

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Industrial Energy Limited

**Report on the Audit of the Ind AS Financial Statements****Opinion**

We have audited the accompanying Ind AS financial statements of Industrial Energy Limited ("the Company"), which comprise the Balance sheet as at March 31 2019, 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 notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("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, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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.

**Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibility of Management and those charged with Governance for the Standalone Financial Statements for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone 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 the 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, 2015, 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 controls, 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.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected

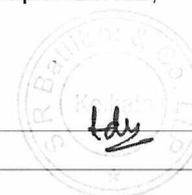
to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



**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 purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss 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, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2019;
  - (h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

# **S.R. BATLIBOI & Co. LLP**

Chartered Accountants

- i. The Company does not have any pending litigations which would impact its financial position;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There 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*

per **Tanmoy Das Mahapatra**

Partner

Membership Number: 058259

Place of Signature: Mumbai

Date: April 10, 2019

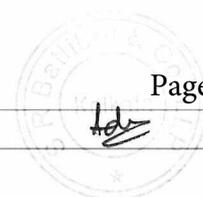


**“ANNEXURE 1” referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date to the members of Industrial Energy Limited (‘the Company’) as at and for the year ended March 31, 2019**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets (including assets given on finance lease) were physically verified by the management in financial year 2016-17 in accordance with a planned program 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 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) To the best of our knowledge and according to the information and explanation given to us, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.



- (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 to us by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution and bank. The Company did not have any outstanding loans or borrowing in respect of government or dues to debenture holders.
- (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 and representations made to us by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- (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, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.



# **S.R. BATLIBOI & Co. LLP**

Chartered Accountants

- (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.
- (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*

**per Tanmoy Das Mahapatra**

Partner

Membership Number: 058259

Place of Signature: Mumbai

Date: April 10, 2019



**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS 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, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

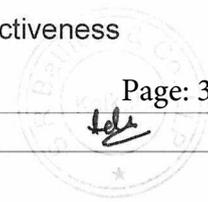
**Management's Responsibility for Internal Financial Controls**

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 with reference to these Ind AS financial statements 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 with reference to these Ind AS financial statements 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 over financial reporting with reference to these Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Ind AS financial statements, 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 over financial reporting with reference to these Ind AS financial statements.

### **Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Ind AS Financial Statements**

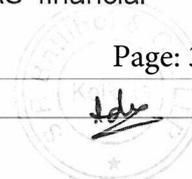
A company's internal financial control over financial reporting with reference to these Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these Ind AS financial statements 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 with reference to these Ind AS Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Ind AS financial statements, 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 with reference to these Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Ind AS financial statements 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 over financial reporting with reference to these Ind AS financial statements and such internal financial controls over financial reporting with reference to these Ind AS financial



# **S.R. BATLIBOI & Co. LLP**

Chartered Accountants

statements were operating effectively as at March 31, 2019, 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*

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**per Tanmoy Das Mahapatra**

Partner

Membership Number: 058259

Place of Signature: Mumbai

Date: April 10, 2019



# Industrial Energy Limited

Balance Sheet as at March 31, 2019

All amounts are in Rs. Crores unless otherwise stated

Particulars	Notes	As at 31-Mar-19	As at 31-Mar-18
<b>ASSETS</b>			
<b>Non-current Assets</b>			
(a) Property, plant and equipment	3	5.85	5.85
(b) Capital Work-in-Progress		88.55	78.76
(c) Financial Assets			
(i) Finance Lease Receivables	4	1,308.32	1,410.73
(ii) Other Financial Assets	5	8.24	13.90
(d) Advance Income Tax (Net)		11.54	8.78
(e) Other Non-current Assets	6	10.73	9.68
<b>Total Non-current Assets</b>		<b>1,433.23</b>	<b>1,527.70</b>
<b>Current Assets</b>			
(a) Inventories	7	26.00	21.05
(b) Financial Assets			
(i) Investments	8	53.13	29.98
(ii) Trade Receivables	9	56.27	66.45
(iii) Cash and cash Equivalents	10A	48.46	1.99
(iv) Bank Balances other than (iii) above	10B	-	34.90
(v) Finance lease receivables	4	104.05	100.25
(vi) Other financial assets	5	17.15	18.67
(c) Other Current Assets	6	0.66	9.57
<b>Total Current Assets</b>		<b>305.72</b>	<b>282.86</b>
<b>TOTAL ASSETS</b>		<b>1,738.95</b>	<b>1,810.56</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	11	666.00	666.00
(b) Other Equity	12	100.66	86.14
<b>Total Equity</b>		<b>766.66</b>	<b>752.14</b>
<b>LIABILITIES</b>			
<b>Non-current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	13	522.00	528.10
(b) Long Term Provisions	14	9.08	7.91
(c) Deferred Tax Liabilities (Net)	15	231.66	217.94
<b>Total Non-current Liabilities</b>		<b>762.74</b>	<b>753.95</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	16	27.60	46.22
(ii) Trade Payables	17	16.25	18.72
(iii) Other Financial Liabilities	18	156.92	196.30
(b) Provisions	14	0.58	0.20
(c) Current Tax Liabilities (Net)		0.87	0.87
(d) Other Current Liabilities	19	7.33	42.16
<b>Total Current Liabilities</b>		<b>209.55</b>	<b>304.47</b>
<b>Total Liability</b>		<b>972.29</b>	<b>1,058.42</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,738.95</b>	<b>1,810.56</b>

See accompanying notes to the Financial Statements

As per our report of even date

For S.R.BATLIBOI & CO LLP  
ICAI Firm Registration no : 301003E/E300005  
Chartered Accountants

T. Das Mahapatra  
per Tanmoy Das Mahapatra  
Partner

Membership no : 058259

Mumbai, April 10, 2019

For and on behalf of the Board of Directors

Ashok S Sethi  
Ashok S Sethi  
Chairman

Vijayant Ranjan  
Chief Executive Officer

Sariga P Gokul  
Secretary

Avneesh Gupta  
Director

Aditya Kumar Mishra  
Chief Financial Officer



Industrial Energy Limited

Statement of Profit and Loss for the Year ended March 31, 2019

All amounts are in Rs. Crores unless otherwise stated

Particulars		Notes	Year ended 31-Mar-19	Year ended 31-Mar-18
I	Revenue from Operations	20	300.40	372.55
II	Other Income	21	15.14	12.00
III	<b>Total Income (I+II)</b>		<b>315.54</b>	<b>384.55</b>
IV	<b>Expenses</b>			
	(a) Cost of Fuel Consumed		8.77	81.60
	(b) Employee Benefits Expense	22	17.07	18.27
	(c) Finance Costs	23	64.69	73.84
	(d) Other Expenses	24	62.91	64.06
	<b>Total Expenses (IV)</b>		<b>153.44</b>	<b>237.77</b>
V	<b>Profit Before Tax (III-IV)</b>		<b>162.10</b>	<b>146.78</b>
VI	<b>Tax Expense:</b>			
	(i) Current Tax	25	37.24	31.15
	(ii) Deferred Tax	25	13.73	45.60
	<b>Total income tax expense</b>		<b>50.97</b>	<b>76.75</b>
VII	<b>Profit for the year ( V-VI)</b>		<b>111.13</b>	<b>70.03</b>
VIII	<b>Other Comprehensive Income not to be classified to Profit or loss in subsequent periods:</b>			
	(a) Remeasurements (gain)/loss on defined benefit plans		0.33	(0.35)
	(b) Income -tax effect on above		(0.08)	0.07
	<b>Total Other Comprehensive (Income)/Expenses</b>		<b>0.25</b>	<b>(0.28)</b>
IX	<b>Total comprehensive income for the year (VII-VIII)</b>		<b>110.88</b>	<b>70.31</b>
	Earnings Per Equity Share- basic and diluted (in Rs.)	26	1.67	1.05

See accompanying notes to the Financial Statements  
As per our report of even date

For S.R.BATLIBOI & CO LLP  
ICAI Firm Registration no : 301003E/E300005  
Chartered Accountants

*T. Das Mahapatra*  
per Tanmoy Das Mahapatra  
Partner  
Membership no : 058259



For and on behalf of the Board of Directors

*Ashok Sethi*  
Ashok S Sethi  
Chairman

*Changjan*  
Vijayan Ranjan  
Chief Executive Officer

*Sariga P Gokul*  
Sariga P Gokul  
Secretary

*Avneesh Gupta*  
Avneesh Gupta  
Director

*Aditya Kumar Mishra*  
Aditya Kumar Mishra  
Chief Financial Officer

Mumbai, April 10, 2019

Mumbai, April 10, 2019

Industrial Energy Limited

Statement of changes in equity for the Year ended March 31, 2019

All amounts are in Rs. Crores unless otherwise stated

(a) Equity Share Capital

Particulars	As at	As at
	31-Mar-19	31-Mar-18
Balance As at April 1	666.00	666.00
Changes in equity share capital during the year	-	-
Balance as at March 31	666.00	666.00

(b) Other Equity

Particulars	Reserves and Surplus		Total Equity
	General reserve	Retained Earnings	
Balance as at 1st April, 2017	19.33	96.70	116.03
Profit for the year	-	70.03	70.03
Other comprehensive income for the year (net of tax)	-	-0.28	-0.28
<b>Total comprehensive income for the year</b>	-	70.31	70.31
Payment of Dividend on Equity Shares (including Rs.16.95 Crores tax thereon)		-100.20	-100.20
<b>Balance as at 31st March, 2018</b>	<b>19.33</b>	<b>66.81</b>	<b>86.14</b>
<b>Balance as at 1st April, 2018</b>	<b>19.33</b>	<b>66.81</b>	<b>86.14</b>
Profit for the year	-	111.13	111.13
Other comprehensive income for the year (net of tax)		0.25	0.25
<b>Total comprehensive income for the year</b>	<b>19.33</b>	<b>177.69</b>	<b>197.02</b>
Transfer from retained earnings		-	
Payment of Dividend on Equity Shares (including Rs.16.44 Crores tax thereon)		(96.36)	(96.36)
<b>Balance as at 31st March, 2019</b>	<b>19.33</b>	<b>81.33</b>	<b>100.66</b>

See accompanying notes to the Financial Statements

As per our report of even date

For S.R.BATLIBOI & CO LLP

ICAI Firm Registration no : 301003E/E300005

Chartered Accountants

*T. Das Mahapatra*

per Tanmoy Das Mahapatra

Partner

Membership no : 058259



For and on behalf of the Board of Directors

*Ashok S Sethi*

Ashok S Sethi

Chairman

*Avneesh Gupta*

Avneesh Gupta

Director

*Vijayant Ranjan*

Vijayant Ranjan

Chief Executive Officer

*Aditya Kumar Mishra*

Aditya Kumar Mishra

Chief Financial Officer

*Sariga P Gokul*

Sariga P Gokul

Company Secretary

Mumbai, April 10, 2019

Mumbai, April 10, 2019

Industrial Energy Limited		
Statement of cash flows for the Year ended March 31, 2019		
All amounts are in Rs. Crores unless otherwise stated		
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.		
Particulars	Year ended 31-Mar-19	Year ended 31-Mar-18
<b>Profit before tax</b>	162.10	146.78
Adjustments for :		
Net gain arising on financial assets designated as at FVTPL	(4.79)	(5.92)
Interest Income from Fixed deposit & others	(0.98)	(0.45)
Finance costs	64.69	73.84
(Reversal)/Allowance for doubtful debts	-	(11.24)
<b>Cash flows from operating activities</b>	<b>221.02</b>	<b>203.01</b>
Movements in working capital		
Decrease/(Increase) in trade and other receivables	10.18	34.51
Decrease/(Increase) in finance lease receivable	98.61	(79.83)
Decrease/(Increase) in inventories	(4.95)	(4.26)
Decrease/(Increase) in other financial assets and other assets	10.42	35.43
Increase/ (Decrease) in trade payables	(2.47)	(20.47)
Increase/(Decrease) in other liabilities	(64.77)	54.49
<b>Cash generated from operations</b>	<b>268.04</b>	<b>222.88</b>
Income taxes paid (net)	(40.00)	(42.87)
<b>Cash flows from operating activities</b>	<b>228.04</b>	<b>180.01</b>
Payments for property, plant and equipment including capital advances	(30.58)	65.01
(Increase)/Decrease in Fixed deposits with Banks (including interest received)	41.52	8.34
Proceeds from sale of investments	725.53	597.29
Purchase of current investments	(743.88)	(605.54)
<b>Cash flows from investing activities</b>	<b>(7.41)</b>	<b>65.10</b>
Proceeds from Inter corporate deposits	-	46.22
Repayment of Inter corporate deposits	(18.62)	-
Proceeds from long term borrowings	381.22	-
Repayment of long-term borrowings	(377.65)	(118.23)
Dividends paid on equity shares (including dividend distribution tax)	(96.35)	(100.20)
Interest paid	(62.76)	(73.37)
<b>Cash flows from financing activities</b>	<b>(174.16)</b>	<b>(245.58)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>46.47</b>	<b>(0.48)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1.99</b>	<b>2.47</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>48.46</b>	<b>1.99</b>
See accompanying notes to the financial statements		
Cash and Cash Equivalents		
Particulars	Year ended 31-Mar-19	Year ended 31-Mar-18
A. Balance with Banks	48.46	1.99
	48.46	1.99
As per our report of even date		
For S.R.BATLIBOI & CO LLP		
ICAI Firm Registration no : 301003E/E300005		
Chartered Accountants		
 per Tanmoy Das Mahapatra Partner Membership no : 058259		
		
Mumbai, April 10, 2019		
For and on behalf of the Board of Directors		
 Ashok. S Sethi Chairman		
 Avheesh Gupta Director		
 Vijayant Ranjan Chief Executive Officer		
 Sariga P Gokul Secretary		
 Aditya Kumar Mishra Chief Financial Officer		
Mumbai, April 10, 2019		

**Note 1 Corporate Information:**

Industrial Energy Limited (IEL) 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 are classified as captive power plants of Tata Steel Limited. These power plants supply power to Tata Steel Limited.

**1.1 Statement of Compliance**

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015, read with section 133 of the Companies Act, 2013 (as amended from time to time).

**1.2 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.

**1.3 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 and deferred tax assets/liabilities - Note 25 and Note 25.1

Allowance for Finance Lease Receivable - Note 4,

Estimation of fair values of contingent liabilities - Note 27.2

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.



**Note 2 Other Significant Accounting Policies :**

**2.1 Foreign Currencies**

The functional currency of the Company is Indian Rupee.

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.

**2.2 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.

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

**2.3 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.



**Note 2 Other Significant Accounting Policies - continued**

**2.4 Equity Instruments**

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.

**2.5 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.

**2.6 Offsetting of financial instruments:**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**2.7 Financial Assets & Liabilities**

**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.

**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.

**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 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.

**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-



**Note 2 Other Significant Accounting Policies - continued**

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.

**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.

**Financial liabilities**

All financial liabilities are recognised initially at fair value and, in case of loans and borrowings and payables, net of directly attributable transaction cost.

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

**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



**Note 2 Other Significant Accounting Policies - continued**

the expected life of the financial liability, or (where appropriate) a shorter period, to the gross carrying amount on initial recognition.

**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.

**2.8 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.

**Ind AS 116 - Leases**

Ind AS 116 Leases was notified in March 2019 and it replaces Ind AS 17 Leases. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. It sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Ind AS 116 requires lessees and lessors to make more extensive disclosures than under Ind AS 17. The Company is in the process of evaluating the requirements of the standard and its impact on its financial statements.

**Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)**

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the



**Note 2 Other Significant Accounting Policies - continued**

entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

**Ind AS 109 – Prepayment Features with Negative Compensation**

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

**Ind AS 19 – Plan Amendment, Curtailment or Settlement**

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

**Ind AS 23 – Borrowing Costs**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

**2.9 Dividend distribution to equity shareholders of the Company**

The Company recognises a liability to make dividend distributions to its equity holders when the distribution is authorised and the distribution is no longer at its discretion. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

In case of Interim Dividend, the liability is recognised on its declaration by the Board of Directors.

**2.10 Changes in accounting policies and disclosures**

**New and amended standards and interpretations**

The Company applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after 1st April, 2018. The nature and the impact of each amendment is described below:



**Note 2 Other Significant Accounting Policies - continued**

**Implementation of IND-AS 115**

Ind AS 115 was issued on 28 March 2018 and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be 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.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The Company adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 April 2018. However, the application of Ind AS 115 does not have any impact on the recognition and measurement of revenue and related items.



**Industrial Energy Limited**

Notes to Financial Statement for the Year ended March 31, 2019

**3. Property, Plant and Equipment**

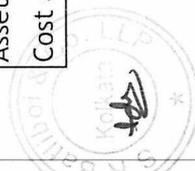
Accounting Policy

Land held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost. Cost includes purchase price and any directly attributable cost of bringing the asset to its working condition for intended use. Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

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.

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 in nature of finance lease.

Details	Free Hold Land	Building Plant	Building Others	Plant & Machinery	Transmission Lines	Furniture & Fixtures	Office Equipments	Total
<b>Carrying Amount of :</b>								
Cost as at April 01, 2018	5.85	-	-	-	-	-	-	5.85
Additions	-	-	-	3.28	-	-	0.00	3.28
Assets classified under finance lease as per Ind AS 17-"Leases"	-	-	-	(3.28)	-	-	(0.00)	(3.28)
Cost as at March 31, 2019	5.85	-	-	-	-	-	-	5.85
<b>Carrying Amount of :</b>								
Cost as at April 01, 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



**Industrial Energy Limited**

Notes to Financial Statement for the Year ended March 31, 2019

All amounts are in Rs. Crores unless otherwise stated

**4. Finance Lease Receivables (unsecured unless otherwise stated)****Accounting Policy****Leasing arrangement**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

**The Company as lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at 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 net investment outstanding in respect of the lease.

Particulars	As at 31-Mar-19	As at 31-Mar-18
<b>Non-Current</b>		
Non- Current Finance Lease Receivable	1,308.32	1,410.73
<b>Total</b>	<b>1,308.32</b>	<b>1,410.73</b>
<b>Current</b>		
Current Finance Lease Receivable	104.05	100.25
<b>Total</b>	<b>104.05</b>	<b>100.25</b>

**4.1 Leasing Arrangements**

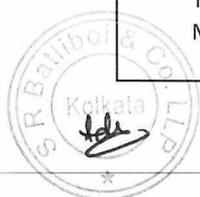
The Company has three power plants situated at Unit 5 Jamshedpur, Unit 6 Jamshedpur and Kalingnagar (KPO) which supply power to plants of Tata Steel Limited. The Company has an operational Boiler at KPO which augments the power generation of the existing plant. The arrangements in respect of all these 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 minimum lease	
	As at	As at	As at	As at
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Not later than one year	302.83	317.30	104.06	100.25
Later than one year and not later than five years	938.13	1,059.04	277.22	342.47
Later than five years	2,533.33	2,735.00	1,031.10	1,068.26
	3,774.29	4,111.34	1,412.38	1,510.98
Unearned finance income	2,361.92	2,600.36	-	-
Present value of minimum lease payments receivable	1,412.37	1,510.98	1,412.38	1,510.98
Allowance for uncollectible lease payments	-	-	-	-
	1,412.37	1,510.98	1,412.38	1,510.98

Unguaranteed residual values of assets leased under finance leases at the end of the reporting period are estimated at NIL (as at 31st March 2018 : NIL)

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

The average effective interest rate contracted for these leases is approximately 13% - 17% per annum as at March 31, 2019 (as at 31st March 2018: 13% - 17% per annum)



## Industrial Energy Limited

Notes to Financial Statement for the Year ended March 31, 2019

All amounts are in Rs. Crores unless otherwise stated

### 5. Other Financial Assets

(Unsecured, Considered good)

Particulars	As at	As at
	31-Mar-19	31-Mar-18
<b>Non-current</b>		
Bank Deposits ( earmarked against borrowings)	8.24	13.90
<b>Total</b>	<b>8.24</b>	<b>13.90</b>
<b>Current</b>		
Lease Income Accrued on Finance Lease Receivable	17.15	18.67
<b>Total</b>	<b>17.15</b>	<b>18.67</b>

### 6. Other Non current Assets

(Unsecured, Considered good)

Particulars	As at	As at
	31-Mar-19	31-Mar-18
<b>Non-current</b>		
Capital Advances	10.73	9.68
<b>Total</b>	<b>10.73</b>	<b>9.68</b>
<b>Current</b>		
Balance receivable from Govt. Authorities	-	8.76
Advance to Suppliers	0.51	0.63
Prepaid Expenses	0.15	0.18
<b>Total</b>	<b>0.66</b>	<b>9.57</b>

### 7. Inventories

#### Accounting Policy

Inventories comprise of fuel and stores and spare parts. These are stated at their weighted average cost.

Cost includes costs incurred in bringing each product to its present location and condition.

Unserviceable/damaged stores and spares are identified and written down based on technical evaluation.

Particulars	As at	As at
	31-Mar-19	31-Mar-18
Inventories ( at weighted average cost)		
Fuel	4.19	2.91
Stores and Spare parts	21.81	18.14
<b>Total</b>	<b>26.00</b>	<b>21.05</b>

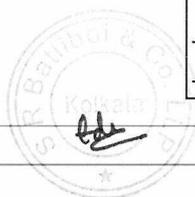
### 8. Investments

Particulars	As at		As at	
	31-Mar-19		31-Mar-18	
	No of units	Amount	No of units	Amount
Unquoted Investments in mutual fund (at Fair Value through Profit and Loss)				
(a) Tata Liquid Fund Direct Plan Growth	1,80,448.269	53.13	-	-
(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 Money Market Direct Growth	-	-	23,172.202	4.52
<b>Total</b>		<b>53.13</b>		<b>29.98</b>

<b>Industrial Energy Limited</b>		
Notes to Financial Statement for the Year ended March 31, 2019		
All amounts are in Rs. Crores unless otherwise stated		
<b>9 Trade Receivable</b>		
Particulars	As at 31-Mar-19	As at 31-Mar-18
<b>Current</b>		
Trade Receivables		
Unsecured, Considered good	56.27	66.45
<b>Total</b>	<b>56.27</b>	<b>66.45</b>
<b>Notes</b>		
(1) The average credit period for the company's receivable from its 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 Kalinganagar and accordingly credit risk is minimal.		
(3) Ageing of receivables		
Particulars	As at 31-Mar-19	As at 31-Mar-18
Within credit period	48.20	50.16
1-30 days past due	0.08	1.30
31-60 days past due	0.10	1.86
61-90 days past due	0.10	0.89
More than 90 days past due	7.79	12.24
<b>Total</b>	<b>56.27</b>	<b>66.45</b>
<b>10A Cash and Cash Equivalents</b>		
<b>Accounting Policy</b>		
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.		
Particulars	As at 31-Mar-19	As at 31-Mar-18
Balances with Banks in Current Accounts	48.46	1.99
<b>Total</b>	<b>48.46</b>	<b>1.99</b>
<b>10B Other Bank Balances</b>		
Particulars	As at 31-Mar-19	As at 31-Mar-18
Other Bank Balances		
Term deposit held as margin money against borrowing	-	34.90
<b>Total</b>	<b>-</b>	<b>34.90</b>
<b>Amendments to Ind AS 7 Statement of Cash Flows: Disclosure Initiative</b>		
The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). Movement between opening and closing balances in Balance Sheet for liabilities arising financing activities relates to only proceeds and repayments which have already been disclosed in the cash flow statement.		



<b>Industrial Energy Limited</b>		
Notes to Financial Statement for the Year ended March 31, 2019		
All amounts are in Rs. Crores unless otherwise stated		
<b>11 Equity Share Capital</b>		
Particulars	As at 31-Mar-19	As at 31-Mar-18
Equity Share Capital	666.00	666.00
	<b>666.00</b>	<b>666.00</b>
<b>Authorised Share Capital</b>		
2000,000,000 fully paid equity shares of Rs. 10 each (as at March 31, 2018: 2000,000,000).	2,000.00	2,000.00
<b>Issued,Subscribed and Paid-up</b>		
666,000,000 fully paid equity shares of Rs. 10 each (as at March 31, 2018: 666,000,000).	666.00	666.00
<b>Total</b>	<b>666.00</b>	<b>666.00</b>
<b>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.</b>		
Particulars	Number of Shares in '000s	Share Capital in crore
Balance as at April 1, 2017	6,66,000	666.00
Add: Issued during the year	-	-
<b>Balance as at March 31, 2018</b>	<b>6,66,000</b>	<b>666.00</b>
Balance as at April 1, 2018	6,66,000	666.00
Add: Issued during the year	-	-
<b>Balance as at March 31, 2019</b>	<b>6,66,000</b>	<b>666.00</b>
<b>11.2 Terms / rights attached to equity shares</b>		
(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.		
<b>11.3 Details of shares held by each share holder holding more than 5%</b>		
Particulars	As at 31-Mar-19	As at 31-Mar-18
The Tata Power Company Ltd, the Holding company		
- Number of shares held in '000	4,92,840	4,92,840
- % holding of equity shares	74%	74%
Tata Steel Limited		
- Number of shares held in '000	1,73,160	1,73,160
- % holding of equity shares	26%	26%



## Industrial Energy Limited

Notes to Financial Statement for the Year ended March 31, 2019

All amounts are in Rs. Crores unless otherwise stated

### 12. Other Equity

Particulars	As at 31-Mar-19	As at 31-Mar-18
General Reserve	19.33	19.33
Retained Earnings	81.33	66.81
<b>Total</b>	<b>100.66</b>	<b>86.14</b>

#### 12.1 General Reserve

Particulars	As at 31-Mar-19	As at 31-Mar-18
Balance at the beginning of the Year	19.33	19.33
Transfer from retained earnings	-	-
<b>Balance at the end of the year</b>	<b>19.33</b>	<b>19.33</b>

#### 12.2 Retained Earnings

Particulars	As at 31-Mar-19	As at 31-Mar-18
Balance at the beginning of the Year	66.81	96.70
Profit for the year	111.13	70.03
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	(0.25)	0.28
<b>Total Comprehensive Income</b>	<b>110.88</b>	<b>70.31</b>
<b>Less: Appropriation of surplus</b>		
Payment of Interim dividend on equity shares (including dividend distribution tax)	(96.35)	(100.20)
<b>Balance at the end of the Year</b>	<b>81.33</b>	<b>66.81</b>

#### 12.3 Distributions made and proposed

The Board of Directors through Circular Resolutions dated 29th June, 2018 had declared an Interim dividend of 6% (Rs 0.60 per equity share of par value of Rs 10 each) and on dated 27th December 2018 had declared an Interim dividend of 6% (Rs 0.60 per equity share of par value of Rs 10 each). This has resulted in a cash outflow of Rs 96.36 crores, inclusive of dividend distribution tax of Rs 16.44 crores.

#### 12.4 Final Dividend

The Company proposes to declare a final dividend of Rs 80.29 crores (inclusive of Dividend distribution tax) based on reserves and surplus in the books of account as on March 31, 2019 in addition to the interim dividend of Rs. 96.35 crores (inclusive of Dividend distribution tax) already paid.



<b>Industrial Energy Limited</b>				
Notes to Financial Statement for the Year ended March 31, 2019				
All amounts are in Rs. Crores unless otherwise stated				
<b>13. Non-current Borrowings</b>				
Particulars	As at 31-Mar-19	As at 31-Mar-18		
Secured - at amortised cost				
Term Loans				
from banks	631.37	607.80		
from others	18.48	38.48		
	649.85	646.28		
Less: Current maturities of long term loan (Refer note 18)	(127.85)	(118.18)		
<b>Total non-current borrowings</b>	<b>522.00</b>	<b>528.10</b>		
<b>13.1 Details of Security</b>				
(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 and Kotak Mahindra Bank as mentioned in sr. no. 6 to 7 below are secured by first charge on all movable assets (both tangible and intangible). Loan from Kotak Mahindra Bank is also secured by way of 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.				
<b>13.2 Details of original terms of repayment of term loans are stated below:</b>				
<b>As at March 31,2019</b>				
Sr. No.	Particulars	Amount outstanding	Terms of repayment	Rate of Interest
1	State Bank of Patiala	25.60	Rs.5.00 Crore Per Quarter	9.15%
2	Allahabad Bank	25.60	Rs.5.00 Crore Per Quarter	9.15%
3	Jammu & Kashmir Bank	9.73	Rs.1.90 Crore Per Quarter	9.15%
4	IDFC Bank Limited	12.80	Rs.2.50 Crore Per Quarter	9.15%
5	Infrastructure Development Finance Corporation Ltd	18.48	Rs.5.00 Crore Per Quarter	9.15%
6	HDFC Bank	435.79	Rs. 10.34 Crore Per Quarter	8.95%
7	Kotak Mahindra Bank	121.85	Rs. 2.60 Crore Per Quarter	8.90%
	<b>Total Borrowing</b>	<b>649.85</b>		
<b>As at March 31,2018</b>				
Sr. No.	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 Ltd	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%
	<b>Total Borrowing</b>	<b>646.28</b>		
<b>14. Provisions</b>				
<b>Accounting Policy</b>				
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.				
Particulars	As at 31-Mar-19	As at 31-Mar-18		
Non-current				
Provision for Employee Benefit obligation	9.08	7.91		
<b>Total</b>	<b>9.08</b>	<b>7.91</b>		
Current				
Provision for Employee Benefit obligation	0.58	0.20		
<b>Total</b>	<b>0.58</b>	<b>0.20</b>		



Industrial Energy Limited				
Notes to Financial Statement for the Year ended March 31, 2019				
All amounts are in Rs. Crores unless otherwise stated				
15. Deferred tax balances				
Particulars	As at		As at	
	31-Mar-19		31-Mar-18	
Deferred Tax Liabilities (net)	231.66		217.94	
<b>Total</b>	<b>231.66</b>		<b>217.94</b>	
15.1 Deferred tax reconciliation				
FY 2018-19				
Particulars	Opening Balance	Recognised in profit and loss	Recognised in OCI	Closing Balance
Deferred Tax Liabilities in relation to Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation for financial reporting	217.94	13.72	-	231.66
<b>Total</b>	<b>217.94</b>	<b>13.72</b>	<b>-</b>	<b>231.66</b>
FY 2017-18				
Particulars	Opening Balance	Recognised in profit and loss	Recognised in OCI	Closing Balance
Deferred Tax Liabilities in relation to Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation for financial reporting	172.34	45.60	-	217.94
<b>Total</b>	<b>172.34</b>	<b>45.60</b>	<b>-</b>	<b>217.94</b>
16. Current Borrowings				
Particulars	As at		As at	
	31-Mar-19		31-Mar-18	
Unsecured-at amortised cost	27.60		46.22	
Loans from related party	27.60		46.22	
<b>Total</b>	<b>27.60</b>		<b>46.22</b>	
16.1 Loan from related parties are repayable on call and carries interest @ 10% p.a.				



**Industrial Energy Limited**

Notes to Financial Statement for the Year ended March 31, 2019

All amounts are in Rs. Crores unless otherwise stated

**17. Trade Payables**

Particulars	As at 31-Mar-19	As at 31-Mar-18
(a) Total outstanding dues of micro and small enterprises (refer note 33)	0.15	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	16.10	18.72
<b>Total</b>	<b>16.25</b>	<b>18.72</b>

**18. Other Financial Liabilities**

Particulars	As at 31-Mar-19	As at 31-Mar-18
Current		
(a) Current Maturities of Long-term Loan (Refer note 13)	127.85	118.18
(b) Payables towards Purchase of Property, Plant and Equipments given on finance lease	24.02	43.75
(c) Interest Accrued but not due on Term loan	4.44	2.10
(d) Interest Accrued on Loans from Related Party	0.61	1.03
(e) Tariff Adjustment account (Net) (Refer Note 18.1)	-	31.24
<b>Total</b>	<b>156.92</b>	<b>196.30</b>

18.1 As per the Tolling Agreement for PH06 the company is required to true up its billing every 5 years starting from 2011 onwards and the required adjustments for the truing up was completed and settled with the customer in the current year.

**19. Other Current Liabilities**

Particulars	As at 31-Mar-19	As at 31-Mar-18
Statutory Liabilities	7.33	42.16
<b>Total</b>	<b>7.33</b>	<b>42.16</b>



## Industrial Energy Limited

Notes to Financial Statement for the Year ended March 31, 2019

All amounts are in Rs. Crores unless otherwise stated

### 20. Revenue from Operations

#### Accounting Policy

#### Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

#### Rendering of Services

Revenue from a contract to provide services is recognised at the contractual rates as defined in the contracts entered into with the customers.

#### 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.

#### Insurance and interest income

Insurance income is recognised on receipt basis.

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.

Particulars	Year ended 31-Mar-19	Year ended 31-Mar-18
(a) Revenue from Operation Management Services	80.42	151.34
(b) Finance Lease Income	212.46	202.88
(c) Other Operating Revenue	7.52	18.33
<b>Total</b>	<b>300.40</b>	<b>372.55</b>
<b>21. <u>Other Income</u></b>		
Particulars	Year ended 31-Mar-19	Year ended 31-Mar-18
(a) Insurance recovery	8.70	-
(b) Liquidated Damages and others	0.67	5.63
(c) Interest income on Fixed Deposit	0.98	0.45
(d) Gain on sale/fair valuation of financial assets	4.79	5.92
<b>Total</b>	<b>15.14</b>	<b>12.00</b>



## Industrial Energy Limited

Notes to Financial Statement for the Year ended March 31, 2019

All amounts are in Rs. Crores unless otherwise stated

### 22. Employee Benefits Expense

#### Accounting Policy

#### 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.

#### 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.

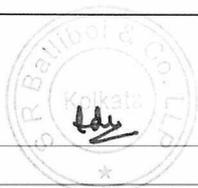
#### Short-term and other long-term employee benefits

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.

Particulars	Year ended	Year ended
	31-Mar-19	31-Mar-18
(a) Salary and Wages	13.56	14.57
(b) Contribution to provident funds	0.52	0.49
(c) Staff Welfare expenses	2.27	2.49
(d) Gratuity (refer note no 28)	0.72	0.72
<b>Total</b>	<b>17.07</b>	<b>18.27</b>



**Industrial Energy Limited**

Notes to Financial Statement for the Year ended March 31, 2019

All amounts are in Rs. Crores unless otherwise stated

**23. Finance Costs**

Particulars	Year ended 31-Mar-19	Year ended 31-Mar-18
Interest expense		
Interest on bank loans	60.56	69.24
Interest on loan from related party	4.13	4.60
<b>Total</b>	<b>64.69</b>	<b>73.84</b>

**24. Other Expenses**

Particulars	Year ended 31-Mar-19	Year ended 31-Mar-18
(a) Consumption of Stores and spare parts	4.13	4.55
(b) Cost of Services	10.72	12.10
(c) Raw Water Consumed	10.76	8.72
(d) Repairs and Maintenance - Plant & Machinery	22.84	35.18
(e) Insurance	1.78	1.75
(f) Expenditure on Corporate Social Responsibility (Refer note no 32)	2.53	2.48
(g) Payments to Auditors (Refer note no 24.1)	0.25	0.31
(h) Fly Ash Disposal Expenses	2.82	3.00
(i) Reversal of provision for Doubtful Debts	-	(11.24)
(j) Miscellaneous Expenses	7.08	7.21
<b>Total</b>	<b>62.91</b>	<b>64.06</b>

**24.1 Auditor's Remuneration**

Particulars	Year ended 31-Mar-19	Year ended 31-Mar-18
As auditor		
Audit Fee	0.19	0.22
Tax audit fees	0.04	0.04
Other Services	-	0.04
Reimbursement of expenses	0.02	0.01
<b>Total</b>	<b>0.25</b>	<b>0.31</b>

\* includes Rs.0.09 crores paid to erstwhile auditors



**Industrial Energy Limited**

Notes to Financial Statement for the Year ended March 31, 2019

All amounts are in Rs. Crores unless otherwise stated

**25. Income taxes**Accounting Policy**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.

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

**Deferred 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.

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.

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.

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.

Particulars	Year ended 31-Mar-19	Year ended 31-Mar-18
<b>(1) Income taxes recognised in Statement of profit and loss</b>		
Current tax	37.24	31.15
Deferred tax	13.73	45.60
<b>Income-tax recognised in statement of profit or loss</b>	<b>50.97</b>	<b>76.75</b>
<b>(2) Income tax recognised in other comprehensive income</b>	<b>(0.08)</b>	<b>0.07</b>
<b>Total income tax expense</b>	<b>50.89</b>	<b>76.82</b>

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-19	Year ended 31-Mar-18
Profit before tax	162.10	146.78
Enacted income-tax rate in India (in %)	34.94%	34.61%
Computed expected tax expense	56.64	50.80
<b>Effect of:</b>		
Income exempted under 80 IA	(41.62)	(2.09)
Temporary differences reversed during the tax holiday period	5.94	(4.50)
Other permanent differences including impact of change in rate	0.35	1.39
Differential tax impact between MAT and normal tax	29.66	31.15
<b>Income tax expense recognised in statement of profit or loss</b>	<b>50.97</b>	<b>76.75</b>

1. The tax rate used for the financial years 2018-19 and 2017-18 reconciliations above is the corporate tax rate of 34.94% and 34.608% respectively payable by the corporate entities in India on taxable profits under the Indian tax law.

2. The company has to pay taxes based on higher of income tax on profit of the company or MAT @21.55% and @21.34% of book profit for the years 2018-19 and 2017-18

3. The rate used for calculation of deferred tax is @34.944% and for 2017-18 was @34.608% being statutory enacted rates at respective Balance Sheet Dates.



## Industrial Energy Limited

Notes to Financial Statement for the Year ended March 31, 2019

All amounts are in Rs crores unless otherwise stated

### 26. Basic & Diluted Earnings per Share

#### Accounting Policy

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.

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,
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Particulars	Year ended	Year ended
	31-Mar-19	31-Mar-18
(a) Profit after tax for the year attributable to owner of the Company	111.13	70.03
(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)	1.67	1.05
(d) Nominal value per share (in Rupees)	10.00	10.00

### 27.1 Commitments

Particulars	As at	As at
	31-Mar-19	31-Mar-18
(a) Estimated amount of Contracts remaining to be executed (net of capital advance Rs. 9.96 crores; 31.03.2018: Rs. 9.02 crore) on capital account and not provided for.	78.70	63.60
	<b>78.70</b>	<b>63.60</b>

### 27.2 Contingent Liabilities

There are numerous interpretative issues relating to the Supreme Court (SC) judgement dated 28th February, 2019 on Provident Fund (PF) on the inclusion of allowances for the purpose of PF contribution as well as its applicability of effective date. The Company is consulting Legal counsel for further clarity and evaluating its impact on its financial statement.



**Industrial Energy Limited**

Notes to Financial Statement for the Year ended March 31, 2019  
All amounts are in Rs crores unless otherwise stated

**28. Employee benefits****28. 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.0.52(Previous year ended 31st March, 2018: Rs. 0.49) represents contribution paid/payable to the Employee Provident Fund.

**28. 2 Defined benefit plans**

The company does not have any funded plans.

**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**

The Company has a defined benefit plan granting a pre-determined sum as retirement gift on superannuation of an employee.

**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.

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 defined benefit plans, the determination of the present value of defined benefit obligations was carried out at 31st March, 2019 by Wills Tows Watson, the actuaries.

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

Particulars	As at 31-Mar-19	As at 31-Mar-18
Discount rate	7.40%	7.70%
Expected rate of salary increase	7.00%	7.00%
Expected rate of withdrawal		
>if age of employee is between 21 to 44 years	2.50%	2.50%
>if age of employee is more than 44 years	1.00%	1.00%
Expected rate of Medical Inflation / Gold inflation	8.00%	8.00%

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

Particulars	Year ended 31-Mar-19	Year ended 31-Mar-18
Current Service Cost	0.75	0.76
Past Service Cost and (gain)/loss from settlements	-	1.16
Net Interest cost on net defined benefit obligations	0.59	0.52
Immediate recognition of (gains)/losses – other long term employee benefit plans	0.20	(0.14)
Components of defined benefit costs recognised in profit or loss	1.54	2.31

Re-measurement on the net defined benefit liability :

Particulars	Year ended 31-Mar-19	Year ended 31-Mar-18
Actuarial (Gains)/losses arising from defined benefit obligation experience	0.33	(0.25)
Components of defined benefit costs recognised in other comprehensive income	0.33	(0.25)



**Industrial Energy Limited**

Notes to Financial Statement for the Year ended March 31, 2019  
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**28. 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 loss

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

Particulars	Year ended 31-Mar-19	Year ended 31-Mar-18
Present value of funded defined benefit obligation	9.66	8.11
Fair value of plan assets	-	-
Funded status	9.66	8.11
Restriction on asset recognised	-	-
Net liability arising from defined benefit obligation	9.66	8.11

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

Particulars	Year ended 31-Mar-19	Year ended 31-Mar-18
Opening defined benefit obligations	8.11	6.19
Current service Cost	0.75	0.76
Past Service Cost	-	1.16
Interest Cost	0.59	0.52
Actuarial (Gains)/losses arising from experience	0.52	(0.39)
Benefits paid directly by the Company	(0.79)	(0.13)
Acquisitions credit/(cost)	0.48	-
Closing defined benefit obligation	9.66	8.11

**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	Year ended 31-Mar-19	Year ended 31-Mar-18
Effect on defined benefit obligation due to change in discount rate by		
0.50% Increased	(0.54)	(0.42)
0.50% Decreased	0.60	0.53
Effect on defined benefit obligation due to change in Expected rate of salary by		
0.50% Increased	0.48	0.41
0.50% Decreased	(0.45)	(0.38)
Effect on defined benefit obligation due to change in Expected rate of withdrawal by		
5% Increased	(1.30)	(0.53)
Effect on defined benefit obligation due to change in Expected rate of Medical Inflation by		
0.50% Increased	0.07	0.05
0.50% Decreased	(0.06)	(0.05)

**Maturity profile of defined benefit obligation:**

Particulars	Year ended 31-Mar-19	Year ended 31-Mar-18
Within 1 year	0.25	0.25
1-2 year	0.36	0.85
2-3 year	0.69	0.26
3-4 year	0.33	0.37
4-5 year	1.02	0.36
5-10 year	4.74	4.26



**Industrial Energy Limited**

Notes to Financial Statement for the Year ended March 31, 2019

All amounts are in Rs crores unless otherwise stated

**29. 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
(iv)	Mr. Vijayant Ranjan	Chief Executive Officer	India
(v)	Mr. Sourav Mukherjee (up to 31.10.2018)	Chief Financial Officer	India
(vi)	Mr. Aditya Mishra (w.e.f 01.11.2018)	Chief Financial Officer	India
(vii)	Mr. Ashok S. Sethi	Director	India
(viii)	Mr. Sanjay Dube (upto 14.06.2018)	Director	India
(ix)	Mr. Nandakumar S. Tirumalai (upto 31.05.2018)	Director	India
(x)	Ms. Chhaya R. Bhonslay (upto 11.06.2018)	Director	India
(xi)	Mr. Puneet Munjal (upto 14.06.2018)	Director	India
(xii)	Mr. Ranganath Raghupathy Rao	Director	India
(xiii)	Mr. Avneesh Gupta	Director	India
(xiv)	Mr. Purushottam Thakur	Director	India
(xv)	Mr. Anand Agarwal (w.e.f 29.06.2018)	Director	India
(xvi)	Ms. Anjali Kulkarni	Director	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	-	80.42	-
	(-)	(151.34)	(-)
Finance lease income	-	212.46	-
	(-)	(202.88)	(-)
Other Operating revenues	-	6.12	-
	(-)	(18.24)	(-)
Purchase of coal	-	-	-
	(-)	(71.54)	(-)
Cost of services (CSA Expenses)	10.67	-	-
	(12.10)	(-)	(-)
Payment for Raw water purchased	5.56	5.12	-
	(4.58)	(4.07)	(-)
Project related services	-	-	-
	(1.99)	(-)	(-)
Purchase of Fixed Assets	-	-	1.07
	(-)	(-)	(12.45)
Dividend paid	59.14	20.78	-
	(61.61)	(21.65)	(-)



**Industrial Energy Limited**

Notes to Financial Statement for the Year ended March 31, 2019

All amounts are in Rs crores unless otherwise stated

**29.1. Disclosure as required by Indian Accounting Standard (IndAS) 24 "Related Party Disclosures" are as follows: - Continued**

## (ii) Loan from related party

## Details of transactions

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

## (iii) Compensation of key management personnel

Nature of transaction	Key Management person
Compensation paid / payable	1.46
Sitting fees paid to Directors	(1.12)
	1.60
	(6.60)

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.

## (iv) Balances payable to Related Parties are as follows:

Name of the related party	Nature of Balances	As at	As at
		31-Mar-19	31-Mar-18
The Tata Power co. ltd	Trade Payables	3.38	3.01
Tata Steel Ltd	Trade Payables	0.40	0.23
Tata Projects Ltd	Payables for purchase of Fixed Assets	19.58	34.72
Tata Steel Ltd	Loan balance	27.60	46.22
Tata Steel Ltd	Interest Accrued on ICD	0.61	1.03

## (v) Balances Receivable From Related Parties are as follows:

Name of the related party	Nature of Balances	As at	As at
		31-Mar-19	31-Mar-18
Tata Steel Ltd	Trade Receivables	56.27	66.45
Tata Steel Ltd	Lease Income Accrued on Finance Lease Receivable	17.15	18.67
Tata Steel Ltd	Lease receivable	1,412.37	1,510.98



## Industrial Energy Limited

Notes to Financial Statement for the Year ended March 31, 2019

All amounts are in Rs crores unless otherwise stated

### 30. Financial Instruments

#### 30.1 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.

#### 30.2 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:

##### 30.2.1 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 its 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.

##### 30.2.2 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 March 31, 2019		As at March 31, 2018	
	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	(3.43)	3.43	(3.64)	3.64
(Loss) / Gain effect on profit before tax	(3.43)	3.43	(3.64)	3.64

##### 30.2.3 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-19	As at 31-Mar-18
Finance lease receivables	1,412.37	1,510.98
Trade receivables	56.27	66.45
Other financial assets	25.40	32.57
<b>Total</b>	<b>1,494.04</b>	<b>1,610.00</b>

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.

##### 30.2.4 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-Mar-19	As at 31-Mar-18
Investments in mutual fund	53.13	29.98

##### 30.2.5 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
<b>As at March 31, 2019</b>					
Borrowings	181.70	386.04	337.78	905.52	653.97
Trade Payables	16.25	-	-	16.25	16.25
Other financial liabilities	24.64	-	-	24.64	24.64
<b>As at March 31, 2018</b>					
Borrowings	174.98	394.07	351.03	920.08	648.38
Trade Payables	18.72	-	-	18.72	18.72
Other financial liabilities	76.02	-	-	76.02	76.02

\* The table has been drawn up based on the undiscounted contractual maturities of the financial liabilities including interest that will be paid on those liabilities upto the maturity of the instruments

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.



**Industrial Energy Limited**

Notes to Financial Statement for the Year ended March 31, 2019

All amounts are in Rs crores unless otherwise stated

**30. Financial Instruments - continued**

**30.2.6 Financial Instruments.**

The carrying value and fair value of financial instruments by categories as of 31 March, 2019 and 31st March, 2018 is as follows:

**a) Financial Assets and Liabilities**

The carrying value of financial instruments by categories as of 31 March, 2019 is as follows:

Particulars	Fair Value through Profit and Loss	Amortised Cost	Total Carrying Value	Total Fair Value
<b>Assets :</b>				
Cash and Cash Equivalents	-	48.46	48.46	48.46
Other bank balances	-	-	-	-
Finance lease receivables	-	1,412.37	1,412.37	1,412.37
Trade Receivables	-	56.27	56.27	56.27
Investments	53.13	-	53.13	53.13
Other Financial Assets	-	25.40	25.40	25.40
<b>Total</b>	<b>53.13</b>	<b>1,542.50</b>	<b>1,595.63</b>	<b>1,595.63</b>
<b>Liabilities</b>				
Trade Payables	-	16.25	16.25	16.25
Borrowings	-	677.45	677.45	677.45
Other Financial Liabilities	-	29.07	29.07	29.07
<b>Total</b>	<b>-</b>	<b>722.77</b>	<b>722.77</b>	<b>722.77</b>

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

Particulars	Fair Value through Profit and Loss	Amortised Cost	Total Carrying Value	Total Fair Value
<b>Assets :</b>				
Cash and Cash Equivalents	-	1.99	1.99	1.99
Other bank balances	-	34.90	34.90	34.90
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
Other Financial Assets	-	32.57	32.57	32.57
<b>Total</b>	<b>29.98</b>	<b>1,646.89</b>	<b>1,676.87</b>	<b>1,676.87</b>
<b>Liabilities</b>				
Trade Payables	-	18.72	18.72	18.72
Borrowings	-	692.50	692.50	692.50
Other Financial Liabilities	-	78.12	78.12	78.12
<b>Total</b>	<b>-</b>	<b>789.34</b>	<b>789.34</b>	<b>789.34</b>

**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.

As at 31-Mar-19	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Mutual Funds units	53.13	-	-	53.13
<b>Total</b>	<b>53.13</b>	<b>-</b>	<b>-</b>	<b>53.13</b>
<b>As at 31-Mar-18</b>				
<b>Financial Assets</b>				
Mutual Funds units	29.98	-	-	29.98
<b>Total</b>	<b>29.98</b>	<b>-</b>	<b>-</b>	<b>29.98</b>



## Industrial Energy Limited

Notes to Financial Statement for the Year ended March 31, 2019  
All amounts are in Rs crores unless otherwise stated

### 31. 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".

### 32. Corporate Social Responsibility disclosure

The gross amount required to be spent by the Company during the year/period towards Corporate Social Responsibility (CSR) as per the provision of Section 135 of the Companies Act, 2013 amount to Rs. 2.51 crores (Previous year/period Rs. 2.48 crores).

Amount spent during the year/period Rs. 2.53 crores (Previous year/period Rs. 2.48 crores) on CSR Activities (included in Note 24 of Statement of Profit & Loss) as under:

Particulars	As at 31-Mar-19	As at 31-Mar-18
Other Expenses (for healthcare, education, women empowerment, skill development etc.)	2.53	2.48
Total	2.53	2.48

### 33. MSME Disclosure

Details of dues to micro and small enterprises as defined under Micro, Small and Medium Enterprise Development Act, 2006 (MSMED)

	As at March 2019	As at March 2018
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
i) Principal amount due to micro and small enterprise	0.15	-
ii) Interest due on above	-	-
iii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	NIL	NIL
iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	NIL	NIL
v) The amount of interest accrued and remaining unpaid at the end of each accounting year	NIL	NIL
vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	NIL	NIL

The above particulars, as applicable, have been given in respect of MSEs to the extent they could be identified on the basis of information available with the Group

### 34. 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.

### 35. Approval of financial statement:

The Financial Statements were approved for issue by the Board of Director's on April 10, 2019

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

As per our report of even date

For and on behalf of the Board of Directors

For S.R.BATLIBOI & CO LLP

ICAI Firm registration number: 301003E/E300005

Chartered Accountants

*T. Das Mahapatra*

per Tanmoy Das Mahapatra  
Partner

Membership no: 058259



*Ashok S Sethi*

Ashok S Sethi  
Chairman

*Vijayan Ranjan*  
Vijayan Ranjan  
Chief Executive Officer

*Sariga P Gokul*

Sariga P Gokul  
Secretary

*Avneesh Gupta*

Avneesh Gupta  
Director

*Aditya Kumar Mishra*

Aditya Kumar Mishra  
Chief Financial Officer

Mumbai, April 10, 2019

Mumbai, April 10, 2019