

## INDUSTRIAL POWER UTILITY LIMITED

### Directors' Report

To The Members of  
Industrial Power Utility Limited

The Directors hereby present their Fifth Annual Report on the business of the Company and the statement of accounts for the period ended 31<sup>st</sup> March 2012.

#### 1. OPERATIONS

The Company has not started any Commercial Operations till date.

#### 2. DIRECTORS

Mr S Ramakrishnan, Mr Deepak Mahendra, Mr Rahul Shah and Mr H M Mistry were appointed as Additional Directors with effect from 25<sup>th</sup> July 2011, in accordance with Section 260 of the Companies Act, 1956 (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.

Mr Amulya Charan, Mr B J Shroff and Mr Sanjay Dube resigned as Directors of the Company with effect from 29<sup>th</sup> July 2011.

The Board has placed on record its appreciation of the valuable contribution made to the Company by these Directors.

None of the Directors of the Company are eligible to retire by rotation.

#### 3. AUDITORS

M/s Deloitte Haskins and Sells, Chartered Accountants, the existing Auditors of the Company hold office till the conclusion of the Annual General Meeting. Members are requested to appoint Auditors for the current year and to fix their remuneration. M/s Deloitte Haskins and Sells, Chartered Accountants, the existing Auditors, have under Section 224 (1) of the Act, indicated their eligibility for re-appointment.

#### 4. PARTICULARS OF EMPLOYEES

The Company had no employees of the category specified under Section 217(2A) of the Act.

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

Conservation of Energy: The disclosures required in Form A of Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors)

## INDUSTRIAL POWER UTILITY LIMITED

Rules, 1988 pertaining to conservation of energy are not applicable to the Company.

Technology Absorption : Nil

Foreign exchange earnings and outgo : Nil

### 6. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Act, the Directors, confirm that :

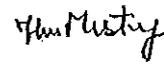
- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- (ii) they have, in the selection of the accounting policies consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year;
- (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

  
Director

  
Director

Place : Mumbai  
Date : 16<sup>th</sup> May 2012

# Deloitte Haskins & Sells

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

Tel: +91 (022) 6667 9000  
Fax: +91 (022) 6667 9100

## AUDITORS' REPORT TO THE MEMBERS OF INDUSTRIAL POWER UTILITY LIMITED

1. We have audited the attached Balance Sheet of **INDUSTRIAL POWER UTILITY LIMITED** ("the Company") as at 31<sup>st</sup> March, 2012, the Statement of Profit and Loss 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. Without qualifying our opinion, we draw attention to Note 14 to the financial statements which indicates that the Company has yet to commence commercial operations and the accumulated losses of the Company as at 31<sup>st</sup> March, 2012 have significantly eroded its net worth. The financial statements of the Company have been prepared on a going concern basis for reasons stated therein.
4. 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.
5. Further to our comments in paragraph 4 above and read with our comments 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 Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

# Deloitte Haskins & Sells

- (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, 2012;
  - (ii) in the case of the Statement of Profit and Loss, 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 31<sup>st</sup> March, 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

*R. A. Banga*

R. A. BANGA  
Partner

(Membership No. 37915)

MUMBAT, 16<sup>th</sup> May, 2012

# Deloitte Haskins & Sells

## ANNEXURE 'TO THE AUDITORS' REPORT'

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

Having regard to the nature of the Company's business/activities, clauses (i), (ii), (iv), (vi), (vii), (viii), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xvii), (xviii), (xix) and (xx) of CARO are not applicable.

- (i) According to the information and explanations given to us, the Company has neither granted nor taken any loans secured or unsecured, to or from Companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (ii) According to the information and explanations given to us, the Company has not entered into any contracts or arrangement with parties, which needs to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
- (iii) According to information and explanation given to us in respect of Statutory dues,
  - (a) The Company has 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, Excise Duty, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2012 for a period of more than six months from the date of they became payable.
  - (c) According to information and explanation given to us, there are no unpaid disputed amounts payable in respect of Income-tax, Wealth Tax, Sales Tax, Service Tax, Custom Duties and Cess, as at 31<sup>st</sup> March, 2012.
- (iv) The accumulated losses of the Company as at 31<sup>st</sup> March, 2012 have exceeded fifty percent of its net worth and the Company has incurred cash losses in the current financial year and in the immediately preceding financial year.
- (v) 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  
(Firm Registration No. 117366W)

*R. K. Banga*

R. A. BANGA  
Partner  
(Membership No. 37915)

MUMBAI, 16<sup>th</sup> May, 2012

**INDUSTRIAL POWER UTILITY LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2012**

	Notes	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	1,100,000	1,100,000
Reserves and surplus	4	(884,512)	(860,128)
<b>Total shareholders' funds</b>		<b>215,488</b>	<b>239,872</b>
<b>Current liabilities</b>			
Trade payables	5	33,786	16,546
<b>Total current liabilities</b>		<b>33,786</b>	<b>16,546</b>
<b>TOTAL</b>		<b>249,274</b>	<b>256,418</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
Long-term loans and advances	6	-	188,138
<b>Total non-current assets</b>		-	<b>188,138</b>
<b>Current assets</b>			
Cash and cash equivalents	7	249,274	68,280
<b>Total current assets</b>		<b>249,274</b>	<b>68,280</b>
<b>TOTAL</b>		<b>249,274</b>	<b>256,418</b>

**III. See accompanying notes forming part of the financial statements**

In terms of our report attached  
FOR DELOITTE HASKINS & SELLS  
Chartered Accountants

*R. A. Banga*  
R. A. Banga  
Partner

For and on behalf of the Board of Directors

*S. Ramakrishnan*  
S. Ramakrishnan  
Director

*Deepak Mahendra*  
Deepak Mahendra  
Director

MUMBAI, 16th May, 2012

MUMBAI, 16th May, 2012

*(Signature)*

**INDUSTRIAL POWER UTILITY LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012**

	Notes	March 31, 2012 Rupees	March 31, 2011 Rupees
<b>I. Revenue</b>			
Other Income	8	9,402	940,685
<b>Total revenue</b>		<u>9,402</u>	<u>940,685</u>
<b>II. Expenses</b>			
Finance costs - Interest on inter-corporate deposits		-	914,486
Other expenses	9	33,786	30,333
<b>Total expenses</b>		<u>33,786</u>	<u>944,819</u>
<b>III. Loss before tax</b>		(24,384)	(4,134)
<b>IV. Loss for the year</b>		<u>(24,384)</u>	<u>(4,134)</u>
<b>V. Earnings per equity share basic and diluted Rupees</b> (face value of Rs. 10 each)	10	(0.22)	(0.04)

**VI. See accompanying notes forming part of the financial statements**

In terms of our report attached  
FOR DELOITTE HASKINS & SELLS  
Chartered Accountants

*R. A. Banga*

R. A. Banga  
Partner

For and on behalf of the Board of Directors

*S. Ramakrishnan*

S. Ramakrishnan  
Director

*Deepak Mahendra*

Deepak Mahendra  
Director

MUMBAI, 16th May, 2012

MUMBAI, 16th May, 2012

**INDUSTRIAL POWER UTILITY LIMITED**  
**CASH FLOW STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

	March 31, 2012 Rupees	March 31, 2011 Rupees
<b>A. Cash flow from operating activities</b>		
Loss before tax	(24,384)	(4,134)
Adjustment for :		
Interest income	-	(940,685)
Interest expenses	-	914,486
	<u>(24,384)</u>	<u>(26,199)</u>
<b>Adjustments for change in working capital :</b>		
Trade payables	17,240	5,515
	<u>17,240</u>	<u>5,515</u>
	<u>(7,144)</u>	<u>(24,818)</u>
<b>Net Income tax (paid)/refund (net)</b>	188,138	(188,138)
<b>Net Cash (used in)/from operating activities (A)</b>	<u>180,994</u>	<u>(212,956)</u>
<b>B. Cash flow from investing activities</b>		
Inter-corporate deposits given	-	(40,000,000)
Inter-corporate deposits refunded	-	40,000,000
Interest income on inter-corporate deposits	-	940,685
	<u>-</u>	<u>940,685</u>
<b>Net cash from investing activities (B)</b>	<u>-</u>	<u>940,685</u>
<b>C. Cash flow from financing activities</b>		
Inter-corporate deposits received	-	40,000,000
Inter-corporate deposits repaid	-	(40,000,000)
Interest expenses on inter-corporate deposits	-	(914,486)
	<u>-</u>	<u>(914,486)</u>
<b>Net cash used from financing activities (C)</b>	<u>-</u>	<u>(914,486)</u>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<u>180,994</u>	<u>(186,757)</u>
Cash and cash equivalents at the beginning of the year	68,280	255,037
Cash and cash equivalents at the end of the year	<u>249,274</u>	<u>68,280</u>

Cash and cash equivalents comprises of:

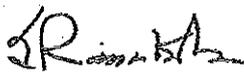
Current accounts with bank	249,274	68,280
----------------------------	---------	--------

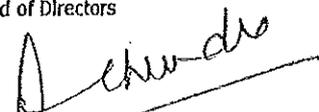
See accompanying notes forming part of the financial statements

In terms of our report attached  
FOR DELOITTE HASKINS & SELLS  
Chartered Accountants

R. K. Banga  
R. A. Banga  
Partner

For and on behalf of the Board of Directors

  
S. Ramakrishnan  
Director

  
Deepak Mahendra  
Director

MUMBAI, 16th May, 2012

MUMBAI, 16th May, 2012

✗

**INDUSTRIAL POWER UTILITY LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**1) CORPORATE DISCLOSURES**

Industrial Power Utility Limited was incorporated on 28th March, 2007 under the Companies Act, 1956.

The principal business of the company is to engage in all aspects of the business of generation, including captive generation and sale of electrical energy, and all form of energy.

Its registered office is at B Block, Corporate Centre, 34, Sant Tukaram Road, Carnac Bunder, Mumbai-400009.

**2) SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis for accounting and preparation of financial statements:**

The financial statements are prepared under historical cost convention on accrual basis and comply in all material respects with the Generally Accepted Accounting Principles in India to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

**(b) Use of estimates:**

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

**(c) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the company are segregated based on the available information.

**(d) Revenue recognition**

Interest income is accounted on an accrual basis.

**(e) Taxes on Income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provision of the Income Tax Act, 1961.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

**(f) Provision, contingent liabilities and contingent assets**

Provisions involving substantial degree of estimation in measurement are recognised when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in financial statements.

8

**INDUSTRIAL POWER UTILITY LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**3) SHARE CAPITAL**

	Number of shares	As at March 31, 2012 Rupees	Number of shares	As at March 31, 2011 Rupees
<b>Authorised</b> Equity share of Rs.10 each	10,000,000	100,000,000	10,000,000	100,000,000
<b>Issued, subscribed and fully paid-up</b> Equity share of Rs.10 each	110,000	1,100,000	110,000	1,100,000
<b>Total issued, subscribed and fully paid-up</b>	<b>110,000</b>	<b>1,100,000</b>	<b>110,000</b>	<b>1,100,000</b>

**a. Terms/Rights attached to equity shares**

The company has only one class of equity shares having a par value of Rs.10 per share. Each equity shareholder is eligible for one vote per share held. Each equity shareholder is entitled to dividend as and when the company declares and pays dividend after obtaining shareholders approval. Dividends are paid in Indian Rupees.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b. The entire share capital is held by The Tata Power Company Limited, the holding company.

**4) RESERVES AND SURPLUS**

	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
<b>(Deficit) in Statement of Profit and Loss</b>		
Balance as per last financial statements	(860,128)	(855,994)
Loss for the year	(24,384)	(4,134)
<b>(Deficit) at the end of the year</b>	<b>(884,512)</b>	<b>(860,128)</b>

**5) TRADE PAYABLE**

	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
Legal and professional charges	11,314	-
Auditor's fees	22,472	16,546
	<b>33,786</b>	<b>16,546</b>

**6) LONG-TERM LOANS AND ADVANCES**

	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
<b>Other loans and advances- Unsecured, considered good</b>		
Advance Income tax (net of provision Rs. Nil (as at 31st March, 2011 Rs. Nil))	-	188,138
	<b>-</b>	<b>188,138</b>

**7) CASH AND CASH EQUIVALENTS**

	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
<b>Balance with bank:</b>		
In current accounts	249,274	68,280
	<b>249,274</b>	<b>68,280</b>

**INDUSTRIAL POWER UTILITY LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**B) OTHER INCOME**

- (a) Interest income on Inter-corporate deposits  
(b) Interest on Income tax refund

As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
9,402	940,685
<b>9,402</b>	<b>940,685</b>

**9) OTHER EXPENSES**

- (a) Legal and professional charges  
(d) Auditors' fees

As At March 31, 2012 Rupees	As at March 31, 2011 Rupees
11,314	13,788
22,472	16,545
<b>33,786</b>	<b>30,333</b>

**Payment to Auditors'**

- Remuneration to Auditors' (Inclusive of service tax)  
Audit fees- statutory audit

As At March 31, 2012 Rupees	As at March 31, 2011 Rupees
22,472	16,545
<b>22,472</b>	<b>16,545</b>

**10) EARNINGS PER SHARE (EPS)**

	March 31, 2012	March 31, 2011
Loss attributable to equity share holders (Rupees)- (A)	(24,384)	(4,134)
The weighted average number of Equity Shares (Nos.)- (B)	110,000	110,000
The nominal value per equity shares (Rupees)	10	10
Basic and diluted earnings per share = (A)/(B)	(0.22)	(0.04)

**11) MICRO, SMALL AND MEDIUM ENTERPRISES DISCLOSURES**

Micro and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the company. During the year there are no transactions with 'suppliers' as defined under the Micro, Small and Medium Enterprises Development Act, 2006.

**12) SEGMENT DISCLOSURES**

The company has not commenced commercial operations, Accounting Standard 17 on "Segment Reporting" is not applicable.

**13) RELATED PARTY DISCLOSURE**

Disclosure as required by Accounting Standard 18 (AS-18) "Related party disclosures" are as follows:

a) Name of the related parties and description of relationship

1. Holding Company : The Tata Power Company Limited

b) Details of transactions with Holding Company.

1. Inter-corporate deposits received Rs. Nil ( Previous year Rs. 40,000,000) and repaid- Rs. Nil ( Previous year Rs. 40,000,000)  
2. Interest expenses- Rs. Nil ( Previous year- Rs. 914,486)

c) Details of balance outstanding

1. Other payables Rs. 3,043 ( Previous year Rs. Nil)

14) The company was incorporated in 2007. It has yet to commence commercial operations. The accumulated losses of the company as at 31<sup>st</sup> March, 2012 has substantially eroded its net worth. In view of the planned future operations/ business activities, with the support of the ultimate holding company, the accounts of the company have been prepared on a going concern basis.

15) The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

18