

Directors' Report

To The Members of
Industrial Energy Limited

The Directors present their Seventh Annual Report on the business and operations of the Company and the statement of account for the year ended 31st March 2014.

1. FINANCIAL RESULTS

(Amount in ₹ crore)

| Particulars | Year ended | |
|-----------------------------|---------------|---------------|
| | 31.03.2014 | 31.03.2013 |
| Revenue from Operations | 480.16 | 512.83 |
| Add: Other Income | 14.00 | 7.50 |
| Total Revenue | 494.16 | 520.33 |
| (Less): Total Expenses | 382.05 | 419.29 |
| Profit before tax | 112.11 | 101.04 |
| (Less): Current tax expense | 23.50 | 20.22 |
| Profit after tax | 88.61 | 80.82 |

2. OPERATIONS

2.1 Power House No.6 at Jamshedpur, Jharkhand

This is the fifth year of operations of Power House No.6, whose commercial operations date was 27th August 2009, and the unit has performed well to meet the customer demands.

The major highlights for FY14 are as under:

- 100% accident free man days during the period.
- There was no reportable accident during the year.
- During the year, the generation in the Unit was 929 MUs (88.4% PLF) against a plan of 894 MUs (85%). This is the all time highest recorded generation of the plant.
- Process steam of 4,388 MT supplied to Tata Steel Limited (Tata Steel)
- The Unit achieved availability for FY14 at 96.6% against the plan of 98%.
- The unit was certified for IMS (ISO 9001, ISO 14001 & OHSAS18001) by IRQS w.e.f 17th February 2012 for three years up to 16th February 2015. IMS Surveillance Audit was carried out in the month of January 2014
- Solar Light Pipes for Sports Room at Power House No.6 were installed.

- Inauguration of Roof Top Rain water Harvesting System done in Power House No.6.
- CT basin blow down recovery plant commissioned which will help in reduction of specific water consumption.
- Power House No.6 Exciter Vibration problem attended in December 2013. Vibration level has come down to approximately 5 mm/sec from 20 mm/sec by strengthening the exciter bearing foundation.

2.2 Unit 5 at Jojobera, Jharkhand

This is the third year of operations of Unit 5, whose commercial operations date was 27th March 2011, and the unit has performed well to meet the customer demands.

The major highlights for FY14 are as under:

- There was no reportable accident during the year.
- Generation was 765.3 MUs (72.80% PLF) against a plan of 840.9 MUs (80% PLF).
- The Unit achieved station availability of 94.4% for FY14 against the plan of 91.5%.

3. PROJECTS

3.1 3x67.5 MW, Kalinganagar Project, Odisha

The company is executing 3x67.5 MW production gas based captive power plant (CPP-1) at Kalinganagar inside Tata Steel plant complex. The project is in advance stage of construction. The project has achieved 80.69% overall progress as on 31st March 2014. EPC contract has been awarded to Tata Projects Limited on cost plus basis for the project. The zero date of the project has been declared as 10th May 2012.

The major highlights for FY14 are as under:

- No Loss time Injury till date since the start of the construction.
- Boiler Hydro Test of all the three units has been completed.
- Turbine, Alternator and Condenser erection of Unit No.1 completed
- Gas Insulated Switchgear erection has been completed.
- Generator Turbine erection of Unit No.1 and Unit No.2 completed.
- Single Flue chimney completed and Multi-flue Chimney RCC completed.

The project commissioning depends upon the critical inputs like Commissioning Power, DM Water, Clarified water and Production Gas from Tata Steel. The commissioning of 3rd unit has been kept on hold by Tata Steel and accordingly the revised commission schedule of 3rd unit will be mutually decided. Based on the commitment from Tata Steel the likely Synchronisation date of first two units has been planned as under:

Unit No.1 - February 2015

Unit No.2 - April 2015

4. DIVIDEND

The Directors of your Company are pleased to declare a dividend of 20% (₹ 2 per share) subject to approval of the Members.

5. FINANCING

The Company had entered into an agreement to raise long term loans of ₹ 776 crore (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.

The Company has started repayment of the above loan from the operations of Power House 6 and Unit 5.

For CPP-1 at Kalinganagar, the Company has availed a term loan of ₹ 800 crore from HDFC Bank.

6. GROWTH

The Company is in discussions with Tata Steel, the customer and has been pursuing other growth opportunities for Tata Steel in Jharkhand and Odisha as under:

- 60 MW Captive Power Plant at West Bokaro, Jharkhand – Coal reject based 2x30 MW CFBC pit-head power plant to meet the requirements for Tata Steel.
- 30 MW Captive Power Plant at Jharia, Jharkhand – Coal reject based 2x15 MW CFBC pit-head power plant to meet the requirements for Tata Steel.

7. CORPORATE GOVERNANCE STRUCTURE

- The Company recognizes its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others.

- The Company functions through the Board of Directors and the Audit Committee of the Board, which has been delegated appropriate powers to perform its duties.
- The Board of Directors comprises Mr. Ashok S. Sethi, Mr. V. S. N. Murty, Mr. Sanjay Dube, Mr. S. K. Pati, Mr. R. N. Subramanyam and Mr. Purushottam Thakur, all Non - Executive Directors. During the year under review, 4 meetings were held on 26th April 2013, 26th July 2013, 17th October 2013 and 23rd January 2014. The maximum time-gap between any 2 consecutive meetings did not exceed 4 months.
- The Company has an Audit Committee comprising of Mr. Sanjay Dube, Chairman, Mr. V. S. N. Murty and Mr. R. N. Subramanyam, Members. During the year under review, 5 meetings were held on 26th April 2013, 26th July 2013, 7th September 2013, 17th October 2013 and 23rd January 2014. The CEO & Manager and the Statutory Auditor are also present at Audit Committee Meetings. The Company Secretary acts as the Secretary of the Audit Committee.
- As a good corporate governance practice, the Company is adopting quarterly audited accounts.
- Besides the transactions mentioned in the Notes to the Accounts, there were no other materially significant related party transactions that may have a potential conflict with the interests of the Company at large.
- The Company follows Accounting Standards issued by the Institute of Chartered Accountants of India and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in any Accounting Standard.

8. DIRECTORS

Mr. Purushottam Thakur was appointed as an Additional Director of the Company with effect from 7th March 2014, in accordance with Section 161 of the Companies Act 2013 (the Act). Mr. Thakur holds office only upto the date of the forthcoming AGM and a Notice under Section 160 of the Act has been received from a Member signifying their intention to propose Mr. Thakur's appointment as a Director.

Mr. Sanjay Aggarwal resigned with effect from 28th February 2014. The Board has placed on record its appreciation of the valuable contribution made to the Company by Mr. Aggarwal.

Mr. S. Padmanabhan resigned with effect from 30th June 2014. The Board has placed on record its appreciation of the valuable contribution made to the Company by Mr. Padmanabhan.

Mr. Dinesh S. Kudalkar was appointed as Manager with effect from 10th February 2014. His appointment requires the approval of the Members at the ensuing Annual General Meeting.

In accordance with the requirements of the Act and the Articles of Association of the Company, Mr. S. K. Pati and Mr. R. N. Subramanyam retire by rotation and are eligible for re-appointment.

9. AUDITORS

Messrs. Deloitte Haskins & Sells LLP (DHS LLP), who are the statutory auditors of your Company, hold office until the conclusion of the forthcoming Annual General Meeting. It is proposed to re-appoint DHS LLP as statutory auditors of the Company from the conclusion of the forthcoming AGM till the conclusion of the Tenth AGM to be held in the year 2017, subject to ratification of their appointment at every AGM. DHS has, under Section 141 of the Act, furnished a certificate of its eligibility for re-appointment. The Members year on year will be requested, to ratify their appointment as Auditors and to authorize the Board of Directors to fix their remuneration.

10. 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.

11. COST AUDITOR

M/s. U. Sharma and Associates, Cost Accountants was appointed Cost Auditor of the Company for financial year 2013-14 for the audit of cost records maintained by the Company as per Section 209(1)(d) of the Companies Act, 1956. In accordance with the requirement of the Central Government and pursuant to Section 233B of the Companies Act, 1956, the Company carries out an audit of cost accounts relating to electricity every year. The Cost Audit Report and the Compliance Report of the Company for the Financial Year ended 31st March 2013, by U Sharma and Associates, which was due for filing with the Ministry of Corporate Affairs (MCA) by 30th September 2013, was filed within time in Extensive Business Reporting Language (XBRL) mode, as mandated by MCA.

12. PARTICULARS OF EMPLOYEES

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

13. 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

14. SOCIAL RESPONSIBILITY

The Company is committed to discharging its responsibility as a good corporate citizen. As part of its social responsibility, the following activities were undertaken:

14.1 Jamshedpur

- Water - Renovation of water ponds for water storing and utilisation of water for vegetable cultivation.
- Self Employment - Supply of brick manufacturing machines to local self-help groups for self employment.
- Health - Regular health check-up camp and installing arrow machine for providing safe drinking water facility to remote villages.

14.2 Kalinganagar

- Employment - Employment training has been provided to 90 village educated youth and out of them employment opportunity has been provided to 23 students from the area through TCS-BOP.
- Health Care - Homeopathic Health Care Centre is in operation to provide free health care to project affected people.
- Energy - Solar powered street light has been provided to the villages having no electricity or having poor electricity facility.

15. 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.

15. ACKNOWLEDGEMENT

The Directors place on record their appreciation to all the Shareholders, its Customer, Business Associates, Vendors and Bankers.

The Directors are thankful to the Government of India and the various Ministries, the State Governments and the various Ministries, the Central and State Electricity Regulatory authorities, Corporation and Municipal authorities of all cities where it operates, and all concerned statutory authorities, for their support, and look forward to their continued support in future.

On behalf of the Board of Directors

Sd/-
Chairman

Place : Mumbai
Date : 28th July 2014

Deloitte Haskins & Sells LLP

Chartered Accountants
Indiabulls Finance Centre
Tower 3, 27th - 32nd Floor
Senapati Bapat Marg
Elphinstone Road (West)
Mumbai - 400 013
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INDUSTRIAL ENERGY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **INDUSTRIAL ENERGY LIMITED** ("the Company") which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act 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, 2014;
- (b) in the case of the Statement of Profit and Loss, 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.

Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by Section 227(3) of the Act, 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 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 comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
 - (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

R. K. Banga

(R.A. BANGA)
(Partner)

(Membership No. 037915)

MUMBAI, 22nd April, 2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/results, clauses (vi), (x), (xiii), (xiv), (xv), (xviii), (xix) and (xx) of CARO are not applicable.
- (ii) 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 Company has a program of verification of fixed assets to cover all the items once in a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, all the fixed assets were physically verified by the Management during the year. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - (c) During the year no material fixed assets were disposed off by the Company.
- (iii) 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.
- (iv) 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.
- (v) 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.
- (vi) According to the information and explanations given to us, there were no contracts or arrangement that needed to be entered in the register maintained under Section 301 of the Companies Act, 1956.
- (vii) In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountants appointed by the Management has been commensurate with the size of the Company and the nature of its business.

**Deloitte
Haskins & Sells LLP**

- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Companies Cost Accounting Records (Electricity Industry) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed accounts and records have been maintained and are being made up. 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 statutory dues, including income-tax, sales tax, wealth tax, service tax, customs 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, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.
- (c) There are no amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess as at 31st March, 2014 which have not been deposited on account of any dispute.
- (x) 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.
- (xi) 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.
- (xii) 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.
- (xiii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, we report that funds raised on short term basis aggregating to Rs.725.68 crores have been used during the year for long-term investments in fixed assets for new project.
- (xiv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration Number: 117366W/W-100018)

R.K. Banga

R.A. BANGA
Partner

(Membership Number: 037915)

MUMBAI, 22nd April, 2014

Industrial Energy Limited

Balance Sheet as at March 31, 2014

| Particulars | Note No. | As at | As at |
|--|----------|-----------------|-----------------|
| | | March 31, 2014 | March 31, 2013 |
| | | Rs. Crores | Rs. Crores |
| A EQUITY AND LIABILITIES | | | |
| 1 Shareholders' funds | | | |
| (a) Share capital | 3 | 333.00 | 333.00 |
| (b) Reserves and surplus | 4 | 125.94 | 115.25 |
| | | 458.94 | 448.25 |
| 2 Non-current liabilities | | | |
| (a) Long-term borrowings | 5A | 402.61 | 480.21 |
| | | 402.61 | 480.21 |
| 3 Current liabilities | | | |
| (a) Short-term borrowings | 5B | 647.95 | 214.95 |
| (b) Trade Payables (Refer Note 19.2) | | 4.81 | 5.25 |
| (c) Other current liabilities | 6 | 245.09 | 150.20 |
| (d) Short-term provisions | 7 | 77.92 | 77.92 |
| | | 975.77 | 448.32 |
| TOTAL | | 1,837.32 | 1,376.78 |
| B ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 8 | 796.32 | 876.12 |
| (ii) Capital work-in-progress | | 647.52 | 146.50 |
| | | 1,443.84 | 1,022.62 |
| (b) Long-term loans and advances | 9 | 89.11 | 113.18 |
| | | 1,532.95 | 1,135.80 |
| 2 Current assets | | | |
| (a) Current investments | 10 | 205.54 | 142.67 |
| (b) Inventories | 11 | 33.04 | 34.29 |
| (c) Trade receivables | 12 | 60.11 | 63.56 |
| (d) Cash and bank balances | 13 | 0.05 | 0.19 |
| (e) Short-term loans and advances | 14 | 5.63 | 0.27 |
| | | 304.37 | 240.98 |
| TOTAL | | 1,837.32 | 1,376.78 |
| See accompanying notes forming part of the financial statements | | | |

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

R.K. Banga

R.A. BANGA
Partner

For and on behalf of the Board

S. Padmanabhan / S. N. Murthy

S Padmanabhan V S N Murthy
Chairman Director

D. K. Dalkar *J. E. Mahernosh*

D K Dalkar J E Mahernosh
Manager Secretary

MUMBAI, April 22, 2014

MUMBAI, April 22, 2014

Industrial Energy Limited

Statement of Profit and Loss for the year ended March 31, 2014

| Particulars | Note No. | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
|---|----------|-----------------------------------|-----------------------------------|
| | | Rs. Crores | Rs. Crores |
| 1 Revenue from Operations | 15 | 480.16 | 512.83 |
| 2 Other Income | 16 | 14.00 | 7.50 |
| 3 Total revenue (1+2) | | 494.16 | 520.33 |
| 4 Expenses | | | |
| (a) Cost of fuel | | 203.53 | 233.66 |
| (b) Finance costs | 17 | 56.36 | 65.66 |
| (c) Depreciation | 8 | 82.69 | 81.80 |
| (d) Other expenses | 18 | 39.47 | 38.17 |
| Total expenses | | 382.05 | 419.29 |
| 5 Profit before tax (3-4) | | 112.11 | 101.04 |
| 6 Tax Expense: | | | |
| (a) Current tax expense | | 23.50 | 20.22 |
| | | 23.50 | 20.22 |
| 7 Profit for the year (5-6) | | 88.61 | 80.82 |
| 8 Earnings per share basic and diluted (Face value Rs. 10 per share) | 19.7 | 2.66 | 2.43 |
| See accompanying notes forming part of the financial statements | | | |

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

R. K. Banga

R.A. BANGA
Partner

MUMBAI, April 22, 2014

For and on behalf of the Board

S. Padmanabhan / S. N. Murthy

S Padmanabhan V S N Murthy
Chairman Director

D. Kudalkar

D Kudalkar
Manager

J E Mahernosh

J E Mahernosh
Secretary

MUMBAI, April 22, 2014

Industrial Energy Limited
Cash Flow Statement for the year ended 31 March, 2014

| | For the year ended March 31, 2014 | | For the year ended March 31, 2013 |
|--|--------------------------------------|------------|--------------------------------------|
| | Rs. Crores | Rs. Crores | Rs. Crores |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Profit before taxes | | 112.11 | 101.04 |
| Adjustment for: | | | |
| Depreciation | 82.69 | | 81.80 |
| Interest Expenditure | 56.36 | | 65.66 |
| Interest Received on deposits with banks | | | (0.04) |
| Interest on Inter corporate deposits | (1.15) | | (0.03) |
| Gain on sale of current investments (net) | (12.43) | | (7.43) |
| | | 125.47 | |
| Operating Profit before Working Capital Changes | | 237.58 | 241.00 |
| Adjustment for (increase)/decrease in operating assets: | | | |
| Inventories | 1.25 | | (21.79) |
| Trade receivables | 3.45 | | 3.17 |
| Short-term loans and advances | (0.04) | | 64.11 |
| Long-term loans and advances | 0.01 | | (0.41) |
| Adjustment for increase/(decrease) in operating liabilities: | | | |
| Trade payables | (0.44) | | (69.06) |
| Other current liabilities | (1.71) | | 2.73 |
| | | 2.53 | |
| Cash generated from Operations | | 240.11 | 219.75 |
| Taxes paid (Net) | | (24.06) | (20.26) |
| Net Cash from Operating Activities | | 216.04 | 199.49 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Capital expenditure on Fixed Asset including Capital WIP | | (342.13) | (220.59) |
| Purchase of Investments | | (910.75) | (335.20) |
| Sale of Investments | | 861.80 | 294.59 |
| Inter-corporate deposits given | | (60.00) | (11.00) |
| Refund of Inter-corporate deposits | | 60.00 | 11.00 |
| Dividend on current investments | | 1.07 | - |
| Interest received | | 1.15 | 0.07 |
| Net Cash used in Investing Activities | | (388.86) | (261.13) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Share application money refunded back | | - | (0.85) |
| Repayment of long term borrowings | | (77.60) | (77.60) |
| Interest paid | | (104.80) | (74.79) |
| Inter corporate deposit Received- short term | | 183.00 | 214.95 |
| Issue of Commercial Paper to HDFC- short term | | 250.00 | - |
| Dividend Paid | | (66.60) | - |
| Dividend distribution tax Paid | | (11.32) | - |
| | | 172.68 | 61.71 |
| Net Cash generated in Financing Activities | | 172.68 | 61.71 |
| Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C) | | (0.14) | 0.07 |
| Cash and Cash Equivalents as at April 1, 2013 (Opening Balance) | | 0.19 | 0.12 |
| Cash and Cash Equivalents as at Mar 31, 2014 (Closing Balance) | | 0.05 | 0.19 |

See accompanying notes forming part of the financial statements

Notes:

(a) Cash and cash Equivalents include:

- (i) Cash on Hand
(ii) Current Accounts with scheduled Banks

* Represents amount lower than Rupees Fifty Thousand

(b) Interest paid is inclusive of and purchase of Fixed Assets is exclusive of interest capitalized Rs 42.97 crores (March 31, 2013: Rs 8.92 crores)

(c) Sale of investments is inclusive of and purchase of Fixed Assets is exclusive of gain on sale of current investments capitalized Rs 1.49 crores (March 31, 2013: Nil)

(d) Fixed Assets is exclusive of dividend income from current investments capitalized Rs 1.07 crores (March 31, 2013: Nil)

(e) Previous year's figures have been regrouped, wherever necessary, to conform to current year's classification.

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

R. K. Banga

R.A. BANGA
Partner

For and on behalf of the Board

S. Padmanabhan

S Padmanabhan
Chairman

D. Kudalkar
Manager

V. S. N. Murthy

V S N Murthy
Director

J E Mahernosh
Secretary

MUMBAI, April 22, 2014

MUMBAI, April 22, 2014

Industrial Energy Limited
Notes forming part of the financial statements

Note 1 Corporate Information

Industrial Energy Limited (IEL) was incorporated on 7th February, 2007 under the Companies Act, 1956 and has its registered office at Mumbai (Maharashtra). IEL is a joint venture between The Tata Power Company Limited holding 74% of the equity share capital and Tata Steel Limited holding 26% equity share capital of the Company. IEL has been incorporated with the view to setting up power plants and will be classified as captive power plants of Tata Steel Limited. These power plants would be supplying power to Tata Steel Limited. At present the company has two power plants namely Power House 6 (PH#6) Plant inside Tata Steel Limited premises at Jamshedpur Works and Power Plant called Unit 5 inside The Tata Power Company Limited premises at Jamshedpur.

The Company is in process of setting up a 652.5 MW Power Plant at Kalinganagar Industrial Complex at Duburi, in the Jajpur district, of Odisha.

Note 2 Significant accounting policies

(a) Basis for accounting and preparation of financial statement:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 (Accounting Standards) Rules, 2006 (as amended) ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Companies Act, as applicable 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

(b) Use of estimates:

The preparation of the financial statements in conformity with Indian GAAP 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 recognized in the periods in which the results are known / materialize.

(c) Inventories:

Inventories of stores, spare parts, loose tools and fuel are valued at cost and net realisable value, whichever is lower. Cost is ascertained on weighted average basis.

(d) Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before 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.

(e) Depreciation:

(i) Depreciation in respect of assets relating to the electricity business of the Company is provided on straight line method at rates mentioned below, which are different from Schedule XIV of the Companies Act, 1956 which are provided in the power purchase agreements,

Depreciation rates used for various classes of assets are:

- Buildings – 3.02% to 7.84%
- Plant and Machinery – 3.40% to 33.40%
- Furniture, Fixtures and Office Equipment – 12.77% to 18.00%

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

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

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Industrial Energy Limited
Notes forming part of the financial statements

Note 2: Significant accounting policies (contd.)

(f) Revenue recognition:

Revenue from power supply is accounted for on the basis of billings to customer and includes unbilled revenues accrued upto the end of the year.

(g) 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.

(h) Foreign exchange transactions:

Foreign Currency transactions are recorded on initial recognition in the reporting currency i.e. Indian rupees, using the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in currencies other than the reporting currency are restated at the rates of exchange prevailing at the balance sheet date. Exchange difference arising on the settlement/restatement of monetary items are included in statement of profit and loss for the year.

(i) Investments:

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

(j) 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 statement of profit and loss in the period in which they are incurred.

(k) Earnings per share:

Basic earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

(l) Taxes on income:

Current taxes

Provision for current tax is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company

Deferred taxes

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 are reviewed at each balance sheet date for their realisability.

(m) 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.

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Industrial Energy Limited
Notes forming part of the financial statements

Note 3: Shareholders' funds - Share capital

| Particulars | As at March 31, 2014 | | As at March 31, 2013 | |
|--|-------------------------|------------|-------------------------|------------|
| | Number of shares | Rs. Crores | Number of shares | Rs. Crores |
| (a) Authorised | | | | |
| Equity shares of Rs. 10 each | 2,000,000,000 | 2,000.00 | 2,000,000,000 | 2,000.00 |
| (b) Issued, subscribed and fully paid up | | | | |
| Equity shares of Rs. 10 each | 333,000,000 | 333.00 | 333,000,000 | 333.00 |

Notes :

i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period.

Equity shares

| Particulars | As at March 31, 2014 | | As at March 31, 2013 | |
|--|-------------------------|---------------|-------------------------|---------------|
| | Number of shares | Rs. Crores | Number of shares | Rs. Crores |
| Issued, subscribed and fully paid up | | | | |
| At the beginning and the closing of the year | 333,000,000 | 333.00 | 333,000,000 | 333.00 |
| | 333,000,000 | 333.00 | 333,000,000 | 333.00 |

ii) 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 the 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.

During the year ended 31st March, 2014, the amount of per share dividend recognised as distribution to equity shareholder was Rs. 2 per share (March 31, 2013: Rs. 2 per share).

(iii) 246,420,000 shares (March 31, 2013 - 246,420,000 shares) is held by The Tata Power Company Limited, the holding company.

iv) Details of shares held by each shareholders holding more than 5% shares

| Class of shares / name of shareholders | As at March 31, 2014 | | As at March 31, 2013 | |
|--|-------------------------|-----------------------------------|-------------------------|-----------------------------------|
| | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| Equity shares of Rs.10/- each fully paid | | | | |
| The Tata Power Company Limited (Holding company) | 246,420,000 | 74% | 246,420,000 | 74% |
| Tata Steel Limited | 86,580,000 | 26% | 86,580,000 | 26% |

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Industrial Energy Limited
Notes forming part of the financial statements

Note 4 Shareholders' funds - Reserves and surplus

| Particulars | As at | As at |
|---|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| | Rs. Crores | Rs. Crores |
| General reserve | | |
| Opening balance | 6.07 | - |
| Add: Amount transferred from surplus in statement of profit and loss | 6.65 | 6.07 |
| Closing balance | 12.72 | 6.07 |
| Surplus in statement of profit and loss | | |
| Opening balance | 109.18 | 112.35 |
| Add: Profit for the year | 88.61 | 80.82 |
| Less: Proposed dividend (amount Rs. 2 per share of face value of Rs.10 each) (31st March, 2013- Rs. 2 per share) | 66.60 | 66.60 |
| Additional income tax on dividend | 11.32 | 11.32 |
| Transfer to general reserve | 6.65 | 6.07 |
| Closing balance | 113.22 | 109.18 |
| Total | 125.94 | 115.25 |

Note 5 Borrowings

| Particulars | As at March 31, 2014 | | As at March 31, 2013 | |
|--|----------------------|--------------|----------------------|--------------|
| | Non current | Current | Non current | Current |
| | Rs. Crores | Rs. Crores | Rs. Crores | Rs. Crores |
| A. Long-term Borrowings | | | | |
| Secured | | | | |
| From Banks | | | | |
| (a) State Bank of Patiala | 105.60 | 20.00 | 125.60 | 20.00 |
| (b) Allahabad Bank | 105.60 | 20.00 | 125.60 | 20.00 |
| (c) Jammu & Kashmir Bank Limited | 40.13 | 7.60 | 47.73 | 7.60 |
| From Financial Institutions | | | | |
| (a) Infrastructure Development Finance Corporation Limited | 151.28 | 30.00 | 181.28 | 30.00 |
| Total | 402.61 | 77.60 | 480.21 | 77.60 |

Note :

(a) The above term loans are secured by first charge on all moveable and immoveable properties.

(b) **Terms of repayment for Long-term Borrowings**

| Contractual maturity | As at | As at |
|----------------------|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| | Rs. Crores | Rs. Crores |
| Between 1-2 years | 77.60 | 77.60 |
| Between 2-3 years | 77.60 | 77.60 |
| Between 3-4 years | 77.60 | 77.60 |
| Between 4-5 years | 77.60 | 77.60 |
| More than 5 years | 92.21 | 169.81 |
| Total | 402.61 | 480.21 |

(c) Term loan installments are repayable on a quarterly basis. The last repayment of the term loan is due on 15th July, 2020.

B. Short-term Borrowings
Unsecured

| Particulars | As at | As at |
|---|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| | Rs. Crores | Rs. Crores |
| (a) Commercial Paper (maximum amount outstanding during the year is Rs. 250 crores) | 250.00 | - |
| (b) Inter corporate deposits from Related Parties | | |
| -The Tata Power Company Limited (Holding Company) | 258.75 | 171.75 |
| -Tata Steel Limited | 139.20 | 43.20 |
| Total | 647.95 | 214.95 |

Note :

Inter corporate deposit received from The Tata Power Company Limited is repayable on call.

Inter corporate deposit received from Tata Steel Limited is repayable on call.

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Industrial Energy Limited
Notes forming part of the financial statements

Note 6 Other current liabilities

| Particulars | As at | As at |
|--|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| | Rs. Crores | Rs. Crores |
| (a) Current maturities of long-term debt (Refer Note 5A) | 77.60 | 77.60 |
| (b) Other payables | | |
| (i) Interest accrued but not due on borrowings | 0.93 | 1.08 |
| (ii) Statutory remittances | 1.45 | 3.16 |
| (iii) Payables on purchase of fixed assets | 165.11 | 68.36 |
| Total | 245.09 | 150.20 |

Note 7 Short-term provisions

| Particulars | As at | As at |
|---|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| | Rs. Crores | Rs. Crores |
| Provision for proposed dividend | 66.60 | 66.60 |
| Provision for additional income-tax on dividend | 11.32 | 11.32 |
| Total | 77.92 | 77.92 |

Industrial Energy Limited
Notes forming part of the financial statements

Note 8 Fixed assets

(i) Tangible assets- Own use

Rs. Crores

| Particulars | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | |
|---------------------------|----------------------------------|---------------------------------|----------------------------------|----------------------------------|------------------------------|----------------------------------|---------------------|---------------------|
| | As at 01-04-2013 (at cost) | Additions during the year | Deductions during the year | As at 31-03-2014 (at cost) | Additions during the year | Deductions during the year | As at 31-03-2014 | As at 31-03-2014 |
| 1. Freehold land | 18.34 (18.29) | 0.01 (0.05) | - | 18.35 (18.34) | - | - | - | 18.35 (18.34) |
| 2. Buildings - plant* | 178.72 (178.53) | 0.24 (0.19) | - | 178.96 (178.72) | 12.47 (12.46) | - | 45.86 (33.39) | 133.10 (145.33) |
| 3. Buildings- others** | 6.54 (5.90) | 0.10 (0.64) | - | 6.64 (6.54) | 0.51 (0.30) | - | 1.10 (0.59) | 5.54 (5.95) |
| 4. Plant and machinery** | 893.25 (883.30) | 2.43 (9.95) | - | 895.68 (893.25) | 69.51 (68.85) | - | 257.44 (187.93) | 638.24 (705.32) |
| 5. Furniture and fixtures | 0.98 (0.66) | 0.09 (0.32) | - | 1.07 (0.98) | 0.12 (0.10) | - | 0.41 (0.29) | 0.66 (0.69) |
| 6. Office equipment | 0.68 (0.34) | 0.02 (0.34) | - | 0.70 (0.68) | 0.08 (0.09) | - | 0.27 (0.19) | 0.43 (0.49) |
| Total | 1,098.51 | 2.89 | - | 1,101.40 | 82.69 | - | 305.08 | 796.32 |
| Previous Year | 1,087.02 | 11.49 | - | 1,098.51 | 81.80 | - | 222.39 | 876.12 |

Notes:

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

**The first thermal generating unit commissioned during the financial year 2009-2010 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 has been constructed is yet to be finalized.

Previous year's figures are in brackets.

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Industrial Energy Limited
Notes forming part of the financial statements

Note 9 Long-term loans and advances

| Particulars | As at | As at |
|---|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| | Rs. Crores | Rs. Crores |
| Unsecured, considered good | | |
| (a) Capital advances | 87.09 | 111.71 |
| (b) Security deposits | 0.47 | 0.48 |
| (c) Advance income-tax (net of provision for tax Rs. 63.23 crores (March 31, 2013: Rs. 39.73 crores)) | 1.55 | 0.99 |
| Total | 89.11 | 113.18 |

Note 10 Current investments (at lower of cost and fair value)

| Particulars | Face Value | Units | Cost as at | Units | Cost as at |
|---|------------|------------|----------------|-----------|----------------|
| | Rupees | | March 31, 2014 | | March 31, 2013 |
| | | | Rs. Crores | | Rs. Crores |
| Investments in mutual funds- unquoted | | | | | |
| (a) ICICI Prudential Liquid Plan-Growth | 100 | 1,775,728 | 33.04 | 2,929,352 | 49.27 |
| (b) Tata Floater Fund Plan A-Growth | 1,000 | - | - | 28,583 | 4.76 |
| (c) Tata Liquid Fund Plan A-Growth | 1,000 | 44,441 | 10.10 | 71,240 | 14.62 |
| (d) Religare Ultra Short Term Fund-Growth | 1,000 | 67,227 | 11.75 | 150,471 | 24.00 |
| (e) JM High Liquidity Fund - Growth | 10 | 4,033,209 | 13.92 | 7,746,517 | 24.50 |
| (f) Birla Sunlife Cash Plus - Growth | 100 | - | - | 559,295 | 10.20 |
| (g) L&T Liquid Fund - Growth | 1,000 | 55,429 | 9.55 | 97,631 | 15.32 |
| (h) Axis Mutual Fund Liquid Fund | 1,000 | 144,005 | 20.16 | - | - |
| (i) DSP Black Rock Mutual Fund | 1,000 | 50,323 | 9.00 | - | - |
| (j) UTI Liquid Fund Cash Plan | 1,000 | 33,854 | 6.95 | - | - |
| (k) KMMF K Liquid | 1,000 | 78,292 | 20.00 | - | - |
| (l) HDFC Liquid Fund | 10 | 4,508,000 | 11.25 | - | - |
| (m) HSBC Cash Fund | 1,000 | 15,362 | 1.95 | - | - |
| (n) Sundaram Mutual Fund | 10 | 3,202,610 | 8.60 | - | - |
| (o) ICICI Prudential Ultra Short Term -- Direct Plan Direct Dividend | 100 | 9,950,641 | 10.06 | - | - |
| (p) Sundaram Ultra Short-Term Fund Regular Daily Dividend Option Reinvestment | 10 | 10,009,654 | 10.05 | - | - |
| (q) HDFC Cash Management Fund Treasury Adv Plan Retail - Daily Dividend | 10 | 20,029,606 | 20.10 | - | - |
| (r) Kotak Liquid Scheme Plan A - Daily Dividend | 1,000 | 74,061 | 9.06 | - | - |
| Total | | | 205.54 | | 142.67 |

Note 11 Inventories (at lower of cost and net realisable value)

| Particulars | As at | As at |
|----------------------------|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| | Rs. Crores | Rs. Crores |
| (a) Fuel | 21.37 | 23.94 |
| (b) Stores and spare parts | 11.66 | 10.35 |
| (c) Loose tools | 0.01 | * |
| Total | 33.04 | 34.29 |

Note:

* Represents amount lower than Rupees Fifty Thousand

Industrial Energy Limited
Notes forming part of the financial statements

Note 12 Trade receivables

| Particulars | As at March 31, 2014 Rs. Crores | As at March 31, 2013 Rs. Crores |
|---|---------------------------------------|---------------------------------------|
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment | | |
| Other Trade receivables : Unsecured considered good | 60.11 | 63.56 |
| Total | 60.11 | 63.56 |

Note 13 Cash and bank balances

| Particulars | As at March 31, 2014 Rs. Crores | As at March 31, 2013 Rs. Crores |
|--|---------------------------------------|---------------------------------------|
| (a) Cash on hand | * | * |
| (b) Balances with banks in current accounts | 0.05 | 0.19 |
| Total | 0.05 | 0.19 |
| Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash flow statement | 0.05 | 0.19 |

Note 14 Short-term loans and advances

| Particulars | As at March 31, 2014 Rs. Crores | As at March 31, 2013 Rs. Crores |
|--------------------------------|---------------------------------------|---------------------------------------|
| Unsecured, considered good | | |
| (a) Prepaid Expenses | 5.32 | |
| (b) Other advances | 0.31 | 0.10 |
| (c) Insurance Claim Receivable | | 0.17 |
| Total | 5.63 | 0.27 |

Note:

* Represents amount lower than Rupees Fifty Thousand

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Industrial Energy Limited
Notes forming part of the financial statements

Note 15 Revenue from operations

| Particulars | For the year ended | For the year ended |
|-------------------------------|--------------------|--------------------|
| | March 31, 2014 | March 31, 2013 |
| | Rs. Crores | Rs. Crores |
| (a) Revenue from power supply | 480.14 | 512.52 |
| (b) Other operating revenue | 0.02 | 0.31 |
| Total | 480.16 | 512.83 |

Note 16 Other income

| | For the year ended | For the year ended |
|--|--------------------|--------------------|
| | March 31, 2014 | March 31, 2013 |
| | Rs. Crores | Rs. Crores |
| (a) Interest income | | |
| i) Interest on Inter corporate deposits | 1.15 | 0.03 |
| ii) Interest on Deposit with banks | - | 0.04 |
| (b) Dividend income from current investments | 1.07 | - |
| (c) Gain on sale of current investments (net) | 13.92 | 7.43 |
| (d) Liability / provisions no longer required written back | 0.42 | - |
| | 16.56 | 7.50 |
| Less: Income Capitalized | | |
| i) Dividend income from current investments | 1.07 | - |
| ii) Gain on sale of current investments (net) | 1.49 | - |
| Total | 14.00 | 7.50 |

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Note 17 Finance costs

| Particulars | For the year ended | For the year ended |
|---------------------------------|--------------------|--------------------|
| | March 31, 2014 | March 31, 2013 |
| | Rs. Crores | Rs. Crores |
| Interest expenses | | |
| (a) On Fixed Period Loans | 56.36 | 65.66 |
| (b) On Inter corporate deposits | 36.43 | 8.92 |
| (c) On commercial paper | 6.54 | - |
| | 99.33 | 74.58 |
| Less: Interest capitalised | 42.97 | 8.92 |
| Total | 56.36 | 65.66 |

Note 18 Other expenses

| Particulars | For the year ended | For the year ended |
|--|--------------------|--------------------|
| | March 31, 2014 | March 31, 2013 |
| | Rs. Crores | Rs. Crores |
| (a) Consumption of stores | 6.17 | 5.65 |
| (b) Cost of services | 25.13 | 23.64 |
| (c) Raw water consumed | 2.73 | 2.90 |
| (d) Insurance | 0.77 | 1.19 |
| (e) Payments to auditors (including service tax) | | |
| (i) As auditors - statutory audit | 0.11 | 0.11 |
| (ii) For other services | 0.02 | 0.03 |
| (f) Fly ash disposal expenses | 4.01 | 4.05 |
| (g) Miscellaneous expenses | 0.53 | 0.60 |
| Total | 39.47 | 38.17 |

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Industrial Energy Limited
Notes forming part of the financial statements

Note 19 Additional information

| | As at | As at |
|---|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| | Rs. Crores | Rs. Crores |
| 19.1 Contingent liabilities and commitments (to the extent not provided for) | | |
| (a) Contingent liabilities | | |
| Claims against the company not acknowledged as debts | | |
| (b) Commitments | | |
| (i) Estimated amount of contracts remaining to be executed on capital account and not provided for. | | |
| Tangible assets | 299.22 | 669.88 |
| (ii) Other commitments | | |

19.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Based on the information received by the Company from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, there are no amounts due to any supplier covered under this Act, as at 31st March, 2014 and hence, the disclosure relating to the amounts unpaid as at the year end with interest paid or payable as required under the said Act have not been given.

19.3 C.I.F Value of Imports

| | March 31, 2014 | March 31, 2013 |
|----------------------------|----------------|----------------|
| | Rs. Crores | Rs. Crores |
| (a) Capital Goods | | |
| (b) Stores and Spare Parts | 0.07 | 0.64 |
| | <u>0.07</u> | <u>0.64</u> |

19.4 Value of stores and spare parts consumed (including fuel consumed)

| | March 31, 2014 | | March 31, 2013 | |
|----------------|----------------|---------|----------------|---------|
| | Rs. Crores | | Rs. Crores | |
| (a) Imported | 0.37 | 0.18% | 0.17 | 0.07% |
| (b) Indigenous | 209.33 | 99.82% | 239.14 | 99.93% |
| | <u>209.70</u> | 100.00% | <u>239.31</u> | 100.00% |

19.5 Segment Reporting

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'.

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INDUSTRIAL ENERGY LIMITED
Notes forming part of the financial statements

Note 19 (contd.)

Note 19.6 : Related Party Disclosures

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

(a) Names of the Holding Company and Co-Promoter:

| Sr. No. | Name of the related party | Nature of relationship | Country of origin |
|---------|---|-------------------------------------|-------------------|
| i) | The Tata Power Company Limited | Holding Company | India |
| ii) | Tata Steel Limited | Co-Promoter | India |
| iii) | Powerlinks Transmission Limited | Fellow Subsidiary | India |
| iv) | Maithon Power Limited | Fellow Subsidiary | India |
| v) | Mr. R Venkatram (upto 31st January, 2014) | Manager and Chief Executive Officer | India |
| vi) | Mr. Dinesh. S. Kudalkar (from 10th February 2014) | Manager and Chief Executive Officer | India |

(b) Details of Transactions:

| | Rs. Crores | | | | |
|--|--------------------------------|--------------------|---------------------------------|-----------------------|--------|
| | The Tata Power Company Limited | Tata Steel Limited | Powerlinks Transmission Limited | Maithon Power Limited | KMP |
| Sale of Power | - | 480.14 | - | - | - |
| Receiving of operation related services | 25.13 (23.64) | (512.52) | - | - | - |
| Receiving of project related services | 14.84 (15.51) | - | - | - | - |
| Receiving of goods | 1.38 (1.56) | 187.67 (294.55) | - | - | - |
| Inter Corporate Deposits given | - | - | - | 60.00 | - |
| Refund of Inter Corporate Deposit | - | - | (11.00) | 60.00 | - |
| Inter Corporate Deposits received | 87.00 (171.75) | 96.00 (43.20) | - | - | - |
| Interest income on ICD | - | - | - | 1.15 | - |
| Interest expenses on ICD | 24.37 (6.00) | 12.06 (2.92) | (0.03) | - | - |
| Security deposit given to Tata Power | - (4.90) | - | - | - | - |
| Coal loan from Tata Power refunded back | - (69.18) | - | - | - | - |
| Security deposit given to Tata Power received back | - (68.90) | - | - | - | - |
| Dividend Paid | 49.28 | 17.32 | - | - | - |
| Remuneration to Manager and Chief Executive Officer | - | - | - | - | 0.54 |
| Receivable at the year end | - | 60.09 (63.56) | - | - | (0.51) |
| Payable relating to Inter corporate deposits at the period/year end (including interest) | 258.75 (171.75) | 139.20 (43.20) | - | - | - |
| Other Payable at the year end | 10.87 (15.93) | - | - | - | - |
| Proposed Dividend Payable | 49.28 (49.28) | 17.32 (17.32) | - | - | - |

Note: Previous year's figures are in brackets.

Note 19.6 (a) : Managerial Remuneration

| Particulars | As at | As at |
|--|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| | Rs. Crores | Rs. Crores |
| Manager and Chief Executive Officer | 0.51 | 0.54 |
| Represents amount charged by the Holding Company | | |

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Note 19 (contd.)

19.7 Earnings per share

| | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
|---|--------------------------------------|--------------------------------------|
| Net profit for the year - (Rs. Crores) (A) | 88.61 | 80.82 |
| Weighted average number of equity shares (B) | 333,000,000 | 333,000,000 |
| Par value per shares | 10 | 10 |
| Basic and Diluted Earnings Per Share = (A) / (B) | 2.66 | 2.43 |

19.8 Taxes on Income

(a) Current Tax

Provision for current tax has been created under the provisions of Section 115(JB)-Minimum Alternate Tax of the Income Tax Act, 1961.

(b) Deferred Tax

The Company has not recognized any deferred tax liability during the current year as the entire deferred tax liability is expected to reverse within the tax holiday period under Section 80(IA) of the Income Tax Act, 1961.

19.9 (a) Total number of electricity units sold during the year – 1,553 Million Units (March 31, 2013 – 1,565 Million Units).

(b) Total number of electricity units purchased during the year – Nil Units (March 31, 2013 – Nil Units).

19.10 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

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