

# INDUSTRIAL POWER INFRASTRUCTURE LIMITED

## Directors' Report

To The Members of  
Industrial Power Infrastructure Limited

The Directors hereby present their Fourth Annual Report on the business of the Company and the statement of accounts for the period ended 31<sup>st</sup> March 2011.

### 1. OPERATIONS

The Company is in the process of establishing a 25 MW Solar Photo Voltaic (PV) Power Plant at Mithapur, Gujarat on a plot of land agreed to be leased by Tata Chemicals Limited (TCL) near their Mithapur works. Government of Gujarat has allocated 25 MW capacity to the Company for developing and setting up the said plant. The Company has signed a Power Purchase Agreement (PPA) with Gujarat Urja Vikas Nigam Ltd. (GUVNL) for sale of power from this plant.

Orders have been placed on Tata BP Solar India Limited (TBPS) for 17 MW and Photon Energy Systems Limited (Photon) for 8 MW for turnkey solutions for engineering, procurement and construction of the plant. EPC Package for 11/66 kV Switchyard works with Centralized Control Room facility has been awarded to ABB Limited.

Both TBPS and Photon have commenced site clearing and leveling work. The Company submitted a request for environmental clearance for the proposed project for the purpose of compliance with all statutory requirements. All construction and erection activities are targeted for completion before 15th November 2011 as testing procedures may take up to a month to complete. The plant is to be commissioned before 31st December 2011.

### 2. DIRECTORS

Mr Deepak Mahendra was appointed as an Additional Director with effect from 8<sup>th</sup> December 2010, in accordance with Section 260 of the Companies Act, 1956 (the Act). Mr Mahendra holds office only upto the date of the forthcoming Annual General Meeting and a Notice under Section 257 of the Act has been received from a member signifying its intention to propose Mr Mahendra's appointment as a Director.

Mr S Ramakrishnan, Mr Alok Kanagat, Mr Rahul Shah and Mr H M Mistry were appointed as Additional Directors with effect from 8<sup>th</sup> April 2011, in accordance with Section 260 of the Act. They hold office only upto the date of the forthcoming Annual General Meeting and a Notice under Section 257 of the Act has been received from a member signifying its intention to propose the appointment of the aforesaid persons as Directors of the Company.

- (iii) they have taken proper and sufficient care, to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis.

**7. COMPLIANCE CERTIFICATE**

The Compliance Certificate under Section 383(A) of the Act is annexed to this Report.

On behalf of the Board of Directors

Sd/-  
S Ramakrishnan  
Director

Place: Mumbai  
Date : 9<sup>th</sup> May 2011

# Deloitte Haskins & Sells

Chartered Accountants  
12, Dr. Annie Besant Road  
Opp. Shiv Sagar Estate  
Worli, Mumbai - 400 018  
India

Tel: +91 (022) 6667 9000  
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## AUDITORS' REPORT TO THE MEMBERS OF INDUSTRIAL POWER INFRASTRUCTURE LIMITED

1. We have audited the attached Balance Sheet of **INDUSTRIAL POWER INFRASTRUCTURE LIMITED** ("the Company") as at 31<sup>st</sup> March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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. Without qualifying our opinion, we draw attention to Note A (ii) to the financial statements. For reasons stated therein the financial statements of the Company have been prepared on a going concern basis.
5. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

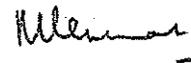
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# Deloitte Haskins & Sells

- (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 31<sup>st</sup> March, 2011;
  - (ii) in the case of the Profit and Loss Account, of the loss 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.
6. On the basis of the written representations received from the Directors as on March 31, 2011 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration No. 117366W)



**N.VENKATRAM**  
Partner  
(Membership No. 71387)

MUMBAI, 9<sup>th</sup> May, 2011

# Deloitte Haskins & Sells

## ANNEXURE TO THE AUDITORS' REPORT (Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business / activities, clauses (i), (ii), (iv), (vi), (vii), (viii), (ix), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xvii), (xviii), (xix) and (xx) of CARO are not applicable.
- (ii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (iii) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements that needed to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Registration No. 117366W)



N.VENKATRAM  
Partner  
(Membership No. 71387)

MUMBAI, 9<sup>th</sup> May, 2011

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INDUSTRIAL POWER INFRASTRUCTURE LIMITED

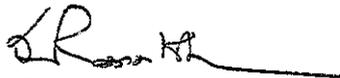
Balance Sheet as at 31st March, 2011

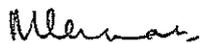
	Schedule No.		Rupees	31-03-2010 Rupees
<b>FUNDS EMPLOYED:</b>				
1. SHARE CAPITAL	1		1,100,000	1,100,000
<b>2 TOTAL FUNDS EMPLOYED</b>			<b>1,100,000</b>	<b>1,100,000</b>
<b>APPLICATION OF FUNDS:</b>				
3 FIXED ASSETS				
Capital Work-in-Progress			1,519,687	-
4 CURRENT ASSETS, LOANS AND ADVANCES				
Cash and Bank balances	2	230,165		254,983
Less:				
5 CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities	3	1,558,110		11,031
6 NET CURRENT ASSETS			(1,327,945)	243,952
7 PROFIT & LOSS ACCOUNT (Debit Balance)			908,258	856,048
<b>8 TOTAL APPLICATION OF FUNDS</b>			<b>1,100,000</b>	<b>1,100,000</b>
9 NOTES FORMING PART OF THE ACCOUNTS...	4			

In terms of our report attached.

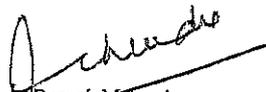
For and on behalf of the Board,

For DELOITTE HASKINS & SELLS  
Chartered Accountants

  
S Ramakrishnan



N. VENKATRAM  
Partner

  
Deepak Mehendra

Mumbai <sup>9/5</sup> May, 2011

INDUSTRIAL POWER INFRASTRUCTURE LIMITED

Profit and Loss Account for the year ended 31st March, 2011

EXPENDITURE	Rupees	Previous Year Rupees
a) Legal and Professional charges	13,788	2,483
b) Auditors' Fees (Inclusive of Service Tax)	34,193	11,030
c) Miscellaneous Expenses	4,229	654
<b>LOSS FOR THE YEAR CARRIED TO BALANCE SHEET</b>	<b>52,210</b>	<b>14,167</b>
EARNINGS PER SHARE (in Rs)	(0.47)	(0.13)

In terms of our report attached.

For DELOITTE HASKINS & SELLS  
Chartered Accountants

*N. Venkatram*

N. VENKATRAM  
Partner

Mumbai, *9th May*, 2011

For and on behalf of the Board,

*S. Ramakrishnan*

S Ramakrishnan

*Deepak Mahendra*

Deepak Mahendra

INDUSTRIAL POWER INFRASTRUCTURE LIMITED

Cash Flow Statement for the year ended 31st March, 2011

		Year ended 31-3-2011 Rupees	Year ended 31-3-2010 Rupees
<b>A. Cash Flow from Operating Activities</b>			
Loss before Taxes and Extraordinary Items		(52,210)	(14,167)
Adjustments for:			
Trade and Other Payables	1,547,079		
<b>Net Cash from / (used in) Operating Activities</b>	<b>A</b>	<b>1,547,079</b>	<b>2,483</b>
		<b>1,494,869</b>	<b>(11,684)</b>
<b>B. Cash Flow from Investing Activities</b>			
Purchase of Fixed Assets and CWIP		(1,519,687)	-
<b>Net Cash used in Investing Activities</b>	<b>B</b>	<b>(1,519,687)</b>	<b>-</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(A + B)</b>	<b>(24,818)</b>	<b>(11,684)</b>
Cash and Cash Equivalents as at 1st April, 2010, 2009 (Opening Balance)		254,983	266,667
Cash and Cash Equivalents as at 31st March, 2011, 2010 (Closing Balance)		230,165	254,983

Notes:

1 Cash and Cash Equivalents include:

Current Accounts with Scheduled Banks

	As at 31-3-2011 Rupees	As at 31-3-2010 Rupees
Current Accounts with Scheduled Banks	230,165	254,983

In terms of our report attached.

For DELOITTE HASKINS & SELLS  
Chartered Accountants

*N. Venkatram*

N. VENKATRAM  
Partner

Mumbai, 9<sup>th</sup> May 2011

For and on behalf of the Board,

*S Ramakrishnan*

S Ramakrishnan

*Deepak Mahendra*

Deepak Mahendra

**INDUSTRIAL POWER INFRASTRUCTURE LIMITED**  
Schedules forming part of the Balance Sheet

Schedule 1		Rupees	As at 31-03-2010 Rupees
<b>SHARE CAPITAL</b>			
<b>Authorised:</b>			
10,000,000 Equity Shares of Rs. 10 each		100,000,000	100,000,000
<b>Issued, Subscribed and paid-up:</b>			
110,000 Equity Shares of Rs. 10 each (31st March, 2010 - 110,000 shares)		1,100,000	1,100,000
(The Company is a wholly owned subsidiary of The Tata Power Company Limited)			
Schedule 2		Rupees	As at 31-03-2010 Rupees
<b>CASH &amp; BANK BALANCES</b>			
Current Account with Scheduled Bank		230,165	254,983
		<b>230,165</b>	<b>254,983</b>
Schedule 3		Rupees	As at 31-03-2010 Rupees
<b>CURRENT LIABILITIES</b>			
Sundry Creditors (Other than Micro and Small enterprises)		1,403,955	11,031
Other Liabilities		154,157	-
		<b>1,558,110</b>	<b>11,031</b>

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## INDUSTRIAL POWER INFRASTRUCTURE LIMITED.

### Schedule 4

#### Background :

Industrial Power Infrastructure Limited is a wholly owned subsidiary of The Tata Power Company Limited. The principal business of the company is to engage in all aspects of the business of generation and sale of electricity. The company has been allotted 25MW Solar power project (the "Project") under the second phase of Gujarat Solar allotment developed under the Gujarat Solar policy, 2009. Subsequently the company has entered into a Power Sale Agreement with Gujarat Urja Vikas Nigam Limited on 18<sup>th</sup> December, 2010 towards sale of the power generated from the Project and has placed orders with vendors for setting up the Project at Mithapur, Jamnagar District, Gujarat.

#### A] SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### i) Basis of preparation of financial statements

The accompanying financial statements have been prepared under the historical cost convention, in accordance with the applicable accounting principles in India, the Accounting Standards notified by the Companies Act, 1956 and relevant provisions of the Companies Act, 1956.

##### ii) Going Concern

In view of the expected future operations/business activities and with the support of the ultimate holding Company, the accounts of the Company have been prepared on a going concern basis.

##### iii) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognised in the periods in which the results are known / materialise.

##### iv) Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax, which is computed on the basis of enacted / substantively enacted rates, is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future.

**B] NOTES TO THE ACCOUNTS**

- i) During the period, there are no transactions with 'suppliers' as defined under the Micro, Small and Medium Enterprises Development Act, 2006.
- ii) Capital commitments not provided for are estimated at Rs. 3,190,462,719 (31<sup>st</sup> March, 2010 – Rs. Nil)
- iii) Disclosure as required by Accounting Standard 18 (AS-18) " Related Party Disclosures" as identified and certified by the Management:

Names of the related parties (where control exists) and description of relationship:

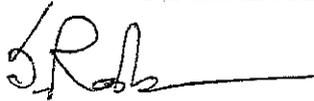
Holding Company: AF-Taab Investment Company Limited (upto 21<sup>st</sup> November, 2010)  
The Tata Power Company Limited (w.e.f. 22<sup>nd</sup> November, 2010)

Details of Transactions with The Tata Power Company Limited:

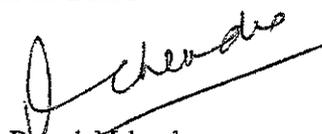
Payable – Rs. 1,387,408 (Previous year – Rs. Nil)

- iv) The principal business of the Company is proposed to be generation and sale of electricity, however as no commercial operations have commenced, detailed quantitative information as required under para 4C of Part II of Schedule VI of the Companies Act, 1956 is not applicable.
- v) Previous year's figures have been regrouped, wherever necessary to conform to this year's classification.

For and on behalf of the Board



S Ramakrishnan  
Director



Deepak Mahendra  
Director

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