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CORPORATE INFORMATION

Directors	Sudhir Mehta S. K. Barua Kiran Karnik Samir Mehta Keki M. Mistry Pankaj Patel K. Sridhar Markand Bhatt Murli Ranganathan	Chairman Whole-time Director Whole-time Director
Audit Committee	S. K. Barua Kiran Karnik Keki M. Mistry Pankaj Patel	
Shareholders' Grievances Committee	Pankaj Patel Markand Bhatt Samir Mehta	Chairman
Committee of Directors	Samir Mehta Markand Bhatt Murli Ranganathan	Chairman
Company Secretary	Rajiv Shah	
Auditors	C. C. Chokshi & Co.	Chartered Accountants
Registered Office	Torrent House, Off Ashram Road, Ahmedabad-380009 Telephone: (079) 2658 5090, 2658 3060 Fax: (079) 2658 2326	
Plants	<ul style="list-style-type: none">• Power House, Sabarmati, Ahmedabad-380005• Vatva Gas Power Station, Vatva, Ahmedabad-382445• SUGEN Mega Power Project, Off National Highway No. 8, Taluka Kamrej, District Surat-394155	
Distribution Divisions	<ul style="list-style-type: none">• Electricity House, Lal Darwaja, Ahmedabad-380001• Torrent House, Station Road, Surat-395003• Old Agra Road, Anjur Phata, Bhiwandi-421302• 6, Raghunath Nagar, Suresh Plaza Market, Opp. Sanjay Place M. G. Road, Agra-282002	
Website	www.torrentpower.com	
Registrar and Share Transfer Agent	Sharepro Services (India) Private Limited 13 A-B, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai-400072	

NOTICE

NOTICE is hereby given that the Sixth Annual General Meeting of the Shareholders of **TORRENT POWER LIMITED** will be held on Saturday, 31st July, 2010 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 31st March, 2010, 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 Samir Mehta, who retires by rotation and being eligible offers himself for re-appointment.
- 4) To appoint a Director in place of Shri Pankaj Patel, 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 K. Sridhar, 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 Shri Kiran Karnik, 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.”
- 8) To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Shri Keki M. Mistry, 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.”
- 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 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors

(hereinafter referred to as “the Board”) of the Company, to borrow, from time to time, moneys (including non fund based banking facilities) in such form and manner as deemed fit, as may be required for the purpose of business of the Company, from one or more Banks, Financial Institutions and other persons, firms and body corporates, notwithstanding that the moneys so borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) may at any time exceed the aggregate of the paid-up capital of the Company and its free reserves (reserves not set apart for any specific purpose) provided that the total amount borrowed and outstanding at any time shall not exceed Rs. 12,000 Crores (Rupees Twelve Thousand Crores only) and the Board be and is hereby authorised to decide and finalise the terms and conditions of borrowing and to take such actions as may be necessary for implementing this resolution.”

- 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 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as “the Board”) of the Company to mortgage, hypothecate, pledge and/or charge, in addition to mortgage, hypothecation, pledge and/or charge already created, in such form, manner and ranking and on such terms as the Board may deem fit in the interest of the Company, on all or any of the movable and/or immovable properties of the Company (both present and future) and/or the whole or part of the undertaking of the Company together with or without the power to take over the management of the business or any undertaking of the Company in case of certain events of default, in favour of the lender(s), agent(s) or trustee(s), for securing the borrowing availed or to be availed by the Company or any of its subsidiary or holding companies, by way of loans, debentures or any other securities or otherwise, in foreign currency or in Indian Rupees, alongwith interest, additional interest, accumulated interest, liquidated damages, commitment charges or costs, expenses and all other moneys payable by the Company including any increase as a result of devaluation / revaluation / fluctuations in the rate of exchange, from time to time, upto the limits approved under Section 293(1)(d) of the Companies Act, 1956.”

By Order of the Board
For Torrent Power Limited

Ahmedabad
7th May, 2010

Rajiv Shah
Company Secretary

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

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, 21st June, 2010 to Wednesday, 23rd June, 2010 (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. M/s. C. C. Chokshi & Co., Chartered Accountants, Statutory Auditors retire at the ensuing Annual General Meeting. They have expressed their unwillingness to be re-appointed as the Statutory Auditors of the Company. M/s. C. C. Chokshi & Co. is a part of Network of firms of Chartered Accountants registered with the Institute of Chartered Accountants of India (ICAI) under the Rules of Network issued by the ICAI. Deloitte Haskins & Sells, Ahmedabad is also a part of the Network. It is proposed to appoint Deloitte Haskins & Sells, Ahmedabad as the Statutory Auditors, who have furnished a certificate regarding their eligibility for appointment as Statutory Auditors of the Company, pursuant to Section 224(1B) of the Companies Act, 1956. 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 31st March, 2002 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 for nomination facility to 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 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.

EXPLANATORY STATEMENT

Item No. 3

Shri Samir Mehta is a Promoter 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 Samir Mehta, 46, holds Masters in Business Management from B. K. School of Business Management. He has been working as Managing Director of Torrent Pharmaceuticals Limited since last 10 years and was a Director on the Board of erstwhile Torrent Power AEC Limited, Torrent Power SEC Limited and Torrent Power Generation Limited. He is also the Director-in-Charge of Torrent Energy Limited. His rich experience spans all areas of operations both in Power and Pharmaceuticals business.

Under his leadership, Torrent Pharmaceuticals Limited has grown into one of the most respected pharmaceutical companies of the Indian Pharma industry. 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.

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 public companies and membership in committees of these companies are given below:

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

Shri Samir Mehta holds 6,125 equity shares of the Company. 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 No. 4

Shri Pankaj Patel is a 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 Pankaj Patel, 57, holds a Masters in Pharmaceuticals and Pharmaceutical Technology and is Chairman and Managing Director of Cadila Healthcare Limited, Ahmedabad. He is associated with various industry associations and is on the governing councils of many national industry associations and forums like Indian Pharmaceuticals Alliance, Indian Drug Manufacturers Association and Federation of Indian Chamber of Commerce & Industry. He is also actively involved in various educational institutions and is on the advisory committees and academic councils of leading pharmaceutical colleges and management institutes.

For his achievements, he has been conferred various awards. Recently, he has been conferred the Schroff Memorial National Award for 2009 by the Indian Hospital Pharmacists' Association. He has also been conferred the Ernst & Young Entrepreneur of the Year Award 2009 in the Life Sciences category for his entrepreneurial vision.

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

Sr. No.	Directorship in Companies	Names of Committee
1.	Cadila Healthcare Limited	<ul style="list-style-type: none"> • Shareholders' Grievance Committee • Share Transfer Committee
2.	Dialforhealth India Limited	<ul style="list-style-type: none"> • Audit Committee
3.	Zydus Pharmaceuticals Limited	-
4.	Nirma Limited	-
5.	BAAP Diagnostics Limited	-
6.	Zydus Animal Health Limited	<ul style="list-style-type: none"> • Audit Committee • Remuneration Committee
7.	Vadilal Chemicals Limited	-
8.	Karnavati Club Limited	-
9.	Zydus Technologies Limited	-
10.	Zydus Wellness Limited	-

Shri Pankaj Patel does not hold any shares of the Company. He is not related to any Director of the Company.

Shri Pankaj Patel 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 No. 6

Shri K. Sridhar, a nominee director of Life Insurance Corporation of India (LIC) (a shareholder), was appointed as an Additional Director effective from 31st July, 2009. 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 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 K. Sridhar for appointment as a Director of the Company.

Shri K. Sridhar, 64, a Post Graduate in Economics also holds a Bachelor's degree in Law. Shri K. Sridhar joined LIC in 1968 and during his career with LIC spanning over 38 years, he held administrative and marketing assignments both at branch and regional levels. As he rose to senior executive positions, he held important roles as in-charge of Pension & Group Insurance and Personnel & Human Relations Departments. He has also worked as the Director and Chief Vigilance Officer in General Insurance Corporation of India and New India Assurance Company Limited for one and a half years. In December 2004, he took charge as the Managing Director of LIC, holding *interalia* portfolios of investment, LIC Housing Finance Limited, Bancassurance, pension and group schemes and estates and engineering.

During his tenure with LIC, he has represented LIC on the Board of Directors of Corporation Bank, Essar Oil Limited, LIC Housing Finance Limited, LIC Lanka Limited, Kenindia Assurance Limited, IFCI Limited and ABB Limited. On his retirement from LIC, he was assigned the job of Insurance Ombudsman at Chennai for three years.

He is not on the Board of Directors of any other company or a member of any committee in any company at present. Shri K. Sridhar does not hold any shares of the Company. He is not related to any Director of the Company.

Shri K. Sridhar 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 No. 7

Shri Kiran Karnik was appointed as an Additional Director of the Company on 30th July, 2009. 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 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 Kiran Karnik for appointment as a Director of the Company.

Shri Kiran Karnik, 63, a Post-Graduate from IIM, Ahmedabad also holds an Honours Degree in Physics from Bombay University. He was the President of NASSCOM and has been the guiding force for the Indian IT industry. He has also been instrumental in promoting India's technology strength to the world.

During his tenure as the Managing Director of Discovery Networks India, he spearheaded the launch of Discovery Channel in South Asia in 1995 and Animal Planet in 1999. Shri Karnik was the Founder-Director of the Consortium for Educational Communication which was responsible for the country-wide classroom broadcasts and other ICT initiatives of University Grants Commission.

Shri Karnik has worked for over 20 years at the Indian Space Research Organisation where he held various positions including that of Founder-Director of Development and Educational Communication Unit. His work in ISRO involved conceptualizing and managing applications of space technology as well as INSAT system.

Shri Karnik has also worked for the United Nations and has done consulting assignments for the World Health Organisation, the World Bank, UN Institute for Disarmament Research, Ford Foundation and for UNESCO in Afghanistan.

He is on many key government committees and has a deep involvement with a number of NGOs in the areas of education and environment. He also chaired the Government-appointed Board of Directors of Satyam Computer Services and has successfully steered the process of sale of this troubled company.

Shri Karnik has received many national and international awards and accolades including Padma Shri in 2007. He was also selected as Forbes magazine's "Face of the Year 2003" for being a driving force behind India's offshoring wave and was awarded Frank Malina medal for Space Education by the International Astronautical Federation. He also regularly writes for various national publications and occasionally lectures at important national institutes and international conferences.

Shri Karnik is a member of the Audit Committee of the Company.

Details of his directorship in other public companies and membership in committees of these companies are given below:

Sr. No.	Directorship in Companies	Names of Committees
1.	Torrent Pharmaceuticals Limited	• Audit Committee
2.	Sasken Communication Technologies Limited	-
3.	IDBI Asset Management Limited	-

Shri Kiran Karnik does not hold any shares of the Company. He is not related to any Director of the Company.

Shri Kiran Karnik 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 No. 8

Shri Keki M. Mistry was appointed as an Additional Director on 28th January, 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 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 Keki M. Mistry for appointment as a Director of the Company.

Shri Keki M. Mistry, 55, Vice Chairman and CEO of Housing Development Finance Corporation Limited (HDFC), is a renowned professional in the housing finance sector with over three decades of experience in Banking and Financial Services sector.

As a part of HDFC's management team, Shri Mistry has played a critical role in the successful transformation of HDFC into India's leading integrated financial services conglomerate by facilitating the formation of companies including HDFC Bank, HDFC Asset Management Company, HDFC Standard Life Insurance Company and HDFC ERGO General Insurance Company.

Shri Mistry has been consultant to Commonwealth Development Corporation (CDC) in Thailand, Mauritius, Caribbean Islands and Jamaica, guiding CDC to review and evaluate the operations of mortgage financial institutions in these countries. He has also been consultant to the Mauritius Housing Company and Asian Development Bank.

Some of the recognitions of Shri Keki M. Mistry are:-

- Declared as the Best CFO in the Financial Services category by the Institute of Chartered Accountants of India for 2008.
- Conferred the 'Best Performing CFO in the Financial Services Sector' award for three consecutive years (2006, 2007 and 2008) and 'CFO of the Year' award for 2008 by CNBC TV18.
- Selected as the 'Best Investor Relations Officer' in the Corporate Governance poll by Asiamoney (2008).
- Enlisted among the '25 Best Managers' in the Annual Survey by Smart Manager magazine in 2005.

Besides this, Shri Mistry had successfully negotiated, during 2002, a loan agreement for \$200 million with International Finance Corporation with an objective to broad base HDFC's medium-to-long-term funding sources and to also reduce the overall cost of funding. The proceeds of the loan were utilized for lending to individuals across the country for residential housing. In addition, Shri Mistry's innovative strategy was recognized by the International Finance Review – Asia, which awarded HDFC's Floating Rate Note deal as 'India Capital Markets Deal of the Year - 2002'.

Shri Mistry is a member of the Audit Committee of the Company.

Details of his directorship in other public companies and membership in committees of these companies are given below:

Sr. No.	Directorship in Companies	Names of Committees
1.	Housing Development Finance Corporation Limited	-
2.	HDFC Developers Limited	-
3.	HDFC Bank Limited	<ul style="list-style-type: none"> • Credit Approval Committee • Customer Services Committee • Fraud Monitoring Committee
4.	HDFC Asset Management Company Limited	<ul style="list-style-type: none"> • Audit Committee
5.	HDFC Standard Life Insurance Company Limited	<ul style="list-style-type: none"> • Audit Committee
6.	HDFC ERGO General Insurance Company Limited	<ul style="list-style-type: none"> • Audit Committee
7.	Gruh Finance Limited	<ul style="list-style-type: none"> • Audit Committee • Remuneration Committee • Investment Committee
8.	Infrastructure Leasing & Financial Services Limited	<ul style="list-style-type: none"> • Audit Committee • Share Transfer Committee • Remuneration Committee
9.	Sun Pharmaceutical Industries Limited	<ul style="list-style-type: none"> • Audit Committee
10.	The Great Eastern Shipping Company Limited	<ul style="list-style-type: none"> • Audit Committee
11.	Greatship (India) Limited	<ul style="list-style-type: none"> • Audit Committee
12.	Next Gen Publishing Limited	-
13.	Shrenuj & Company Limited	<ul style="list-style-type: none"> • Audit Committee
14.	Association of Leasing & Financial Services Companies	-

Shri Keki M. Mistry does not hold any shares of the Company. He is not related to any Director of the Company. Shri Keki M. Mistry 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. 9 and 10

Section 293(1)(d) of the Companies Act, 1956 *inter alia* provides that the Board of Directors of a public company shall not, except with the consent of the company accorded at a general meeting, borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the company (apart from temporary loans obtained from the company's bankers in the ordinary course of business), shall exceed the aggregate of the paid-up capital and free reserves of the company. Free reserves have been defined as reserves not set apart for any specific purpose.

The Company is in its growth phase. The Company has firmed up plans for expansion of its generation capacity as well as setting up new generation facilities. The Company would also be investing in expanding its current distribution network for continuously providing quality power to its consumers. In addition, the Company is also entering into new distribution areas which would entail higher growth for the Company. This would require significant capital expenditure part of which shall be met through borrowing of funds.

The shareholders have, at the 3rd Annual General Meeting of the Company held on 30th July, 2007, authorised the Board of Directors of the Company to borrow upto Rs. 6,000 Crores. It is felt that the said limit of borrowing approved by the shareholders would be inadequate. It is, therefore, proposed to increase the borrowing limit to Rs. 12,000 Crores. The proposed limit of borrowing upto Rs. 12,000 Crores would be in excess of the aggregate of the paid-up share capital and free reserves of the Company. Approval of the shareholders is, therefore, sought in compliance with the provisions of Section 293(1)(d) of the Companies Act, 1956.

The borrowing availed by the Company is generally required to be secured by the Company by mortgage / charge on all immovable and /or movable properties of the Company in such form, manner and ranking as may be decided by the Board of Directors of the Company from time to time, in consultation with the lenders. It is, therefore, considered desirable to authorise the Board of Directors to borrow and create charge upto the limits specified in the resolutions.

Mortgage / charge on movable and/or immovable properties and/or whole or part of the undertaking(s) of the company to secure the borrowings with a power to the lenders to take over the management of the business of the company in certain events of default may be regarded as disposal of the company's undertaking(s) within the meaning of Section 293(1)(a) of the Companies Act, 1956 requiring approval of shareholders of the company.

None of the Directors of the Company is in any way concerned or interested in the resolutions. The Board recommends the resolutions for your approval.

By Order of the Board
For Torrent Power Limited

Ahmedabad
7th May, 2010

Rajiv Shah
Company Secretary

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

DIRECTORS' REPORT

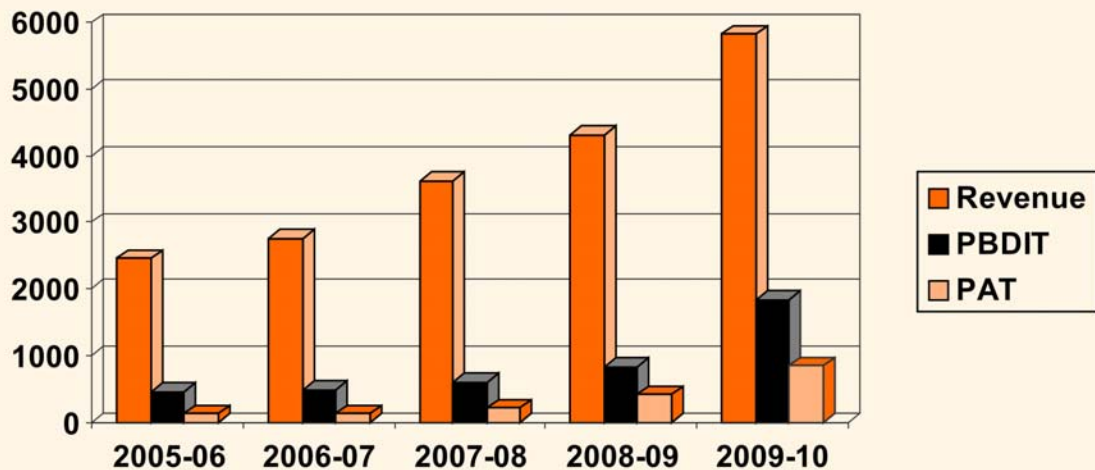
Dear Shareholders,

Your Directors have pleasure in presenting the 6th Annual Report of the Company together with the Audited Accounts for the year ended on 31st March, 2010.

1. HIGHLIGHTS

The key highlights for the financial year 2009-10 are:

- All round improvement in the financial performance of the Company
 - Increase in Revenue by **34.93%** to Rs. 5823.21 Crores
 - Increase in PBDIT by **123.01%** to Rs. 1836.17 Crores
 - Increase in PAT by **105.09%** to Rs. 836.55 Crores



- 1147.5 MW SUGEN Mega Power Project has been fully commissioned and was dedicated to the Nation on 30th September, 2009.
- Central Electricity Regulatory Commission (CERC) issued tariff order for SUGEN for 5 years, ending 31st March, 2014.
- T&D losses in Ahmedabad, Gandhinagar and Surat distribution circles at 7.62%; one of the lowest in the country. Reduction in T&D losses in Bhiwandi to 19.33%.
- Gujarat Electricity Regulatory Commission (GERC) issued order for Annual Revenue Requirement (ARR) of FY 2010-11 for Ahmedabad and Surat Distribution allowing moderate tariff hike of approximately 2.30%.
- Commenced Distribution Franchisee operations in Agra on 1st April, 2010.
- Mega generation projects at Dahej SEZ (DGEN Mega Power Project) and Unit-40 at SUGEN launched.
- Signed Shareholders' Agreement with Gujarat Power Corporation Limited for implementation of the 1000+ MW Coal-Based Power Project at Pipavav, Dist. Amreli, Gujarat.
- Torrent Energy Limited (TEL) became the Distribution Licensee for Dahej SEZ and distribution of power commenced on 4th April, 2010.
- Second phase of power transmission line (80 km. double circuit 400 kV transmission lines) i.e. Gandhar-Dehgam Loop in Loop out (LILO) at SUGEN commissioned by Torrent Power Grid Limited to facilitate power supply from SUGEN to Ahmedabad.

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, 2010	For the year ended on 31st March, 2009
Total Income	5956.47	4465.40
Profit before Depreciation, Interest and Tax	1836.17	823.34
Depreciation	335.35	183.05
Interest	314.37	155.48
Profit Before Tax	1186.45	484.81
Current Tax	207.50	55.00
Deferred Tax	142.40	23.81
Fringe Benefit Tax	-	0.91
(Excess)/Shortfall in provision for Taxation for earlier years	-	(2.80)
Profit After Tax	836.55	407.89
Add: Balance brought forward	229.12	132.78
Less: Statutory Appropriation	1.00	1.00
Balance available for appropriation	<u>1064.67</u>	<u>539.67</u>
Appropriations		
Transfer to General Reserve	400.00	200.00
Proposed Dividend	141.73	94.49
Dividend Distribution Tax	23.54	16.06
Balance carried to Balance Sheet	499.40	229.12
Total	<u>1064.67</u>	<u>539.67</u>

3. DIVIDEND

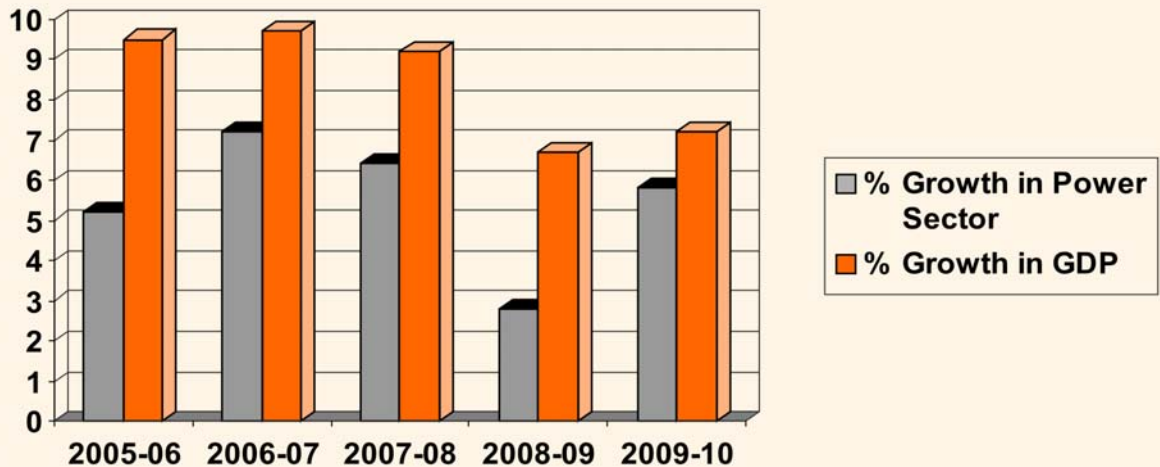
The Board of Directors is pleased to recommend a dividend of 30% i.e. Rs. 3.00 per equity share (Previous Year 20% - Rs. 2.00 per equity share) on 47,24,48,308 equity shares of Rs. 10 each for the financial year 2009-10, amounting to Rs. 141.73 Crores. With Dividend Distribution Tax of Rs. 23.54 Crores, the total outflow on account of dividend works out to Rs. 165.27 Crores.

4. ECONOMY AND POWER SECTOR SCENARIO

Economy

The Indian economy showed modest signs of recovery from Q2 of FY 2009-10 after the worst global financial and economic crisis in 60 years had marred the world economy in FY 2008-09. The driving force for the economic revival was the industrial sector comprising mining and manufacturing, which grew at around 10% in Q2 and Q3 of the FY 2009-10. India was amongst the first few countries in the world to implement a broad based counter-cyclic policy package as a response to the negative fall out of the global slowdown. It is expected that growth of GDP will be 7.2% in FY 2009-10 and around 9% in Q4 of FY 2009-10 in spite of the acute inflationary conditions. The GDP growth rate is estimated at 8.75% during the FY 2010-11 with the Reserve Bank of India taking appropriate measures for arresting the mounting inflationary pressures without affecting growth.

The Electricity sector also recovered from the lower growth in FY 2008-09. The year wise growth of electricity sector as compared to growth of GDP is depicted in the following graph, which shows a high co-relation between them.



Power Sector Scenario

Though the availability of power has increased in 11th Five Year Plan, the power sector continues to be afflicted by supply shortages. The country faced energy deficit of 10.10% (Previous Year 11.00%) and peak deficit of 13.30% (Previous Year 12.00%) in FY 2009-10. Not all of India's population has access to electricity; and for those who have access; reliability and quality are matters of great concern. The annual per capita consumption, at about 735 kWh (against world per capita consumption of 2,873 kWh) is amongst the lowest in the world. These problems emanate from inadequate power generation capacity, lack of optimum utilization of the existing generation capacity, inadequate inter-regional transmission links, inadequate and ageing sub-transmission and distribution network leading to power cuts and local failures/faults, higher T&D losses, large scale theft, skewed tariff structure, slow pace of rural electrification, inefficient use of electricity by the end consumer and lack of grid discipline.

The FY 2009-10 would also be remembered for many years as the year in which the power sector was re-rated handsomely. This was the result of many initiatives starting from the enactment of the Electricity Act, 2003 with forward looking provisions, introduction of open access, setting up of Regulatory Commissions at the Centre and States, modification of the provisions of Mega Power Policy, formulation of guidelines for Competitive Bidding of tariff, facilitation of trading of surplus/merchant capacity and setting up of power exchanges. This has attracted many new players into the power sector. The Power Sector is at the cusp of very large growth in the years to come provided policies conducive to growth are continued.

(a) Generation

The total generation capacity increased to 1,59,398 MW as on 31st March, 2010 as compared to 1,47,965 MW on 31st March, 2009, an increase of merely 7.72%. The total energy available increased by 8.34% from 6,89,021 MUs in 2008-09 to 7,46,493 MUs in 2009-10. The most notable positive feature of FY 2009-10 has been the improved supply of gas to power plants for part of the year resulting in generation of 97 billion units as compared to 73 billion units last year (i.e. an increase of about 33%). Hydro projects suffered a decline of 8% in 2009-10, mainly due to monsoon failure.

As against the targeted capacity addition of 78,700 MW in the 11th Five Year Plan, the generation capacity added was 22,301 MW (28.33%) in the first three years of the plan at an average addition of 7,434 MW per year. Though this capacity addition is low, it is better than the annual capacity

addition of 4,236 MW in the 10th Five Year Plan period. The Private Sector participation which was less than 13% in the 10th Five Year Plan has increased to about 25% in the first three years of the 11th Five Year Plan period. To meet the increasing requirement, further private sector participation is being encouraged. In the Financial Budget 2010, the Government has accorded the highest priority to capacity addition in the power sector. The adoption of super critical technology in large capacity power plants, modified Mega Power Policy and more Ultra Mega Power Projects (UMPPs) will help in capacity addition. Power Finance Corporation (PFC) has been designated as the nodal agency by the Government of India for the development of UMPPs, each with a capacity of about 4,000 MW with the objective of adding large capacity power projects in India. Till date, four UMPPs have been awarded. PFC has issued a request for qualification (RFQ) for developing another 4,000 MW Sarguja UMPP in Chhattisgarh. Plans to bid out the proposed UMPPs in Tamil Nadu, Orissa and Andhra Pradesh are also underway.

Availability of fuel is important both for the higher utilization of existing plants and for speedy setting up of new capacities. Domestic coal availability continues to be an area of concern. Though linkages are granted for 80% to 85% of the capacity, supply is normally around 90% of such linkage. Though import of coal is allowed, improper planning at existing plants has resulted in 14,500 MUs of lost generation in FY 2009-10. The coal blocks which have been hitherto allocated have not effectively materialized. The Government of India is contemplating to introduce Competitive Bidding System for allotment of coal blocks. Additionally, the Government of India is in the process of setting up a Coal Regulatory Authority to regulate prices and facilitate growth of the coal sector. Some Indian power sector players have acquired mines abroad and many more are on the look out for the same. The doubling of capacity at Petronet LNG Limited, Dahej and the flow of the KG basin gas has not entirely met the gas requirement of power sector as the demand is large and also as imported RLNG is costlier.

(b) Transmission

During the year, Power Grid Corporation of India Limited (PGCIL) enhanced the capacity of the National Grid for inter-regional transmission of power by 2,300 MW. They added 4,866 ckt Kilometers of transmission lines during the year 2009-10 for regional transmission systems along with 5,240 MVA of transformation capacity.

Commensurate development of transmission systems is a must not only for evacuation of power from generation sources but also for smooth supply through sub-transmission and distribution infrastructure. Transmission constraints, though experienced, have been decreasing, and will further reduce when the transmission systems under development are completed. Consequent to the successful competitive bidding for UMPPs, high capacity transmission lines are also being bid out. Plans are afoot for creation of high capacity "Transmission Highways" to address the constraints in Right of Way.

Other encouraging initiatives in FY 2009-10 include:

- Bestowing the responsibility for planning the power evacuation infrastructure for projects of 500 MW and above in Central Transmission Utility.
- Medium term Open Access Facility for a period of 1 to 3 years in the existing scenario of LTOA for 25 years and STOA of less than a year.
- Transmission tariff will be based on distance and direction instead of on postal basis as per recent draft regulation of CERC.
- Exemption of transmission charges from the levy of Service Tax.
- Constant review and revision of UI charges taking into account the changing conditions in the power demand scenario.

(c) Distribution

The Power Distribution sector remains plagued by high distribution losses and low cost recovery thus needing significant reforms. The GoI has reformulated the Accelerated Power Development and Reforms Program (APDRP) with an aim to improve the distribution network and reduce AT&C losses to 15% by end of 11th Five Year Plan.

“Power saved is power generated”. To meet this adage, there is an urgent need for several measures viz. allocation of more and more distribution circles to private players through franchisee model, prevention of theft, increasing consumer awareness, introduction of energy efficient equipments, demand side management and time of use charges.

The franchisee initiative, a public private partnership model has enabled private sector participation in this segment while continuing with government ownership. The success at Bhiwandi will motivate more states to adopt this model as this will reduce the AT&C losses as well as improve the efficiency in distribution. However, there should be a model Distribution Franchisee Agreement like model PPA in case of competitive bidding process, to make the bidding simple, uniform and faster. In this regard, Planning Commission and the Central Electricity Authority have initiated steps to develop the model Distribution Franchisee Agreement, which is a welcome step.

Another important development is that the developer of SEZ has been made a deemed licensee for power distribution in SEZ, which will enable expeditious creation of high quality power distribution infrastructure in SEZs.

(d) Renewable Energy

India is largely dependant for its power generation on fossil fuels, which are not only scarce and costly but also pollute the environment. Renewable energy, an alternate source of power generation, is less pollutant but is beset with high cost and low PLF. There is a significant potential in India for generation of power from renewable energy sources – wind, small hydro, biomass and solar energy. Government has initiated various steps towards encouraging the development of renewable energy sources by providing fiscal and other benefits.

The year gone-by has witnessed great fillip in terms of policy measures:

- National Action Plan on Climate Change (NAPCC) stipulated that minimum renewable purchase standards may be set at 5% of the total power purchased in the year 2010 and thereafter be increased by 1% each year for 10 years. The new regulations are expected to promote new investments in this sector.
- During FY 2009-10, CERC determined generic tariff for the Renewable Energy sources such as wind, solar, small hydro, biomass and bagasse based cogeneration projects, considering Pre-Tax Return on Equity at 19% per annum for the first 10 years and 24% per annum from the 11th year onwards.
- GoI has conceived and put into effect the National Solar Mission for establishment of 20,000 MW of solar power facilities by 2022.
- GoI has introduced a generation based incentive for wind power generation.
- NLDC has notified regulation for issuance and trading of Renewable Energy Certificates.

(e) Power Trading

Trading of power is recognized as a distinct license activity under the Electricity Act, 2003. Of the total quantum of power traded in India through different modes, approximately 17% is through Power Exchange and the remaining 83% is through bilateral agreements. Two power exchanges, namely

Indian Energy Exchange (IEX) and Power Exchange India (PXI) are operating successfully facilitating trade, distribution of market information, promotion of competition and creation of liquidity in a deregulated power market. The exchange trading is done through online satellite connected exchange that ensures transparency and price discovery.

IEX and PXI, which were hitherto offering day ahead voluntary participation contracts, launched term ahead contracts like weekly, daily, day ahead contingency and Intra-day contracts starting from 15th September, 2009.

Additionally, CERC has revised the trading margin to 7 paise per unit in case the sale price of electricity exceeds Rs. 3 per unit as against 4 paise per unit earlier.

5. RISKS AND CONCERNS

With expected growth rate exceeding 8% over the next 10 years, it is estimated that the power demand would soar from 159 GW to more than 300 GW by that time. The key factors driving this demand will be the manufacturing sector, residential consumption, Power to All by 2012 and realization of suppressed demand. However, the following issues scurge the progress, which need to be appropriately addressed to match the growing demands:

(a) Gestation period of a generation Plant

Generally it takes 5 to 6 years to conceive and complete a power plant in our country as compared to 2 to 3 years in China and less than 4 years in other countries. Simple processes and expeditious approval for land acquisition would significantly reduce the gestation period.

(b) Equipment Manufacturing Bottleneck

BHEL the only indigenous supplier is overbooked and is unable to cope up with the increased requirements, which delay the implementation of the generation projects. However, new manufacturing facilities viz. collaboration of L&T with MHI, Bharat Forge with Alstom and JSW with Toshiba and further capacity addition at BHEL is expected to improve significantly the timely supply of critical and long gestation equipments.

(c) Availability of fuel

Inadequate domestic supply of quality fuel viz. coal and gas results in higher electricity price due to volatility in fuel prices in the international market.

(d) Shortage of Technicians

This shortage will affect the implementation and operation of the projects. More technicians are required and hence relevant institutions including ITI with adequate infrastructure and trainers need to be set up and upgraded on public-private partnership basis.

(e) The growing losses of State T&D utilities

As per the report of 13th Finance Commission, the loss (net of subsidies) which was Rs. 18,375 Crores in FY 2005-06 is expected to increase to Rs. 1,16,089 Crores in FY 2014-15. The key reason for such increase as per this report are mainly the inability of state utilities to enhance operating efficiencies, high cost of short term power and absence of timely tariff increase. The report goes on to state that regulatory institutions in general, lack sufficient capabilities (which is evident from the fact that even routine tariff increase have not taken place in the recent past) and need to be strengthened. The future of Power Sector is highly dependent on the effective functioning of State Regulators and such capacity building would be desirable.

(f) Open Access

The granting of open access based on merit and without discrimination and the independence of State Load Despatch Centres if ensured would provide for orderly and fast growth of power sector.

6. OUTLOOK AND OPPORTUNITIES

With forward looking policies and regulations from the Government and CERC, an encouraging environment has been created for investments in all parts of electricity supply chain i.e. generation, transmission and distribution. The continuing demand-supply gap, which is expected to continue for at least next ten years due to increased growth rates, provides attractive investment opportunities in all the areas of power sector.

There are significant opportunities in generation sector for coal based plants at pithead or at coastal locations and for gas based CCPPs at load centers or near gas transportation infrastructure. However, land acquisition, environmental clearances and fuel linkages are not easily available, leading to longer gestation period for the projects.

Power generation from alternate sources like hydel, nuclear and renewable sources remain untapped to a large extent. Hydel power potential of 1,50,000 MW is untapped as assessed by the Government of India. These sources need to be exploited fully so as to reduce dependence on fossil fuels and combat the effects of global warming.

Opportunities are also available in transmission and distribution sectors 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 transmission sector in tandem with generation.

7. REVIEW OF COMPANY'S BUSINESS

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

Generation

SUGEN Mega Power Project near Surat

The Company fully commissioned its ambitious SUGEN Mega Power Project on 15th August, 2009, the 63rd Independence day of India. The power plant caters to the power needs of Ahmedabad, Gandhinagar and Surat to the extent of 800 MW. At least 100 MW is sold on inter state basis, the surplus being sold to others including on short term basis. During the year, SUGEN achieved PAF of 96.86% and PLF of 86.05% and dispatched 5,609 MUs. SUGEN being eligible for CER benefits under the CDM mechanism, has filed its first claim for CERs. During the year gas purchase agreement has been executed with Reliance Industries Limited for a major part of its gas requirements. CERC also determined the tariff for SUGEN generation for a period of 5 years commencing from FY 2009-10.

Sabarmati and Vatva Power Projects at Ahmedabad

During the year from its 500 MW capacity, the Company achieved PAF of 95.81% and PLF of 93.44% and dispatched 3,785 MUs. The 100 MW Vatva plant signed gas purchase agreement with Reliance Industries Limited for its entire fuel requirement.

Distribution

Ahmedabad and Surat

The sales were higher at 8,045 MUs as against 7,665 MUs during the previous year, registering a reasonable growth of 4.96%. The T&D loss was marginally higher at 7.62% as against 7.51% during the previous year. However, this T&D loss is one of the lowest in the country. The growth in demand shows an overall improvement in the economy of these regions. The consumer base for both the areas as on 31st March, 2010 was 20.14 lacs. The overall peak system demand for these distribution areas during FY 2009-10 was 1,503 MW, which increased by 4.74% as against 1,435 MW in the previous year.

The Company filed a petition seeking Tariff Fixation for Ahmedabad, Gandhinagar and Surat areas for three years commencing from FY 2008-09. The gap in the revenue requirement of the Company was substantially pruned down and it was granted an increase of 1.40% from 1st February, 2009 and 2.30% from 1st April, 2010 after a gap of seven continuous years without any tariff hike. GERC in its order has created a separate category of Below Poverty Line (BPL) consumers who have been offered subsidized tariff in accordance with the National Tariff Policy.

Bhiwandi

The sales were higher at 2,449 MUs as against 2,241 MUs during the previous year, registering an impressive growth of 9.28%. The T&D loss was marginally lower at 19.33% as against 19.46% during the previous year. The growth in demand is on account of an overall improvement in the textile market of the area. The consumer base as on 31st March, 2010 was 1.94 lacs. The peak system demand for this distribution area was 525 MW during FY 2009-10, which is marginally lower as against 540 MW in the previous year.

Agra and Kanpur

The Company has been awarded the distribution franchise for Agra and Kanpur distribution circles for a period of 20 years. It has commenced distribution operations at Agra from 1st April, 2010.

Overall Sales

The overall sales in FY 2009-10 were at 12,895 MUs as against 9,907 MUs during the previous year, registering a growth of 30.16% during the year. Sales to various categories of consumers during FY 2009-10 as compared to the previous year are as under:

Category of Consumers	2009-10		2008-09	
	MUs	%	MUs	%
Residential	2,214	17.16	2,066	20.85
Commercial	1,349	10.46	1,243	12.55
LTP / LTMD	4,555	35.32	4,246	42.86
HT	2,263	17.55	2,227	22.48
Others	2,514	19.51	125	1.26
Total	12,895	100.00	9,907	100.00

The highest growth of 8.53% was registered in commercial category, followed by 7.28% in LTP/LTMD category and 7.16% in residential category of consumers. However, in the HT category marginal growth of 1.61% was witnessed. Other sales include sales to external parties through bilateral contracts, Power Exchange, Unscheduled Interchange (UI), etc.

The overall financial performance has improved substantially mainly on account of inclusion of financials of SUGEN operations effective from second quarter of the year. However, regulated distribution business comprising Ahmedabad and Surat distribution showed decline in profits due to nominal tariff rise of 1.40% vis-à-vis cost increase mainly on account of inflation, increasing yardsticks in normative parameters despite significant efficiency improvements including in T&D loss percentage, non-grossing up of tax in tariff determination and other factors. The depreciation and interest costs have also increased due to inclusion of financials of SUGEN operations, CAPEX at both Ahmedabad and Surat Distributions and change in the accounting method of depreciation. As a result the overall;

- PBDIT increased from Rs. 823.34 Crores to Rs.1,836.17 Crores
- Depreciation increased from Rs. 183.05 Crores to Rs. 335.35 Crores
- Interest increased from Rs. 155.48 Crores to Rs. 314.37 Crores
- PBT increased from Rs. 484.81 Crores to Rs. 1,186.45 Crores
- PAT increased from Rs. 407.89 Crores to Rs. 836.55 Crores

8. FUTURE GROWTH PLANS

The Company has ambitious growth plans to capitalize on the opportunities available in the ever growing power sector. The following projects are under consideration to enhance generation capacity of the Company:

SUGEN – (Unit 40)

The Company is considering addition of one more unit of 382.5 MW at SUGEN. The EPC contract is on the verge of being finalized. Process for obtaining environment clearance from the Ministry of Environment and Forest (MoEF) for the same is underway.

The growth plans also include projects currently under execution, through its subsidiaries, whose details are discussed in Para 14 of this report.

9. FINANCE

During the year, the Company raised long-term loans from various Financial Institutions and Banks to the tune of Rs. 387 Crores. The term loans including working capital loans and APDRP loans outstanding as on 31st March, 2010 were Rs. 3,191 Crores (Previous Year Rs. 3,252 Crores). During the year 2009-10, an amount of Rs. 307 Crores (Previous Year Rs. 161 Crores) has been drawn for SUGEN and Rs. 80 Crores for ongoing CAPEX (Previous Year Rs. 810 Crores). The Company has repaid an amount of Rs. 448 Crores (Previous Year Rs. 256 Crores) towards term loans including loan under APDRP. The Company's long-term debt paper and cash credit / overdraft facilities 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.

10. RISKS AND CONCERNS OF THE COMPANY

The Risk Management Policy of the Company addresses all potential risks including Legal Risks (tariff regulation, environmental regulation, statutory changes), Fuel Risks (availability and pricing), Consumer Risks (revenue realization, transmission risks), Asset Risks (natural calamity etc.), Human Resource Risks and IT Risks.

GERC has notified Multi Year Tariff Regulations. It has specified various operating norms and prescribed controllable and non-controllable expenses. The Company's Tariff Petition for 2008-09 to 2010-11 filed pursuant to these Regulations was considered by GERC and consequently the revenue requirement has been reduced substantially. While the Company 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 1-2% tariff increase after no tariff increase for a long period of 7 years if continued would affect the quality and efficiency of the Company's distribution operations. Thus, tariff determination remains an area of concern for the Company.

The Company faces the risk of availability of power to its distribution units. Up till now, the Company was sourcing its balance power requirements through purchase from GUVNL. GUVNL has unilaterally discontinued the power supply from 1st August, 2009. The Company had to purchase additional power requirement on short term basis at a high cost due to such abrupt cancellation. However, the Company is exploring various alternatives to procure power at competitive rates.

Possible increase in captive power capacity by its consumers affects the Company's revenue. However, the strong and established distribution network with a track record of uninterrupted power supply makes the Company well equipped to meet this challenge.

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

11. INTERNAL CONTROL SYSTEMS

The Company has in place Internal Control Systems commensurate with its size and scale of operations. The Company has appointed a reputed firm of Chartered Accountants to carry out Assurance Audit. It ensures adherence to the policies and systems and mitigation of the operational risks perceived in respect of major and important risk areas. Besides the Company has an internal audit function, which conducts routine audit of activities. The audit process also includes review and evaluation of effectiveness of the existing processes, controls and compliances. Significant observations including recommendations for improvement of the business processes are reported to the Audit Committee. The same are being reviewed by the Audit Committee along with the status of implementation of the agreed action plans.

12. INFORMATION TECHNOLOGY

The Company is in the process of implementing SAP (ERP) software covering major areas like generation, distribution, materials, finance and human resources, for enhancing service levels to its consumers, suppliers, employees and other stakeholders. ERP implementation is expected to lead to better system integrity and process reliability thereby improving business decision making.

13. HUMAN RESOURCES

During the year under review, the Company amicably entered into wage settlement agreement with the employees union at Ahmedabad for a period of four years upto 31st March, 2013. Apart from revision of pay scales, allowances and benefits, the agreement aims at enhancing productivity across all business segments.

Development initiatives pertaining to consumer orientation, self and organizational development, team building, managerial effectiveness, training and upgradation of technical skills, etc. are continuously undertaken by the Company for improving the value of and contribution by its human asset. The Company also makes focused efforts for increasing productivity and overall improvement in the quality of work of the employees by redefining the business processes. Staff strength as on 31st March, 2010 was 6,888.

14. SUBSIDIARIES

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

A. Torrent Power Grid Limited

Torrent Power Grid Limited (TPGL), a joint venture with PGCIL is setting up transmission system for evacuation of power from SUGEN. The first phase of Gandhar–Vapi LILO was successfully commissioned last year and is being used for transmission of power from SUGEN to Ahmedabad. The second phase of Gandhar-Dehgam LILO was commissioned in March 2010. The third phase of the project being extension of the line of second phase to Pirana PGCIL sub-station with LILO at TPL Pirana sub-station is expected to be completed by July 2010. The Company has already filed a petition with CERC for tariff determination for the first phase. During FY 2009-10, TPGI generated revenue of Rs. 2.98 Crores and made profit after tax of Rs. 0.98 Crore.

B. Torrent Energy Limited

Torrent Energy Limited (TEL) is implementing the gas based DGEN Mega Power Project at Dahej SEZ. It proposes to establish 3 units of approximately 400 MW each. It has commenced non-EPC work to make the site ready for construction of the plant. EPC work is expected to commence shortly upon finalization. TEL after obtaining its distribution license has commenced the distribution activities with effect from 4th April, 2010.

C. Torrent Pipavav Generation Limited

Torrent Pipavav Generation Limited is setting up the 1000+ MW coal-based power project in Pipavav in Amreli District of Gujarat. The Company has signed the Shareholders' Agreement with Gujarat Power Corporation Limited (GPCL), a Government of Gujarat undertaking, for implementation of the project. Torrent Pipavav has started the process of acquiring land for the project from GPCL and has also initiated other project related activities. Baitarni Coal block in Orissa is allocated for this project.

D. Torrent Power Bhiwandi Limited

Torrent Power Bhiwandi Limited has been formed with an objective of providing peripheral services in relation to distribution business of Torrent Power Limited. The activities carried out by the company are now being carried out by Torrent Power Limited itself.

15. ENVIRONMENT, HEALTH AND SAFETY

The Company accords the highest priority to Environment, Health and Safety. SUGEN Mega Power Project has been certified to be in compliance with ISO 14001 and OHSAS 18001 standards. Over 43% of the plant area is under green cover as against the statutory requirement of 33%. The NOx emission level at less than 25 ppm at SUGEN (against the Indian Standard of 50 ppm) meets the stringent Euro Standards.

The pipeline carrying slurry ash to the ash ponds of Sabarmati Thermal Station had suffered high wear and tear and posed potential risk to the residential areas through which it was passing. A new pipeline was, therefore, constructed to re-route the same away from the sensitive locations.

The Company at its various units celebrates annual safety days and conducts safety training on a continuous basis.

The Company generally endeavors to embrace the latest and most environmentally efficient power generation technology in its power projects. SUGEN generation plant recognized as eligible for CERs under clean development mechanism of UNFCCC, is an apt example.

Besides the Company has plans to foray into wind based power generation and is in the process of setting up a 50 MW project in Gujarat.

16. CORPORATE SOCIAL RESPONSIBILITY

The Company is conscious about its social obligations and has been contributing to various activities mainly in the areas in which it is involved.

Under its program "SPARSH", the Company reaches the needy groups in certain locations of Ahmedabad, Surat and Bhiwandi and makes a positive difference in the quality of their lives in the areas of health, education, public awareness and community development.

To make available better Cardiac care to the people mainly in the Gujarat state, the Company has contributed Rs. 6 Crores in FY 2009-10 and cumulatively Rs. 11 Crores to U. N. Mehta Institute of Cardiology and Research Center (UNMICRC), which is utilizing these funds along with Government grants to expand and upgrade its infrastructure to 450 bed capacity. Further, with the active involvement of dedicated manpower of Torrent in project co-ordination and supervision, this expansion and modernization project is on the verge of completion. Additionally, the Patient Care Initiative Program at UNMICRC has resulted in effective service delivery and better hospital management, in which Torrent Group volunteers are also involved.

17. DIRECTORS

Shri K. Sridhar, Shri Kiran Karnik and Shri Keki M. Mistry were appointed as Additional Directors during the year under review. They hold office upto the commencement of ensuing Annual General Meeting. Shri S. B. Kunwar, Shri S. Jagadeesan, IAS, Shri T. Sankaralingam and Shri P. S. Shenoy have resigned from the Board since the last Annual General Meeting. The Board places on record its appreciation for the valuable services rendered by them during their tenure as Directors of the Company.

Shri Samir Mehta and Shri Pankaj Patel 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.

18. 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 this Annual Report.

19. AUDITORS

M/s. C. C. Chokshi & Co., Chartered Accountants, Statutory Auditors retire at the ensuing Annual General Meeting. They have expressed their unwillingness to be re-appointed as the Statutory Auditors of the Company. M/s. C. C. Chokshi & Co. is a part of Network of firms of Chartered Accountants registered with the Institute of Chartered Accountants of India (ICAI) under the Rules of Network issued by the ICAI. Deloitte Haskins & Sells, Ahmedabad is also a part of the Network. It is proposed to appoint Deloitte Haskins & Sells, Ahmedabad as the Statutory Auditors, who have furnished a certificate regarding their eligibility for 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.

20. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, in relation to the financial statements for the year 2009-10, 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 31st March, 2010 and of the profit for the year ended on 31st March, 2010;
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.

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

The details relating to technology absorption, foreign exchange earnings and outgo required to be disclosed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure to and forms part of this report.

22. 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.

23. 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, 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, 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 and Gujarat State Petronet Limited, Coal Suppliers including South Eastern Coalfields Limited, Financial Institutions and Banks. 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 great appreciation for the commitment and contribution of its employees at all levels. Last but not least, the Company thanks its shareholders for their unstinted support.

For and on behalf of the Board of Directors

Ahmedabad
7th May, 2010

Sudhir Mehta
Chairman

FORM B: ANNEXURE TO DIRECTORS' REPORT

RESEARCH AND DEVELOPMENT (R&D)

1.	Specific areas in which R&D was carried out by the Company
	The Company per se did not carry out any basic R&D work during the year 2009-10. However, some activities carried out through indigenous sources resulted in significant improvement in the performance of the system.
	(a) Generating Stations
	<ul style="list-style-type: none"> • Continuous Monitoring of Dry Ash Evacuation and Bottom Ash • Online Monitoring of Sensitive Operating Data by utilizing features of Citec SCADA
	(b) Transmission and Distribution
	<ul style="list-style-type: none"> • Innovative method for removing kite strings • Implementation of NEW EHV SCADA over IEC 61850 and IEC 104 communication protocol using Protocol Gateway • Implementation of 3M insulation of EHV line jumpers • Implementation of AS Moose conductor for bus stringing
2.	Benefits derived as a result of above R&D initiatives
	<ul style="list-style-type: none"> • Better availability and reliability of the units • Reduction in plant outage • Reduced levels of Thermal Stress in Boilers • Better environmental compliance and public safety concerns • Reduction in tripping due to wire dropping, bird shorting and similar instances • Improvement in operational and network efficiency • Improvement in customer services
3.	Future Plan of Action
	<ul style="list-style-type: none"> • Water conservation by treating and recycling effluent water from ash pond • Implementation of IVRS for better customer services • Sending SMS to customers to get their feedback on quality of interaction • Online payment options for customers on our website, payments through mobile/prepaid cards, ATM drop box. • Additional features on website for customers like billing information, complaint registration and status, etc. • Implementation of GIS system and its integration with SAP and existing SCADA • Procurement of fully automated test benches for our NABL accredited meter laboratory • Implementation of SAP
4.	Expenditure on R&D
	<ul style="list-style-type: none"> • No expenditure as the above involved improvement in operating practices only

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1.	Efforts made towards technology absorption, adaptation and innovation
	<ul style="list-style-type: none"> • In-house innovation made to develop a tool to get the excitation current data and measure the winding temperature of Turbo-generator rotor T/A 15. This helped in controlling the Turbo generator rotor operations efficiently
2.	Benefits derived as a result of the above efforts
	<ul style="list-style-type: none"> • By developing this tool, we have been able to run this machine continuously since last 3 months

FOREIGN EXCHANGE EARNINGS AND OUTGO

Description	(Rs. in Crores)
Foreign Exchange Earned	—
Foreign Exchange Used (Actual Basis)	
a) Import of Capital Goods	186.93
b) Import of Fuel, Components, Stores & Spare parts	1.66
c) Travelling, Subscriptions and Others	0.14

For and on behalf of the Board of Directors

Ahmedabad
7th May, 2010

Sudhir Mehta
Chairman

REPORT ON CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) has prescribed a code of corporate governance (hereinafter referred to as “the Code”) through Clause-49 in the Listing Agreement executed by the Company with stock exchanges, which lays down several corporate governance practices. The Code has been periodically revised to ensure adoption of the best corporate governance practices by the corporates. The report sets out the compliance status of the Company with the requirements of the Code prescribed under the Listing Agreement for the financial year 2009-10.

Company’s Philosophy on Corporate Governance

The Company believes that the Corporate Governance Code of the Listing Agreement prescribes only a minimum 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. The Company recognises that transparency, disclosure, financial controls and accountability are the pillars of a good system of corporate governance.

1. BOARD OF DIRECTORS

The Board of Directors comprises nine directors of which six are non-executive directors. Of these six non-executive directors, five are independent 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 16th May, 2009, 30th July, 2009, 30th October, 2009 and 28th January, 2010.

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, Chairman	Promoter and executive director	5	2 (Chairman) 1 (Member)	3	Yes
Shri S. K. Barua	Non-executive independent director	5	5 (Member)	4	Yes
Shri S. Jagadeesan, IAS (a)	Non-executive independent director Nominee of Govt. of Gujarat (a shareholder)	15	-	-	No
Shri S. B. Kunwar (b)	Non-executive independent director Nominee of LIC (a shareholder)	2	2 (Member)	2	Yes
Shri Samir Mehta	Promoter and non-executive director	4	3 (Member)	4	Yes
Shri Pankaj Patel	Non-executive independent director	11	3 (Chairman) 2 (Member)	3	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 T. Sankaralingam (c)	Non-executive independent director	2	-	4	Yes
Shri P. S. Shenoy (d)	Non-executive independent director	8	2 (Chairman) 3 (Member)	4	Yes
Shri Kiran Karnik (e)	Non-executive independent director	4	2 (Member)	-	N.A.
Shri K. Sridhar (f)	Non-executive independent director Nominee of LIC (a shareholder)	1	-	2	N.A.
Shri Keki M. Mistry (g)	Non-executive independent director	14	2 (Chairman) 8 (Member)	-	N.A.
Shri Markand Bhatt	Promoter and executive director	4	2 (Member)	4	Yes
Shri Murli Ranganathan	Promoter and executive director	2	-	4	Yes

- a) Shri S. Jagadeesan, IAS resigned from the Board of Directors effective from 1st December, 2009.
- b) Shri S. B. Kunwar resigned from the Board of Directors effective from 31st July, 2009.
- c) Shri T. Sankaralingam resigned from the Board of Directors effective from 17th February, 2010.
- d) Shri P. S. Shenoy has resigned from the Board of Directors effective from 7th May, 2010.
- e) Shri Kiran Karnik was appointed as an Additional Director effective from 30th July, 2009.
- f) Shri K. Sridhar was appointed as an Additional Director effective from 31st July, 2009.
- g) Shri Keki M. Mistry was appointed as an Additional Director effective from 28th January, 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 Samir Mehta and Shri Pankaj Patel are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, they have offered themselves for re-appointment. Shri Kiran Karnik, Shri K. Sridhar and Shri Keki M. Mistry have been appointed as Additional Directors during the year and hold office till commencement of the ensuing 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 at the registered office of the Company 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

Present members of the Audit Committee are Shri Pankaj Patel, Shri S. K. Barua, Shri Keki M. Mistry and Shri Kiran Karnik. All the members of the Committee are independent directors.

Shri S. B. Kunwar resigned from the Board of Directors effective from 31st July, 2009 and hence, ceased to be a member of the Audit Committee. On resignation of Shri P. S. Shenoy from the Board of Directors effective from 7th May, 2010, he has ceased to be the Chairman of the Audit Committee. To broad-base the constitution of the Audit Committee, the Board of Directors has, at its meeting held on 7th May, 2010, nominated Shri Keki M. Mistry and Shri Kiran Karnik as members of the Audit Committee.

During the year under review, four meetings of the Audit Committee were held on 16th May, 2009, 30th July, 2009, 30th October, 2009 and 28th January, 2010. 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 P. S. Shenoy, Chairman*	B. Com., CAIIB	4
Shri S. K. Barua	M. Tech.-IIT, Kanpur, Ph. D. (Management)-IIM, Ahmedabad	4
Shri S. B. Kunwar*	C. A.	2
Shri Pankaj Patel	M. Pharm.	3
Shri Keki M. Mistry	C. A., C.P.A. (USA)	N.A.
Shri Kiran Karnik	Honours in Physics from Bombay University, PGDBM-IIM, Ahmedabad	N.A.

* Shri S. B. Kunwar and Shri P. S. Shenoy have ceased to be members of the Audit Committee effective from 31st July, 2009 and 7th May, 2010, respectively.

Composition of the Committee is in compliance with the requirements of Clause-49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

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

Terms of reference of the Audit Committee are in compliance with the provisions of Clause-49 of the Listing Agreement and the Companies Act, 1956. Major terms of reference of the Committee include overseeing the financial reporting process, review of financial statements, ensuring compliance with the regulatory guidelines, review of internal audit reports, recommending appointment and remuneration of 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 *inter alia* reviews shareholder grievances. 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 12 times during the year to review redressal of the shareholder grievances. Powers to approve share transfers and related requests have been delegated by the Shareholders' Grievances Committee to the senior officials of the Company for expeditious disposal of shareholders' requests and complaints.

The Company received 271 complaints during the year and they were attended within a reasonable period of time. No complaint was pending as on 31st March, 2010. No valid requests for share transfer, issue of duplicate share certificates, etc. were pending as on 31st March, 2010 beyond 30 days for processing.

4. MANAGERIAL REMUNERATION

Chairman and Whole-time Directors

Chairman and Whole-time Directors have been appointed for a period of 5 years effective from 1st October, 2006. Appointment and remuneration of the Chairman and Whole-time Directors were approved by the shareholders at the 2nd Annual General Meeting of the Company held on 15th December, 2006.

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 2009-10 are as under:

(Rs. in lacs)

Name of the Director	Sitting Fees	Salary & Perquisites	Commission	Total
Shri Sudhir Mehta	Nil	427.13	260.00	687.13
Shri S. K. Barua	Nil	Nil	10.00	10.00
Shri S. Jagadeesan, IAS	Nil	Nil	2.01	2.01
Shri Kiran Karnik	Nil	Nil	2.01	2.01
Shri S. B. Kunwar	Nil	Nil	4.49	4.49
Shri Samir Mehta	Nil	Nil	Nil	Nil
Shri Keki M. Mistry	Nil	Nil	0.52	0.52
Shri Pankaj Patel	Nil	Nil	14.75	14.75
Shri T. Sankaralingam	Nil	Nil	6.65	6.65
Shri P. S. Shenoy	Nil	Nil	10.50	10.50
Shri K. Sridhar	Nil	Nil	4.01	4.01
Shri Markand Bhatt	Nil	390.39	1,760.00	2,150.39
Shri Murli Ranganathan	Nil	256.40	60.00	316.40
Total	Nil	1073.92	2134.94	3208.86

Terms of appointment of the Chairman and Whole-time Directors are governed by the resolutions of the shareholders and applicable rules of the Company. They are not entitled to severance pay. Salary and perquisites include salary, house rent allowance, contribution to provident fund / gratuity / superannuation funds and other approved perquisites.

None of the Directors have been granted stock options during the year. Commission of Rs. 4.49 lacs of Shri S. B. Kunwar and Rs. 4.01 lacs of Shri K. Sridhar (nominees of LIC) for FY 2009-10 shall be paid to Life Insurance Corporation of India. Commission of Rs. 2.01 lacs of Shri S. Jagadeesan, IAS (nominee of the Government of Gujarat) for FY 2009-10 shall be paid to the Government of Gujarat.

Remuneration Committee

Decisions on appointment and remuneration of the Directors are taken by the Board of Directors and approved by the shareholders in general meetings. The Board of Directors is yet to form a Remuneration Committee.

Shareholding of non-executive directors

Shri Samir Mehta holds 6,125 Equity Shares of the Company. Other non-executive directors do not hold 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
3 rd AGM	30 th July, 2007	10.00 a.m.	Sheth Mangaldas Girdhardas Memorial Hall (Town Hall), Ellisbridge, Ahmedabad-380006	1
4 th AGM	30 th July, 2008	9.30 a.m.	Sheth Mangaldas Girdhardas Memorial Hall (Town Hall), Ellisbridge, Ahmedabad-380006	1
5 th AGM	30 th July, 2009	9.30 a.m.	H.T. Parekh Convention Centre, Torrent-AMA Centre, Ahmedabad Management Association, Vastrapur, Ahmedabad-380015	1

Special resolutions mentioned above were passed by show of hands. During the year, shareholders approved appointment of Shri Jinal Mehta, a relative of Director, in the Company by passing special resolution through Postal Ballot. Shri Rajesh Parekh, Practising Company Secretary conducted the Postal Ballot. Details of voting pattern are given below:

Sr. No.	Particulars	No. of Postal Ballot Forms	No. of Shares
(a)	Total postal ballot forms received	1,812	26,19,55,313
(b)	<u>Less:</u> Invalid postal ballot forms	117	64,674
(c)	Net valid postal ballot forms	1,695	26,18,90,639
(d)	Postal ballot forms with assent for the Resolution	1,521	26,16,91,587
(e)	Postal ballot forms with dissent for the Resolution	176	1,99,052

Note: Two shareholders had tendered postal ballots with votes for 302 equity shares in favour of the resolution and 108 equity shares against the resolution. These votes were accordingly accounted for.

The postal ballot exercise was 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 Chairman forms part of this annual report.

Related Party Transactions

Transactions with the Related Parties are disclosed in Note no. 19 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. The Board would review implementation of non-mandatory requirements of the Code in due course of time.

7. COMMUNICATION TO SHAREHOLDERS

During the year, quarterly unaudited financial results with limited review report and annual audited financial results of the Company with Auditor's Report thereon were submitted to the stock exchanges on their approval by the Board of Directors. The results were published in Business Standard (English) or Financial Express (English) or Hindu Business Line (English) and Loksatta-Jansatta (Gujarati) newspapers. The Company's website www.torrentpower.com also displays the official news releases in addition to the financial results.

8. GENERAL SHAREHOLDER INFORMATION

6th Annual General Meeting

Date	Saturday, 31 st July, 2010
Time	9.30 a.m.
Venue	J. B. Auditorium, Torrent-AMA Centre, Ahmedabad Management Association, Vastrapur, Ahmedabad-380015.

Tentative financial calendar for the year 2010-11

Financial year	1 st April, 2010 – 31 st March, 2011
First quarter results	Last week of July, 2010
Second quarter results	Last week of October, 2010
Third quarter results	Last week of January, 2011
Results for the year end	Last week of May, 2011

Date of Book Closure

Monday, 21st June, 2010 to Wednesday, 23rd June, 2010 (both days inclusive).

Dividend payment date

The proposed dividend, if approved at the ensuing Annual General Meeting, will be distributed on or after 2nd August, 2010, 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 2010-11 have been paid to the stock exchanges.

Market price data

The closing market price of equity shares on 31st March, 2010 was Rs. 288.85 on BSE and NSE.

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

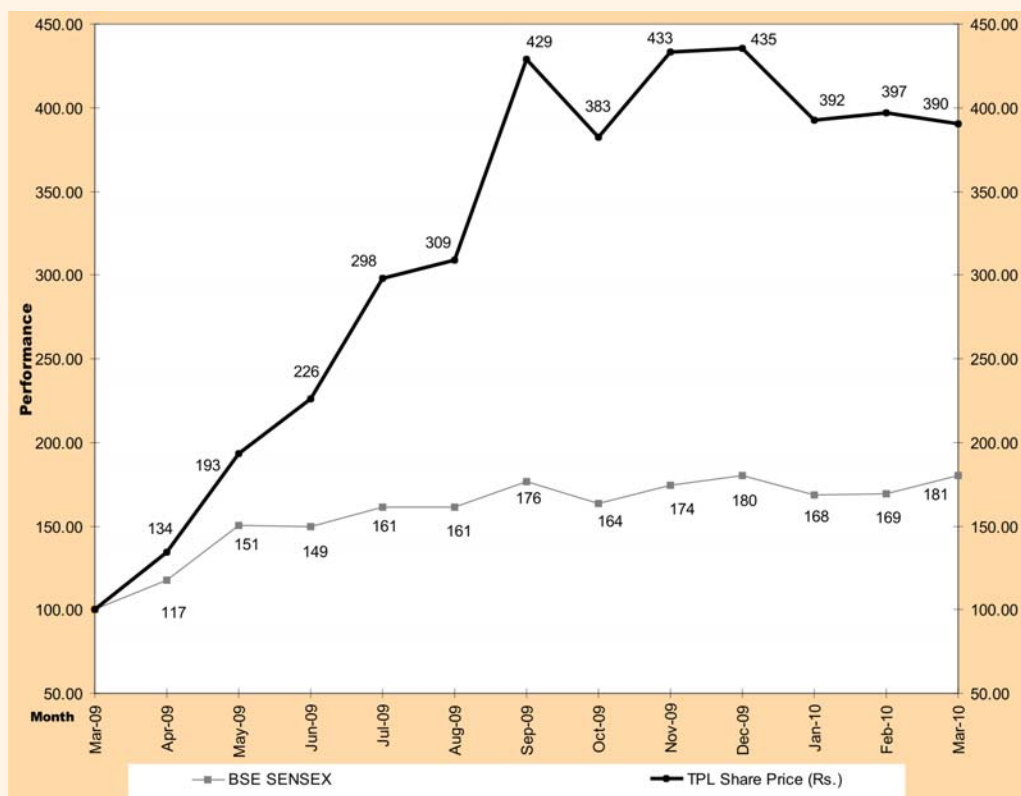
Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
April, 2009	112.70	73.75	82,45,348	112.90	74.00	1,10,35,671
May, 2009	149.95	97.20	71,28,181	149.95	97.05	1,02,98,309
June, 2009	177.40	137.20	1,31,71,324	177.70	137.50	2,10,20,105
July, 2009	222.30	166.50	1,67,34,287	222.50	166.50	2,02,55,029
August, 2009	252.00	213.05	95,36,734	251.95	212.20	1,00,65,560
September, 2009	319.70	222.25	1,41,79,497	320.95	222.50	1,67,23,346
October, 2009	321.70	280.00	64,16,089	321.65	279.60	84,13,415
November, 2009	350.90	270.20	57,14,555	368.70	270.10	82,36,533
December, 2009	332.40	292.00	36,26,186	331.45	291.45	49,20,448
January, 2010	335.00	270.10	40,47,036	335.50	268.00	74,84,818
February, 2010	303.90	281.00	14,66,889	304.20	280.15	32,45,229
March, 2010	323.60	277.00	37,68,395	324.00	276.50	65,19,483

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, 2009	74.05	9,708.50	100.00	100.00
April, 2009	99.30	11,403.25	134.09	117.45
May, 2009	143.20	14,625.25	193.38	150.64
June, 2009	167.35	14,493.84	225.99	149.29
July, 2009	220.70	15,670.31	298.04	161.40
August, 2009	228.50	15,666.64	308.57	161.37
September, 2009	317.85	17,126.84	429.23	176.41
October, 2009	283.40	15,896.28	382.71	163.73
November, 2009	320.70	16,926.22	433.08	174.34
December, 2009	322.35	17,464.81	435.31	179.89
January, 2010	290.50	16,357.96	392.30	168.49
February, 2010	293.70	16,429.55	396.62	169.22
March, 2010	288.85	17,527.77	390.07	180.54

* Closing data on the last day of the month.

Relative Performance of TPL Share Price v/s BSE SENSEX



Distribution of shareholding as on 31st March, 2010

By size of shareholding

No. of Shares	No. of Shareholders	% Shareholders	No. of Shares	% of Shareholding
01 to 500	48,155	73.30	64,69,477	1.37
501 to 1000	9,127	13.89	59,73,712	1.26
1001 to 2000	3,677	5.60	52,29,130	1.11
2001 to 3000	1,573	2.39	39,49,227	0.84
3001 to 4000	725	1.10	25,30,569	0.54
4001 to 5000	579	0.88	26,28,654	0.55
5001 & above	1,863	2.84	44,56,67,539	94.33
Total	65,699	100.00	47,24,48,308	100.00

By category of shareholders

Sr. No.	Category	No. of Shares held on 31 st March, 2010	% 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	4,51,72,128	9.56
4	GIC and subsidiaries	3,27,98,439	6.94
5	Mutual Funds	2,13,94,791	4.53
6	FIs	77,24,665	1.63
7	Nationalised Banks	4,60,685	0.10
8	Others	6,16,33,057	13.05
	Grand Total	47,24,48,308	100.00

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 31st March, 2010, 85.39% of the total shares have been dematerialised.

Share transfer system

Powers to approve share transfers and related requests have been delegated by the Shareholders' Grievances Committee to the 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, Ragonath 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
Website : www.torrentpower.com

Registrar & Share Transfer Agent

Shareholders are requested to send all documents pertaining to transfer / demat requests and other communication 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,
2nd 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

For and on behalf of the Board

Ahmedabad
7th May, 2010

Sudhir Mehta
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
7th May, 2010

Sudhir Mehta
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 31st March, 2010 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 C.C. Chokshi & Co.
Chartered Accountants
(Registration No. 101876W)

Ahmedabad
7th May, 2010

Gaurav J. Shah
Partner
Membership No. 35701

Financial Statements 2009-10

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, 2010, 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 affairs of the Company as at 31st March, 2010;
 - (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, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **C.C. Chokshi & Co.**
Chartered Accountants
(Registration No. 101876W)

Ahmedabad
7th May, 2010

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. In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
 - (a) The Company has granted loans aggregating Rs.0.06 crore to one party during the year. At the year-end, the outstanding balance of such loan was Rs.Nil and the maximum amount involved during the year was Rs.0.78 crore.
 - (b) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interests of the Company.
 - (c) The interest free loans granted by the company are repayable on demand. Under the circumstances, the questions of regular repayment, overdue amount and steps for recovery do not arise.
 - (d) The Company has not taken any loan secured / unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
5. In our opinion and according to the information and explanations given to us, 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 2010 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, 2010 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where the dispute is pending	Period to which the amount relates	Amount (Rs. in Crores)
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	Income Tax Appellate Tribunal	2002-03, 2003-04 & 2005-06	11.66
Income Tax Act, 1961	Demand of Tax	Gujarat High Court	1998-99 to 2001-02	2.88
Income Tax Act, 1961	Demand of Tax	CIT Appeal	2006-07 to 2007-08	2.62

11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks 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 or 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 **C.C. Chokshi & Co.**
Chartered Accountants
(Registration No. 101876W)

Gaurav J. Shah
Partner
Membership No. 35701

Ahmedabad
7th May, 2010

BALANCE SHEET

AS AT 31ST MARCH, 2010

(Rs. in crores)

	Schedule	As at 31st March, 2010	As at 31st March, 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	472.45	472.45
Reserves and Surplus	2	<u>3,487.70</u>	<u>2,760.95</u>
		3,960.15	3,233.40
Loan Funds			
Secured Loans	3	3,133.31	3,192.69
Unsecured Loans	4	<u>57.98</u>	<u>59.61</u>
		3,191.29	3,252.30
Other Fund			
Service Line and Security Deposits from Consumers		424.05	354.67
Deferred Tax Liability (net)		<u>258.94</u>	<u>116.54</u>
		<u>7,834.43</u>	<u>6,956.91</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	7,590.53	4,348.40
Less: Depreciation		<u>1,058.72</u>	<u>710.19</u>
Net Block		6,531.81	3,638.21
Capital Work-in-Progress		<u>170.67</u>	<u>2,867.10</u>
		6,702.48	6,505.31
Investments	6	357.90	157.79
Current Assets, Loans and Advances			
Interest accrued on Investments	7	0.27	0.27
Inventories		144.05	167.96
Sundry Debtors		542.94	487.59
Cash and Bank Balances		1,171.43	640.49
Loans and Advances		<u>735.11</u>	<u>453.43</u>
		2,593.80	1,749.74
Less: Current Liabilities and Provisions	8		
Current Liabilities		876.98	849.28
Provisions		<u>942.77</u>	<u>606.65</u>
		1,819.75	1,455.93
Net Current Assets		<u>774.05</u>	<u>293.81</u>
		<u>7,834.43</u>	<u>6,956.91</u>
Significant Accounting Policies	13		
Notes on Accounts	14		

As per our attached report of even date

Sudhir Mehta
Chairman

For **C.C. Chokshi & Co.**
Chartered Accountants

Samir Mehta
Director

Gaurav J. Shah
Partner

Rajiv Shah
Company Secretary

Ahmedabad, 7th May, 2010

Ahmedabad, 7th May, 2010

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. in crores)

	Schedule	Year ended 31st March, 2010	Year ended 31st March, 2009
INCOME			
Revenue from Power Supply		5,823.21	4,315.76
Net Income of Services Division	9	0.97	6.65
Other Income	10	132.29	142.99
		<u>5,956.47</u>	<u>4,465.40</u>
EXPENDITURE			
Electrical Energy Purchased		1,395.04	2,260.44
Generation, Distribution, Administration and Other Expenses	11	2,725.26	1,381.62
Interest and Finance Charges	12	314.37	155.48
Depreciation		351.39	194.21
Less: Transfer from Service line contribution and APDRP Grant		16.04	11.16
		<u>335.35</u>	<u>183.05</u>
		<u>4,770.02</u>	<u>3,980.59</u>
Profit Before Tax		1,186.45	484.81
Provision for:			
Current Tax [(Including Rs.0.42 crore for Wealth Tax) (Previous Year Rs.0.05 crore)]		207.50	55.00
Deferred Tax		142.40	23.81
Fringe Benefit Tax		-	0.91
Short / (Excess) Provision of Current Tax for earlier years		-	(2.80)
Profit After Tax		<u>836.55</u>	<u>407.89</u>
Contingency Reserve		1.00	1.00
Profit After Contingency Reserve		<u>835.55</u>	<u>406.89</u>
Balance brought forward from previous year		229.12	132.78
Profit Available for Appropriation		<u>1,064.67</u>	<u>539.67</u>
APPROPRIATIONS			
General Reserve		400.00	200.00
Proposed Dividend		141.73	94.49
Corporate Dividend Tax		23.54	16.06
		<u>565.27</u>	<u>310.55</u>
Balance Carried to Balance Sheet		<u>499.40</u>	<u>229.12</u>
		<u>1,064.67</u>	<u>539.67</u>
Basic and Diluted Earnings per Share of face value of Rs.10/- each (in Rupees) (Refer Note 17 of Schedule 14)		17.71	8.63
Significant Accounting Policies	13		
Notes on Accounts	14		

As per our attached report of even date

Sudhir Mehta
Chairman

For **C.C. Chokshi & Co.**
Chartered Accountants

Samir Mehta
Director

Gaurav J. Shah
Partner

Rajiv Shah
Company Secretary

Ahmedabad, 7th May, 2010

Ahmedabad, 7th May, 2010

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. in crores)

	Year ended 31st March, 2010	Year ended 31st March, 2009
Cash Flow from Operating Activities		
Net Profit before tax	1,186.45	484.81
Adjustments for :		
Depreciation	335.35	183.05
Excess provision written back	(1.71)	(0.59)
Provisions for Doubtful Debts no longer required	-	(12.02)
Interest expenses	314.37	155.48
Profit or Loss on Sale / Redemption of investment (net)	0.01	*
Loss on sale of fixed assets	9.48	7.19
Dividend / Interest	(42.85)	(48.41)
Operating Profit before Working Capital Changes	<u>1,801.10</u>	<u>769.51</u>
Adjustments for :		
Trade and other receivables	(109.91)	(75.08)
Inventories	23.91	(2.16)
Current Liabilities and Provisions	109.03	23.47
Service line and Security Deposits	69.38	20.00
Cash Generated from Operations	<u>1,893.51</u>	<u>735.74</u>
Taxes Paid	(227.35)	(67.61)
Net Cash Flow from Operating Activities	<u>1,666.16</u>	<u>668.13</u>
Cash Flow from Investing Activities		
Purchase of fixed assets including capital work-in-progress	(560.49)	(723.32)
Sale of fixed assets	2.48	3.36
Purchase of investments	(32.24)	(122.21)
Sale of investments	0.05	0.22
Dividend and interest received	42.85	48.41
Net Cash used in Investing Activities	<u>(547.35)</u>	<u>(793.54)</u>
Cash Flow from Financing Activities		
Long Term borrowings	386.90	971.64
Repayment of fixed deposits	(0.01)	(0.01)
Repayment of borrowings	(446.28)	(254.96)
Repayment of APDRP Loan	(1.64)	(1.64)
Service line contribution	55.09	57.46
APDRP Grant	16.41	-
Dividend paid	(109.94)	(65.97)
Interest Paid	(320.46)	(152.57)
Net Cash (used in) / generating from Financing Activities	<u>(419.93)</u>	<u>553.95</u>
Net increase in Cash and Cash Equivalents	698.88	428.54
Cash and Cash Equivalents as at beginning of the year	640.49	211.95
Cash and Cash Equivalents as at end of the year	1,339.37	640.49
Notes:		
1. Cash and Cash Equivalents as at end of the year:		
Cash and Bank Balances	1,171.43	640.49
Current Investments (Investments in Mutual Funds)	167.94	-
	<u>1,339.37</u>	<u>640.49</u>

2. 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.

As per our attached report of even date

Sudhir Mehta
Chairman

For **C.C. Chokshi & Co.**
Chartered Accountants

Samir Mehta
Director

Gaurav J. Shah
Partner

Rajiv Shah
Company Secretary

Ahmedabad, 7th May, 2010

Ahmedabad, 7th May, 2010

SCHEDULES

FORMING PART OF THE BALANCE SHEET

SCHEDULE '1' : SHARE CAPITAL

(Rs. in crores)

	As at 31st March, 2010	As at 31st March, 2009
Authorised		
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>
Issued, Subscribed and Paid up		
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, 2009) 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, 2009) 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, 2010	As at 31st March, 2009
Capital Reserves		
Service Line Contributions		
As per last Balance Sheet	195.12	146.71
Contributions during the year	55.10	57.46
	250.22	204.17
Less: Transfer to Profit and Loss Account	12.86	9.05
	237.36	195.12
Grant in Aid under Accelerated Power Development and Reform Programme		
As per last Balance Sheet	36.02	38.13
Received during the year	16.41	-
	52.43	38.13
Less: Transfer to Profit and Loss Account	3.18	2.11
	49.25	36.02
Statutory Reserves		
Contingency Reserve		
As per last Balance Sheet	60.10	73.10
Less: Excess appropriation in earlier year transferred to General Reserve	-	14.00
	60.10	59.10
Add: Transfer from Profit and Loss Account	1.00	1.00
	61.10	60.10
Tariff and Dividend Control Reserve		
As per last Balance Sheet	11.59	11.59
Other Reserves		
General Reserve		
As per last Balance Sheet	2,229.00	2,015.00
Add: Transfer from Contingency Reserve	-	14.00
	2,229.00	2,029.00
Add: Transfer from Profit and Loss Account	400.00	200.00
	2,629.00	2,229.00
Balance in Profit and Loss Account	499.40	229.12
	3,487.70	2,760.95

SCHEDULE '3' : SECURED LOANS

(Rs. in crores)

	As at 31st March, 2010	As at 31st March, 2009
Rupee Term Loans		
From Financial Institutions	1,333.26	1,323.64
From Banks	1,800.05	1,788.49
From Others	-	80.56
Working Capital Loans		
Cash Credit Arrangements with Bank	-	-
	<u>3,133.31</u>	<u>3,192.69</u>

Of the above:

1. Amount of Rupee Term Loans of Rs.3133.31 crores (31st March, 2009 Rs.3112.13 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.Nil (31st March, 2009 Rs.80.56 crores) from other is secured by second charge by way of mortgage of all immovable properties and second charge by way of hypothecation of all movable assets, present and future, situated at Taluka Kamrej, Surat relating to 1147.5 MW Power Project, both subject to prior charges created and in favour of banks and institutions.
4. Amount of Rs.417.33 crores (Previous Year Rs.363.71 crores) is repayable within one year.

SCHEDULE '4' : UNSECURED LOANS

(Rs. in crores)

	As at 31st March, 2010	As at 31st March, 2009
Term Loan from Government of India under Accelerated Power Development and Reform Programme	57.98	59.61
	<u>57.98</u>	<u>59.61</u>

Of the above, amount of Rs.2.97 crores (Previous Year Rs.1.64 crores) is repayable within one year.

SCHEDULE '5' : FIXED ASSETS

(Rs. in crores)

PARTICULARS	GROSS BLOCK				DEPRECIATION & AMORTISATION				NET BLOCK	
	As at 1-Apr-09	Additions during the year	Deductions during the year	As at 31-Mar-10	As at 1-Apr-09	For the year	Deductions during the year	As at 31-Mar-10	As at 31-Mar-10	As at 31-Mar-09
Land										
(a) Freehold	114.70	5.24	-	119.94	-	-	-	-	119.94	114.70
(b) Leasehold	42.41	0.60	-	43.01	1.54	0.47	-	2.01	41.00	40.87
Buildings	186.76	499.37	0.08	686.05	7.95	22.96	-	30.91	655.14	178.81
Railway Siding	2.28	0.06	-	2.34	0.15	0.12	-	0.27	2.07	2.13
Plant and Machinery										
(a) Steam Station	630.75	2,301.21	0.57	2,931.39	144.78	121.64	0.17	266.25	2,665.14	485.97
(b) Others Including Switchgears and Transformers	1,532.98	195.45	12.51	1,715.92	270.10	93.61	3.91	359.80	1,356.12	1,262.88
Transmission and Distribution Systems										
(a) Overhead	318.52	78.41	0.15	396.78	49.75	22.66	0.03	72.38	324.40	268.77
(b) Underground	1,423.47	146.66	2.78	1,567.35	211.59	78.68	0.34	289.93	1,277.42	1,211.88
Electrical Fittings and Appartus	30.32	14.08	0.01	44.39	4.43	2.73	-	7.16	37.23	25.89
Furniture, Fixture and Office Equipments	49.82	9.82	0.08	59.56	13.64	7.99	0.03	21.60	37.96	36.18
Vehicles	13.59	6.90	0.55	19.94	4.22	1.77	0.28	5.71	14.23	9.37
Intangible Assets Software	2.80	1.06	-	3.86	2.04	0.66	-	2.70	1.16	0.76
Total	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
Previous Year	3,689.23	673.50	14.33	4,348.40	517.37	196.60	3.78	710.19	3,638.21	3,171.86
Capital Work-in-Progress									170.67	2,867.10
									6,702.48	6,505.31

Notes:

- Additions during the year and Capital Work-in-Progress includes borrowing cost of Rs.56.94 crores (Previous Year Rs.178.83 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 Pre-operative Expenditure of Rs.0.30 crore (Previous Year Rs.137.90 crores) (Refer Note 6 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, 2009 Rs.0.04 crore) and leasehold land amounting to Rs.15.92 crores (31st March, 2009 Rs.15.32 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 31-03-2010	No. of Units 31-03-2009	Face Value	As at 31st March, 2010	As at 31st March, 2009
A. LONG TERM INVESTMENTS					
Contingency Reserve Investments (Quoted)					
11.70% ICICI Bond - 2011	500	500	5.00	6.61	6.61
11.50% IFCI Bond - 2009		10	*	-	*
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>13.22</u>	<u>13.22</u>
Other Investments					
Quoted					
11.50% Haryana State Loan				-	0.07
11.50% Tamilnadu State Loan				-	*
12.00% Uttar Pradesh State Loan				0.02	0.02
				<u>0.02</u>	<u>0.09</u>
Unquoted					
Investment in Subsidiary Companies					
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	44399500	66.60	66.60	44.40
Torrent Energy Limited					
Equity Shares of Rs.10/- each fully paid up	100000000	99972500	100.00	100.00	99.97
Torrent Pipavav Generation Limited					
Equity Shares of Rs.10/- each fully paid up	50000	40000	0.05	10.05	0.04
Torrent Power Bhiwandi Limited					
Equity Shares of Rs.10/- each fully paid up	50000	49400	0.05	0.05	0.05
				<u>176.70</u>	<u>144.46</u>
Trade					
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>
Total (A)				<u>189.96</u>	<u>157.79</u>

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

(Rs. in crores)

	No. of Units 31-03-2010	No. of Units 31-03-2009	As at 31st March, 2010	As at 31st March, 2009
B. CURRENT INVESTMENTS				
In Units - (Unquoted)				
Birla Sun Life Cash Plus	20370869	-	30.00	-
Birla Sunlife Saving Fund	21126598	-	36.91	-
Kotak Floater Long Term	5155403	-	7.53	-
LIC MF Liquid Fund	55542716	-	93.50	-
Total (B)			167.94	-
[Aggregate NAV of Investments in Mutual Funds Rs.168.13 crores (31st March, 2009 Rs.Nil)]				
Total (A+B)			357.90	157.79
Aggregate book value of quoted investments			13.24	13.31
Aggregate book value of unquoted investments			344.66	144.48
Total			357.90	157.79
Market Value of Quoted Investments			11.19	11.26

Current Investments purchased and sold during the year

Name of Mutual Fund Scheme	No. of Units	Rs. in crores
Birla Sun Life Cash Plus - Super IP - Growth	617306380	896.32
Birla Sun Life Savings Fund - Institutional - Growth	416048609	715.93
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale Plan - Growth	122552341	244.41
HDFC Liquid Fund - Premium Plan - Growth	279324855	505.63
HDFC Liquid Fund Growth	1064914	1.88
ICICI Prudential Flexible Income Fund - Premium - Growth	17062995	289.05
ICICI Prudential Institutional Liquid - Super IP - Growth	55257315	446.12
IDFC Cash Fund - Plan C - Growth	638998446	702.87
IDFC Money Manager - Treasury Plan - Super IP C - Growth	513363802	549.72
Kotak Flexi Debt - IP - Growth	68051163	75.13
Kotak Floater - Long Term - Growth	320007807	462.58
Kotak Liquid - IP - Growth	343118900	632.95
LIC MF Liquid Fund - Growth Option	471807851	783.34
SBI Magnum Insta Cash Fund - Cash Plan	17473826	34.79

SCHEDULE '7' : CURRENT ASSETS, LOANS AND ADVANCES

(Rs. in crores)

	As at 31st March, 2010	As at 31st March, 2009
CURRENT ASSETS		
Interest Accrued On Investments	0.27	0.27
Inventories		
Coal, Oil, Stores and Spares	144.05	167.96
[Includes Goods in transit Rs.24.16 crores (31st March, 2009 Rs.32.68 crores)]		
Sundry Debtors		
Debts outstanding for a period exceeding six months		
Secured - Considered good	5.13	4.89
Unsecured - Considered good	1.74	9.28
- Considered Doubtful	<u>70.59</u>	<u>70.91</u>
	77.46	85.08
Other Debts		
Secured - Considered good	149.50	134.40
Unsecured - Considered good	386.57	339.02
- Considered Doubtful	<u>12.85</u>	<u>7.28</u>
	548.92	480.70
Less: Provision for Doubtful Debts	<u>83.44</u>	<u>78.19</u>
	542.94	487.59
Cash and Bank Balances		
Cash and Cheques on hand	3.80	12.47
[including Cheques on hand of Rs.3.08 crores (31st March, 2009 Rs.11.59 crores)]		
Balances with scheduled banks		
In Current Accounts	60.36	26.91
Fixed Deposits Accounts	1,107.17	601.00
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.0.70 crore (Previous Year Rs.0.67 crore)		
The Associate Co-operative Bank Ltd.	0.02	0.03
Maximum balance during the year Rs.0.49 crore (Previous Year Rs.0.47 crore)		
The Surat Mahila Nagrik Sahakari Bank Ltd.	0.01	0.01
Maximum balance during the year Rs.0.01 crore (Previous Year Rs.0.07 crore)		
The Surat Mercantile Co-operative Bank Ltd.	0.04	0.04
Maximum balance during the year Rs.1.21 crores (Previous Year Rs.1.43 crores)		
	<u>1,171.43</u>	<u>640.49</u>
LOANS AND ADVANCES		
Unsecured (Considered Good Unless Otherwise Stated)		
Advances recoverable in cash or kind or for value to be received	92.01	81.81
Less: Provision for Doubtful Advances	<u>5.50</u>	<u>4.25</u>
	86.51	77.56
Advances and Loans to Subsidiary Companies	47.83	2.22
Balance with Government Authority	0.64	0.64
Advance Tax and Tax deducted at source	<u>600.13</u>	<u>373.01</u>
	735.11	453.43
	<u>2,593.80</u>	<u>1,749.74</u>

Note:

Advances recoverable in cash or kind or for value to be received includes an amount of Rs.3.80 crores (31st March, 2009 Rs.4.25 crores) recoverable from AEC Cements & Constructions Limited, company under the same management [maximum amount outstanding during the year Rs.4.25 crores (Previous Year Rs.5.00 crores)].

SCHEDULE '8' : CURRENT LIABILITIES AND PROVISIONS

(Rs. in crores)

	As at 31st March, 2010	As at 31st March, 2009
CURRENT LIABILITIES		
Sundry Creditors (Refer Note 8 of Schedule 14)	798.66	764.45
Investor Education and Protection Fund shall be credited by the following:		
Unclaimed Dividends	1.96	1.35
Unclaimed Fixed Deposits and Interest thereon	*	0.01
Consumers' Benefit Account	12.01	12.01
Credit Balances of Consumers	34.67	35.69
Interest Accrued but not Due on Loans and Security Deposits	29.68	35.77
	<u>876.98</u>	<u>849.28</u>
PROVISIONS		
Provision for Gratuity and other fund	30.35	34.45
Provision for Leave Encashment	54.78	84.19
Provision for Taxation	584.73	377.46
Provision for Indirect Tax	107.64	-
Proposed Dividend	141.73	94.49
Provision for Corporate Dividend Tax	23.54	16.06
	<u>942.77</u>	<u>606.65</u>
	<u>1,819.75</u>	<u>1,455.93</u>

SCHEDULES

FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE '9' : NET INCOME OF SERVICES DIVISION

(Rs. in crores)

	Year ended 31st March, 2010	Year ended 31st March, 2009
INCOME		
Value of Contracts Billed and Service Charges [Tax Deducted at Source Rs.Nil (Previous Year Rs.*)]	0.14	9.17
Miscellaneous Income	0.01	0.02
Recovery of Bad Debts	-	0.05
Provisions no longer required written back	1.42	*
	<u>1.57</u>	<u>9.24</u>
EXPENDITURE		
Cost of Materials	0.03	0.73
Labour Charges	0.05	0.22
Salaries, Wages and Bonus	0.18	1.62
Insurance	-	*
Legal Expenses	-	*
Other Expenses	0.04	0.02
Bad Debts	0.30	-
	<u>0.60</u>	<u>2.59</u>
NET INCOME	<u>0.97</u>	<u>6.65</u>

SCHEDULE '10' : OTHER INCOME

(Rs. in crores)

	Year ended 31st March, 2010	Year ended 31st March, 2009
Street Lighting Maintenance Contracts [Tax Deducted at Source Rs.0.21 crore (Previous Year Rs.0.19 crore)]	5.28	5.13
Hire of Meters	36.88	35.67
Interest from Contingency Reserve Investments [Tax Deducted at Source Rs.0.18 crore (Previous Year Rs.0.18 crore)]	1.10	1.11
Other Interest (Gross) [Tax Deducted at Source Rs.5.99 crores (Previous Year Rs.7.13 crores)]	41.70	42.59
Insurance Claim Receipt	0.03	0.92
Miscellaneous Income	33.70	36.66
Provisions no longer required written back	0.29	0.59
Provisions for Doubtful Debts no longer required	-	12.02
Profit on Sale / Redemption of Current Investments	10.05	0.05
Recovery of Bad Debts	3.21	3.54
Dividend	0.05	4.71
	<u>132.29</u>	<u>142.99</u>

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

(Rs. in crores)

	Year ended 31st March, 2010	Year ended 31st March, 2009
Fuel [after credit of claims of Rs.7.19 crores (Previous Year Rs.8.23 crores)]	1,886.75	924.96
Consumption of Stores and Spares	181.43	62.66
Rent and Hire Charges	3.77	2.12
Repairs to		
Buildings	7.31	6.82
Plant and Machinery	167.81	141.07
Others	7.63	7.42
	<u>182.75</u>	<u>155.31</u>
Salaries and Wages		
Salaries, Wages and Bonus	241.63	196.65
Contribution to Provident and Other Funds	10.52	9.55
Employees' Welfare Expenses	11.61	10.99
Gratuity and Leave Encashment	42.35	26.87
	<u>306.11</u>	<u>244.06</u>
Discount for prompt payment of bills	48.63	44.18
Insurance	11.04	7.51
Rates and Taxes (Refer Note 5 of Schedule 14)	111.91	3.33
Miscellaneous Expenses	81.44	50.82
Loss on Sale of Investments	0.01	*
Loss on Sale of Fixed Assets (net)	9.48	7.19
Commission to Non Executive Directors	0.55	0.12
Audit Fees	0.25	0.18
Legal, Professional and Consultancy fees	5.97	3.22
Donations	29.61	15.76
Bad Debts Written off	2.69	2.55
Provision for Doubtful Debts	6.81	-
	<u>2,869.20</u>	<u>1,523.97</u>
Less: Allocated to Capital Works, Repairs and Other Relevant Revenue Accounts	143.94	142.35
	<u>2,725.26</u>	<u>1,381.62</u>

SCHEDULE '12' : INTEREST AND FINANCE CHARGES

(Rs. in crores)

	Year ended 31st March, 2010	Year ended 31st March, 2009
Interest on Term Loans	292.22	131.25
Interest on Security Deposits from Consumers	17.83	15.90
Others including Finance Charges	4.32	8.33
	<u>314.37</u>	<u>155.48</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 Cost:

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 Sugan, 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.

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. Provision for Fringe benefit tax, if any is made on the basis of estimated taxable liabilities for the period.

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, 2010	As at 31st March, 2009
1. Estimated amount of contracts remaining to be executed on Capital Accounts (Net of Advances)	142.57	207.71
2. Contingent Liabilities not provided for in respect of :		
(i) Letters of Credit established and Guarantees given by banks on behalf of the Company	28.71	60.95
(ii) Disputed Income-tax matters	21.81	19.15
(iii) Disputed Sales-tax matters	0.21	0.21
(iv) Disputed Custom Duty matters	0.44	0.44
(v) Disputed Stamp Duty matter	0.26	0.26
(vi) Claims not acknowledged as Debt	-	3.96

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, 2010	Balance as at 31st March, 2009
Subsidiary Companies			
Torrent Energy Limited	46.91	46.91	1.50
Torrent Power Grid Limited	0.27	-	-
Torrent Pipavav Generation Limited	0.92	0.92	0.72
		<u>47.83</u>	<u>2.22</u>
Associate Company			
AEC Cements & Constructions Limited	4.25	3.80	4.25
		<u>3.80</u>	<u>4.25</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. Effective from 1st April, 2009, the Company has changed its policy of charging depreciation on its assets at Sugen, Ahmedabad Generation, Ahmedabad Distribution and Surat Distribution. Depreciation is charged in respect of each category of assets of these units at the higher of the rates prescribed in Appendix III of the Regulation issued by Central Electricity Regulatory Commission dated 19th January, 2009 or rates prescribed under Schedule XIV to the Companies Act, 1956 instead of at the rates prescribed under schedule XIV to the Companies Act, 1956. Consequently, the depreciation charged to the profit & loss account is higher for the year by Rs.19.89 crores with the corresponding decrease in profit before taxation for the year, by the same amount.

5. During the year, the Company has received show cause notices from the Indirect Tax Authorities claiming recovery of indirect tax. The claim, as ascertained by the authorities, is being contested by the Company. Without prejudice to the stand of the Company and its rights to contest the claim and based on consideration of prudence, the Company has accordingly accounted Rs.107.64 crores for the same in the financial statements.
6. Pre-operative expenditure pending allocation to SUGEN 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, 2010	As at 31st March, 2009
Salary, wages, bonus, gratuity and superannuation	-	49.50
Advertisement	-	3.64
Insurance	-	0.44
Legal, Professional and Consultancy Fees	0.08	15.18
Rates and Taxes	-	0.57
Electricity Charges	-	0.58
Miscellaneous Expenses	0.15	10.20
Printing, Stationery, Postage and Telephone	0.03	1.58
Repairs and Maintenance	-	1.61
Travelling Expenses	0.04	4.59
Auditors' Remuneration	-	0.02
Registration, Filing and Legal Fees	-	2.21
Rent Expenses	-	1.34
Water Charges	-	1.69
Depreciation	-	3.22
Loss on sale of Fixed Assets (Net)	-	0.05
Wealth Tax	-	0.06
Fringe Benefit Tax	-	0.50
Commissioning Fuel	-	40.92
Total Expenditure	0.30	137.90

7. (i) The Company uses forward contracts to hedge its risk associated with foreign currency fluctuation relating to firm commitments. The Company does not use forward contracts for speculative purposes. Outstanding foreign exchange contract as at 31st March, 2010 is Rs.Nil (Previous Year Rs.Nil)
- (ii) Foreign currency exposure not hedged by derivative instruments as at 31st March, 2010 on capital imports amount to Rs.4.31 crores (Previous Year Rs.189.09 crores)
8. Based on the information available with the Company, the balance due to Micro and Small Enterprises as defined under MSMED Act, 2006 is Rs.1.14 crores (Previous Year Rs.0.42 crore). No interest has been paid or payable under MSMED Act, 2006 during the year.
9. The confirmations of some of the parties for the amounts due to them / amount due from them as per books of accounts are not received. Necessary adjustments, if any, will be made when the accounts are reconciled / settled.
10. **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, 2010		As at 31st March, 2009	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
a. Reconciliation of opening and closing balances of the present value of the defined benefit obligation:				
Obligations at the beginning of the year	84.20	111.54	72.42	98.77
Current Service cost	4.63	5.14	7.16	4.55
Interest Cost	3.24	8.76	5.11	7.16
Actuarial (gain) / loss	5.50	6.52	3.34	6.44
Benefits paid	(42.79)	(7.34)	(3.84)	(5.38)
Obligations at the end of the year	54.78	124.62	84.19	111.54
b. Reconciliation of opening and closing balances of the fair value of plan assets:				
Plan assets at the beginning of the year, at fair value	-	77.36	-	63.78
Expected return on plan assets	-	7.95	-	6.34
Actuarial gain / (loss)	-	0.21	-	0.32
Contributions	-	16.32	-	12.30
Benefits paid	-	(7.34)	-	(5.38)
Plan assets at the end of the year, at fair value	-	94.50	-	77.36
c. Reconciliation of the present value of the defined benefit obligation and fair value of plan assets:				
Obligations at the end of the year	54.78	124.62	84.19	111.54
Plan assets at the end of the year, at fair value	-	94.50	-	77.36
Liability recognized in Balance sheet as at 31st March, 2010	54.78	30.12	84.19	34.18
d. Cost for the year:				
Current service cost	4.63	5.14	7.16	4.55
Interest cost	3.24	8.76	5.11	7.16
Expected return on plan assets	-	(7.95)	-	(6.34)
Net Actuarial gain / (loss)	5.50	6.31	3.34	6.12
Net Cost – included in Schedule 11 of the profit and loss account	13.37	12.26	15.61	11.49
e. Investment details of plan assets:				
Contributions to fund the obligations under the gratuity plan are made to Life Insurance Corporation of India, who has invested the funds substantially in the government securities.				
f. Assumptions:				
Interest rate	7.85%	7.85%	7.25%	7.25%
Expected rate of return on plan assets (Yield on long term bonds of Central Government prevailing on 31st March, 2010)	-	9.25%	-	9.00%
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)

	2005-06 18 Months	2006-07 6 Months	2007-08 12 Months	2008-09 12 Months
Present value of defined benefit obligations at the end of the period [independent actuary]	NA	152.34	171.19	195.73
Fair value of plan assets at the end of the period	NA	56.35	63.78	77.36
Net assets / (liability) at the end of the period	NA	(95.99)	(107.41)	(118.37)

11. The Profit and Loss Account includes:

(Rs. in crores)

	Year ended 31st March, 2010	Year ended 31st March, 2009
a. Managerial Remuneration to Directors:		
Salary and Other Allowances	10.07	8.67
Contribution to Provident and Other Funds	0.48	0.41
Gratuity Provision	0.18	0.16
Commission	20.80	14.40
Commission to Non Executive Directors	0.55	0.20
	<u>32.08</u>	<u>23.84</u>
Less: Capitalised during the year	17.76	14.47
	<u>14.32</u>	<u>9.37</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, 2010	Year ended 31st March, 2009
Net Profit for the Year	836.55	407.89
Add : Provision for taxation		
Current Tax	207.50	55.00
Fringe Benefit Tax	-	0.91
Deferred Tax	142.40	23.81
	<u>349.90</u>	<u>79.72</u>
Depreciation as per Financial Statements	335.35	183.05
Directors' remuneration (including commission)	14.32	9.37
	<u>1536.12</u>	<u>680.03</u>
Less: Profit on sale of Investment (net)	10.05	0.05
Provision no longer required	1.71	0.59
Provision for doubtful debt no longer required	-	12.02
Depreciation under Section 350 of the Companies Act, 1956	304.47	175.47
	<u>316.23</u>	<u>188.13</u>
Net Profit	<u>1219.89</u>	<u>491.90</u>
Commission entitlement of managerial personnel	111.26	39.95
Commission paid to managerial personnel	20.80	14.40
Commission entitlement to Non Executive Director	12.20	4.92
Commission paid to Non Executive Director	0.55	0.20

(Rs. in crores)

	Year ended 31st March, 2010	Year ended 31st March, 2009
c. Payments to Auditors:		
Audit Fees	0.25	0.18
Tax Audit Fees	0.03	0.03
Other services – certificates etc.	0.17	0.08
Reimbursement of expenses	0.01	*
	<u>0.46</u>	<u>0.29</u>

(Rs. in crores)

	Year ended 31st March, 2010	Year ended 31st March, 2009
12. C.I.F Value of Imports:		
Components, stores, fuel and spare parts	1.66	0.77
Capital goods	186.93	31.94
13. Expenditure in foreign currency:		
Subscription	0.05	*
Travelling	0.05	0.18
Professional and consultation fees	0.02	-
Others	0.02	0.05
	<u>0.14</u>	<u>0.23</u>

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

	Year ended 31st March, 2010		Year ended 31st March, 2009	
	Rs. in crores	%	Rs. in crores	%
Imported	393.47	19.02	292.17	29.58
Indigenous	1674.71	80.98	695.45	70.42
	<u>2068.18</u>	<u>100.00</u>	<u>987.62</u>	<u>100.00</u>

15. Quantitative information:

	Year ended 31st March, 2010	Year ended 31st March, 2009
Units supplied (million KWh Units)	12895	9907
Units procured (million KWh Units)	4751	7368

16. **Deferred Tax:**

(Rs. in crores)

	As at		As at	
	31st March, 2010		31st March, 2009	
	Asset	Liability	Asset	Liability
Depreciation		303.83		158.66
Provision for Gratuity and Superannuation	9.77		11.91	
Leave Encashment	14.33		25.12	
Provision for Doubtful Debts	1.83		1.55	
Other Provision	10.65		-	
Municipal Taxes	2.57		2.25	
Amalgamation Expenses	0.19		0.58	
Provision for works contract	0.41		0.46	
Provision for wages and Bonus	0.21		0.25	
Provision for Short Term Leave	4.93		-	
	<u>44.89</u>	<u>303.83</u>	<u>42.12</u>	<u>158.66</u>
Net Deferred Tax (Asset) / Liability		<u>258.94</u>		<u>116.54</u>

17. **Earnings Per Share:**

	Year ended	Year ended
	31st March, 2010	31st March, 2009
Profit after tax (Rs. in crores)	836.55	407.89
No. of Equity Shares (in crores)	47.24	47.24
Basic and Diluted Earnings per Share (Rs.)	17.71	8.63

18. 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.

19. 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 31.03.10	Year ended 31.03.09	Year ended 31.03.10	Year ended 31.03.09	Year ended 31.03.10	Year ended 31.03.09	Year ended 31.03.10	Year ended 31.03.09	Year ended 31.03.10	Year ended 31.03.09	Year ended 31.03.10	Year ended 31.03.09	Year ended 31.03.10	Year ended 31.03.09
A) Volume of Transactions														
Purchase of Materials	2.52	2.77	-	-	81.09	104.60	-	-	-	-	-	-	83.61	107.37
Services Received	-	-	-	-	0.54	17.40	4.84	0.68	-	1.24	1.16	-	6.62	19.24
Managerial Remuneration	-	-	-	-	-	-	-	-	31.53	23.64	-	-	31.53	23.64
Advance Paid	-	-	-	-	-	-	0.07	-	-	-	0.02	-	0.09	-
Advance Recovered	0.45	-	-	-	-	-	0.07	-	-	-	-	-	0.52	-
Loan Given	-	-	-	-	-	-	50.06	99.66	-	-	-	-	50.06	99.66
Loan Received back	-	0.75	-	-	-	-	4.45	99.89	-	-	-	-	4.45	100.64
Equity Contribution	-	0.03	-	-	-	-	22.20	122.18	-	-	-	-	22.20	122.21
Purchase of Shares of Subsidiaries	-	-	-	-	0.03	-	-	-	*	-	-	-	0.03	-
Donation	-	-	-	-	-	-	-	-	-	-	8.00	6.00	8.00	6.00
Contribution to Funds (Net)	-	-	11.37	10.25	-	-	-	-	-	-	-	-	11.37	10.25
B) Balances at the end of the year														
Current Liabilities	0.07	0.20	1.48	1.21	13.02	10.16	-	0.35	-	0.03	0.04	-	14.60	11.96
Investment in Equities	0.63	0.63	-	-	-	-	166.70	144.46	-	-	-	-	167.33	145.09
Loans and Advances	3.80	4.25	-	-	0.56	0.56	47.83	2.22	-	0.02	-	-	52.21	7.03

Names of related parties and description of relationship:

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

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

(Rs. in crores)

	Year ended 31st March, 2010	Year ended 31st March, 2009
1. Bhartiya Janata Party	5.50	2.50
2. Indian National Congress	5.05	2.50
3. Nationalist Congress Party	1.00	1.00

21. 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 '*'.

Signature to Schedule 1 to 14

As per our attached report of even date

Sudhir Mehta
Chairman

For **C. C. Chokshi & Co.**
Chartered Accountants

Samir Mehta
Director

Gaurav J. Shah
Partner

Rajiv Shah
Company Secretary

Ahmedabad, 7th May, 2010

Ahmedabad, 7th May, 2010

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

Source 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 % %

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

Item Code No. (ITC Code)

Product Description

Sudhir Mehta
Chairman

Samir Mehta
Director

Rajiv Shah
Company Secretary

Ahmedabad, 7th May, 2010

Consolidated Financial Statements 2009-10

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") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 31st March, 2010, 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 financial 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 one of the subsidiaries, namely, Torrent Power Bhiwandi Limited whose financial statements reflect total assets of Rs.0.06 crore as at 31st March, 2010, total revenues of Rs.0.01 crore and net cash inflows amounting to Rs.0.02 crore for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditor whose report has been furnished to us and our opinion in so far as it relates to the amounts included in respect of this subsidiary is based solely on the report of the other auditor.
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) and 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 individual financial statements of the Company and its aforesaid subsidiary 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, 2010;
 - (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 **C.C. Chokshi & CO.**
Chartered Accountants
(Registration No. 101876W)

Gaurav J. Shah
Partner
Membership No. 35701

Ahmedabad
7th May, 2010

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2010

(Rs. in crores)

	Schedule	As at 31st March, 2010	As at 31st March, 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	472.45	472.45
Reserves and Surplus	2	<u>3,489.41</u>	<u>2,759.47</u>
		3,961.86	3,231.92
Minority Interest		23.52	15.40
Loan Funds			
Secured Loans	3	3,268.31	3,192.69
Unsecured Loans	4	<u>57.98</u>	<u>59.61</u>
		3,326.29	3,252.30
Other Fund			
Service Line and Security Deposits from Consumers		427.67	354.67
Deferred Tax Liability (net)		<u>259.25</u>	<u>116.54</u>
		<u>7,998.59</u>	<u>6,970.83</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	7,809.35	4,372.05
Less: Depreciation		<u>1,061.17</u>	<u>710.29</u>
Net Block		6,748.18	3,661.76
Capital Work-in-Progress		<u>306.22</u>	<u>2,986.59</u>
		7,054.40	6,648.35
Goodwill (Refer Note 6 of Schedule 14)		10.00	-
Investments	6	205.20	13.33
Current Assets, Loans and Advances			
Interest accrued on Investments	7	0.27	0.27
Inventories		144.20	168.11
Sundry Debtors		542.94	487.59
Cash and Bank Balances		1,196.29	660.75
Loans and Advances		<u>688.29</u>	<u>451.49</u>
		2,571.99	1,768.21
Less: Current Liabilities and Provisions	8		
Current Liabilities		899.66	852.36
Provisions		<u>943.34</u>	<u>606.70</u>
		1,843.00	1,459.06
Net Current Assets		<u>728.99</u>	<u>309.15</u>
		<u>7,998.59</u>	<u>6,970.83</u>
Significant Accounting Policies	13		
Notes on Accounts	14		

As per our attached report of even date

Sudhir Mehta
Chairman

For **C.C. Chokshi & Co.**
Chartered Accountants

Samir Mehta
Director

Gaurav J. Shah
Partner

Rajiv Shah
Company Secretary

Ahmedabad, 7th May, 2010

Ahmedabad, 7th May, 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. in crores)

	Schedule	Year ended 31st March, 2010	Year ended 31st March, 2009
INCOME			
Revenue from Power Supply		5,824.37	4,316.07
Net Income of Services Division	9	0.97	6.65
Other Income	10	132.30	142.99
		<u>5,957.64</u>	<u>4,465.71</u>
EXPENDITURE			
Electrical Energy Purchased		1,393.21	2,260.44
Generation, Distribution, Administration and Other Expenses	11	2,725.80	1,383.56
Interest and Finance Charges	12	314.37	155.48
Depreciation		352.70	194.30
Less: Transfer from Service line contribution and APDRP Grant		16.20	11.16
		<u>336.50</u>	<u>183.14</u>
		<u>4,769.88</u>	<u>3,982.62</u>
Profit Before Tax		1,187.76	483.09
Provision for:			
Current Tax [(Including Rs.0.42 crore for Wealth Tax) (Previous Year Rs.0.05 crore)]		207.78	55.00
Deferred Tax		142.72	23.81
Fringe Benefit Tax		-	0.91
Short / (Excess) Provision of Current Tax for earlier years		-	(2.80)
Profit After Tax		<u>837.26</u>	<u>406.17</u>
Share of Profit / (Loss) of Minority		0.25	(0.24)
Contingency Reserve		1.00	1.00
Profit After Contingency Reserve		<u>836.01</u>	<u>405.41</u>
Balance brought forward from previous year		227.64	132.78
Minority Interest		(0.11)	-
Profit Available For Appropriation		<u>1,063.54</u>	<u>538.19</u>
APPROPRIATIONS			
General Reserve		400.00	200.00
Proposed Dividend		141.73	94.49
Corporate Dividend Tax		23.54	16.06
		<u>565.27</u>	<u>310.55</u>
Balance Carried to Balance Sheet		<u>498.27</u>	<u>227.64</u>
		<u>1,063.54</u>	<u>538.19</u>
Basic and Diluted Earnings per Share of face value of Rs.10/- each (in Rupees) (Refer Note 14 of Schedule 14)		17.72	8.60
Significant Accounting Policies	13		
Notes on Accounts	14		

As per our attached report of even date

Sudhir Mehta
Chairman

For **C.C. Chokshi & Co.**
Chartered Accountants

Samir Mehta
Director

Gaurav J. Shah
Partner

Rajiv Shah
Company Secretary

Ahmedabad, 7th May, 2010

Ahmedabad, 7th May, 2010

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. in crores)

	Year ended 31st March, 2010	Year ended 31st March, 2009
Cash Flow from Operating Activities		
Net Profit before tax	1,187.76	483.09
Adjustments for :		
Depreciation	336.50	183.14
Excess provision written back	(1.71)	(0.59)
Provisions for Doubtful Debts no longer required	-	(12.02)
Interest expenses	314.37	155.48
Profit or Loss on Sale / Redemption of investments (net)	0.01	*
Loss on sale of fixed assets	9.48	7.19
Dividend / Interest	(42.85)	(48.41)
Operating Profit before Working Capital Changes	<u>1,803.56</u>	<u>767.88</u>
Adjustments for :		
Trade and other receivables	(64.49)	(73.44)
Inventories	23.91	(2.32)
Current Liabilities and Provisions	116.46	25.41
Service line and Security Deposits	73.00	20.00
Cash Generated from Operations	<u>1,952.44</u>	<u>737.53</u>
Taxes Paid	(227.88)	(67.83)
Net Cash Flow from Operating Activities	<u>1,724.56</u>	<u>669.70</u>
Cash Flow from Investing Activities		
Purchase of fixed assets including capital work-in-progress	(758.29)	(842.92)
Sale of fixed assets	2.48	3.36
Purchase of investments	(10.04)	(0.02)
Sale of investments	0.05	0.22
Dividend and interest received	42.85	48.41
Net Cash used in Investing Activities	<u>(722.95)</u>	<u>(790.95)</u>
Cash Flow from Financing Activities		
Share Capital	7.80	7.82
Long Term borrowings	521.90	971.64
APDRP Grant	16.41	-
Repayment of fixed deposits	(0.01)	(0.01)
Repayment of borrowings	(446.28)	(254.96)
Repayment of APDRP Loan	(1.64)	(1.64)
Service line contribution	58.09	57.46
Dividend paid	(109.94)	(65.97)
Interest Paid	(320.46)	(152.57)
Net Cash (used in) / generating from Financing Activities	<u>(274.13)</u>	<u>561.77</u>
Net increase in Cash and Cash Equivalents	<u>727.48</u>	<u>440.52</u>
Cash and Cash Equivalents as at beginning of the year	660.75	220.23
Cash and Cash Equivalents as at end of the year	<u>1,388.23</u>	<u>660.75</u>
Notes:		
1. Cash and Cash Equivalents as at end of the year:		
Cash and Bank Balances	1,196.29	660.75
Current Investments (Investments in Mutual Funds)	191.94	-
	<u>1,388.23</u>	<u>660.75</u>
2. 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.		

As per our attached report of even date

For **C.C. Chokshi & Co.**
Chartered Accountants

Gaurav J. Shah
Partner

Ahmedabad, 7th May, 2010

Sudhir Mehta
Chairman

Samir Mehta
Director

Rajiv Shah
Company Secretary

Ahmedabad, 7th May, 2010

SCHEDULES

FORMING PART OF THE BALANCE SHEET

SCHEDULE '1' : SHARE CAPITAL

(Rs. in crores)

	As at 31st March, 2010	As at 31st March, 2009
Authorised		
2,000,000,000 Equity Shares of Rs.10/- each	<u>2,000.00</u>	<u>2,000.00</u>
	<u>2,000.00</u>	<u>2,000.00</u>
Issued, Subscribed and Paid up		
472,448,308 Equity Shares of Rs.10/- each	<u>472.45</u>	<u>472.45</u>
	<u>472.45</u>	<u>472.45</u>

1. 249,322,865 equity shares (249,322,865 equity shares as at 31st March, 2009) 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, 2009) of Rs. 10/- each fully paid up were issued pursuant to the Scheme of Amalgamation between the 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, 2010	As at 31st March, 2009
Capital Reserves		
Service Line Contributions		
As per last Balance Sheet	195.12	146.71
Contributions during the year	58.10	57.46
	<u>253.22</u>	<u>204.17</u>
Less: Transfer to Profit and Loss Account	13.02	9.05
	<u>240.20</u>	<u>195.12</u>
Grant in Aid under Accelerated Power Development and Reform Programme		
As per last Balance Sheet	36.02	38.13
Received during the Period	16.41	-
	<u>52.43</u>	<u>38.13</u>
Less: Transfer to Profit and Loss Account	3.18	2.11
	<u>49.25</u>	<u>36.02</u>
Statutory Reserves		
Contingency Reserve		
As per last Balance Sheet	60.10	73.10
Less: Excess appropriation in earlier year transferred to General Reserve	-	14.00
	<u>60.10</u>	<u>59.10</u>
Add: Transfer from Profit and Loss Account	1.00	1.00
	<u>61.10</u>	<u>60.10</u>
Tariff and Dividend Control Reserve		
As per last Balance Sheet	11.59	11.59
Other Reserves		
General Reserve		
As per last Balance Sheet	2,229.00	2,015.00
Add : Transfer from Contingency Reserve	-	14.00
	<u>2,229.00</u>	<u>2,029.00</u>
Add: Transfer from Profit and Loss Account	400.00	200.00
	<u>2,629.00</u>	<u>2,229.00</u>
Balance in Profit and Loss Account	<u>498.27</u>	<u>227.64</u>
	<u><u>3,489.41</u></u>	<u><u>2,759.47</u></u>

SCHEDULE '3' : SECURED LOANS

(Rs. in crores)

	As at 31st March, 2010	As at 31st March, 2009
Rupee Term Loans		
From Financial Institutions	1,333.26	1,323.64
From Banks	1,935.05	1,788.49
From Others	-	80.56
	<u>3,268.31</u>	<u>3,192.69</u>

Of the above, amount of Rs.417.33 crores (Previous Year Rs.363.71 crores) is repayable within one year.

SCHEDULE '4' : UNSECURED LOANS

(Rs. in crores)

	As at 31st March, 2010	As at 31st March, 2009
Term Loan from Government of India under Accelerated Power Development and Reform Programme	57.98	59.61
	<u>57.98</u>	<u>59.61</u>

Of the above, amount of Rs.2.97 crores (Previous Year Rs.1.64 crores) is repayable within one year.

SCHEDULE '5' : FIXED ASSETS

(Rs. in crores)

PARTICULARS	GROSS BLOCK				DEPRECIATION & AMORTISATION				NET BLOCK	
	As at 1-Apr-09	Additions during the year	Deductions during the year	As at 31-Mar-10	As at 1-Apr-09	For the year	Deductions during the year	As at 31-Mar-10	As at 31-Mar-10	As at 31-Mar-09
Land										
(a) Freehold	114.70	12.43	-	127.13	-	-	-	-	127.13	114.70
(b) Leasehold	42.41	100.27	-	142.68	1.54	1.48	-	3.02	139.66	40.87
Buildings	186.76	499.41	0.08	686.09	7.95	22.96	-	30.91	655.18	178.81
Railway siding	2.28	0.06	-	2.34	0.15	0.12	-	0.27	2.07	2.13
Plant and Machinery										
(a) Steam Station	630.75	2,301.21	0.57	2,931.39	144.78	121.64	0.17	266.25	2,665.14	485.97
(b) Others including Switchgears and Transformers	1,532.98	195.45	12.51	1,715.92	270.10	93.61	3.91	359.80	1,356.12	1,262.88
Transmission and Distribution systems										
(a) Overhead	342.03	166.45	0.15	508.33	49.84	23.98	0.03	73.79	434.54	292.19
(b) Underground	1,423.47	146.66	2.78	1,567.35	211.59	78.68	0.34	289.93	1,277.42	1,211.88
Electrical Fittings and Apparatus	30.32	14.08	0.01	44.39	4.43	2.73	-	7.16	37.23	25.89
Furniture, Fixture and Office Equipments	49.89	9.98	0.08	59.79	13.64	8.00	0.03	21.61	38.18	36.25
Vehicles	13.66	6.97	0.55	20.08	4.23	1.78	0.28	5.73	14.35	9.43
Intangible Assets Software	2.80	1.06	-	3.86	2.04	0.66	-	2.70	1.16	0.76
Total	4,372.05	3,454.03	16.73	7,809.35	710.29	355.64	4.76	1061.17	6,748.18	3,661.76
Previous Year	3,689.30	697.08	14.33	4,372.05	517.37	196.70	3.78	710.29	3,661.76	3,171.93
Capital Work-in-Progress									306.22	2,986.59
									7,054.40	6,648.35

Notes:

1. Additions during the year and Capital Work-in-Progress includes borrowing cost of Rs.62.11 crores (Previous Year Rs.178.79 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.
2. Capital Work-in-Progress includes Pre-operative Expenditure of Rs.7.56 crores (Previous Year Rs.138.93 crores) (Refer Note 7 of Schedule 14).
3. The Company has leased a portion of its land to AEC Cements & Constructions Limited.
4. Land includes freehold land amounting to Rs.0.04 crore (31st March, 2009 Rs.0.04 crore) and leasehold land amounting to Rs.15.92 crores (31st March, 2009 Rs.15.32 crores) for which documentations are in progress.
5. 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 31-03-2010	No. of Units 31-03-2009	Face Value	As at 31st March, 2010	As at 31st March, 2009
A. LONG TERM INVESTMENTS					
Contingency Reserve Investments (Quoted)					
11.70% ICICI Bond - 2011	500	500	5.00	6.61	6.61
11.50% IFCI Bond - 2009		10	*	-	*
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>13.22</u>	<u>13.22</u>
Other Investments					
Quoted					
11.50% Haryana State Loan				-	0.07
11.50% Tamilnadu State Loan				-	*
12.00% Uttar Pradesh State Loan				0.02	0.02
				<u>0.02</u>	<u>0.09</u>
Unquoted					
Trade					
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>
Total (A)				<u>13.26</u>	<u>13.33</u>
B. CURRENT INVESTMENTS					
In Units - (Unquoted)					
Birla Sun Life Cash Plus	20370869	-		30.00	-
Birla Sunlife Saving Fund	21126598	-		36.91	-
Kotak Floater Long Term	5155403	-		7.53	-
LIC MF Liquid Fund	55542716	-		93.50	-
Kotal Floater Long Term - Daily Dividend	9923121	-		10.00	-
HDFC Cash Management Fund - Treasury Advantage Plan	3988546	-		4.00	-
Birla Sun Life Savings Fund - Institutional - Daily Dividend	4998104	-		5.00	-
ICICI Prudential Flexible Income Plan - Daily Dividend	473001	-		5.00	-
Total (B)				<u>191.94</u>	<u>-</u>
[Aggregate NAV of Investments in Mutual Funds Rs.192.14 crores (31st March, 2009 Rs.Nil)]					
Total (A+B)				<u>205.20</u>	<u>13.33</u>
Aggregate book value of quoted investments				13.24	13.31
Aggregate book value of unquoted investments				191.96	0.02
Total				<u>205.20</u>	<u>13.33</u>
Market Value of Quoted Investments				11.19	11.26

SCHEDULE '8' : CURRENT LIABILITIES AND PROVISIONS

(Rs. in crores)

	As at 31st March, 2010	As at 31st March, 2009
CURRENT LIABILITIES		
Sundry Creditors (Refer Note 9 of Schedule 14)	821.34	767.53
Investor Education and Protection Fund shall be credited by the following:		
Unclaimed Dividends	1.96	1.35
Unclaimed Fixed Deposits and Interest thereon	*	0.01
Consumers' Benefit Account	12.01	12.01
Credit Balances of Consumers	34.67	35.69
Interest Accrued but not Due on Loans and Security Deposits	29.68	35.77
	<u>899.66</u>	<u>852.36</u>
PROVISIONS		
Provision for Gratuity and other fund	30.54	34.46
Provision for Leave Encashment	54.87	84.21
Provision for Taxation	585.02	377.48
Provision for Indirect Tax	107.64	-
Proposed Dividend	141.73	94.49
Provision for Corporate Dividend Tax	23.54	16.06
	<u>943.34</u>	<u>606.70</u>
	<u>1,843.00</u>	<u>1,459.06</u>

SCHEDULES

FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE '9' : NET INCOME OF SERVICES DIVISION

(Rs. in crores)

	Year ended 31st March, 2010	Year ended 31st March, 2009
INCOME		
Value of Contracts Billed and Service Charges [Tax Deducted at Source Rs.Nil (Previous Year Rs.*)]	0.14	9.17
Miscellaneous Income	0.01	0.02
Recovery of Bad Debts	-	0.05
Provisions no longer required written back	1.42	*
	<u>1.57</u>	<u>9.24</u>
EXPENDITURE		
Cost of Materials	0.03	0.73
Labour Charges	0.05	0.22
Salaries, Wages and Bonus	0.18	1.62
Insurance	-	*
Legal Expenses	-	*
Other Expenses	0.04	0.02
Bad Debts	0.30	-
	<u>0.60</u>	<u>2.59</u>
NET INCOME	<u>0.97</u>	<u>6.65</u>

SCHEDULE '10' : OTHER INCOME

(Rs. in crores)

	Year ended 31st March, 2010	Year ended 31st March, 2009
Street Lighting Maintenance Contracts [Tax Deducted at Source Rs.0.21 crore (Previous Year Rs.0.19 crore)]	5.28	5.13
Hire of Meters	36.88	35.67
Interest from Contingency Reserve Investments [Tax Deducted at Source Rs.0.18 crore (Previous Year Rs.0.18 crore)]	1.10	1.11
Other Interest (Gross) [Tax Deducted at Source Rs.5.99 crores (Previous Year Rs.7.13 crores)]	41.70	42.59
Insurance Claim Receipt	0.03	0.92
Miscellaneous Income	33.71	36.66
Provisions no longer required written back	0.29	0.59
Provisions for Doubtful Debts no longer required	-	12.02
Profit on Sale / Redemption of Current Investments	10.05	0.05
Recovery of Bad Debts	3.21	3.54
Dividend	0.05	4.71
	<u>132.30</u>	<u>142.99</u>

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

	(Rs. in crores)	
	Year ended 31st March, 2010	Year ended 31st March, 2009
Fuel [after credit of claims of Rs.7.19 crores (Previous Year Rs.8.23 crores)]	1,886.75	924.96
Consumption of Stores and Spares	181.43	62.66
Rent and Hire Charges	3.77	2.12
Repairs to		
Buildings	7.31	6.82
Plant and Machinery	167.91	141.09
Others	7.63	7.42
	<u>182.85</u>	<u>155.33</u>
Salaries and Wages		
Salaries, Wages and Bonus	241.69	196.56
Contribution to Provident and Other Funds	10.54	9.57
Employees' Welfare Expenses	11.61	10.99
Gratuity and Leave Encashment	42.35	26.87
	<u>306.19</u>	<u>243.99</u>
Discount for prompt payment of bills	48.63	44.18
Insurance	11.04	7.51
Rates and Taxes (Refer Note 5 of Schedule 14)	111.91	3.33
Miscellaneous Expenses	81.76	52.80
Loss on Sale of Investments	0.01	*
Loss on Sale of Fixed Assets (net)	9.48	7.19
Commission to Non Executive Directors	0.55	0.12
Audit Fees	0.29	0.19
Legal, Professional and Consultancy fees	5.97	3.22
Donations	29.61	15.76
Bad Debts Written off	2.69	2.55
Provision for Doubtful Debts	6.81	-
	<u>2,869.74</u>	<u>1,525.91</u>
Less: Allocated to Capital Works, Repairs and Other Relevant Revenue Accounts	<u>143.94</u>	<u>142.35</u>
	<u><u>2,725.80</u></u>	<u><u>1,383.56</u></u>

SCHEDULE '12' : INTEREST AND FINANCE CHARGES

	(Rs. in crores)	
	Year ended 31st March, 2010	Year ended 31st March, 2009
Interest on Term Loans	292.22	131.25
Interest on Security Deposits from Consumers	17.83	15.90
Others including Finance Charges	4.32	8.33
	<u>314.37</u>	<u>155.48</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, Torrent Energy Limited and Torrent Power Bhiwandi 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 financial 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 on 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	100
Torrent Energy Limited	India	100
Torrent Power Bhiwandi 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
Percentage holding	43.88%	49.00%

These associates have not been considered for consolidation being not material to the Group.

	(Rs. in crores)	
	As at 31st March, 2010	As at 31st March, 2009
2. Estimated amount of contracts remaining to be executed on Capital Accounts (Net of Advances)	338.09	390.62
3. Contingent Liabilities not provided for in respect of :		
(i) Letters of Credit established and Guarantees given by banks on behalf of the Company	28.73	60.95
(ii) Disputed Income-tax matters	21.81	19.15
(iii) Disputed Sales-tax matters	0.21	0.21
(iv) Disputed Custom Duty matters	0.44	0.44
(v) Disputed Stamp Duty matter	0.26	0.26
(vi) Claim not acknowledged as Debt	-	3.96
4. Effective from 1st April, 2009, the Company has changed its policy of charging depreciation on its assets at Sugan, Ahmedabad Generation, Ahmedabad Distribution and Surat Distribution. Depreciation is charged in respect of each category of assets of these units at the higher of the rates prescribed in Appendix (III) of the regulation issued by Central Electricity Regulatory Commission or rates prescribed under Schedule XIV to the Companies Act,1956 instead of at the rates prescribed under Schedule XIV to the Companies Act,1956. Consequently, the depreciation charged to the profit & loss account is higher for the year by Rs.20.01 crores with the corresponding decrease in profit before taxation for the year, by the same amount.		
5. During the year, the Company has received show cause notices from the Indirect Tax Authorities claiming recovery of indirect tax. The claim, as ascertained by the authorities, is being contested by the Company. Without prejudice to the stand of the Company and its rights to contest the claim and based on consideration of prudence, the Company has accordingly accounted Rs.107.64 crores for the same in the financial statements.		
6. 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.		

7. Pre-operative expenditure pending allocation to SUGEN 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, 2010	As at 31st March, 2009
Salary, wages, bonus, gratuity and superannuation	1.78	49.58
Advertisement	0.01	3.64
Insurance	0.01	0.44
Legal, Professional and Consultancy Fees	1.51	15.62
Rates and Taxes	0.01	0.57
Electricity Charges	-	0.58
Miscellaneous Expenses	1.33	10.64
Printing, Stationery, Postage and Telephone	0.24	1.62
Repairs and Maintenance	0.04	1.61
Travelling Expenses	0.17	4.59
Auditors' Remuneration	0.04	0.04
Registration, Filing and Legal Fees	*	2.22
Rent Expenses	0.07	1.34
Water Charges	-	1.69
Depreciation	1.03	3.22
Loss on sale of Fixed Assets (Net)	-	0.05
Wealth Tax	-	0.06
Fringe Benefit Tax	*	0.50
Finance Cost	1.32	-
Commissioning Fuel	-	40.92
Total Expenditure	<u>7.56</u>	<u>138.93</u>

8. (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 contract as at 31st March, 2010 is Rs.Nil (Previous Year Rs.Nil)
- (ii) Foreign currency exposure not hedged by derivative instruments as at 31st March, 2010 on capital imports amount to Rs.4.31 crores (Previous Year Rs.189.09 crores)

9. Based on the information available with the Company, the balance due to Micro and Small Enterprises as defined under MSMED Act, 2006 is Rs.1.14 crores (Previous Year Rs.0.42 crore). No interest has been paid or payable under MSMED Act, 2006 during the year.

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

11. 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 and leave Plan as required under AS 15 [revised]:

(Rs. in crores)

Particulars	As at 31st March, 2010		As at 31st March, 2009	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
a. Reconciliation of opening and closing balances of the present value of the defined benefit obligation:				
Obligations at the beginning of the year	84.21	111.55	72.42	98.77
Current Service cost	4.71	5.17	7.16	4.56
Interest Cost	3.24	8.76	5.12	7.16
Actuarial (gain) / loss	5.50	6.83	3.35	6.44
Benefits paid	(42.79)	(7.34)	(3.84)	(5.38)
Obligations at the end of the year	54.87	124.97	84.21	111.55
b. Reconciliation of opening and closing balances of the fair value of plan assets:				
Plan assets at the beginning of the year, at fair value	-	77.37	-	63.78
Expected return on plan assets	-	7.96	-	6.34
Actuarial gain / (loss)	-	0.21	-	0.32
Contributions	-	16.47	-	12.31
Benefits paid	-	(7.34)	-	(5.38)
Plan assets at the end of the year, at fair value	-	94.67	-	77.37
c. Reconciliation of the present value of the defined benefit obligation and fair value of plan assets:				
Obligations at the end of the year	54.87	124.97	84.21	111.55
Plan assets at the end of the year, at fair value	-	94.67	-	77.37
Liability recognized in Balance sheet as at 31st March, 2010	54.87	30.30	84.21	34.18
d. Cost for the year:				
Current service cost	4.71	5.17	7.16	4.56
Interest cost	3.24	8.76	5.12	7.16
Expected return on plan assets	-	(7.96)	-	(6.34)
Net Actuarial gain / (loss)	5.50	6.35	3.35	6.12
Net Cost – included in Schedule 11 of the profit and loss account	13.45	12.32	15.63	11.50
e. Investment details of plan assets:				
Contributions to fund the obligations under the gratuity plan are made to Life Insurance Corporation of India, who has invested the funds substantially in the government securities.				
f. Assumptions:				
Interest rate	7.85%	7.85%	7.25%	7.25%
Expected rate of return on plan assets (Yield on long term bonds of Central Government prevailing on 31st March, 2010)	-	9.25%	-	9.00%
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)

	2005-06 18 Months	2006-07 6 Months	2007-08 12 Months	2008-09 12 Months
Present value of defined benefit obligations at the end of the period [independent actuary]	NA	152.34	171.19	195.76
Fair value of plan assets at the end of the period	NA	56.35	63.78	77.37
Net assets / (liability) at the end of the period	NA	(95.99)	(107.41)	(118.39)

12. The Profit and Loss Account includes:

(Rs. in crores)

	Year ended 31st March, 2010	Year ended 31st March, 2009
a. Managerial Remuneration to Directors:		
Salary and Other Allowances	10.17	8.78
Contribution to Provident and Other Funds	0.49	0.42
Gratuity Provision	0.18	0.16
Commission	20.80	14.40
Commission to Non Executive Directors	0.55	0.20
	<u>32.19</u>	<u>23.96</u>
Less: Capitalised during the year	17.81	14.59
	<u>14.38</u>	<u>9.37</u>
b. Payments to Auditors:		
Audit Fees	0.29	0.19
Tax Audit Fees	0.04	0.03
Other services – certificates etc.	0.17	0.11
Reimbursement of expenses	0.01	*
	<u>0.51</u>	<u>0.33</u>

13. Deferred Tax:

(Rs. in crores)

	As at 31st March, 2010		As at 31st March, 2009	
	Asset	Liability	Asset	Liability
Depreciation		304.15		158.66
Provision for Gratuity and Superannuation	9.77		11.91	
Leave Encashment	14.33		25.12	
Provision for Doubtful Debts	1.83		1.55	
Other Provision	10.65		-	
Municipal Taxes	2.57		2.25	
Amalgamation Expenses	0.19		0.58	
Provision for works contract	0.41		0.46	
Provision for wages and Bonus	0.21		0.25	
Provision for Short Term Leave	4.93		-	
	<u>44.89</u>	<u>304.15</u>	<u>42.12</u>	<u>158.66</u>
Net Deferred Tax (Asset) / Liability		<u>259.26</u>		<u>116.54</u>

14. **Earnings Per Share:**

	Year ended 31st March, 2010	Year ended 31st March, 2009
Profit after tax (Rs. in crores)	837.26	406.17
No. of Equity Shares (in crores)	47.24	47.24
Basic and Diluted Earnings per Share (Rs.)	17.72	8.60

15. 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.

16. **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 31.03.10	Year ended 31.03.09	Year ended 31.03.10	Year ended 31.03.09	Year ended 31.03.10	Year ended 31.03.09	Year ended 31.03.10	Year ended 31.03.09	Year ended 31.03.10	Year ended 31.03.09	Year ended 31.03.10	Year ended 31.03.09
A) Volume of Transactions												
Purchase of Materials	2.52	3.55	-	-	97.46	104.60	-	-	-	-	99.98	108.15
Services Received	5.43	3.53	-	-	3.10	17.40	-	-	1.24	1.16	9.77	22.09
Managerial Remuneration	-	-	-	-	-	-	31.64	23.76	-	-	31.64	23.76
Advance Paid	-	-	-	-	-	-	-	-	0.02	-	0.02	-
Advance Recovered	0.45	-	-	-	-	-	-	-	-	-	0.45	-
Loan Received back	-	0.75	-	-	-	-	-	-	-	-	-	0.75
Equity Contribution	7.80	7.82	-	-	-	-	-	-	-	-	7.80	7.82
Purchase of Shares of Subsidiaries	-	-	-	-	0.03	-	*	-	-	-	0.03	-
Donation	-	-	-	-	-	-	-	-	8.00	6.00	8.00	6.00
Contribution to Funds (Net)	-	-	11.37	10.25	-	-	-	-	-	-	11.37	10.25
B) Balances at the end of the year												
Current Liabilities	0.07	0.20	1.48	1.21	18.34	10.16	-	-	0.03	0.04	19.92	11.61
Investment in Equities	24.03	16.23	-	-	-	-	-	-	-	-	24.03	16.23
Loans and Advances	3.80	4.25	-	-	0.56	0.56	-	-	0.02	-	4.38	4.81

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 (Ahmedabad) Superannuation Fund TPL (Surat) Gratuity Trust TPL (Surat) Superannuation Fund TPL (SUGEN) Gratuity Trust TPL (SUGEN) Superannuation Fund TPG Gratuity Trust TPG Superannuation Fund TEL Gratuity Trust TEL Superannuation Fund		
3. Holding Company / Enterprises controlled by the Holding Company	Torrent Private Limited Torrent Pharmaceuticals Limited Torrent Cables Limited Gujarat Lease Financing Limited Torrent Power Services Private Limited Heumann Pharma GmbH & Co. Generica KG Torrent Do Brasil Ltda. Zao Torrent Pharma Torrent Pharma GmbH. Torrent Pharma Inc. Torrent Pharma Philippines Inc. Torrent Australasia Pty Ltd. Laborotrios Torrent SA de CV Torrent Pharma Japan Co. Ltd Torrent Pharma Canada Inc. Torrent Pharma (Thailand) Co. Ltd. Norispharm GmbH. Heunet Pharma GmbH. Torrent Financiers		
4. Key Management Personnel	Sudhir Mehta Chairman	Markand Bhatt Whole-time Director	Murli Ranganathan Whole-time Director
5. Relatives of Key Management Personnel	Anita Mehta, Wife Shardaben Mehta, Mother Samir Mehta, Brother Varun Mehta, Son Jinal Mehta, Son Meena Modi, Sister Nayna Shah, Sister	Nandini Bhatt, Wife Arvindbhai Bhatt, Brother Maltiben Joshi, Sister Anjuben Trivedi, Sister Vasudhaben Pandya, Sister Munjali Bhatt, Son Gunjan Bhatt, Son	Jayashree M. Ranganathan, Wife T.P. Ranganathan, Father Kaushalya Ranganathan, Mother R.Vijay Kumar, Brother Suhasini M. Ranganathan, Daughter Sujeet M. Ranganathan, Son
6. Enterprises controlled by Key Management Personnel / Relatives of Key Management Personnel	U. N. Mehta Charitable Trust Shardaben Mehta Charitable Trust Dushyant Shah Charitable Trust D. N. Modi Charitable Trust Tsunami Tours & Travels Private Limited Torrel Cosmetics Private Limited Zeal Pharmachem India Private Limited Diamond Infrastructure Private Limited U.N.Mehta Institute of Cardiology & Research Centre Munjali Bhatt Associates		

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

(Rs. in crores)

	Year ended 31st March, 2010	Year ended 31st March, 2009
1. Bhartiya Janata Party	5.50	2.50
2. Indian National Congress	5.05	2.50
3. Nationalist Congress Party	1.00	1.00

18. 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 '*'.

Signature to Schedule 1 to 14

As per our attached report of even date

Sudhir Mehta
Chairman

For **C. C. Chokshi & Co.**
Chartered Accountants

Samir Mehta
Director

Gaurav J. Shah
Partner

Rajiv Shah
Company Secretary

Ahmedabad, 7th May, 2010

Ahmedabad, 7th May, 2010

Note :

The Department of Company Affairs has, for the financial year 2009-10, exempted the Company 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 informed whilst granting exemption to provide the summarized financial details of each subsidiary. 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.

Statement Pursuant to requirement of Department of Company Affairs for granting approval under Section 212(8) of the Companies Act, 1956 related to Subsidiary Companies

1	Name of Subsidiary Company	Torrent Power Grid Limited	Torrent Pipavav Generation Limited	Torrent Energy Limited	Torrent Power Bhiwandi Limited
2	Financial year ended on	31st March 2010 Rs. In Crores	31st March 2010 Rs. In Crores	31st March 2010 Rs. In Crores	31st March 2010 Rs. In Crores
3	Capital	90.00	0.05	100.00	0.05
4	Reserves	3.31	Nil	Nil	0.01
5	Total Assets	244.63	0.99	157.78	0.06
6	Total Liabilities	244.63	0.99	157.78	0.06
7	Details of investment (except in case of investment in subsidiaries)	24.01	Nil	Nil	Nil
8	Turnover	2.98	Nil	Nil	0.20
9	Profit before Taxation	1.56	(0.01)	(0.25)	0.01
10	Provision for Taxation / Deferred Tax	0.58	Nil	Nil	*
11	Profit after tax	0.98	(0.01)	(0.25)	0.01
12	Proposed Dividend	Nil	Nil	Nil	Nil

Figures are rounded off to nearest lakh. Figures below Rs.50000 are denoted by "**".

Sudhir Mehta
Chairman

Samir Mehta
Director

Rajiv Shah
Company Secretary

Ahmedabad, 7th May, 2010

TORRENT POWER LIMITED

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



PROXY FORM

For Demat Shares

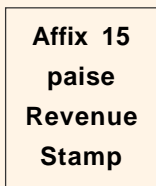
For Physical Shares

DP ID	REGD. FOLIO NO.
CLIENT ID	NO. OF SHARES HELD

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 6th Annual General Meeting of the Company to be held on Saturday, 31st July, 2010 at 9.30 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2010

Signature:



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 29th July, 2010.



TORRENT POWER LIMITED

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



ATTENDANCE SLIP

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

DP ID	REGD. FOLIO NO.
CLIENT ID	NO. OF SHARES HELD

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 6th Annual General Meeting of the Company being held at J. B. Auditorium, Torrent-AMA Centre, Ahmedabad Management Association, Vastrapur, Ahmedabad-380015 on Saturday, 31st July, 2010 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.



