Industrial Energy Limited

S.R. BATLIBOI & CO. LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of Industrial Energy Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Industrial Energy Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with the Companies (Indian Accounting Standards) Rules, 2016, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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 Ind AS 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 of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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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An audit involves performing procedures to obtain audit evidence about the amounts and 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 Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of 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 Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS 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, of the state of affairs of the Company as at March 31, 2018, its profit/loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2017, included in these Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on 15th May 2017.

The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 01, 2016 prepared in accordance with Ind AS, included in these standalone Ind AS financial statements, have been audited by the predecessor auditor who had audited the standalone financial statements for the relevant periods. The report of the predecessor auditor on the comparative financial information and the opening balance sheet dated March 31st 2018 expressed an unmodified opinion.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" 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 purpose 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;

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(c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2016, as amended;

(e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) 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 has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 28 to the Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

T. Das Mahapatra

S.R. Batliboi & Co. LLP Kolkata

per Tanmoy Das Mahapatra
Partner
Membership Number: 058259
Place of Signature: Kolkata
Date: April 26, 2018

"ANNEXURE 1" referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of Industrial Energy Limited ('the Company') as at and for the year ended March 31, 2018

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanation given to us and the records examined by us and based on the examination of the registered sale deed/transfer deed/conveyance deed provided to us, we report that, the title deeds, comprising of all the immovable properties of land are in the name of the company as at the balance sheet date

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) According to the information and explanation given to us the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The maintenance of cost records has been specified by the central government under section 148(1) of the companies' act 2013. We have broadly reviewed the books of account maintained by the Company pursuant to the companies rules 2014 made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, and are of the opinion that prima facie, the specified

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accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii)

A. The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it.

B. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year-end, for a period of more than six months from the date they became payable.

C. According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders. The company has not taken any loan from the government.

(ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments. The term loan have been applied by the company during the year for the purpose for which they were raised.

(x) To the best of our knowledge and according to the information and explanation given to us, no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act,

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2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us , the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013 and hence provisions of section 192 of Companies Act, 2013 are not applicable.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

T. Das Mahapatra

S.R. Batliboi & Co. LLP Kolkata

per Tanmoy Das Mahapatra
Partner
Membership Number: 058259
Place of Signature: Kolkata
Date: April 26, 2018

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF INDUSTRIAL ENERGY LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Industrial Energy Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

S.R. Batliboi & Co. LLP
Kolkata

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

T. Das Mahapatra

S.R. Batliboi & Co. LLP Kolkata

per Tanmoy Das Mahapatra
Partner
Membership Number: 058259
Place of Signature: Kolkata
Date: April 26, 2018

Industrial Energy Limited

Balance Sheet as at March 31, 2018

All amounts are in Rs. Crores unless otherwise stated

Particulars	Notes	As at 31-Mar-2018	As at 31-Mar-2017
ASSETS			
Non-current Assets			
(a) Property, plant and equipment	3	5.85	5.53
(b) Capital Work-in-Progress		78.76	238.73
(c) Financial Assets			
(i) Finance Lease Receivables	4	1,410.73	1,338.59
(ii) Other Financial Assets	5	0.08	0.62
(d) Advance Income Tax (Net)		8.78	2.96
(e) Other Non-current Assets	6	9.68	0.57
Total Non-current Assets		1,513.88	1,587.00
Current Assets			
(a) Inventories	7	21.05	16.79
(b) Financial Assets			
(i) Investments	8	29.98	15.80
(ii) Trade Receivables	9	66.45	89.71
(iii) Cash and cash Equivalents	10A	1.99	2.47
(iv) Other Bank Balances	10B	48.72	7.35
(v) Finance lease receivables	4	100.25	92.56
(vi) Other financial assets	5	18.67	43.73
(vii) Unbilled Receivables		-	19.43
(c) Other Current Assets	6	9.57	0.48
Total Current Assets		296.68	288.32
TOTAL ASSETS		1,810.56	1,875.32
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	11	666.00	666.00
(b) Other Equity	12	86.14	116.03
Total Equity		752.14	782.03
LIABILITIES			
Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	13	528.10	643.55
(b) Provisions	14	7.91	4.20
(c) Deferred Tax Liabilities (Net)	15	217.94	172.34
Total Non-current Liabilities		753.95	820.09
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	46.22	-
(ii) Trade Payables	17	18.72	39.19
(iii) Other Financial Liabilities	18	196.30	224.45
(b) Provisions	14	0.20	2.00
(c) Current Tax Liabilities (Net)		0.87	6.77
(d) Other Current Liabilities	19	42.16	0.79
Total Current Liabilities		304.47	273.20
Total Liability		1,058.42	1,093.29
TOTAL EQUITY AND LIABILITIES		1,810.56	1,875.32

See accompanying notes to the financial statements 1-38

In terms of our report attached.

For S.R.BATLIBOI & CO LLP
ICAI Firm registration number: 301003E/E300005
Chartered Accountants

T. Das Mahapatra

Tanmoy Das Mahapatra
Partner
Membership no: 058259

S R Batliboi & Co. LLP Kolkata

Mumbai, April 26,2018

For and on behalf of the Board of Directors

Ashok Sethi

Ashok S Sethi
Chairman

R Ranganath
Director

Vijayant Ranjan
Chief Executive Officer

Sourav Mukherjee

Sourav Mukherjee
Chief Financial Officer

Jitendra Prasad
Secretary

Mumbai, April 26,2018

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Industrial Energy Limited

Statement of Profit and Loss for the Year ended March 31, 2018

All amounts are in Rs. Crores except for earnings per share information

	Particulars	Notes	Year ended 31-Mar-2018	Year ended 31-Mar-2017
I	Revenue from Operations	20	372.61	539.20
II	Other Income	21	11.94	10.36
III	**Total Income (I+II)**		**384.55**	**549.56**
IV	**Expenses**			
	(a) Cost of Fuel Consumed		81.60	217.44
	(b) Employee Benefits Expense	22	18.27	16.17
	(c) Finance Costs	23	73.84	89.21
	(d) Other Expenses	24	64.06	78.64
	Total Expenses (IV)		**237.77**	**401.46**
V	**Profit Before Tax (III-IV)**		146.78	148.10
VI	**Tax Expense:**			
	(i) Current Tax	25	31.15	36.57
	(ii) Deferred Tax	25	45.60	68.93
			76.75	105.50
VII	**Profit for the year (V-VI)**		**70.03**	**42.60**
VIII	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements (gain)/loss on Defined Benefit Plans		(0.35)	0.32
	(ii) Income -Tax relating to items that will not be reclassified to (profit) or loss		0.07	(0.07)
	Total Other Comprehensive (Income)/Expenses		**(0.28)**	**0.25**
IX	**Total Comprehensive Income for the year (VII-VIII)**		**70.31**	**42.35**
	Earnings Per Equity Share- basic and diluted (in Rs.)	26	**1.05**	**0.64**
	See accompanying notes to the financial statements	1-38		

In terms of our report attached.

For S.R.BATLIBOI & CO LLP
ICAI Firm registration number: 301003E/E300005
Chartered Accountants

T. Das Mahapatra

Tanmoy Das Mahapatra
Partner
Membership no: 058259

S.R. Batliboi & Co. LLP Kolkata

Mumbai, April 26,2018

For and on behalf of the Board of Directors

Ashok Sethi

Ashok S Sethi
Chairman

R.Ranganath,
Director

Vijayant Ranjan
Chief Executive Officer

Sourav Mukherjee

Sourav Mukherjee
Chief Financial Officer

Jitendra Prasad
Secretary

Mumbai, April 26,2018

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Industrial Energy Limited

Statement of changes in equity for the Year ended March 31,2018
All amounts are in Rs. Crores unless otherwise stated

(a) Equity Share Capital

Particulars	Amount
Balance As at April 1,2017	666.00
Changes in equity share capital during the year	-
Balance as at March 31,2018	666.00

(b) Other Equity

Particulars	Reserves and Surplus		Total Equity
	General reserve	Retained Earnings	
Balance As at April 1,2017	19.33	96.70	
Profit for the year	-	70.31	70.31
Total comprehensive income for the year	-	70.31	70.31
Transfer from retained earnings		-	
Payment of final dividends on equity shares (including Rs. 16.95 crores tax thereon)	-	(100.20)	(100.20)
Transfer to General reserve	-	-	-
Balance as at March 31,2018	**19.33**	**66.81**	**-29.90**

See accompanying notes to the financial statements

In terms of our report attached
For S.R.BATLIBOI & CO LLP
ICAI Firm registration number: 301003E/E300005
Chartered Accountants

T. Das Mahapatra

Tanmoy Das Mahapatra
Partner
Membership no: 058259

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Chief Financial Officer

Jitendra Prasad
Secretary

SIGN &

Mumbai, April 26,2018

Mumbai, April 26,2018

Industrial Energy Limited

Statement of cash flows for the Year ended March 31, 2018
All amounts are in Rs. Crores unless otherwise stated

Particulars	Year ended 31-Mar-2018	Year ended 31-Mar-2017
Cash flows from operating activities		
Profit for the year	70.03	42.60
Adjustments for :		
Income tax expense recognised in profit or loss	76.68	105.50
Net (gain) arising on financial assets designated as at FVTPL	(5.92)	(6.63)
Interest Income from Fixed deposit & others	(0.45)	-
Finance costs	73.84	89.21
	214.18	**230.68**
Movements in working capital		
Decrease/(Increase) in trade and other receivables	42.69	5.48
Decrease in finance lease receivable	(79.83)	54.33
Decrease/(Increase) in inventories	(4.26)	25.99
Increase in other financial assets and other assets	16.51	(7.57)
Increase in trade payables	(20.47)	5.01
(Decrease) / Increase in other liabilities	54.47	(2.37)
Cash generated from operations	**223.29**	**311.55**
Income taxes paid (net)	(42.80)	(29.87)
Net cash generated by operating activities	**180.49**	**281.68**
Cash flows from investing activities		
Payments for property, plant and equipment given on finance lease including capital advances	113.86	(44.58)
Fixed deposit placed with bank as margin money against borrowing	(41.37)	(7.35)
Proceeds from sale of investments	597.29	565.80
Purchase of current investments	(605.55)	(443.84)
Net Cash used in investing activities	**64.23**	**70.03**
Cash flows from financing activities		
Proceed from Short Term Borrowings	46.22	-
Proceeds from Long Term Borrowings	-	25.00
Repayment of long-term borrowings	(118.23)	(167.11)
Dividends paid on equity shares (including dividend distribution tax)	(100.20)	(120.24)
Interest paid	(72.99)	(89.61)
Net Cash used in financing activities	**(245.20)**	**(351.96)**
Net increase / (decrease) in cash and cash equivalents	(0.48)	(0.25)
Cash and cash equivalents at the beginning of the year (Refer note 10A)	2.47	2.72
Cash and cash equivalents at the end of the year (Refer note 10A)	**1.99**	**2.47**

See accompanying notes to the financial statements

Cash and Cash Equivalents

Particulars	Year ended 31-Mar-2018	Year ended 31-Mar-2017
A. Balance with Banks	1.99	2.47
Total	**1.99**	**2.47**

In terms of our report attached
For S.R.BATLIBOI & CO LLP
ICAI Firm registration number: 301003E/E300005
Chartered Accountants

T. Das Mahapatra

Tanmoy Das Mahapatra
Partner
Membership no: 058259

S.R. Batliboi & Co. LLP Kolkata

Mumbai, April 26,2018

For and on behalf of the Board of Directors

Ashok Sethi

Ashok. S Sethi
Chairman

R.Ranganath
Director

Vijayant Ranjan
Chief Executive Officer

Sourav Mukherjee

Sourav Mukherjee
Chief Financial Officer

Jitendra Prasad
Secretary
Mumbai, April 26,2018

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Industrial Energy Limited

Notes to the financial statement for the year ended 31st March 2018
All amounts are in Rs. crores unless otherwise stated

Note 1 General Information:

Industrial Energy Limited ("IEL" or "the Company") was incorporated on 7th February, 2007 and has its registered office at Corporate Centre, 34, Sant Tukaram Road, Carnac Bunder, 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 under a tolling agreement.

Note 2 Significant Accounting Policies:

2.1 Statement of Compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

2.2 Basis of preparation and presentation:

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

2.3 Current versus non-current classification:

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The group has identified twelve months as its operating cycle.

2.4 Use of Estimates:

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of finance lease receivable, valuation of deferred tax assets and provisions and contingent liabilities.

2.5 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

2.5.1 Rendering of Services

Revenue from a contract to provide services is recognised at the contractual rates as defined in the Power Purchase Agreement/Tolling Agreements entered into with the customers.

During the year the Company has entered into Tolling Agreement with TATA Steel Limited (TSL) whereby TSL shall provide Coal/gas for the 240 MW coal/gas based unit at Jamshedpur and 135 MW gas based unit at Kalinganagar under this Tolling Agreement and IEL will use the coal/gas delivered by TSL for conversion into electricity for TSL.

TSL would have the right on the entire 375 MW on first right basis and IEL will be paid Conversion Charges for the Contracted Capacity. TSL shall pay the Conversion Charges Payment regardless of whether TSL accepts any Net Electrical Output from such Unit (subject to any exceptions specified in the relevant Conversion Charge schedule).

TSL shall reimburse GST or any other tax/ levy/ duties on the tolling charges to IEL as per the rates applicable during the relevant period of time.

The total power generated by these Unit belongs to TSL and shall be given exclusively to TSL as the generated power belongs to TSL as per the prevailing rules and regulations. IEL shall not be permitted to sell any power from the proposed Units to any Third Party. However, if specific written Agreement is arrived at between IEL and TSL, IEL can sell the surplus power to a Third Party based on revenue sharing mechanism to be agreed separately.

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2.5.2 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of the leases.

The power purchase agreements - PPA entered into by the Company, provide for selling entire power generated from the respective plant to Tata Steel Limited (TSL) for a period of 25 years. Further such agreements provide for entire recovery of the capital costs of the plant during the PPA term. Considering the above, management concluded that the above arrangements are is in nature of finance lease.

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

Accordingly, Property Plant and Equipment of the Company related to the plants at Jamshedpur and Kalinganagar has been derecognised and based on recognition and measurement criteria established in Ind AS-17 "Leases" - lease receivable/lease income has been recognized.

2.5.3 Dividend and interest income

Dividend income from investments is recognised when the right to receive payment has been established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.6 Foreign Currencies

The Company's financial statements are presented in Indian Rupee, which is also the Company's functional currency.

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

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2.7 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.8 Employee benefits

2.8.1 Defined contribution plans

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

2.8.2 Defined benefits plans

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in the Statement of profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'.
The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

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2.8.3 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.9 Income-taxes

2.9.1 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9.2 Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset.

2.9.3 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The Company's operations are carried out under tax holiday period (80IA benefits of Income Tax Act, 1961). Deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.9.4 Accounting policy under tax holiday schemes

No deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the concerned entity's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the recognition of deferred tax assets is restricted to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

2.10 Property plant and equipment:

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.11 Inventories

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Inventories contains stores and spares items only and hence are stated at cost. Costs of inventories are determined on a weighted average basis.

2.12 Provision

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.13 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.14 Financial Assets

All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2.14.1 Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2.14.2 Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs

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directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in the statement of profit and loss.

2.14.3 Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

2.14.4 Impairment of Financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

2.15 Financial liabilities and equity instruments

2.15.1 Classification as debt or equity

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.15.2 Equity Instruments

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An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company entity are recognised at the proceeds received, net of direct issue costs.

2.15.3 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

2.15.4 Financial liabilities subsequently measured at amortised cost

Financial liabilities are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the gross carrying amount on initial recognition.

2.15.5 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.16 Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

2.17 Cash Flow Statement

Cash flows are reported using the indirect method, where by profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.18 Earnings per share

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(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

• the profit attributable to owners of the Company
• by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus element in equity shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

• the after income tax affect of interest and other financing costs associated with dilutive potential equity shares,
and
• the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.19 Contingent Liabilities

Contingent liabilities are disclosed in the financial statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

2.20 Critical accounting estimates and judgements

In the application of the Company's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

Estimation of current tax expense and payable - Note 25,
Allowance for Finance Lease Receivable - Note 4,
Estimation of fair values of contingent liabilities - Note 28
Estimation of employee benefit obligations - Note 29

Estimates and judgement are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

2.21 Ind AS 7:

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Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

Note 3 Standards issued but not yet effective:
The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

a) Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was issued on 29 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 April 2018. The Company plans to adopt the new standard on the required effective date using the full retrospective method. These amendments are not expected to have any material impact on the company.

b) Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the Company as the Company has no deductible temporary differences or assets that are in the scope of the amendments.

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Industrial Energy Limited
Notes to Financial Statement for the Period Ended March 31, 2018
All amounts are in Rs. Crores unless otherwise stated

3. Property, Plant and Equipment

Details	Free Hold Land	Building Plant	Building Others	Plant & Machinery	Transmission Lines	Furniture & Fixtures	Office Equipments	Total
Carrying Amont of :								
Cost as at April 1,2017	5.53	-	-	-	-	-	-	5.53
Additions	0.32	0.09	30.04	144.93	3.56	0.17	0.01	179.12
Assets classified under finance lease as per Ind AS 17- "Leases"	-	(0.09)	(30.04)	(144.93)	(3.56)	(0.17)	(0.01)	(178.80)
Cost as at March 31,2018	5.85	-	-	-	-	-	-	5.85
								-
Accumalated Depreciation								
Accumalated Depreciation as at 1st April,2017	-	(74.98)	0.55	(406.18)	0.42	(0.62)	(0.21)	(482.77)
Depreciation for the year	-	12.44	0.03	70.54	2.16	0.12	0.01	85.63
Assets classified under finance lease as per Ind AS 17- "Leases"		(12.44)	(0.03)	(70.54)	(2.16)	(0.12)	(0.01)	(85.63)
Accumalated Depreciation as at March 31,2018	-	**(88.55)**	**(0.61)**	**(479.56)**	**(4.58)**	**(0.74)**	**(0.22)**	**(568.40)**
Net Carrying amount as at March 31,2017	5.53	-	-	-	-	-	-	5.53
Net Carrying amount as at March 31,2018	5.85	-	-	-	-	-	-	5.85

Industrial Energy Limited
Notes to Financial Statement for the Period Ended March 31, 2018
All amounts are in Rs. Crores unless otherwise stated

4. Finance Lease Receivable

Particulars	As at 31-Mar-2018	As at 31-Mar-2017
Non-Current		
Non- Current Finance Lease Receivable	1,410.73	1,338.59
Total	**1,410.73**	**1,338.59**
Current		
Current Finance Lease Receivable	100.25	92.56
Total	**100.25**	**92.56**

4.1 Leasing Arrangements

The Company has three power plants situated at Unit 5 Jamshedpur, Unit 6 Jamshedpur and Kalingnagar (KPO) which supply power to plants of Tata Steel Limited. The Company further has an operational Boiler house at KPO which augments the power generation of the existing plant. The arrangements in respect of all these assets are in nature of lease under Appendix C of Ind-AS 17 "Leases". The Company has only single customer.

Particulars	Minimum Lease Payments		Present value of mimimum lease	
	As at 31-Mar-2018	As at 31-Mar-2017	As at 31-Mar-2018	As at 31-Mar-2017
Not later than one year	317.30	331.23	100.25	103.62
Later than one year and not later than five years	1,059.04	1,033.04	342.47	369.89
Later than five years	2,735.00	2,528.92	1,068.26	957.64
	4,111.34	**3,893.19**	**1,510.98**	**1,431.15**
Unearned finance income	2,600.36	2,462.04		
Present value of mimimum lease payments receivable	**1,510.98**	**1,431.15**	**1,510.98**	**1,431.15**
Allowance for uncollectible lease payments	-	-	-	-
	1,510.98	**1,431.15**	**1,510.98**	**1,431.15**

Unguaranteed residual values of assets leased under finance leases at the end of the reporting period are estimated at NIL (as at 31st March 2017 : NiL)

The interest rate inherent in the leases is fixed at the contract for the entire lease term.

The average effective interest rate contracted for Unit 5 Jamshedpur is approximately 16.98% per annum (as at 31st March 2017: 17.12% per annum)

The average effective interest rate contracted for Unit 6 Jamshedpur is approximately 14.55% per annum (as at 31st March 2017: 14.53% per annum)

The average effective interest rate contracted for Units 1 and 2 Kalinganagar is approximately 13.96% per annum (as at 31st March 2017: 13.45% per annum)

The average effective interest rate contracted for Unit 3 Kalinganagar is approximately 14.46% per annum (as at 31st March 2017: NA)

5. Other Financial Assets

(Unsecured,Considered good)

Particulars	As at 31-Mar-2018	As at 31-Mar-2017
Non-current		
Security Deposits	0.08	0.62
Total	**0.08**	**0.62**
Current		
Lease Income Accrued on Finance Lease Receivable	18.67	26.09
Other Receivable from Joint venture partners and others	-	17.64
Total	**18.67**	**43.73**

6. Other Assets

(Unsecured,Considered good)

Particulars	As at 31-Mar-2018	As at 31-Mar-2017
Non-current		
Capital Advances	9.68	0.57
Total	**9.68**	**0.57**
Current		
Balance receivable from Govt. Authorities	8.76	
Advance to Suppliers	0.63	0.31
Prepaid Expenses	0.18	0.17
Total	**9.57**	**0.48**

Kolkata

Industrial Energy Limited
Notes to Financial Statement for the Period Ended March 31, 2018
All amounts are in Rs. Crores unless otherwise stated

7. Inventories

Particulars	As at 31-Mar-2018	As at 31-Mar-2017
Inventories (at weighted average cost)		
Fuel	2.91	5.07
Stores and Spare parts	18.14	11.72
Total	21.05	16.79

8. Investments

Particulars	As at 31-Mar-2018		As at 31-Mar-2017	
	No of units	Amount	No of units	Amount
Unquoted Investments in mutual fund				
(at Fair Value through Profit and Loss)				
(a) JM High Liquidity Fund - Growth			3,550,438	15.80
(b) DSP Black Rock Liquidity Fund	37,679.420	9.36		
(c) Tata Money Market Fund - Growth	16,580.460	4.54		
(d) Invesco Liquid Fund - Growth Plan	48,427.053	11.56		
(e) UTI MF Money Market Direct Growth	23,172.202	4.52		
Total		29.98		15.80

9 Trade Receivable

Particulars	As at 31-Mar-2018	As at 31-Mar-2017
Current		
Trade Reveivables		
(a) Unsecured, Considered good	66.45	89.71
(b) Doubtful	-	11.24
	66.45	100.95
Allowance for doubtful debts	-	(11.24)
Total	66.45	89.71

Notes

(1) The average credit period on conversion charges is 30 days. No interest is charged on outstanding balances above 30 days.

(2) Company has only single customer i.e. Tata Steel Limited (TSL), Joint venture partner. The Company's entire receivable is from TSL for its plants situated at Jamshedpur and Kanlinganagar and accordingly credit risk is minimal.

(3) Age of receivables

Particulars	As at 31-Mar-18	As at 31-Mar-17
Within credit period	50.16	37.49
1-30 days past due	1.30	3.23
31-60 days past due	1.86	5.25
61-90 days past due	0.89	28.62
More than 90 days past due	12.24	26.36
Total	66.45	100.95

10A Cash and Cash Equivalents

Particulars	As at 31-Mar-2018	As at 31-Mar-2017
Balances with Banks	1.99	2.47
Total	1.99	2.47
Of the above, the balance that meet the definition of cash and cash equivalents as per Ind AS 7 statement of cash flows.	1.99	2.47

10B Other Bank Balances

Particulars	As at 31-Mar-2018	As at 31-Mar-2017
Other Bank Balances		
Term deposit held as margin money against borrowing	48.72	7.35
Total	48.72	7.35

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Industrial Energy Limited

Notes to Financial Statement for the Period Ended March 31, 2018

All amounts are in Rs. Crores unless otherwise stated

11 Equity Share Capital

Particulars	As at 31-Mar-2018	As at 31-Mar-2017
Equity Share Capital	666.00	666.00
	666.00	**666.00**
Authorised Share Capital		
2000,000,000 fully paid equity shares of Rs. 10 each	2,000.00	2,000.00
Issued,Subscribed and Paid-up		
666,000,000 fully paid equity shares of Rs. 10 each (as at March 31, 2017: 666,000,000).	666.00	666.00
Total	**666.00**	**666.00**

11.1 Reconciliation of Issued, Subscribed and fully Paid-up number of equity shares and amount outstanding at the beginning and at the end of the reporting period.

Particulars	Number of Shares in '000s	Share Capital
Balance as at April 1, 2017	666,000	666.00
Add: Issued during the year	-	
Balance as at March 31, 2018	**666,000**	**666.00**

11.2 Terms / rights attached to equity shares

(a) The Company has only one class of equity share having a par share value of Rs.10 per. Each equity shareholder is eligible for one vote per share held. Further each equity shareholder is entitled for dividend as and when the company declares and pays dividend after obtaining shareholders approval.

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

11.3 Details of shares held by each share holder holding more than 5%

Particulars	As at 31-Mar-2018	As at 31-Mar-2017
The Tata Power Company Ltd, the Holding company (in number '000)		
- Number of shares held in '000	492,840,000	492,840,000
- % holding of equity shares	74%	74%
Tata Steel Limited (in number '000)		
- Number of shares held in '000	17,316,000	17,316,000
- % holding of equity shares	26%	26%

S R Batliboi & Co Kolkata

Industrial Energy Limited

Notes to Financial Statement for the Period Ended March 31, 2018

All amounts are in Rs. Crores unless otherwise stated

12. Other Equity

Particulars	As at 31-Mar-2018	As at 31-Mar-2017
General Reserve	19.33	19.33
Retained Earnings	66.81	96.70
Total	**86.14**	**116.03**

12.1 General Reserve

Particulars	As at 31-Mar-2018	As at 31-Mar-2017
Balance at the beginning of the Year	19.33	19.33
Transfer from retained earnings	-	-
Balance at the end of the period/year	**19.33**	**19.33**

12.2 Retained Earnings

Particulars	As at 31-Mar-2018	As at 31-Mar-2017
Balance at the beginning of the Year	**96.70**	**174.59**
Profit for the period/year	70.03	42.60
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	0.28	(0.25)
Total Comprehensive Income	**70.31**	**42.35**
Less: Appropriation of surplus		
Payment of final dividend on equity shares (including dividend distribution tax)	-	(60.12)
Payment of Interim dividend on equity shares (including dividend distribution tax)	(100.20)	(60.12)
Balance at the end of the Period/Year	**66.81**	**96.70**

12.3 Distributions made by way of dividend

The Board of Directors through a Circular Resolution dated 22nd December, 2017 had declared an Interim dividend of 12.5% (Rs 1.25 per equity share of par value of Rs 10 each). This has resulted in a cash outflow of Rs 100.20 crores , inclusive of dividend distribution tax of Rs 16.95 crores.

S R Batliboi & Co. LLP Kolkata

Industrial Energy Limited
Notes to Financial Statement for the Period Ended March 31, 2018
All amounts are in Rs. Crores unless otherwise stated

13. Non-current Borrowings

Particulars	As at 31-Mar-2018	*As at* 31-Mar-2017
Secured - at amortised cost		
Term Loans		
from banks	607.80	706.03
from others	38.48	58.48
	646.28	764.51
Less: Current maturities of long term loan (Refer note 18)	(118.18)	(120.96)
Total non-current borrowings	**528.10**	**643.55**

13.1 Details of Security

(a) The term loan from State Bank of Patiala, Allahabad Bank, Jammu & Kashmir Bank, IDFC Bank Limited and Infrastructure Development Finance Corporation Limited as mentioned in serial no. 1 to 5 below are secured by first charge on all movable and immovable properties of the project at Jamshedpur, Jharkhand namely Unit 5 and Power House 6.

(b) The term loan from HDFC Bank, IDFC Bank Limited and Kotak Mahindra Bank as mentioned in sr. no. 6 to 8 below are secured by first charge on all movable assets (both tangible and intangible), monies maintained by the Company in the Debt service reserve account (DSRA) and all current assets (both current and future) of the Kalinganagar Project, at Jajpur, Odisha.

13.2 Details of original terms of repayment of term loans are stated below:

As at March 31, 2018

Sr.	Particulars	Amount outstanding	Terms of repayment	Rate of Interest
1	State Bank of Patiala	45.60	Rs.5.00 Crore Per Quarter	8.85%
2	Allahabad Bank	45.60	Rs.5.00 Crore Per Quarter	8.85%
3	Jammu & Kashmir Bank	17.33	Rs.1.90 Crore Per Quarter	8.85%
4	IDFC Bank Limited	22.80	Rs.2.50 Crore Per Quarter	8.85%
5	Infrastructure Development Finance Corporation Limited	38.48	Rs.5.00 Crore Per Quarter	8.85%
6	HDFC Bank	208.64	Rs.4.35 Crore Per Quarter	9.80%
7	IDFC Bank Limited	128.57	Rs.2.68 Crore Per Quarter	10.30%
8	Kotak Mahindra Bank	139.26	Rs.3.12 Crore Per Quarter	10.55%
Total Borrowing		**646.28**		

As at March 31, 2017

Sr.	Particulars	Amount outstanding	Terms of repayment	Rate of Interest
1	State Bank of Patiala	65.60	Rs.5.00 Crore Per Quarter	10.25%
2	Allahabad Bank	65.60	Rs.5.00 Crore Per Quarter	10.25%
3	Jammu & Kashmir Bank	24.93	Rs.1.90 Crore Per Quarter	10.25%
4	IDFC Bank Limited	32.80	Rs.2.50 Crore Per Quarter	10.25%
5	Infrastructure Development Finance Corporation Limited	58.48	Rs.5.00 Crore Per Quarter	10.25%
6	HDFC Bank	226.06	Rs.5.04 Crore Per Quarter	10.65%
7	IDFC Bank Limited	139.29	Rs.2.68 Crore Per Quarter	10.65%
8	Kotak Mahindra Bank	151.76	Rs.3.12Crore Per Quarter	10.65%
Total Borrowing		**764.51**		

S R Batliboi & Co. Kolkata

Industrial Energy Limited

Notes to Financial Statement for the Period Ended March 31, 2018

All amounts are in Rs. Crores unless otherwise stated

14. Provisions

Particulars	As at 31-Mar-2018	As at 31-Mar-2017
Non-current		
Provision for Employee Benefit obligation	7.91	4.20
Total	7.91	4.20
Current		
Provision for Employee Benefit obligation	0.20	2.00
Total	0.20	2.00

15. Deferred tax balances

Particulars	As at 31-Mar-2018	As at 31-Mar-2017
Deferred Tax Liabilities (net)	217.94	172.34
Total	217.94	172.34

15.1 Deferred tax reconciliation

Particulars	As at 31-Mar-2018	As at 31-Mar-2017
Deferred Tax Liabilities		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation for financial reporting	217.93	210.33
Deferred Tax Assets		
Carried forward unabsorbed depreciation	-	37.99
Total	217.93	172.34

16. Current Borrowings

Particulars	As at 31-Mar-2018	As at 31-Mar-2017
Unsecured-at amortised cost		
Loans from related party	46.22	-
Total	46.22	-

16.1 Loan from related parties are repayable on call and carries interest @ 10% p.a.

17. Trade Payables

Particulars	As at 31-Mar-2018	As at 31-Mar-2017
(a) Total Outstanding dues of micro enterprises and small enterprises (refer note 38)	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	18.72	39.19
Total	18.72	39.19

18. Other Financial Liabilities

Particulars	As at 31-Mar-2018	As at 31-Mar-2017
Current		
(a) Current Maturities of Long-term Loan (Refer note 13)	118.18	120.96
(b) Payables towards Purchase of Property,Plant and Equipments given on finance lease	43.75	80.42
(c) Interest Accrued but not due on Term loan	2.10	2.74
(d) Interest Accrued on Loans from Related Party	1.03	-
(e) Tariff Adjustment account (Net) (Refer note 18.1)	31.24	20.33
Total	196.30	224.45

18.1 As per the PPA for PH#6 the company is required to true up its billing every 5 Years starting from 2011 onwards. Currently billing and revenue recognition is being done @ Rs 1.32 per unit. Company continues to make adjustments to revenue for the effects of truing up.

19. Other Current Liabilities

Particulars	As at 31-Mar-2018	As at 31-Mar-2017
Statutory Liabilities	42.16	0.79
Total	42.16	0.79

S R Batliboi & Co. LLP Kolkata

Industrial Energy Limited
Notes to Financial Statement for the Period Ended March 31, 2018
All amounts are in Rs. Crores unless otherwise stated

20. Revenue from Operations

Particulars	Year ended 31-Mar-2018	Year ended 31-Mar-2017
(a) Revenue from Operation Management Services	151.34	325.57
(b) Finance Lease Income	202.88	195.72
(c) Other Operating Revenue	18.39	17.91
Total	**372.61**	**539.20**

21. Other Income

Particulars	Year ended 31-Mar-2018	Year ended 31-Mar-2017
(a) Liquidated Damages and others	5.57	3.73
(b) Interest income on Fixed Deposit	0.45	-
(c) Other gains and losses		
Net realised and unrealised gain arising on financial assets designated as at Fair Value Through Profit & Loss	5.92	6.63
Total	**11.94**	**10.36**

22. Employee Benefit Expense

Particulars	Year ended 31-Mar-2018	Year ended 31-Mar-2017
(a) Salary and Wages	14.57	13.50
(b) Contribution to provident funds	0.49	0.45
(c) Staff Welfare expenses	2.49	1.63
(d) Gratuity (refer note no 29)	0.72	0.59
Total	**18.27**	**16.17**

23. Finance Costs

Particulars	Year ended 31-Mar-2018	Year ended 31-Mar-2017
Interest costs:		
Interest on bank loans	69.24	89.21
Interest on loan from related party	4.60	-
Total	**73.84**	**89.21**

S R Batliboi & Co. LLP Kolkata

Industrial Energy Limited
Notes to Financial Statement for the Period Ended March 31, 2018
All amounts are in Rs. Crores unless otherwise stated

24. Other Expenses

Particulars		Year ended 31-Mar-2018	*Year ended 31-Mar-2017*
(a)	Consumption of Stores and spare parts	4.55	4.82
(b)	Cost of Services	12.10	12.18
(c)	Raw Water Consumed	8.72	8.59
(d)	Repairs and Maintenance - Machinery	35.18	27.73
(e)	Insurance	1.75	2.43
(f)	Expenditure on Corporate Social Responsibility	2.48	2.22
(g)	Payments to Auditors	0.31	0.36
(h)	Fly Ash Disposal Expenses	3.00	2.34
(i)	(Reversal) / Allowance for Doubtful Debts	(11.24)	11.24
(j)	Miscellaneous Expenses	7.21	6.73
	Total	64.06	78.64

24.1 Auditor's Remuneration (inclusive of tax)

Particulars	Year ended 31-Mar-2018	*Year ended 31-Mar-2017*
As auditor		
Audit Fee (including Rs.0.05 to erstwhile auditor)	0.22	0.26
Tax audit fees	0.04	
Other Services (pertaining to erstwhile auditor)	0.04	0.09
Reimbursement of expenses(including Rs.0.002 to erstwhile auditors)	0.01	0.01
Total	0.31	0.36

25. Income taxes

Particulars	Year ended 31-Mar-2018	*Year ended 31-Mar-2017*
(1) Income taxes recognised in profit and loss		
Current tax		
In respect of the current year	31.15	36.57
Total	**31.15**	**36.57**
Deferred tax		
In respect of the current year	45.60	68.93
Total	**45.60**	**68.93**
Income-tax recognised in statement of profit or loss	**76.75**	**105.50**
(2) Income tax recognised in other comprehensive income		
In respect of the current year	0.07	(0.07)
Income tax recognised in other comprehensive income	**0.07**	**(0.07)**
Total	**76.82**	**105.43**

25.1 The reconciliation between the provision of Income-tax of the Company and amounts computed by applying the Indian statutory Income-tax rate to profit before taxes is as follows:

Particulars	*Year ended 31-Mar-2018*	*Year ended 31-Mar-2017*
Profit before tax	146.78	148.10
Enacted income-tax rate in India (in %)	34.61%	34.61%
Computed expected tax expense	50.80	51.25
Effect of:		
Income additionally chargeable to income tax	-	11.19
Temporary differences created/reversed during the tax holiday period	(5.19)	6.75
Income subject to Minimum alternate tax		
Income-tax subject to Minimum alternate tax	31.15	36.57
Other permanent differences	-	(0.26)
Income tax expense recognised in statement of profit or loss	**76.75**	**105.50**

The tax rate used for the financial years 2017-18 and 2016-17 reconciliations above is the corporate tax rate of 34.608% payable by the corporate entities in India on taxable profits under the Indian tax law.

S R Batliboi & Co. LLP Kolkata

Industrial Energy Limited
Notes to Financial Statement for the Period Ended March 31, 2018
All amounts are in Rs crores unless otherwise stated

26. Basic & Diluted Earnings per Share

Particulars		Year ended 31-Mar-2018	Year ended 31-Mar-2017
(a)	Profit for the year attributable to owner of the Company	70.03	42.60
(b)	Weighted average number of equity shares for the purposes of basic and diluted earnings per share (Number of Shares)	666,000,000	666,000,000
(c)	Basic & diluted earnings per share (in Rupees)	1.05	0.64
(d)	Nominal value per share (in Rupees)	10.00	10.00

27. Commitments

Particulars		As at 31-Mar-2018	As at 31-Mar-2017
(a)	Estimated amount of Contracts remaining to be executed (net of capital advance Rs. 9.65 ; 31.03.2017: NIL) on capital account and not provided for.	-	45.84
		-	**45.84**

28. Contingent liabilities

Particulars		As at 31-Mar-2018	As at 31-Mar-2017
a)	Claims against the Company not acknowledged as debts Recovery of the Dividend distributuon tax (DDT) allowed from Tata Steel Limited (TSL) as per the Power Purchase Agreement. However, basis mutual agreement between the parties, amount of DDT recovered for the period FY 2011-12 to FY 2014-15 to be refunded considering that set off of DDT paid is allowed from FY 2011-12. The company has refunded the amounts in the current ear.	-	15.77
		-	15.77

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All amounts are in Rs crores unless otherwise stated

29. Employee benefits

29. 1 Defined contribution plans

The Company operates defined contribution retirement benefit plans for all qualifying employees. The employees of the Company are member of Employee Provident Fund, retirement benefit plan, operated by the Central Government. The Company is required to contribute a specified percentage of payroll costs to the Employee Provident Fund which is the only obligation of the Company with respect to the retirement benefit plan.

The total expense recognized in Profit & Loss Account is Rs.0.49 (Previous year ended 31st March, 2017: Rs. 0.45) represents contribution paid/payable to the Employee Provident Fund.

29. 2 Defined benefit plans

Unfunded

Post-Employment Medical Benefits
The Company provides certain post-employment health care benefits to superannuated employees. In terms of the plan, the retired employees can avail free medical check-up and medicines at Company's facilities.

Pension (Including Director pension)
The Company operates a defined benefit pension plan for employees who have completed 15 years of continuous service. The plan provides benefits to members in the form of a pre-determined lumpsum payment on retirement. Executive Director, on retirement, is entitled to pension payable for life including HRA benefit. The level of benefit is approved by the Board of Directors of the Company from time to time.

Ex-Gratia Death Benefit
The Company has a defined benefit plan granting ex-gratia in case of death during service. The benefit consists of a pre-determined lumpsum amount along with a sum determined based on the last drawn basic salary per month and the length of service.

Retirement Gift
Funded

Gratuity plan

The Company has a defined benefit gratuity plan. The gratuity plan is primarily governed by the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of five years are eligible for gratuity. The level of benefits provided depends on the member's length of service and salary at the retirement, withdrawal, resignation, death of an employee. The gratuity plan is funded plan. The gratuity fund is managed by Aditya Birla Sun Life Insurance Company Limited. The fund has the form of a trust and is governed by Trustees appointed by the Company. The Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy in accordance with the regulations. The funds are deployed in recognized insurer managed funds in India. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimates of expected gratuity payments.

These plans typically expose the Company to actuarial risk such as: Demographic risk, interest rate risk, and Salary Inflation risk.

Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

Interest rate risk : The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase

Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation.

In respect of the present value of defined benefit obligations was carried out at 31st March, 2017 by Wills Towes Watson.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	As at 31-Mar-2018	As at 31-Mar-2017
Discount rate	7.70%	7.10%
Expected rate of salary increase	7.00%	8.00%
Expected rate of withdrawal		
>if age of employee is between 21 to 44 years	2.50%	2.50%
>if age of employee is more that 44 years	1.00%	1.00%
Expected rate of Medical Inflation / Gold inflation	8.00%	0.00%

Amounts recognised in statement of profit and loss in respect of these defined benefits plans are as follows:

Particulars	Gratuity - Funded		Others - Unfunded	
	Year ended 31-Mar-2018	Year ended 31-Mar-2017	Year ended 31-Mar-2018	Year ended 31-Mar-2017
Current Service Cost	0.42	0.33	0.07	-
Past Service Cost and (gain)/loss from settlements	-	-	0.65	-
Net Interest cost on net defined benefit liability/(assets)	0.30	0.26	0.05	-
Components of defined benefit costs recognised in profit or loss	0.72	0.59	0.76	-

Re-measurement on the net defined benefit liability :

Particulars	Gratuity - Funded		Others - Unfunded	
	Year ended 31-Mar-2018	Year ended 31-Mar-2017	Year ended 31-Mar-2018	Year ended 31-Mar-2017
Actuarial (Gains)/losses arising from defined benefit obligation experience	(0.35)	0.32	0.09	-
Components of defined benefit costs recognised in other comprehensive income	(0.35)	0.32	0.09	-

S R Batliboi & Co. LLP Kolkata

Industrial Energy Limited
Notes to Financial Statement for the Period Ended March 31, 2018
All amounts are in Rs crores unless otherwise stated

29. Employee benefits - Continued

The current service cost and the net interest expense for the year are included in the "Employee benefits expense" line item in the statement of profit and

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

Particulars	Gratuity - Funded		Others - Unfunded	
	Year ended 31-Mar-2018	Year ended 31-Mar-2017	Year ended 31-Mar-2018	Year ended 31-Mar-2017
Present value of funded defined benefit obligation	4.58	4.20	0.86	-
Fair value of plan assets	-	-	-	-
Restriction on asset recognised		-	-	-
Net liability arising from defined benefit obligation	4.58	4.20	0.86	-

Movements in the present value of the defined benefit obligations are as follows:

Particulars	Gratuity - Funded		Others - Unfunded	
	Year ended 31-Mar-2018	Year ended 31-Mar-2017	Year ended 31-Mar-2018	Year ended 31-Mar-2017
Opening defined benefit obligations	4.20	-	-	-
Current service Cost	0.43	0.33	0.07	-
Past Service Cost	-	-	0.65	-
Interest Cost	0.30	0.25	0.05	-
Actuarial (Gains)/losses arising from experience	(0.35)	0.32	0.09	-
Liabilities assumed	-	3.30	-	-
Closing defined benefit obligation	4.58	4.20	0.86	-

Sensitivity Analysis
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Particulars	Gratuity - Funded		Others - Unfunded	
	Year ended 31-Mar-2018	Year ended 31-Mar-2017	Year ended 31-Mar-2018	Year ended 31-Mar-2017
Effect on defined benefit obligation due to change in discount rate by				
0.50% Increased	(0.25)	(0.21)	(0.06)	-
0.50% Decreased	0.27	0.22	0.07	-
Effect on defined benefit obligation due to change in Expected rate of salary by				
0.50% Increased	0.27	0.22	0.02	-
0.50% Decreased	(0.25)	(0.21)	(0.02)	-
Effect on defined benefit obligation due to change in Expected rate of withdrawal by				
5% Increased	-	-	(0.03)	-
Effect on defined benefit obligation due to change in Expected rate of Medical Inflation by				
0.50% Increased	-	-	0.04	-
0.50% Decreased	-	-	(0.03)	-

Maturity profile of defined benefit obligation:

Particulars	Gratuity - Funded		Others - Unfunded	
	Year ended 31-Mar-2018	Year ended 31-Mar-2017	Year ended 31-Mar-2018	Year ended 31-Mar-2017
Within 1 year	0.09	0.18	0.05	-
1-2 year	0.60	0.21	0.06	-
2-3 year	0.10	0.49	0.06	-
3-4 year	0.11	0.23	0.07	-
4-5 year	0.13	0.25	0.07	-
5-10 year	2.59	2.73	0.49	-

S R Batliboi & Co. LLP
Kolkata

Industrial Energy Limited

Notes to Financial Statement for the Period Ended March 31, 2018
All amounts are in Rs crores unless otherwise stated

30. Disclosure as required by Indian Accounting Standard (IndAS) 24 "Related Party Disclosures" are as follows:

(a) Names of the related parties

Sr. No.	Name of the related party	Nature of relationship	Country of origin
(i)	The Tata Power Company Limited	Joint Venture Partner	India
(ii)	Tata Steel Limited	Joint Venture Partner	India
(iii)	Tata Projects Limited	Associate of Joint Venture	India

(b) Related party transactions and outstanding balances

(i) Trading and other transactions

Details of transactions

Nature of transaction	The Tata Power Company Limited	Tata Steel Limited	Tata Projects Limited
Revenue from Operation Management Services	-	151.34	-
	(-)	(325.57)	(-)
Finance lease income	-	202.88	-
	(-)	(195.72)	(-)
Other Operating revenues	-	18.30	-
	(-)	(17.80)	(-)
Purchase of coal	-	71.54	-
	(-)	(184.16)	(-)
Cost of services (CSA Expenses)	12.10	-	-
	(12.14)	(-)	(-)
Raw water consumed	4.58	4.07	-
	(4.55)	(4.04)	(-)
Miscellaneous Expenses	(-)	(-)	(-)
	(0.44)	(-)	(-)
Project related services	1.99	(-)	(-)
	(2.37)	(-)	(-)
Purchase of Fixed Assets	-	-	11.66
	(0.01)	(-)	(20.77)
Equity Contribution	-	-	-
	(-)	(-)	(-)
Dividend paid	61.61	21.65	-
	(73.93)	(25.97)	(-)

(ii) Loan from related party

Details of transactions

Nature of transaction	The Tata Power Company Limited	Tata Steel Limited	Tata Projects Limited
Loan from related party	(-)	46.22	(-)
	(-)	(-)	(-)
Interest on loan from related party	(-)	4.60	(-)
	(-)	(-)	(-)

There were no dues outstanding as on March 31, 2017 related to loan from related party.

(iii) Compensation of key management personnel

Nature of transaction	Key Management person
Compensation paid / payable	0.79
	(0.72)

The above post-employment benefits excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

Note: Previous year's figures are in brackets.

(iii) Balances payable to Related Parties are as follows:

Name of the related party	Nature of Balances	As at March 31, 2018	As at March 31, 2017
The Tata Power co. ltd	Trade Payables	3.01	12.51
Tata Steel Ltd	Trade Payables	0.23	11.81
Tata Projects ltd	Trade Payables	34.72	59.97

(iv) Balances Receivable From Related Parties are as follows:

Name of the related party	Nature of Balances	As at March 31, 2018	As at March 31, 2017
The Tata Power co. ltd	Other Receivables from Joint venture partner	-	6.96
Tata Steel Ltd	Other Receivables from Joint venture partner	-	10.68
Tata Steel Ltd	Trade Receivables	66.45	89.71
Tata Steel Ltd	Unbilled Revenue	-	19.43
Tata Steel Ltd	Lease Income Accrued on Finance Lease Receivable	18.67	26.09
Tata Steel Ltd	Lease receivable	1,510.98	1,431.15

S R Batliboi & Co. LLP Kolkata

Industrial Energy Limited

Notes to Financial Statement for the Period Ended March 31, 2018

All amounts are in Rs crores unless otherwise stated

31 Financial Instruments

31.1 Capital Management

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through loans and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

31.2 Financial risk management

In its ordinary operations, the Company's activities expose it to the various types of risks, which are associated with the financial instruments and markets in which it operates. The Company has a risk management policy which covers the other risks associated with the financial assets and liabilities such as interest rate risks, credit risks and liquidity risk. The risk management policy is approved by the board of directors. The following is the summary of the main risks:

31.2.1 Market Risk

Market risk is the risk that relates to changes in market prices, such as interest rates (interest rate risk) and will affect the company's income or value of it's holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

31.2.2 Interest rate risk management

Interest rate risk is the risk that relates to the fair value or future cash flows of a financial instrument which fluctuate because of changes in market interest rates. The capital expenditure of the company is financed by loans, the shareholders' fund and internal proceeds. The interest bearing loans of the Company comprises of both fixed and floating rate.

Interest rate sensitivity:

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	50 bps increase in Bank Base rates	50 bps decrease in Bank Base rates	50 bps increase in Bank Base rates	50 bps decrease in Bank Base rates
Interest (cost) / saving on Indian Rupees loan	(3.64)	3.64	(3.82)	3.82
(Loss) / Gain effect on profit before tax	(3.64)	3.64	(3.82)	3.82

31.2.3 Credit risk management

The Company takes on exposure to credit risk, which is the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. Financial assets that potentially expose the Company to credit risks are listed below:

Particulars	As at 31-Mar-2018	As at 31-Mar-2017
Finance lease receivables	1,510.98	1,431.15
Trade receivables	66.45	89.71
Unbilled receivables	-	19.43
Other financial assets	18.75	44.35
Total	1,596.18	1,584.64

Finance lease receivables, trade receivable and unbilled receivables

The only customer for the company is Tata Steel Limited, Joint venture partner and revenue is based on the terms agreed in Power Purchase Agreement or the other agreements. Also since the customer is a group company and going through the past track of the company, the Company's exposure to credit risk is minimal.

31.2.4 Price risk management

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in net assets value (NAV) of the financial instruments held.

The Company manages the surplus funds majorly through investments in mutual fund schemes. The price of investment in these mutual fund schemes is reflected through Net Asset Value (NAV) declared by the Asset Management Company on daily basis as reflected by the movement in the NAV of invested schemes. The Company is exposed to price risk on such investments.

The carrying amount of the Company's investments designated at fair value through profit or loss at the year end are as follows:

Particulars	As at 31.03.2018	As at 31.03.2017
Investments in mutual fund	29.98	15.8

31.2.5 Liquidity risk management

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Particulars	Upto 1 year	1 - 5 year	5+ years	Total	Carrying Amount
As at 31st March, 2018					
Borrowings*	120.28	254.72	273.38	648.38	648.38
Trade Payables	18.72	-	-	18.72	18.72
Other financial liabilities	130.72	139.35	77.65	347.72	76.02
As at 31st March, 2017					
Borrowings*	120.96	343.24	300.31	764.51	764.51
Trade Payables	39.19	-	-	39.19	39.19
Other financial liabilities	169.33	167.58	104.96	441.87	100.75

* Includes undiscounted interest

The Company has entered into a PPA/Tolling agreement with Tata Steel Limited (TSL) for supplying the entire electricity generated from the coal/gas supplied by TSL. The Company will be able to meet its short term liabilities from its own internal accruals.

S R Batliboi & Co. LLP
Kolkata

Industrial Energy Limited
Notes to Financial Statement for the Period Ended March 31, 2018
All amounts are in Rs crores unless otherwise stated

31 Financial Instruments - Continued

31.2.6 Financial Instruments

The carrying value and fair value of financial instruments by categories as at 31st March, 2018 and 31st March, 2017 is as follows:

a) Financial Assets and Liabilities

The carrying value of financial instruments by categories as of March 31, 2018 is as follows:

Particulars	Fair Value through Profit and Loss	Amortised Cost	Total Carrying Value	Total Fair Value
Assets :				
Cash and Cash Equivalents	-	1.99	1.99	1.99
Other bank balances	-	48.72	48.72	48.72
Finance lease receivables	-	1,510.98	1,510.98	1,510.98
Trade Receivables	-	66.45	66.45	66.45
Investments	29.98	-	29.98	29.98
Unbilled Revenue	-	-	-	-
Other Financial Assets	-	18.75	18.75	18.75
Total	**29.98**	**1,646.89**	**1,676.87**	**1,676.87**
Liabilities				
Trade Payables	-	18.72	18.72	18.72
Borrowings	-	528.10	528.10	528.10
Other Financial Liabilities	-	196.30	196.30	196.30
Total	**-**	**743.12**	**743.12**	**743.12**

The carrying value of financial instruments by categories as of March 31, 2017 is as follows:

Particulars	Fair Value through Profit and Loss	Amortised Cost	Total Carrying Value	Total Fair Value
Assets :				
Cash and Cash Equivalents	-	2.47	2.47	2.47
Other bank balances	-	7.35	7.35	7.35
Finance lease receivables	-	1,431.15	1,431.15	1,431.15
Trade Receivables	-	89.71	89.71	89.71
Investments	15.80	-	15.80	15.80
Unbilled Revenue	-	19.43	19.43	19.43
Other Financial Assets	-	44.35	44.35	44.35
Total	**15.80**	**1,594.46**	**1,610.26**	**1,610.26**
Liabilities				
Trade Payables	-	39.19	39.19	39.19
Borrowings	-	643.55	643.55	643.55
Other Financial Liabilities	-	224.45	224.45	224.45
Total	**-**	**907.19**	**907.19**	**907.19**

S R Batliboi & Co. LLP Kolkata

Industrial Energy Limited
Notes to Financial Statement for the Period Ended March 31, 2018
All amounts are in Rs crores unless otherwise stated

b) Fair Value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosure are required):

As at 31.03.2018	Level 1	Level 2	Level 3	Total
Financial Assets				
Mutual Funds units	29.98	-	-	29.98
Total	**29.98**	-	-	**29.98**
As at 31.03.2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Mutual Funds units	15.80	-	-	15.80
Total	**15.80**	-	-	**15.80**

S R Batliboi & Co. LLP
Kolkata

Industrial Energy Limited
Notes to Financial Statement for the Period Ended March 31, 2018
All amounts are in Rs crores unless otherwise stated

32. Segment Reporting

The Company is engaged in the integrated business of construction, operation and long term leasing of power plants to Tata Steel Limited (Joint Venture Partner). Consequently there are no separate reportable segments as per the requirement of Ind AS 108 " Operating Segments".

33. Corporate Social Responsibility disclosure

The gross amount required to be spent by the Company during the year towards Corporate Social Responsibility (CSR) as per the provision of Section 135 of the Companies Act, 2013 amount to Rs. 2.48 crores (2016-17 Rs. 2.16 crores). Amount spent during the year Rs. 2.48 crores (2016-17 Rs. 2.22 crores) on CSR Activities (included in Note 25 of Statement of Profit & Loss) as under:

Particulars	As at 31-Mar-2018	As at 31-Mar-2017
Other Expenses (for healthcare, education, women empowerment, skill development etc.)	2.48	2.22
Total	2.48	2.22

34. MSME Disclosure

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance wit the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Based on the information received by the Company from "vendors" 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, 2017 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.

35. Significant Events after the Reporting Period

There were no significant adjusting events that occurred subsequent to the reporting period other than the events disclosed in the relevant notes.

36. a) The year end foreign currency exposures of the Company is Nil (31st March 2017: Nil).

b) The Company did not have any long term contract including derivative contract for which there were any material forseeable losses.

c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

37. Approval of financial statement:

The Financial Statements were approved by the Board of Director's on April 26,2018.

38. Previous year figures have been re-grouped wherever considered necessary to confirm to current year's classification.

In terms of our report attached.

For S.R.BATLIBOI & CO LLP
ICAI Firm registration number: 301003E/E300005
Chartered Accountants

T. Das Mahapatra

Tanmoy Das Mahapatra
Partner
Membership no: 058259

Mumbai, April 26,2018

For and on behalf of the Board of Directors

Ashok Sethi

Ashok S Sethi
Chairman

R Ranganath
Director

Vijayant Ranjan
Chief Executive Officer

Sourav Mukherjee

Sourav Mukherjee
Chief Financial Officer

Jitendra Prasad
Secretary
Mumbai, April 26,2018

SIGN & D

S.R. Batliboi & Co. LLP
Kolkata