

**INDUSTRIAL ENERGY LIMITED**

# Deloitte Haskins & Sells LLP

Chartered Accountants  
Indiabulls Finance Centre  
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## **INDEPENDENT AUDITOR'S 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 31<sup>st</sup> March, 2015, the Statement of Profit and Loss, 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 Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.

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## **Haskins & Sells LLP**

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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

### **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 required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2015, and its profit and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

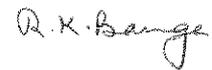
1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

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- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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



R. A. BANGA  
Partner

Membership Number: 037915

MUMBAI, 13<sup>th</sup> May, 2015

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section 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 fixed assets.
  - (b) The Company has a program of verification of fixed assets to cover all the items in phased manner over 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, certain fixed assets were physically verified by the Management during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (ii) In respect of its inventories:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals. Materials lying with third parties, have substantially been physically verified or confirmed by the third parties. In our opinion the frequency of verification is reasonable.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (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 accepted any deposit during the year. The Company does not have unclaimed deposits as at 31<sup>st</sup> March, 2015, and accordingly, provisions of Sections 73 to 76 or any other relevant provisions of the Act are not applicable to the Company.

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- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to information and explanations given to us, in respect of statutory dues:
  - (a) The Company has been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2015 for a period of more than six months from the date they became payable.
  - (c) There are no dues of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited as on 31<sup>st</sup> March, 2015 on account of disputes.
  - (d) There are no amounts that are due to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
- (viii) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
- (x) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.

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- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

*R. A. Banga*

R. A. BANGA  
Partner

Membership Number: 037915

MUMBAI, 13<sup>th</sup> May, 2015

Industrial Energy Limited

Balance Sheet as at March 31, 2015

Particulars	Notes	As at	
		March 31, 2015	March 31, 2014
		Rs. crores	Rs. crores
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	628.80	333.00
(b) Reserves and surplus	4	62.12	125.94
		<b>690.92</b>	<b>458.94</b>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	5A	757.01	402.61
(b) Deferred tax liabilities (Net)	6	103.64	-
		<b>860.65</b>	<b>402.61</b>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	5B	102.15	647.95
(b) Trade Payables (Refer Note 20.2)		6.87	4.81
(c) Other current liabilities	7	262.11	245.09
(d) Short-term provisions	8	76.25	77.92
		<b>447.38</b>	<b>975.77</b>
<b>TOTAL</b>		<b>1,998.95</b>	<b>1,837.32</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	9	748.95	796.32
(ii) Capital work-in-progress		867.16	647.52
		1,616.11	1,443.84
(b) Long-term loans and advances	10	93.50	89.11
		<b>1,709.61</b>	<b>1,532.95</b>
<b>2 Current assets</b>			
(a) Current investments	11	189.91	205.54
(b) Inventories	12	36.70	33.04
(c) Trade receivables	13	58.48	60.11
(d) Cash and bank balances	14	3.22	0.05
(e) Short-term loans and advances	15	1.03	5.63
		<b>289.34</b>	<b>304.37</b>
<b>TOTAL</b>		<b>1,998.95</b>	<b>1,837.32</b>
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

*Ashok Sethi V.S. Murthy*  
Ashok. S Sethi      V S N Murthy  
Chairman              Director

*P K Acharya*  
P K Acharya  
CFO

*Vijayan J Prasad*  
Vijayan Rangh      J Prasad  
CEO                      Secretary

MUMBAI, May 13, 2015

Industrial Energy Limited

Statement of Profit and Loss for the year ended March 31, 2015

Particulars	Note No.	For the year ended	
		March 31, 2015	March 31, 2014
		Rs. crores	Rs. crores
1 Revenue from Operations	16	516.70	480.16
2 Other Income	17	10.51	14.00
<b>3 Total revenue (1+2)</b>		<b>527.21</b>	<b>494.16</b>
<b>4 Expenses</b>			
(a) Cost of fuel		241.83	203.53
(b) Finance costs	18	47.82	56.36
(c) Depreciation	9	45.32	82.69
(d) Other expenses	19	45.54	39.47
<b>Total expenses</b>		<b>380.51</b>	<b>382.05</b>
<b>5 Profit before tax (3-4)</b>		<b>146.70</b>	<b>112.11</b>
<b>6 Tax Expense:</b>			
(a) Current tax expense		31.20	23.50
(b) Deferred tax expense		103.64	-
		134.84	23.50
<b>7 Profit for the year (5-6)</b>		<b>11.86</b>	<b>88.61</b>
<b>8 Earnings per share basic and diluted</b> (Face value Rs. 10 per share)	20.7	0.22	2.08
<b>See accompanying notes forming part of the financial statements</b>			

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

*Ashok S Sethi*      *V.S.N. Murthy*  
Ashok. S Sethi      V S N Murthy  
Chairman      Director

*P K Acharya*  
P K Acharya  
CFO

*Vijayan*      *J Prasad*  
Vijayan Ranjan      J Prasad  
CEO      Secretary

MUMBAI, May 13, 2015

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**Industrial Energy Limited**
**Cash Flow Statement for the year ended March 31,2015**

	For the year ended	
	March 31, 2015 Rs. crores	March 31, 2014 Rs. crores
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxes	146.70	112.11
<b>Adjustment for:</b>		
Depreciation	45.32	82.69
Finance costs	47.82	56.36
Interest on Inter- corporate deposits given	-	(1.15)
Profit on sale of current investments	(10.48)	(12.43)
	82.66	125.47
<b>Operating Profit before Working Capital Changes</b>	229.36	237.58
Adjustment for (increase)/decrease in operating assets:		
Inventories	(3.66)	1.25
Trade receivables	1.63	3.45
Long-term loans and advances	0.10	0.01
Short-term loans and advances	(0.72)	(0.04)
Adjustment for increase/(decrease) in operating liabilities:		
Trade payables	2.06	(0.44)
Other current liabilities	(1.03)	(1.71)
	(1.62)	
<b>Cash generated from Operations</b>	227.74	240.11
Taxes paid (net)	(30.18)	(24.06)
<b>Net Cash from Operating Activities</b>	<b>A</b> 197.56	216.04
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets, including capital advances	(151.80)	(342.13)
Purchase of current investments	(639.70)	(910.75)
Sale of current investments	666.51	861.80
Inter-corporate deposits given	-	(60.00)
Refund of inter-corporate deposits	-	60.00
Dividend on current investment	0.55	1.07
Interest received	-	1.15
<b>Net Cash used in Investing Activities</b>	<b>B</b> (124.44)	(388.86)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity shares (right issue)	295.80	-
Proceeds from long-term borrowings	432.00	-
Repayment of long term borrowings	(77.60)	(77.60)
Interest paid	(96.43)	(104.80)
Dividend paid	(66.60)	(66.60)
Dividend tax paid	(11.32)	(11.32)
Inter-corporate deposits received	-	183.00
Inter-corporate deposits refunded	(295.80)	-
Proceeds from other short-term borrowings	-	250.00
Repayment of other short-term borrowings	(250.00)	-
<b>Net Cash generated /(used) in Financing Activities</b>	<b>C</b> (69.95)	172.68
<b>Net increase/(Decrease) in Cash and Cash equivalents (A+B+C)</b>	3.17	(0.14)
<b>Cash and Cash Equivalents as at April 1, 2014 (Opening Balance)</b>	0.05	0.19
<b>Cash and Cash Equivalents as at Mar 31, 2015 (Closing Balance)</b>	<b>3.22</b>	<b>0.05</b>

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 56.37 crores (March 31, 2014: Rs. 42.97 crores)

(c) 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

MUMBAI, May 13, 2015

As at 31-Mar-15	As at 31-Mar-14
Rs. crores	Rs. crores
*	*
3.22	0.05
3.22	0.05

For and on behalf of the Board

Ashok S Sethi  
Ashok. S Sethi  
Chairman

V S N Murthy  
V S N Murthy  
Director

P K Acharya  
P K Acharya  
CFO

Vijayant Ranjan  
Vijayant Ranjan  
CEO

J Prasad  
J Prasad  
Secretary

**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 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 of 120 MW inside Tata Steel Limited premises at Jamshedpur Works and Power Plant namely Unit 5 plant of 120 MW 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.

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

**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 specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. 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 recognised in the periods in which the results are known / materialise.

**(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 and cash equivalents (for purposes of Cash Flow Statement):**

Cash comprises cash on hand. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**(e) Cash flow statement:**

Cash flows are reported using the indirect method, whereby profit 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.

**(f) Depreciation:**

Depreciation on fixed assets has been provided on the straight line method using the methodology and the rates notified by the Central Electricity Regulatory Commissions (Terms and Conditions of Tariffs) Rules, 2014. Refer Note 2.1.

**(g) 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.

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**Industrial Energy Limited**  
**Notes forming part of the financial statements**

**Note 2: Significant accounting policies (contd.)**

**(h) Other income**

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive is established.

**(i) Fixed assets:**

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

**Capital work-in-progress:**

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

**(j) 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 the statement of profit and loss for the year.

**(k) Investments:**

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

**(l) 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.

**(m) 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.

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**Note 2: Significant accounting policies (contd.)**

**(n) Taxes on income:**

**Current taxes**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

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 highly 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 substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

**(o) 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 disclosed in the notes. A Contingent asset is neither recognized nor disclosed in the financial statements.

**Note 2.1**

Pursuant to the enactment of the Companies Act 2013 (the 'Act'), the Company has, effective 1st April 2014, reviewed and revised the estimated useful life of its fixed assets. Depreciation which was hitherto charged on a straight line method at rates which were provided in the power purchase agreements is now charged on straight line method over the balance useful life using the methodology as notified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014. Consequently, the depreciation charge for the year ended March 31, 2015 is lower by Rs. 36.92 crores.

In earlier periods the deferred tax liability on timing difference relating to depreciation was not recognised in accordance with the Accounting Standard 22 'Accounting for Taxes on Income' ("AS 22") since the timing difference was expected to reverse during the tax holiday period. As a result of the change in depreciation as above, the Company has during the year ended March 31, 2015 recognised deferred tax liability of Rs. 103.64 crores in respect of timing difference which is now expected to reverse after the tax holiday period.

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**Note 3: Shareholders' funds - Share capital**

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of shares	Rs. crores	Number of shares	Rs. crores
(a) Authorised				
Equity shares of Rs. 10 each	2,00,00,00,000	2,000.00	2,00,00,00,000	2,000.00
(b) Issued, subscribed and fully paid up				
Equity shares of Rs. 10 each	62,88,00,000	628.80	33,30,00,000	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, 2015		As at March 31, 2014	
	Number of shares	Rs. crores	Number of shares	Rs. crores
Issued, subscribed and fully paid up				
At the beginning of the year	33,30,00,000	333.00	33,30,00,000	333.00
Add: Issued during the year	29,58,00,000	295.80	-	-
<b>Outstanding at the end of the year</b>	<b>62,88,00,000</b>	<b>628.80</b>	<b>33,30,00,000</b>	<b>333.00</b>

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, 2015, the amount of per share dividend recognised as distribution to equity shareholder was Rs. 1 per share (March 31, 2014: Rs. 2 per share).

(iii) 465,312,000 shares (March 31, 2014- 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, 2015		As at March 31, 2014	
	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)	46,53,12,000	74%	24,64,20,000	74%
Tata Steel Limited	16,34,88,000	26%	8,65,80,000	26%

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**Industrial Energy Limited**  
Notes forming part of the financial statements

**Note 4 Shareholders' funds - Reserves and surplus**

	As at March 31, 2015 Rs. crores	As at March 31, 2014 Rs. crores
<b>General Reserve</b>		
Opening balance	12.72	6.07
Add: Amount transferred from Surplus in Statement of Profit and Loss	-	6.65
Closing balance	<u>12.72</u>	<u>12.72</u>
<b>Surplus in Statement of Profit and Loss</b>		
Opening balance	113.22	109.18
Add: Profit for the year	11.86	88.61
Less: Proposed dividend (amount Rs 1 per share (31st March, 2014- Rs 2 per share))	62.88	66.60
Additional income tax on dividend	12.80	11.32
Transfer to General Reserve	-	6.65
Closing balance	<u>49.40</u>	<u>113.22</u>
<b>Closing balance</b>	<u><b>62.12</b></u>	<u><b>125.94</b></u>

**Note 5 Borrowings**

	As at March 31, 2015		As at March 31, 2014	
	Non current	Current	Non current	Current
	Rs. crores	Rs. crores	Rs. crores	Rs. crores
<b>A. Long-term Borrowings</b>				
<b>Secured</b>				
<b>From Banks</b>				
(a) State Bank of Patiala	85.60	20.00	105.60	20.00
(b) Allahabad Bank	85.60	20.00	105.60	20.00
(c) Jammu & Kashmir Bank	32.53	7.60	40.13	7.60
(d) HDFC Bank	282.00	-	-	-
(e) Kotak Mahindra Bank	100.00	-	-	-
<b>From Financial Institutions</b>				
(f) Infrastructure Development Finance Corporation Limited	121.28	30.00	151.28	30.00
(g) Infrastructure Development Finance Corporation Limited	50.00	-	-	-
	<u>757.01</u>	<u>77.60</u>	<u>402.61</u>	<u>77.60</u>

**Note :**

**Security:**

- (a) The loans from State Bank of Patiala, Allahabad Bank, Jammu & Kashmir Bank and Infrastructure Development Finance Corporation Limited mentioned in (a), (b), (c) and (f) above are secured by first charge on all movable and immoveable properties of the project at Jamshedpur namely power house 6 and unit 5.
- (b) The loan from HDFC Bank, Kotak Mahindra Bank and Infrastructure Development Finance Corporation Limited mentioned in (d), (e) and (g) above respectively have been secured by first charge on all the movable assets (both tangible and intangible), monies maintained by the Company in the Debt Service Reserve Account (DSRA) pertaining to the KPO Project and all current assets of the Kalinganagar project both present and future.

**Terms of repayment for Long-term Borrowings**

- (c) The Loan from Banks and Financial Institutions mentioned in (a), (b), (c) and (f) above are redeemable at par in 40 quarterly installments of Rs. 19.40 crores each commencing from 15th April, 2010.
- (d) The Loan from Banks and Financial Institutions mentioned in (d), (e) and (g) above are redeemable at par in 56 quarterly installments of Rs. 14.29 each (of sanctioned amount of Rs. 800 crores) commencing from 30th June, 2016.

**B. Short-term Borrowings**

**Unsecured**

	As at March 31, 2015 Rs. crores	As at March 31, 2014 Rs. crores
a) Commercial Paper (maximum amount outstanding during the year Rs 250 crore (March 31, 2014: Rs 250 crore)	-	250.00
b) Inter corporate deposits from Related Parties		
- The Tata Power Company Limited (Holding Company)	39.86	258.75
- Tata Steel Limited	62.29	139.20
	<u>102.15</u>	<u>647.95</u>

**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.

**Industrial Energy Limited**  
**Notes forming part of the financial statements**

**Note 6 Deferred tax liabilities (net)**

	As at March 31, 2015 Rs. crores	As at March 31, 2014 Rs. crores
<b>Tax effect of items constituting deferred tax liabilities:</b>		
On difference between book balance and tax balance of fixed assets	103.64	-
	<b>103.64</b>	<b>-</b>

**Note 7 Other current liabilities**

	As at March 31, 2015 Rs. crores	As at March 31, 2014 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	3.37	0.93
(ii) Statutory remittances	0.24	1.45
(iii) Payables on purchase of fixed assets	180.72	165.11
(iv) Advance from customers	0.18	-
	<b>262.11</b>	<b>245.09</b>

**Note 8 Short-term provisions**

	As at March 31, 2015 Rs. crores	As at March 31, 2014 Rs. crores
Provision for tax (net of advance tax Rs. 54.13 crores (March 31, 2014: Rs. Nil))	0.57	-
Provision for proposed dividend	62.88	66.60
Provision for additional income-tax on dividend	12.80	11.32
	<b>76.25</b>	<b>77.92</b>

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## Note 9 Fixed assets

## (i) Tangible assets - owned

Particulars	GROSS BLOCK						DEPRECIATION			Rs. crores
	As at 01-04-2014 (at cost)	Additions during the year	Deductions during the year	As at 31-03-2015 (at cost)	As at 01-04-2014	Additions during the year	Deductions during the year	As at 31-03-2015	As at 31-03-2015	NET BLOCK
	1. Freehold land	18.35 (18.34)	- (0.01)	-	18.35 (18.35)	-	-	-	-	18.35 (18.35)
2. Buildings - plant (Refer note 1 and 2)	178.96 (178.72)	0.06 (0.24)	-	179.02 (178.96)	45.86 (33.39)	7.31 (12.47)	-	53.17 (45.86)	125.85 (133.10)	
3. Buildings- others (Refer note 2)	6.64 (6.54)	0.07 (0.10)	-	6.71 (6.64)	1.10 (0.59)	0.30 (0.51)	-	1.40 (1.10)	5.31 (5.54)	
4. Plant and machinery (Refer note 2)	895.68 (893.25)	(2.25) * (2.43)	-	893.43 (895.68)	257.44 (187.93)	37.47 (69.51)	-	294.91 (257.44)	598.52 (638.24)	
5. Furniture and fixtures	1.07 (0.98)	0.02 (0.09)	-	1.09 (1.07)	0.41 (0.29)	0.11 (0.12)	-	0.52 (0.41)	0.57 (0.66)	
6. Office equipment	0.70 (0.68)	0.05 (0.02)	-	0.75 (0.70)	0.27 (0.19)	0.13 (0.08)	-	0.40 (0.27)	0.35 (0.43)	
<b>Total</b>	<b>1,101.40</b>	<b>(2.05)</b>	<b>-</b>	<b>1,099.35</b>	<b>305.08</b>	<b>45.32</b>	<b>-</b>	<b>350.40</b>	<b>748.95</b>	
<b>Previous Year</b>	<b>1,098.51</b>	<b>2.89</b>	<b>-</b>	<b>1,101.40</b>	<b>222.39</b>	<b>82.69</b>	<b>-</b>	<b>305.08</b>	<b>796.32</b>	

## 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.

\* after considering liquidated damages received of Rs. 4.93 crores

Industrial Energy Limited  
Notes forming part of the financial statements

Note 10 Long-term loans and advances

Particulars	As at	
	March 31, 2015	March 31, 2014
	Rs. crores	Rs. crores
Unsecured, considered good		
(a) Capital advances	92.03	87.09
(b) Security deposits	0.37	0.47
(c) Advance income-tax (net of provision for tax Rs. 39.73 crores (March 31, 2014: Rs. 63.23 crores))	1.10	1.55
	<b>93.50</b>	<b>89.11</b>

Note 11 Current investments (at lower of cost and fair value)

Particulars	Face Value	Units	Cost as at	Units	Cost as at
			March 31, 2015		March 31, 2014
	Rupees		Rs. crores		Rs. crores
Investments in mutual funds- unquoted					
(a) ICICI Prudential Liquid- Regular Plan - Growth	100	1,012,435	19.75	1,775,728	33.04
(b) Tata Money Market Fund Plan A - Growth	1,000	116,763	25.21	-	-
(c) Tata Liquid Fund Plan A - Growth	1,000	11,685	3.01	44,441	10.10
(d) Religare Liquid Fund - Growth	1,000	135,552	25.45	67,227	11.75
(e) JM High Liquidity Fund - Growth	10	2,786,684	10.08	4,033,209	13.92
(f) L&T Liquid Fund - Growth	1,000	57,784	11.00	55,429	9.55
(g) Axis Liquid Fund - Growth	1,000	190,902	28.70	144,005	20.16
(h) DSP BlackRock Liquidity Fund -Institutional - Growth	1,000	83,497	16.36	50,323	9.00
(i) UTI Liquid Cash Plan - Institutional - Growth	1,000	-	-	33,854	6.95
(j) Kotak Liquid Scheme Plan A - Growth	1,000	-	-	78,292	20.00
(k) HDFC Liquid Fund	10	8,086,164	21.04	4,508,000	11.25
(l) HSBC Cash Fund-Growth	1,000	-	-	15,362	1.95
(m) Sundaram Money Fund-Growth	10	-	-	3,202,610	8.60
(n) ICICI Prudential Ultra Short Term -- Direct Plan Direct Dividend	10	-	-	9,950,641	10.06
(o) ICICI Prudential Saving Fund - Regular Plan -growth	100	1,080,200	22.30	-	-
(p) Sundaram Ultra Short-Term Fund Regular Daily Dr Div 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
(s) IDFC Money Manager Fund Treasury Plan- Growth-(Regular Plan)	10	41,328	7.01	-	-
			<b>189.91</b>		<b>205.54</b>

Note 12 Inventories (at lower of cost and net realisable value)

	As at	
	March 31, 2015	March 31, 2014
	Rs. crores	Rs. crores
(a) Fuel	24.79	21.37
(b) Stores and spare parts	11.89	11.66
(c) Loose tools	0.02	0.01
	<b>36.70</b>	<b>33.04</b>

**Industrial Energy Limited**  
**Notes forming part of the financial statements**

**Note 13 Trade receivables**

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
	Rs. crores	Rs. crores
Trade receivables outstanding for a year exceeding six months from the date they were due for payment	-	-
Other Trade receivables :		
Unsecured considered good	58.48	60.11
	<u>58.48</u>	<u>60.11</u>

**Note 14 Cash and bank balances**

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
	Rs. crores	Rs. crores
(a) Cash on hand	*	*
(b) Balances with banks in current accounts	3.22	0.05
	<u>3.22</u>	<u>0.05</u>
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statement	3.22	0.05

**Note 15 Short-term loans and advances**

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
	Rs. crores	Rs. crores
Unsecured, considered good		
(a) Security deposits given to others	0.08	-
(b) Prepaid Expenses	0.80	5.32
(c) Other advances	0.15	0.31
	<u>1.03</u>	<u>5.63</u>

Note:

\* Represents amount lower than Rupees Fifty Thousand

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**Industrial Energy Limited**  
**Notes forming part of the financial statements**

**Note 16 Revenue from operations**

	For the year ended	
	March 31, 2015	March 31, 2014
	Rs. crores	Rs. crores
(a) Revenue from power supply	516.37	480.14
(b) Other operating revenue	0.33	0.02
	<b>516.70</b>	<b>480.16</b>

**Note 17 Other income**

	For the year ended	
	March 31, 2015	March 31, 2014
	Rs. crores	Rs. crores
(a) Interest on Inter corporate deposits	-	1.15
(b) Dividend income from current investments	0.55	1.07
(c) Gain on sale of current investments (net)	11.18	13.92
(d) Liquidated damages recovered	0.03	-
(e) Liability / provisions no longer required written back	-	0.42
	<b>11.76</b>	<b>16.56</b>
Less: Income Capitalized		
i) Dividend income from current investments	0.55	1.07
ii) Gain on sale of current investments (net)	0.70	1.49
	<b>10.51</b>	<b>14.00</b>

**Note 18 Finance costs**

	For the year ended	
	March 31, 2015	March 31, 2014
	Rs. crores	Rs. crores
Interest expenses		
(a) On Fixed period Loans	70.71	56.36
(b) Interest on Short Term Loan	4.93	-
(c) On Inter corporate deposits	23.23	36.43
(d) Other Interest	5.32	6.54
	104.19	99.33
Less: Interest capitalised	56.37	42.97
	<b>47.82</b>	<b>56.36</b>

**Note 19 Other expenses**

	For the year ended	
	March 31, 2015	March 31, 2014
	Rs. crores	Rs. crores
(a) Consumption of stores	7.69	6.17
(b) Cost of services	26.96	25.13
(c) Raw water consumed	2.76	2.73
(d) Insurance	2.04	0.77
(e) Payments to auditors (including service tax)		
(i) As auditors - statutory audit	0.15	0.11
(ii) For other services	0.06	0.02
(f) Fly ash disposal expenses	3.35	4.01
(g) Expenditure on Corporate Social Responsibility	1.50	-
(h) Miscellaneous expenses	1.03	0.53
	<b>45.54</b>	<b>39.47</b>

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**Industrial Energy Limited**  
Notes forming part of the financial statements

**Note 20 Additional information**

	As at March 31, 2015 Rs. crores	As at March 31, 2014 Rs. crores
<b>20.1 Contingent liabilities and commitments (to the extent not provided for)</b>		
(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	99.47	214.25
(ii) Other commitments	-	-

**20.2 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, 2015 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.

**20.3 C.I.F Value of Imports**

	March 31, 2015 Rs. crores	March 31, 2014 Rs. crores
(a) Capital Goods	-	-
(b) Stores and Spare Parts	0.40	0.07
	<u>0.40</u>	<u>0.07</u>

**20.4 Value of stores and spare parts consumed (including fuel consumed)**

	March 31, 2015		March 31, 2014	
	Rs. crores		Rs. crores	
(a) Imported	0.26	0.10%	0.37	0.18%
(b) Indigenous	249.26	99.90%	209.33	99.82%
	<u>249.52</u>	100.00%	<u>209.70</u>	100.00%

**20.5 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 20 (contd.)**

**Note 20.6 : 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)	Maithon Power Limited	# Fellow Subsidiary	India
iv)	Coastal Gujarat Power Limited	# Fellow Subsidiary	India
v)	Mr. Vijayant Ranjan (from January 17, 2015)	Manager and Chief Executive Officer	India
vi)	Mr. D Kudalkar (upto January 17, 2015)	Manager and Chief Executive Officer	India

(b) Details of Transactions:

	Rs. crores				
	The Tata Power Company Limited	Tata Steel Limited	Coastal Gujarat Power Limited	Maithon Power Limited	Key Management person
Sale of Power	-	516.37	-	-	-
	-	(480.14)	-	-	-
Receiving of operation related services	26.96	-	-	-	-
	(25.13)	-	-	-	-
Receiving of project related services	4.09	-	-	-	-
	(14.84)	-	-	-	-
Receiving of goods	1.46	237.53	0.60	-	-
	(1.38)	(187.67)	-	-	-
Receiving of Other services	0.05	-	-	-	-
	(0.05)	-	-	-	-
Inter Corporate Deposits given	-	-	-	-	-
	-	-	-	(60.00)	-
Refund of Inter Corporate Deposit	218.89	76.91	-	-	-
	-	-	-	(60.00)	-
Inter Corporate Deposits received	-	-	-	-	-
	(87.00)	(96.00)	-	-	-
Receipt of share application money against Rights issue and its corresponding allotment	218.89	76.91	-	-	-
	-	-	-	-	-
Interest income on ICD	-	-	-	(1.15)	-
	-	-	-	-	-
Interest expenses on ICD	13.44	9.79	-	-	-
	(24.37)	(12.06)	-	-	-
Dividend Paid	49.28	17.32	-	-	-
	(49.28)	(17.32)	-	-	-
Remuneration to Manager and Chief Executive Officer paid by holding company	-	-	-	-	0.61
	-	-	-	-	(0.54)
Receivable at the year end	-	58.31	-	-	-
	-	(60.09)	-	-	-
Payable relating to Inter corporate deposits at the year/year end (including interest)	39.86	62.29	-	-	-
	(258.75)	(139.20)	-	-	-
Other Payable at the year end	1.93	-	-	-	-
	(10.87)	-	-	-	-
Proposed Dividend Payable	46.53	16.35	-	-	-
	(49.28)	(17.32)	-	-	-

Note: Previous year's figures are in brackets.

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Industrial Energy Limited  
Notes forming part of the financial statements

Note 20 (contd.)

20.7 Earnings per share

		For the year ended March 31, 2015	For the year ended March 31, 2014
Net profit for the year - (Rs. Crores)	(A)	11.86	88.61
Weighted average number of equity shares	(B)	54,23,04,763	42,51,17,667
Par value per shares		10	10
Basic and Diluted Earnings Per Share =	(A) / (B)	0.22	2.08

Pursuant to the rights issue, earnings per share (EPS) in respect of previous year has been restated as per Accounting Standard-20 (AS-20) - "Earnings Per Share", specified under the Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

20.8 (a) Total number of electricity units sold during the year – 1580 Million Units (March 31, 2014 – 1,553 Million Units).

(b) Total number of electricity units purchased during the year – Nil Units (March 31, 2014 – Nil Units).

20.9 During the year the Company has spent 0.22 crores and paid Rs. 1.28 crores to Tata Power Community Development Trust towards CSR activities for F.Y 2014-15.

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

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