time.
3.	Commission	:	At a rate such that the total remuneration does not exceed percentage limit of net profits of the Company as specified in the Act, calculated in accordance with Section 349 and 350 read with Section 198, subject to the overall ceiling prescribed under Section 309 read with Section I of Part II of Schedule XIII to the Act.
4.	Perquisites	:	Will be allowed as under:
	A.	(i)	The Company shall provide him a fully furnished accommodation. If he is not provided accommodation by the Company, the Company shall pay House Rent Allowance at the rate of 60% of the salary.
		(ii)	The Company shall reimburse annual fees for two clubs.
		(iii)	The Company shall pay the premium on personal accident insurance policy as per the Company rules.
		(iv)	The Company shall pay the premium on medical insurance for self and family as per the Company rules.
	B.	(i)	The Company shall provide a car with driver for official and personal use.
		(ii)	The Company shall provide telephones at his residence, the cost of which will be borne by the Company.

	C.	(i)	Company's contribution to the Provident Fund will be as per applicable laws and rules of the Company.
		(ii)	Company's contribution to Pension/ Superannuation Fund will be as per applicable laws and rules of the Company.
		(iii)	Gratuity shall be payable as per applicable laws and rules of the Company.
5.	Other Terms	(i)	His entitlement for leave, its accumulation and encashment shall be as per the prevailing rules of the Company.
		(ii)	Such appointment shall not be considered as a break in his service as managerial personnel of the Company.
		(iii)	The total remuneration for any year shall not exceed percentage limit of net profits of the Company as specified in the Act, calculated in accordance with Section 349 and 350 read with Section 198, subject to the overall ceiling prescribed under Section 309 read with Section I of Part II of Schedule XIII to the Act.
		(iv)	He shall not be entitled to receive sitting fees for attending meetings of the Board of Directors or a committee thereof.

RESOLVED FURTHER THAT the actual amount of commission to be paid to Shri Murli Ranganathan for each year and periodicity of payment shall be decided by the Board from time to time.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in any financial year, the Company shall pay Shri Murli Ranganathan, in respect of such financial year, remuneration by way of salary, allowances, perquisites and other benefits as the Board may deem fit, subject to the limits prescribed in Section II of Part II of Schedule XIII to the Act."

- 13) To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof (hereinafter referred to as "the Act") and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded to the appointment of Shri T. P. Vijayasarathy as Whole-time Director of the Company on the following terms and conditions:

1.	Period of Appointment	:	5 years effective from 1 <sup>st</sup> November, 2010.
2.	Salary	:	Rs. 12,80,000 (Rupees Twelve Lacs Eighty Thousand only) per month.  Salary may be increased within the range of Rs. 12,80,000 per month to Rs. 30,00,000 per month during the period of appointment, in such increments as may be decided by the Board of Directors (hereinafter referred to as "the Board") which shall include any committee of the Board specifically authorised for this purpose from time to time.

3.	Commission	:	At a rate such that the total remuneration does not exceed percentage limit of net profits of the Company as specified in the Act, calculated in accordance with Section 349 and 350 read with Section 198, subject to the overall ceiling prescribed under Section 309 read with Section I of Part II of Schedule XIII to the Act.
4.	Perquisites	:	Will be allowed as under:
	A	(i)	The Company shall provide him a fully furnished accommodation. If he is not provided accommodation by the Company, the Company shall pay House Rent Allowance at the rate of 20% of the salary.
		(ii)	The Company shall reimburse annual fees for one club.
		(iii)	The Company shall pay the premium on personal accident insurance policy as per the Company rules.
		(iv)	The Company shall pay the premium on medical insurance for self and family as per the Company rules.
	B.	(i)	The Company shall provide a car with driver for official and personal use.
		(ii)	The Company shall provide telephones at his residence, the cost of which will be borne by the Company.
	C.	(i)	Company's contribution to the provident fund will be as per applicable laws and rules of the Company.
		(ii)	Company's contribution to Pension / Superannuation Fund will be as per applicable laws and rules of the Company.
		(iii)	Gratuity shall be payable as per applicable laws and rules of the Company.
5.	Other Terms	(i)	His entitlement for leave, its accumulation and encashment shall be as per the prevailing rules of the Company.
		(ii)	Such appointment shall not be considered as a break in his service with the Company.
		(iii)	The total remuneration for any year shall not exceed percentage limit of net profits of the Company as specified in the Act, calculated in accordance with Section 349 and 350 read with Section 198, subject to the overall ceiling prescribed under Section 309 read with Section I of Part II of Schedule XIII to the Act.
		(iv)	He shall not be entitled to receive sitting fees for attending meetings of the Board of Directors or a committee thereof.

RESOLVED FURTHER THAT the actual amount of commission to be paid to Shri T. P. Vijayasarathy for each year and periodicity of payment shall be decided by the Board from time to time.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in any financial year, the Company shall pay Shri T. P. Vijayasarathy, in respect of such financial year, remuneration by way of salary, allowances, perquisites and other benefits as the Board may deem fit, subject to the limits prescribed in Section II of Part II of Schedule XIII to the Act.”

- 14) To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 314(1) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded to payment of remuneration to Shri Varun Mehta, a relative of Shri Sudhir Mehta, Executive Chairman and Shri Samir Mehta, Executive Vice Chairman on the terms and conditions stated below:

Sr. No.	Particulars	Details
1.	Effective Date	2 years effective from 1 <sup>st</sup> November, 2010.
2.	Designation	Assistant Manager or such designation as is appropriate for the functions performed.

3. Remuneration: Shri Varun Mehta shall be paid the following remuneration:

Particulars	For the period of 1 <sup>st</sup> November, 2010 to 30 <sup>th</sup> April, 2011	For the period of 1 <sup>st</sup> May, 2011 to 31 <sup>st</sup> October, 2012
Basic Salary	Rs. 24,000 per month	Rs. 43,500 per month
Compensatory Allowance	Rs. 4,520 per month	Rs. 9,000 per month

Perquisites and Benefits	:	In addition to the above, he will be allowed perquisites and benefits as stated below:
	(i)	HRA @ 40% of Basic.
	(ii)	Conveyance- Rs. 1,000 per month.
	(iii)	Contribution to Provident Fund as per the rules of the Company.
	(iv)	Superannuation @ 5% of Basic.
	(v)	Bonus @ 20% of Basic.
	(vi)	The Company shall pay premium on personal accident insurance policy as per the rules of the Company.
	(vii)	The Company shall pay premium on medical insurance for self and family as per the rules of the Company.
	(viii)	Gratuity as per the rules of the Company.
	(ix)	Entitlement for leave and its accumulation as per the rules of the Company.
Total Remuneration	:	Total remuneration of Shri Varun Mehta shall not exceed: <ul style="list-style-type: none"> <li>• Rs. 50,000 per month for the period of 1<sup>st</sup> November, 2010 to 30<sup>th</sup> April, 2011.</li> <li>• Rs. 90,000 per month for the period of 1<sup>st</sup> May, 2011 to 31<sup>st</sup> October, 2012.</li> </ul>

- 15) To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof (hereinafter referred to as “the Act”) and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded to payment of commission to the Independent Non-Executive Directors (INEDs) for a period of five years effective from 1<sup>st</sup> October, 2011, as may be determined by the Executive Chairman for each financial year at a rate such that the total remuneration does not exceed percentage limit of net profits of the Company as specified in the Act, calculated in accordance with Section 349 and 350 read with Section 198 of the Act.

RESOLVED FURTHER THAT pursuant to the provisions of the Act and subject to such approvals including approval of the Central Government as may be necessary, in case of inadequacy of profits in any financial year, the INEDs shall be paid such remuneration as recommended by the Executive Chairman and approved by the Board of Directors for such financial year.

RESOLVED FURTHER THAT the Board of Directors which shall include any committee of the Board specifically authorised for this purpose from time to time be and is hereby authorised to take such actions as may be necessary for implementing the above resolution.”

By Order of the Board  
For Torrent Power Limited

Ahmedabad  
4<sup>th</sup> May, 2011

**Registered Office:**  
Torrent House,  
Off Ashram Road,  
Ahmedabad-380009

**Rajiv Shah**  
Company Secretary



## Notes

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A proxy form, duly completed and stamped, must reach the Registered Office of the Company not later than 48 hours before the time for holding the aforesaid meeting.
2. Members / proxies should bring the Attendance Slip sent herewith, duly filled in, for attending the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 20<sup>th</sup> June, 2011 to Wednesday, 22<sup>nd</sup> June, 2011 (both days inclusive).
4. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 and Clause-49 of the Listing Agreement is annexed hereto and forms part of this Notice.
5. In terms of Section 224A of the Companies Act, 1956, a special resolution is proposed to be passed for appointment of Statutory Auditors of the Company as aggregate shareholding of the nationalised banks, insurance companies, state governments and government companies exceeds 25% of the subscribed capital of the Company.
6. The Company has transferred unclaimed dividends of erstwhile Torrent Power AEC Limited and Torrent Power SEC Limited upto the financial year ended on 31<sup>st</sup> March, 2003 to the Investor Education and Protection Fund in compliance with the provisions of the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001. The members who have not encashed their dividend warrants for the subsequent financial years are requested to approach the Company for payment.
7. The Companies Act, 1956 provides nomination facility to the shareholders. As a shareholder, you have an option to nominate any person as your nominee to whom your shares shall vest in the unfortunate event of your death. It is advisable to avail of this facility especially by the shareholders who currently hold shares in their single name. Nomination can avoid the process of acquiring right in shares through transmission by law. In case of nomination by the joint holders, such nomination will be effective only on death of all the holders. In case the shares are held in dematerialised form, the nomination form needs to be forwarded to your Depository Participant.
8. Trading in equity shares of the Company is compulsorily in dematerialised mode by all the investors. In view of the above, shareholders are advised to convert their shareholding in dematerialised form.
9. Shareholders seeking any information or clarification on the accounts are requested to send written queries to the Company, atleast 10 days before the date of the meeting to enable the management to keep the required information available at the meeting.
10. Annual Report of the Company has been uploaded on website of the Company; [www.torrentpower.com](http://www.torrentpower.com).

## **EXPLANATORY STATEMENT**

### **Item Nos. 3, 11 and 12**

Shri Murli Ranganathan is a Whole-time Director of the Company. He retires by rotation and being eligible, offers himself for re-appointment. His re-appointment is proposed under Section 256 of the Companies Act, 1956 and he shall be liable to retire by rotation.

The shareholders had, at the 2<sup>nd</sup> Annual General Meeting of the Company held on 15<sup>th</sup> December, 2006, appointed Shri Murli Ranganathan as Whole-time Director of the Company for a period of 5 years effective from 1<sup>st</sup> October, 2006. While approving the appointment, the shareholders had also approved salary, commission, perquisites and other terms of appointment as mentioned in the notice convening the said Annual General Meeting.

The Board has, from time to time, revised the remuneration of Shri Murli Ranganathan within the limits approved by the shareholders. With the revision in remuneration approved by the Board effective from 1<sup>st</sup> April, 2009, the salary payable to Shri Murli Ranganathan had reached the upper ceiling approved by the shareholders.

The Board has, at its meeting held on 24<sup>th</sup> January, 2011, approved the following proposals regarding Shri Murli Ranganathan, subject to approval of the shareholders:

1. Revision of remuneration for the financial year 2010-11 as stated in the resolution at item no. 11 of the Notice. The said revision in remuneration exceeds the remuneration approved by the shareholders at the 2<sup>nd</sup> Annual General Meeting of the Company.
2. Pre-closure of the existing term of appointment at the close of working hours of 31<sup>st</sup> March, 2011 and his fresh appointment as Whole-time Director of the Company for a period of 5 years effective from 1<sup>st</sup> April, 2011. Detailed terms of appointment are stated in the resolution at item no. 12 of the Notice. Shri Murli Ranganathan has consented to the said arrangement.

Shri Murli Ranganathan, 56, is a Post Graduate in Industrial Engineering from IIT, Delhi and has further attended Management Development Programmes from IIMs and other leading business schools to hone his management skills.

Shri Murli Ranganathan, with an experience of 32 years, has held many senior level positions in various companies of Torrent Group. He has in-depth knowledge of the power industry and during his tenure, Torrent Power has emerged as one of the best distribution utilities in the country and was awarded the Prime Minister's Gold Shield for outstanding performance in power distribution. Under his leadership, the Company bagged the first urban distribution franchise of Bhiwandi in Maharashtra which is recognized as the model for franchise based public-private partnership in power distribution.

Shri Murli Ranganathan is also overseeing the distribution franchise operations of Agra. It is felt that contribution of Shri Ranganathan would help the Company in further improving the distribution business of the Company. Shri Ranganathan shall also be overseeing and developing the transmission business of the Company.

Shri Ranganathan is a member of the Committee of Directors of the Company. He is also the Chairman of Torrent Power Bhiwandi Limited.

Shri Murli Ranganathan holds 25 equity shares of the Company. He is not related to any Director of the Company.

Approval of shareholders is sought for appointment and remuneration of Shri Murli Ranganathan as detailed in item nos. 3, 11 and 12 of the Notice.

Shri Murli Ranganathan is deemed to be interested in the resolutions. None of the other Directors of the Company is in any way concerned or interested in the resolutions.

The Board recommends the resolutions for your approval.

### **Item No. 4**

Shri S. K. Barua is an Independent Director of the Company and retires by rotation. Being eligible, he offers himself for re-appointment. His re-appointment is proposed under Section 256 of the Companies Act, 1956 and he shall be liable to retire by rotation.

Shri S. K. Barua, 59, is M. Tech (IIT, Kanpur) in Industrial Engineering and Operations Research and holds Ph. D. in Management (IIM, Ahmedabad). He is presently the Director of Indian Institute of Management, Ahmedabad. He joined the faculty at IIM, Ahmedabad in 1980. His academic and professional pursuit spans across several disciplines with specific areas of interest being capital markets, portfolio theory, international finance, operations research and decision sciences, management information and control systems, etc.

He has taught courses at IIM, Ahmedabad and has been visiting faculty to academic institutions in several countries. He has taught extensively in national and international executive training programmes.

He has co-authored two books and has authored over 180 papers / articles, which have been published / presented in national and international publications and conferences. He has also authored more than 40 case studies in management. He has been consultant to various public and private organisations and has been associated with Indian financial sector for over 18 years.

Shri S. K. Barua is a member of the Audit Committee and Selection Committee of the Company. Details of his directorship in other companies and membership in committees of these companies are given below:

Sr. No.	Directorship in Companies	Names of Committees
1.	Bharat Petroleum Corporation Limited	• Audit Committee
2.	Securities Trading Corporation of India Limited	• Audit Committee • Personnel Committee
3.	Coal India Limited	• Audit Committee
4.	IOT Infrastructure and Energy Services Limited	-

Shri S. K. Barua does not hold any shares of the Company. He is not related to any Director of the Company.

Shri S. K. Barua is deemed to be interested in the resolution. None of the other Directors of the Company is in any way concerned or interested in the resolution.

The Board recommends the resolution for your approval.

#### **Item Nos. 6 and 13**

Shri T. P. Vijayasathy was appointed as an Additional Director by the Board of Directors at its meeting held on 27<sup>th</sup> October, 2010. As per the provisions of Section 260 of the Companies Act, 1956 read with Article 160(b) of the Articles of Association of the Company, he holds the office of Director till the commencement of this Annual General Meeting. His appointment is proposed under Section 257 of the Companies Act, 1956 and he shall be liable to retire by rotation. The Company has received a notice under Section 257 of the Companies Act, 1956 alongwith the requisite deposit from a shareholder proposing the candidature of Shri T. P. Vijayasathy for appointment as a Director of the Company.

At the Board meeting held on 27<sup>th</sup> October, 2010, the Board has also appointed Shri T. P. Vijayasathy as Whole-time Director of the Company for a period of 5 years effective from 1<sup>st</sup> November, 2010 on the terms and conditions mentioned in the resolution at item no. 13 of the Notice. The said appointment is subject to approval of shareholders of the Company.

Shri T. P. Vijayasathy, 56, is a Bachelor of Commerce and holds professional qualifications of ICWA, MBA and AIRM. Shri Vijayasathy is associated with Torrent Group since 1997. In Torrent Group, Shri Vijayasathy was involved in the divestment of the 655 MW gas based dual fuel Combined Cycle Power Project and in the setting up of 1147.5 MW SUGEN Mega Power project. He is presently heading the Corporate function of the Company overseeing Corporate Finance, Accounts, Taxation, Audit, Treasury, Budgeting & MIS, IT, Regulatory Affairs, Secretarial, Human Resources, Corporate Social Responsibility and long term planning functions of the Company.

Shri Vijayasathy has more than 30 years of experience in the corporate sector. Prior to joining Torrent Group in 1997, Shri Vijayasathy had worked in Nagarjuna Group and Hindustan Aeronautics Limited in India and also for over 8 years in the Middle East. It is felt that appointment of Shri Vijayasathy as Whole-time Director would help the Company in strengthening its core management team.

Shri Vijayasaraty is not a member of any committee of the Company. Details of his directorship in other companies and membership in committees of these companies are given below:

Sr. No.	Directorship in Companies	Names of Committees
1.	Torrent Energy Limited	-
2.	Torrent Pipavav Generation Limited	• Audit Committee
3.	Torrent Power Grid Limited	-
4.	Torrent Power Services Private Limited	-

Shri T. P. Vijayasaraty holds 25 equity shares of the Company. He is not related to any Director of the Company.

Approval of shareholders is sought for appointment of Shri T. P. Vijayasaraty as Director under Section 257 of the Companies Act, 1956 and for his appointment as Whole-time Director of the Company as detailed in resolution nos. 6 and 13 of the Notice respectively.

Shri T. P. Vijayasaraty is deemed to be interested in the resolutions. None of the other Directors of the Company is in any way concerned or interested in the resolutions.

The Board recommends the resolutions for your approval.

#### Item No. 7

Shri Sudhir Mehta is a promoter director and Chairman of the Company. The shareholders had, at the 2<sup>nd</sup> Annual General Meeting of the Company held on 15<sup>th</sup> December, 2006, appointed Shri Sudhir Mehta as Executive Chairman of the Company for a period of 5 years effective from 1<sup>st</sup> October, 2006 on the terms and conditions of appointment mentioned in the notice convening the said Annual General Meeting. The Board has, at its meeting held on 31<sup>st</sup> July, 2010, pre-closed the existing term of appointment of Shri Sudhir Mehta effective from the close of working hours of 31<sup>st</sup> July, 2010 and appointed him afresh as Executive Chairman of the Company effective from 1<sup>st</sup> August, 2010 for a period of five years on the terms and conditions mentioned in the resolution at item no. 7 of the Notice. Shri Sudhir Mehta has consented to the said arrangement. The said appointment is subject to approval of shareholders of the Company. Shri Sudhir Mehta shall not be liable to retire by rotation while he holds the office of Executive Chairman.

Shri Sudhir Mehta, 57, is amongst the few who foresaw the opportunity in the Indian Power sector. He systematically developed the power business of Torrent Group by acquiring stakes in Torrent Power AEC Limited and Torrent Power SEC Limited. He was also instrumental in setting up the 1147.5 MW SUGEN Mega Power Project near Surat, the first gas-based mega power project in the country.

The pre-eminent position of Torrent in the power sector in the country has been significantly influenced by Shri Mehta's vision and strategy. He has been instrumental in the growth and progress of the Torrent Group both in the pharmaceuticals and power sectors. Considering the ambitious growth plans of the Company, it is felt that his appointment as Executive Chairman would immensely help the Company.

Shri Sudhir Mehta is a member of the Nomination and Remuneration Committee of the Company. Details of his directorship in other companies and membership in committees of these companies are given below:

Sr. No.	Directorship in Companies	Names of Committees
1.	Torrent Pharmaceuticals Limited	• Securities Transfer and Investors' Grievance Committee
2.	Torrent Energy Limited	• Audit Committee
3.	Torrent Pipavav Generation Limited	• Committee of Directors
4.	Arvind Mills Limited	• Remuneration Committee • Investors' Grievance Committee
5.	Torrent Private Limited	-
6.	Diamond Infrastructure Private Limited	-

Shri Sudhir Mehta holds 6,882 equity shares of the Company. Approval of shareholders is sought for appointment of Shri Sudhir Mehta as Executive Chairman of the Company as detailed in resolution no. 7 of the Notice.

Shri Sudhir Mehta is related to Shri Samir Mehta. Shri Sudhir Mehta and Shri Samir Mehta are, therefore, deemed to be interested in the resolution. None of the other Directors of the Company is in any way concerned or interested in the resolution.

The Board recommends the resolution for your approval.

#### **Item No. 8**

Shri Samir Mehta is a promoter director of the Company and has been associated with the Company since its inception. The Board has, at its meeting held on 31<sup>st</sup> July, 2010, appointed Shri Samir Mehta as Executive Vice Chairman of the Company for a period of 5 years effective from 1<sup>st</sup> August, 2010 on the terms and conditions stated in resolution no. 8. The said appointment is subject to approval of shareholders of the Company. Shri Samir Mehta is also Executive Vice Chairman of Torrent Pharmaceuticals Limited, a group company of the Torrent Group. He would, therefore, be able to draw remuneration from Torrent Power Limited and Torrent Pharmaceuticals Limited upto the higher maximum limit admissible to any one of the companies, pursuant to the provisions of Section III of Part II of Schedule XIII to the Companies Act, 1956. Shri Samir Mehta shall not be liable to retire by rotation while he holds the office of Executive Vice Chairman.

Shri Samir Mehta, 47, holds Masters in Business Management from B. K. School of Business Management. He was a Director on the Board of erstwhile Torrent Power AEC Limited, Torrent Power SEC Limited and Torrent Power Generation Limited which merged into the Company in 2005. He is currently Executive Vice Chairman of Torrent Pharmaceuticals Limited ("Torrent Pharma"). Under his leadership, Torrent Pharma has grown into one of the most respected pharmaceutical companies of the Indian Pharma industry. His rich experience spans all areas of operations both in Power and Pharmaceuticals business.

Shri Mehta also evinces keen interest in the Company. Under his able guidance, the Company has continuously improved its performance on all efficiency parameters and today ranks high amongst the players in the private utility sector. It is felt that the appointment of Shri Samir Mehta as Executive Vice Chairman would help the Company in significantly improving its business operations and consolidating its presence in the Power industry.

Shri Mehta is the Chairman of the Committee of Directors and a member of the Shareholders' Grievances Committee of the Company. Details of his directorship in other companies and membership in committees of these companies are given below:

<b>Sr. No.</b>	<b>Directorship in Companies</b>	<b>Names of Committees</b>
1.	Torrent Pharmaceuticals Limited	<ul style="list-style-type: none"> <li>• Securities Transfer and Investors' Grievance Committee</li> <li>• Committee of Directors</li> </ul>
2.	Torrent Energy Limited	<ul style="list-style-type: none"> <li>• Audit Committee</li> </ul>
3.	Torrent Pipavav Generation Limited	<ul style="list-style-type: none"> <li>• Committee of Directors</li> </ul>
4.	Torrent Private Limited	-
5.	Diamond Infrastructure Private Limited	-

Shri Samir Mehta holds 6,125 equity shares of the Company.

Approval of shareholders is sought for appointment of Shri Samir Mehta as Executive Vice Chairman of the Company as detailed in resolution no. 8 of the Notice.

Shri Samir Mehta is related to Shri Sudhir Mehta. Shri Samir Mehta and Shri Sudhir Mehta are, therefore, deemed to be interested in the resolution. None of the other Directors of the Company is in any way concerned or interested in the resolution.

The Board recommends the resolution for your approval.

## Item Nos. 9 and 10

Shri Markand Bhatt is a Whole-time Director of the Company. The shareholders had, at the 2<sup>nd</sup> Annual General Meeting of the Company held on 15<sup>th</sup> December, 2006, appointed him as Whole-time Director of the Company for a period of 5 years effective from 1<sup>st</sup> October, 2006. While approving the appointment, the shareholders approved salary, commission, perquisites and other terms of appointment as mentioned in the notice convening the said Annual General Meeting.

The Board has, from time to time, revised the remuneration of Shri Bhatt within the limits approved by the shareholders. With the revision in remuneration approved by the Board effective from 1<sup>st</sup> April, 2009, the salary payable to Shri Bhatt had reached the upper ceiling approved by the shareholders.

The Board has, at its meeting held on 24<sup>th</sup> January, 2011, approved the following proposals regarding Shri Bhatt, subject to approval of the shareholders:

1. Revision of remuneration for the financial year 2010-11 as mentioned in the resolution at item no. 9 of the Notice. The said revision in remuneration exceeds the remuneration approved by the shareholders at the 2<sup>nd</sup> Annual General Meeting of the Company.
2. Pre-closure of the existing term of appointment at the close of working hours of 31<sup>st</sup> March, 2011 and his fresh appointment as Whole-time Director of the Company for a period of 5 years effective from 1<sup>st</sup> April, 2011. Detailed terms of appointment are mentioned in the resolution at item no. 10 of the Notice. Shri Markand Bhatt has consented to the said arrangement. Shri Bhatt shall not be liable to retire by rotation while he holds the office of Whole-time Director.

Shri Markand Bhatt, 64, a Post Graduate of IIM, Ahmedabad is the Group Chief Executive Officer of Torrent Group. He has more than 42 years of professional managerial experience in multi disciplinary areas dominated by more than two decades of principal involvement in power sector projects.

Shri Markand Bhatt has played a pivotal role in the entire journey of the SUGEN Mega Power project - from concept to commissioning of the project, which is unique in many respects. The project was completed within the budgeted cost resulting in the lowest per MW cost due to his sustained efforts. Shri Bhatt is also responsible for implementation of 382.5 MW UNOSUGEN project and 1200 MW DGEN project which have made considerable progress on site. He also oversees other generation project initiatives which are in the pipeline such as Torrent Pipavav Generation etc.

He was also the Managing Director of erstwhile Gujarat Torrent Energy Corporation Limited (GTEC) which set up 655 MW Gas based dual fuel Combined Cycle Power project within budgeted cost and timelines. He spearheaded the divestment of GTEC by Torrent Group, which was the biggest ever M & A deal in the country at that point of time. Earlier, he practised as a Management Consultant and was associated with various premier government organisations and private groups such as Torrent, Nirma, Cama, Raymond, etc.

It is felt that contribution of Shri Markand Bhatt would immensely help the Company in successful implementation of the above projects.

Shri Markand Bhatt is a member of the Committee of Directors and Shareholders' Grievances Committee of the Company. Details of his directorship in other companies and membership in committees of these companies are given below:

Sr. No.	Directorship in Companies	Names of Committees
1.	Torrent Pharmaceuticals Limited	<ul style="list-style-type: none"><li>• Securities Transfer and Investors' Grievance Committee</li><li>• Committee of Directors</li><li>• Nomination and Remuneration Committee</li></ul>
2.	Torrent Energy Limited	-
3.	Torrent Pipavav Generation Limited	<ul style="list-style-type: none"><li>• Committee of Directors</li></ul>

Shri Markand Bhatt holds 1,059 equity shares of the Company. He is not related to any Director of the Company.



Approval of shareholders is sought for appointment and remuneration of Shri Markand Bhatt as detailed in resolution nos. 9 and 10 of the Notice.

Shri Markand Bhatt is deemed to be interested in the resolutions. None of the other Directors of the Company is in any way concerned or interested in the resolutions.

The Board recommends the resolutions for your approval.

#### **Item No. 14**

The Board has, at its meeting held on 27<sup>th</sup> October, 2010, approved payment of remuneration to Shri Varun Mehta for a period of 2 years effective from 1<sup>st</sup> November, 2010, with the total remuneration not exceeding Rs. 50,000 per month.

Shri Varun Mehta, aged 23, has done his International Baccalaureate from United World College of South East Asia, Singapore and B.Sc. in Management Science from Warwick University, UK. He has been associated with Torrent Power since February 2009. He has been working in the renewables area since inception. In March 2011, the Company has executed EPC Contract for the Wind Power Project. Shri Varun Mehta is playing a key role in implementation of the said Wind Power Project. Looking to the contribution of Shri Varun Mehta in the Project, the Board has, at its meeting held on 4<sup>th</sup> May, 2011, revised his remuneration effective from 1<sup>st</sup> May, 2011 for the remainder of the tenure to align the remuneration with the prevailing remuneration practices. The revised remuneration works out to less than Rs. 90,000 per month. Details of remuneration are given in the resolution.

Shri Varun Mehta is son of Shri Sudhir Mehta, Executive Chairman and hence, provisions of Section 314 of the Companies Act, 1956 apply to payment of remuneration to Shri Varun Mehta. Section 314 provides that appointment of relative of a Director to an office of profit at a remuneration exceeding Rs. 10,000 per month but not exceeding Rs. 2,50,000 per month shall require approval of the shareholders by a special resolution.

Approval of the shareholders is, therefore, sought for payment of remuneration to Shri Varun Mehta as detailed in resolution no. 14 of the Notice.

Shri Varun Mehta being a relative, Shri Sudhir Mehta, Executive Chairman and Shri Samir Mehta, Executive Vice Chairman are deemed to be interested in the resolution. None of the other Directors of the Company is in any way concerned or interested in the resolution.

The Board recommends the resolution for your approval.

#### **Item No. 15**

The Company pays remuneration to its Independent Non-Executive Directors (INEDs) by way of commission. The shareholders have, at the 2<sup>nd</sup> Annual General Meeting of the Company held on 15<sup>th</sup> December, 2006, approved payment of commission to INEDs for a period of 5 years effective from 1<sup>st</sup> October, 2006 and authorised the Chairman to determine the commission for each financial year at a rate not exceeding 1% of net profits of the Company.

INEDs play an important role in the Board of Directors of the Company. Apart from giving strategic guidance to the Board, they also protect the interest of various stakeholders of the Company. The Corporate Governance Code of the Listing Agreement also lays down an important role for INEDs. This requires INEDs to devote significant time and attention to the affairs of the Company.

It is felt that payment of commission would enable the Company to remunerate INEDs commensurate with the time and attention devoted by them.

Section 309(4) of the Companies Act, 1956 inter alia provides that a company may pay remuneration to its directors who are neither in whole-time employment of the company nor a managing director of the company by way of commission, if the company by a special resolution authorises such payment.

Clause 49(I)(B) of the Listing Agreement also provides that all fees / commission, if any, paid to Non-Executive Directors shall be fixed by the Board of Directors and shall require previous approval of the shareholders in a general meeting.



It is, therefore, proposed to approve payment of commission to INEDs for a further period of 5 years effective from 1<sup>st</sup> October, 2011 as may be determined by the Executive Chairman at a rate such that the total commission does not exceed percentage limit of net profits of the Company as specified in the Companies Act, 1956 (presently 1% of net profits) for each financial year, as stated in resolution no. 15 of the Notice. In case of inadequacy of profits in any financial year, INEDs shall be paid such remuneration as recommended by the Executive Chairman and approved by the Board of Directors (which shall include any committee of the Board) for such financial year.

Shri S. K. Barua, Shri Kiran Karnik, Shri Keki M. Mistry, Shri Pankaj Patel and Shri K. Sridhar being INEDs, are deemed to be interested in the resolution. None of the other Directors of the Company is in any way concerned or interested in the resolution.

The Board recommends the resolution for your approval.

By Order of the Board  
For Torrent Power Limited

Ahmedabad  
4<sup>th</sup> May, 2011

**Rajiv Shah**  
Company Secretary

**Registered Office:**  
Torrent House,  
Off Ashram Road,  
Ahmedabad-380009

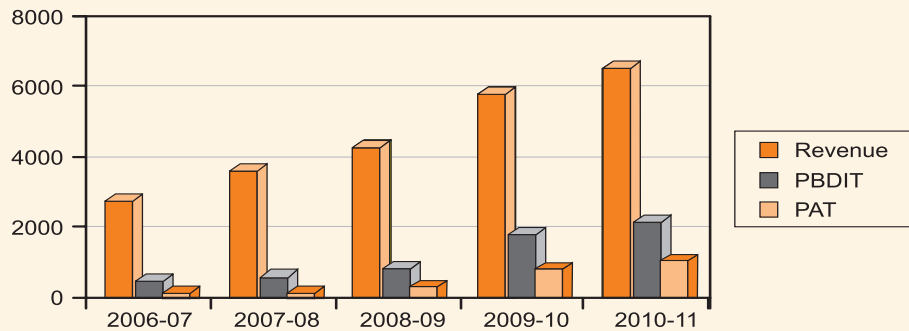
## Dear Shareholders,

Your Directors have pleasure in presenting the 7th Annual Report of the Company together with the Audited Accounts for the year ended on 31st March, 2011.

### 1. HIGHLIGHTS

The key highlights for the Financial Year 2010-11 are:

- All round improvement in the financial performance of the Company
  - Increase in Revenue by **12.23%** to Rs. 6,535.64 Crores
  - Increase in PBDIT by **17.68%** to Rs. 2,160.40 Crores
  - Increase in PAT by **27.40%** to Rs. 1,065.72 Crores



- Reduction in T&D losses in Ahmedabad, Gandhinagar and Surat distribution circles to 7.23% as against 7.62% in FY 2009-10; one of the lowest in the country. Reduction in T&D losses in Bhiwandi also to 17.95% as against 19.33% in FY 2009-10.
- Multi Year Tariff Petition for the second control period from FY 2011-12 to FY 2015-16 in respect of Ahmedabad Generation (AMGEN), Ahmedabad Distribution and Surat Distribution has been filed with the Hon'ble Gujarat Electricity Regulatory Commission (GERC) .
- First year of Distribution Franchisee operations at Agra commenced from 1<sup>st</sup> April, 2010.
- The 1,147.5 MW Sugem Mega Power Plant has obtained ISO 9001, ISO 14001 and OHSAS 18001 certifications.
- The EPC contract for the 1,200 MW Gas based DGEN Mega Power Project at Dahej SEZ (being implemented by the Company's subsidiary – Torrent Energy Limited) has been signed with Siemens and construction work is in progress.
- The 382.5 MW UNOSUGEN Gas based plant, the brown field expansion to SUGEN Project has received Mega Power Project Status. EPC Contract has been awarded to Siemens and construction work is in progress.
- The third and final phase of 144.5 kms, 400 kV Double Circuit line, part of transmission infrastructure from SUGEN Generating Station to Pirana sub-station of PGCIL with Loop in Loop out at 400 kV sub-station of the Company at Pirana has been commissioned by a subsidiary of the Company.
- Entry into renewable energy sector by signing agreement with Enercon (India) Limited to commission the 44 MW Wind power generation project at Lalpur, District Jamnagar, Gujarat.

## 2. FINANCIAL RESULTS

A summary of the financial results for the year under review is as under:

(Rs. Crores)

Particulars	For the year ended on 31st March, 2011	For the year ended on 31st March, 2010
<b>Total Income</b>	<b>6,927.02</b>	5,956.66
<b>Profit before Depreciation, Interest and Tax</b>	<b>2,160.40</b>	1,835.86
Depreciation	392.68	335.35
Interest	338.90	314.06
Profit before Tax	1,428.82	1,186.45
Current Tax	285.22	207.50
Deferred Tax	99.35	142.40
(Excess) / Shortfall in provision for Taxation for earlier years	(21.47)	-
<b>Profit After Tax</b>	<b>1,065.72</b>	836.55
<b>Add: Balance brought forward</b>	<b>499.40</b>	229.12
Less: Statutory Appropriation	1.00	1.00
<b>Balance available for appropriation</b>	<b>1,564.12</b>	<b>1,064.67</b>
<b>Appropriations</b>		
Transfer to General Reserve	400.00	400.00
Proposed Dividend	259.85	141.73
Dividend Distribution Tax	42.15	23.54
Balance carried to Balance Sheet	862.12	499.40
Total	<b>1,564.12</b>	<b>1,064.67</b>

## 3. DIVIDEND

The Board of Directors has decided that the Company as a policy will endeavor to distribute 30% of its annual profits after tax as dividend. The said distribution is expected to be in one or more tranches.

In line with the said policy, the Board of Directors has recommended a normal annual dividend of 30% i.e. Rs. 3.00 per equity share (Previous Year 30% - Rs. 3.00 per equity share) and a special dividend of 25% i.e. Rs. 2.50 per equity share on 47,24,48,308 equity shares of Rs. 10/- each for the FY 2010-11, amounting to Rs. 259.85 Crores (Previous Year Rs. 141.73 Crores). With Dividend Distribution Tax of Rs. 42.15 Crores (Previous Year Rs. 23.54 Crores), the total outflow on account of dividend works out to Rs. 302 Crores (Previous Year Rs. 165.27 Crores). The distributed profits are 28% (Previous Year 20%) of annual profits after tax. The proposed dividend would be tax free in the hands of the shareholders.

## 4. ECONOMY AND POWER SECTOR SCENARIO

### 4.1 ECONOMY

The economic growth in 2010-11 has been swift and broad-based. Growth in 2010-11 is estimated to be 8.6% as against 8.0% in 2009-10. Agricultural sector showed a rebound at a growth rate of 5.4% and industry continued to regain its earlier momentum with a growth rate of 8.1%, while service sector showed

a decelerated growth of 9.6%. The main concern has been the continuous price rise as indicated by Wholesale Price Index. FY 2010-11 started with 11% headline inflation in April 2010. Overall average inflation from April-December 2010 at 9.4% is the highest recorded in the last ten years. Despite concerns about such high inflation, which will be impacting the cost of all commodities including power, India has envisaged 9% GDP growth rate in the years to come. Achieving the planned target requires synchronized efforts from various sectors of the economy. Rapid economic growth has increased the burden on India's infrastructure, one of the country's weak spots. An infrastructure deficit is widely considered to be one of the factors that could severely impede India's economic growth.

## 4.2 INFRASTRUCTURE

The fast growth of the economy in the recent years has placed increased stress on physical infrastructure such as electricity, railways, roads, ports, airports, irrigation, urban and rural water supply and sanitation, all of which already suffer from a substantial deficit from the past in terms of capacities as well as efficiencies in the delivery of critical infrastructure services. The pattern of inclusive growth of the economy projected for the Eleventh Plan can be achieved only if this infrastructure deficit can be overcome and adequate investment takes place to support higher growth and an improved quality of life for both urban and rural communities. Much progress is evident in sectors like telecommunication, roads, airports and ports but Power sector continues to lag behind despite various reforms.

## 4.3 POWER SECTOR SCENARIO

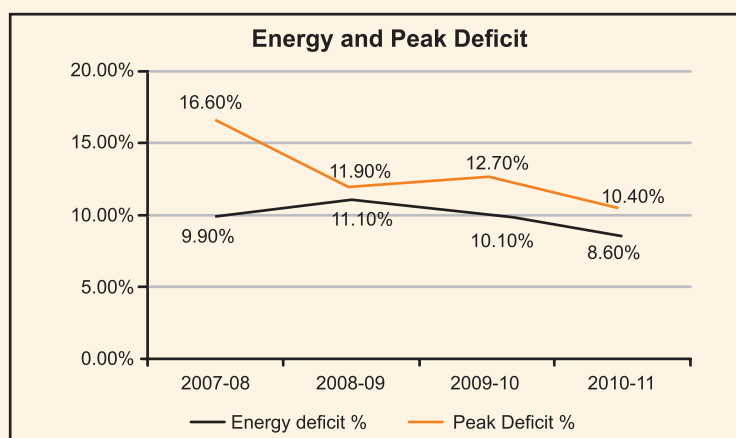
Power Sector is the prime mover of economic growth and is the key element for the sustenance of a modern economy. Future economic growth crucially depends on the long term availability of energy from sources that are affordable, accessible, sustainable and environment friendly. India currently ranks as the world's seventh largest producer and fifth largest consumer of power. India's energy demand is increasing with the robust economy and a steady forecasted growth in various key sectors of the economy.

The Indian Power Sector has come a long way over the past six decades since independence. From an installed generation capacity of a meagre 1,362 MW in 1947, India today has a generation capacity of nearly 173,626 MW. However, for a nation that has a population of over a billion and aims to sustain a growth rate of 9% every year, these figures are far from adequate.

### (A) DEMAND AND SUPPLY SCENARIO

The Ministry of Power has projected the actual power demand in the range of 1,029-1,077 billion units by the end of the Eleventh Plan. The 17<sup>th</sup> Electric Power Survey of India projects a 7.05% CAGR for power demand from 2011-12 to 2021-22 and 6.92% CAGR for peak demand during the same period.

There has been a persistent mismatch in power demand-supply scenario over the past three consecutive Five Year Plans. The peak power deficit level is hovering around double digit in current Five Year Plan as can be seen from the following chart.



The peak power deficit has reduced from 16.60% to 10.40% and the Energy deficit has decreased from 9.90% to 8.60% during the current Five Year Plan.

The western region of the country faced the highest energy deficit i.e. 13.40% and Peak demand deficit i.e. 16.80% during the period April 2010 – February 2011. However, in the state of Gujarat, the power deficit (7.80%) and energy deficit (6.20%) are much lower. Further, Gujarat is expected to become a power surplus state in terms of both peak demand and energy requirements in the next 1 to 2 years.

Shortages of this magnitude can significantly constrain industrial activity and restrict economic growth of any country. On the basis of our past experience and prevalent trend in this sector, it would not be wrong to say that if India continues to grow even at current pace and necessary actions are not taken, Power demand-supply gap is likely to persist over the coming decade.

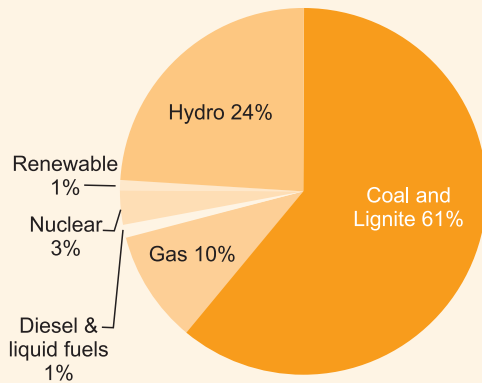
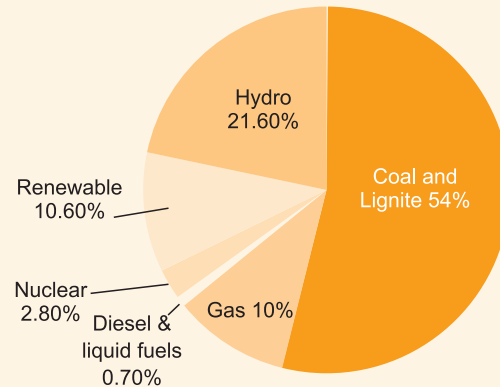
Deficits mentioned above can be tamed if necessary steps are initiated in time and required infrastructure for transmission of Power generated in one part of the country to other parts comes in place. Most of the generation capacity is coming up in the eastern region of the country. Inter-regional transmission capacity needs to be strengthened to transport this power to the high load northern and western regions.

## **(B) GENERATION SCENARIO**

The total generation capacity increased to 173,626 MW as on 31<sup>st</sup> March, 2011 as compared to 159,398 MW on 31<sup>st</sup> March, 2010, an increase of 8.90%. The western region has the highest installed capacity of 53,562 MW as on 31<sup>st</sup> March, 2011 as compared to 50,225 MW as on 31<sup>st</sup> March, 2010, an increase of 6.60%. The total Generation Capacity Addition (other than renewable) during the year 2010-11 was 12,160 MW as compared to 9,585 MW during the year 2009-10, an increase of 27%. This is almost thrice the average annual capacity addition of 4,236 MW in the Tenth five year plan.

The generation segment has been able to meet only around 50% of the Planned targets during the Eighth, Ninth and Tenth Plan periods. Despite these slippages, the government has set an ambitious target for capacity addition of 78,700 MW in the Eleventh Five Year Plan, which has been revised to 62,374 MW in the mid-term review. So far, approximately 30,000 MW has been added in the first three and half years of the Eleventh Five Year Plan and generation projects for the remaining capacity are under construction. Though for the first time since early nineties, it seems that the planned capacity addition is on track, India is likely to miss the revised target also and is likely to add approximately 55,000 MW only in the current plan. The capacity addition target for the Twelfth Plan is expected to be set at about 100,000 MW as per initial estimates from the Central Electricity Authority and the Ministry of Power. Thermal sources are expected to contribute over 76,500 MW, followed by hydro 20,000 MW and nuclear 3,400 MW.

Until recently, role of the private sector was very meagre and there was barely any major incentive for the private sector to enter this highly regulated and capital intensive sector. The generation sector has seen high private participation after it was de-licensed by the enactment of the Electricity Act, 2003. The share of private sector which was around 4% in 1993-94 has now increased to 20% of the capacity and 14% of the total power generation (excluding generation from renewable sources). The private sector is expected to install about 19,797 MW during the current plan period, contributing about 32% of the capacity to be added in the Eleventh Plan period.

**Fuel Mix 1999-2000****Total Installed Capacity: 93,294 MW****Fuel Mix 2010-11****Total Installed Capacity: 1,73,626 MW**

At 65%, as per the above chart, thermal power (coal, gas and diesel) contributes the highest to the installed capacity. Coal is going to remain the mainstay fuel, though declining gradually, for power generation in the coming years as well. The share of hydro stands at about 22% and renewable energy contributes approximately 11%. However, the share of thermal capacity has gradually decreased from 72% in 1999-2000 to 65% in 2010-11. Thermal sources have mainly been replaced by renewables whose contribution has increased from a miniscule 1% to about 10.6% during the last decade.

The key trends and developments in the generation sector are as under:

1. Budget 2011 has extended Excise Duty exemption to goods required for expansion of mega / ultra mega power projects under specified conditions at par with exemption from countervailing duty on the import of goods for expansion of such projects.
2. New coal linkage norms for deciding coal linkages on point basis for future power projects are issued whereby sector wise priority for coal linkage is proposed. The coal linkage policy also proposes a methodology of allotting weightage points for prioritizing between projects. This involves parameters such as supercritical technology, location, water linkage and land acquisition. The methodology incentivizes projects which are based on supercritical technology and have tied up critical project resources such as water and land well in advance.
3. Ministry of Power decided to adopt a set of criteria for recommending gas allocation for Twelfth Plan projects. This involves parameters such as land acquisition, plant efficiency, Terms of Reference/ environmental clearance etc. The policy explicitly states that domestic gas linkage will be upto 60% of requirement. In the initial stage, projects will be given in-principle approval for domestic gas.
4. To encourage indigenous manufacturing, Central Electricity Authority issued a directive to central and state public sector utilities to procure supercritical equipments only from domestic manufacturers.
5. The Ministry of Power in consultation with Central Electricity Regulatory Commission and Central Electricity Authority has taken a policy decision to mandate competitive tariff based bidding for thermal power plants from 5<sup>th</sup> January, 2011.
6. The Government of Gujarat has proposed a cess of 2 paisa per kWh of generation which will be used to give fillip to generation of green energy and provide funding for purchase of non-conventional energy and for protection of environment.
7. Eligibility period for deduction under Section 80 (IA) of Income Tax Act, 1961 has been extended by one year in the Union Budget 2011-12.

### (C) TRANSMISSION SCENARIO

In order to realize ambitious power sector objectives of providing 'Power for All' by 2012 and to meet the demands of a growing economy, it has become imperative to ensure that the transmission segment grows in sync and that the momentum of investment in transmission sector is accelerated and sustained. The Eleventh and Twelfth Plans have set some challenging targets for the transmission sector. The total requirement of funds for transmission during the Eleventh Plan works out to Rs. 1,400 billion and the planned investment for the Twelfth Plan is Rs. 2,400 billion including Rs. 1,400 billion in the central sector (interstate system) and Rs. 1,000 billion in the state sector (intrastate system).

According to the statistics of Central Electricity Authority, transmission lines have grown by over two and a half times from around 156,000 ckt. Kms. in March 1985 to more than 403,000 ckt. Kms. in March 2010. From 1997 to 2010, the network had grown by almost 60%. The target is to take the line length to atleast 450,000 ckt. Kms. by 2012, through additions at 220 kV and above voltages. The inter-regional transmission capacity increased from 5,050 MW at the end of the Ninth Plan to 14,100 MW at the end of the Tenth Plan and further to 20,750 MW by March 2011. The inter-regional transmission capacity targets to be achieved by the end of the Eleventh Plan have been revised downwards to 32,650 MW from the earlier 37,700 MW. The Central Electricity Authority anticipates that inter-regional transmission capacity would be 57,000 MW by 2015 and 75,000 MW by the end of the Twelfth Five Year Plan.

Transmission projects continue to be accorded high priority in the context of the need to evacuate power from generating stations to load centres, system strengthening and creation of a synchronized National Grid. The New Grid with only Southern Grid remaining to be integrated is one of the largest synchronously connected grids in the world. Central Electricity Regulatory Commission has notified new Indian Electricity Grid Code (IEGC) effective from 3<sup>rd</sup> May, 2010. The New IEGC will facilitate larger integration of renewable energy sources with the grid and bring stricter grid discipline.

The country's transmission segment has been undergoing radical changes in the last couple of years. In future, Inter State Transmission System (ISTS) schemes would be built through competitive bidding and many private sector entities would own and operate ISTS elements. Already a number of ISTS schemes owned by private sector or Joint Venture between private sector and Power Grid Corporation of India Limited (PGCIL) are under construction.

National Electricity Policy stipulates the implementation of a national transmission tariff framework which is sensitive to distance, direction and related to quantum of flow. The new framework facilitates cost effective transmission of power across the regions. The CERC's recently announced transmission pricing regulations mark a paradigm shift from the earlier 'postage stamp' mechanism. The process facilitates integration of electricity markets and enhances open access and competition by removing the need for pan-caking of transmission charges. The distinction between generation and demand customers would provide siting signals to the users, through accurate transmission charges.

The organizational structure of the transmission segment has also changed significantly which had become inevitable to ensure fair access to the network to all grid entities. At the central level, Power System Operation Corporation Ltd (POSOCO) was formed to handle the power management function of PGCIL. It is responsible through National Load Dispatch Centre and Regional Load Dispatch Centre to ensure the integrated operation of the grid in a reliable, efficient and secure manner. Meanwhile, a modest beginning has been made in the separation of the state load dispatch centers (SLDCs) from state transmission utilities (STUs) with separation of their accounts in several states.

The central transmission utility (CTU) - Power Grid Corporation of India Limited- has begun work on introducing ultra high voltage technologies and has initiated a few pilot projects to implement smart grid technologies. This has become important not only to accommodate the huge intermittent renewable energy that is expected to be added in the coming years, but also to ensure more efficient power transmission from generation centers to demand centers and for facilitating power trading.



## (D) DISTRIBUTION SCENARIO

Power distribution is the final and most crucial link in the power sector value chain and unfortunately, the weakest one in the country. For quite some time, this segment has been struggling with persistently high systemic losses of about 27% to 30%. The sector currently suffers from huge losses arising from technical as well as non-technical factors. It is also plagued by power thefts, technical problems, corruption, dilapidated networks, inadequate metering, poor recovery of dues, lack of consumer orientation and poor operational and financial management.

A comprehensive report prepared by the Forum of Regulators (FoR), titled 'Assessment of Financial Viability of Discoms', November 2010, has revealed that the financial viability of state distribution utilities (Discoms) is increasingly becoming a matter of concern. In several states, book losses of the utilities are rising, power purchase costs are increasing, rates are not being rationalised, subsidies are not released regularly to distribution utilities and reduction in transmission and distribution (T&D) losses according to the assigned trajectory is not being complied with.

Though the distribution sector still remains the weak link in the value chain, government programmes such as the Restructured Accelerated Power Development and Reforms Programme (R-APDRP) and Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) have provided the much needed impetus. Implementation of open access at the distribution level still remains difficult to achieve with states using Section 11 of the Electricity Act, 2003 to deny the open access.

The state utilities, which are the major suppliers of electricity to consumers, own almost 85% distribution infrastructure in the country. Private ownership of distribution is limited to the states of Orissa and Delhi and the pre-reform distribution utilities existing in Ahmedabad, Surat, Mumbai, Kolkata and Dishegarh. Private companies have now started playing the role of distribution franchisees which are granted by the state utilities in high loss distribution circles.

The estimated total distribution line length is 7.3 million ckt kms as of FY 2009-10 for voltage levels of 33kV and below. The distribution network caters to 173 million consumers with total energy consumption at 531,482 MUs during FY 2009-10.

The following table shows the consumption pattern across broad categories.

Consumer Category	2008-09			2009-10		
	No. of consumers	MUs	%	No. of consumers	MUs	%
Domestic	123,898,458	131,979	26.69	130,989,722	137,682	25.91
Commercial	15,419,003	41,992	8.50	15,571,202	50,107	9.43
Industry	3,269,578	159,072	32.17	3,680,879	157,065	29.55
Agriculture	13,904,717	97,614	19.74	14,406,349	107,688	20.26
Others	8,285,175	63,786	12.90	8,823,899	78,940	14.85
Total	164,776,931	494,443	100.00	173,472,051	531,482	100.00

The State Electricity Regulatory Commissions facilitate optimal cost of power through a prescription of measures for reducing AT&C losses, demand side management (DSM) and increasing operational efficiency. The impact of implementing key DSM measures such as ToD tariffs has been seen in states such as Andhra Pradesh where significant achievements have been made in stabilizing the load curve of utilities.

## (E) RENEWABLE ENERGY

The issue of climate change has garnered significant concern in the recent years. Power generation from fossil fuels has been unanimously accepted as the single largest emitter of Green House Gases (GHGs). In this regard, there has been tremendous interest in putting up renewable power projects. The renewable capacity has gone up to 18,454 MW in March 2011 from 15,521 MW in March 2010, an increase of 19%.

India is endowed with huge untapped potential in Hydro, Wind and Solar power generation as assessed by Government of India, but it requires a favorable regulatory environment to tap this potential.

The installed and potential capacity of renewable energy is shown in following table:

Sr. No.	Source	Potential Capacity (MW)	Installed capacity as on 30 <sup>th</sup> June 2010 (MW)	Installed capacity as on 31 <sup>st</sup> March 2006 (MW)	CAGR (%)
1	Wind Power	45,195	12,009	4,434	28.29
2	Biomass	16,881	901	868	0.94
3	Small Hydro Power	15,000	2,767	777	37.37
4	Bagasse	5,000	1,412	77	106.94
5	Waste to Energy	2,700	72	35	19.76
6	Solar Power (*estimated)	>100,000	15*	—	—
	Total	>184,776	17,176	6,191	29.06

Further, the potential of renewable energy is also subject to upward revision as a result of better technologies and following the forward looking steps taken by the Government of India.

A positive trend has been an increase in the share of renewable energy with greater policy support such as Renewable Purchase Obligation, Preferential Tariff, Renewable Energy Certificates, Jawaharlal Nehru National Solar Mission and Generation based incentives. The National Action Plan on Climate Change has targeted 25,000 MW of renewable based installed capacity by 2012.

With an imminent scarcity of conventional fuels, various demand segments have emerged for renewable energy. These include telecom towers, billboards and major service sector enterprises such as hotels, data centres, business process outsourcing units, etc. all of whom largely draw upon diesel-based generation as backup power. Also important is the demand created from energy efficiency initiatives in commercial buildings, where renewable options have a strong case.

## (F) POWER TRADING

Of the total quantum of power generated in India, approximately 10% is traded through short term market, of which 49% is through Bilateral Contracts (including Banking of Power), 16% is through Power Exchange and remaining 35% is through UI mechanism.

Demand of power was high in FY 2009-10, mainly due to drought conditions and general elections, which ultimately resulted in higher short term power prices. While in 2010-11, despite Commonwealth Games in Delhi, good monsoon and addition in generation capacity coupled with weak financials of state utilities limiting their ability to off-take the power, the demand of short term power was subdued and the price realization was also lower. This trend is likely to continue in the coming years under similar circumstances. The decline in short term power prices could discourage upcoming merchant power capacities.

Currently, the two exchanges viz. Indian Energy Exchange Limited (IEX) and Power Exchange of India Limited (PXIL) have more than 400 participants and enjoy widespread participation by the state utilities

owing to easy and efficient electronic access. A third power exchange by NTPC Limited along with NHPC Limited, Power Finance Corporation Limited and Tata Consultancy Services Limited named as the National Power Exchange (NPEX) is in the offing.

#### **(G) RISKS AND CONCERNS**

The power sector continues to be haunted by many issues despite all the positive approaches made in the sector.

The perennial issue of power deficit continues to hover over the sector due to under-achievement of capacity addition plans in the past. The sector has also been grappling with shortage of fuel. The supply of both coal and natural gas has failed to match the growing demand. The heavy dependence on coal in the fuel mix and the shortage of domestic coal present its own set of problems for power producers. Lack of infrastructural development and other regulatory issues act as constraints for uninterrupted fuel supply. Equipment supply has been among the most frequent causes of failure in achieving timely capacity additions and other factors like availability of contractors, skilled workers and infrastructural facilities delay the project implementation. Lack of coordination among various government departments constrains and delays the acquisition of scarce land, requisite environmental clearance, water availability and other clearances. Inadequate transmission network leads to delay in commissioning of generation projects as proper evacuation facilities are not in place in time.

Fiscal performance of the state transmission companies continues to be poor. The rising loss levels could deter the states from undertaking huge investments required in the sector for augmentation and strengthening of the transmission system independently. Both public and private transmission project developers are facing procedural delays in land acquisition, obtaining right of way (ROW), environmental and related statutory clearances and equipment deployment, use and repair, particularly in the hostile terrains.

High Aggregate Transmission and Commercial losses constitute the major impediment for the distribution sector. The huge aggregate losses of the state utilities limit their ability to make investments to upgrade distribution systems and introduce new practices.

#### **(H) FUTURE OUTLOOK AND OPPORTUNITIES**

Despite recent international economic turmoil, the Indian economic forecast remains robust and growth is likely to remain around 9% or higher in the coming years. It is estimated that this will require an installed capacity base of atleast 780 GW by 2031-32, which will create fresh opportunities for investments.

India has already become a manufacturing hub for renewable power generation equipments. It is the fourth largest wind turbine manufacturer and the second largest solar photovoltaic panel manufacturer (based on crystalline solar cells) in the world.

New opportunities would also be available in the transmission and distribution sector once privatization of distribution gathers further momentum. The Government has already invited competitive bids from private participants for certain EHV lines for commensurate development of the transmission sector in tandem with generation. The recent guideline of competitive bidding being compulsory from 5<sup>th</sup> January, 2011, has opened up new opportunities for the private sector. The franchisee model in distribution provides vast opportunities for public private partnership (PPP).

It has been established beyond doubt that in order to ensure rapid progress of any sector, it is imperative to provide a level playing field to the private sector. A healthy public private partnership can bring about the desired changes in every sector. With the liberalization of the power sector and introduction of the Electricity Act, 2003 coupled with the announcement of progressive reforms, there is an increased participation from the private sector. Involvement of private sector not only reduces funding constraints, but also has other advantages like improvement in competitiveness of the projects and more efficient project execution with latest technology.

## 5. REVIEW OF COMPANY'S BUSINESS

The Company is an integrated utility having interests in power generation, transmission and distribution.

### Generation

#### SUGEN Mega Power Plant near Surat

Out of its total capacity of 1147.5 MW, the power plant caters to the power needs of Ahmedabad, Gandhinagar and Surat to the extent of 835 MW. Additionally, 100 MW is sold on interstate basis, the surplus being sold to others including on short term basis. During the year, SUGEN achieved PAF of 95.32% (Previous Year - 96.86%) and PLF of 82.77% (Previous Year- 86.05%) and dispatched 8,070 MUs (Previous Year - 5,609 MUs). PAF is reduced due to increase in planned maintenance during the year whereas, decreased power demand and related transmission constraint has affected PLF of SUGEN in FY 2010-11. SUGEN plant was issued 1.83 Million Certified Emission Reductions (CERs) on 31<sup>st</sup> March, 2011.

#### AMGEN Power Plant at Ahmedabad

During the year from its 500 MW capacity, the Company achieved PAF of 92.98% (Previous Year- 95.81%) and PLF of 82.53% (Previous Year - 93.44%) and dispatched 3,327 MUs. The PLF is lower on account of shutdown, application of merit order dispatch route, etc.

### Distribution

#### Ahmedabad and Surat

The sales were higher at 8,527 MUs as against 8,045 MUs during the previous year, registering a reasonable growth of 6%. The T&D losses were reduced marginally to 7.23% from 7.62% during the previous year and is one of the lowest in the country. The consumer base for both the areas as on 31<sup>st</sup> March, 2011 was 20.87 lacs (Previous Year - 20.14 lacs). The overall peak system demand for these distribution areas during FY 2010-11 was 1,646 MW, which increased by 9.51% as against 1,503 MW in the Previous Year.

The Electricity Act, 2003 requires the state electricity regulatory commission to specify terms and conditions for determination of tariff, which shall include Multi Year Tariff principles and other principles that reward efficiency in performance. Accordingly, the Hon'ble Gujarat Electricity Regulatory Commission has notified Multi Year Tariff Regulations for the second control period of FY 2011-12 to FY 2015-16. The Company has filed necessary petition for determination of Annual Revenue Requirement for the second control period of FY 2011-12 to 2015-16 and tariff for FY 2011-12.

#### Bhiwandi

The sales were higher at 2,511 MUs as against 2,449 MUs during the Previous Year, registering a marginal growth of 2.53%. The T&D Losses were marginally lower at 17.95% as against 19.33% during the Previous Year. The consumer base as on 31<sup>st</sup> March, 2011 was 2.21 lacs (Previous Year 1.94 lacs). The peak system demand for this distribution area was 523 MW during FY 2010-11, which is marginally lower as against the 525 MW in the Previous Year.

#### Agra

The Company commenced distribution franchisee operations at Agra effective from 1<sup>st</sup> April, 2010. Total sales during the year were 980 MUs. The T&D losses were at 53.64%.

## Overall Sales

The overall sales in FY 2010-11 were 14,512 MUs as against 12,895 MUs during the previous year, registering a growth of 12.54% during the year. Sales to various categories of consumers during FY 2010-11 as compared to the previous year are as under:

Category of Consumers	2010-11(*)		2009-10		Growth
	MUs	%	MUs	%	%
Residential	2,907	20.03	2,214	17.17	31.30
Commercial	1,661	11.45	1,349	10.46	23.13
LTP / LTMD	4,677	32.22	4,555	35.32	2.68
HT	2,626	18.10	2,263	17.55	16.04
Others	2,641	18.20	2,514	19.50	5.05
Total	14,512	100.00	12,895	100.00	12.54

(\*) Includes 980 MUs for Agra Distribution Franchisee Area

The highest growth of 31.30% was registered in residential category, followed by 23.13% in commercial category and 16.04% in HT category of consumers. However, marginal growth of 2.68% was witnessed in LTP/LTMD category. Other sales include sales to external parties through bilateral contracts, Power Exchange, Unscheduled Interchange (UI), etc.

The over all

- PBDIT increased by 17.68% from Rs. 1,835.86 Crores to Rs. 2,160.40 Crores
- Depreciation increased by 17.10% from Rs. 335.35 Crores to Rs. 392.68 Crores
- Interest increased by 7.91% from Rs. 314.06 Crores to Rs. 338.90 Crores
- PBT increased by 20.43% from Rs. 1,186.45 Crores to Rs. 1,428.82 Crores
- PAT increased by 27.40% from Rs. 836.55 Crores to Rs. 1,065.72 Crores

Though the GERC Multi Year Tariff Regulations provide for post-tax return of 14% on equity, the regulated distribution business comprising Ahmedabad and Surat could not realize such rate of return. The nominal tariff rise of 1% to 2%, based on stiffer trajectories in normative parameters despite continuous efficiency improvements particularly in T&D losses, non-grossing up of tax and other factors, could not fully offset the increase in cost, mainly on account of inflation. Despite the above, regulated business recorded improved profits in FY 2010-11 as compared to FY 2009-10 due to increased operational efficiencies and dedicated man power.

Due to first year of Agra operations, the T&D losses as well as the operative expenses were high which have led to the unit's losses in the current Financial Year. Further, FY 2010-11 being the initial period, operational teething troubles were also faced and it is hoped that operations will stabilize in FY 2011-12.

Increased availability of power on continuous basis from own generation capacity, especially SUGEN on a full year basis in FY 2010-11 as compared to 8 months in FY 2009-10 resulted in improvement in overall financial performance of FY 2010-11 despite decreased short term power demand and related transmission constraints.

## 6. FUTURE GROWTH PLANS

### Upcoming Projects

The Company is geared to expand its capacities through various upcoming projects which are as follows:-

#### ❖ LALPUR WIND PROJECT

The Company has forayed into the thrust area of renewable energy by conceptualizing the 44 MW wind power generation project. It has signed an Agreement with Enercon (India) Limited to commission this project at Lalpur, District Jamnagar, Gujarat.

#### ❖ UNOSUGEN

The Company is developing its brown field project, the 382.5 MW gas based combined cycle power plant adjacent to the existing SUGEN plant, for which the EPC Contract has been awarded to Siemens. The project has received MEGA Power Project status from the Ministry of Power, environmental clearance from MoEF and connectivity approval from Central Transmission Utility. 36% of the EPC work has been completed and efforts are being made to commission the project before its scheduled date. This project is expected to meet 278 MW additional demand of Ahmedabad and Surat distribution.

#### ❖ UP SANDILA

The Company has signed a MoU with the Government of Uttar Pradesh for development of 1,320 MW Coal Based Power Plant at Sandila, Dist. Hardoi, Uttar Pradesh which is in its initial stage of development.

### 7. FINANCE

The Company has executed Loan Facility Agreements for Rs 1,283 Crores for UNOSUGEN project with KfW-Germany, Infrastructure Development Finance Company Limited, State Bank of India and Bank of Baroda. During the year, the Company raised long-term loans from various Financial Institutions and Banks to the tune of Rs. 100 Crores, bridge loan of Rs.175 Crores and buyer's credit of Rs. 10.96 Crores. The term loans including working capital loans and APDRP loans outstanding as on 31<sup>st</sup> March, 2011 were Rs. 3,060 Crores (Previous Year - Rs. 3,191 Crores). The Company has repaid an amount of Rs. 418 Crores (Previous Year - Rs. 448 Crores) towards term loans including loan under APDRP. The Company's long term debt paper and cash credit / overdraft are rated AA/Stable by CRISIL Limited. This indicates high degree of safety with regard to timely payment of financial obligations. For letters of credit / bank guarantees, the Company is rated P1+ indicating high degree of safety regarding timely payment of the instrument.

### 8. RISKS AND CONCERNS OF THE COMPANY

The infrastructure sector and in particular the power sector is prone to multiple potential risks including Legal Risks (tariff regulation, environmental regulation and statutory changes), Fuel Risks (availability and pricing), Consumer Risks (revenue realization, transmission risks), Asset Risks (natural calamity etc.), Human Resource Risks and IT Risks. Continuous endeavors are being made to evolve appropriate measures for mitigating these risks including through insurance to the extent possible.

Though the Company's regulated distribution business has put in all the efforts for efficiently carrying out its operations, it is not getting due recognition and incentives for its most efficient operations, rather such efficiency has continuously become its hurdle rate. The situation of 1% to 2% tariff increase after no tariff increase for a long period of 7 years is not encouraging. The MYT Regulations for the second control period have not incentivised the power distribution utilities sufficiently for better performance. Inadequate tariff would affect the future CAPEX spending which in turn will impact the quality, safety and reliability of Regulated Distribution. Also, the Company has been extremely positive in its HR areas including through comprehensive performance based rewards which cannot be sustained in the long run if the profits are impaired. This would further enhance the difficulties faced by the regulated business in attracting and retaining qualified and experienced talent – both technical and commercial. Thus, tariff determination remains an area of concern for the Company.

Increase in fuel prices is another major concern for the Company. The prices of A and B Grades coal have gone up by more than 100% effective from 27<sup>th</sup> February, 2011. Also, there is an upward price movement in the case of both domestic gas and Regassified Liquefied Natural Gas.

After satisfying the long term arrangement of 835 MW to Ahmedabad and Surat distribution and 100 MW to Madhya Pradesh Power Trading Company, the balance available power at SUGEN is disposed off to the extent possible through various means including Power Exchange and bilateral transactions. Multiple variables such as demand for such balance power in a particular time block, availability of transmission corridor for such power and the power purchasing capabilities of the State Discoms pose challenges to the earnings of the Company.

The Company also bears the risk of adequate availability of technical personnel, which it proposes to overcome through pro-active recruitment and training.



## 9. INTERNAL CONTROL SYSTEMS

The Company has an adequate system of Internal Controls aimed at achieving efficiency in operations, optimum utilization of resources and compliance with all applicable laws and regulations. An independent firm of Chartered Accountants is appointed as auditors for conducting internal audit function. Besides, the company has its own in-house audit function, which conducts routine audit of activities. The observations and recommendations for improvement of the business operations are reviewed by the management and are reported to the Audit Committee. The Audit Committee comprises of only independent directors.

## 10. INFORMATION TECHNOLOGY

The Company implemented SAP at AMGEN and Ahmedabad Distribution unit from 1<sup>st</sup> July, 2010 and at SUGEN Plant from 1<sup>st</sup> April, 2011. SAP is proposed to be implemented in Surat distribution during FY 2011-12.

## 11. HUMAN RESOURCES

Development initiatives pertaining to consumer orientation, self and organizational development, team building, managerial effectiveness, training and up-gradation of technical skills, etc. are continuously undertaken by the Company for improving the value of and contribution by its human assets. The Company also makes focused efforts for increasing productivity and overall improvement in the quality of work of the employees by redefining the business process. Staff strength as on 31<sup>st</sup> March, 2011 was 7,184.

## 12. SUBSIDIARIES

The Company has three subsidiary companies namely, Torrent Power Grid Limited, Torrent Energy Limited and Torrent Pipavav Generation Limited.

### A. Torrent Power Grid Limited

During the year, the third and final phase of the Project (for evacuation of power from SUGEN power generating station) of 144.5 kms 400 kV Double Circuit line as part of transmission infrastructure from SUGEN to Pirana sub-station of Power Grid Corporation of India Limited with Loop in Loop out at 400 kV sub-station of the Company at Pirana has been commissioned.

The company has filed a petition for determination of tariff for the first and second phase of the Project pursuant to the provisions of CERC (Terms and Conditions of Tariff) Regulations, 2009.

### B. Torrent Energy Limited (DGEN)

Torrent Energy Limited is implementing the gas based DGEN Mega Power Project at Dahej SEZ. It proposes to establish 3 units of approximately 400 MW each for which the EPC contract has been awarded. Environmental clearance has been received from MoEF for 2 units and the Terms of Reference for other unit have been approved. EPC implementation is in progress. Non-EPC work has commenced and raw water reservoir and road / drains are nearing completion. Connectivity and Long Term Open Access for 1,200 MW has been granted by the Central Transmission Utility. The project is expected to meet 387 MW additional demand of Ahmedabad and Surat distribution.

### C. Torrent Pipavav Generation Limited

Torrent Pipavav Generation Limited is setting up the 1,000+ MW coal-based power project at Pipavav in Amreli District of Gujarat. The project has Coal Linkage of Baitarni coal mines and will meet the balance requirement of coal through additional domestic coal linkages / imports. Though the Hon'ble Gujarat High Court has approved the consent settlement with the land owners, the Company is still facing difficulties in land acquisition and efforts are being made to resolve the issue. Terms of Reference have been cleared by MoEF and environmental field studies have been completed.

### D. Torrent Power Bhiwandi Limited

During the year under review, the Company has divested its shareholding from Torrent Power Bhiwandi Limited (TPBL). TPBL has, therefore, ceased to be a subsidiary of the Company.

## 13. ENVIRONMENT, HEALTH AND SAFETY

The Company accords the highest priority to Environment, Health and Safety. The Company has forayed into the wind sector and is in the process of setting up the 44 MW wind power project. In line with its



philosophy of according the highest importance to safety in its various operations, it is focusing on mitigating high risks in its operations at all locations. Apart from laying down stringent operating procedures, appropriate technology is also being deployed for mitigating risks particularly to human lives. Safety campaigns and public awareness programmes have been enhanced.

#### **14. CORPORATE SOCIAL RESPONSIBILITY**

The Company's CSR initiatives are highly influenced by the philosophies of its group Founder Chairman, Shri U. N. Mehta. He firmly believed that it was the responsibility of every member of the society to give back for all the good that the society has bestowed upon them. The Company continues to make focused efforts for fulfilling its Corporate Social Responsibility, with the thrust areas being education, health & sanitation and public awareness.

During the year, the Company carried out the following CSR activities:

- Expansion of U. N. Mehta Institute of Cardiology and Research Centre (UNMICRC), state of the art cardiac hospital with 450 beds, which has since been completed. The Company has contributed Rs. 4 Crores during the year and cumulatively Rs. 15 Crores for this project. The new facility would include ICUs and ICCUs, cath labs, AHU rooms, conference room, auditoriums and library.
- The Company has completed construction of class rooms at Government Primary School, Aanganwadi and play ground for children at Akhakhol village, District Surat. The Company provides medical support to residents and nutrition support to the children of Akhakhol.
- The Company has also sponsored Shardashish Scholarship Programme through U. N. Mehta Charitable Trust, which provided financial support to 50 meritorious students from economically weak background.

#### **15. DIRECTORS**

During the year under review, term of appointment of Shri Sudhir Mehta, Executive Chairman was pre-closed and he was appointed afresh for a period of 5 years effective from 1<sup>st</sup> August, 2010. Shri Samir Mehta has been appointed as Executive Vice Chairman for a period of 5 years effective from 1<sup>st</sup> August, 2010. Also, the term of appointment of Shri Markand Bhatt and Shri Murli Ranganathan, Whole-time Directors were pre-closed and they were appointed afresh for a period of 5 years effective from 1<sup>st</sup> April, 2011. Shri T. P. Vijayasathy has been appointed as Whole-time Director for a period of 5 years effective from 1<sup>st</sup> November, 2010.

Shri Murli Ranganathan and Shri S. K. Barua retire by rotation and being eligible, they have offered themselves for re-appointment.

For your perusal, a brief resume of the Directors being appointed / re-appointed and other relevant details are given in the Explanatory Statement to the Notice convening the Annual General Meeting. The Board of Directors recommends their appointment / re-appointment for approval of the shareholders of the Company.

#### **16. CORPORATE GOVERNANCE**

The governance philosophy of the Company rests on five basic principles viz. protection of rights and interests of shareholders, equality in treatment of all shareholders, disclosure of timely and accurate information, strategic guidance and effective monitoring by the Board and accountability of the Board to the Company and its shareholders.

This report deals with the matters stipulated for the Management Discussion and Analysis Report. A report on Corporate Governance also forms part of the Annual Report. Certificate of the Auditors regarding compliance with the Corporate Governance code is also attached to the Annual Report.

#### **17. AUDITORS**

M/s. Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment. They have furnished a certificate regarding their eligibility for re-appointment as Statutory Auditors of the Company, pursuant to Section 224(1B) of the Companies Act, 1956.

Observations made in the Auditors' Report are self-explanatory and therefore, do not call for any further comments.

## 18. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, in relation to the financial statements for the year 2010-11, the Board of Directors states that:

1. In preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2011 and of the profit for the year ended on 31<sup>st</sup> March, 2011;
3. The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. The financial statements have been prepared on a going concern basis.

## 19. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The details relating to technology absorption, foreign exchange earnings and outgo prescribed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 ("the Rules") are given in the Annexure to and forms part of this report. As the Company is not a scheduled industry, details in respect of conservation of energy pursuant to the said Rules are not furnished.

## 20. PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, forms part of this report. As per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the report is being sent to all the shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining the particulars may obtain it by writing to the Company Secretary of the Company.

## 21. APPRECIATION AND ACKNOWLEDGEMENTS

The Directors are pleased to place on record their appreciation for the continued guidance and support received from the Central Government, Government of Gujarat, Government of Maharashtra, Government of Uttar Pradesh, Central Electricity Regulatory Commission, Central Electricity Authority, Gujarat Electricity Regulatory Commission, Maharashtra Electricity Regulatory Commission, Uttar Pradesh Electricity Regulatory Commission, Western Region Power Committee, National Load Dispatch Centre, Regional Load Dispatch Center, State Load Dispatch Centre, Gujarat Urja Vikas Nigam Limited, Gujarat Energy Transmission Corporation Limited, Maharashtra State Electricity Distribution Company Limited, Maharashtra State Electricity Transmission Company Limited, Power Grid Corporation of India Limited, Gujarat Power Corporation Limited, Uttar Pradesh Power Corporation Limited, Dakshinanchal Vidyut Vitran Nigam Limited, Paschimanchal Vidyut Vitran Nigam Limited, Poorvanchal Vidyut Vitran Nigam Limited, Madhyanchal Vidyut Vitran Nigam Limited, Dakshin Gujarat Vij Company Limited, Uttar Gujarat Vij Company Limited, Gas Suppliers and Transporters including Reliance Industries Limited, Indian Oil Corporation Limited, GAIL (India) Limited, Reliance Gas Transportation Infrastructure Limited, Gujarat State Petronet Limited and Petronet LNG Limited, Coal Suppliers including South Eastern Coalfields Limited, Siemens India Limited and Siemens AG, Financial Institutions and Banks including Bank of Baroda, Canara Bank, HDFC Bank, IDBI Bank, Infrastructure Development Finance Company Limited, Life Insurance Corporation of India, KfW-Germany, Power Finance Corporation, Punjab National Bank, State Bank of India and UCO Bank. The Board recognizes the contribution of the esteemed consumers in the growth of the Company and takes this opportunity to pledge the Company's commitment to serve them better. The Board would also like to express its sincere appreciation for the commitment and contribution of all its employees. The Company also thanks its shareholders for their unstinted support.

For and on behalf of the Board of Directors

Ahmedabad  
4<sup>th</sup> May, 2011

**Sudhir Mehta**  
Chairman

## FORM B: ANNEXURE TO DIRECTORS' REPORT

### RESEARCH AND DEVELOPMENT (R&D)

<b>1.</b>	<b>Specific areas in which R&amp;D was carried out by the Company</b>
	The Company per se did not carry out any basic R&D work during the year 2010-11. However, some activities carried out through indigenous sources resulted in significant improvement in the performance of the system.
	<b>a. Generating Stations</b>
	<ul style="list-style-type: none"> <li>• Electro Static Precipitators (ESP) at 120 MW D Station up-graded to comply with futuristic environment norms.</li> <li>• Ash pond water utilized for sprinkling system to conserve water</li> </ul>
	<b>b. Transmission and Distribution</b>
	<ul style="list-style-type: none"> <li>• Approached Government of Gujarat for ban on usage of harmful threads coated with magnetic and plastic material.</li> <li>• In house development of additional protection of OH lines for open circuit condition in case of conductor snapping and falling on the ground.</li> <li>• Introduced use of Arc Suits, Arc Gloves and Arc hoods to protect individuals from Arc energy due to flash over occurring in the electrical system.</li> <li>• Standard Operating Procedures (SOP) are prepared.</li> </ul>
<b>2.</b>	<b>Benefits derived as a result of above R&amp;D initiatives</b>
	The benefits derived as a result of the above R&D initiatives in the Generation, Transmission and Distribution areas are as under.
	<b>a. Generating Stations</b>
	<ul style="list-style-type: none"> <li>• ESP - Futuristic SPM emission norms could be complied with.</li> <li>• Sprinkling System - Water conservation and better maintenance of green cover at ash pond.</li> </ul>
	<b>b. Transmission and Distribution</b>
	<ul style="list-style-type: none"> <li>• Ban on usage harmful threads coated with magnetic and plastic material would enhance public safety during kite festivals.</li> <li>• The additional OH protection would ensure tripping of the OH lines and would assist in Public safety against shock or fire on account of live conductor falling.</li> <li>• Arc protection equipments would ensure safety of operating personnel against flash over in the equipments.</li> <li>• SOPs would define the sequence of operations and usage of PPE to assist in reduction of accidents.</li> </ul>
<b>3.</b>	<b>Future Plan of Action</b>
	<ul style="list-style-type: none"> <li>• Securitization of Company's assets.</li> <li>• Fire and Safety related status audit of all EHV and 33kV Sub Station.</li> </ul>
<b>4.</b>	<b>Expenditure on R&amp;D</b>
	No expenditure has been incurred as the above involved improvement in operating practices only.

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

<b>1. Efforts made towards technology absorption, adaptation and innovation</b>
<ul style="list-style-type: none"><li>In-house innovation made to develop additional protection for open circuit in case of conductor snapping using the available features in the existing equipments without any additional cost.</li></ul>
<b>2. Benefits derived as a result of the above efforts</b>
<ul style="list-style-type: none"><li>Faster isolation of the faulty section.</li></ul>

## FOREIGN EXCHANGE EARNINGS AND OUTGO

Description	(Rs. in Crores)
<b>Foreign Exchange Earned</b>	2.96
<b>Foreign Exchange Used (Actual Basis)</b>	
a) Import of Capital Goods	181.26
b) Import of Fuel, Components, Stores and Spare parts	70.75
c) Traveling, Subscriptions and Others	1.13

For and on behalf of the Board of Directors

Ahmedabad  
4<sup>th</sup> May, 2011

**Sudhir Mehta**  
Chairman

## REPORT ON CORPORATE GOVERNANCE

Corporate governance is globally recognised as a key component for the robust operations of every corporate entity. Sound governance practices and responsible corporate behaviour contribute to superior long-term performance of companies.

Adaptation to changing times is the key to corporate growth and long term survival. Continuous improvement is necessary in the governance practices as well. Better governance practices enable companies to introduce more effective internal controls suitable to the changing nature of business operations, improve performance and also provide an opportunity to increase public understanding of the key activities and policies of the organisation. Indian corporates have adopted better governance practices and have demonstrated openness in their dealings with stakeholders across the board. This has been augmented by regulatory authorities introducing and improving governance practices for Indian corporates over the last decade.

### Company's Philosophy on Corporate Governance

The Company recognises that transparency, disclosure, financial controls and accountability are the pillars of a good system of corporate governance. The Company believes that the Corporate Governance Code of the Listing Agreement prescribes a framework for governance of a business in corporate framework. The Company's philosophy is to develop the desired framework and institutionalise the spirit it entails. This will lay the foundation for further development of superior governance practices, vital for successful business in the interest of all stakeholders in the best possible manner.

### 1. BOARD OF DIRECTORS

The Board of Directors comprises of ten Directors of which five Directors are Independent Non-Executive Directors. Composition of the Board is in conformity with the provisions of the Code.

The Board of Directors met four times during the year on 7<sup>th</sup> May, 2010, 31<sup>st</sup> July, 2010, 27<sup>th</sup> October, 2010 and 24<sup>th</sup> January, 2011.

Composition of the Board and other related details are given below:

Name of the Director	Category	No. of Directorship held	No. of Board Committees of which Member/ Chairman	Board Meetings attended	Attendance at the last AGM
Shri Sudhir Mehta, Executive Chairman	Promoter and Executive Director	5	2 (Chairman) 1 (Member)	4	Yes
Shri S. K. Barua	Independent Non-Executive Director	5	4 (Member)	4	Yes
Shri Kiran Karnik	Independent Non-Executive Director	2	1 (Member)	3	No
Shri Keki M. Mistry	Independent Non-Executive Director	13	3 (Chairman) 7 (Member)	2	Yes
Shri Pankaj Patel	Independent Non-Executive Director	11	3 (Chairman) 1 (Member)	4	Yes

Name of the Director	Category	No. of Directorship held	No. of Board Committees of which Member/ Chairman	Board Meetings attended	Attendance at the last AGM
Shri K. Sridhar	Independent Non-Executive Director Nominee of LIC (a shareholder)	1	1 (Member)	4	Yes
Shri Samir Mehta	Promoter and Executive Director	4	3 (Member)	4	Yes
Shri Markand Bhatt	Promoter and Executive Director	4	2 (Member)	4	Yes
Shri Murli Ranganathan	Promoter and Executive Director	2	-	4	Yes
Shri T. P. Vijayarathy (a)	Promoter and Executive Director	4	1 (Member)	1	N.A.

- a) Shri T. P. Vijayarathy was appointed as Whole-time Director effective from 1<sup>st</sup> November, 2010.

Details of directorship given above exclude directorship held in private companies, foreign companies and companies registered under Section 25 of the Companies Act, 1956. Details of committee membership include membership/ chairmanship of Audit Committee and Shareholders'/ Investors' Grievances Committee of public companies.

Shri S. K. Barua and Shri Murli Ranganathan are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, they have offered themselves for re-appointment.

The Board of Directors has, at its meeting held on 31<sup>st</sup> July, 2010, appointed Shri Sudhir Mehta afresh as Executive Chairman of the Company for a period of 5 years effective from 1<sup>st</sup> August, 2010, by pre-closing his existing term of appointment. At the said meeting, the Board has also appointed Shri Samir Mehta as Executive Vice Chairman for a period of 5 years effective from 1<sup>st</sup> August, 2010.

Similarly, the Board also appointed Shri Markand Bhatt and Shri Murli Ranganathan afresh as Whole-time Directors for a period of 5 years effective from 1<sup>st</sup> April, 2011, by pre-closing their existing term of appointment. Shri T. P. Vijayarathy was appointed as Whole-time Director for a period of 5 years effective from 1<sup>st</sup> November, 2010.

Necessary resolutions seeking approval of the shareholders for the said appointments form part of the Notice convening the 7<sup>th</sup> Annual General Meeting. Brief resume and other relevant details of the Directors proposed to be appointed/ re-appointed are given in the Explanatory Statement annexed to the Notice of the Annual General Meeting. Shri Sudhir Mehta and Shri Samir Mehta are related to each other. None of the other Directors are related inter-se.

The Board meetings are normally held in Ahmedabad. The Board meets atleast once in a quarter with gap between two meetings not exceeding four months. The Board agenda papers and other explanatory notes are circulated to the Directors in advance. Senior executives are invited to attend the Board meetings as and when required.

## 2. AUDIT COMMITTEE

To broad-base the participation of Directors, the Board of Directors has re-constituted the Audit Committee during the year under review. Present members of the Audit Committee are Shri Keki M. Mistry, Chairman, Shri S. K. Barua, Shri Kiran Karnik and Shri K. Sridhar. All the members of the Committee are Independent Directors.

During the year under review, four meetings of the Audit Committee were held on 7<sup>th</sup> May, 2010, 31<sup>st</sup> July, 2010, 27<sup>th</sup> October, 2010 and 24<sup>th</sup> January, 2011. Composition of the Committee and details of attendance of the members at the Committee meetings during the year are given below:

Name of the Director	Qualification	No. of meetings attended
Shri Keki M. Mistry (a)	C.A., C.P.A. (USA)	2
Shri S. K. Barua	M. Tech.-IIT, Kanpur, Ph. D. (Management)-IIM, Ahmedabad	4
Shri Pankaj Patel (b)	M. Pharm.	3
Shri Kiran Karnik	Honours in Physics from Bombay University, PGDBM-IIM, Ahmedabad	2
Shri K. Sridhar (c)	Bachelor of Laws, Post Graduate in Economics	1

- (a) Shri Keki M. Mistry was appointed as Chairman of the Audit Committee effective from 31<sup>st</sup> July, 2010.
- (b) On re-constitution of the Audit Committee, Shri Pankaj Patel ceased to be a member of the Audit Committee effective from 27<sup>th</sup> October, 2010.
- (c) Shri K. Sridhar was appointed as a member of the Audit Committee effective from 27<sup>th</sup> October, 2010.

The Company Secretary acts as Secretary to the Committee. The Committee meetings were also attended by the representatives of the Statutory Auditors, Internal Auditors and the Executive Director (Corporate) of the Company. The Committee invites senior executives as it considers appropriate to attend meetings of the Committee.

Composition and terms of reference of the Audit Committee are in compliance with the provisions of Clause-49 of the Listing Agreement and Section 292A of the Companies Act, 1956. Major terms of reference of the Committee include overseeing the financial reporting process, review of the financial statements, ensuring compliance with the regulatory guidelines, review of internal audit reports, recommending appointment and remuneration of the statutory auditors to the Board of Directors and review of adequacy of internal control systems and internal audit function.

## 3. SHAREHOLDERS' GRIEVANCES COMMITTEE

The Shareholders' Grievances Committee reviews shareholder grievances and related requests received from the shareholders. Members of the Committee are Shri Pankaj Patel, Chairman, Shri Samir Mehta and Shri Markand Bhatt. Shri Rajiv Shah, Company Secretary is the Compliance Officer and acts as Secretary to the Committee.



The Committee met 4 times during the year to review redressal of the shareholder grievances. Powers to approve share transfers and related requests have been delegated by the Committee to senior officials of the Company for expeditious disposal of the shareholders' requests and complaints.

The Company received 114 complaints during the year and they were attended within a reasonable period of time. No complaint was pending as on 31<sup>st</sup> March, 2011. No valid requests for share transfer, issue of duplicate share certificates, etc. were pending as on 31<sup>st</sup> March, 2011 beyond 30 days for processing.

#### 4. MANAGERIAL REMUNERATION

##### Independent Non-Executive Directors (INEDs)

1. INEDs are compensated for their services to the Company by way of commission. Shareholders have approved a ceiling of 1% of net profits per annum for payment of commission.
2. Within the ceiling, the Chairman of the Board of Directors has the power to decide the commission to be paid to each INED. The commission is determined on the basis of participation at the Board and Committee meetings. Apart from payment of commission, there were no other pecuniary relations or transactions with INEDs.

Details of remuneration paid to the Directors for the year 2010-11 are as under:

(Rs. in lacs)

Name of the Director	Sitting Fees	Salary & Perquisites #	Commission	Total
Shri Sudhir Mehta \$	Nil	143.92	606.08 ^	750.00
Shri S. K. Barua	Nil	Nil	11.00	11.00
Shri Kiran Karnik	Nil	Nil	8.00	8.00
Shri Keki M. Mistry	Nil	Nil	7.00	7.00
Shri Pankaj Patel	Nil	Nil	12.75	12.75
Shri P. S. Shenoy	Nil	Nil	0.30	0.30
Shri K. Sridhar	Nil	Nil	7.75 *	7.75
Shri Samir Mehta \$	Nil	Nil	600.00 ^	600.00
Shri Markand Bhatt \$	Nil	1001.94	Nil	1001.94
Shri Murli Ranganathan \$	Nil	401.06	Nil	401.06
Shri T. P. Vijayasathy \$	Nil	92.51	Nil	92.51
<b>Total</b>	<b>Nil</b>	<b>1639.43</b>	<b>1252.88</b>	<b>2892.31</b>

\$ The terms of appointment of Executive Chairman, Executive Vice Chairman and Whole-time Directors are governed by the shareholders' resolutions (past and proposed) and applicable rules of the Company. None of the Directors are entitled to severance pay.

# Includes salary, house rent allowance, contribution to Provident/ Gratuity/ Superannuation Funds and approved allowances/ perquisites. Directors have not been granted any stock options during the year.

^ Commission as approved by the Board subject to a maximum of such rate of eligible net profits so that the total remuneration does not exceed 5% of the net profits.

\* Commission of Shri K. Sridhar (nominee of LIC) for FY 2010-11 shall be paid to Life Insurance Corporation of India.

### Nomination and Remuneration Committee

The Board has constituted Nomination and Remuneration Committee during the year under review. Major terms of reference of the Committee include evaluating and recommending the composition of the Board of Directors and Committees thereof, considering and recommending the appointment of Non-Executive Directors, determining the process of evaluating the effectiveness of individual Directors and the Board as a whole, evolving principles, criteria and the basis of remuneration policy and considering and recommending the appointment and remuneration of Whole-time Directors and Managing Directors.

Members of the Committee are Shri Kiran Karnik, Chairman, Shri Pankaj Patel and Shri Sudhir Mehta. During the year under review, one meeting of the Committee was held on 24<sup>th</sup> January, 2011, which was attended by all the members.

### Shareholding of Non-Executive Directors

None of the Non-Executive Directors holds any shares of the Company.

## 5. GENERAL BODY MEETINGS

Details of annual general meetings held by the Company during the last three years are given below:

Meeting	Date	Time	Venue	No. of special resolutions passed
4 <sup>th</sup> AGM	30 <sup>th</sup> July, 2008	9.30 a.m.	Sheth Mangaldas Girdhardas Memorial Hall (Town Hall), Ellisbridge, Ahmedabad-380006	1
5 <sup>th</sup> AGM	30 <sup>th</sup> July, 2009	9.30 a.m.	H.T. Parekh Convention Centre, Torrent-AMA Centre, Ahmedabad Management Association, Vastrapur, Ahmedabad-380015	1
6 <sup>th</sup> AGM	31 <sup>st</sup> July, 2010	9.30 a.m.	J. B. Auditorium, Torrent-AMA Centre, Ahmedabad Management Association, Vastrapur, Ahmedabad-380015	1

Special resolutions mentioned above were passed by show of hands. No resolution was passed through Postal Ballot during the year under review. The postal ballot exercise shall be conducted in compliance with the applicable provisions of Section 192A of the Companies Act, 1956 and rules made thereunder.

## 6. DISCLOSURES

### Legal Compliances

The Company has formalised a system for legal compliances applicable to the Company. Status of legal compliances and steps taken to rectify non-compliances, if any, are placed to the Board of Directors at its meetings.

There were no instances of material non-compliances during the year under review. No strictures or penalties were imposed on the Company by SEBI, stock exchanges or any statutory authority on any matter related to capital markets during the last three years.

#### **Code of Business Conduct**

The Company has adopted a Code of Business Conduct based on the business principles of the Company. The Code of Business Conduct has also been posted on the website of the Company. In compliance with the Code, Directors and senior management of the Company have affirmed their compliance with the Code for the year under review. A declaration to this effect signed by the Executive Vice Chairman forms part of this annual report.

#### **Whistle Blower Policy**

The Company is in the process of implementing whistle blower policy providing a mechanism to the employees of the Company to report any instances of unethical behavior, improper practices and wrongful conduct taking place in the Company. The policy provides adequate safeguards against victimization of employees who avail the mechanism and inter alia provides direct access to the Chairman of the Audit Committee.

#### **Related Party Transactions**

Transactions with the Related Parties are disclosed in Note no. 18 of Schedule 14 forming part of the financial statements for the year. Transactions entered into by the Company with the Related Parties during the year were placed to the Audit Committee for review. Adequate care was taken to ensure that potential conflict of interest did not harm the interests of the Company at large.

#### **Compliance with the Corporate Governance Code**

The Company has complied with all the mandatory requirements laid down by the Corporate Governance Code. During the year under review, the Company has constituted Nomination and Remuneration Committee, a non-mandatory requirement of the Code. The Company is also in the process of implementing Whistle Blower Policy.

### **7. COMMUNICATION TO SHAREHOLDERS**

During the year, quarterly unaudited financial results with Limited Review Report and annual audited financial results of the Company with Auditors' Report thereon were submitted to the stock exchanges on their approval by the Board of Directors. The results were published in Hindu Business Line (English) and Loksatta-Jansatta (Gujarati) newspapers. The Company's website [www.torrentpower.com](http://www.torrentpower.com) also displays the official news releases in addition to the financial results.

### **8. GENERAL SHAREHOLDER INFORMATION**

#### **7<sup>th</sup> Annual General Meeting**

Date	Friday, 29 <sup>th</sup> July, 2011
Time	9.30 a.m.
Venue	J. B. Auditorium, Torrent-AMA Centre, Ahmedabad Management Association, Vastrapur, Ahmedabad-380015

### Tentative financial calendar for the year 2011-12

Financial year	1 <sup>st</sup> April, 2011 – 31 <sup>st</sup> March, 2012
First quarter results	Last week of July, 2011
Second quarter results	Last week of October, 2011
Third quarter results	Last week of January, 2012
Results for the year end	Last week of May, 2012

### Date of Book Closure

Monday, 20<sup>th</sup> June, 2011 to Wednesday, 22<sup>nd</sup> June, 2011 (both days inclusive).

### Dividend payment date

The proposed dividend, if approved at the ensuing Annual General Meeting, will be distributed on or after 4<sup>th</sup> August, 2011, within the statutory time limit.

### Listing on stock exchanges and security codes

Stock Exchange	Security Code
Bombay Stock Exchange Limited (BSE)	532779
National Stock Exchange of India Limited (NSE)	TORNTPOWER

Annual listing fees for the year 2011-12 have been paid to the stock exchanges.

### Market price data

The closing market price of equity shares on 31<sup>st</sup> March, 2011 was Rs. 249.55 on BSE and Rs. 250.80 on NSE.

Monthly movement of equity share price during the year at BSE and NSE is summarized below:

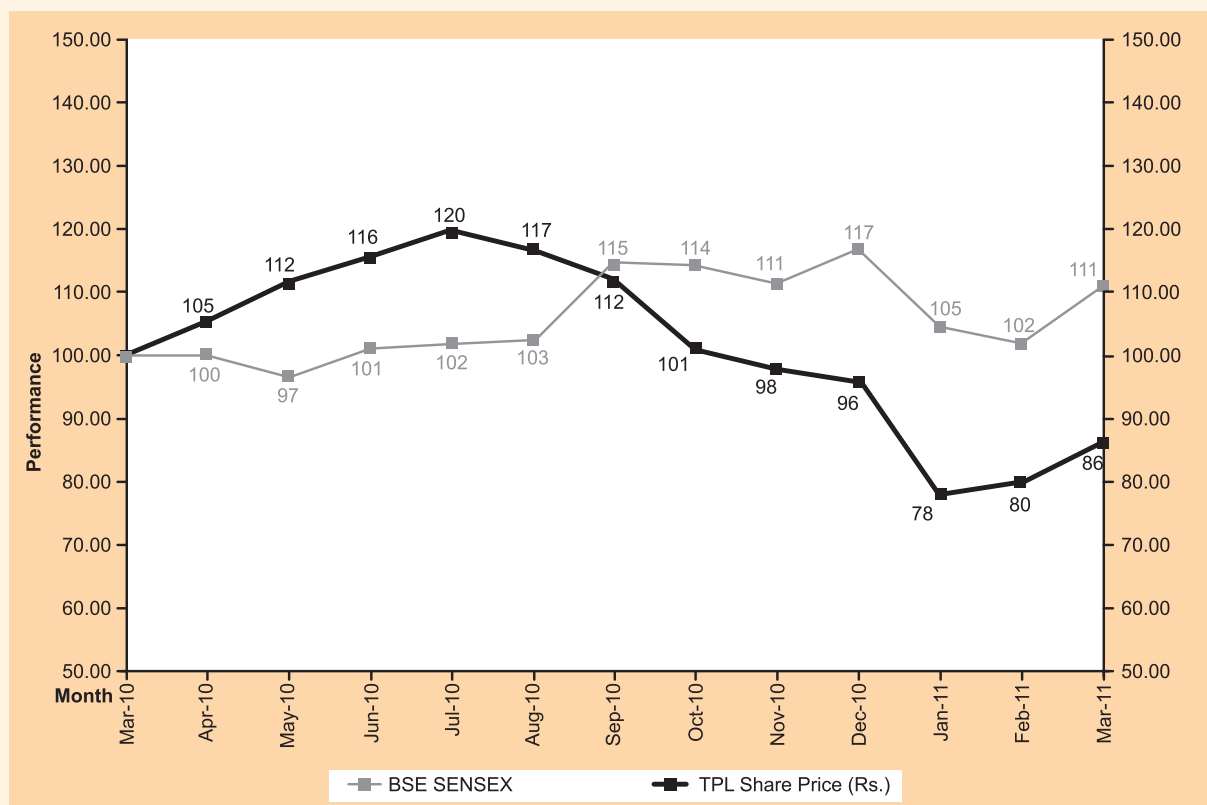
Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
April, 2010	321.50	289.00	24,20,259	322.00	286.55	43,78,110
May, 2010	350.00	298.00	39,77,283	350.70	296.00	75,50,718
June, 2010	345.00	318.00	12,70,699	345.55	317.05	30,67,468
July, 2010	374.00	328.50	23,36,624	375.00	328.00	45,90,455
August, 2010	359.85	324.25	14,37,750	355.00	324.15	29,01,545
September, 2010	349.80	318.05	15,56,106	349.95	317.00	52,35,029
October, 2010	335.10	289.15	12,64,595	336.00	289.50	36,42,485
November, 2010	315.30	271.00	15,81,484	315.70	270.00	27,80,494
December, 2010	295.90	263.00	6,84,858	297.10	260.15	17,45,203
January, 2011	281.40	215.00	17,60,273	281.00	216.55	18,37,282
February, 2011	236.05	201.15	4,81,694	236.95	202.00	11,89,038
March, 2011	257.50	221.00	8,97,096	257.60	184.60	20,10,267

Performance of equity share price of the Company vis-à-vis BSE SENSEX is as under:

Month	TPL Share Price at BSE (Rs.)*	BSE SENSEX*	Relative Index for comparison purpose	
			TPL Share price	BSE SENSEX
March, 2010	288.85	17,527.77	100.00	100.00
April, 2010	304.45	17,558.71	105.40	100.18
May, 2010	322.90	16,944.63	111.79	96.67
June, 2010	333.65	17,700.90	115.51	100.99
July, 2010	345.60	17,868.29	119.65	101.94
August, 2010	337.35	17,971.12	116.79	102.53
September, 2010	323.35	20,069.12	111.94	114.50
October, 2010	292.05	20,032.34	101.11	114.29
November, 2010	282.55	19,521.25	97.82	111.37
December, 2010	276.25	20,509.09	95.64	117.01
January, 2011	225.40	18,327.76	78.03	104.56
February, 2011	230.70	17,823.40	79.87	101.69
March, 2011	249.55	19,445.22	86.39	110.94

\* Closing data on the last day of the month. Closing share price and BSE Sensex of 31<sup>st</sup> March, 2010 have been taken as the basis for calculating relative index for comparison purpose.

#### Relative Performance of TPL Share Price v/s BSE SENSEX



## Distribution of shareholding as on 31<sup>st</sup> March, 2011

By size of shareholding

No. of Shares	No. of Shareholders	% Shareholders	No. of Shares	% of Shareholding
01 to 500	45,709	73.69	58,93,328	1.25
501 to 1000	8,543	13.77	56,23,550	1.19
1001 to 2000	3,372	5.44	47,98,053	1.01
2001 to 3000	1,449	2.34	36,47,034	0.77
3001 to 4000	688	1.11	24,00,866	0.51
4001 to 5000	530	0.85	24,00,755	0.51
5001 & above	1,734	2.80	44,76,84,722	94.76
<b>Total</b>	<b>62,025</b>	<b>100.00</b>	<b>47,24,48,308</b>	<b>100.00</b>

By category of shareholders

Sr. No.	Category	No. of Shares held on 31 <sup>st</sup> March, 2011	% of Shareholding
1	Promoters	24,93,35,872	52.78
2	Governor of Gujarat with Gujarat State Investments Limited	5,39,28,671	11.41
3	Life Insurance Corporation of India	4,41,80,187	9.35
4	GIC and subsidiaries	3,15,66,615	6.68
5	Mutual Funds	2,87,08,835	6.08
6	FII's	84,99,067	1.80
7	Nationalised Banks	4,77,830	0.10
8	Others	5,57,51,231	11.80
	<b>Grand Total</b>	<b>47,24,48,308</b>	<b>100.00</b>

## Dematerialisation of shares

Equity shares of the Company can be traded in dematerialised form only by all investors. The Company has established connectivity with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Demat security (ISIN) code for the equity shares is INE813H01021.

As on 31<sup>st</sup> March, 2011, 85.66% of the equity shares have been dematerialised.

### Share transfer system

Powers to approve share transfers and related requests have been delegated by the Shareholders' Grievances Committee to senior officials of the Company for expeditious disposal of shareholders' requests and complaints.

Share transfers are taken up for approval atleast once in a fortnight and the transferred securities are despatched to the transferees within the stipulated time. Details of transfers / transmission approved by the delegates are noted by the Shareholders' Grievances Committee at its next meeting.

### Outstanding GDRs / ADRs / Warrants / any other convertible instruments

The Company has not issued any GDRs / ADRs / warrants or any convertible instruments as on date.

### Registered office

Torrent House, Off Ashram Road, Ahmedabad-380009

### Plant locations

- 1) Power House, Sabarmati, Ahmedabad-380005
- 2) Vatva Gas Power Station, Vatva, Ahmedabad-382445
- 3) SUGEN Mega Power Project, Off National Highway No. 8, Taluka Kamrej, District Surat-394155

### Distribution Divisions

- 1) Electricity House, Lal Darwaja, Ahmedabad-380001
- 2) Torrent House, Station Road, Surat-395003
- 3) Old Agra Road, Anjur Phata, Bhiwandi-421302
- 4) 6, Ragunath Nagar, Suresh Plaza Market, Opp. Sanjay Place, M.G. Road, Agra-282002

### Compliance Officer

Rajiv Shah,  
Company Secretary,  
Torrent Power Limited,  
Torrent House,  
Off Ashram Road,  
Ahmedabad-380009

Telephone : 079-2658 3060, 2658 5090  
Fax : 079-2658 2326  
e-mail : [rajivshah@torrentpower.com](mailto:rajivshah@torrentpower.com)  
Website : [www.torrentpower.com](http://www.torrentpower.com)



### Registrar & Share Transfer Agent

Shareholders are requested to send all documents pertaining to transfer / demat requests and other communications in relation thereto directly to the Registrar at the following address:

Sharepro Services (India) Private Limited,  
Unit – Torrent Power Limited,  
13 A-B, Samhita Warehousing Complex,  
2<sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane,  
Off Andheri-Kurla Road,  
Sakinaka, Andheri (East),  
Mumbai-400072

Telephone : (022) 6772 0300 / 6772 0347  
Fax : (022) 2859 1568 / 2850 8927  
e-mail : [sharepro@shareproservices.com](mailto:sharepro@shareproservices.com)

For and on behalf of the Board

Ahmedabad  
4<sup>th</sup> May, 2011

**Samir Mehta**  
Executive Vice Chairman

## Certificate of compliance with the Code of Business Conduct

To,  
The Shareholders,  
Torrent Power Limited

Torrent Power Limited has in place a Code of Business Conduct (the “Code”) for its Board of Directors and senior management personnel. I report that the Board of Directors has received affirmation on compliance with the Code from the members of the Board and senior management of the Company for the year under review.

Ahmedabad  
4<sup>th</sup> May, 2011

**Samir Mehta**  
Executive Vice Chairman

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of  
Torrent Power Limited

We have examined the compliance of conditions of corporate governance by **Torrent Power Limited** for the year ended on 31<sup>st</sup> March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance of the conditions of the corporate governance as stipulated in the said Clause. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of corporate governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

Ahmedabad  
4<sup>th</sup> May, 2011

Gaurav J. Shah  
Partner  
Membership No. 35701

# Financial Statements 2010-11

## AUDITORS' REPORT

To the Shareholders of  
TORRENT POWER LIMITED

1. We have audited the attached Balance Sheet of **TORRENT POWER LIMITED** ("the Company") as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
  - (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 Profit and Loss Account 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 Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March 2011;
    - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

Ahmedabad  
4th May, 2011

**Gaurav J. Shah**  
Partner  
Membership No. 35701

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

1. Having regard to the nature of the Company's business / activities / results, clauses (x), (xiii) and (xiv) of CARO are not applicable.
2. In respect of the Company's fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The fixed assets were physically verified over a period of three years 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, discrepancies noticed on such verification have been properly dealt with in the books of account. As regards underground distribution systems, we have been informed that the same are not physically verifiable.
  - (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, the 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 inventories 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 its inventories and no material discrepancies were noticed on physical verification.
4. The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
5. In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in such internal control system.
6. In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
  - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
  - (b) Transactions during the year exceeding the value of Rupees Five Lacs in respect of any party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time. No such transactions have been recorded in the said register in respect of sale of electricity as the Company is of the view that such transactions, being for cash at prevailing market prices, do not require to be entered in 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 deposit from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956.

8. In our opinion, the internal audit functions carried out during the year by an entity of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.
9. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of generation and distribution of electricity and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have, however, not made a detailed examination of the records with a view to determining 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 dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Income-Tax, Wealth Tax, Custom Duty and Excise Duty, Cess and other material dues in arrears as at 31st March, 2011 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, 2011 on account of disputes are given below:

<b>Name of Statute</b>	<b>Nature of Dues</b>	<b>Forum where the dispute is pending</b>	<b>Period to which the amount relates</b>	<b>Amount (Rs. in crores)</b>
Customs Act, 1962	Custom Duty on Higher Assessment Value	Supreme Court of India, New Delhi	2005-06	0.28
Customs Act, 1962	Custom Duty on Higher Assessment Value	Commissioner of Appeal, Jamnagar	2004-05	0.07
Kerala General Sales Tax Act, 1963	Sales Tax on Works Contracts	Sales Tax Appellate Tribunal, Calicut	2001-02	0.20
Andhra Pradesh General Sales Tax Act, 1957	Sales Tax on Works Contracts	Sales Tax Appellate Tribunal, Andhra Pradesh	1993-94 & 1994-95	0.20
Income Tax Act, 1961	Demand of Tax	Gujarat High Court	A.Y. 1998-99, 2000-01 & 2001-02	2.88
Income Tax Act, 1961	Demand of Tax	Income Tax Appellate Tribunal	A.Y. 2003-04 & 2005-06	11.40
Income Tax Act, 1961	Demand of Tax	CIT Appeals	A.Y.2006-07 & 2008-09	3.38



11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions. The Company has not issued any debentures.
12. 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.
13. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
14. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
15. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long term investment.
16. 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.
17. The Company has not issued any debentures during the year.
18. The Company has not raised money by public issue during the year.
19. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year except in case of theft of electricity reported by the vigilance department of the Company, the amount for which is not ascertainable.

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

Ahmedabad  
4th May, 2011

**Gaurav J. Shah**  
Partner  
Membership No. 35701

## BALANCE SHEET

AS AT 31ST MARCH, 2011

(Rs. in crores)

	Schedule	As at 31st March, 2011	As at 31st March, 2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	472.45	472.45
Reserves and Surplus	2	4,314.68	3,487.70
		<u>4,787.13</u>	<u>3,960.15</u>
<b>Loan Funds</b>			
Secured Loans	3	2,818.51	3,133.31
Unsecured Loans	4	240.99	57.98
		<u>3,059.50</u>	<u>3,191.29</u>
<b>Other Fund</b>			
Service Line and Security Deposits from Consumers		465.92	424.05
		<u>358.29</u>	<u>258.94</u>
<b>Deferred Tax Liability (net)</b>		<u>8,670.84</u>	<u>7,834.43</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	8,080.69	7,590.53
Less: Depreciation		1,466.46	1,058.72
Net Block		<u>6,614.23</u>	<u>6,531.81</u>
Capital Work-in-Progress		537.71	170.67
		<u>7,151.94</u>	<u>6,702.48</u>
<b>Investments</b>	6	964.16	357.90
<b>Current Assets, Loans and Advances</b>			
Interest accrued on Investments	7	0.21	0.27
Inventories		263.45	144.05
Sundry Debtors		609.30	542.94
Cash and Bank Balances		926.27	1,171.43
Loans and Advances		163.80	150.38
		<u>1,963.03</u>	<u>2,009.07</u>
<b>Less: Current Liabilities and Provisions</b>	8		
Current Liabilities		974.32	876.98
Provisions		433.97	358.04
		<u>1,408.29</u>	<u>1,235.02</u>
<b>Net Current Assets</b>		<u>554.74</u>	<u>774.05</u>
		<u>8,670.84</u>	<u>7,834.43</u>
<b>Significant Accounting Policies</b>	13		
<b>Notes on Accounts</b>	14		

As per our attached report of even date

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

**Gaurav J. Shah**  
Partner

Ahmedabad, 4th May, 2011

**Samir Mehta**  
Executive Vice Chairman

**T P Vijayasarathy**  
Whole Time Director

**Rajiv Shah**  
Company Secretary

Ahmedabad, 4th May, 2011

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs. in crores)

	Schedule	Year ended 31st March, 2011	Year ended 31st March, 2010
<b>INCOME</b>			
Revenue from Power Supply		6,535.64	5,823.21
Net Income / (Loss) of Services Division	9	(0.21)	0.97
Other Income	10	391.59	132.48
		<u>6,927.02</u>	<u>5,956.66</u>
<b>EXPENDITURE</b>			
Electrical Energy Purchased		1,475.86	1,395.04
Generation, Distribution, Administration and Other Expenses	11	3,290.76	2,725.76
Interest and Finance Charges	12	338.90	314.06
Depreciation		414.40	351.39
Transfer from Service Line Contribution, APDRP Grant and others		(21.72)	(16.04)
		<u>392.68</u>	<u>335.35</u>
		<u>5,498.20</u>	<u>4,770.21</u>
<b>Profit Before Tax</b>		1,428.82	1,186.45
Provision for:			
Current Tax [(Including Rs.0.43 crore for Wealth Tax) (Previous Year Rs.0.42 crore)]		285.22	207.50
Deferred Tax		99.35	142.40
Short / (Excess) Provision of Current Tax for earlier years		(21.47)	-
<b>Profit After Tax</b>		<u>1,065.72</u>	<u>836.55</u>
Contingency Reserve		1.00	1.00
<b>Profit After Contingency Reserve</b>		<u>1,064.72</u>	<u>835.55</u>
Balance brought forward from previous year		499.40	229.12
<b>Profit Available For Appropriation</b>		<u>1,564.12</u>	<u>1,064.67</u>
<b>APPROPRIATIONS</b>			
General Reserve		400.00	400.00
Proposed Dividend		259.85	141.73
Corporate Dividend Tax		42.15	23.54
		<u>702.00</u>	<u>565.27</u>
<b>Balance Carried to Balance Sheet</b>		<u>862.12</u>	<u>499.40</u>
		<u>1,564.12</u>	<u>1,064.67</u>
Basic and Diluted Earnings per Share of face value of Rs.10/- each (in Rupees) (Refer Note 16 of Schedule 14)		22.56	17.71
<b>Significant Accounting Policies</b>	13		
<b>Notes on Accounts</b>	14		

As per our attached report of even date

**Samir Mehta**  
Executive Vice Chairman

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

**T P Vijayasarathy**  
Whole Time Director

**Gaurav J. Shah**  
Partner

**Rajiv Shah**  
Company Secretary

Ahmedabad, 4th May, 2011

Ahmedabad, 4th May, 2011

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs. in crores)

	Year ended 31st March, 2011	Year ended 31st March, 2010
<b>Cash Flow from Operating Activities</b>		
Net Profit before tax	1,428.82	1,186.45
<b>Adjustments for :</b>		
Depreciation	392.68	335.35
Excess provision written back	(195.64)	(1.71)
Interest expenses	338.90	314.06
Loss on Sale / Redemption of investments	-	0.01
Loss on sale of fixed assets	8.24	9.83
Profit on sale of fixed assets	(0.21)	(0.35)
Provision for Bad Debt	65.41	6.81
Dividend / Interest	(73.80)	(42.85)
<b>Operating Profit before Working Capital Changes</b>	<u>1,964.40</u>	<u>1,807.60</u>
<b>Adjustments for :</b>		
Trade and other receivables	(160.59)	(116.72)
Inventories	(119.40)	23.91
Current Liabilities and Provisions	229.81	109.03
Service Line and Security Deposits	41.87	69.38
<b>Cash Generated from Operations</b>	<u>1,956.09</u>	<u>1,893.20</u>
Taxes Paid	(248.01)	(227.35)
<b>Net Cash Flow from Operating Activities</b>	<u>1,708.08</u>	<u>1,665.85</u>
<b>Cash Flow from Investing Activities</b>		
Purchase of fixed assets including capital work-in-progress	(865.40)	(560.49)
Sale of fixed assets	3.56	2.48
Purchase of investments	(677.45)	(32.24)
Sale of investments	5.05	0.05
Dividend and Interest received	73.86	42.85
<b>Net Cash used in Investing Activities</b>	<u>(1,460.38)</u>	<u>(547.35)</u>
<b>Cash Flow from Financing Activities</b>		
Long Term borrowings	100.00	386.90
Short Term borrowings	185.96	-
Repayment of fixed deposits	*	(0.01)
Repayment of borrowings	(414.80)	(446.28)
Repayment of APDRP Loan	(2.95)	(1.64)
Service Line Contribution	86.55	55.09
APDRP Grant	-	16.41
Dividend paid	(164.49)	(109.94)
Interest paid	(347.66)	(320.15)
<b>Net Cash used in Financing Activities</b>	<u>(557.39)</u>	<u>(419.62)</u>
<b>Net (decrease) / increase in Cash and Cash Equivalents</b>	<u>(309.69)</u>	<u>698.88</u>
<b>Cash and Cash Equivalents as at beginning of the year</b>	1,339.37	640.49
<b>Cash and Cash Equivalents as at end of the year</b>	<u>1,029.68</u>	<u>1,339.37</u>
<b>Notes:</b>		
1. Cash and Cash Equivalents as at end of the year:		
Cash and Bank Balances	926.27	1,171.43
Current Investments (Investments in Mutual Funds)	103.41	167.94
	<u>1,029.68</u>	<u>1,339.37</u>

- The Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard - 3 "Cash Flow Statement" issued by The Institute of Chartered Accountants of India.
- Interest paid is exclusive of and purchase of Fixed Assets is inclusive of interest capitalised Rs.12.98 crores (Previous Year Rs. 56.94 crores).

As per our attached report of even date

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

**Gaurav J. Shah**  
Partner  
Ahmedabad, 4th May, 2011

**Samir Mehta**  
Executive Vice Chairman

**T P Vijayasarathy**  
Whole Time Director

**Rajiv Shah**  
Company Secretary  
Ahmedabad, 4th May, 2011

## SCHEDULES

### FORMING PART OF THE BALANCE SHEET

#### SCHEDULE '1' : SHARE CAPITAL

	(Rs. in crores)	
	As at 31st March, 2011	As at 31st March, 2010
<b>Authorised:</b>		
2,000,000,000 Equity Shares of Rs.10/- each	2,000.00	2,000.00
	<u>2,000.00</u>	<u>2,000.00</u>
<b>Issued, Subscribed and Paid up:</b>		
472,448,308 Equity Shares of Rs.10/- each	472.45	472.45
	<u>472.45</u>	<u>472.45</u>

1. 249,322,865 equity shares (249,322,865 equity shares as at 31st March, 2010) of Rs.10/- each fully paid up are held by holding company - Torrent Private Limited.
2. 472,435,808 equity shares (472,435,808 equity shares as at 31st March, 2010) of Rs. 10/- each fully paid up were issued pursuant to the Scheme of Amalgamation between erstwhile Torrent Power AEC Limited, Torrent Power SEC Limited and Torrent Power Generation Limited.

## SCHEDULE '2' : RESERVES AND SURPLUS

(Rs. in crores)

	As at 31st March, 2011	As at 31st March, 2010
<b>Capital Reserves</b>		
Service Line Contributions		
As per last Balance Sheet	237.36	195.12
Contributions during the year	86.55	55.10
	<u>323.91</u>	<u>250.22</u>
Less: Transfer to Profit and Loss Account	18.45	12.86
	<u>305.46</u>	<u>237.36</u>
Grant in Aid under Accelerated Power Development and Reform Programme		
As per last Balance Sheet	49.25	36.02
Received during the year	-	16.41
	<u>49.25</u>	<u>52.43</u>
Less: Transfer to Profit and Loss Account	3.23	3.18
	<u>46.02</u>	<u>49.25</u>
<b>Statutory Reserves</b>		
Contingency Reserve		
As per last Balance Sheet	61.10	60.10
Less: Loss on Contingency Reserve Investments	1.61	-
	<u>59.49</u>	<u>60.10</u>
Add: Transfer from Profit and Loss Account	1.00	1.00
	<u>60.49</u>	<u>61.10</u>
Tariff and Dividend Control Reserve		
As per last Balance Sheet	11.59	11.59
<b>Other Reserves</b>		
General Reserve		
As per last Balance Sheet	2,629.00	2,229.00
Add: Transfer from Profit and Loss Account	400.00	400.00
	<u>3,029.00</u>	<u>2,629.00</u>
<b>Balance in Profit and Loss Account</b>	<u>862.12</u>	<u>499.40</u>
	<u><u>4,314.68</u></u>	<u><u>3,487.70</u></u>

**SCHEDULE '3' : SECURED LOANS**

(Rs. in crores)

	As at 31st March, 2011	As at 31st March, 2010
<b>Rupee Term Loans</b>		
From Financial Institutions	1,174.50	1,333.26
From Banks	1644.01	1,800.05
<b>Working Capital Loans</b>		
Cash Credit Arrangements with Bank	-	-
	<u>2818.51</u>	<u>3133.31</u>

Of the above:

1. Amount of Rupee Term Loans of Rs.2818.51 crores (31st March, 2010 Rs.3133.31 crores) from financial institutions and Banks are secured by way of first pari passu charge by way of mortgage and hypothecation over the entire fixed assets, present and future of the Company and second pari passu charge by way of hypothecation over entire current assets, present and future of the Company.
2. Working Capital facilities from Banks are secured by way of first pari passu charge by way of hypothecation over the entire current assets, present and future of the Company and second pari passu charge by way of mortgage and hypothecation over entire fixed assets, present and future of the Company.
3. Amount of Rs.441.21 crores (Previous Year Rs.417.33 crores) is repayable within one year.

**SCHEDULE '4' : UNSECURED LOANS**

(Rs. in crores)

	As at 31st March, 2011	As at 31st March, 2010
Term Loan from Government of India under Accelerated Power Development and Reform Programme	55.03	57.98
Short Term Loan from Financial Institution	175.00	-
Loan from Bank	10.96	-
	<u>240.99</u>	<u>57.98</u>

Of the above, amount of Rs.189.78 crores (Previous Year Rs.2.97 crores) is repayable within one year.

## SCHEDULE '5' : FIXED ASSETS

(Rs. in crores)

PARTICULARS	GROSS BLOCK				DEPRECIATION & AMORTISATION				NET BLOCK	
	As at 1-Apr-10	Additions during the year	Deductions during the year	As at 31-Mar-11	As at 1-Apr-10	For the year	Deductions during the year	As at 31-Mar-11	As at 31-Mar-11	As at 31-Mar-10
Land										
(a) Freehold	119.92	14.04	-	133.96	-	-	-	-	133.96	119.92
(b) Leasehold	43.01	0.08	-	43.09	2.01	0.49	-	2.50	40.59	41.00
Buildings	682.76	54.31	-	737.07	30.62	28.55	-	59.17	677.90	652.14
Railway Siding	2.34	-	-	2.34	0.28	0.12	-	0.40	1.94	2.06
Plant and Machinery										
(a) Steam Station	2,807.86	25.13	-	2,832.99	241.58	149.09	-	390.67	2,442.32	2,566.28
(b) Others Including Switchgears and Transformers	1,844.70	229.47	16.28	2,057.89	384.98	108.70	5.80	487.88	1,570.01	1,459.72
Transmission and Distribution Systems										
(a) Overhead	396.77	27.53	0.01	424.29	72.37	25.44	-	97.81	326.48	324.40
(b) Underground	1,567.34	122.69	0.42	1,689.61	289.93	85.44	0.12	375.25	1,314.36	1,277.41
Electrical Fittings and Appartus	43.60	6.71	0.18	50.13	7.04	3.06	0.03	10.07	40.06	36.56
Furniture, Fixture and Office Equipments	59.57	10.94	0.15	70.36	21.58	7.41	0.06	28.93	41.43	37.99
Vehicles	18.71	3.98	1.21	21.48	5.60	2.37	0.65	7.32	14.16	13.11
Intangible Assets Software	3.95	13.53	-	17.48	2.73	3.73	-	6.46	11.02	1.22
<b>Total</b>	<b>7,590.53</b>	<b>508.41</b>	<b>18.25</b>	<b>8,080.69</b>	<b>1,058.72</b>	<b>414.40</b>	<b>6.66</b>	<b>1,466.46</b>	<b>6,614.23</b>	<b>6,531.81</b>
Previous Year	4,348.40	3,258.86	16.73	7,590.53	710.19	353.29	4.76	1,058.72	6,531.81	3,638.21
Capital Work-in-Progress									537.71	170.67
									7,151.94	6,702.48

### Notes:

- Additions during the year includes borrowing costs of Rs.4.75 crores (Previous Year Rs.56.94 crores) and Capital Work-in-Progress includes borrowing costs of Rs.8.23 crores (Previous Year Rs.Nil) incurred during the year, which are directly attributable to purchase / construction of qualifying assets in accordance with Accounting Standard - 16 "Borrowing Costs" issued by The Institute Of Chartered Accountants Of India.
- Capital Work-in-Progress includes Capital Advances of Rs.175.04 crores (Previous Year Rs.23.04 crores) and Pre-operative Expenditure of Rs.4.14 crores (Previous Year Rs.0.30 crore) (Refer Note 4 of Schedule 14).
- The Company has leased a portion of its land to AEC Cements & Constructions Limited.
- Land includes freehold land amounting to Rs.0.04 crore (31st March, 2010 Rs.0.04 crore) and leasehold land amounting to Rs. 14.66 crores (31st March, 2010 Rs.15.92 crores) for which documentations are in progress.
- Freehold land includes pro rata cost of land amounting to Rs.23.78 crores (Previous Year Rs.23.78 crores) owned jointly in equal proportion with, a Company under same management, Torrent Pharmaceuticals Limited.



**SCHEDULE '6' : INVESTMENTS (AT COST)**

(Rs. in crores)

	No. of Units 31-03-2011	No. of Units 31-03-2010	Face Value	As at 31st March, 2011	As at 31st March, 2010
<b>A. LONG TERM INVESTMENTS</b>					
<b>Contingency Reserve Investments (Quoted)</b>					
11.70% ICICI Bond - 2011		500		-	6.61
12.00% IFCI Bond - 2012	50	50	0.01	0.01	0.01
11.50% GOI Bond - 2011			0.08	0.10	0.10
6.85% GOI Bond - 2012			1.50	1.51	1.51
7.27% GOI Bond - 2013			1.65	1.69	1.69
11.25% ICICI Bank Ltd. - 2016	250	250	2.50	3.29	3.29
3.00% Calcutta Port Trust Debentures			0.01	0.01	0.01
				<u>6.61</u>	<u>13.22</u>
<b>Other Investments</b>					
<b>Quoted</b>					
12.00% Uttar Pradesh State Loan				0.02	0.02
				<u>0.02</u>	<u>0.02</u>
<b>Unquoted</b>					
<b>Investment in Subsidiary Companies</b>					
Torrent Power Grid Limited					
Equity Shares of Rs.10/- each fully paid up (18,000,000 shares pledged as security in respect of the term loan provided to Torrent Power Grid Limited)	66600000	66600000	66.60	66.60	66.60
Torrent Energy Limited					
Equity Shares of Rs.10/- each fully paid up	730000000	100000000	730.00	730.00	100.00
Torrent Pipavav Generation Limited					
Equity Shares of Rs.10/- each fully paid up	47500000	50000	47.50	57.50	10.05
Torrent Power Bhiwandi Limited					
Equity Shares of Rs.10/- each fully paid up	-	50000		-	0.05
				<u>854.10</u>	<u>176.70</u>
<b>Trade</b>					
Tidong Hydro Power Limited					
Equity Shares of Rs.10/- each fully paid up	24500	24500	0.02	0.02	0.02
AEC Cements & Constructions Limited					
Equity Shares of Rs.10/- each fully paid up	611500	611500	0.61	0.61	0.61
Less: Provision for diminution in value of investment				0.61	0.61
				<u>0.02</u>	<u>0.02</u>
<b>Total (A)</b>				<u>860.75</u>	<u>189.96</u>

**SCHEDULE '6' : INVESTMENTS (Continued...)**

(Rs. in crores)

	No. of Units 31-03-2011	No. of Units 31-03-2010	As at 31st March, 2011	As at 31st March, 2010
<b>B. CURRENT INVESTMENTS</b>				
<b>In Units - (Unquoted)</b>				
Birla Sun Life Cash Plus	28296562	20370869	44.25	30.00
Birla Sunlife Saving Fund	-	21126598	-	36.91
Kotak Floater Long Term	-	5155403	-	7.53
Kotak Floater Short Term	14448150	-	23.13	-
LIC MF Liquid Fund	20168872	55542716	36.03	93.50
<b>Total (B)</b>			<u>103.41</u>	<u>167.94</u>
[Aggregate NAV of Investments in Mutual Funds Rs.103.76 crores (31st March, 2010 Rs.168.13 crores)]				
<b>Total (A+B)</b>			<u>964.16</u>	<u>357.90</u>
Aggregate book value of quoted investments			6.63	13.24
Aggregate book value of unquoted investments			957.53	344.66
<b>Total</b>			<u>964.16</u>	<u>357.90</u>
Market Value of Quoted Investments			5.75	11.19

**Current Investments purchased and sold during the year**

(Rs. in crores)

Scheme Name	Purchase		Sale	
	No. of Units	Value	No. of Units	Value
Birla Sun Life Cash Plus -Super IP - Growth	1,049,235,042	1,585.12	1,041,309,350	1,573.97
Birla Sun Life - Floating Rate Fund - Long Term - Institutional - Growth	91,647,268	100.00	91,647,268	100.88
Birla Sun Life Savings Fund - Institutional - Growth	228,824,904	402.00	249,951,502	440.03
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale Plan - Growth	234,517,664	477.43	234,517,664	478.44
HDFC Liquid Fund - Growth	669,751,612	1,262.44	669,751,612	1,265.24
IDFC Cash Fund - Plan C - Growth	1,230,110,394	1,413.73	1,230,110,394	1,416.44
IDFC Money Manager - Treasury Plan - Super IPC - Growth	287,786,236	316.44	287,786,236	318.32
Kotak Flotter - Long Term - Growth	573,348,886	845.92	578,504,289	855.11
Kotak Flotter - Short Term - Growth	377,009,803	596.20	362,561,653	575.09
Kotak Liquid - IP - Growth	618,601,617	1,165.45	618,601,617	1,165.72
LIC Income Plus Fund - Growth Plan	173,101,360	215.59	173,101,360	215.72
LIC MF Liquid Fund - Growth Option	752,000,027	1,305.41	787,373,870	1,365.41

## SCHEDULE '7' : CURRENT ASSETS, LOANS AND ADVANCES

(Rs. in crores)

	As at 31st March, 2011	As at 31st March, 2010
<b>CURRENT ASSETS</b>		
<b>Interest Accrued On Investments</b>	0.21	0.27
<b>Inventories</b>		
Coal, Oil, Stores and Spares	263.45	144.05
[Includes Goods in transit Rs.3.28 crores (31st March, 2010 Rs.24.16 crores)]		
<b>Sundry Debtors</b>		
Debts outstanding for a period exceeding six months		
Secured - Considered Good	8.68	5.13
Unsecured - Considered Good	13.25	1.74
- Considered Doubtful	24.97	70.59
	46.90	77.46
Other Debts		
Secured - Considered Good	189.65	149.50
Unsecured - Considered Good	397.72	386.57
- Considered Doubtful	75.64	12.85
	663.01	548.92
Less: Provision for Doubtful Debts	100.61	83.44
	609.30	542.94
<b>Cash and Bank Balances</b>		
Cash and Cheques on hand	3.16	3.80
[including Cheques on hand of Rs.1.32 crores (31st March, 2010 Rs.3.08 crores)]		
Balances with scheduled banks		
In Current Accounts	75.57	60.36
Fixed Deposits Accounts	847.47	1,107.17
Balances with other Banks in Current Accounts		
Nepal Grindlays Bank Ltd.	0.02	0.02
Maximum balance during the year Rs.0.02 crore (Previous Year Rs.0.02 crore)		
The City Co-operative Bank Ltd.	0.01	0.01
Maximum balance during the year Rs.0.56 crore (Previous Year Rs.0.70 crore)		
The Associate Co-operative Bank Ltd.	0.02	0.02
Maximum balance during the year Rs.0.19 crore (Previous Year Rs.0.49 crore)		
The Surat Mahila Nagrik Sahakari Bank Ltd.	0.01	0.01
Maximum balance during the year Rs.0.01 crore (Previous Year Rs.0.01 crore)		
The Surat Mercantile Co-operative Bank Ltd.	0.01	0.04
Maximum balance during the year Rs.0.53 crore (Previous Year Rs.1.21 crores)		
	926.27	1,171.43
<b>LOANS &amp; ADVANCES</b>		
<b>Unsecured (Considered Good Unless Otherwise Stated)</b>		
Advances recoverable in cash or in kind or for value to be received	161.26	92.01
Less: Provision for Doubtful Advances	12.38	5.50
	148.88	86.51
Advances and Loans to Subsidiary Companies	13.77	47.83
Balance with Government Authority	1.15	0.64
Advance Tax and Tax deducted at source (Net of Provision for Taxation)	-	15.40
	163.80	150.38
	1,963.03	2,009.07

### Note:

Advances recoverable in cash or kind or for value to be received includes an amount of Rs.3.60 crores (31st March, 2010 Rs.3.80 crores) recoverable from AEC Cements & Constructions Limited, a company under the same management [maximum amount outstanding during the year Rs.3.80 crores (Previous Year Rs.4.25 crores)].

**SCHEDULE '8' : CURRENT LIABILITIES AND PROVISIONS**

(Rs. in crores)

	As at 31st March, 2011	As at 31st March, 2010
<b>CURRENT LIABILITIES</b>		
Sundry Creditors (Refer Note 6 of Schedule 14)	901.20	798.66
Due to Subsidiary Company	4.75	-
Investor Education and Protection Fund shall be credited by the following:		
Unclaimed Dividends	2.74	1.96
Unclaimed Fixed Deposits and Interest thereon	-	*
Consumers' Benefit Account	12.01	12.01
Credit Balances of Consumers	32.71	34.67
Interest Accrued but not due on Loans and Security Deposits	20.91	29.68
	<u>974.32</u>	<u>876.98</u>
<b>PROVISIONS</b>		
Provision for Gratuity and other fund	54.38	30.35
Provision for Leave Encashment	66.74	54.78
Provision for Taxation (Net of Advance Tax)	0.34	-
Provision for Indirect Tax	10.51	107.64
Proposed Dividend	259.85	141.73
Provision for Corporate Dividend Tax	42.15	23.54
	<u>433.97</u>	<u>358.04</u>
	<u>1,408.29</u>	<u>1,235.02</u>

## SCHEDULES

### FORMING PART OF THE PROFIT AND LOSS ACCOUNT

#### SCHEDULE '9' : NET INCOME OF SERVICES DIVISION

	(Rs. in crores)	
	Year ended 31st March, 2011	Year ended 31st March, 2010
<b>INCOME</b>		
Value of Contracts Billed and Service Charges [Tax Deducted at Source Rs.* (Previous Year Rs.Nil)]	0.03	0.14
Miscellaneous Income	*	0.01
Provisions no longer required written back	-	1.42
	<u>0.03</u>	<u>1.57</u>
<b>EXPENDITURE</b>		
Cost of Materials	-	0.03
Labour Charges	-	0.05
Salaries, Wages and Bonus	0.12	0.18
Other Expenses	0.12	0.04
Bad Debts	-	0.30
	<u>0.24</u>	<u>0.60</u>
<b>NET INCOME / (LOSS)</b>	<u>(0.21)</u>	<u>0.97</u>

#### SCHEDULE '10' : OTHER INCOME

	(Rs. in crores)	
	Year ended 31st March, 2011	Year ended 31st March, 2010
Street Lighting Maintenance Contracts [Tax Deducted at Source Rs.0.13 crore (Previous Year Rs.0.21 crore)]	6.05	5.28
Hire of Meters	41.37	36.88
Profit on Sale of Fixed Assets	0.21	0.35
Interest from Contingency Reserve Investments [Tax Deducted at Source Rs.0.06 crore (Previous Year Rs.0.18 crore)]	1.04	1.10
Other Interest (Gross) [Tax Deducted at Source Rs.5.81 crore (Previous Year Rs.5.99 crore)]	72.76	41.70
Insurance Claim Receipt	0.04	0.03
Miscellaneous Income	51.17	33.54
Provisions no longer required written back	195.64	0.29
Profit on Sale / Redemption of Current Investments	20.11	10.05
Recovery of Bad Debts	3.20	3.21
Dividend on Current Investments	-	0.05
	<u>391.59</u>	<u>132.48</u>

**SCHEDULE '11' : GENERATION, DISTRIBUTION, ADMINISTRATION AND OTHER EXPENSES**

(Rs. in crores)

	Year ended 31st March, 2011	Year ended 31st March, 2010
Fuel [after credit of claims of Rs.3.12 crores (Previous Year Rs.7.19 crores)]	2,347.50	1,892.85
Consumption of Stores and Spares	204.98	181.43
Rent and Hire Charges	4.22	3.77
Repairs to		
Buildings	7.61	7.31
Plant and Machinery	200.75	167.57
Others	6.31	7.63
	<u>214.67</u>	<u>182.51</u>
Salaries & Wages		
Salaries, Wages and Bonus	286.43	241.63
Contribution to Provident and Other Funds	12.84	10.52
Employees' Welfare Expenses	9.88	11.65
Gratuity and Leave encashment	64.18	42.35
	<u>373.33</u>	<u>306.15</u>
Discount for Prompt Payment of Bills	46.80	48.63
Insurance	16.13	11.04
Rates and Taxes	4.84	111.91
Miscellaneous Expenses	105.41	75.50
Loss on Sale of Other Investments	-	0.01
Loss on Sale of Fixed Assets	8.24	9.83
Commission to Non Executive Directors	0.47	0.55
Audit Fees	0.30	0.25
Legal, Professional and Consultancy fees	7.64	6.16
Donations	23.34	29.61
Bad Debts Written off	23.04	2.69
Provision for Doubtful Debts	65.41	6.81
	<u>3,446.32</u>	<u>2,869.70</u>
Less: Allocated to Capital Works, Repairs and Other Relevant Revenue Accounts	<u>155.56</u>	<u>143.94</u>
	<u><u>3,290.76</u></u>	<u><u>2,725.76</u></u>

**SCHEDULE '12' : INTEREST AND FINANCE CHARGES**

(Rs. in crores)

	Year ended 31st March, 2011	Year ended 31st March, 2010
Interest on Term Loans	304.43	292.22
Interest on Security Deposits from Consumers	20.58	17.83
Others including Finance Charges	13.89	4.01
	<u>338.90</u>	<u>314.06</u>

## **SCHEDULE '13' : SIGNIFICANT ACCOUNTING POLICIES**

### **1. Basis of Preparation of Financial Statements:**

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

### **2. Use of Estimates:**

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

### **3. Capital Receipts:**

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

### **4. Revenue Recognition:**

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

### **5. Inventories:**

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

### **6. Investments:**

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

### **7. Fixed Assets:**

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

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

**8. Impairment of Fixed Assets:**

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

**9. Expenditure during Construction Period:**

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

**10. Borrowing Costs:**

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

**11. Depreciation and Amortisation:**

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

The depreciation for the year has been shown after reducing the proportion of the amount of depreciation provided on assets created against the Service Line Contribution & APDRP Grant received.

In respect of assets pertaining to Agra, Bhiwandi and Kanpur Distribution Circles, depreciation is provided on SLM at the rates mentioned below, as provided in the Distribution Franchise Agreement which are higher than the rates prescribed under Schedule XIV to the Companies Act, 1956.

Transformers, Switch Gears & Equipments	7.84%
Meters	12.77%
Distribution Systems - Overhead	7.84%
- Underground	5.27%
Others	7.84%
Vehicles	33.40%
Electrical fittings, Apparatus, Furniture Fixtures, Communication equipments and Office equipments	12.77%

In respect of assets pertaining to Sugen, Ahmedabad Generation and Distribution and Surat Distribution, depreciation is provided on SLM considering the rates as provided in Appendix III of the Regulation issued by the Central Electricity Regulatory Commission (CERC) dated 19th January, 2009 or rates prescribed under Schedule XIV to the Companies Act, 1956, whichever are higher. The following categories of the assets have higher rates as per aforesaid CERC regulation as compared to the rates mentioned in Schedule XIV to the Companies Act, 1956.



Transformers, Switch Gears & Equipments	5.28%
Meters	5.28%
Distribution Systems - Overhead	5.28%
- Underground	5.28%
Vehicles	9.50%
Electrical fittings, Apparatus, Furniture Fixtures, Communication equipments and Office equipments	6.33%

Leasehold land is amortized over the lease period.

Computer Software costs are amortised over its useful life which is estimated at 3 years.

**12. Transactions in Foreign Currency:**

- (i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- (ii) Monetary items denominated in foreign currencies at the period end are restated at period end rates.
- (iii) Non monetary foreign currency items are carried at cost.
- (iv) Any income or expense on account of exchange difference either on settlement or on transaction is recognized in the profit and loss account.

**13. 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 profit and loss account 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 profit and loss account. The adequacy of balances available is compared with actuarial valuation obtained at the period-end and shortfall, if any, is provided for in the profit and loss account.

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

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

**14. 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.

**15. Provisions, Contingent Liabilities and Contingent Assets:**

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

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

## SCHEDULE '14' : NOTES ON ACCOUNTS

(Rs. in crores)

	As at 31st March, 2011	As at 31st March, 2010
1. Estimated amount of contracts remaining to be executed on Capital Accounts (Net of Advances)	1077.60	142.57

(Rs. in crores)

	As at 31st March, 2011	As at 31st March, 2010
2. Contingent Liabilities not provided for in respect of:		
(i) Letters of Credit established and Guarantees given by banks on behalf of the Company	60.46	28.71
(ii) Disputed Income-tax matters	23.45	21.81
(iii) Disputed Sales-tax matters	0.21	0.21
(iv) Disputed Custom Duty matters	0.44	0.44
(v) Disputed Stamp Duty matters	0.26	0.26

3. The Company has given Loans and Advances to its subsidiary companies and associate company as under:

(Rs. in crores)

Name of Company	Maximum amount outstanding during the year	Balance as at 31st March, 2011	Balance as at 31st March, 2010
<b>Subsidiary Companies</b>			
Torrent Energy Limited	417.56	13.77	46.91
Torrent Pipavav Generation Limited	1.71	-	0.92
		<u>13.77</u>	<u>47.83</u>
<b>Associate Company</b>			
AEC Cements & Constructions Limited	3.80	3.60	3.80
		<u>3.60</u>	<u>3.80</u>

- (a) Other than above, the Company has not given any loans or advances in the nature of loan to any of its subsidiaries and associates or firms / companies, in which Directors are interested.
- (b) There are no loans where either repayment schedule is not prescribed or repayment is scheduled beyond seven years. Loans given to above companies are interest free.

4. Pre-operative expenditure pending allocation to UNOSUGEN Combined Cycle Power Plant (Unit-40) under implementation till the date of the balance sheet are as under:

(Rs. in crores)

	As at 31st March, 2011	As at 31st March, 2010
Salary, wages, bonus, gratuity and superannuation	0.58	-
Legal, Professional and Consultancy Fees	2.10	0.08
Miscellaneous Expenses	1.14	0.15
Printing, Stationary, Postage and Telephone	0.03	0.03
Traveling Expenses	0.25	0.04
Registration, Filing and Legal Fees	0.04	-
<b>Total Expenditure</b>	<u>4.14</u>	<u>0.30</u>

5. (i) The Company uses forward contracts to hedge its risk associated with foreign currency fluctuation relating to firm commitments. The Company does not use forward contracts for speculative purposes. Outstanding foreign exchange contracts as at 31st March, 2011 is Rs.7.68 Crores (Previous Year Rs. Nil).
- (ii) Foreign currency exposure not hedged by derivative instruments as at 31st March, 2011 on capital imports amount to Rs.36.73 crores (Previous Year Rs.4.31 crores)
6. Based on the information available with the Company, the balance due to Micro and Small Enterprises as defined under MSMED Act, 2006 is Rs.1.49 crores (Previous Year Rs.1.14 crores). No interest has been paid or payable under MSMED Act, 2006 during the year.
7. Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on straight-line basis.

The Company's significant leasing arrangements are in respect of residential flats, office premises, plant and machinery and equipments taken on lease. The arrangements range between 11 months and 10 years generally and are usually renewable by mutual consent or mutually agreeable terms. Under these arrangements, generally refundable interest free deposits have been given. The Company has not entered into any material financial lease. The Company does not have any non-cancellable lease.

**8. Employee Benefits:**

The accounting liability on account of gratuity and leave is accounted as per AS 15 (revised 2005) dealing with Employee benefits.

The Company operates a defined benefit plan (the Gratuity 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 employee's salary and tenure of employment.

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

(Rs. in crores)

Particulars	As at 31st March, 2011		As at 31st March, 2010	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
<b>a. Reconciliation of opening and closing balances of the present value of the defined benefit obligation:</b>				
Obligations at the beginning of the year	54.78	124.62	84.20	111.54
Current Service cost	12.36	8.89	4.63	5.14
Interest Cost	4.07	10.08	3.24	8.76
Actuarial (gain) / loss	1.39	37.17	5.50	6.52
Liabilities of outgoing Employees	-	(0.12)	-	-
Benefits paid	(5.86)	(11.09)	(42.79)	(7.34)
<b>Obligations at the end of the year</b>	<b>66.74</b>	<b>169.55</b>	<b>54.78</b>	<b>124.62</b>
<b>b. Reconciliation of opening and closing balances of the fair value of plan assets:</b>				
Plan assets at the beginning of the year, at fair value	-	94.50	-	77.36
Expected return on plan assets	-	9.98	-	7.95
Actuarial gain / (loss)	-	(0.10)	-	0.21
Contributions	-	22.35	-	16.32
Liabilities of Transferred Employees	-	(0.12)	-	-
Benefits paid	-	(11.09)	-	(7.34)
<b>Plan assets at the end of the year, at fair Value</b>	<b>-</b>	<b>115.52</b>	<b>-</b>	<b>94.50</b>
<b>c. Reconciliation of the present value of the defined benefit obligation and fair value of plan assets:</b>				
Obligations at the end of the year	66.74	169.55	54.78	124.62
Plan assets at the end of the year, at fair value	-	115.52	-	94.50
<b>Liability recognized in Balance sheet as at 31st March, 2011</b>	<b>66.74</b>	<b>54.03</b>	<b>54.78</b>	<b>30.12</b>
<b>d. Cost for the year:</b>				
Current service cost	12.36	8.89	4.63	5.14
Interest cost	4.07	10.08	3.24	8.76
Expected return on plan assets	-	(9.98)	-	(7.95)
Net Actuarial gain / (loss)	1.39	37.27	5.50	6.31
<b>Net Cost – included in Schedule 11 of the profit and loss account</b>	<b>17.82</b>	<b>46.26</b>	<b>13.37</b>	<b>12.26</b>
<b>e. Investment details of plan assets:</b>				
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.				
<b>f. Assumptions:</b>				
Interest rate	8.09%	8.09%	7.85%	7.85%
Expected rate of return on plan assets (Yield on long term bonds of Central Government prevailing on 31st March, 2011)	-	9.50%	-	9.25%
<b>g. Note:</b>				

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 are obtained from relevant data of Life Insurance Corporation of India.

**Past four years data for defined benefit obligation and fair value of plan**

(Rs. in crores)

	2006-07 6 Months	2007-08 12 Months	2008-09 12 Months	2009-10 12 Months
Present value of defined benefit obligations at the end of the period [independent actuary]	152.34	171.19	195.73	179.40
Fair value of plan assets at the end of the period	56.35	63.78	77.36	94.50
Net assets / (liability) at the end of period	(95.99)	(107.41)	(118.37)	(84.90)

**9. The Profit and Loss Account includes:**

(Rs. in crores)

	Year ended 31st March, 2011	Year ended 31st March, 2010
<b>a. Managerial Remuneration to Directors:</b>		
Salary and Other Allowances	15.71	10.07
Contribution to Provident and Other Funds	0.46	0.48
Gratuity Provision	0.22	0.18
Commission	12.06	20.80
Commission to Non Executive Directors	0.47	0.55
	<u>28.92</u>	<u>32.08</u>
Less: Capitalised during the year	-	17.76
	<u>28.92</u>	<u>14.32</u>

**b. Computation of Net Profit in accordance with section 198 of the Companies Act, 1956 and commission payable:**

(Rs. in crores)

	Year ended 31st March, 2011	Year ended 31st March, 2010
Net Profit for the Year	1065.72	836.55
Add : Provision for taxation		
Current Tax	285.22	207.50
Deferred Tax	<u>99.35</u>	<u>142.40</u>
	384.57	349.90
Depreciation as per Financial Statements	392.68	335.35
Directors' remuneration (including commission)	<u>28.92</u>	<u>14.32</u>
	1871.89	1536.12
Less: Profit on sale of Investment	20.11	10.05
Provision no Longer required	195.64	1.71
Depreciation under Section 350 of the Companies Act, 1956	<u>357.82</u>	<u>304.47</u>
	573.57	316.23
<b>Net Profit</b>	<u>1298.32</u>	<u>1219.89</u>
Commission entitlement of managerial personnel	113.44	111.26
Commission paid to managerial personnel	12.06	20.80
Commission entitlement to Non Executive Directors	12.98	12.20
Commission paid to Non Executive Directors	0.47	0.55

(Rs. in crores)

	Year ended 31st March, 2011	Year ended 31st March, 2010
<b>c. Payments to Auditors:</b>		
Audit Fees	0.30	0.25
Tax Audit Fees	0.03	0.03
Other services – certificates etc.	0.17	0.17
Reimbursement of expenses	0.01	0.01
	<u>0.51</u>	<u>0.46</u>

(Rs. in crores)

	Year ended 31st March, 2011	Year ended 31st March, 2010
<b>10. C.I.F Value of Imports:</b>		
Components, stores, fuel and spare parts	70.75	1.66
Capital goods	181.26	186.93
<b>11. Expenditure in foreign currency:</b>		
Subscription	0.13	0.05
Traveling	0.56	0.05
Professional and consultation fees	0.41	0.02
Others	0.03	0.02
	<u>1.13</u>	<u>0.14</u>
<b>12. Earnings in foreign currency:</b>		
Sale of Carbon Credits	2.96	-
	<u>2.96</u>	<u>-</u>

**13. Value of stores and spare parts consumed (including fuel):**

	Year ended 31st March, 2011		Year ended 31st March, 2010	
	Rs. in crores	%	Rs. in crores	%
Imported	424.25	16.62	393.47	18.97
Indigenous	2128.23	83.38	1680.81	81.03
	<u>2552.48</u>	<u>100.00</u>	<u>2074.28</u>	<u>100.00</u>

**14. Quantitative information**

	Year ended 31st March, 2011	Year ended 31st March, 2010
Units supplied (million kWh)	14512	12895
Units procured (million kWh)	5586	4751

15. **Deferred Tax:**

(Rs. in crores)

	As at 31st March, 2011		As at 31st March, 2010	
	Asset	Liability	Asset	Liability
Depreciation		417.04		303.83
Provision for Gratuity and Superannuation	16.75		9.77	
Leave Encashment	17.03		14.33	
Provision for Doubtful Debts	21.37		1.83	
Other Provisions	-		10.65	
Municipal Taxes	2.91		2.57	
Amalgamation Expenses	-		0.19	
Provision for Works Contract	0.41		0.41	
Provision for Wages and Bonus	0.21		0.21	
Provision for Short Term Leave	0.07		4.93	
	<u>58.75</u>	<u>417.04</u>	<u>44.89</u>	<u>303.83</u>
Net Deferred Tax (Asset) / Liability		<u>358.29</u>		<u>258.94</u>

16. **Earnings Per Share**

	Year ended 31st March, 2011	Year ended 31st March, 2010
Profit After Tax (Rs. in crores)	1065.72	836.55
No. of Equity Shares (in crores)	47.24	47.24
Basic and Diluted Earnings per Share (Rs.)	22.56	17.71

17. The Company's primary business segment is Generation and Distribution of Electricity. Based on the guiding principles given in Accounting Standard on "Segment Reporting" [(AS-17) issued by the Institute of Chartered Accountants of India], this activity falls within a single primary business segment and accordingly the disclosure requirements of AS-17 in this regard are not applicable.

18. Related Party Disclosures :

(Rs. in crores)

	Associates		Enterprises controlled by the Company		Holding Company/ Enterprises controlled by the Holding Company		Subsidiary		Key Management Personnel		Enterprises controlled by Key Management Personnel / Relatives of Key Management Personnel		Total			
	Year ended 31.03.11	Year ended 31.03.10	Year ended 31.03.11	Year ended 31.03.10	Year ended 31.03.11	Year ended 31.03.10	Year ended 31.03.11	Year ended 31.03.10	Year ended 31.03.11	Year ended 31.03.10	Year ended 31.03.11	Year ended 31.03.10	Year ended 31.03.11	Year ended 31.03.10	Year ended 31.03.11	
<b>A) Volume of Transactions</b>																
Purchase of Materials	1.75	2.52	-	-	114.60	81.09	-	-	-	-	-	-	-	-	116.35	83.61
Sale of Power	-	-	-	-	-	-	32.22	-	-	-	-	-	-	-	32.22	-
Services Received	-	-	-	-	0.69	0.54	24.53	4.84	-	-	2.67	1.24	-	-	27.89	6.62
Managerial Remuneration	-	-	-	-	-	-	-	-	28.45	31.53	-	-	-	-	28.45	31.53
Advance Paid	-	-	-	-	-	-	-	0.07	-	-	-	0.02	-	-	-	0.09
Advance Recovered	0.20	0.45	-	-	-	-	-	0.07	-	-	-	-	-	-	0.20	0.52
Loan Given	-	-	-	-	-	-	502.63	50.06	-	-	-	-	-	-	502.63	50.06
Loan Received back	-	-	-	-	-	-	536.69	4.45	-	-	-	-	-	-	536.69	4.45
Equity Contribution	-	-	-	-	-	-	677.45	22.20	-	-	-	-	-	-	677.45	22.20
Purchase of Shares of Subsidiaries	-	-	-	-	-	0.03	-	-	-	*	-	-	-	-	-	0.03
Sale of Investment	-	-	-	-	0.05	-	-	-	-	-	-	-	-	-	0.05	-
Donation	-	-	-	-	-	-	-	-	-	-	-	8.35	8.00	-	8.35	8.00
Contribution to Funds (Net)	-	-	15.07	11.37	-	-	-	-	-	-	-	-	-	-	15.07	11.37
<b>B) Balances at the end of the year</b>																
Current Liabilities	0.06	0.07	1.91	1.48	13.31	13.02	4.76	-	-	-	0.02	0.03	-	-	20.06	14.60
Investment in Equities	0.63	0.63	-	-	-	-	844.10	166.70	-	-	-	-	-	-	844.73	167.33
Loans and Advances	3.60	3.80	-	-	0.56	0.56	13.77	47.83	-	-	-	0.02	-	-	17.93	52.21
Sundry Debtors	-	-	-	-	-	-	2.72	-	-	-	-	-	-	-	2.72	-



**Names of related parties and description of relationship:**

1. Associates	AEC Cements & Constructions Limited	Tidong Hydro Power Limited	Torrent Energy Limited
2. Subsidiaries	Torrent Power Grid Limited	Torrent Pipavav Generation Limited	Torrent Energy Limited
3. Enterprises controlled by the Company	TPL (Ahmedabad) Gratuity Trust TPL (Surat) Superannuation Fund	TPL (Ahmedabad) Superannuation Fund TPL (SUGEN) Gratuity Trust	TPL (Surat) Gratuity Trust TPL (SUGEN) Superannuation Fund
4. Holding Company / Enterprises controlled by the Holding Company	Torrent Private Limited Gujarat Lease Financing Limited Torrent Do Brasil Ltda. Torrent Pharma GmbH. Torrent Australasia Pty Ltd. Torrent Pharma (Thailand) Co. Ltd. Torrent Pharma (UK) Ltd. Torrent Financiers	Torrent Pharmaceuticals Limited Torrent Power Services Private Limited Heumann Pharma GmbH & Co. Generica KG Torrent Pharma Inc. Laboratorios Torrent SA de CV Norispharm GmbH. Laboratories Torrent (Malaysia) Sdn.Bhd. Torrent Pharmaceuticals Sikkim	Torrent Cables Limited Torrent Power Bhiwandi Limited Zao Torrent Pharma Torrent Pharma Philippines Inc. Torrent Pharma Canada Inc. Heunet Pharma GmbH. Torrent Pharma S.R.L. Torrent Pharmaceuticals Dahej
5. Key Management Personnel	Sudhir Mehta Chairman	Samir Mehta Executive Vice Chairman	Murli Ranganathan Whole-time Director
6. Relatives of Key Management Personnel	Anita Mehta, Wife Shardaben Mehta, Mother Samir Mehta, Brother Meena Modi, Sister Nayna Shah, Sister Jinal Mehta, Son Varun Mehta, Son	Sapna Mehta, Wife Shardaben Mehta, Mother Sudhir Mehta, Brother Meena Modi, Sister Nayna Shah, Sister Aman Mehta, Son Shaan Mehta, Son	Jayashree M. Ranganathan, Wife T.P. Ranganathan, Father Kaushalya Ranganathan, Mother R.Vijay Kumar, Brother Sujeet M. Ranganathan, Son Suhasini M. Ranganathan, Daughter
7. Enterprises controlled by Key Management Personnel / Relatives of Key Management Personnel	U. N. Mehta Charitable Trust D. N. Modi Charitable Trust Zeal Pharmachem India Private Limited U.N.Mehta Institute of Cardiology & Research Centre	Shardaben Mehta Charitable Trust Tsunami Tours & Travels Private Limited Diamond Infrastructure Private Limited	Dushyant Shah Charitable Trust Torrel Cosmetics Private Limited Munjil Bhatt Associates

19. Donations include political contributions as under:

(Rs. in crores)

	Year ended 31st March, 2011	Year ended 31st March, 2010
1. Bhartiya Janata Party	3.00	5.50
2. Indian National Congress	2.30	5.05
3. Nationalist Congress Party	-	1.00

20. Previous year's figures have been restated, wherever necessary, to conform to this year's classification. Figures are rounded off to nearest lakh. Figures below Rs.50000 are denoted by '\*'.

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Signature to Schedule 1 to 14

As per our attached report of even date

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

**Gaurav J. Shah**  
Partner

Ahmedabad, 4th May, 2011

**Samir Mehta**  
Executive Vice Chairman

**T P Vijayasathy**  
Whole Time Director

**Rajiv Shah**  
Company Secretary

Ahmedabad, 4th May, 2011

## BALANCE SHEET ABSTRACT

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

ADDITIONAL INFORMATION UNDER PART IV OF THE SCHEDULE VI OF THE COMPANIES ACT, 1956

#### I Registration Details

Registration Number        State Code

Balance Sheet Date

#### II Capital raised during the period (Rs. in thousands)

Public Issue

Right Issue

Bonus Issue

Private Placement

#### III Position of Mobilisation and Deployment of Funds (Rs. in thousands)

Total Liabilities         Total Assets

**Sources of Funds** **Application of Funds**

Paid up Capital         Net Fixed Assets

Reserves and Surplus         Investments

Secured Loans         Deferred Tax Assets

Deferred Tax Liabilities         Net Current Assets

Unsecured Loans

Service Line and Security Deposits

#### IV Performance of the Company (Rs. in thousands)

Total Income

Total Expenditure

Profit before Tax

Profit after Tax

Earnings per Share (in Rs.)

Dividend Rate       %

(Including Special Dividend 25.00%)

#### V Generic names of Principal Service of the Company (as per monetary terms)

Item Code No. (ITC Code)

Product Description

**Samir Mehta**  
Executive Vice Chairman

**T P Vijayasathy**  
Whole Time Director

**Rajiv Shah**  
Company Secretary

Ahmedabad, 4th May, 2011

# **Consolidated Financial Statements 2010-11**

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of  
TORRENT POWER LIMITED

1. We have audited the attached Consolidated Balance Sheet of **TORRENT POWER LIMITED** ("the Company"), its subsidiaries (the Company, its subsidiaries constitute "the Group") as at 31st March, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of 3 subsidiaries, whose financial statements reflect total assets of Rs.1432.75 crores, as at 31st March, 2011, total revenues of Rs.22.21 crores and net cash inflows amounting to Rs.33.99 crores for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company and the aforesaid subsidiaries and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2011;
  - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and
  - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

Ahmedabad  
4th May, 2011

**Gaurav J. Shah**  
Partner  
Membership No. 35701

## CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2011

(Rs. in crores)

	Schedule	As at 31st March, 2011	As at 31st March, 2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	472.45	472.45
Reserves and Surplus	2	<u>4,306.36</u>	<u>3,489.41</u>
		4,778.81	3,961.86
<b>Minority Interest</b>		27.07	23.52
<b>Loan Funds</b>			
Secured Loans	3	3,305.88	3,268.31
Unsecured Loans	4	<u>240.99</u>	<u>57.98</u>
		3,546.87	3,326.29
<b>Other Fund</b>			
Service Line and Security Deposits from Consumers		475.12	427.67
<b>Deferred Tax Liability (net)</b>		<u>361.41</u>	<u>259.25</u>
		<u>9,189.28</u>	<u>7,998.59</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	8,528.07	7,809.35
Less: Depreciation		<u>1,480.34</u>	<u>1,061.17</u>
Net Block		7,047.73	6,748.18
Capital Work-in-Progress		<u>1,414.76</u>	<u>306.22</u>
		8,462.49	7,054.40
<b>Goodwill (Refer Note 4 of Schedule 14)</b>		10.00	10.00
<b>Investments</b>	6	164.20	205.20
<b>Current Assets, Loans and Advances</b>			
Interest accrued on Investments	7	0.21	0.27
Inventories		282.54	144.20
Sundry Debtors		609.07	542.94
Cash and Bank Balances		954.98	1,196.29
Loans and Advances		<u>165.54</u>	<u>103.27</u>
		2,012.34	1,986.97
<b>Less: Current Liabilities and Provisions</b>	8		
Current Liabilities		1,025.28	899.66
Provisions		<u>434.47</u>	<u>358.32</u>
		1,459.75	1,257.98
<b>Net Current Assets</b>		<u>552.59</u>	<u>728.99</u>
		<u>9,189.28</u>	<u>7,998.59</u>
<b>Significant Accounting Policies</b>	13		
<b>Notes on Accounts</b>	14		

As per our attached report of even date

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

**Gaurav J. Shah**  
Partner

Ahmedabad, 4th May, 2011

**Samir Mehta**  
Executive Vice Chairman

**T P Vijayasarathy**  
Whole Time Director

**Rajiv Shah**  
Company Secretary

Ahmedabad, 4th May, 2011

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs. in crores)

	Schedule	Year ended 31st March, 2011	Year ended 31st March, 2010
<b>INCOME</b>			
Revenue from Power Supply		6,525.63	5,824.37
Net Income / (Loss) of Services Division	9	(0.21)	0.97
Other Income	10	394.25	132.48
		<u>6,919.67</u>	<u>5,957.82</u>
<b>EXPENDITURE</b>			
Electrical Energy Purchased		1,453.44	1,393.21
Generation, Distribution, Administration and Other Expenses	11	3,296.29	2,726.29
Interest and Finance Charges	12	346.53	314.06
Depreciation		421.52	352.70
Transfer from Service Line Contribution, APDRP Grant and others		(21.92)	(16.20)
		<u>399.60</u>	<u>336.50</u>
		<u>5,495.86</u>	<u>4,770.06</u>
<b>Profit Before Tax</b>		1,423.81	1,187.76
Provision for:			
Current Tax [(Including Rs.0.43 crore for Wealth Tax) (Previous Year Rs.0.42 crore)]		287.47	207.78
Deferred Tax		102.16	142.72
Short / (Excess) Provision of Current Tax for earlier years		(21.47)	-
<b>Profit After Tax</b>		<u>1,055.65</u>	<u>837.26</u>
Share of Profit of Minority		1.05	0.25
Contingency Reserve		1.00	1.00
<b>Profit After Contingency Reserve</b>		<u>1,053.60</u>	<u>836.01</u>
Balance brought forward from previous year		498.27	227.53
<b>Profit Available For Appropriation</b>		<u>1,551.87</u>	<u>1,063.54</u>
<b>APPROPRIATIONS</b>			
General Reserve		400.00	400.00
Proposed Dividend		259.85	141.73
Corporate Dividend Tax		42.15	23.54
		<u>702.00</u>	<u>565.27</u>
<b>Balance Carried to Balance Sheet</b>		<u>849.87</u>	<u>498.27</u>
		<u>1,551.87</u>	<u>1,063.54</u>
Basic and Diluted Earnings per Share of face value of Rs.10/- each (in Rupees) (Refer Note 12 of Schedule 14)		22.32	17.72
<b>Significant Accounting Policies</b>	13		
<b>Notes on Accounts</b>	14		

As per our attached report of even date

**Samir Mehta**  
Executive Vice Chairman

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

**T P Vijayasarathy**  
Whole Time Director

**Gaurav J. Shah**  
Partner

**Rajiv Shah**  
Company Secretary

Ahmedabad, 4th May, 2011

Ahmedabad, 4th May, 2011

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs. in crores)

	Year ended 31st March, 2011	Year ended 31st March, 2010
<b>Cash Flow from Operating Activities</b>		
Net Profit before tax	1,423.81	1,187.76
<b>Adjustments for :</b>		
Depreciation	399.60	336.50
Excess provision written back	(195.64)	(1.71)
Interest expenses	346.53	314.06
Loss on Sale / Redemption of investments	-	0.01
Loss on sale of fixed assets	8.24	9.83
Profit on sale of fixed assets	(0.21)	(0.35)
Provision for Bad Debt	65.41	6.81
Dividend / Interest	(75.92)	(42.85)
<b>Operating Profit before Working Capital Changes</b>	<b>1,971.82</b>	<b>1,810.06</b>
<b>Adjustments for :</b>		
Trade and other receivables	(217.13)	(71.30)
Inventories	(135.16)	23.91
Current Liabilities and Provisions	233.09	116.46
Service Line and Security Deposits	47.44	73.00
<b>Cash Generated from Operations</b>	<b>1,900.06</b>	<b>1,952.13</b>
Taxes Paid	(250.15)	(227.88)
<b>Net Cash Flow from Operating Activities</b>	<b>1,649.91</b>	<b>1,724.25</b>
<b>Cash Flow from Investing Activities</b>		
Purchase of fixed assets including capital work-in-progress	(1,801.29)	(758.29)
Sale of fixed assets	3.56	2.48
Purchase of investments	-	(10.04)
Sale of investments	5.05	0.05
Dividend and Interest received	75.98	42.85
<b>Net Cash used in Investing Activities</b>	<b>(1,716.70)</b>	<b>(722.95)</b>
<b>Cash Flow from Financing Activities</b>		
Share Capital	2.50	7.80
Long Term borrowings	179.00	521.90
Short Term borrowings	459.33	-
APDRP Grant	-	16.41
Repayment of fixed deposits	*	(0.01)
Repayment of borrowings	(414.80)	(446.28)
Repayment of APDRP Loan	(2.95)	(1.64)
Service Line Contribution	87.79	58.09
Dividend paid	(164.49)	(109.94)
Interest paid	(355.29)	(320.15)
<b>Net Cash used in Financing Activities</b>	<b>(208.91)</b>	<b>(273.82)</b>
<b>Net (decrease) / increase in Cash and Cash Equivalents</b>	<b>(275.70)</b>	<b>727.48</b>
<b>Cash and Cash Equivalents as at beginning of the year</b>	<b>1,388.23</b>	<b>660.75</b>
<b>Cash and Cash Equivalents as at end of the year</b>	<b>1,112.53</b>	<b>1,388.23</b>
<b>Notes:</b>		
1. Cash and Cash Equivalents as at end of the year:		
Cash and Bank Balances	954.98	1,196.29
Current Investments (Investments in Mutual Funds)	157.55	191.94
	<u>1,112.53</u>	<u>1,388.23</u>

- The Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard - 3 "Cash Flow Statement" issued by The Institute of Chartered Accountants of India.
- Interest paid is exclusive of and purchase of Fixed Assets is inclusive of interest capitalised Rs. 29.93 crores (Previous Year Rs. 62.11 crores)

As per our attached report of even date

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

**Gaurav J. Shah**  
Partner

Ahmedabad, 4th May, 2011

**Samir Mehta**  
Executive Vice Chairman

**T P Vijayasathy**  
Whole Time Director

**Rajiv Shah**  
Company Secretary

Ahmedabad, 4th May, 2011



## SCHEDULES

### FORMING PART OF THE BALANCE SHEET

#### SCHEDULE '1': SHARE CAPITAL

	(Rs. in crores)	
	As at 31st March, 2011	As at 31st March, 2010
<b>Authorised:</b>		
2,000,000,000 Equity Shares of Rs.10/- each	2,000.00	2,000.00
	<u>2,000.00</u>	<u>2,000.00</u>
<b>Issued, Subscribed and Paid up:</b>		
472,448,308 Equity Shares of Rs.10/- each	472.45	472.45
	<u>472.45</u>	<u>472.45</u>

1. 249,322,865 equity shares (249,322,865 equity shares as at 31st March, 2010) of Rs.10/- each fully paid up are held by holding company - Torrent Private Limited.
2. 472,435,808 equity shares (472,435,808 equity shares as at 31st March, 2010) of Rs.10/- each fully paid up were issued pursuant to the Scheme of Amalgamation between erstwhile Torrent Power AEC Ltd, Torrent Power SEC Ltd and Torrent Power Generation Limited.

**SCHEDULE '2' : RESERVES AND SURPLUS**

(Rs. in crores)

	As at 31st March, 2011	As at 31st March, 2010
<b>Capital Reserves</b>		
Service Line Contributions		
As per last Balance Sheet	240.20	195.12
Contributions during the year	87.84	58.10
	<u>328.04</u>	<u>253.22</u>
Less: Transfer to Profit and Loss Account	18.65	13.02
	<u>309.39</u>	<u>240.20</u>
Grant in Aid under Accelerated Power Development and Reform Programme		
As per last Balance Sheet	49.25	36.02
Received during the Period	-	16.41
	<u>49.25</u>	<u>52.43</u>
Less: Transfer to Profit and Loss Account	3.23	3.18
	<u>46.02</u>	<u>49.25</u>
<b>Statutory Reserves</b>		
Contingency Reserve		
As per last Balance Sheet	61.10	60.10
Less: Loss on Contingency Reserve Investments	1.61	-
	<u>59.49</u>	<u>60.10</u>
Add: Transfer from Profit and Loss Account	1.00	1.00
	<u>60.49</u>	<u>61.10</u>
Tariff and Dividend Control Reserve		
As per last Balance Sheet	11.59	11.59
<b>Other Reserves</b>		
General Reserve		
As per last Balance Sheet	2,629.00	2,229.00
Add: Transfer from Profit and Loss Account	400.00	400.00
	<u>3,029.00</u>	<u>2,629.00</u>
<b>Balance in Profit and Loss Account</b>	<u>849.87</u>	<u>498.27</u>
	<u><u>4,306.36</u></u>	<u><u>3,489.41</u></u>

**SCHEDULE '3' : SECURED LOANS**

(Rs. in crores)

	As at 31st March, 2011	As at 31st March, 2010
<b>Rupee Term Loans</b>		
From Financial Institutions	1,174.50	1,333.26
From Banks	2,131.38	1,935.05
	<u>3,305.88</u>	<u>3,268.31</u>

Of the above, amount of Rs.724.76 crores (Previous Year Rs.417.33 crores) is repayable within one year.

**SCHEDULE '4' : UNSECURED LOANS**

(Rs. in crores)

	As at 31st March, 2011	As at 31st March, 2010
Term Loan from Government of India under Accelerated Power Development and Reform Programme	55.03	57.98
Short Term Loan from Financial Institution	175.00	-
Loan from Bank	10.96	-
	<u>240.99</u>	<u>57.98</u>

Of the above, amount of Rs.189.78 crores (Previous Year Rs.2.97 crores) is repayable within one year.

## SCHEDULE '5' : FIXED ASSETS

(Rs. in crores)

PARTICULARS	GROSS BLOCK				DEPRECIATION & AMORTISATION				NET BLOCK	
	As at 1-Apr-10	Additions during the year	Deductions during the year	As at 31-Mar-11	As at 1-Apr-10	For the year	Deductions during the year	As at 31-Mar-11	As at 31-Mar-11	As at 31-Mar-10
Land										
(a) Freehold	127.12	14.04	-	141.16	-	-	-	-	141.16	127.12
(b) Leasehold	142.68	10.89	-	153.57	3.02	4.74	-	7.76	145.81	139.66
Buildings	682.80	55.36	-	738.16	30.62	28.58	-	59.20	678.96	652.18
Railway siding	2.34	-	-	2.34	0.28	0.12	-	0.40	1.94	2.06
Plant and Machinery										
(a) Steam Station	2,807.86	25.13	-	2,832.99	241.58	149.09	-	390.67	2,442.32	2,566.28
(b) Others including Switchgears and Transformers	1,844.70	245.13	16.28	2,073.55	384.98	108.74	5.80	487.92	1,585.63	1,459.72
Transmission and Distribution systems										
(a) Overhead	508.32	221.22	0.01	729.53	73.78	32.22	-	106.00	623.53	434.54
(b) Underground	1,567.34	127.58	0.42	1,694.50	289.93	85.65	0.12	375.46	1,319.04	1,277.41
Electrical Fittings and Apparatus	43.60	6.77	0.18	50.19	7.04	3.06	0.03	10.07	40.12	36.56
Furniture, Fixture and Office Equipments	59.80	13.13	0.15	72.78	21.59	7.50	0.05	29.04	43.74	38.21
Vehicles	18.84	4.12	1.21	21.75	5.62	2.38	0.65	7.35	14.40	13.22
Intangible Assets Software	3.95	13.60	-	17.55	2.73	3.74	-	6.47	11.08	1.22
<b>Total</b>	<b>7,809.35</b>	<b>736.97</b>	<b>18.25</b>	<b>8,528.07</b>	<b>1,061.17</b>	<b>425.82</b>	<b>6.65</b>	<b>1,480.34</b>	<b>7,047.73</b>	<b>6,748.18</b>
Previous period	4,372.05	3,454.03	16.73	7,809.35	710.29	355.64	4.76	1,061.17	6,748.18	3,661.76
Capital Work-in-Progress									1,414.76	306.22
									8,462.49	7,054.40

### Notes:

- Additions during the year includes borrowing costs of Rs.17.23 crores (Previous Year Rs.59.48 crores) and Capital Work-in-Progress includes borrowing costs of Rs.12.70 crores (Previous Year Rs.2.63 crores) incurred during the year, which are directly attributable to purchase / construction of qualifying assets in accordance with Accounting Standard - 16 "Borrowing Costs" issued by The Institute Of Chartered Accountants Of India.
- Capital Work-in-Progress includes Capital Advances of Rs.781.02 crores (Previous Year Rs.35.05 Crores) and Pre-operative Expenditure of Rs.36.34 crores (Previous Year Rs.7.56 crores) (Refer Note 5 of Schedule 14).
- The Company has leased a portion of its land to AEC Cements & Constructions Limited.
- Land includes freehold land amounting to Rs.0.04 crore (31st March, 2010 Rs.0.04 crore) and leasehold land amounting to Rs.14.66 crores (31st March, 2010 Rs.15.92 crores) for which documentations are in progress.
- Freehold land includes pro rata cost of land amounting to Rs.23.78 crores (Previous Year Rs.23.78 crores) owned jointly in equal proportion with, a Company under same management, Torrent Pharmaceuticals Limited.

**SCHEDULE '6' : INVESTMENTS (AT COST)**

(Rs. in crores)

	No. of Units 31-03-2011	No. of Units 31-03-2010	Face Value	As at 31st March, 2011	As at 31st March, 2010
<b>A. LONG TERM INVESTMENTS</b>					
<b>Contingency Reserve Investments (Quoted)</b>					
11.70% ICICI Bond - 2011		500		-	6.61
12.00% IFCI Bond - 2012	50	50	0.01	0.01	0.01
11.50% GOI Bond - 2011			0.08	0.10	0.10
6.85% GOI Bond - 2012			1.50	1.51	1.51
7.27% GOI Bond - 2013			1.65	1.69	1.69
11.25% ICICI Bank Ltd. - 2016	250	250	2.50	3.29	3.29
3.00% Calcutta Port Trust Debentures			0.01	0.01	0.01
				<u>6.61</u>	<u>13.22</u>
<b>Other Investments</b>					
<b>Quoted</b>					
12.00% Uttar Pradesh State Loan				0.02	0.02
				<u>0.02</u>	<u>0.02</u>
<b>Unquoted</b>					
<b>Trade</b>					
Tidong Hydro Power Limited					
Equity Shares of Rs 10/- each fully paid up	24500	24500	0.02	0.02	0.02
AEC Cements & Constructions Limited					
Equity Shares of Rs.10/- each fully paid up	611500	611500	0.61	0.61	0.61
Less: Provision for diminution in value of investment				0.61	0.61
				<u>0.02</u>	<u>0.02</u>
<b>Total (A)</b>				<u>6.65</u>	<u>13.26</u>
<b>B. CURRENT INVESTMENTS</b>					
<b>In Units - (Unquoted)</b>					
Birla Sun Life Cash Plus	28296562	20370869		44.25	30.00
Birla Sunlife Saving Fund	-	21126598		-	36.91
Birla Sun Life Savings Fund-Institutional-Daily Dividend	-	4998104		-	5.00
Birla Sun Life Cash Plus-Institutional Premium-Growth	5109666	-		8.00	-
Birla Sun Life Cash Manager	14676897	-		14.68	-
HDFC Cash Management Fund-Treasury Advantage Plan	-	3988546		-	4.00
ICICI Prudential Flexible Income Plan - Daily Dividend	-	473001		-	5.00
Kotak Floater Long Term	-	5155403		-	7.53
Kotak Floater Short Term	14448150	-		23.13	-
Kotak Floater Long Term - Daily Dividend	-	9923121		-	10.00
Kotak Flexi Debt Scheme	13017024	-		13.08	-
LIC MF Liquid Fund	36910202	55542716		54.41	93.50
<b>Total (B)</b>				<u>157.55</u>	<u>191.94</u>
[Aggregate NAV of Investments in Mutual Funds Rs.157.92 crores (31st March, 2010 Rs.192.14 crores)]					
<b>Total (A+B)</b>				<u>164.20</u>	<u>205.20</u>
Aggregate book value of quoted investments				6.63	13.24
Aggregate book value of unquoted investments				157.57	191.96
<b>Total</b>				<u>164.20</u>	<u>205.20</u>
Market Value of Quoted Investments				5.75	11.19

## SCHEDULE '7' : CURRENT ASSETS, LOANS AND ADVANCES

(Rs. in crores)

	As at 31st March, 2011	As at 31st March, 2010
<b>CURRENT ASSETS</b>		
<b>Interest Accrued On Investments</b>	0.21	0.27
<b>Inventories</b>		
Coal, Oil, Stores and Spares	282.54	144.20
[Includes Goods in transit Rs. 3.28 crores (31st March, 2010 Rs.24.16 crores)]		
<b>Sundry Debtors</b>		
Debts outstanding for a period exceeding six months		
Secured - Considered Good	8.68	5.13
Unsecured - Considered Good	13.25	1.74
- Considered Doubtful	24.97	70.59
	46.90	77.46
Other Debts		
Secured - Considered Good	192.15	149.50
Unsecured - Considered Good	394.99	386.57
- Considered Doubtful	75.64	12.85
	662.78	548.92
Less: Provision for Doubtful Debts	100.61	83.44
	609.07	542.94
<b>Cash and Bank Balances</b>		
Cash and Cheques on hand	3.17	3.81
[including Cheques on hand of Rs.1.32 crores (31st March, 2010 Rs.3.08 crores)]		
Balances with scheduled banks		
In Current Accounts	81.58	64.94
Fixed Deposits Accounts	870.16	1,127.44
Balances with other Banks in Current Accounts		
Nepal Grindlays Bank Ltd.	0.02	0.02
Maximum balance during the year Rs.0.02 crore (Previous Year Rs.0.02 crore)		
The City Co-operative Bank Ltd.	0.01	0.01
Maximum balance during the year Rs.0.56 crore (Previous Year Rs.0.70 crore)		
The Associate Co-operative Bank Ltd.	0.02	0.02
Maximum balance during the year Rs.0.19 crore (Previous Year Rs.0.49 crore)		
The Surat Mahila Nagrik Sahakari Bank Ltd.	0.01	0.01
Maximum balance during the year Rs.0.01 crore (Previous Year Rs.0.01 crore)		
The Surat Mercantile Co-operative Bank Ltd.	0.01	0.04
Maximum balance during the year Rs.0.53 crore (Previous Year Rs.1.21 crore)		
	954.98	1,196.29
<b>LOANS &amp; ADVANCES</b>		
<b>Unsecured (Considered Good Unless Otherwise Stated)</b>		
Advances recoverable in cash or in kind or for value to be received	176.75	92.26
Less: Provision for Doubtful Advances	12.38	5.50
	164.37	86.76
Balance with Government Authority	1.15	0.64
Advance Tax and Tax deducted at source (Net of Provision for Taxation)	0.02	15.87
	165.54	103.27
	2,012.34	1,986.97

### Note :

Advances recoverable in cash or kind or for value to be received includes an amount of Rs.3.60 crores (31st March, 2010 Rs.3.80 crores) recoverable from AEC Cements & Constructions Limited, a company under the same management [maximum amount outstanding during the year Rs.3.80 crores (Previous Year Rs.4.25 crores)].

**SCHEDULE '8' : CURRENT LIABILITIES AND PROVISIONS**

(Rs. in crores)

	As at 31st March, 2011	As at 31st March, 2010
<b>CURRENT LIABILITIES</b>		
Sundry Creditors (Refer Note 7 of Schedule 14)	954.71	821.34
Investor Education and Protection Fund shall be credited by the following:		
Unclaimed Dividends	2.74	1.96
Unclaimed Fixed Deposits and Interest thereon	-	*
Consumers' Benefit Account	12.01	12.01
Credit Balances of Consumers	32.77	34.67
Interest Accrued but not due on Loans and Security Deposits	23.05	29.68
	<u>1,025.28</u>	<u>899.66</u>
<b>PROVISIONS</b>		
Provision for Gratuity and other fund	54.76	30.54
Provision for Leave Encashment	67.20	54.87
Provision for Indirect Tax	10.51	107.64
Proposed Dividend	259.85	141.73
Provision for Corporate Dividend Tax	42.15	23.54
	<u>434.47</u>	<u>358.32</u>
	<u>1,459.75</u>	<u>1,257.98</u>

## SCHEDULES

### FORMING PART OF THE PROFIT AND LOSS ACCOUNT

#### SCHEDULE '9' : NET INCOME OF SERVICES DIVISION

(Rs. in crores)

	Year ended 31st March, 2011	Year ended 31st March, 2010
<b>INCOME</b>		
Value of Contracts Billed and Service Charges	0.03	0.14
[Tax Deducted at Source Rs.* (Previous Year Rs.Nil)]		
Miscellaneous Income	*	0.01
Provisions no longer required written back	-	1.42
	<u>0.03</u>	<u>1.57</u>
<b>EXPENDITURE</b>		
Cost of Materials	-	0.03
Labour Charges	-	0.05
Salaries, Wages and Bonus	0.12	0.18
Other Expenses	0.12	0.04
Bad Debts	-	0.30
	<u>0.24</u>	<u>0.60</u>
<b>NET INCOME / (LOSS)</b>	<u>(0.21)</u>	<u>0.97</u>

#### SCHEDULE '10' : OTHER INCOME

(Rs. in crores)

	Year ended 31st March, 2011	Year ended 31st March, 2010
Street Lighting Maintenance Contracts	6.05	5.28
[Tax Deducted at Source Rs.0.13 crore (Previous Year Rs.0.21 crore)]		
Hire of Meters	41.38	36.88
Profit on sale of Fixed Assets	0.21	0.35
Interest from Contingency Reserve Investments	1.04	1.10
[Tax Deducted at Source Rs.0.06 crore (Previous Year Rs.0.18 crore)]		
Other Interest (Gross)	74.87	41.70
[Tax Deducted at Source Rs.6.02 crore (Previous Year Rs.5.99 crore)]		
Insurance Claim Receipt	0.04	0.03
Miscellaneous Income	51.24	33.54
Provisions no longer required written back	195.64	0.29
Profit on Sale / Redemption of Current Investments	20.11	10.05
Recovery of Bad Debts	3.20	3.21
Dividend on Current Investments	0.47	0.05
	<u>394.25</u>	<u>132.48</u>



**SCHEDULE '11' : GENERATION, DISTRIBUTION, ADMINISTRATION AND OTHER EXPENSES**

(Rs. in crores)

	Year ended 31st March, 2011	Year ended 31st March, 2010
Fuel [after credit of claims of Rs.3.12 crores (Previous Year Rs.7.19 crores)]	2,347.50	1,892.85
Consumption of Stores and Spares	218.67	181.43
Rent and Hire Charges	4.29	3.77
Repairs to		
Buildings	7.61	7.31
Plant and Machinery	201.12	167.67
Others	6.32	7.63
	<u>215.05</u>	<u>182.61</u>
Salaries & Wages		
Salaries, Wages and Bonus	286.90	241.69
Contribution to Provident and Other Funds	12.87	10.54
Employees' Welfare Expenses	9.88	11.65
Gratuity and Leave encashment	64.42	42.36
	<u>374.07</u>	<u>306.24</u>
Discount for Prompt Payment of Bills	46.80	48.63
Insurance	16.13	11.04
Rates and Taxes	4.84	111.91
Miscellaneous Expenses	108.31	75.80
Service line charges for Sub-stations	1.32	-
Loss on Sale of Other Investments	-	0.01
Loss on Sale of Fixed Assets	8.24	9.83
Commission to Non Executive Directors	0.47	0.55
Audit Fees	0.34	0.29
Legal, Professional and Consultancy fees	7.71	6.16
Donations	23.34	29.61
Bad Debts Written off	23.04	2.69
Provision for Doubtful Debts	65.41	6.81
	<u>3,465.53</u>	<u>2,870.23</u>
Less: Allocated to Capital Works, Repairs and Other Relevant Revenue Accounts	169.24	143.94
	<u>3,296.29</u>	<u>2,726.29</u>

**SCHEDULE '12' : INTEREST AND FINANCE CHARGES**

(Rs. in crores)

	Year ended 31st March, 2011	Year ended 31st March, 2010
Interest on Term Loans	311.72	292.22
Interest on Security Deposits from Consumers	20.92	17.83
Others including Finance Charges	13.89	4.01
	<u>346.53</u>	<u>314.06</u>

## **SCHEDULE '13' : SIGNIFICANT ACCOUNTING POLICIES**

### **1. Basis of Preparation of Consolidated Financial Statements:**

The Consolidated financial statements have been prepared by consolidating financial statements of the subsidiary Torrent Power Grid Limited, Torrent Pipavav Generation Limited and Torrent Energy Limited with Torrent Power Limited, in accordance with generally accepted accounting principles and in consonance with Accounting Standard 21 (Consolidated financials statements) and Accounting Standard 23 (Accounting for investments in Associates in the Consolidated Financial Statements) issued by the Institute of Chartered Accountants of India. The Financial statements are prepared and presented under the historical cost convention on accrual basis of accounting, in accordance with the accounting principles generally accepted in India and comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India. These statements have been prepared to meet requirement of Clause 32 of the listing agreement with the stock exchange.

### **2. Principles of Consolidation:**

The consolidated financial statements comprise the financial statements of Torrent Power Limited and its subsidiaries.

The consolidated financial statements have been combined on a line-by-line basis by adding the book values of items like assets, liabilities, income and expenses after eliminating intra-group balances / transactions.

These consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidated financial statements are presented, in the same format as that adopted by holding company for its separate financials statements.

The difference between the cost of the Company of its investments in subsidiaries and its proportionate share in the equity of the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.

Minority Interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in equity, subsequent to the date of investment.

### **3. Other Significant Accounting Policies:**

These are set out in the Notes to Accounts under Significant Accounting Policies of the financial statements of Torrent Power Limited.

## SCHEDULE '14' : NOTES ON ACCOUNTS

1. (i) Consolidated Financial Statements include the Financial Statements of the parent Company Torrent Power Limited and the following subsidiaries (together referred to as Group):

Name of the Subsidiary	Country of Incorporation	% of Holding
Torrent Power Grid Limited	India	74
Torrent Pipavav Generation Limited	India	95
Torrent Energy Limited	India	100

- (ii) Investment in associates: The break up of the investments in associates is as under:

Particulars	AEC Cements & Constructions Limited	Tidong Hydro Power Limited
No. of Equity Shares (Nos.)	611,500	24,500
Cost of Investment (Rs. Crores)	0.61	0.02
% of Holding	43.88	49.00

Investments in above associates have not been accounted for in consolidated financial statements being not material to the Group.

	(Rs. in crores)	
	As at 31st March, 2011	As at 31st March, 2010
2. Estimated amount of contracts remaining to be executed on Capital Accounts (Net of Advances)	4017.52	338.09

	(Rs. in crores)	
	As at 31st March, 2011	As at 31st March, 2010
3. Contingent Liabilities not provided for in respect of:		
(i) Letters of Credit established and Guarantees given by banks on behalf of the Company	63.57	28.73
(ii) Disputed Income-tax matters	23.45	21.81
(iii) Disputed Sales-tax matters	0.22	0.21
(iv) Disputed Custom Duty matters	0.44	0.44
(v) Disputed Stamp Duty matters	0.26	0.26

4. The goodwill has arisen on consolidation of financial statements of the Company with its subsidiaries and represents the difference between the cost to the Company of its investments in Torrent Pipavav Generation Limited and value of Company's investment in equity shares of Torrent Pipavav Generation Limited.

5. Pre-operative expenditure pending allocation to UNOSUGEN Combined Cycle Power Plant (Unit-40) under implementation, Torrent Power Grid Limited, Torrent Energy Limited, Torrent Pipavav Generation Limited till the date of the balance sheet are as under:

(Rs. in crores)

	As at 31st March, 2011	As at 31st March, 2010
Salary, wages, bonus, gratuity and superannuation	6.52	1.78
Advertisement	0.11	0.01
Insurance	0.02	0.01
Legal, Professional and Consultancy Fees	6.32	1.51
Rates and Taxes	0.23	0.01
Electricity Charges	0.22	-
Miscellaneous Expenses	4.77	1.33
Printing, Stationary, Postage and Telephone	0.08	0.24
Repairs and Maintenance	0.22	0.04
Traveling Expenses	0.48	0.17
Auditors' Remuneration	0.04	0.04
Registration, Filing and Legal Fees	0.38	*
Rent Expenses	2.03	0.07
Depreciation	5.32	1.03
Fringe Benefit Tax	*	*
Finance Cost	9.03	1.32
Land Leveling Cost	0.57	-
<b>Total Expenditure</b>	<u>36.34</u>	<u>7.56</u>

6. (i) The Company uses forward contracts to hedge its risk associated with foreign currency fluctuation relating to firm commitments. The Company does not use forward contracts for speculative purposes. Outstanding foreign exchange contracts as at 31st March, 2011 is Rs.20.60 crores (Previous Year Rs.NIL)
- (ii) Foreign currency exposure not hedged by derivative instruments as at 31st March, 2011 on capital imports amount to Rs.36.73 crores (Previous Year Rs.4.31 crores)
7. Based on the information available with the Company, the balance due to Micro and Small Enterprises as defined under MSMED Act, 2006 is Rs.1.49 crores (Previous Year Rs.1.14 crores). No interest has been paid or payable under MSMED Act, 2006 during the year.
8. Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on straight-line basis.

The Company's significant leasing arrangements are in respect of residential flats, office premises, plant and machinery and equipments taken on lease. The arrangements range between 11 months and 10 years generally and are usually renewable by mutual consent or mutually agreeable terms. Under these arrangements, generally refundable interest free deposits have been given. The Company has not entered into any material financial lease. The Company does not have any non-cancellable lease.

9. **Employee Benefits:**

The accounting liability on account of gratuity and leave is accounted as per AS 15 (revised 2005) dealing with Employee benefits.

The Company operates a defined benefit plan (the Gratuity 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 employee's salary and tenure of employment.

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

(Rs. in crores)

Particulars	As at 31st March, 2011		As at 31st March, 2010	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
<b>a. Reconciliation of opening and closing balances of the present value of the defined benefit obligation:</b>				
Obligations at the beginning of the year	54.87	124.97	84.21	111.55
Current Service Cost	12.71	9.00	4.71	5.17
Interest Cost	4.08	10.11	3.24	8.76
Actuarial (gain) / loss	1.40	37.56	5.50	6.83
Benefits paid	(5.86)	(11.24)	(42.79)	(7.34)
<b>Obligations at the end of the year</b>	<b>67.20</b>	<b>170.40</b>	<b>54.87</b>	<b>124.97</b>
<b>b. Reconciliation of opening and closing balances of the fair value of plan assets:</b>				
Plan assets at the beginning of the year, at fair value	-	94.67	-	77.37
Expected return on plan assets	-	10.01	-	7.96
Actuarial gain / (loss)	-	(0.11)	-	0.21
Contributions	-	22.64	-	16.47
Benefits paid	-	(11.24)	-	(7.34)
<b>Plan assets at the end of the year, at fair value</b>	<b>-</b>	<b>115.97</b>	<b>-</b>	<b>94.67</b>
<b>c. Reconciliation of the present value of the defined benefit obligation and fair value of plan assets:</b>				
Obligations at the end of the year	67.20	170.40	54.87	124.97
Plan assets at the end of the year, at fair value	-	115.97	-	94.67
<b>Liability recognized in Balance sheet as at 31st March, 2011</b>	<b>67.20</b>	<b>54.43</b>	<b>54.87</b>	<b>30.30</b>
<b>d. Cost for the year:</b>				
Current Service Cost	12.71	9.00	4.71	5.17
Interest Cost	4.08	10.11	3.24	8.76
Expected return on plan assets	-	(10.01)	-	(7.96)
Net Actuarial gain / (loss)	1.40	37.67	5.50	6.35
<b>Net Cost – included in Schedule 11 of the profit and loss account</b>	<b>18.19</b>	<b>46.77</b>	<b>13.45</b>	<b>12.32</b>
<b>e. Investment details of plan assets:</b>				
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.				
<b>f. Assumptions</b>				
Interest rate	8.09%	8.09%	7.85%	7.85%
Expected rate of return on plan assets (Yield on long term bonds of Central Government prevailing on 31st March, 2011)	-	9.50%	-	9.25%

**g. 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 are obtained from relevant data of Life Insurance Corporation of India.

**Past four years data for defined benefit obligation and fair value of plan**

(Rs. in crores)

	2006-07 6 Months	2007-08 12 Months	2008-09 12 Months	2009-10 12 Months
Present value of defined benefit obligations at the end of the period [independent actuary]	152.34	171.19	195.76	179.84
Fair value of plan assets at the end of the period	56.35	63.78	77.37	94.67
Net assets / (liability) at the end of period	(95.99)	(107.41)	(118.39)	(85.17)

10. **The Profit and Loss Account includes:**

(Rs. in crores)

	Year ended 31st March, 2011	Year ended 31st March, 2010
<b>a. Managerial Remuneration to Directors:</b>		
Salary and Other Allowances	16.07	10.17
Contribution to Provident and Other Funds	0.48	0.49
Gratuity Provision	0.25	0.18
Commission	12.06	20.80
Commission to Non Executive Directors	0.47	0.55
	<u>29.33</u>	<u>32.19</u>
Less: Capitalised during the year	-	17.81
	<u>29.33</u>	<u>14.38</u>
<b>b. Payments to Auditors:</b>		
Audit Fees	0.34	0.29
Tax Audit Fees	0.04	0.04
Other services – certificates etc.	0.23	0.17
Reimbursement of expenses	0.01	0.01
	<u>0.62</u>	<u>0.51</u>

11. **Deferred Tax:**

(Rs. in crores)

	As at 31st March, 2011		As at 31st March, 2010	
	Asset	Liability	Asset	Liability
Depreciation		420.32		304.14
Provision for Gratuity and Superannuation	16.91		9.77	
Leave Encashment	17.03		14.33	
Provision for Doubtful Debts	21.37		1.83	
Other Provisions	-		10.65	
Municipal Taxes	2.91		2.57	
Amalgamation Expenses	-		0.19	
Provision for Works Contract	0.41		0.41	
Provision for Wages and Bonus	0.21		0.21	
Provision for Short Term Leave	0.07		4.93	
	<u>58.91</u>	<u>420.32</u>	<u>44.89</u>	<u>304.14</u>
Net Deferred Tax (Asset) / Liability		<u>361.41</u>		<u>259.25</u>

## 12. Earnings Per Share

	Year ended 31st March, 2011	Year ended 31st March, 2010
Profit After Tax (net of Minority Interest) (Rs. in crores)	1054.60	837.01
No. of Equity Shares (in crores)	47.24	47.24
Basic and Diluted Earnings per Share (Rs.)	22.32	17.72

13. The Company's primary business segment is Generation and Distribution of Electricity. Based on the guiding principles given in Accounting Standard on "Segment Reporting" [(AS-17) issued by the Institute of Chartered Accountants of India], this activity falls within a single primary business segment and accordingly the disclosure requirements of AS-17 in this regard are not applicable.

## 14. Related Party Disclosures:

(Rs. in crores)

	Associates		Enterprises controlled by the Company		Holding Company/ Enterprises controlled by the Holding Company		Key Management Personnel		Enterprises controlled by Key Management Personnel/ Relatives of Key Management Personnel		Total	
	Year ended 31.03.11	Year ended 31.03.10	Year ended 31.03.11	Year ended 31.03.10	Year ended 31.03.11	Year ended 31.03.10	Year ended 31.03.11	Year ended 31.03.10	Year ended 31.03.11	Year ended 31.03.10	Year ended 31.03.11	Year ended 31.03.10
<b>A ) Volume of Transactions</b>												
Purchase of Materials	1.75	2.52	-	-	125.85	97.46	-	-	-	-	127.60	99.98
Services Received	5.36	5.43	-	-	2.29	3.10	-	-	2.67	1.24	10.32	9.77
Managerial Remuneration	-	-	-	-	-	-	28.86	31.64	-	-	28.86	31.64
Advance Paid	-	-	-	-	-	-	-	-	-	0.02	-	0.02
Advance Recovered	0.20	0.45	-	-	-	-	-	-	-	-	0.20	0.45
Equity Contribution	-	7.80	-	-	-	-	-	-	-	-	-	7.80
Purchase of Shares of Subsidiaries	-	-	-	-	-	0.03	-	*	-	-	-	0.03
Donation	-	-	-	-	-	-	-	-	8.35	8.00	8.35	8.00
Contribution to Funds (Net)	-	-	15.49	11.37	-	-	-	-	-	-	15.49	11.37
<b>B) Balances at the end of the year</b>												
Current Liabilities	0.06	0.07	1.91	1.48	14.12	18.34	-	-	0.02	0.03	16.11	19.92
Investment in Equities	24.03	24.03	-	-	-	-	-	-	-	-	24.03	24.03
Loans and Advances	3.60	3.80	-	-	0.56	0.56	-	-	-	0.02	4.16	4.38

**Names of related parties and description of relationship:**

1. Associates	AEC Cements & Constructions Limited	Power Grid Corporation of India Limited	Tidong Hydro Power Limited
2. Enterprises controlled by the company	TPL (Ahmedabad) Gratuity Trust TPL (Surat) Superannuation Fund TPG Gratuity Trust TEL Superannuation Fund	TPL (Ahmedabad) Superannuation Fund TPL (SUGEN) Gratuity Trust TPG Superannuation Fund	TPL (Surat) Gratuity Trust TPL (SUGEN) Superannuation Fund TEL Gratuity Trust
3. Holding Company / Enterprises controlled by the Holding Company	Torrent Private Limited Gujarat Lease Financing Limited Torrent Do Brasil Ltda. Torrent Pharma GmbH. Torrent Australasia Pty Ltd. Torrent Pharma (Thailand) Co. Ltd. Torrent Pharma (UK) Ltd. Torrent Financiers	Torrent Pharmaceuticals Limited Torrent Power Services Private Limited Heumann Pharma GmbH & Co. Generica KG Torrent Pharma Inc. Laboratorios Torrent SA de CV Norispharm GmbH. Laboratories Torrent (Malaysia) Sdn.Bhd. Torrent Pharmaceuticals Sikkim	Torrent Cables Limited Torrent Power Bhiwandi Limited Zao Torrent Pharma Torrent Pharma Philippines Inc. Torrent Pharma Canada Inc. Heunet Pharma GmbH. Torrent Pharma S.R.L. Torrent Pharmaceuticals Dahej
4. Key Management Personnel	Sudhir Mehta Chairman	Samir Mehta Executive Vice Chairman	Murli Ranganathan Whole-time Director
5. Relatives of Key Management Personnel	Anita Mehta, Wife Shardaben Mehta, Mother Samir Mehta, Brother Meena Modi, Sister Nayna Shah, Sister Jinal Mehta, Son Varun Mehta, Son	Sapna Mehta, Wife Shardaben Mehta, Mother Sudhir Mehta, Brother Meena Modi, Sister Nayna Shah, Sister Aman Mehta, Son Shaan Mehta, Son	T.P.Vijayasarathy Whole-time Director Lalitha Vijayasarathy, Wife T.P. Sanjayasarathy, Brother Rajalakshmi Premkumar, Sister Kundavi Vishwanathan, Daughter Priyadarshini Vijayasarathy, Daughter
6. Enterprises controlled by Key Management Personnel / Relatives of Key Management Personnel	U. N. Mehta Charitable Trust D. N. Modi Charitable Trust Zeal Pharmachem India Private Limited U.N.Mehta Institute of Cardiology & Research Centre	Shardaben Mehta Charitable Trust Tsunami Tours & Travels Private Limited Diamond Infrastructure Private Limited	Dushyant Shah Charitable Trust Torrel Cosmetics Private Limited Munjal Bhatt Associates



15. **Donations include political contributions as under:**

(Rs. in crores)

	Year ended 31st March, 2011	Year ended 31st March, 2010
1. Bhartiya Janata Party	3.00	5.50
2. Indian National Congress	2.30	5.05
3. Nationalist Congress Party	-	1.00

16. The Department of Company Affairs has, granted general exemption to all Companies vide its circular no. 2 of 2011 dated 8th February, 2011 from the applicability of the provisions contained in sub-section (1) of Section 212 of the Companies Act, 1956, relating to the statements to be attached in respect of the subsidiary companies, with the financial statements of the Company. The Department of Company Affairs has directed all Companies to provide the summarized financial details of each subsidiary whilst granting exemption. The details required are provided herewith.

Shareholders interested in obtaining the statement of Company's interest in the subsidiaries or stand-alone financial statements of the subsidiaries may obtain it by writing to the Company Secretary.

The annual accounts of subsidiary companies are available for inspection by any investor at the registered office of the Company and on its website [www.torrentpower.com](http://www.torrentpower.com).

**Summarised Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies**

1	Name of Subsidiary Company	Torrent Power Grid Limited	Torrent Pipavav Generation Limited	Torrent Energy Limited
2	Financial year ended on	31st March, 2011 Rs. in crores	31st March, 2011 Rs. in crores	31st March, 2011 Rs. in crores
3	Capital	90.00	50.00	730.00
4	Reserves	6.91	0.88	(0.20)
5	Total Assets	349.60	50.89	1051.76
6	Total Liabilities	349.60	50.89	1051.76
7	Details of investment (except in case of investment in subsidiaries)	8.00	46.14	Nil
8	Turnover	23.01	Nil	36.96
9	Profit / (Loss) before Taxation	8.21	2.06	(0.52)
10	Provision for Taxation / Deferred Tax	4.45	0.60	Nil
11	Profit / (Loss) after tax	3.76	1.46	(0.52)
12	Proposed Dividend	Nil	Nil	Nil

17. Previous year's figures have been restated, wherever necessary, to conform to this year's classification. Figures are rounded off to nearest lakh. Figures below Rs. 50000 are denoted by '\*\*'.

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Signature to Schedule 1 to 14

As per our attached report of even date

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

**Gaurav J. Shah**  
Partner

Ahmedabad, 4th May, 2011

**Samir Mehta**  
Executive Vice Chairman

**T P Vijayasathy**  
Whole Time Director

**Rajiv Shah**  
Company Secretary

Ahmedabad, 4th May, 2011

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Dear Shareholders,

**Sub: Green Initiative in Corporate Governance - Electronic mode of service of documents**

The Ministry of Corporate Affairs (MCA) has taken a Green Initiative in the Corporate Governance by allowing paperless compliances by the companies through electronic mode. MCA has issued circulars dated 21<sup>st</sup> April, 2011 and 29<sup>th</sup> April, 2011 *interalia* allowing companies to serve documents including Annual Reports etc. to the shareholders through electronic mode. It is a welcome move and would help in reducing paper consumption in a significant manner.

Accordingly, the Company proposes to send Annual Report and other documents to the shareholders henceforth in electronic form in lieu of the paper form.

We request you to indicate your preference for receiving Annual Reports and other documents henceforth in electronic form i.e. through e-mail, in lieu of paper form, by providing the details in the table below. If you are holding the shares in physical form, you may send the details to our Share Transfer Agent either through post at the address given in the table or through e-mail to sharepro@shareproservices.com. If you are holding the shares in demat form, you may kindly provide the details to your Depository Participant. Apart from your e-mail address, we also request you to provide your contact details to facilitate faster communication in future. We also request you to intimate changes in your e-mail address/contact details as and when they change, to the Share Transfer Agent / Depository Participant, as applicable.

The above-referred documents including Annual Report would also be made available on the Company's website: [www.torrentpower.com](http://www.torrentpower.com).

As a member of the Company, you will be entitled to be furnished, free of cost, a printed copy of the said documents upon receipt of a requisition from you, at any time.

We take this opportunity to thank you for your help in implementing the e-governance initiative of the Government.

Thanking you,

Yours faithfully,

For Torrent Power Limited

Rajiv Shah

Company Secretary

14<sup>th</sup> May, 2011

..... Tear Here .....

<b>For Physical Shares</b>	<b>For Demat Shares</b>
To, Sharepro Services (India) Private Limited <b>Unit: Torrent Power Limited</b> 13 A-B, Samhita Warehousing Complex, 2 <sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane, Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai – 400072	To,

I/ We request you to send me/ us Annual Reports and all other documents/ communications henceforth in electronic form i.e. through e-mail. Relevant details for communication are given below:

Name of Shareholder	
Folio No. or Client ID/ DP ID	
E-mail Address	
Contact No.	Mobile No. Landline No.

Signature: \_\_\_\_\_

Name of Shareholder: \_\_\_\_\_



**PROXY FORM**

For Demat Shares

For Physical Shares

<b>DP ID</b>	<b>REGD. FOLIO NO.</b>
<b>CLIENT ID</b>	<b>NO. OF SHARES HELD</b>

I / We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being a member / members of Torrent Power Limited hereby appoint Shri / Smt. \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him Shri / Smt. \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my / our proxy to vote for me / us on my / our behalf at the 7<sup>th</sup> Annual General Meeting of the Company to be held on Friday, 29<sup>th</sup> July, 2011 at 9.30 a.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

Signature:

**Affix 15  
paise  
Revenue  
Stamp**

**Notes:**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself.
2. A proxy need not be a member of the Company.
3. The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company at Torrent House, Off Ashram Road, Ahmedabad-380009 latest by 9.30 a.m. on 27<sup>th</sup> July, 2011.

**ATTENDANCE SLIP**

This attendance slip duly filled in is to be handed over at the entrance of the meeting hall.

<b>DP ID</b>	<b>REGD. FOLIO NO.</b>
<b>CLIENT ID</b>	<b>NO. OF SHARES HELD</b>

Full name of the member attending \_\_\_\_\_

Name of Proxy \_\_\_\_\_

(To be filled in if Proxy Form has been duly deposited with the Company)

I hereby record my presence at the 7<sup>th</sup> Annual General Meeting of the Company being held at J. B. Auditorium, Torrent - AMA Centre, Ahmedabad Management Association, Vastrapur, Ahmedabad-380015 on Friday, 29<sup>th</sup> July, 2011 at 9.30 a.m.

\_\_\_\_\_  
Member's / Proxy's Signature

(To be signed at the time of handing over this slip)

**Note:** Persons attending the Annual General Meeting are requested to bring their copies of Annual Report.





