

INDUSTRIAL ENERGY LIMITED

Directors' Report

To The Members of
Industrial Energy Limited

The Directors hereby present their Fourth Annual Report on the business and operations of the Company and the statement of accounts for the year ended 31st March 2011.

1. OPERATIONS

The Company has implemented the following projects:

- **Power House No.6 at Jamshedpur, Jharkhand**

During the second year of operations after the Commercial Operations Date of Power House No.6 on 27th August 2009, the unit has stabilized in FY11.

The major highlights for Power House No.6 for FY11 are as under :

- During the year ended 31st March 2011, Power House No.6 has generated 738 MUs against plan of 774 MU's. The shortfall was mainly due to short supply of gases from Tata Steel Limited.
- There was no reportable accident during the year.
- The Unit achieved station availability of 92% against the plan of 89%.
- Successful implementation of DVC isolation scheme for avoiding unit trippage during DVC isolation.
- The unit achieved 100 days of continuous running during Q3.
- Successful commissioning of process stream line for customers.
- On-site Emergency Control Plan of Power House No. 6 has been approved by Chief Inspector of Factories and a Mutual Aid agreement to help each other in case of emergency has been signed with Tata Steel Limited.
- Planted many saplings in plant area and monitoring all parameters AAQ (Ambient Air Quality) and effluent quality leaving plant premises regularly. All parameters are well within specified limit.
- Volunteers from various departments contributed to the noble cause of supporting the mentally and physically challenged children of the orphanage-Cheshire Home and organizing Allopathic and Homeopathic Health Camps for the local communities.
- A number of sustainability initiatives were taken during the year such as solar street lighting, rain water harvesting, tree plantation drives, and initiation of side stream filters for reduction in water consumption.

INDUSTRIAL ENERGY LIMITED

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• Unit 5 at Jojobera, Jharkhand

The major highlights for Unit 5 for FY11 are as under :

- The second 120 MW Unit under the Company was synchronized on 13th April 2010 for the first time with the help of Light Diesel Oil. Coal firing was done on 13th July 2010.
- Maximum generation of 50 MW was achieved on 24th July 2010. The Unit was stopped for inspection of various equipments on 25th July 2010.
- On 8th August 2010 the Unit was synchronized (after getting clearance from Tata Steel Limited) and after 40 minutes of operation it tripped on "HP casing top bottom differential temperature high" leading to seizure of turbine. Further investigations revealed that the L-ring clearance was more than the design value. This was subsequently rectified along with the intermediate gland portion of rotor and its inner casing which got damaged due to the seizure of turbine (HP/IP turbine).
- The Unit was once again synchronized successfully on 29th January 2011, after completion of all the repair work.
- Full load with 4 coal mills in operation was achieved on 26th February 2011 and since, the Unit is stable.
- The Commercial Operations Date was declared on 27th March 2011. The PG test of the Unit is planned for end of April 2011.
- The whole of Unit 5 project was completed with no fatal accidents.

2. FINANCING

The Company has entered into an agreement to raise Long Term Loan of ₹ 776 crores (loan) from IDFC, State Bank of Patiala, Allahabad Bank and J & K Bank. IDFC SSKI Limited acted as Lead Manager to syndicate the loan. With this loan raised, the debt requirements of the Company for both Power House No.6 at Jamshedpur and Unit 5 at Jojobera were met and financial closure was achieved.

Till 31st March 2011, the Company has drawn total ₹ 736 crores from the above mentioned banks.

The Company has started repayment of the above loan.

3. DIRECTORS

Mr Srikant Kumar Pati was appointed as an Additional Director of the Company with effect from 25th October 2010 in accordance with Section 260 of the Act. Mr Pati holds office only upto the date of the forthcoming AGM

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and a Notice under Section 257 of the Act has been received from a Member signifying their intention to propose Mr Pati's appointment as a Director.

Mr U S Bapat resigned with effect from 31st March 2011. He also ceased to be a Manager, effective that date as per the terms of the Agreement between the Company and him. The Board has placed on record its appreciation of the valuable contribution made to the Company by Mr Bapat.

In accordance with the requirements of the Act and the Articles of Association of the Company, Mr Praveer Sinha retires by rotation and is eligible for re-appointment.

4. **AUDIT COMMITTEE**

The Company has an Audit Committee comprising of Mr Sanjay Dube, Chairman, Mr V S N Murty and Mr Praveer Sinha, Members.

5. **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 year ending 31st March 2012 and to fix their remuneration. M/s. Deloitte, Haskins and Sells, Chartered Accountants, the existing Auditors, have under Section 224 (1) of the Companies Act, 1956, indicated their eligibility for re-appointment.

6. **AUDITORS' REPORT**

The Notes to the Accounts referred to in the Auditors' Report of the Company are self-explanatory and, therefore, do not call for any further explanation under Section 217(3) of the Act.

7. **PARTICULARS OF EMPLOYEES**

The Company had no employees of the category specified under Section 217(2A) of the Companies Act, 1956.

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

Technology Absorption : Nil

Foreign exchange earnings and outgo : Nil

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9. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Management, hereby 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 and of the profit of the Company for that period;
- (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.

On behalf of the Board of Directors

S. Padmanabhan
Chairman

Place : Mumbai
Date : 28th April 2011

Deloitte Haskins & Sells

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

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Auditors' Report To The Members of Industrial Energy Limited

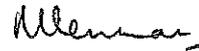
1. We have audited the attached balance sheet of **Industrial Energy Limited** ("the Company"), as at 31st March, 2011, the Profit and Loss account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) 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;
 - (ii) 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;
 - (iii) 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;
 - (iv) 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;
 - (v) 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:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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5. On the basis of the written representations received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration Number: 117366W)



N.VENKATRAM
Partner
(Membership Number: 71387)

MUMBAI, 28th April, 2011

Deloitte Haskins & Sells

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

- (i) In respect of its 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 during the year 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 explanation given to us, no material discrepancies were noticed on such verification.
 - (c) During the year no fixed assets were disposed off by the Company.
 - (ii) 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 explanation 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.
 - (iii) 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.
 - (iv) 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 weakness in such internal control system.
 - (v) According to the information and explanations given to us, the Company has not entered into any contract or arrangement with other parties, which needs to be entered in the register maintained under Section 301 of the Companies Act, 1956.
 - (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year to which the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under apply.
 - (vii) In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
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- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of its electricity business and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (ix) 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 Income-Tax, Works Contract Tax and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Income-tax, Works Contract Tax and other material statutory dues in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.
 - (c) According to the information and explanation given to us, there are no unpaid disputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, work contract tax, custom duties and cess, as at 31st March, 2011.
- (x) The Company does not have accumulated losses as at 31st March, 2011 and has not incurred cash losses during the financial year ended as on that date or in the immediately preceding financial year.
- (xi) 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.
- (xii) According to information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute as specified under Clause (xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion and according to information and explanations given to us, the Company is not a dealer or trader in securities.
- (xv) According to information and explanations given to us, the Company has not given any guarantee during the year for loans taken by others from banks or financial institutions.
- (xvi) 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.
- (xvii) 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.
- (xviii) According to information and explanations given to us, the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
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- (xix) According to information and explanations given to us, the Company has not issued debentures during the period covered by our Audit Report. Accordingly, the question of creation of any security does not arise.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration Number: 117366W)



N.VENKATRAM
Partner
(Membership Number: 71387)

MUMBAI, 28th April, 2011

INDUSTRIAL ENERGY LIMITED
Balance Sheet as at March 31, 2011

FUNDS EMPLOYED	Schedule	Rupees	As at March 31, 2010 Rupees
1. Share Capital	A	3,330,000,000	3,330,000,000
2. Reserves and Surplus	B	343,441,361	94,595,951
3. Secured Loan	C	6,730,080,000	6,042,400,000
4. TOTAL FUNDS EMPLOYED		<u>10,403,521,361</u>	<u>9,466,995,951</u>
APPLICATION OF FUNDS			
5. FIXED ASSETS	D		
a) Gross Block		10,310,891,500	4,533,344,814
Less : Depreciation		<u>603,309,525</u>	<u>223,132,602</u>
b) Capital Work-in-progress (including advances against capital expenditure Rs. 125,068,020 (March 31, 2010: Rs. 180,189,942))		9,707,581,975	4,310,212,212
		<u>383,869,693</u>	<u>5,208,694,813</u>
6. INVESTMENTS	E	10,091,451,668	9,518,907,025
7. CURRENT ASSETS, LOANS AND ADVANCES	F	286,997,034	335,941,092
(a) Inventories		151,136,474	22,604,318
(b) Sundry Debtors		296,756,281	190,365,766
(c) Cash and Bank Balances		15,852,114	8,068,141
(d) Loans and Advances		11,960,738	6,884,869
Less:		<u>475,705,607</u>	<u>227,923,094</u>
8. CURRENT LIABILITIES AND PROVISIONS Current Liabilities	G	450,632,948	615,775,260
9. NET CURRENT ASSETS/(LIABILITIES)		<u>25,072,659</u>	<u>(387,852,166)</u>
10. TOTAL APPLICATION OF FUNDS		<u>10,403,521,361</u>	<u>9,466,995,951</u>
11. Notes forming part of the Accounts	H		

In terms of our report attached.
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

N. Venkatram

N. VENKATRAM
Partner

MUMBAI, April 28, 2011

For and on behalf of the Board,

S. Padmanabhan
S Padmanabhan
Chairman

V S N Murty
V S N Murty
Director

J E Mahemosh
J E Mahemosh
Secretary

INDUSTRIAL ENERGY LIMITED
Profit and Loss Account for the year ended March 31, 2011

	Schedule	Rupees	March 31, 2010 Rupees
INCOME:			
1. Revenue	1		
2. Other Income		1,254,054,008	707,403,396
		31,739,778	2,976,201
3. Total Income		<u>1,285,793,786</u>	<u>710,379,597</u>
EXPENDITURE :			
4. Cost of Fuel			
Less: Capitalized		264,837,532	83,473,567
		<u>151,690,817</u>	<u>39,754,747</u>
5. Generation, Distribution and Other Expenses		113,146,715	43,718,820
Less: Capitalized	2	168,036,583	415,071,774
		<u>28,621,111</u>	<u>282,746,715</u>
6. Depreciation		139,415,472	132,325,059
7. Interest and Finance Charges		380,176,923	222,468,573
Less: Capitalized	3	739,220,878	1,135,445,643
		<u>396,952,968</u>	<u>937,935,980</u>
8. Total Expenditure		<u>342,267,910</u>	<u>197,509,663</u>
PROFIT BEFORE TAXES		<u>975,007,020</u>	<u>596,022,115</u>
9. Provision for Taxation Current Tax		310,786,766	114,357,482
PROFIT AFTER TAXES		61,941,356	19,761,531
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR		248,845,410	94,595,951
BALANCE CARRIED TO BALANCE SHEET		94,595,951	-
		<u>343,441,361</u>	<u>94,595,951</u>
10. EARNINGS PER SHARE (In Rs.) (On distributable profit on shares outstanding) (Face value per Equity Share is Rs 10/-) Basic and Diluted Earning Per Share (not annualised)		0.75	0.28

11. Notes forming part of the Accounts

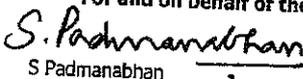
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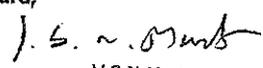
In terms of our report attached,
For DELOITTE HASKINS & SELLS
Chartered Accountants


N. VENKATRAM
Partner

MUMBAI, April 28, 2011

For and on behalf of the Board,


S Padmanabhan
Chairman


V S N Murty
Director


J E Mahernosh
Secretary

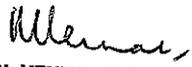
INDUSTRIAL ENERGY LIMITED
Cash Flow Statement for the year ended March 31, 2011

	Rupees	Year ended March 31, 2011 Rupees	Year ended March 31, 2010 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before taxes		310,786,766	114,357,482
Adjustment for:			
Depreciation			222,468,573
Interest Expenditure	380,176,923		192,140,805
Profit on sale of investments	342,267,910		(527,592)
Dividend Income	(31,055,942)		(2,448,609)
Interest income	-		-
Miscellaneous Expenditure written off	(683,836)		-
Expenditure during construction incurred in prior years	-		8,123,824
	-		43,837,058
Operating Profit before Working Capital Changes		690,705,055	577,951,541
Adjustments for:			
Trade and other receivables		1,001,491,821	-
Inventories	(106,407,740)		(190,365,766)
Trade Payables	(128,532,156)		(22,604,318)
	(61,807,931)		74,219,535
Cash generated from Operations		(296,747,827)	(138,750,549)
Taxes paid		704,743,994	439,200,992
Net Cash from Operating Activities		(67,000,000)	(22,475,000)
		637,743,994	416,725,992
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets and Capital Work-In-Progress		(657,889,353)	(2,107,208,273)
Purchase of Investments		(2,285,000,000)	(1,005,527,591)
Sale of Investments		2,365,000,000	672,035,108
Dividend received		-	527,592
Inter-corporate deposits		(150,000,000)	-
Refund of Inter-corporate deposits		150,000,000	-
Interest received		683,836	-
Net Cash used in Investing Activities		(577,205,517)	(2,440,173,164)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowing		1,260,000,000	5,466,925,188
Repayment of borrowings		(572,320,000)	(2,878,143,124)
Interest paid		(740,434,504)	(565,652,058)
Net Cash from Financing Activities		(52,754,504)	2,023,130,006
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)		7,783,973	(317,166)
Cash and Cash Equivalents as at April 1, 2010 (Opening Balance)		8,068,141	8,385,307
Cash and Cash Equivalents as at March 31, 2011 (Closing Balance)		15,852,114	8,068,141

Notes:

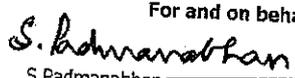
1. Interest paid is exclusive of and purchase of Fixed Assets is inclusive of interest capitalised Rs. 396,952,968 (March 31, 2010: Rs. 906,725,576).
2. Previous year's figures have been regrouped, wherever necessary, to confirm to current year's classification.

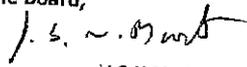
In terms of our report attached.
For DELOITTE HASKINS & SELLS
Chartered Accountants


N. VENKATRAM
Partner

MUMBAI, April 28, 2011

For and on behalf of the Board,


S Padmanabhan
Chairman


V S N Murthy
Director


J E Mahernosh
Secretary

INDUSTRIAL ENERGY LIMITED
Schedules forming part of the Balance Sheet

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
SCHEDULE 'A'		
SHARE CAPITAL		
AUTHORISED		
600,000,000 Equity Shares of Rs. 10/- each	6,000,000,000	6,000,000,000
	<u>6,000,000,000</u>	<u>6,000,000,000</u>
ISSUED, SUBSCRIBED AND FULLY PAID UP		
333,000,000 Equity Shares of Rs.10/- each (Of the above, 246,420,000 shares (March 31, 2010: 246,420,000 shares) are held by Tata Power Company Limited, the ultimate holding company)	3,330,000,000	3,330,000,000
	<u>3,330,000,000</u>	<u>3,330,000,000</u>
SCHEDULE 'B' : RESERVES & SURPLUS		
Profit and Loss Account	343,441,361	94,595,951
	<u>343,441,361</u>	<u>94,595,951</u>
SCHEDULE 'C' : SECURED LOANS		
(1) Term Loan from Infrastructure Development Finance Corporation Limited	2,712,800,000	2,942,400,000
(2) Term Loan from State Bank of Patiala	1,686,000,000	1,305,000,000
(3) Term Loan from Allahabad Bank	1,686,000,000	1,305,000,000
(4) Term Loan from Jammu & Kashmir Bank Limited	645,280,000	490,000,000
(Loans (1) to (4) are Secured by first charge on all moveable, immoveable and intangible properties)	<u>6,730,080,000</u>	<u>6,042,400,000</u>

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INDUSTRIAL ENERGY LIMITED
Schedules Forming Part Of The Balance Sheet

SCHEDULE 'D'

FIXED ASSETS

Rupees

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 1, 2010	Additions	Deductions	As at March 31, 2011	As at April 1, 2010	Additions	Deductions	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Freehold Land	154,092,540	27,363,725	-	181,456,265	-	-	-	181,456,265	154,092,540	
Buildings*	113,323,909	15,641,407	-	128,965,316	31,640,036	55,305,730	-	86,945,766	42,019,550	81,683,973
Plant and Machinery**	4,264,625,814	5,734,501,554	-	9,999,127,368	190,992,400	324,724,789	-	515,717,189	9,483,410,179	4,073,633,414
Furniture, Fixtures and Office Equipment	1,302,551	40,000	-	1,342,551	500,166	146,404	-	646,570	695,981	802,385
TOTAL - 2010-2011	4,533,344,814	5,777,546,686	-	10,310,891,500	223,132,602	380,176,923	-	603,309,525	9,707,581,975	4,310,212,212
- 2009-2010	101,753,837	4,431,590,977	-	4,533,344,814	664,029	222,468,573	-	223,132,602	4,310,212,212	

*Buildings entirely consists of civil structures containing thermal generating plant.

**The first thermal generating unit commissioned during the previous year has been constructed on land which has been leased from Tata Steel Limited for a period of 30 years. The lease agreement for land on which second thermal generating unit is being constructed is yet to be finalized.

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INDUSTRIAL ENERGY LIMITED
Schedules forming part of the Balance Sheet

SCHEDULE ' F '	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
CURRENT ASSETS, LOANS AND ADVANCES		
CURRENT ASSETS		
(a) Inventories		
Stores and Spare Parts	7,697,759	655,688
Loose Tools	53,787	-
Fuel	<u>143,384,928</u>	<u>21,948,630</u>
	151,136,474	22,604,318
(b) Sundry Debtors		
Debts outstanding for more than six months	-	-
Other Debts	<u>296,756,281</u>	<u>190,365,766</u>
	296,756,281	190,365,766
Note-		
Sundry debtors unsecured and considered good	296,756,281	190,365,766
Sundry debtors considered doubtful	-	-
	<u>296,756,281</u>	<u>190,365,766</u>
(c) Cash and Bank Balances		
Cash on Hand	2,812	-
Current Account with Scheduled Banks	<u>15,849,302</u>	<u>8,068,141</u>
	15,852,114	8,068,141
LOANS AND ADVANCES		
(Unsecured and considered good unless otherwise stated)		
(a) Advance Income tax		
(Net of Provision for tax Rs. 81,765,967 ; March 31, 2010: Rs.19,824,611)	11,943,513	6,884,869
(b) Other Advances	<u>17,225</u>	<u>-</u>
	11,960,738	6,884,869
	<u>475,705,607</u>	<u>227,923,094</u>

INDUSTRIAL ENERGY LIMITED
Schedules forming part of the Balance Sheet

SCHEDULE " E " INVESTMENTS
INVESTMENTS

	Opening Balance	Purchased	No. of Units		Closing Balance	Face Value		As at	As at
			Sold			Rupees	Rupees	March 31, 2011	March 31, 2010
1 Current Investment-Others (at Cost or Fair value whichever is lower)									
Investments in Mutual Funds (Unquoted)									
(i) IDFC Cash Fund-Super Inst Plan C-Growth	6,701,534	92,505,919	98,007,283	1,200,170	14,314,438	14,069,243	75,000,000		
(ii) ICICI Prudential Liquid Super Institutional Plan-Growth	1,929,735	7,355,782	7,933,949	1,351,568	196,010,160	191,655,453	260,941,092		
(iii) TFLG Tata Floater Fund-Growth	-	14,648,621	9,025,584	5,623,037	82,473,088	81,272,338	-		
Total							286,997,034	335,941,092	

Notes:

During the period, the Company acquired and sold the following investments

- (a) IDFC Cash Fund-Super Inst Plan C-Growth
- (b) ICICI Prudential Liquid Super Institutional Plan-Growth
- (c) TFLG Tata Floater Fund-Growth

No. of Units	Purchase Cost
91,305,749	1,040,930,757
6,004,214	828,344,548
9,025,584	128,727,662
106,335,547	1,998,002,967

INDUSTRIAL ENERGY LIMITED
Schedules forming part of the Condensed Balance Sheet

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
SCHEDULE ' G '		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
(a) Sundry Creditors - Total outstanding dues of Micro and Small Enterprises (Refer note 6 of notes to accounts)	-	-
(b) Sundry Creditors -Total outstanding dues of Creditors other than Micro and Small Enterprises (Including on Capital Account : Rs 423,874,022; March 31, 2010 : Rs. 525,994,777)	434,116,206	600,204,952
(c) Interest accrued but not due on Secured Loans	14,347,322	15,560,948
(d) Other Liabilities	2,169,420	9,360
	450,632,948	615,775,260

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INDUSTRIAL ENERGY LIMITED
Schedules forming part of the Profit and Loss Account

SCHEDULE "1"

REVENUE AND OTHER INCOME

	March 31, 2011 Rupees	March 31, 2010 Rupees
(1) Revenue from Power Supply	1,254,054,008	707,403,396
(2) Other Income		
Profit on sale of current investments	31,055,942	2,448,609
Dividend from Other Investments	-	527,592
Interest received on Inter Corporate Deposits	<u>683,836</u>	<u>-</u>
	31,739,778	2,976,201
	<u><u>1,285,793,786</u></u>	<u><u>710,379,597</u></u>

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INDUSTRIAL ENERGY LIMITED
Schedules forming part of the Profit and Loss Account

Schedule "2"

GENERATION, DISTRIBUTION AND OTHER EXPENSES

	March 31, 2011 Rupees	March 31, 2010 Rupees
1. OPERATION AND OTHER EXPENSES		
(a) Stores, Oil, etc consumed	24,322,942	3,994,734
(b) Cost of Services Procured	96,953,700	55,150,000
(c) Repairs and Maintenance	-	5,914,318
(d) Insurance	14,729,527	11,060,387
(e) Raw Water consumed	17,996,042	5,798,794
(f) Auditors' Fees	1,119,545	882,400
(g) Miscellaneous Expenses	12,914,827	6,550,931
(h) Consultancy Fees	-	33,226,437
	168,036,583	122,578,001
2. AMOUNT WRITTEN OFF - MISCELLANEOUS EXPENDITURE	-	8,123,824
3. EXPENSES DURING CONSTRUCTION INCURRED IN PRIOR YEARS	-	284,369,949
	168,036,583	415,071,774

Schedule "3"

INTEREST

(a) Interest on Fixed Period Loans	739,220,878	440,842,732
(b) Other Interest and Commitment Charges	-	120,970,312
	739,220,878	561,813,044
(c) Interest during construction incurred in prior years	-	537,053,337
	739,220,878	1,098,866,381

FINANCE CHARGES :

Other Finance Charges

	-	36,579,262
	739,220,878	1,135,445,643

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INDUSTRIAL ENERGY LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

SCHEDULE H: NOTES ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

1. Background:

Industrial Energy Limited was incorporated on 7th February, 2007. The main object of the Company is to set up and operate power plants. The company has completed the construction of its two power plants. The first power plant started commercial generation with effect from 27th August, 2009 and the second power plant started commercial generation with effect from 27th March, 2011. Both the power plants are supplying power to Tata Steel Limited and are classified as "Captive Power Plants" of Tata Steel Limited.

2. Major Accounting Policies:

(a) Basis of Presentation:

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the generally accepted accounting principles in compliance with the relevant provisions of the Companies Act, 1956.

(b) Use of Estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent liabilities as at the date of these financial statements and the reported amounts of income and expenses for the period presented. Actual results could differ from these estimates. Material estimates in these financial statements that are susceptible to change as more information becomes available include provision for doubtful debts, provision for diminution in the value of investments, provision for income taxes, etc.

(c) Fixed Assets:

All fixed assets are stated at cost less depreciation. Cost comprises the purchase price and any other applicable costs and also includes borrowing costs as estimated to be attributable to the acquisition and construction of fixed assets upto the date the asset is ready for use.

(d) Depreciation/Amortisation:

(i) Depreciation for the year in respect of assets relating to the electricity business of the Company has been provided on straight line method in terms of the repealed Electricity (Supply) Act, 1948 on the basis of Central Government Notification No. S.O.266(E) dated 29th March, 1994.

(ii) Assets costing less than Rs 5,000 are depreciated at the rate of 100%.

(iii) Depreciation on additions/deletions of assets is provided on pro-rata basis.

(iv) Depreciation so provided has been determined as being not less than the depreciation which would have been recognized in the Profit and Loss Account had the rates and the manner prescribed under Schedule XIV to the Companies Act, 1956, been applied.

(v) Depreciation rates used for various classes of assets are:

- Hydraulic Works – 1.95% to 3.40%
- Buildings – 3.02% to 33.40%
- Plant and Machinery – 1.80% to 45.00%
- Transmission Lines, Cable Network, etc. – 3.02% to 13.91%
- Furniture, Fixtures and Office Equipment – 12.77% to 18.10%
- Motor Vehicles – 25.89% to 33.40%

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(e) Investments:

Current investments are carried at lower of cost and fair value.

(f) Inventories:

Inventories of stores, spare parts, loose tools and fuel are valued at or below cost. Cost is ascertained on weighted average basis.

(g) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Credit in respect of Minimum Alternate Tax paid is recognized only if there is convincing evidence of realization of the same.

Deferred tax, which is computed on the basis of enacted/substantially enacted rates, is recognized, 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 recognized only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future.

(h) Borrowing Cost:

Borrowing costs that are attributable to the acquisition, construction of qualifying assets are capitalized as part of the cost of such assets till such time the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the profit and loss account in the period in which they are incurred.

(i) Revenue Recognition:

- (i) Revenue from power supply are accounted for on the basis of billings to customer and includes unbilled revenues accrued upto the end of the accounting year.
- (ii) Dividend income is accounted for when the right to receive income is established.

(j) Provision, Contingent Liabilities and Contingent Assets:

A provision is recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resource will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognized in the financial statements. A Contingent Asset is neither recognized nor disclosed in the financial statements.

(k) Earnings Per Share:

The Company reports basic and diluted earnings per share in accordance with Accounting Standard (AS) 20 - Earnings Per Share. Basic earnings per equity share have been computed by dividing net profit after tax attributable to equity shareholders by the weighted average numbers of equity shares outstanding during the year. Diluted earnings during the year adjusted for the effects of all dilutive potential equity shares per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

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3. Claims against the Company not acknowledged as debts Rs. Nil (March 31, 2010: Rs. Nil).
4. Capital commitments not provided for are estimated at Rs. 389,656,841 (March 31, 2010: Rs. 793,340,404).
5. Details of Auditors' Remuneration (inclusive of service tax):

	2010-11	Rupees 2009-10
Audit Fees	882,400	882,400
Toward other Services	-	47,429
Tax Audit fees	237,145	-

6. No Enterprises have been identified as "Supplier" under the Micro, Small and Medium Enterprises Development Act, 2006. The aforesaid identification has been done on the basis of information, to the extent provided by the vendors to the Company. This has been relied upon by the Auditors.
7. (a) Total number of electricity units sold during the year – 748 Million Units (March 31, 2010 – 413 Million Units).
- (b) Total number of electricity units purchased during the year – Nil Units (March 31, 2010 – Nil Units).
8. Disclosure as required by Accounting Standard 18 (AS-18) "Related Party Disclosures" are as follows:

(a) Names of the related parties and description of relationship:

Sr. No.	Name of the related party	Nature of relationship	Country of origin
Related parties :			
a)	The Tata Power Co. Limited	Holding Company	India
b)	Tata Steel Limited	Joint Venture Partner	India
c)	Powerlinks Transmission Limited	Fellow Subsidiary	India

(b) Details of Transactions:

	The Tata Power Co. Limited	Tata Steel Limited	Rupees Powerlinks Transmission Limited
Sale of Power	-	1,254,054,008	-
	-	(707,403,396)	-
Receiving of Project related services/goods	32,738,876	240,310,063	-
	(48,131,206)	(38,805,875)	-
Receiving of Operation related services	87,900,000	-	-
	(50,000,000)	-	-
Inter Corporate Loans Received	-	-	-
	(1,366,925,188)	-	-
Inter Corporate Loans Repaid	-	-	-
	(1,669,815,116)	(150,728,008)	-
Interest expenses	-	-	-
	(95,148,246)	(12,561,791)	-
Inter Corporate Deposits Paid	-	-	150,000,000
	-	-	-
Refund of Inter Corporate Deposit	-	-	150,000,000
	-	-	-
Interest income	-	-	683,836
	-	-	-
Balance receivable at the year end	-	296,756,281	-
	-	(190,365,766)	-
Balance payable at the year end	26,552,492	1,701,611	-
	(44,437,678)	(1,483,722)	-

Note: Previous year's figures are in brackets.

9. Earnings per Share (EPS):

	<u>2010-2011</u>	<u>2009-2010</u>
(a) Profit after tax attributable to ordinary shareholders (Rupees)	248,845,410	94,595,951
(b) Weighted average number of Ordinary shares of Rs. 10 each for basic and diluted EPS (Nos)	333,000,000	333,000,000
(c) Basic/diluted Earnings per Ordinary Share	Rs. 0.75	Rs. 0.28

10. Taxation:

- (a) Provision for current tax has been created under the provisions of Section 115(JB)-Minimum Alternate Tax of the Income Tax Act, 1961.
 - (b) The Company has not recognized any deferred tax asset/liability during the current year as the entire deferred tax asset/liability is expected reverse within the tax holiday period under Section 80(IA) of the Income Tax Act, 1961.
11. The Company is engaged in generation of power for sale to Tata Steel Limited. Consequently, there are no separate reportable segments as per the requirements of Accounting Standard 17: 'Segment Reporting' issued by the Institute of Chartered Accountants of India.
12. The Company has not paid any remuneration to the Mr. U.S. Bapat (Director/Manager) and no reimbursements have been made in respect of his remuneration, if any, paid by Tata Power Company Limited.
13. Previous period's figures have been regrouped/restated, wherever necessary, to conform to current year's classification.

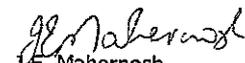
**Signatures Notes to Schedules 'A' to 'G' and '1' to '3'
For and on behalf of the Board,**



S. Padmanabhan
Chairman

V.S.N. Murty
Director

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J.E. Mahernosh
Secretary