



11th ANNUAL REPORT FINANCIAL YEAR 2016-17

INDIAN ENERGY EXCHANGE LIMITED
(CIN: U74999DL2007PLC277039)

Registered Office:

Unit No. 3-6, Fourth Floor, TDI Centre,
District Centre, Jasola, New Delhi-110 025
Tel: +91-11-4300 4000, Fax: +91-11-4300 4015
www.iexindia.com

CSR FOOTPRINT



AKSHAYA PATRA
Unlimited food for education



Akshaya Patra



isha VIDHYA
Educating Rural India

Isha Vidhya Solar System



INDIAN SOCIETY OF AGRIBUSINESS PROFESSIONALS
ISAP INDIA



Indian Society of Agribusiness Professionals


HelpAge India



HelpAge India

CORPORATE INFORMATION

Board of Directors

Mr. Dinesh Kumar Mehrotra	Chairman, Independent Director
Mr. Satyanarayan Goel	Managing Director and Chief Executive Officer
Prof. Kayyalathu Thomas Chacko	Independent Director
Mr. VallabhRoopchandBhansali	Independent Director
Ms. Renuka Ramnath	Non-Executive Director
Mr. Bejul Somaia	Non-Executive Director
Mr. Ajeet Kumar Agarwal	Non-Executive Director
Mr. Gopal Srinivasan	Additional (Non-Executive) Director
Mr. MahendraSinghi	Additional (Non-Executive) Director(<i>appointed wef May 30, 2017</i>)
Mr. Puneet YaduDalmia	Non-Executive Director(<i>ceased to be director wef May 18, 2017</i>)

CFO & Company Secretary

Mr. Vineet Harlalka

Statutory Auditors

M/s. BSR & Associates LLP,
Chartered Accountants
(FRN: 116231W/W-100024)

Bankers (including clearing banks)

HDFC Bank,
State Bank of India,
ICICI Bank,
Yes Bank,
IndusInd Bank Limited

Registrar and Transfer Agent

Karvy Computershare Private Limited

Depository

National Securities Depository Limited
Central Depository Services (India) Limited

Registered Office

Indian Energy Exchange Limited
Unit No. 3, 4, 5 & 6, Fourth Floor,
TDI Centre Plot No. 7, District Centre,
Jasola, South Delhi-110025, India
Tel: ++91-11-4300 4000
Fax: +91-11-4300 4015
Website: www.iexindia.com

DIRECTOR'S PROFILE

- 1) **Mr. Dinesh Kumar Mehrotra (DIN: 00142711)**, is the Chairman of our Board and an Independent Director. He holds a bachelor's degree of science from the University of Patna. He joined Life Insurance Corporation of India ("LIC") as a direct recruit officer in 1977 and worked with LIC for over 35 years. He has worked as the chairman of LIC and prior to taking charge as chairman of LIC, he was associated with LIC as an executive director (international operations). He has served on the board of directors of ACC Limited, ITC Limited, IL&FS Limited, among others. He is also associated with the National Insurance Academy and the Insurance Institute of India. He was appointed as an Independent Director of our Company with effect from March 30, 2015 and as the Chairman of our Board with effect from April 23, 2015.
- 2) **Mr. Satyanarayan Goel (DIN: 02294069)**, was appointed as the Managing Director and Chief Executive Officer of our Company with effect from January 21, 2014. He holds a bachelor's degree of science in electrical engineering from the Sambalpur University, Burla and a master's degree of business administration from the University of Delhi, New Delhi. He has over 38 years of professional experience in power sector. Before joining our Company, he was the director of marketing and operations at PFS. Prior to working with PFS, he was associated with NTPC Limited for 29 years and retired as an executive director (fuel security). He has been associated with our Company since October 16, 2012 when he was appointed as a Nominee Director of our Company for PFS.
- 3) **Prof. Kayyalathu Thomas Chacko (DIN: 02446168)**, is an Independent Director of our Company. He is a retired Indian Administrative Services officer of the 1973 batch and has 33 years of experience in public administration. He worked for the Government of India, almost entirely in the Ministry of Commerce and Industry and closely involved in the trade and industry sectors. He holds a master's degree of economics from the University of Kerala and was awarded three gold medals for obtaining the first rank in Kerala. He also holds a master's degree of public administration from Harvard University, U.S.A. He held the post of director general of foreign trade during the year from 2004 to 2006. He was appointed as director of the Indian Institute of Foreign Trade for the period of 2007-2012. He was presented the Federation of Indian Exporters Organisation instituted life time achievement award by the Hon'ble President of India for invaluable contribution to the exports

sector. He has been associated with our Company since May 21, 2012 when he was appointed as an Additional Director on our Board in the independent category and was regularized as a Director on September 28, 2012. His appointment as an Independent Director for a term of five years pursuant to the provisions of the Companies Act, 2013 was approved by our shareholders pursuant to a resolution passed at their meeting held on March 30, 2015.

- 4) **Mr. Vallabh Roopchand Bhansali (DIN: 00184775)**, is an Independent Director of our Company. He holds a bachelor's degree of commerce and of law from the University of Mumbai, Mumbai and is also a member of the Institute of Chartered Accountants of India. He was the co-founder of Enam Financial Consultants Private Limited and has over 30 years of experience in investment banking and capital markets. He is also the founder member of DeshApnayenSahayog Foundation. He has also been appointed by the Central Government as member on the Western Local Area Board of RBI. He was appointed as an Independent Director of our Company with effect from March 30, 2015.

- 5) **Ms. Renuka Ramnath (DIN: 00147182)**, is a Non-executive Director of our Company. She holds a bachelor's degree of textiles from V.J. Technological Institute, University of Mumbai and a master's degree of management studies from Chetna R.K. Institute of Management & Research, University of Mumbai. She has also completed the Advanced Management Program, the International Senior Managers Program from the Graduate School of Business Administration, Harvard University. She has over 30 years of experience in the Indian financial sector across private equity, investment banking and structured finance. She was associated with the ICICI Group for 23 years and also served as the managing director and chief executive officer of ICICI Venture Funds Management Company Limited. She is the managing director of Multiples Alternate Asset Management Private Limited, an investment advisory firm she founded in 2009. She was appointed as an Additional Director of our Company on March 29, 2012 and her appointment as a Non-Executive Director of our Company was regularized with effect from September 28, 2012.

- 6) **Mr. Bejul Somaia (DIN: 00059201)**, is a Non-executive Director of our Company. He holds a bachelor's degree of science (economics) from the London School of Economics, United Kingdom and a master's degree of business administration from the Graduate School of Business Administration, Harvard University. He is a the designated partner at Lightspeed India Partners Advisors LLP and the managing director of Lightspeed Advisory Services India Private Limited and has several years of investment banking, strategy, operations and venture capital experience in India and in U.S.A Prior to working with Lightspeed, he was the joint managing director of UP Twiga Fiberglass Limited, a manufacturer of thermal and acoustic insulation products in India. He has also worked as an investment professional at General Catalyst Partners, a U.S. based venture capital firm, as a strategy consultant with Bain & Company Inc. and with Salomon Brothers (subsequently SalomanSmity Barney). He was appointed as an Additional Director of our Company on September 30, 2010 and his appointment as a Non-executive Director of our Company was regularised with effect from September 28, 2011.
- 7) **Mr. Ajeet Kumar Agarwal (DIN: 02231613)**, is a Non-executive Director of our Company. He holds a bachelor's degree of commerce from the, University of Delhi, New Delhi and is also a fellow member of the Institute of Chartered Accountants of India. He is the director (finance) of Rural Electrification Corporation Limited and has several years of experience in finance and accounting. He has been a director on the board of Rural Electrification Corporation Limited since August 1, 2012. He was appointed as a Non-Executive Director on our Board as the nominee of Rural Electrification Corporation Limited with effect from August 22, 2012.
- 8) **Mr. Gopal Srinivasan (DIN: 00177699)**, Gopal Srinivasan is an Additional (Non-executive) Director of our Company. He holds a bachelor's degree of commerce from the University of Madras, Chennai and a master's degree of business administration from the Graduate School of Business Administration, University of Michigan U.S.A. He is the founder of TVS Capital Funds Limited with the visions of supporting and nurturing India's mid-cap businesses. TVS Capital Funds Limited manages assets of over Rs. 1,100 crores of domestic capital, which makes it amongst the largest rupee funds in India. Over an entrepreneurialy oriented career spanning several years, he is associated with companies operating in diverse sectors including TVS Capital Funds Limited and TVS Electronics Limited, whose board of

directors he chairs. He is also the founder trustee of “The Chennai Angels”, an angel investor network in Chennai. He has also served on the board of directors of Great Lakes Institute of Management, Chennai, Coimbatore Innovation and Business Incubator. He was appointed as an Additional (Non-executive) Director on our Board with effect from April 18, 2017.

- 9) **Mr. Mahendra Singhi (DIN: 00243835)**, Mr. Singhi is an Additional (Non-executive) Director of our Company. He holds a bachelor’s degree of science from the University of Jodhpur and a bachelor’s degree of law from the Rajasthan University. He is also a member of the Institute of Chartered Accountants of India. He is the chief executive officer - cement and a whole-time director of Dalmia Cement (Bharat) Limited and also the chief executive officer and a whole-time director of OCL India Limited. He has over 35 years of experience in the cement industry. He has previously worked with Maiher Cement (a unit of Century Spinning & Engineering Company Limited), Shree Digvijay Cement Company Limited, Rajashree Cement and Shree Cement Limited. Prior to working with Dalmia Cement (Bharat) Limited, he has worked with Shree Cement Limited as its president from January 17, 1995 to April 2002 and later as an executive director from April 2002 to December 6, 2013. During his association with Shree Cement Limited, he was associated with various institutions in the field of sustainable development. Shree Cement Limited was among the three companies from India to be recognized as a ‘world sustainability champion’ by the World Economic Forum during his tenure at Shree Cement Limited. In recognition of his leadership in combating climate change and for his contribution to the successful adoption of the Paris Agreement at the twenty-first session of the Conference of the Parties to the United Nations Framework Convention on Climate Change in Paris, France on December 12, 2015, he was invited by the Secretary General of the United Nations to attend the high-level signature ceremony for the Paris Agreement at the United Nations Headquarters in New York on April 22, 2016. He was appointed as an Additional (Non-executive) Director on our Board with effect from May 30, 2017.

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors is pleased to present the Eleventh Annual Report on the business and operations of your Company along with the audited financial statements and the Auditors' Report for the financial year ended March 31, 2017. The highlights of the financial results for the year under review are given below:

1. FINANCIAL RESULTS

The Company's financial and operational performance for the year ended March 31, 2017 is summarized below:

(Amount in million)

Particulars	2016-17	2015-16
Operating Income	2,039.13	1,750.28
Other Income	335.63	251.12
Total Income	2,374.76	2,001.40
<i>Less: Total Expenditure</i>	642.18	535.17
Profit before tax	1,732.58	1,466.23
<i>Less: Provision for Tax</i>	599.42	464.91
Profit after tax	1,133.16	1,001.32
Add: Brought forward P&L balance from prev. year	1,056.95	1,041.20
Profit available for Appropriation	2,190.11	2,042.52
<i>Less: Proposed Dividend on Preference Shares (CCPS)</i>	-	30.33
<i>Less: Interim Dividend on Preference Shares (CCPS)</i>	15.16	14.97
<i>Less: Dividend Distribution Tax on Preference Shares</i>	3.09	9.22
Profit available for Appropriation	2,171.86	1,988.00
<i>Less: Proposed Dividend on Equity Shares</i>	-	576.24
<i>Less: Interim Dividend on Equity Shares</i>	288.12	197.33
<i>Less: Dividend Distribution Tax on Equity Shares</i>	58.65	157.48
<i>Less: Transfer to General Reserve</i>	Nil	Nil
<i>Less: Adjustment due to revision in depreciation rates</i>	Nil	Nil
Balance carried forward to Balance Sheet	1,825.09	1,056.95

Your Company has sustained and maintained its leadership position in the power Exchange industry in India during the year.

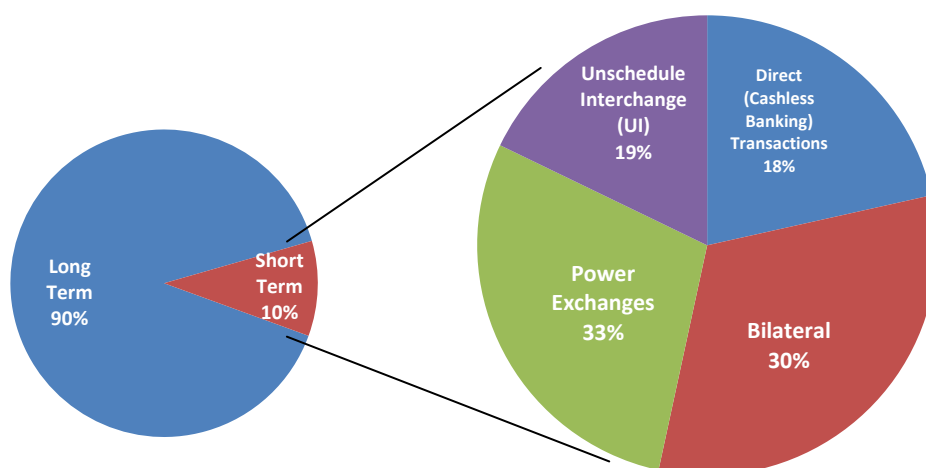
RESULTS OF OPERATIONS AND STATE OF COMPANY'S AFFAIRS

Overview:

The Indian power sector is undergoing a slow and steady turn around with the government placing greater thrust on aspects such as: renewable energy generation especially solar energy; distribution reforms through UDAY to enhance operational efficiency and restore financial viability of the distribution companies; electricity supply on 24x7 basis; development of transmission infrastructure and last but not the least increased availability of domestic coal to thermal power plants leading to reduced reliance on imported coal. As per statistics from the Central Electricity Authority (CEA), during the last five years, installed capacity has increased at CAGR of 13% from 199 GW to 327 GW, while the peak demand met has increased only at 4.1% and energy availability has grown at 7%. Our present installed capacity could have possibly generated more than 1700 BUs while actual generation this fiscal, according to CEA, was only 1160 BUs. These statistics imply that we are now having surplus power scenario.

From short-term power market perspective, as per CERC MMC Reports, FY 2017 witnessed a total trade of 110 BUs till February 2017, constituting about 10.4% of total generation. The power exchanges continued to be at the bright spot, witnessing annual growth of about 20 % year on year basis. Overall in this fiscal, as of February'17, the share of power exchanges in total generation increased to 3.5% from 3.1 % in the previous fiscal (as of February'16), while the share of long-term and medium term market remained same at around 89.6%.

Graph on Share of Power Market in fiscal 2016-17 (till Feb'17)



With fast paced increase in generation capacity and low pace of growth on demand side, the energy deficit reduced from 2.1% to 0.7% and peak deficit from 3.2% to 1.6%. With ample availability of generation, the exchange platform saw good liquidity on the sell side and low Market Clearing Price (MCP) of Rs 2.41 per unit, about 12% lower than Rs 2.73 per unit in the previous fiscal. The low and competitive price discovery resulted in

increased cleared volume on your Company's platform from 34,286 MUs in fiscal 16 to 40,528 MUs to this fiscal, an increase of about 18%.

To facilitate coal based thermal power generators, the government placed considerable emphasis on increasing domestic coal production. With persistent efforts the domestic coal production increased by almost 92 MT over the last three years, taking the coal production to 554 MT in this fiscal. This helped the thermal power generators to generate at lower variable cost. Your Company saw 36% increase in sell bids from 56,514 MUs in fiscal 16 to 77,141 in fiscal 17. With greater liquidity on the sell side at your Company's platform, the market clearing price this fiscal was 12% lower at Rs 2.41 per unit from Rs 2.73 per unit in the previous fiscal.

One Nation, One Grid and One Price, remained to be a key priority of the Government and thus significant emphasis was placed on augmentation and reinforcement of transmission to address the transmission congestion in import of power to southern region as well as northern region. With the commissioning of 800 KV Pole 1 of HVDC Champa-Kurukshetra WR-NR bipole inter-connector, several independent power producers in Chhattisgarh are enabled to transfer power from Raigarh, Champa in Chhattisgarh to demand centers of Northern region viz. Haryana, Punjab, UP, Rajasthan and adjoining areas. Similarly, the Southern Region saw more than 85% increase in ability to import power from the rest of the country with addition of 9000 MW of transmission capacity in last one year owing to commissioning of Kudgi - Kohlapur, Chikodi - Kohlapur, Angul - Srikakulam and Wardha - Nizamabad transmission lines. In addition, there were many other intra-regional lines which were commissioned during the fiscal which resulted in reduction in transmission congestion. In this backdrop, the volume lost by your Company due to transmission congestion reduced by about 32% to 1527 MUs compared to 2253 MUs lost in fiscal 2016. Further, single price discovery in the day-ahead market on your Company's platform on 23 different days in this this fiscal was another remarkable development towards realizing One Nation, One Grid and One Price. Due to increased availability of transmission system, import of power to Southern Region increased resulting in lower clearing price and increased Open Access volume in states like Karnataka, Andhra Pradesh and Telangana.

In June 2016, the CERC notified extension of operation of 24x7 round-the-clock Intraday and Contingency Contracts (Extended Market Session) on the Power Exchanges. The extended market sessions greatly enabled the Discoms to schedule power closer to real time basis and replace unscheduled interchanges with scheduled drawal thereby reducing their real time deviations. Your Company saw considerable improvement in Term-Ahead Market (TAM) with volume growing from 330 MUs in fiscal 16 to 744 MUs in this fiscal, an increase by 125%.

UjwalDiscom Assurance Yojna (UDAY) to bring about improvement in operational and financial efficiency of state distribution companies remained a key priority of the government. With persistent efforts over the last three years, almost 27 States and UTs are now part of UDAY framework. According to the MOP, States such as: Gujarat, Karnataka, Maharashtra, Himachal Pradesh, Uttarakhand, Punjab and Haryana are the top seven performing states in quarterly performance ranking carried out in December'16. Further, 16 state governments have already issued bonds over INR 2 trillion , AT&C loss of 18 States is now at 23%, almost 25 of 27 states have carried out tariff revision and the gap between average revenue requirement and average cost of supply of 18 states has been brought to less than 50 paise per unit which was earlier more than Rs 1 per unit. Implementation of UDAY has indeed resulted into better financial and operational of Discoms and has also led to increase in power procurement by them thereby boosting demand for power. The Discoms are now opting to procure and supply power instead of opting for load shedding.

The Ministry of Power, also maintained persistent focus on regular appraisal of the state distribution companies to create competition among them as well as ensure high degree of transparency and objectivity. MOP launched several web and mobile based platforms such as: VIDYUT, PRAVAHA and DEEP to highlight real time energy price and demand-supply situation at the state and national level; TARANG/E-TRANS, to monitor transmission network development and bidding of the new projects; UDAY, GARV, UJALA MITRA to track progress on distribution reforms in states, village electrification, outage information, new electricity connections, filing of grievances and last not but not the least SHAKTI for harnessing and allocating coal transparently in the Country. Many of these platforms are greatly benefitting the stakeholders to make smart decisions in terms of demand-supply and prices leading to increase in power procurement through your Company's platform at very competitive rates.

The Central Electricity Regulatory Commission (CERC) which regulates and governs your company, notified several new initiatives such as: draft regulations for cross-border trade in electricity and draft regulations for transmission planning and access; staff paper on national open access registry (NOAR) and electricity storage systems (ESS); regulations and procedures for trading in energy saving certificates (ESCerts); extension to extended market on the power exchanges; revision in the floor and forbearance of REC and procedure for scheduling and forecasting REC regulations. Besides these initiatives, the Central Commission also notified amendments in several of its key existing regulations such as: Deviation Settlement Regulations 2015, Open Access Regulations in Inter-state Transmission 2008, IEGC Regulations 2010, REC Regulations 2010 and Connectivity and LTA/MTOA Regulations, Sharing of inter-state charges and losses regulations. Since your company is affected by all these regulatory initiatives in one form or the other, we strived through the year to monitor these regulatory developments and advocated for a regulatory framework that enables market development.

A synopsis of key regulatory developments at the state level is as below:

- The Electricity Regulatory Commissions (ERCs) of States such as: Gujarat, Maharashtra, Rajasthan, Madhya Pradesh, Uttarakhand, Punjab, Haryana, Uttar Pradesh, Himachal Pradesh, Bihar, Karnataka, Kerala, Andhra Pradesh, Telangana, Assam, Meghalaya, Mizoram, Manipur, Arunachal Pradesh and UTs of Daman and Diu, , Dadra and Nagar Haveli (DnH) issued tariff orders in fiscal 2016-17.
- The SERCs in Rajasthan made amendments to their open access regulations which are favorable to open access transactions; SERC in West Bengal had issued draft new open access regulations. The ERC in Maharashtra notified various practice directions to enable open access in the State of Maharashtra that remain restricted on account of NOC related restrictions by MSEDCL despite the enabling regulations by the State Commissions.
- Many States such as: Rajasthan, Punjab, Himachal Pradesh, Maharashtra, and DnH levied Additional Surcharge (AS) on the open access transactions adversely impacting the viability of open access transactions through power exchange.
- The SERCs in Karnataka, Gujarat and Andhra Pradesh notified their respective regulations for scheduling and forecasting renewable energy while the ERC in West Bengal notified draft regulations for balancing and settling renewable energy.

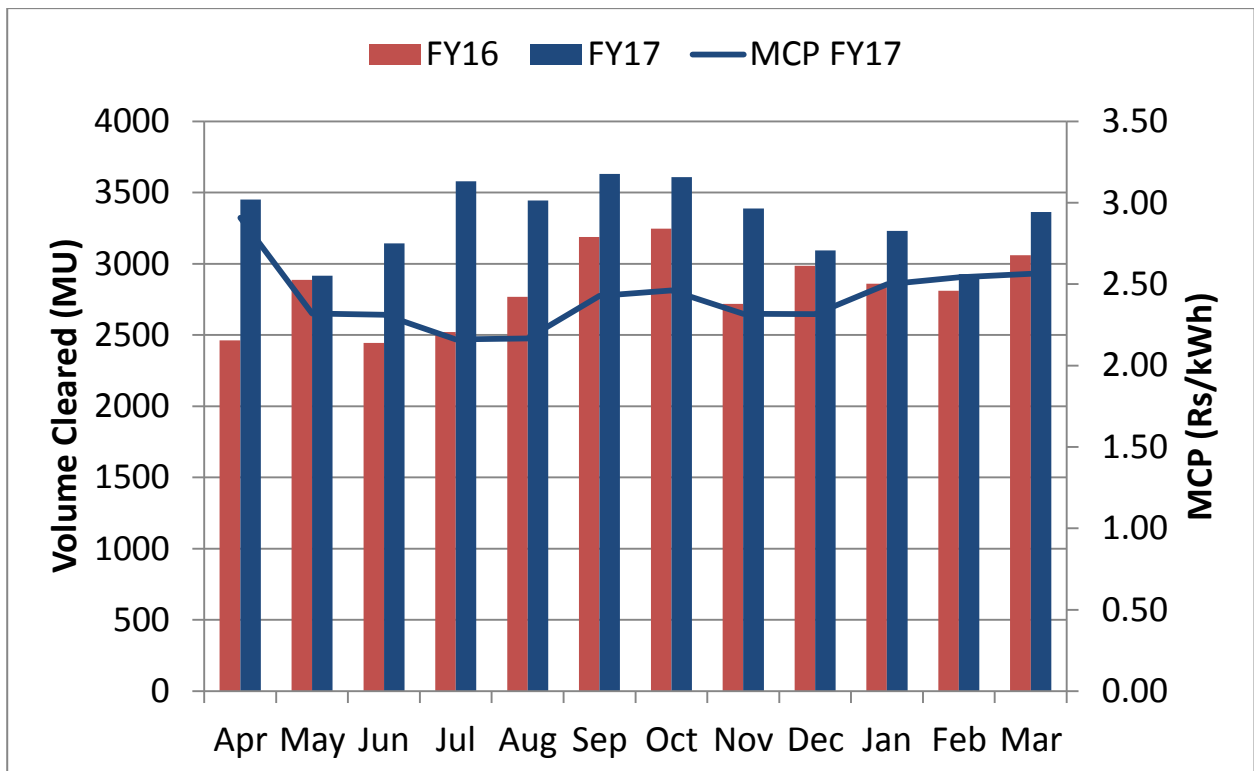
Electricity Market

Overall 39,783 MUs were traded In DAM in fiscal 2016-17 in comparison to 33,956 MUs last fiscal indicating a growth of 17%. The average daily volume was 109 MUs, nearly 17% up from 93 MUs in the previous fiscal. Key highlights of the Day-Ahead Market are as below:

- **One Nation- One Grid- One Price** was realized on 23 different days in DAM compared to 6 such instances in FY'16. This implies that the transmission congestion has decreased across the country.
- **Highest ever volume traded in DAM:**147.19 MUs, on 31st March, 2017
- **Total volume transacted in the short term market by DAM:** 33% as per CERC MMC reports, from April'16 till February'17
- **Sell bids:**Bids worth 77,141 MUs were received, 36% up from 56,514 MUs in FY'16.
- **Buy bids:**Bids worth 47,699 MUs were received, almost 11% more than 43,101 MUs in fiscal 16.

- **Market Clearing Price (MCP):**The market remained buyer friendly throughout the year with subdued prices. The average MCP was Rs. 2.41/unit in FY'17, about 12% lower than Rs. 2.73/unit in previous fiscal.
- **Final Cleared volume:**Final cleared volume was 39,783 MUs, 17% up from the previous fiscal.

IEX cleared volume in FY'17 compared to FY'16 and Market Clearing Price (MCP)



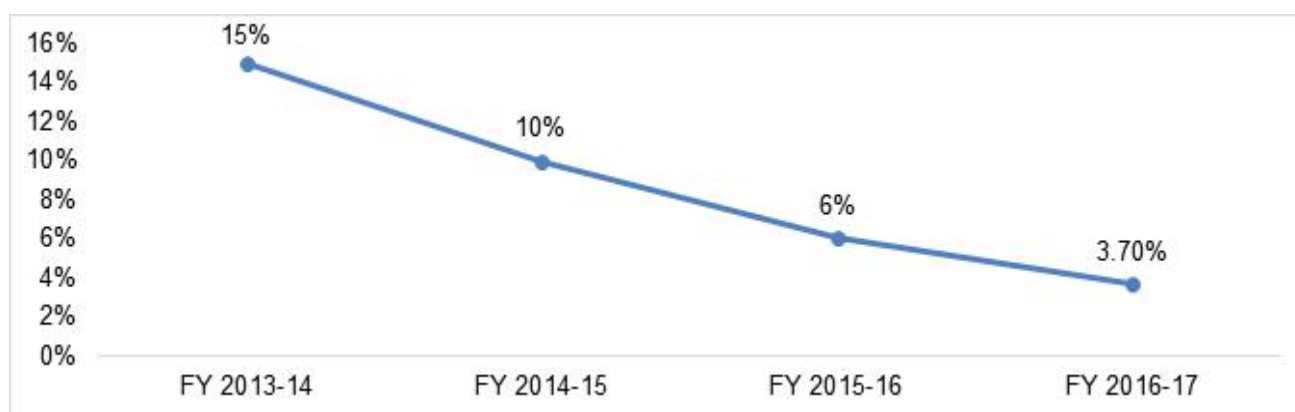
- **Participation Trend:** Total registered participants increased to 4,297 in this fiscal from 3,819 in the previous fiscal, a rise of more than 12%. Open Access consumer base also increased to 3,822, up by about 12% from 3,424 in last fiscal. On a daily average basis, 1,161 participants traded in the DAM, as compared to 1035 participants in last fiscal. The highest participation ever was observed on 9th August, 2016 when 1,380 participants traded in DAM.
- **Congestion:** In fiscal 2017, the congestion in the Inter-State transmission corridor reduced considerably compared to fiscal 2016 and consequently the Area Clearing Prices (ACP) converged. Overall, 1,527 MUs could not be traded in FY'17 due to congestion while in the last fiscal 2,253 MUs were lost.

Curtailment of cleared volume at IEX due to transmission congestion

Particulars	Market Clearing Volume (MU)	Cleared volume (MU)	Curtailed Volume (MU)	Curtailment (%)
FY 2013-14	34,230	28,923	5,307	15%
FY 2014-15	31,227	28,124	3,103	10%
FY 2015-16	36,210	33,956	2,254	6%
FY 2016-17	41,310	39,783	1,527	3.7%

Source: CERC Market Monitoring Reports

Percentage volume curtailed due to transmission congestion at IEX



Source: CERC Market Monitoring Reports

Term-Ahead Market (TAM):

A total of 744 MUs were scheduled through TAM, 125 % up from 330 MUs in the previous fiscal. The highest volume traded so far in this segment was achieved in November 2016 when close to 201 MUs were traded.

REC Market:

Your Company saw a total trade of 4.62 million RECs in fiscal 17, an increase of 47% over trade in fiscal 2016 when 3.14 million RECs were traded.

The total inventory in the REC registry at opening of fiscal 17 was 16.6 million, an increase of 36% over opening inventory of 12.2 Million in fiscal 2016.

The cumulative REC trade on both the power exchanges was 6.5 million RECs in fiscal 17 and 5.0 million RECs in fiscal 16.

Since the inventory was far larger than the traded quantum, the situation indicated surplus RECs in the market due to lack of Renewable Purchase Compliance (RPO) by the

obligated entities. Going forward, your Company expects better RPO compliance by the obligated entities and thus more dynamism in the REC Market.

Other Significant Developments

1. Compliance Review of CERC Audit on Functioning of IEX

In reference to observations and recommendations made by CERC in its Audit Report dated March 2016 on “Review of Functioning of IEX”, in March 2017, your Company appointed M/S Deloitte as an independent consultant to do a ‘Compliance Review’ in order to check and verify whether the Company has successfully implemented all the compliance measures and has adopted corrective actions as observed in the CERC Audit Report. There were almost fifty two (52) key observations and recommendations reported in CERC Audit Report relating to : governance and regulatory, market development and price discovery, financial risks (liquidity and settlement) and technology which were assessed for operational efficacy. You will be pleased to know that, M/S Deloitte in their Compliance Audit Report, have confirmed that your Company is fully compliant with all CERC recommendations and does not have any exception against any of the 52 key observations made by CERC. Further, on 24 May 2017, your Company submitted the Deloitte Compliance Audit Report duly approved by the Audit Committee and the Board of Directors to CERC.

2. SIAC Arbitration in the Technology Matter:

Your Company had been in arbitration with M/S PFS in respect of implementation of the Perpetual License Technology Agreement dated August 2015 which was signed between your company and M/S FTIL in respect of the transfer of technology. The arbitration was being pursued under framework of Singapore International Arbitration Center (SIAC). The final arbitral award dated 29 March 2017, as notified by SIAC, is in favor of your Company. The arbitration was carried out by the Sole Arbitrator who in his award has held that the Perpetual License Agreement is valid and that your Company did not need any affirmative consent from M/S PFS for entering into such an agreement. SIAC award confirmed that the Agreement is a transaction in the normal course of business and for use of technology from Promoter. In backdrop of these developments, on 16 May 2017, your Company initiated appropriate measures to implement the Perpetual License Technology Agreement. Your Company has acquired the Source Code of the technology, its modifications as well as the technology team comprising of twenty-two (22) personnel from M/S Financial Technologies Limited.

3. ISO Certification

In August 2016, your Company received three ISO Certifications - ISO 9001:2008 for quality management, ISO 27001:2013 for Information security management and ISO 14001:2004 for environment management.

4. Corporate Social Responsibility (CSR)

Our CSR initiatives are aimed towards addressing challenges such as environmental sustainability, economic empowerment and social development. Over the last two years, we have aided beneficiaries spread across states in India, including Uttar Pradesh, Delhi-NCR, Bihar, Chhattisgarh, Tamil Nadu, Karnataka and Maharashtra. Our CSR activities include promoting decentralized renewable energy, skill development for the youth, mid-day meals and holistic development for young school children, support to mentally disabled by skilling them, school bus support for rural schools, healthcare for elderly and communities, among others. These activities are carried out in partnership with credible non-governmental organizations. Besides these activities, we have also signed a memorandum of understanding with the Indian Institute of Technology, Kanpur, to set up the Energy Analytical Lab (the "EAL") in the institution. The EAL aims to promote research in power sector efficiency improvement and development of markets and provide support to scholars pursuing doctoral and post-doctoral fellowships in energy and power markets.

5. Planning to come out with the IPO

Your Company is in the process of undertaking an Initial Public Offering (IPO) of 6,065,009 Equity shares of the Company of face value Rs. 10 each through an Offer For Sale of Equity shares by certain selling shareholders in terms of the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI ICDR Regulations").

Future Outlook:

The aspiration of the Government to provide electricity on 24x7 basis, Power for All, Rural Electrification, Make in India, turn around in financial viability and operational efficiency of distribution companies through UDAY, increased coal availability for thermal power plants, fast paced renewable energy generation and aim to achieve 17% renewable energy consumption-10.25% solar and 6.75% non-solar by 2019, increased focus on building transmission infrastructure at inter-state and intra-state level, export of electricity to the South Asian neighboring countries through guidelines and regulations on cross-border trade in electricity, regulations and procedures for trading in energy saving certificates (ESCerts) are among a few key measures initiated in this fiscal towards heralding the power sector to the next level of growth.

At installed capacity of 327 GW, peak demand of only 159 GW, and energy demand not growing at a pace commensurate with growth in installed capacity, our generation capacity has been operating at sub-optimal levels leading to a surplus power position in the country. The increased availability of coal at reasonable cost resulted in higher sell volume by merchant generators at your Company's platform. This scenario is likely to continue in next 4-5 years. Besides, reduction in transmission congestion has provided added comfort to Discoms that they will be able to purchase power through your Company's platform either through the day-ahead market or through the intra-day market to meet their varying power supply needs.

With the Government aspiring to achieve renewable generation capacity of 175 GW by 2022, your Company, in December, 2016 filed petition in CERC seeking regulatory consent to introduce solar and non-solar contracts in the Green-DAM, which will be a separate platform, of collective nature, to facilitate trade in green energy (green attribute plus electricity) in order to help the obligated entities offset their solar and non-solar RPOs. Besides, your Company has already received regulatory consent from CERC to start trading in ESCerts.

In anticipation of increase in energy demand by distribution companies and open access consumers which in turn will translate into greater liquidity in the exchange traded contracts, cross border trade in electricity through term-ahead contracts on power exchanges, commencement of green-day ahead contracts on your Company's platform, trading in ESCerts, greater liquidity in extended power market, improvement in availability of transmission corridor and fewer instances of congestion, curtailment and consequent market splitting, your Company expects the power market to grow further and reach new heights in fiscal 2017-18. Maintaining market leadership and power market development will continue to be your Company's key focus in an endeavor to spur growth and progress.

2. DIVIDEND

a) Interim Dividend

During the year under review, after considering the free reserve and cash surplus of the Company, your Directors' had declared and paid an interim dividend of Rs. 10/- per Equity Shares of Rs. 10/- each (i.e. 100% of nominal value) which totaled to Rs. 346.78 million (inclusive of Dividend Distribution Tax of Rs. 58.65 million).

Further, as the holder of Compulsory Convertible Preference Shares (CCPS) were also entitled to a dividend at a rate equal to the dividend paid on the Equity Shares till the conversion date of CCPS, an interim dividend of Rs. 10 per CCPS of Rs. 10/- each (i.e. 100% of nominal value) was also paid to the CCPS holders of the Company

which entailed an outflow of Rs. 18.25 million (inclusive of Dividend Distribution Tax of Rs. 3.09 million).

b) Final Dividend

Your Directors have further recommended for consideration of the Members at the ensuing Annual General Meeting, a normal final dividend of Rs. 10 per equity share of Rs. 10/- each (i.e 100%) and a special dividend of Rs. 25 per equity share of Rs. 10/- each (i.e 250%), thus aggregating to a total final dividend of Rs. 35/- per equity share of Rs. 10/- each (i.e 350%) for the financial year ended March 31, 2017, totaling to Rs. 1226.49* million (inclusive of Dividend Distribution Tax of Rs.207.45 million).

As stated above, the CCPS holders are also entitled to a dividend at a rate equal to the dividend paid on the Equity Shares till the conversion date of CCPS. Accordingly, dividend on CCPS at the rate of Rs. 35/- per CCPS of Rs. 10/- each (i.e 350% of nominal value) as recommended by the Board of Directors of the Company, if approved at the ensuing AGM would be paid, which will entail an outflow of Rs. 51.10* million (inclusive of Dividend Distribution Tax of Rs. 8.64 million)

(Proposed final dividend payable on 2,91,15,480 equity shares and 12,13,144 CCPS, considering post March 31,2017 on May 30, 2017; 303,287 CCPS were converted into 303,287 equity shares of Rs. 10/- each).*

The Final & Special dividend, if approved at the ensuing AGM, will be paid to members whose names appear in the Register of Members as on record date and in respect of shares held in dematerialized form, it will be paid to members whose names are furnished by the National Securities Depository Limited (NSDL), as beneficial owners as on that date, subject to the applicable statutory provisions.

The total dividend for the FY ended March 31, 2017 on Equity Shares and CCPS (including final and interim) aggregated to Rs. 45/- per share respectively. The total appropriation on account of Interim and Final (including Special dividend), if approved would be Rs.1364.79 million and corporate tax on dividend thereon would be Rs 277.84 million for the year.

No amount was left unpaid or unclaimed dividend for earlier period therefore no amount was transferred to Investor Education and Protection Fund.

3. TRANSFER TO RESERVES

No Amount has been transferred to any of the Reserve during the year.

4. CHANGES IN SHARE CAPITAL

During the year under review, there is no change in the Authorized and Paid up Share Capital of the Company, as on March 31, 2017, the paid-up share capital of your Company stood at Rs. 303,286,240/- comprising 28,812,193 equity shares of Rs.10 each fully paid and 1,516,431 Compulsory Convertible Preference Shares(CCPS) of Rs. 10 each fully paid.

However, Pursuant to a resolution passed by the Board of Directors of your Company at its board meeting held on May 30, 2017, your Company has converted 303,287 CCPS of face value of Rs.10 each into 303,287 Equity Shares of Rs.10 each in the ratio of 1:1 i.e. 1 equity share of each CCPS held in the Company.

During the year, your Company has, neither issued any equity shares with differential voting rights nor any shares (including sweat equity shares) to any of its employees under any scheme.

The detailed break-up of the share capital is furnished in Note-3 to the 'Notes to Accounts' of the Audited financials of the Company.

5. SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

Company does not have any subsidiary, joint venture or associate.

6. INTERNAL AUDITORS

M/s Ravi Rajan & Co., Chartered Accountants are the Internal Auditors of your Company.

The Internal Auditors have conducted Audit as per Internal Audit Manual defined by the Company and have reviewed the design and operating effectiveness of various process covering the surveillance, operational, statutory compliances, business development, administrative, human resource, financial & accounting aspects of your Company.

The Internal Auditors were satisfied with the management response on the observation and recommendations made by them during the course of their audit and have expressed satisfaction with the internal systems, controls and process followed by your Company.

7. STATUTORY AUDITORS

The Shareholders of the Company at the eighth Annual General Meeting (AGM) held on June 24, 2014, had appointed M/s BSR & Associates LLP, Chartered Accountants, (Firm Registration No. 116231W/W-100024) as the Statutory Auditors of the Company for one term of five consecutive years i.e. upto the conclusion of 13th AGM to be held in the FY 2018-19, subject to ratification of their appointment by the members at every AGM of the Company.

Accordingly, in terms of the first proviso to Section 139(1) of the Companies Act, 2013 and based upon the recommendation of Audit Committee and Board of Directors of the Company, the ratification of appointment of M/s BSR & Associates LLP Chartered Accountant, Statutory Auditors is being sought from the Members of the Company at the ensuing 11th AGM.

The Company has received a confirmation from Auditors to the effect that their ratification of appointment, if made, would be in accordance with the provisions of Section 141 of the Companies Act, 2013 and the Rules made thereunder.

8. AUDITORS' REPORT

M/s. BSR & Associates LLP, Chartered Accountants (FRN: 116231W/W-100024) have audited the accounts of your Company for the FY 2016-17 and their report is annexed together with the explanatory notes therein, which are self-explanatory and therefore, do not call for any further explanation or comments from the Board under Section 134(3) of the Companies Act, 2013. The Auditors' Report does not contain any qualification, reservation or adverse remark

9. INTERNAL CONTROL AND THEIR ADEQUACY

The Company maintains appropriate policies, procedures and systems to ensure orderly and efficient conduct of its business, including adherence to Company's policies, monitoring procedures, to ensure that all assets are safeguarded against loss from unauthorized use or disposition, prevention and detection of frauds and errors accuracy and completeness of accounting records, and the timely preparation of reliable financial information. The Internal control system is improved and modified on an on-going basis to meet the changes in business conditions, accounting and statutory requirements.

The external and internal auditors review the effectiveness and efficiency of these systems and procedures on regular basis to ensure that all the assets of the Company are protected against any loss and that the financial and operational information is

accurate and complete in all respects. The Audits are conducted on an ongoing basis and significant deviations, if any are brought to the notice of the Audit Committee of the Board of Directors following which corrective action is recommended for implementation. All these measures facilitate timely detection of any deviations /irregularities and early remedial steps.

10. INTERNAL FINANCIAL CONTROL & ITS ADEQUACY

As per Section 134(5)(e) of the Companies Act 2013, the Directors have an overall responsibility for ensuring that the Company has implemented robust system and framework of Internal Financial Controls. This provides the Directors with reasonable assurance regarding the adequacy and operating effectiveness of controls with regards to reporting, operational and compliance risks. The Company has devised appropriate systems and framework including proper delegation of authority, policies and procedures, risk based internal audits, risk management framework and whistle blower mechanism.

The Company had already developed and implemented a framework for ensuring internal controls over financial reporting. This framework includes entity level policies, process and operating level standard operating procedures.

The entity level policies include anti-fraud policies (like code of conduct, conflict of interest, confidentiality and whistle blower policy) and other policies (like organization structure, HR policy, IT security policy and business continuity and disaster recovery plan). The company has also prepared Standard Operating Procedures (SOP) for each of its processes.

During the year, the defined controls were tested and no observation on reportable material weakness in design and effectiveness was found.

11. WHISTLE BLOWER POLICY AND ANTI FRAUD POLICY.

Your Company have a “Whistle Blower and Anti-fraud Policy”, defined as per provisions of Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014.

Your Company believes in highest possible standards of ethical practices, moral and legal conduct of business operations and to maintain these standards, the Company encourages its Directors and employees to come forward and freely communicate their concerns about illegal or unethical practices/behavior, actual or suspected, fraud or violation of company’s code of conduct or ethic policy to the appropriate authority so

that timely and speedy investigations can be undertaken and corrective action could be taken if warranted.

This Policy has been framed with a view to provide a mechanism inter alia enabling stakeholders, including Directors, individual employees of the Company to freely communicate their concerns about illegal or unethical practices and to report genuine concerns or grievance as also to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy.

The Policy provides for (a) adequate safeguards against victimization of persons who use this Mechanism; and provides (b) direct access to the Chairperson of the Audit Committee of the Board of Directors of the Company.

Details of the Whistle Blower and Anti-fraud Policy are made available on the Company's website at www.ixindia.com

12. FIXED DEPOSITS

Your Company had not invited or accepted any fixed deposits under Section 73 of the Companies Act 2013 during the year and as such, no amount on account of principal or interest related thereto was outstanding as on the date of the Balance Sheet i.e. March 31, 2017.

13. HUMAN RESOURCE DEVELOPMENT

Your Company has created a favorable work environment and is focused on innovation and competencies. Your Company is future-oriented and encourages growth and development through various training and orientation programme.

Your Company have in house Training Department with an aim to provide training and create awareness among Power Market Stakeholders, Exchange Members/Clients and Employees of the organization. Your Company has also entered into an alliance with IIT Kanpur and Administrative Staff College of India, Hyderabad for organizing quality Trainings, serving all Power Market Stakeholders.

During the year under review, alongside the National Level Residential Programs at IIT Kanpur & ASCI Hyderabad, several refresher Trainings programme were also carried out by your Company for its Members and Clients.

The regular Training Sessions are also organized for the Employees towards updating their knowledge & skills through internal and external faculty.

Further, the Company has also formulated and implemented an IEX Employee Stock Option Scheme 2010, to motivate and instill a sense of ownership among its employees, which was approved by a Special Resolution passed by the Shareholders in the Extraordinary General Meeting held on March 26, 2010. The Company had adopted the trust route for allotting equity shares and the Company has allotted 606,572 equity shares of Rs. 10/- each to the IEX ESOP Trust during the year 2010 to manage the ESOP as per defined ESOP Scheme.

The ESOP 2010 was amended by the resolution passed by our Board at its meeting held on April 18, 2017 and the amended ESOP 2010 was approved by our Shareholders at their meeting held on May 16, 2017. The major amendments made to ESOP 2010 in order to ensure compliance with the requirements of SEBI (Share Based Employee Benefits) Regulations, 2014 (“SEBI SBEB Regulations”) and other applicable laws include, among others:

- (a) it shall be the duty of the trustees of the IEX ESOP Trust to act in the interest of the employees who are beneficiaries of the IEX ESOP Trust and subject to provisions of applicable laws, it shall not act in any manner or include any provision in the trust deed that would be detrimental to the interests of the beneficiaries;
- (b) the IEX ESOP Trust shall not become a mechanism for trading in shares and hence shall not sell the Equity Shares in secondary market except as permitted under the SEBI SBEB Regulations;
- (c) in case of termination of the services of any eligible employee due to resignation, all options (i.e. vested and unvested) granted to the eligible employee shall lapse on the last day of his employment with our Company; and
- (d) in case the eligible employee retires from our Company, all options (i.e. vested and unvested) granted to the eligible employee shall vest and may be exercised by such eligible employee within three months prior to the date of retirement, but in no case after the date of retirement.

The disclosures pursuant to SEBI (Share Based Employee Benefits) Regulations, 2014, Section 62 of the Companies Act 2013 read with Companies (Share Capital and Debenture) Rules, 2014, as at March 31, 2017 in connection with the ESOP Scheme 2010 are set out in **Annexure-A** to this Report

14. DIRECTORS

A. Changes in Directors

During the financial year 2016-17, there have been following changes in the position of Directors of the Company:

1. Mr. Rajiv Malhotra (DIN: 02383396) resigned from the directorship of the Company on March 29, 2017.
2. Mr. Gopal Srinivasan (DIN: 00177699) was appointed as Non-executive Additional Director of the Company w.e.f April 18, 2017 by the Board of Directors of the Company. Mr. Gopal Srinivasan holds office as Additional Director until the ensuing AGM of the Company and is eligible for re-appointment.
3. Mr. Puneet Yadu Dalmia (DIN: 00022633) resigned from the directorship of the Company on May 18, 2017.
4. Mr. Mahendra Singhi (DIN: 00243835) was appointed as Non-executive Additional Director of the Company w.e.f May 30, 2017 by the Board of Directors of the Company. Mr. Mahendra Singhi holds office as Additional Director until the ensuing AGM of the Company and is eligible for re-appointment.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of your Company, Ms. Renuka Ramnath and Mr. Ajeet Kumar Agarwal Directors retires by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Necessary resolutions for the appointment and re-appointment of the aforesaid Directors have been included in the Notice convening the ensuing AGM and details of the proposal for appointment and re-appointment are mentioned in the Explanatory Statement to the Notice.

B. Declaration by Independent Directors

Mr. Dinesh Kumar Mehrotra, Prof. Kayyalathu Thomas Chacko and Mr. Vallabh Roopchand Bhanshali are the Independent Directors on the Board of your Company. Based upon the confirmation/ disclosures received from Independent Directors, the Board is of the opinion that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 & the Rules made thereunder and the CERC (Power Market) Regulations, 2010.

C. Meetings of Board/Committees

The composition of the Board, meetings of the Board and its Committees held during the year and the attendance of the Directors thereat is set out in Annexure-B to this Report.

D. Nomination and Remuneration Policy

The Board of Directors of your Company had already constituted a "Nomination and Remuneration Committee, in compliance with the provisions of Section 178 of the Companies Act, 2013,".

Further, the Nomination and Remuneration Committee of your Company has formulated a policy on Directors' Appointment and Remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matter provided under Sub-section (3) of Section 178 of the Companies Act, 2013., The said Policy is appended as Annexure-C to this Report.

E. Statement on Annual Evaluation made by the Board of Directors

As per Clause (1) of Para VII to Schedule IV and other applicable provisions of the Companies Act, 2013, and performance evaluation policy, the Nomination and Remuneration Committee of the Board had carried out the evaluation of every Director's Performance based on specified criteria.

Further, the Board had carried out an Annual performance evaluation of its own performance, the Independent Directors as well as the evaluation of the working of the Committees.

15. RISK MANAGEMENT POLICY

Your Company being an exchange has adequate risk management systems and procedures operating within the organization. The Company has a 'Risk Management Committee' which reviews the risk management framework and process of the organization on half yearly basis as per Regulation 25(ii) of the CERC (Power Market) Regulations, 2010.

In addition, your Company has also devised and implemented a comprehensive 'Risk Management Policy' under which the Board has constituted an 'Enterprise Risk Management Committee' ('ERMC') and ERMC reviews and analyze various internal and external risks and define risk mitigation steps to counter these risks.

In addition to above, the Audit Committee of the Board has additional oversight in the area of financial risks and controls. Major risk identified by the business and functions are systematically addressed through mitigating actions on a continuous basis.

16. CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors of your Company has constituted a Corporate Social Responsibility (CSR) Committee, required as per Section 135 of the Companies Act 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014-

The Board of Directors of the Company has approved 'Corporate Social Responsibility Policy' (CSR Policy) based upon the recommendation of the CSR Committee. Your Company has undertaken various CSR activities during the year, with an aim to address issues in the ambit of environmental sustainability, economic empowerment and social development by adopting an integrated, holistic and need-based approach.

The main focus areas of the Company's CSR Policy are:

- Promote decentralized renewable energy by creating opportunities for access and awareness.
- Support socio-economic development of underprivileged communities through improved access to livelihoods, sanitation, water, healthcare and education.
- Endeavour to integrate the cause of women empowerment while designing projects.
- Contribute to relief and rehabilitation measures in disaster-affected parts of the country.

The CSR policy of the Company is placed on the website of the Company viz at www.ixindia.com and the Annual Report on CSR as required pursuant to Section 135 of the Companies Act, 2013 is appended as **Annexure-D** to this report.

17. CONSERVATION OF ENERGY

Though the operations of your Company are not energy intensive, your Company takes adequate measures to reduce energy consumption by using energy-efficient lightning in office, computer systems and procuring energy-efficient equipment's. As an on-going process, your Company continuously evaluates new technologies and techniques to make infrastructure more energy efficient.

18. TECHNOLOGY ABSORPTION

Your company has taken multiple initiatives for Technology absorption in FY2016-17 as Technology has been the key business driver and primary facilitator for maintaining

the market leadership in power exchange space and meeting business goals of your Company. Your Company has embarked on a forward-looking and strategic program to setup a Technology Center by transferring the current trading technology platform from M/s 63 Moons Technologies Limited (formerly Financial Technologies (India) Limited) as per the Perpetual Licenses Agreement to use, own and modify necessary software for maintenance and future enhancements. Your company has transitioned this trading technology along with the core technology expertise, and in the process of internalizing technology capability in its new state-of-the-art Technology Center in Mumbai.

Technology being one of the strategic pillars, it ensures your company's continued market differentiator in power exchange space. Your Company's technological infrastructure is built on the state-of-the-art technology stack, which provides fast, secure, cost effective, resilient and highly available trading environment. Your Company continues to make substantial investments in technology absorption and development for meeting the changing needs of power market scenarios and for keeping pace with the rapid technological developments and challenges. Your Company's technology platform continues to be stable, robust and flexible, and supports faster processing along with increasing transaction volumes. Technology absorption initiatives of your Company will further mitigate any risk associated with the exchange platform by ensuring uninterrupted exchange operation and business continuity, and equip your Company to extend the platform for future business needs and challenges as well as infuse new technology stack and new architecture concepts for enhancing performance, scalability, extensibility, usability and cost optimization. You company is taking several initiatives in the technology space for furthering its market leadership through developing an exchange eco-system using digital transformation, connectivity, and data analytics.

Your Company hosts and operates all mission-critical power exchange applications and the supporting infrastructure in a leading Data Center which is supported by highly available environment, robust network, cyber security and other infrastructure. Your company recognizes the challenge of Cyber security. While current SOC is robust, your Company has been working on plans to go beyond SOC by building capability for handling cyber intelligence for preventive security system enabling to take proactive actions. The exchange provides multiple mode of connectivity solution to members including MPLS, SSL Internet, SSL VPN based on the specific needs for performance, redundancy and information security. Your company has been also working on plans to reap benefits of cloud computing for enhanced availability, scalability, cost optimization and technology sustenance.

Technology is widely used by all functions of your Company to ensure quality services to all stakeholders namely, internal as well as members. Keeping pace with the current trend, your company has planned several initiatives to increase operational efficiency and productivity of the internal teams by automating internal processes and system, creating knowledge capital and augmenting analytics for faster and quicker decision making.

19. RESEARCH AND DEVELOPMENT

As your Company is a Power Exchange and not directly involved in any manufacturing activity, your Company is not directly involved in any Research and Development activities.

20. FOREIGN EXCHANGE EARNINGS & OUTGO

The information required pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 on the foreign exchange earnings and outgo of the Company during the FY 2016-17 is given below:

Foreign Exchange Earnings and Outgo	
Particulars	Amount (In million)
A-Foreign Exchange Earnings	Nil
Total	Nil
B- Foreign Exchange Outgo	
1. Expense	2.44
2. Dividend on Equity Shares	6.58
3. Dividend on Preference Shares (CCPS)	1.52
Total	10.54

21. EXTRACT OF THE ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return is appended as **Annexure-E** to this Report.

22. PARTICULARS OF EMPLOYEES AND REMUNERATION

Your Company has adopted a well-defined Nomination & Remuneration Policy for its Directors, KMPs and other employees, which forms part of this report as **Annexure - C**.

Your Company being an unlisted entity, the information disclosure required pursuant to Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the

Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company drawing remuneration in excess of the limits set out in the said rules is not applicable on the Company

23. BUY BACK OF SHARES

During the year under review, your Company has not announced any scheme for buy back of shares from its shareholders.

24. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Companies Act, 2013, the Directors state that:

- i) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departure, if any;
- ii) Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for the year ended March 31, 2017;
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The annual accounts have been prepared on a going concern basis;
- v) Proper Internal Financial Controls were followed by the Company and such internal financial controls are adequate and were operating effectively;

Proper systems are devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

25. RELATED PARTY TRANSACTIONS

There was no related party transaction entered by the Company during the year in terms of Section 188 of the Companies Act, 2013.

26. MATERIAL AND SIGNIFICANT ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL

During the year under review, there was no significant and/or material orders was passed, by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

27. PARTICULARS OF LOANS, GUARANTEE OR INVESTMENT

During the year under review, your Company has not given any loans, guarantees or provided any security and has not made any investments in any body corporate as specified under Section 186 of the Companies Act, 2013.

All the Investments of your Company are in Bank FDs, Tax Free Bonds and Debt & Arbitrage Mutual Fund schemes only, the details of which are provided in **Note-13, 14 and 16** to the Notes to Accounts.

28. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has put in place an Anti-Sexual Harassment mechanism in line with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year under review, the Company has not received any complaint pertaining to sexual harassment and hence no complaint is outstanding as on March 31, 2017.

29. DEMATERIALISATION OF SHARES

The issued & fully paid-up equity shares of the Company are admitted with the National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'). The International Securities Identification Number (ISIN) allotted to the equity shares of the Company under the Depository System is INE022Q01012.

Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risk associated with physical shares and for ease in portfolio management. Members can contact M/s. Karvy Computershare Private Limited (Karvy), Registrar and Share Transfer Agent of the Company for assistance in this regard. The contact detail for the benefit of shareholders is as follows:

Karvy Computershare Private Limited

Karvy Selenium Tower B,
Plot 31-32, Gachibowli,
Financial District,
Nanakramguda, Serilingampally
Hyderabad, Telangana - 500 032.
Ph: 040-67162222, Fax: 040-23001153
Toll Free no.: 1800-345-4001
Email: einward.ris@karvy.com

The bifurcation of the category of shares in physical and electronic mode and distributing of shareholding as on March 31, 2017 is given below:

Category	No. of Shareholders	Total Shares	% To Equity
NSDL	51	28,565,351	99.14
PHYSICAL	13	246,842	0.86
Total	64	28,812,193	100

Sr.no	Category (Shares)	No. of Holders	No. of Shares
1	1-5000	23	49,910
2	5001-10000	5	31,180
3	10001-20000	7	109,350
4	20001-30000	2	55,000
5	30001-40000	-	-
6	40001-50000	2	100,000
7	50001-100000	1	60,000
8	100001 & Above	24	28,406,753
TOTAL		64	28,812,193

30. MATERIAL CHANGES AND COMMITMENTS, IF ANY, WHICH AFFECT FINANCIAL POSITION OF THE COMPANY IN BETWEEN THE YEAR END AND THE DATE OF DIRECTORS' REPORT.

No material changes and commitments were reported which could affect the financial position of the company in between the year end and the date of directors' report.

31. ACKNOWLEDGMENT

Your Directors would like to place on record their sincere gratitude to the Ministry of Power, Central Electricity Regulatory Commission (CERC) Members, State Electricity Regulatory Commissions (SERCs) Members and Staff, Central Electricity Authority (CEA), National Load Dispatch Centre (NLDC), Regional Load Dispatch Centers (RLDCs), State Load Dispatch Centers (SLDCs), State Electricity Regulatory Commissions (SERCs), Power Grid Corporation Ltd. (PGCL), Financial Institutions, Shareholders, Bankers, Registrar and Transfer Agent (RTA), Members of the Exchange and, Business Associates and for their continued support.

Your Directors also wish to place on record their appreciation for the contribution made by the employees of the organization at all levels.

For and on behalf of the Board of Directors
Indian Energy Exchange Limited

Sd/-

Mr. Dinesh Kumar Mehrotra
Chairman
DIN: 00142711

Place: New Delhi
Dated: June 12, 2017



Nutritious Mid-day
Meals for

5,000

Children in Mathura,
Uttar Pradesh with Akshaya
Patra Foundation



ANNEXURE-A**Disclosure related to the Employee Stock Option Scheme -ESOP 2010 of IEX:**

S.No	Particulars	Details			
1.	Shares allotted to IEX ESOP Trust	606,572 number of shares of Rs. 10/- each were allotted to IEX ESOP Trust under the "IEX ESOP 2010, which was approved by the shareholders at the EGM held on March 26, 2010.			
2.	Options granted by IEX ESOP Trust to Employees	585,800(no grants were made during FY 2016-17)			
3.	Pricing Formula	Since the Company is unlisted entity accordingly for option granted on August 07, 2010, September 07, 2010, December 16, 2011, January 21, 2014 and June 24, 2014, the pricing was on the basis of Valuation Reports obtained from an Independent Valuer/SEBI Registered Category I Merchant Banker as applicable.			
4.	Exercise price per option	Sr. No.	No. of Options	Granted on	Exercise Price Per Option (in Rs.)
		1.	324,700	July 08, 2010	10/-
		2.	17,600	September 07, 2010	10/-
		3.	206,100	December 16, 2011	53/-
		4.	45,000	January 21, 2014	150/-
		5.	10,000	June 24, 2014	535/-
5.	Maximum terms of options outstanding at the beginning	The options granted can be exercised by eligible employees subject to vesting requirements. Out of the aforesaid, only two grants were subsisting as at March 31, 2017, with the following vesting schedule:			
		Date of Grant	Vesting Terms	Exercise Period	
		21-Jan-14	25%, 24 months from the date of grant	One year from the date of vesting	
			25%, 36 months from the date of grant	One year from the date of vesting	
			25%, 48 months from the date of grant	One year from the date of vesting	
25%, 60 months from the date of grant	One year from the date of vesting				

		Date of Grant	Vest%	Maximum period of Exercise
		24-Jun-14	100% on completion of one year and successful completion of the IPO and listing of the Company's equity shares at Stock Exchange	One year from the date of vest
6.	Options vested during the year	Nil		
7.	Options exercised during the year	Nil		
8.	Total number of shares arising as a result of exercise of option during the year	Nil		
9.	Total number of options lapsed during the year	Nil		
10.	Variations in the terms of options during the year	No Variation in terms of options		
11.	Money realized on exercise of options during the year	Nil		
12.	Total number of options in force/outstanding at the end of FY 2016-17	32,500		
13.	Number of option exercisable at the end of FY 2016-17	11,250		
14.	Employee-wise details of options granted:			
	(i) Directors/Key Managerial Personnel/ Senior Managerial Personnel:	Nil		
	(ii) Employees who have received a grant in any one year of option amounting to 5% or more of options granted during that year.	Nil		
	(iii) Employees who were granted options, During any one year, equal to or exceeding 1% of the issued capital of the company at the time of grant.	Nil		
15.	Diluted EPS	37.36		
16.	Had the Company accounted the employee share-based payment using the Fair Value Method as	The Company followed Intrinsic value method for accounting of ESOP. The intrinsic value of each option granted on 08 July		

	per the Guidance Note on 'Accounting for employee share based payments', the impact on the net profits of the Company would be:	2010, 07 September 2010, 16 December 2011, 21 January 2014 and 24 June 2014 under ESOP 2010 is Nil. The estimated fair value using the Black Scholes Formula for options granted on 08 July 2010, 07 September 2010, 16 December 2011, 21 January 2014 and 24 June 2014 are Rs. Nil, Rs. Nil, Rs. Nil, Rs. 21.24 and Rs. 58.86 respectively The profit after tax of the Company for the year would have been lower by Rs0.14 million due to impact of Fair value & Intrinsic value and accordingly the impact of this difference on EPS would have been ` 0.0					
17.	Description of the method and significant assumptions used during the year to estimate the fair values of the options, including the following weighted average information:	The weighted average fair values have been determined using the Black Scholes Formula considering the following parameters					
	a)Exercise price	08-07-10	07-09-10	16-12-11	16-12-11	21-01-14	24-06-14
		10	10	53	53	150	535
	b)Expected volatility	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	c)Determination of expected volatility and the extent to which it was based on historical volatility	The measure of volatility used is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time. The Guidance note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India permitted a non-public entity to omit expected volatility in determining fair value of its options.					
	d)Option life (in years)	3.50	3.50	2.00	2.50	3.00	1.50
	e)Expected dividends	-	-	-	-	-	-
	f) Risk free interest rate (%)	6.94%	7.46%	8.23%	8.25%	8.52%	8.83%
	g) Dividend yield (%)	30.00%	30.00%	7.84%	7.84%	2.70%	0.75%
	h) To allow for the effects of an early exercise, it is assumed that the employee would exercise the options after vesting date.	-	-	-	-	-	-

Details related to Trust

(i) General Information

Sl.No.	Particulars	Details
1	Name of the Trust	IEX ESOP Trust
2	Details of the Trustee(s)	Present Trustee of the trust 1. Mr. Rajesh Kumar Mediratta 2. Mr. Akhilesh Awasthy 3. Mr. Prasanna Rao
3	Amount of loan disbursed by Company / any company in the group, during the year	Nil
4	Amount of loan outstanding (repayable to Company / any company in the group) as at the end of the year	Nil
5	Amount of loan, if any, taken from any other source for which Company / any company in the group has provided any security or guarantee	Nil
6	Any other contribution made to the Trust during the year	Nil

(ii) Brief details of transactions in shares by the Trust

Sl.No.	Particulars	Details
1	Number of shares held at the beginning of the year (as on 01.04.2016)	201,132
2	Number of shares acquired during the year through (i) primary issuance (ii) secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share	Nil
3	Number of shares transferred to the employees / sold along with the purpose Thereof	Nil
4	Number of shares held at the end of the year (as at 31.03.2017)	201,132

(iii) Secondary acquisition of shares by the Trust -

N.A.

MEETINGS OF BOARD /COMMITTEES

BOARD MEETING

The strength of Board as on 31st March, 2017 was of eight Directors, out of which one is an executive director, four are non-executive and non-independent directors and three are non-executive and independent directors. Further, our Board includes one woman director. Mr. Dinesh Kumar Mehrotra, the Chairman of the Board, is a non-executive and independent director.

During the financial year 2016-17, seven (7) meetings of the Board were held and the gap between any two meetings did not exceed one hundred and twenty days. The said Board meetings were held on, May 4, 2016, May 19, 2016, July 1,2016, August 03, 2016, October 26, 2016, November 25, 2016 and March 22, 2017, and the attendance of the meetings was as follows-

Sr. No	Name of the Director	Board Meeting	
		Held	Attended
1	Mr. Dinesh Kumar Mehrotra	7	7
2	Mr. Satyanarayan Goel	7	7
3	Prof. Kayyalathu Thomas Chacko	7	7
4	Mr. Vallabh Roopchand Bhanshali	7	4
5	Ms. Renuka Ramnath	7	6
6	Mr. Bejul Somaia	7	6
7	Mr. Puneet Yadu Dalmia##	7	2
8	Mr. Ajeet Kumar Agarwal	7	2
9	Mr. Rajiv Malhotra #	7	5

#resigned from the Board with effect from 29th March, 2017.

resigned from the Board with effect from 18th May, 2017

BOARD COMMITTEES

i. AUDIT COMMITTEE

As required under Section 177 of the Companies Act, 2013 (the 'Act'), your Company has a competent Audit Committee consisting of majority of Independent Directors as its members. The members of Audit Committee are Mr. D K Mehrotra- Non-executive Independent Director (as the Chairman), Prof. K.T. Chacko -Non-executive Independent Director and Mr. Bejul Somaia-Non-executive Director.

All the Members of the Committee have requisite qualification for appointment on the Committee and possess sound knowledge of finance, accounting practices and internal controls.

During the FY 2016-17, the Audit Committee of the Company met regularly and actively reviewed the adequacy and effectiveness of internal control systems and suggested improvements for the same. The recommendations given by the Audit Committee were

considered and reviewed by the members of the Board of the Company. However, there was no case where the Board dissented or did not accept the recommendation of the Audit Committee.

The Audit Committee met six times during FY 2016-17 i.e May 04, 2016, July 01, 2016, July 15, 2016, August 03, 2016, October 26, 2017 and March 22, 2017, and the attendance of the meetings was as follows-

Member	Committee Designation	Meetings Attended
Mr. Dinesh Kumar Mehrotra	Chairman	6
Prof. Kayyalathu Thomas Chacko	Member	6
Mr. Bejul Somaia ¹	Member	3
Mr. Ajeet Kumar Agarwal ²	Member	-

1. Appointed as Member of the Committee w.e.f. 04.05.2016.

2. Ceased to be Members of the Committee w.e.f.04.05.2016

ii. NOMINATION AND REMUNERATION COMMITTEE

As required under Section 178 of the Companies Act, 2013 (the 'Act'), your Company has a competent Nomination and Remuneration Committee consisting of 50% of Independent Directors as its members. The members of Nomination and Remuneration Committee are Prof. K.T. Chacko- Non-executive Independent Director (as the Chairman), Mr. D K Mehrotra -Non-executive Independent Director, Ms. Renuka Ramnath- Non-executive Director and Mr. Bejul Somaia-Non-executive Director.

The Nomination and Remuneration Committee met four times during FY 2016-17 i.e. May 04, 2016, May 11, 2016, September 08, 2016, and November 25, 2016, and the attendance of the meetings as follows- and the attendance of the meetings as follows-

Member	Committee Designation	Meetings attended
Prof. K T Chacko	Chairman	4
Mr. D K Mehrotra ¹	Member	4
Ms. Renuka Ramnath ²	Member	4
Mr. Bejul Somaia	Member	4
Mr. Ajeet Kumar Agarwal ³	Member	Nil
Mr. Vallabh Bhanshali ⁴	Member	Nil

1 Appointed as Member of the Committee w.e.f. 04.05.2016.

2 Appointed as Member of the Committee w.e.f. 04.05.2016.

3 Ceased to be a Member of the Committee w.e.f. 04.05.2016

4 Ceased to be a Member of the Committee w.e.f. 04.05.2016.

iii. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

Your Company has a competent Corporate Social Responsibility Committee as per the Corporate Social Responsibility Policy, which shall indicate the activities to be undertaken by the company on Corporate Social Responsibility and Recommend the amount of expenditure to be incurred.

The members of CSR Committee are Prof. K.T. Chacko- Non-executive Independent Director (as the Chairman), Ms. Renuka Ramnath -Non-executive Director and Mr. S N Goel Managing Director & CEO.

The CSR Committee met five times during FY 2016-17 i.e June 17, 2016, August 04, 2016, November 24, 2016 and January 19, 2017 and March 23, 2017 and the attendance of the meetings as follows-

Member	Committee Designation	No. of Meetings entitled to attend	No. of Meetings attended
Prof. K. T. Chacko	Chairman	5	5
Mr. Satyanarayan Goel	Members	5	5
Ms. Renuka Ramnath ¹	Members	5	Nil

1 Appointed as Member of the Committee w.e.f. 04.05.2016.

In addition to above the Board, from time to time constitute various committees for other functions and accordingly the Board has constituted the following Committees:

- Strategic Committee;
- IPO Committee
- Investment Committee; and
- Enterprise Risk Management Committee.

Nomination and Remuneration Policy of Directors, Key Managerial Personnel and other employees of Indian Energy Exchange Limited

PRINCIPLE AND RATIONALE

As per the requirements of Section 178 of the Companies Act, 2013 and the Rules framed thereunder, the Board of Directors of the Company has constituted a Nomination and Remuneration Committee. The Committee's role is to be supported by a policy for nomination of Directors and Senior Management Personnel including Key Managerial Personnel as also for remuneration of Directors, Key Managerial Personnel (KMP) and other Employees.

In line with the Company philosophy towards nurturing its human resources, the Nomination and Remuneration Committee of the Board of Directors of the Company recommends to the Board of Directors for its adoption the Nomination and Remuneration Policy for the Directors, Key Managerial Personnel and other employees of the Company as set out below:

1. DEFINITIONS:

- 1.1. **'Board'** shall mean Board of Directors of Indian Energy Exchange Limited.
- 1.2. **'Independent Director'** shall mean a director referred to in Section 149 (6) of the Companies Act, 2013.
- 1.3. **'Key Managerial Personnel' or KMP** means key managerial personnel as defined under the Companies Act, 2013 & includes:
 - (i) Chief Executive Officer or the Managing Director or the Manager;
 - (ii) Company Secretary;
 - (iii) Whole-time Director;
 - (iv) Chief Financial Officer; and
 - (v) Such other officer as may be prescribed.
- 1.4. **'Nomination and Remuneration Committee'** or the Committee under this policy shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Rules framed thereunder.

- 1.5. **‘Other employees’** means all employees other than the Directors and KMPs.
- 1.6. **‘Policy or This Policy’** means, “Nomination and Remuneration Policy.”
- 1.7. **‘Remuneration’** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- 1.8. **‘Senior Management’** means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

2. FUNCTIONS:

- ◆ To guide the Board in relation to the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- ◆ To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Director (Executive & Non-Executive/ Independent) and persons who may be appointed in Senior Management Personnel.
- ◆ To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- ◆ To attract, retain and motivate the Directors and evaluation of their performance.
- ◆ To ensure that the relationship of remuneration with performance is clear and meets appropriate performance benchmarks.
- ◆ To recommend to the Board a Policy relating to the Remuneration for the Directors, Key Managerial Personnel and other Employees.
- ◆ To determine the remuneration based on the Company’s size and financial position and practices in the industry.

3. APPLICABILITY:

This Policy shall apply to all Directors, KMPs, and other employees of the Company.

4. APPOINTMENT, REMOVAL AND RETIREMENT OF DIRECTOR, KMP AND SENIOR MANAGEMENT:

4.1. Appointment criteria and qualifications:

- ◆ The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- ◆ A potential candidate being considered for appointment to a position should possess adequate qualification, expertise and experience for the position. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- ◆ The Committee shall determine the suitability of appointment of a person to the Board of Directors of the Company by ascertaining whether he satisfies the criteria as prescribed by the Central Electricity Regulatory Commission (CERC) for appointment and disqualification as Director in the Power Exchange.
- ◆ The Committee may recommend appropriate induction & training programme for any or all the appointees.
- ◆ The Committee shall make recommendations to the Board concerning any matters relating to the continuation in office of any director at any time including the suspension or termination of service of a director subject to the provisions of law and the respective service contract.

4.2. Term / Tenure:

4.2.1. *Managing Director/Whole-time Director/Manager (Managerial Person):*

- ◆ The Company shall appoint or re-appoint any person as its Managerial Person as per section 196, 197 or any other applicable provisions of the Companies Act 2013 read with Schedule- V.

4.2.2. *Independent Director:*

- ◆ An Independent Director shall hold office in Company for such term as prescribed under the Companies Act, 2013 and the Rules framed thereunder and other applicable statutory provisions.
- ◆ The appointment including the terms and conditions of appointment of Independent Director shall be recommended by the Committee and approved by the Board of Directors of the Company subject to the approval of the Shareholders in the General Meeting.

- ◆ No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director of the Company.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

4.2.3. The Terms/ Tenure of the KMP and other employees shall be as per the Company's prevailing policy.

4.3. Evaluation:

The Committee shall carry out evaluation of performance of Directors yearly or at such intervals as may be considered necessary.

4.4. Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

4.5. Retirement:

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 along with the Rules framed thereunder and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP or the Senior Management Personnel, in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

5. PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSON, KMP AND OTHER EMPLOYEES:

5.1.1. General Criteria:

- ◆ The Committee will recommend to the Board the policy on remuneration payable to Directors, KMP and Other employees for approval. While recommending the policy the Committee shall ensure that, the level and composition of remuneration/Compensation/Commission etc. to be paid is reasonable and sufficient to attract, retain and motivate them in the company.
- ◆ The Policy shall also ensure that the relationship of remuneration to the performance should be clear and should encourage meeting of appropriate

performance benchmarks. The remuneration should also involve a balance between fixed and incentive / performance related pay reflecting achievement of short and long-term performance objectives appropriate to the working of the company and meeting its goals.

- ◆ Revision to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managerial Persons.
- ◆ The remuneration shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- ◆ Where any insurance is taken by the Company on behalf of its Managerial Person, KMPs, and/or any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel, unless such person(s) is/are proved to be guilty.

5.1.2. Remuneration to Managerial Person and KMPs:

- ◆ The Remuneration to be paid to Managerial Persons and/ or KMPs shall be governed as per the provisions of the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force as also by Company policy.

5.1.3. Remuneration to Non-Executive Directors/ Independent Directors:

- ◆ The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of the Board or Committee thereof and General Meeting of the Company.

Provided that the amount of such fees shall be such as determined by the Board of Directors of the Company from time to time and shall be within the maximum permissible limit as defined under the Companies Act, 2013 and the Rules framed thereunder.

- ◆ The remuneration / commission payable, if any, shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
- ◆ An Independent Director shall not be entitled to any stock option of the Company.

5.1.4. Remuneration to other Employees:

- ◆ The Remuneration to be paid to other employees shall be based upon the role and position of the individual employee, including professional experience, responsibility, job complexity and market conditions, qualification and seniority.
- ◆ The structure of remuneration for other employees has been designed in the prevailing policy of the Company and implementation of the same is to be ensured by Managing Director & CEO of the Company or any other personnel that the Managing Director & CEO may deem fit to delegate.

The annual increments to the remuneration paid to the other employees shall be based on the appraisal carried out by the respective HODs of various departments.

- ◆ The various remuneration components, basic salary, allowances, perquisites etc. may be combined to ensure an appropriate and balanced remuneration package.

5.1.5. Stock Options:

In addition to the normal/ regular remuneration package, Employee Stock Option Schemes are also in place for the Managerial Person, KMPs and other employees of the Company. To attract & retain talent, reward for performance and for creating long term shareholder value, the Committee may from time to time determine the stock options and other share based payments to be made to Managerial Person, KMPs, and other employees of the Company.

6. DISCLOSURE OF THIS POLICY:

This Nomination & Remuneration policy shall be disclosed in the Board's report as required under the Companies Act, 2013.

7. DEVIATIONS FROM THIS POLICY:

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

8. REVIEW AND AMENDMENT:

The Nomination and Remuneration Committee or the Board may review the Policy as and when it deems necessary. This Policy may be amended or substituted by the Nomination and Remuneration Committee or by the Board as and when required and also where there is any statutory changes necessitating the change in the policy.



Health on
Wheels for

Elderly

flood affected district
of Darbhanga and
Madhubani, Bihar with
HelpAge India

Mobile Health Services For Elderly

Supported by:



No-1800-345-1253

Annual Report on CSR Activities

(Pursuant to Section 135 of the Companies Act, 2013 & Rules made thereunder)

1	A brief outline of the company's CSR policy, including overview of the projects or programmes proposed to be undertaken and reference to the web-link to the CSR Policy and projects or programmes.	<p>IEX CSR Policy aims to address issues in the ambit of environmental sustainability, economic empowerment and social development by adopting an integrated, holistic and need-based approach. The main focus areas of the Company's CSR Policy are:</p> <ul style="list-style-type: none">• Promote decentralized renewable energy by creating opportunities for access and awareness.• Support socio-economic development of underprivileged communities through improved access to livelihoods, sanitation, water, healthcare and education.• Endeavour to integrate the cause of women empowerment while designing projects.• Contribute to relief and rehabilitation measures in disaster-affected parts of the country. <p>The complete CSR policy of the company is available on the website of the company at www.iexindia.com</p>
2	Composition of the CSR Committee	<p>In accordance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, members of the CSR Committee are:</p> <ol style="list-style-type: none">1. Prof. Kayyalathu Thomas Chacko, Non-executive Independent Director (as the Chairman),2. Ms. Renuka Ramnath, Non-Executive Director, and3. Mr. Satyanarayan Goel, Managing Director & CEO of the Company.
3	Average Net Profit of the company for last 3 financial years	Rs. 1,374.3 Million
4	Prescribed CSR expenditure (two percent of the amount as in item 3 above)	Rs. 27.49 Million

5	Details of CSR spent during the financial year	
	(a) Total amount to be spent for the financial year;	Rs. 27.49 Millions
	(b) Amount un-spent, if any;	Rs. 6.83 Millions
	(c) Manner in which the amount spent during financial year.	Attached as <u>Annexure-a</u>
6	In case the company has failed to spend the 2% of the average net profit of the last 3 financial years or any part thereof, reasons for not spending the amount in its Board Report:	<p>The Company is committed to ensure compliance with the CSR spending. With respect to the same the Company identified various social sectors to fund under CSR. The Company identified and shortlisted credible NGOs (endorsed under government of India's NGO partnership program) for undertaking the various CSR activities/ programs of the Company after conducting thorough due diligence and in line with the focus areas identified under the Company's CSR Policy.</p> <p>Further, the Company identified and appointed an external agency (Next Gen), to assist the Company in selecting, monitoring and evaluating its CSR projects.</p> <p>In FY 16-17, the Company supported nine CSR projects aimed at promoting decentralized renewable energy, skill development for youth, mid-day meals for government school children, holistic development for young school children, support to mentally disabled by skilling them in meeting their daily needs, healthcare for elderly and communities etc.</p>
7	Responsibility statement	The CSR Committee re-affirms that the implementation and monitoring of the CSR projects is being done in compliance with objectives outlined in the CSR policy of the Company.

For and on behalf of the Board of Directors

Indian Energy Exchange Limited

Sd/-

Prof. Kayyalathu Thomas Chacko
(Chairman of CSR Committee)
DIN: 02446168

Sd/-

SatyanarayanGoel
(Managing Director & CEO)
DIN: 02294069

Manner in which the CSR amount is spent during financial year ended March 31, 2017

Sr. No.	CSR project/ activity identified	Sector in which the Project is covered	Projects/ Programmes 1.Local area/others 2.Specify the state /district (Name of the District/s, State/s where Project/ programme was undertaken	Amount outlay (budget) project/ programme wise (Rs. in million)	Amount spent on the project/ programme <u>Sub-heads:</u> 1.Direct expenditure on project/ programme, 2.Overheads: (Rs. in million)	Cumulative spend upto to the reporting period (Rs. In million)	Amount spent: Direct/ through implementing agency*
1.	Provision of healthcare services to Elderly disabled and Community	Promoting Healthcare including preventive Health	1. Others 2. Darbhanga and Madhubani in Bihar	3.77	2.71	2.71	HelpAge India
2.	Provisions of Mid-Day Meals to government school children	Eradicating hunger, poverty and malnourishment	1. Others 2.Mathura, Uttar Pradesh	4.75	4.75	4.75	AkshayaPatra Foundation
3.	Skill Development for unemployed rural youth	Employment enhancing vocational skills	1. Others 2. Samastipur, Bihar	3.49	2.40	2.44	ISAP
4.	Skill Development for unemployed Urban Youth	Employment enhancing vocational skills	1. Local 2. Delhi	2.54	1.27	1.27	SMILE Foundation
5.	Promoting	Ensuring	1. Others	2.16	1.08	1.08	IshaVidhya

	Renewable Energy by Installing Solar Systems	Environmental Sustainability	2. Tamil Nadu (Isha Rural Schools in Cuddalore, Villupuram, Tuticorin and Nagercoil)				Foundation
6.	Development of Life skills for Mentally Challenged Students	Promoting education and enhancing vocational skills among differently abled	1. Others 2. Bangalore, Karnataka	1.00	0.50	0.50	Association for the Mentally Challenged
7.	Holistic Development of Urban Under-privileged children	Promoting education	1. Others 2. Mumbai, Maharashtra	0.75	0.38	0.38	Each One Teach One
8.	Developing English and Numeric Skills among government school children	Promoting education	1. Others 2. Raigarh, Chhattisgarh	3.00	1.50	1.50	Sampark Foundation
9.	Establishing Energy Analytics Lab	Promoting Research and Education	1. Others 2. Kanpur, Uttar Pradesh	37.94	5.00	5.00	IIT-Kanpur
10.	Next Gen	CSR Consulting	1. Local 2. Delhi	0.50(fixed) + 1.50% variable	0.72	0.72	NextGen
11.	InesaAdvisory services	CSR Consulting	1. Local 2. Delhi		0.07	0.07	InesaAdvisory services

EXTRACT OF ANNUAL RETURN**as on the financial year ended March 31, 2017**

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

FORM NO. MGT - 9**I. REGISTRATION AND OTHER DETAILS:**

Corporate Identity Number (CIN)	U74999DL2007PLC277039
Registration Date	26 March 2007
Name of the Company	Indian Energy Exchange Limited
Category / Sub-Category of the Company	Company Limited by Shares/Indian Non-Government Company
Address of the Registered Office and contact details	Unit No. 3-6, Fourth Floor, Plot No. 7, TDI Centre, District Centre, Jasola, New Delhi - 110025, India Tel. No. +91-11-4300 4000; Fax: +91-11-4300 4015 Email id - iexsecretarial@iexindia.com
Whether listed company	Yes/No
Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally Hyderabad, Telangana - 500 032. Ph: 040-67162222, Fax: 040-23001153 Toll Free no.: 1800-345-4001 Email: einward.ris@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All business activities contributing 10 % or more of the total turnover of the company shall be stated:

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/service	% to total turnover of the Company
1.	Power Exchange	66110	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of Shares held	Applicable Section
			Nil		

IV. SHAREHOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding: Attached as Annexure (i)

Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged /encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged /encumbered to total shares	
				Not Applicable				

ii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	At the beginning of the year				
2	Date wise Increase/Decrease in Promoters Shareholding during the year:		Not Applicable		
3	At the end of the year				

iii) **Shareholding Pattern of Top Ten Shareholders (other than Directors, promoters and Holders of GDRs and ADRs):**

01	DCB Power Ventures Limited	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	At the beginning of the year	3,109,863	10.79	-	-
2	Date wise Increase/Decrease in Shareholding during the year:				
	#CDate:15/04/2016: Purchase	1,439,431	5.00	4,549,294	15.79
	#CDate:04/03/2016: Sale	(1,516,431)	(5.26)	3,032,863	10.53
	#CDate:29/03/ 2017: Purchase	1,516,431	5.26	4,549,294	15.79
3	At the end of the year			4,549,294	15.79

#Based upon the beneficiary position list as on 31.03.2017 received from the Depository.

02	TVS SHRIRAM GROWTH FUND 1B LLP*	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the Company
1	At the beginning of the year	-	-	-	-
2	Date wise Increase/Decrease in Shareholding during the year:				
	#CDate: 02/09/2016: Purchase	1,516,431	5.26	1,516,431	5.26
	#CDate: 16/09/2016: Purchase	1,516,431	5.26	1,516,431	5.26
3	At the end of the year	-	-	3,032,862	10.52

#Based upon the beneficiary position list as on 31.03.2017 received from the Depository.

* Transferred from IL & FS Trust Co. Limited, Trustee of TVS Shriram Growth Fund IB

03	Multiples Private Equity Fund	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the Company
1	At the beginning of the year	2,429,878	8.43	2,429,878	8.43
2	Date wise Increase/Decrease in Shareholding during the year:	-	-	-	-
3	At the end of the year	-	-	2,429,878	8.43

#Based upon the beneficiary position list as on 31.03.2017 received from the Depository

04	Agri Power and Engineering Solutions Private Limit	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	At the beginning of the year	1,655,557	5.75	1,655,557	5.75
2	Date wise Increase/Decrease in Shareholding during the year:	-	-	-	-
3	At the end of the year	-	-	1,655,557	5.75

#Based upon the beneficiary position list as on 31.03.2017 received from the Depository.

05	Aditya Birla Private Equity Trust	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	At the beginning of the year	1,516,853	5.26	1,516,853	5.26
2	Date wise Increase/Decrease in Shareholding during the year:	-	-	-	-
3	At the end of the year	-	-	1,516,853	5.26

#Based upon the beneficiary position list as on 31.03.2017 received from the Depository.

06	Multiples Private Equity Fund I Limited	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the company
1	At the beginning of the year	1,819,717	6.32	1,819,717	6.32
2	Date wise Increase/Decrease in Shareholding during the year : #CDate 23/12/ 2016: Sale #CDate 03/03/ 2017:Sale	(190,609) (188,501)	(0.66) (0.65)	1,629,108 1,440,607	5.65 5.00
3	At the end of the year	-	-	1,440,607	5.00

#Based upon the beneficiary position list as on 31.03.2017 received from the Depository.

07	Westbridge Crossover Fund, LLC	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the company
1	At the beginning of the year	-	-	-	-
2	Date wise Increase/Decrease in Shareholding during the year: #CDate 23/12/ 2016: Purchase #CDate 23/12/ 2016: Purchase	190,609 1,250,000	0.66 4.34	190,609 1,440,609	0.66 5.00
3	At the end of the year	-	-	1,440,609	5.00

#Based upon the beneficiary position list as on 31.03.2017 received from the Depository.

08	AF Holdings	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	At the beginning of the year	1,402,856	4.87	1,402,856	4.87
2	Date wise Increase/Decrease in Shareholding during the year:	-	-	-	-
3	At the end of the year	-	-	1,402,856	4.87

#Based upon the beneficiary position list as on 31.03.2017 received from the Depository.

09	Golden Oak (Mauritius) Limited	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	At the beginning of the year	1,364,787	4.74	1,364,787	4.74
2	Date wise Increase/Decrease in Shareholding during the year:	-	-	-	-
3	At the end of the year	-	-	1,364,787	4.74

#Based upon the beneficiary position list as on 31.03.2017 received from the Depository.

10	Lightspeed Venture Partners VIII Mauritius	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	At the beginning of the year	1,363,575	4.733	1,363,575	4.733
2	Date wise Increase/Decrease in Shareholding during the year:	-	-	-	-
3	At the end of the year	-	-	1,363,575	4.733

iv) **Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Mr. Satyanarayan Goel, Managing Director & CEO	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	At the beginning of the year	11,250	0.04	11,250	0.04
2	Date wise Increase/Decrease in shareholding during the year:	-	-	-	-
3	At the end of the year	-	-	11,250	0.04

#Based upon the beneficiary position list as on 31.03.2017 received from the Depository.

Sl. No.	Mr. Vineet Harlalka, CFO & Company Secretary	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	At the beginning of the year	20,000	0.07	0.07	0.07
2	Date wise Increase/Decrease in shareholding during the year):	-	-	-	-
3	At the end of the year	-	-	20,000	0.07

#Based upon the beneficiary position list as on 31.03.2017 received from the Depository.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/ accrued but not due for payment
(Rs.in million)

Particulars	Secured Loans excluding deposits*	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year				
Addition	Nil	Nil	Nil	Nil
Reduction	Nil	Nil	Nil	Nil
Net Change	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil

REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs.in million)

Sl. No.	Particulars of Remuneration	Mr. Satyanarayan Goel Managing Director & CEO	Total Amount
1	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	18.68	18.68
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	Nil	Nil
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	Nil	Nil
2	Stock Option	Nil	Nil
3	Sweat Equity	Nil	Nil
4	Commission		
	- as % of profit	Nil	Nil
	- others, specify	Nil	Nil
5	Total (A)	18.68	18.68
6	Ceiling as per the Act	87.61	87.61

B. Remuneration to other directors:

1. Independent Directors:

(Rs.in million)

Sl. No.	Particulars of Remuneration	Name of Director's			Total Amount
		Mr. Dinesh Kumar Mehrotra	Mr. Vallabh Roopchand Bhanshali	Prof. Kayyalathu Thomas Chacko	
(a)	Fee for attending board / committee meetings (excluding service tax)	1.95	0.48	2.13	4.56
(b)	Commission	Nil	Nil	Nil	Nil
(c)	Others, please specify	Nil	Nil	Nil	Nil
	Total (1)	1.95	0.48	2.13	4.56

2. Other Non-Executive Directors:

(Rs.in million)

Sl. No.	Particulars of Remuneration	Mr. Ajeet Kumar Agarwal*	Total Amount
(a)	Fee for attending board / committee meetings (excluding service tax)	0.18	0.18
(b)	Commission	Nil	Nil
(c)	Others, please specify	Nil	Nil
	Total (2)	0.18	0.18
	Total (B)=(1+2)	4.74	4.74
	Total Managerial Remuneration	N.A.	N.A.
	Overall Ceiling as per the Act	N.A.	N.A.

*Mr. Ajeet Kumar Agarwal being a Nominee Director of REC Limited, Sitting fees was paid to REC Limited only.

C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD

(Rs.in million)

Sl. No	Particulars of Remuneration	Mr. Vineet Harlalka CFO & Company Secretary	Total Amount
1	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	7.44	7.44
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	Nil	Nil
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	Nil	Nil
2	Stock Option	Nil	Nil
3	Sweat Equity	Nil	Nil
4	Commission		
	as % of profit	Nil	Nil
	others, specify	Nil	Nil
5	Total (C)	7.44	7.44
6	Ceiling as per the Act	Not Applicable	Not Applicable

VI. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES :

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment /Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any
A. Company					
Penalty	No Penalties, Punishments or Compounding of Offences				
Punishment					
Compounding					
B. Directors					
Penalty	No Penalties, Punishments or Compounding of Offences				
Punishment					
Compounding					
C. Other Officers in default					
Penalty	No Penalties, Punishments or Compounding of Offences				
Punishment					
Compounding					

For and on behalf of the Board of Directors
Indian Energy Exchange Limited

Sd/-

Mr. Dinesh Kumar Mehrotra

Chairman

DIN: 00142711

Place: New Delhi

Dated: June 12, 2017



Solar PV

Electrification

in four **Isha Rural School**
in Tamilnadu **Cuddalore,**
Villupuram,
Nagercoil and Tuticorin

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INDIAN ENERGY EXCHANGE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Indian Energy Exchange Limited ("the Company" or "IEX"), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation

of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner 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 31 March 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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 A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The balance sheet, statement of profit and loss, and cash flow statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules, 2014;
- (e) On the basis of written representations received from the directors as on 31 March 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017, from being appointed as a director in terms of Section 164(2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 25 and 26 of the financial statements.

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund.
- iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 38 to the financial statements.

For B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 116231W /W-100024

Sd/-

Manish Gupta

Partner

Membership No.: 095037

Place: New Delhi

Date: 12 June 2017

Annexure A to the Auditor's report to the members of Indian Energy Exchange Limited on the financial statements for the year ended 31 March 2017

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified at least once every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. As informed to us, the discrepancies noticed on such verification were not material.
- (c) According to the information and explanations given to us, the Company does not hold any immovable property in its name. Accordingly, para 3(i)(c) of the Order is not applicable to the Company.
- (ii) The Company is a service company and is a registered national level power exchange. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Thus, paragraph 3(iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanation given to us, investments made by the Company does not attract provisions of section 185 and 186 of the Act, hence, paragraph 3(iv) of the Order is not applicable to the Company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, para 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the service rendered by the Company. Accordingly, para 3(vi) of the Order is not applicable.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income-tax, Service tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the provisions of Employees' State Insurance, Sales-tax, Value added tax, Duty of customs and Duty of excise are not applicable to the Company.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income-tax, Service tax, Cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no amounts in respect of dues of Income tax, Service tax, and Cess which have not been deposited with the appropriate authorities on account of any dispute. As explained to us, the provisions Sales-tax, Value added tax, Duty of customs and Duty of excise are not applicable to the Company.

- (viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instrument) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
- (x) According to the information and explanations provided to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, para 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 116231W /W-100024

Sd/-

Manish Gupta

Partner

Membership No.: 095037

Place: New Delhi

Date: 12 June 2017

Annexure B to the Independent Auditor's Report of even date on the financial statements of Indian Energy Exchange Limited for the year ended 31 March 2017

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 Indian Energy Exchange Limited ("the Company" or "IEX") as of 31 March 2017 in conjunction with our audit of the 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 ('ICAI'). 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 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.

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, 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 Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and

dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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 B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 116231W /W-100024

Sd/-

Manish Gupta

Partner

Membership No.: 095037

Place: New Delhi
Date: 12 June 2017

Indian Energy Exchange Limited
Balance Sheet as at 31 March 2017

(All amounts in Rupees Millions, except share data and unless otherwise stated)

	Note	As at 31 March 2017	As at 31 March 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	303.28	303.28
Reserves and surplus	4	2,446.65	1,678.51
		2,749.93	1,981.79
Non-current liabilities			
Deferred tax liabilities (net)	5	-	8.85
Other long-term liabilities	6	359.10	351.12
Long-term provisions	7	22.72	16.46
		381.82	376.43
Current liabilities			
Trade/ Customer payables	8		
- Due to micro enterprises and small enterprises		-	-
- Due to other than micro enterprises and small enterprises		1,719.39	590.19
Other current liabilities	9	589.85	502.03
Short-term provisions	7	76.15	787.11
		2,385.39	1,879.33
TOTAL		5,517.14	4,237.55
ASSETS			
Non-current assets			
Fixed assets			
Tangible fixed assets	10 (a)	63.38	73.05
Intangible fixed assets	10 (b)	22.95	40.73
Capital work-in-progress	10 (c)	3.33	-
Intangible assets under development	10 (d)	6.27	4.02
		95.93	117.80
Non-current investments	11	91.97	91.97
Deferred tax assets (net)	5	12.84	-
Long-term loans and advances	12	28.80	31.45
Other non-current assets	13	266.94	270.51
		400.55	393.93
Current assets			
Current investments	14	3,701.05	2,715.17
Trade receivables	15	2.09	7.71
Cash and bank balances	16	1,274.92	914.75
Short-term loans and advances	12	15.73	19.04
Other current assets	17	26.87	69.15
		5,020.66	3,725.82
TOTAL		5,517.14	4,237.55
Significant accounting policies	2		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **BSR & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 116231W /W-100024

Sd/-
Manish Gupta
Partner
Membership No.: 095037

For and on behalf of the Board of Directors of
Indian Energy Exchange Limited

Sd/-
D K Mehrotra
Chairman
DIN- 00142711

Sd/-
S. N Goel
Managing Director & CEO
DIN-02294069

Sd/-
Vineet Harlalka
Chief Financial Officer and Company Secretary
Membership No.: 16264

Place : New Delhi
Date : 12 June 2017

Place : New Delhi
Date : 12 June 2017

Indian Energy Exchange Limited**Statement of Profit and Loss for the year ended 31 March 2017**

(All amounts in Rupees Millions, except share data and unless otherwise stated)

	Note	For the year ended 31 March 2017	For the year ended 31 March 2016
Revenue			
Revenue from operations	18	2,039.13	1,750.28
Other income	19	335.63	251.12
Total revenue		2,374.76	2,001.40
Expenses			
Employee benefits	20	155.72	141.05
Technology expenses	21	234.24	202.02
Finance costs	22	1.31	2.68
Depreciation and amortisation	23	34.63	33.94
Other operating expenses	24	216.28	155.48
Total expenses		642.18	535.17
Profit before tax		1,732.58	1,466.23
Tax expense/ (benefit)			
Current tax		610.60	465.00
Current tax for earlier years		10.51	4.21
Deferred tax charge / (credit)		(21.69)	(4.30)
Profit for the year		1,133.16	1,001.32
Earnings per equity share (Rs.)			
(Par value of Rs. 10 per share)			
Basic (Rs.)		38.97	34.20
Diluted (Rs.)		37.36	33.02

Significant accounting policies 2

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W /W-100024

Sd/-

Manish Gupta

Partner

Membership No.: 095037

For and on behalf of the Board of Directors of

Indian Energy Exchange Limited

Sd/-

D K Mehrotra

Chairman

DIN- 00142711

Sd/-

S N Goel

Managing Director & CEO

DIN-02294069

Sd/-

Vineet Harlalka

Chief Financial Officer and Company Secretary

Membership No.: 16264

Place : New Delhi

Date : 12 June 2017

Place : New Delhi

Date : 12 June 2017

Indian Energy Exchange Limited**Cash Flow Statement for the year ended 31 March 2017**

(All amounts in Rupees Millions, except share data and unless otherwise stated)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Cash flow from operating activities		
Net profit before tax	1,732.58	1,466.23
Adjustments:		
Depreciation and amortisation	34.63	33.94
Finance costs	1.31	2.68
Interest income from bank deposits	(73.63)	(94.98)
Interest income from non-current investments	(8.07)	(5.33)
Profit on sale of current investments	(224.33)	(0.11)
Dividend income from current investments	(27.34)	(148.78)
Bad debts written off	0.01	1.12
Operating profit before working capital changes	1,435.16	1,254.76
Adjustments for:		
(Increase)/ decrease in trade and other receivables	(8.07)	(7.60)
Increase/ (decrease) in liabilities	1,242.44	100.55
Cash generated from operating activities before taxes	2,669.53	1,347.71
Income tax paid	610.01	461.50
Net Cash generated from operating activities (A)	2,059.52	886.21
Cash flow from investing activities		
Purchase of fixed assets	(13.31)	(15.54)
Proceeds from sale of fixed assets	-	0.01
Purchase of investments (net)	(761.55)	(263.12)
Redemption of/ (Investments in) bank deposits (net)	414.70	(229.00)
Interest income from bank deposits	122.95	128.58
Interest income from non-current investments	3.30	0.56
Dividend income from current investments	27.34	148.78
Net Cash generated from/ (used in) investing activities (B)	(206.57)	(229.73)
Cash flow from financing activities		
Finance costs	(1.31)	(2.68)
Dividend paid	(909.85)	(576.24)
Corporate dividend tax	(185.22)	(117.30)
Net Cash used in financing activities (C)	(1,096.38)	(696.22)
Net increase/ (decrease) in cash and cash equivalents during the year (A+B+C)	756.57	(39.75)
Cash and cash equivalents at the beginning of the year	59.75	99.50
Cash and cash equivalents at the end of the year	816.32	59.75
Notes to Cash Flow Statement:		
1. Cash and cash equivalents at the end of the year include		
Balance with banks on current accounts	71.98	43.58
Balance with banks on settlement accounts	744.34	16.17
Cash and cash equivalents at the end of the year	816.32	59.75

Indian Energy Exchange Limited

Cash Flow Statement for the year ended 31 March 2017

(All amounts in Rupees Millions, except share data and unless otherwise stated)

2. The cash flow statement has been prepared in accordance with 'Indirect method' as set out in the Accounting Standard (AS)-3 on 'Cash Flow Statements', specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

3. As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility ("CSR") committee has been constituted by the Company and during year an amount of Rs. 20.66 (previous year was Rs. 1.70) has been spent by the Company on CSR activities.

As per our report of even date attached

For **BSR & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W /W-100024

Sd/-

Manish Gupta

Partner

Membership No.: 095037

For and on behalf of the Board of Directors of

Indian Energy Exchange Limited

Sd/-

D K Mehrotra

Chairman

DIN- 00142711

Sd/-

S N Goel

Managing Director & CEO

DIN-02294069

Sd/-

Vineet Harlalka

Chief Financial Officer and Company Secretary

Membership No.: 16264

Place : New Delhi

Date : 12 June 2017

Place : New Delhi

Date : 12 June 2017

Indian Energy Exchange Limited
Notes to the financial statements for the year ended 31 March 2017
(All amounts in Rupees Millions, except share data and unless otherwise stated)

1 Background

Indian Energy Exchange Limited (“the Company”) was incorporated on 26 March 2007. The Company is a registered national level power exchange. The Company enables price discovery and price risk management for participants of the electricity market, including industries eligible for open access.

2 Significant accounting policies

(i) Basis of preparation of financial statements

These financial statements have been prepared and presented under the historical cost convention using the accrual system of accounting in accordance with the generally accepted accounting principles in India (“Indian GAAP”) and comply with the Accounting Standards as prescribed by Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, the relevant provisions of the Companies Act, 2013, pronouncements of the Institute of Chartered Accountants of India. The financial statements are presented in Indian rupees, unless otherwise stated.

(ii) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

(iii) Current - non current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- a. it is expected to be realised in, or is intended for sale or consumption in, the company’s normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is expected to be realised within 12 months after the reporting date; or
- d. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a. it is expected to be settled in the company’s normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is due to be settled within 12 months after the reporting date; or
- d. the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

(iv) Tangible fixed assets and depreciation

Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

A fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal.

Losses arising from retirement or gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Depreciation on assets, other than leasehold improvements, is provided for on a straight line method at the rates prescribed in Schedule – II of the Companies Act, 2013.

Leasehold improvements are depreciated on a straight line method over a period of lease.

Depreciation on assets sold, discarded or demolished during the year, if any, is being provided pro-rata up to the date on which such assets are sold, discarded or demolished.

(v) Capital work-in-progress

Cost of tangible fixed assets not ready for use as at the Balance Sheet date are disclosed as capital work-in-progress.

(vi) Intangible fixed assets and amortisation

Intangible fixed assets are stated at cost of acquisition and are carried at cost less accumulated amortization and impairment loss, if any.

Intangible fixed assets are recognised only if it is probable that the economic benefits that are attributable to the assets will flow to the company and the cost of assets can be measured reliably. Expenditure on an intangible item is expensed when incurred unless it forms part of the cost of intangible assets that meet the recognition criteria.

Computer software is amortised over six years considering their related useful lives.

(vii) Intangible assets under development

Cost of intangible assets under development as at the Balance Sheet date are disclosed as intangible assets under development.

(viii) Revenue recognition

Service income

Transaction fee is charged based on the volume of transactions entered into by the respective member or client of trader/professional member through the exchange. Fee charged in relation to transactions under the Day Ahead Market and the Renewal Energy Certificate segment, is accrued when the orders placed on the network are matched and confirmed by National Load Dispatch Centre. Fee charged in relation to transactions under the Term Ahead Market segment is accrued when orders placed on the network are matched, confirmed by Regional Load Dispatch Centre and delivered.

Revenue from services is recognised when the same have been rendered and no significant uncertainty exists regarding the collection of the consideration.

Admission fees and Processing fees charged from a prospective member of the exchange at the time of his joining, is recognised when the membership has been approved by the membership committee.

Annual subscription fee, in the year when the member/ client is registered for the first time, is recognised on commencement of trading that coincides with the registration of trader member/ client of trader/professional member on a pro-rata basis. Annual subscription fee, in any year subsequent to the year of registration, is recognised on an accrual basis on a pro-rata basis.

Dividend

Dividend income is recognized when the Company's right to receive dividend is established.

Interest income

Interest income is recognised on time proportion basis taking into account the amount outstanding and the interest rate applicable.

Sale of mutual fund

In case of mutual fund, the profit/ loss from the transaction is determined on the first in first out basis of carrying amount of investments disposed of/ redemption of mutual fund units.

(ix) Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realised within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current/non-current classification scheme of revised Schedule III.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments in mutual funds.

(x) Foreign currency transactions

Transactions in foreign currency are recorded at the exchange rate prevailing at the date of the transaction. Exchange differences arising on foreign currency transactions settled during the period are recognised in the Statement of Profit and Loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date, not covered by forward exchange contracts, are translated at year end rates. The resultant exchange differences are recognised in the Statement of Profit and Loss.

(xi) Employee benefits

The Company's obligations towards various employee benefits have been recognised as follows:

Short- term employee benefits:

All employee benefits payable wholly within twelve months of rendering service are classified as short-term employee benefits. Benefits such as salaries, allowances, short-term compensated absences and the expected cost of other benefits is recognised in the period in which the employee renders the related service.

Post employment benefits:

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined benefit plans

The Company's gratuity scheme is a defined benefit plan. The present value of obligation under such defined benefit plan is determined based on actuarial valuation carried at the year end using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date.

Other long-term benefits

Cost of long-term benefit by way of accumulating compensated absences arising during the tenure of the service is calculated taking into account the pattern of availment of leave. In respect of encashment of leave, the defined benefit is calculated taking into account all types of decrements and qualifying salary projected up to the assumed date of encashment. The present value of obligations under such long-term benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method as at period end.

Treatment of actuarial gains and losses

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

(xii) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.

(xiii) Taxation

Income taxes are accrued in the same period in which the related revenue and expense arise. Income tax expenses comprise current tax (i.e. the amount of tax for the period determined in accordance with the Income tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of the timing differences between the accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in the future, however, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

(xiv) Operating lease

Lease arrangements where the risk and rewards incidental to ownership of an asset substantially vest with lessor are classified as operating lease. Lease rental in respect of assets taken on operating lease are charged to the Statement of Profit and Loss on a straight-line basis over the lease term.

(xv) Provisions, contingent liabilities and contingent assets

A provision is created when there is a present obligation as a result of a past event and it is more likely than not that there will be an outflow of resources embodying economic benefits to settle such obligation and the amount of such obligation can be reliably estimated. Provisions are not discounted to its present value, and are determined based on the management's best estimate of the amount of obligation required at the year end. These are reviewed at each Balance Sheet date and adjusted to reflect current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events not wholly within the control of the Company. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

The Company does not recognise assets which are of contingent nature until there is virtual certainty of realisability of such assets. However, subsequently, if it becomes virtually certain that an inflow of economic benefits will arise, asset and related income is recognized in the financial statements of the period in which the change occurs.

(xvi) Impairment

Fixed assets (tangible and intangible) are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exist and for intangible assets mandatorily tested annually for impairment, the assets recoverable amount is estimated. An impairment loss is recognised if the carrying amount of the asset exceeds its recoverable amount.

Impairment losses are recognised in the Statement of Profit and Loss. If at balance sheet date there is an indication that a previously assessed impairment loss no longer exist or has decreased, the assets recoverable amount is estimated. The impairment loss is reversed to the extent that the assets carrying amount does not exceed the carrying value that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such a reversal is recognised in the Statement of Profit and Loss.

(xvii) Employee Stock Options Plan (ESOP)

The compensation cost of stock options granted to employees is measured by the intrinsic value method, i.e. difference between the market price of the Company's shares on the date of grant of options and the exercise price to be paid by the option holders.

(xviii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, balance with bank, and highly liquid investments with maturity period of three months or less from the date of investment.

Indian Energy Exchange Limited**Notes to the financial statements for the year ended 31 March 2017**

(All amounts in Rupees Millions, except share data and unless otherwise stated)

3 Share capital

Share capital	As at 31 March 2017		As at 31 March 2016	
	Number of shares	Amount	Number of shares	Amount
<i>Authorised</i>				
Equity shares of face value of Rs.10 each	36,250,000	362.50	36,250,000	362.50
Compulsory convertible preference shares ("CCPS") of face value of Rs.10 each	3,500,000	35.00	3,500,000	35.00
Preference shares of face value of Rs.10 each	500,000	5.00	500,000	5.00
	40,250,000	402.50	40,250,000	402.50
<i>Issued, Subscribed and Paid up</i>				
Equity shares of face value of Rs.10 each	28,812,193	288.12	28,812,193	288.12
CCPS of face value of Rs.10 each	1,516,431	15.16	1,516,431	15.16
	30,328,624	303.28	30,328,624	303.28

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	As at 31 March 2017		As at 31 March 2016	
	Number of shares	Amount	Number of shares	Amount
<i>Equity shares</i>				
At the beginning of the year	28,812,193	288.12	27,295,762	272.96
Add : Conversion of CCPS of Rs. 10 each into Equity Shares of Rs. 10 each *	-	-	1,516,431	15.16
Shares at the end of the year	28,812,193	288.12	28,812,193	288.12
<i>Compulsory convertible preference shares</i>				
At the beginning of the year	1,516,431	15.16	3,032,862	30.33
Less : Conversion of CCPS of Rs. 10 each into Equity Shares of Rs. 10 each*	-	-	1,516,431	15.16
Shares at the end of the year	1,516,431	15.16	1,516,431	15.16

*As per terms of issuance of CCPS, the Company had converted 1,516,431 CCPS of face value of Rs. 10 each into 1,516,431 equity shares of Rs. 10 each, in the ratio of 1:1 i.e. 1 equity share for each CCPS held in the Company (893,896 CCPS on 3 September 2015 ;114,929 CCPS on 02 January 2016 and 507,606 CCPS on 16 February 2016.)

Pursuant to a resolution passed by the Board of Directors at its board meeting held on 30 May 2017, the Company has converted 303,287 CCPS of face value of Rs.10 each into 303,287 Equity Shares of Rs.10 each in the ratio of 1:1 i.e. 1 equity share of each CCPS held in the Company.

b. Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the board of directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

Indian Energy Exchange Limited**Notes to the financial statements for the year ended 31 March 2017**

(All amounts in Rupees Millions, except share data and unless otherwise stated)

c. Rights, preferences and restrictions attached to CCPS**- Terms of conversion /redemption of CCPS**

1,516,431 (previous year 1,516,431) CCPS with face value of Rs.10 each are outstanding as on the date of the Balance sheet. These CCPS have the following important rights/ restrictions attached to them-

The conversion ratio for the CCPS shall be 1:1 i.e. 1 equity share of Rs. 10 each for each CCPS held.

Subject to the applicable laws, each of the CCPS shall be entitled to a dividend at the rate of 0.0001% per annum or the rate equal to the dividend paid on equity shares, whichever is higher, till the conversion date. The dividend on CCPS would be non-cumulative.

The CCPS shall be converted into equity shares by the Company upon the happening of (a) a Qualified IPO, or (b) upon being required to convert under law, or (c) upon the expiry of a period of 20 years from the date of their issuance, whichever is earlier ("Maturity Date").

In case of optional conversion, subject to applicable laws, CCPS (all or part, at the instance of the Investors) shall, prior to the Maturity Date, be convertible into equity shares in the conversion ratio defined above.

The CCPS shall in case of liquidation of the Company, if permitted by applicable Law and subject to terms hereof, rank senior to all kinds and classes of the Company's outstanding equity shares currently existing or established hereafter.

d. Details of shareholders holding 5% or more shares in the Company

	As at 31 March 2017		As at 31 March 2016	
	Number of Shares	% holding in the class	Number of Shares	% holding in the class
Equity Shares of Rs 10 each fully paid up held by				
DCB Power Ventures Limited	4,549,294	15.79	3,109,863	10.79
TVS Shriram Growth Fund 1B LLP	3,032,862	10.53	-	-
Multiples Private Equity Fund, India	2,429,878	8.43	2,429,878	8.43
Agri Power and Engineering Solutions Private Limited	1,655,557	5.75	1,655,557	5.75
Aditya Birla Private Equity Trust	1,516,853	5.27	1,516,853	5.27
Multiples Private Equity Fund I Limited	1,440,607	5.00	1,819,717	6.32
Westbridge Crossover Fund, LLC	1,440,609	5.00	-	-
Vistra ITCL India Limited (formerly known as IL and FS Trust Company Limited)	30,000	0.10	1,546,431	5.37
PTC India Financial Services Limited	-	-	1,516,431	5.26
Compulsory convertible preference shares of Rs 10 each fully paid up held by:				
Lightspeed Venture Partners VIII Mauritius	1,516,431	100.00	1,516,431	100.00

The above disclosure is as per beneficial ownership of the shareholders

e. Details of shares issued for consideration other than cash/bonus shares/bought back.

There are no shares were issued by way of bonus shares or issued for consideration other than cash and no shares were bought back during the period of five years immediately preceding the reporting date.

f. Shares reserved for issue under options and contracts/ commitments for the sale of shares/ disinvestment

Particulars	As at 31 March 2017		As at 31 March 2016	
	Number of shares	Amount	Number of shares	Amount
For CCPS:	1,516,431	15.16	1,516,431	15.16

g. Employee stock options

Terms attached to stock options granted to employees are described in note 34 regarding employee share based payments issued under the Employee Stock Option Scheme 2010.

Indian Energy Exchange Limited

Notes to the financial statements for the year ended 31 March 2017

(All amounts in Rupees Millions, except share data and unless otherwise stated)

4 Reserves and surplus

	As at 31 March 2017	As at 31 March 2016
Securities premium account		
At the beginning and end of the year	319.69	319.69
Closing balance as at the end of the year	319.69	319.69
General reserve		
At the beginning and end of the year	301.87	301.87
Closing balance as at the end of the year	301.87	301.87
Surplus		
At the beginning of the year	1,056.95	1,041.20
Profit for the year	1,133.16	1,001.32
Less: Appropriations		
Proposed final dividend on preference shares #	-	30.33
Interim dividend on preference shares *	15.16	14.97
Corporate dividend tax on preference dividend	3.09	9.22
Proposed final dividend on equity shares #	-	576.24
Interim dividend on equity shares *	288.12	197.33
Corporate dividend tax on equity dividend	58.65	157.48
Closing balance as at the end of the year	1,825.09	1,056.95
	-	-
Total reserves and surplus	2,446.65	1,678.51

* On 25 November 2016, the Board of Directors of the Company had declared interim dividend of Rs. 10 per equity share and Rs. 10 per Compulsory convertible preference share for the financial year ended 31 March 2017.(31 March 2016: Rs. 7 per equity and Compulsory convertible preference share).

On 12 June 2017, the Board of Directors of the Company has recommended a final dividend of Rs. 35 per equity share and Rs. 35 per Compulsory convertible preference share (collectively referred to as “proposed dividends”) for the financial year ended 31 March 2017, subject to approval of the shareholders at the ensuing Annual General Meeting.

The Central Government in consultation with National Advisory Committee on Accounting Standards has amended the Companies (Accounting Standards) Rules, 2006 (“amended rules”), vide notification issued by Ministry of Corporate Affairs (“MCA”) dated 30 March 2016. As per the amended rules, the proposed dividend after the reporting date but before the financial statements are approved for issue, will not be recognised as a liability at the reporting date (amended Accounting Standard 4 – Contingencies and Events Occurring After the Balance Sheet Date). Additionally, as per General Circular No. 04/2016 dated 27 April 2016 issued by MCA, the amended rules should be used for preparation of the financial statements for accounting periods commencing on or after 30 March 2016. Therefore, the amended rules are given prospective effect (applicable for the year ended 31 March 2017) and no adjustments have been made in previous year figures in respect of relevant proposed dividends.

Accordingly, the Company has not recorded Rs. 1,277.60 as provision for proposed dividends and provision for corporate dividend tax as at 31 March 2017.

5 Deferred tax liabilities and Deferred tax assets

	As at 31 March 2017	As at 31 March 2016
Deferred tax liabilities		
Excess of depreciation/amortisation on fixed assets under income tax law over depreciation/amortisation provided in accounts	9.61	15.86
	9.61	15.86
Deferred tax assets		
Provision for employee benefits	19.11	6.10
Others	3.34	0.91
	22.45	7.01
Deferred tax liabilities/(Deferred tax assets) (net)	(12.84)	8.85

Indian Energy Exchange Limited

Notes to the financial statements for the year ended 31 March 2017

(All amounts in Rupees Millions, except share data and unless otherwise stated)

6 Other long-term liabilities	As at 31 March 2017	As at 31 March 2016
Deposit from clearing and settlement bankers	160.00	160.00
Deposits towards settlement guarantee fund (refer note 35)	189.00	183.50
Liability against rent straight lining	9.54	7.00
Deposit from employees	0.56	0.62
	359.10	351.12

7 Provisions	Long-term		Short-term	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
Provision for employees benefits:				
Provision for gratuity (refer note 33)	14.59	11.28	0.20	0.20
Provision for compensated absences (refer note 33)	8.13	5.18	1.22	0.97
Provision for employees variable pay	-	-	31.09	20.16
	22.72	16.46	32.51	21.33
Other provisions:				
Provision for tax [net of advance tax Rs. 1,476.53 (previous year Rs. 712.66)]	-	-	43.64	35.73
Proposed final equity dividend	-	-	-	576.24
Proposed final preference dividend	-	-	-	30.33
Corporate dividend tax	-	-	-	123.48
	-	-	43.64	765.78
	22.72	16.46	76.15	787.11

8 Trade / Customer payables	As at 31 March 2017	As at 31 March 2016
Trade / Customer payables		
- Due to micro enterprises and small enterprises*	-	-
- Due to others	1,709.35	553.33
- Liability towards Congestion Revenue	10.04	36.86
	1,719.39	590.19

*The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that Micro and Small Enterprises should mention in their correspondence with their customers the Entrepreneurs Memorandum number as allocated after filing of the Memorandum. Based on information available with the Company, there are no amounts required to be disclosed in relation to Micro and Small Enterprises as at 31 March 2017 and 31 March 2016.

9 Other current liabilities	As at 31 March 2017	As at 31 March 2016
Unamortised subscription fee income	127.78	116.44
Other advances	1.43	4.92
Deposits towards settlement guarantee fund (refer note 35)	446.19	368.40
Employees related payable	0.54	0.66
Deposit from employees	0.10	0.04
Liability against rent straight lining	0.09	-
Statutory dues payable		
- Tax deducted at source payable	12.53	10.55
- WCT Payable#	0.00	-
- Provident fund payable	1.19	1.02
	589.85	502.03

#Amount in absolute terms - Rs. 1,515

Indian Energy Exchange Limited

Notes to the financial statements for the year ended 31 March 2017

(All amounts in Rupees Millions, except share data and unless otherwise stated)

10 : Fixed assets

10(a) Tangible fixed assets - As at 31 March 2017

Description	Gross block				Accumulated depreciation			Net block	
	As at 1 April 2016	Additions during the year	Deletions/adjustments during the year	As at 31 March 2017	As at 1 April 2016	Depreciation for the year	Deletions/adjustments during the year	As at 31 March 2017	As at 31 March 2017
Leasehold improvements	27.22	-	-	27.22	3.75	3.11	-	6.86	20.36
Office equipment	6.64	0.24	0.18	6.70	2.80	1.30	0.17	3.93	2.77
Electrical equipment	14.20	-	-	14.20	2.03	1.62	-	3.65	10.55
Computer hardware/ equipment	63.49	5.75	-	69.24	39.99	8.18	-	48.17	21.07
Furniture and fixtures	5.92	0.06	-	5.98	0.99	0.58	-	1.57	4.41
Vehicles	7.42	-	-	7.42	2.28	0.92	-	3.20	4.22
Total	124.89	6.05	0.18	130.76	51.84	15.71	0.17	67.38	63.38

Tangible fixed assets - As at 31 March 2016

Description	Gross Block				Accumulated depreciation			Net Block	
	As at 1 April 2015	Additions during the year	Deletions/adjustments during the year	As at 31 March 2016	As at 1 April 2015	Depreciation for the year	Deletions/adjustments during the	As at 31 March 2016	As at 31 March 2016
Leasehold improvements	27.22	-	-	27.22	0.63	3.12	-	3.75	23.47
Office equipment	5.74	1.04	0.14	6.64	1.71	1.23	0.14	2.80	3.84
Electrical equipment	14.20	-	-	14.20	0.41	1.62	-	2.03	12.17
Computer hardware/ equipment	62.38	1.17	0.06	63.49	32.18	7.86	0.05	39.99	23.50
Furniture and fixtures	5.92	-	-	5.92	0.33	0.66	-	0.99	4.93
Vehicles	7.42	-	-	7.42	1.35	0.93	-	2.28	5.14
Total	122.88	2.21	0.20	124.89	36.61	15.42	0.19	51.84	73.05

Indian Energy Exchange Limited

Notes to the financial statements for the year ended 31 March 2017

(All amounts in Rupees Millions, except share data and unless otherwise stated)

10 (b) Intangible fixed assets - As at 31 March 2017

Description	Gross block			Accumulated depreciation				Net block	
	As at 1 April 2016	Additions during the year	Deletions/adjustments during the year	As at 31 March 2017	As at 1 April 2016	Amortisation for the year	Deletions/adjustments during the year	As at 31 March 2017	As at 31 March 2017
Computer software	113.35	1.14	-	114.49	72.62	18.92	-	91.54	22.95
Total	113.35	1.14	-	114.49	72.62	18.92	-	91.54	22.95

Intangible fixed assets - As at 31 March 2016

Description	Gross Block			Accumulated depreciation				Net Block	
	As at 1 April 2015	Additions during the year	Deletions/adjustments during the year	As at 31 March 2016	As at 1 April 2015	Amortisation for the year	Deletions/adjustments during the year	As at 31 March 2016	As at 31 March 2016
Computer software	108.12	5.23	-	113.35	54.10	18.52	-	72.62	40.73
Total	108.12	5.23	-	113.35	54.10	18.52	-	72.62	40.73

10 (c) Capital work-in-progress - As at 31 March 2017

Description	As at 1 April 2016	Additions during the year	Capitalised/ transfer during the year	As at 31 March 2017
Computer hardware/equipment	-	3.33	-	3.33
Total	-	3.33	-	3.33

10 (d) Intangible assets under development - As at 31 March 2017

Description	As at 1 April 2016	Additions during the year	Capitalised/ transfer during the year	As at 31 March 2017
Software under development	4.02	2.25	-	6.27
Total	4.02	2.25	-	6.27

10 (d) Intangible assets under development - As at 31 March 2016

Description	As at 1 April 2015	Additions during the year	Capitalised/ transfer during the year	As at 31 March 2016
Software under development	-	4.02	-	4.02
Total	-	4.02	-	4.02

Indian Energy Exchange Limited

Notes to the financial statements for the year ended 31 March 2017

(All amounts in Rupees Millions, except share data and unless otherwise stated)

11 Non-Current Investments	Face Value per Unit (in Rs.)	Number of Units as on 31 March 2017	As at 31 March 2017	Number of Units as on 31 March 2016	As at 31 March 2016
(Non -trade)					
A) In Bonds: (quoted)					
7.11% Tax Free Bonds Power Finance Corporation Ltd.	1,000	5,134	5.13	5,134	5.13
7.04% Tax Free Bonds Housing and Urban Development Corporation Ltd.	1,000	15,058	15.06	15,058	15.06
7.04% Tax Free Bonds Indian Railway Finance Corporation Ltd.	1,000	11,757	11.76	11,757	11.76
7.04% Tax Bonds National Bank For Agriculture and Rural Development	1,000	10,020	10.02	10,020	10.02
			<u>41.97</u>		<u>41.97</u>
B) In Fixed Deposits: (unquoted)					
PNB Housing Finance Limited			<u>50.00</u>		<u>50.00</u>
			-		-
			<u>91.97</u>		<u>91.97</u>
Aggregate book value of quoted investments in bonds			41.97		41.97
Aggregate market value of quoted investments in bonds			41.97		41.97
Aggregate book value of unquoted investments in fixed deposits			50.00		50.00

12 Loans and advances	Long-term		Short-term	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
(Unsecured, considered good, unless otherwise stated)				
Capital advances	0.61	0.07	-	-
Security deposits	16.37	16.37	0.27	0.23
<i>Other loans and advances</i>				
Loans and advances to employees	-	-	0.09	0.02
Balance with statutory/ government authorities	-	-	7.20	9.55
Advance income-tax [net of provision for income tax of Rs. 833.12 (previous year Rs. 982.70)]	11.80	14.98	-	-
Prepaid expenses	0.02	0.03	8.07	8.90
Other advances	-	-	0.10	0.34
	<u>28.80</u>	<u>31.45</u>	<u>15.73</u>	<u>19.04</u>

13 Other non current assets	As at 31 March 2017	As at 31 March 2016
	(Unsecured, considered good, unless otherwise stated)	
Bank deposits (due to mature after 12 months from the reporting date)*	240.30	258.60
Interest accrued on bank deposit	17.97	7.39
Interest accrued on non-current investment	8.67	4.52
	<u>266.94</u>	<u>270.51</u>

*Bank deposits includes Rs 114.00 (Previous year Rs.189.30) under lien with banks for overdraft facilities.

Indian Energy Exchange Limited
Notes to the financial statements for the year ended 31 March 2017

(All amounts in Rupees Millions, except share data and unless otherwise stated)

14 Current investments	Face Value per Unit (in Rs.)	Number of Units as on 31 March 2017	As at 31 March 2017	Number of Units as on 31 March 2016	As at 31 March 2016
Valued at the lower of cost and fair value (Non -Trade)					
Quoted investments in mutual funds					
UTI QIP III - Direct -Scheme Code 257- Growth	10	-	-	12,381,938	250.00
Unquoted investments in mutual funds					
Birla Sun Life Cash Plus - Direct Plan - DDR	1,000		-	2,397,947	240.26
Kotak Floater - STP- Direct Plan-Growth	1,000	86,213	230.01	-	-
SBI Magnum - Insta Cash Fund -Liquid Floater - Direct Plan - DDR	1,000	-	-	244,138	246.54
SBI Premier Liquid Fund - Direct - DDR	1,000	-	-	99,778	100.09
Axis Treasury Advantage Fund - Direct Plan DDR	1,000	-	-	254,586	255.78
Axis Liquid Fund -Direct plan Growth	1,000	68,105	122.73	-	-
Birla Sun Life Floating Rate Fund - LTP- Direct Plan - DDR	100	-	-	2,472,763	248.11
Birla Sun Life Floating Rate Fund - LTP- Direct Plan - Growth	100	1,197,682	240.17	-	-
Birla Sun Life Savings Fund - Direct Plan DDR	100	-	-	516,946	51.85
Birla Sunlife Savings Fund-Direct Growth	100	818,044	261.70	-	-
HDFC Floating Rate Income Fund - STP - Wholesale Plan - Direct DDR	100	-	-	25,114,957	253.18
HDFC Floating Rate Income Fund - STP - Wholesale Plan - Direct Growth	10	9,133,219	258.88	-	-
HDFC Cash Management Fund - Treasury Advantage - Direct - DDR	10	-	-	20,189,732	202.51
HDFC Cash Management Fund - Treasury Advantage - Direct - Growth	10	7,459,691	264.11	-	-
ICICI Ultra Short Term Fund - Direct Plan Growth	10	15,689,375	268.37	-	-
ICICI Prudential Flexible Income Fund - Direct Plan - Growth	100	670,227	209.33	-	-
IDFC Money Manager Treasury Plan - Direct Plan Growth	10	1,172,849	30.70	-	-
IDFC Ultra Short Term Fund Direct Plan DDR	10	-	-	22,554,173	226.78
IDFC Ultra Short Term Fund Direct Plan Growth	10	10,572,729	244.64	-	-
Reliance Medium Term-Direct Plan Growth	10	7,088,201	245.67	-	-
Reliance Liquid Fund-TP-Direct Plan Growth	1,000	25,218	100.00	-	-
SBI Treasury Advantage Fund Direct Plan Growth	10	-	-	-	-
Tata Treasury Manager - Direct Plan - DDR	1,000	-	-	134,215	135.34
Tata Floater Direct Plan DDR	1,000	-	-	264,835	265.73
Tata Money Market Fund-Direct Plan Growth	1,000	78,053	200.00	-	-
UTI Floating Rate - Short Term Plan - Growth	1,000	98,996	268.86	-	-
UTI Treasury Advantage Fund - Direct Plan - DDR	1,000	-	-	238,435	239.00
UTI Treasury Advantage Fund - Direct Plan - Growth	1,000	69,156	155.88	-	-
HDFC Arbitrage Fund-Wholesale Plan- Growth-Direct Plan	10	14,529,669	180.00	-	-
Birla Sunlife Enhanced Arbitrage Fund-Growth- Direct Plan	10	8,133,057	140.00	-	-
ICICI Prudential Equity Arbitrage Fund- Direct Plan - Growth	10	8,106,465	180.00	-	-
Kotak Equity Arbitrage Fund- Direct Plan -Growth	10	2,094,074	50.00	-	-
Reliance Arbitrage Advantage Fund- Direct Growth Plan-Growth option	10	2,924,455	50.00	-	-
Total quoted and unquoted investments			3,701.05		2,715.17
Aggregate amount of quoted investments in mutual funds			-		250.00
Aggregate market value of quoted investments in mutual funds is Rs. Nil (as at 31 March 2016 is Rs. 252.26)			-		-
Aggregate amount of unquoted investments in mutual funds			3,701.05		2,465.17

Indian Energy Exchange Limited

Notes to the financial statements for the year ended 31 March 2017

(All amounts in Rupees Millions, except share data and unless otherwise stated)

15 Trade receivables

	As at 31 March 2017	As at 31 March 2016
Receivables outstanding for a period exceeding six months from the date they became due for payment		
Secured, considered good	0.14	0.03
Unsecured, considered good	0.28	0.28
Other receivables		
Secured, considered good	1.67	7.06
Unsecured, considered good	-	0.34
	<u>2.09</u>	<u>7.71</u>

16 Cash and bank balances

	Current	
	As at 31 March 2017	As at 31 March 2016
Cash and cash equivalents		
- Balance with banks		
on current accounts	71.98	43.58
on settlement accounts	744.34	16.17
	<u>816.32</u>	<u>59.75</u>
Other bank balances		
Bank deposits with banks with maturity period less than 12 months from balance sheet date *	458.60	855.00
	<u>458.60</u>	<u>855.00</u>
	<u>1,274.92</u>	<u>914.75</u>

Other bank balances

	Non-Current		Current	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
Bank deposits with banks with maturity period less than 12 months from balance sheet date	-	-	458.60	855.00
Bank deposits with banks with maturity period more than 12 months from balance sheet date	240.30	258.60	-	-
	<u>240.30</u>	<u>258.60</u>	<u>458.60</u>	<u>855.00</u>

*Bank deposits includes Rs. 321.90 (previous year Rs. 258.80) under lien with banks for overdraft facilities.

17 Other current assets

	As at 31 March 2017	As at 31 March 2016
(Unsecured, considered good, unless otherwise stated)		
Interest accrued on bank deposits	9.00	68.90
Interest accrued on non-current investments	0.87	0.25
Other receivable *	17.00	-
	<u>26.87</u>	<u>69.15</u>

*includes Rs.17.00 recoverable from shareholders on account of share issue expenses (previous year Rs.Nil)

Indian Energy Exchange Limited**Notes to the financial statements for the year ended 31 March 2017**

(All amounts in Rupees Millions, except share data and unless otherwise stated)

	For the year ended 31 March 2017	For the year ended 31 March 2016
18 Revenue from operations		
Sale of services		
Transaction fees	1,777.57	1,494.49
Annual subscription fees	252.04	247.63
Admission, processing and transfer fees	9.52	8.16
	<u>2,039.13</u>	<u>1,750.28</u>
19 Other income	For the year ended 31 March 2017	For the year ended 31 March 2016
Interest income		
- From bank deposits	73.63	94.98
- From non-current investments	8.07	5.33
Dividend income from current investments	27.34	148.78
Profit on sale of current investments	224.33	0.11
Income from training and coaching (net of training expenses of Rs. 4.01 (previous year Rs. 8.59))	1.60	1.83
Miscellaneous income	0.66	0.09
	<u>335.63</u>	<u>251.12</u>
20 Employee benefits	For the year ended 31 March 2017	For the year ended 31 March 2016
Salaries and bonus	140.33	128.90
Contribution to provident fund (refer note 33)	4.57	4.18
Gratuity (refer note 33)	3.74	3.06
Compensated absences (refer note 33)	4.19	2.21
Staff welfare expenses	2.89	2.70
	<u>155.72</u>	<u>141.05</u>
21 Technology expenses	For the year ended 31 March 2017	For the year ended 31 March 2016
Software development and maintenance	234.24	202.02
	<u>234.24</u>	<u>202.02</u>
22 Finance costs	For the year ended 31 March 2017	For the year ended 31 March 2016
Interest paid on bank overdraft	0.21	0.18
Interest - others	1.10	2.50
	<u>1.31</u>	<u>2.68</u>
23 Depreciation and amortisation	For the year ended 31 March 2017	For the year ended 31 March 2016
Depreciation on tangible fixed assets [refer note 10(a)]	15.71	15.42
Amortisation of intangible fixed assets [(refer note 10(b))]	18.92	18.52
	<u>34.63</u>	<u>33.94</u>

Indian Energy Exchange Limited**Notes to the financial statements for the year ended 31 March 2017**

(All amounts in Rupees Millions, except share data and unless otherwise stated)

24 Other operating expenses

	For the year ended 31 March 2017	For the year ended 31 March 2016
Rent (refer note 31)	22.69	22.54
Business promotion/ development	5.79	5.57
Incentive to members	55.37	53.36
Legal and professional *	71.87	33.42
Travelling and conveyance	6.43	6.30
Advertisement	1.58	2.10
Insurance	1.17	1.49
Communication	5.68	5.35
CERC regulatory fee	5.63	5.30
Printing and stationery	1.13	1.14
Directors sitting fees	4.76	3.89
Repairs and maintenance - building	5.17	5.09
Repairs and maintenance - others	1.19	1.18
Electricity	2.29	2.59
Prior period expenses	-	0.04
Bad debts written off	0.01	1.12
Corporate social responsibility expenses	20.66	1.70
Training	1.43	0.47
Miscellaneous expenses	3.43	2.83
	216.28	155.48
* Includes payment to auditors (excluding service tax) as follows:		
- Audit	1.30	1.30
- Other services #	0.60	0.83
- Reimbursement of expenses	0.27	0.19
	2.17	2.32

net of IPO related amounts being recoverable from shareholder's (Rs. 1.2)

Indian Energy Exchange Limited

Notes to the financial statements for the year ended 31 March 2017

(All amounts in Rupees Millions, except share data and unless otherwise stated)

25. Contingent liabilities and Commitments (net of advances)

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 1,081.58 (previous year Rs. 1,080.06).

The Company had, vide agreement dated 31 August 2015, with 63 Moon Technologies Limited (previously known as Financial Technologies (India) Limited), agreed to obtain a perpetual software license subject to various terms and conditions at a consideration of Rs. 1,080.00 (plus applicable taxes), execution of which was challenged by one of the shareholders of the Company and matter was subjudice.

On 29 March 2017, the Company has received the arbitration award in its favour. Consequently, on 16 May 2017, the Company has acquired the perpetual software license at a consideration of Rs. 1080.00 (plus applicable taxes).

- b) As per the Consolidated FDI Policy on Power Exchanges, a non-resident investor/ entity cannot hold more than 5% in a power exchange. The Department of Economic Affairs (“DEA”) (FIPB Unit) vide its letter dated 29 May 2015, while stating rejection of application for extension of time as requested by the two non-resident shareholders, who were required to bring down their shareholding in the Company to align with the current FDI Policy by 30 April 2015, had also advised the Company to align the shareholding of these two non-resident shareholders with current FDI Policy immediately and apply to the Reserve Bank of India for compounding. As directed, both the non-resident shareholders divested their excess equity stake in the Company and aligned their shareholding as per the applicable condition of the Consolidated FDI Policy and subsequently, the Company informed the FIPB about the compliance done and requested for dispensation from the compounding requirement.

The FIPB rejected the Company’s request and asked the Company to align shareholding of M/s Multiples Private Equity Fund I Limited (‘Multiples’), nonresident shareholder with the threshold limit of 5% within six months of their letter.

In compliance with FIPB directives, Multiples has divested their excess stake in the Company to align their shareholding with threshold limit of 5% and the same has been informed to the FIPB together with a request to reconsider its decision and dispense with the compounding requirement. Subsequent to year-end, the Company has also decided to engage with the Reserve Bank of India (“RBI”) to discuss the same.

Based upon the understanding obtained by the management, the Company does not foresee any material liability, if any, based on actions taken by them coupled with the fact that no undue benefit has been derived by Company from above holdings and all these investments were made prior to 20 September 2012, when the Press Note No. 8/2012, prescribing the guidelines for foreign investment in power exchanges was issued by the Department of Industrial Policy & Promotion. Further, prior to issuance of Press Note 8/2012, the activities of the IEX was covered by the residual entry in the FDI Policy and the Press Note 8/2012 also does not specifically extend its conditionalities on a retrospective basis i.e. to investments made prior to 20 September 2012.

- c) The Company is directly or indirectly (through its members/other parties) involved in other lawsuits, claims, and proceedings, which arise in the ordinary course of business. The Company or its members/other parties have challenged these litigation with respective authorities. Based on the facts currently available, management believes that likelihood of outflow of resources is remote.

Indian Energy Exchange Limited**Notes to the financial statements for the year ended 31 March 2017**

(All amounts in Rupees Millions, except share data and unless otherwise stated)

26. Provision for pending litigations

The Company's pending litigations comprise proceedings pending with Income Tax authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required. Based on current knowledge of applicable laws, the Company has made appropriate provision of Rs. 2.20 in its financial statements which is pertaining to various assessment years.

27. Expenditure in foreign currency (on accrual basis)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Travelling and conveyance	0.33	0.10
Miscellaneous expenses	0.06	0.06
Business promotion/development	-	0.10
Training *	2.05	4.78
Legal and professional	-	3.44
Total	2.44	8.48

*Training expenses have been netted off with income from training and coaching in note 19 to the extent related to income from training and coaching.

28. Dividend remittances in foreign currency

Particulars	For the Year ended 31 March 2017		For the Year ended 31 March 2016	
	2016-17	2015-16	2015-16	2014-15
Year to which the dividend relates				
Equity shares				
Amount remitted during the year	65.81	131.63	46.07	73.23
Number of non-resident shareholders	8	8	8	5
Number of non-resident shareholders to whom dividend paid in foreign currency	6	6	6	4
Number of equity shares on which dividend was paid in foreign currency.	6,581,413	6,581,413	6,581,413	6,102,579
Compulsorily convertible preference shares ("CCPS")				
Amount remitted during the year	15.16	30.33	10.62	18.20
Number of non-resident shareholders	1	1	2	2
Number of non-resident shareholders to whom dividend paid in foreign currency	1	1	1	1
Number of CCPS on which dividend was paid in foreign currency.	1,516,431	1,516,431	1,516,431	1,516,431

29. Segment reporting

The Company is a power exchange. The entire operations are governed by the similar set of risk and returns and, hence, the same has been considered as representing a single primary segment. The Company operates within India and does not have operations in economic environments with different risks and returns; hence, it is considered operating in single geographical segment.

Indian Energy Exchange Limited**Notes to the financial statements for the year ended 31 March 2017**

(All amounts in Rupees Millions, except share data and unless otherwise stated)

Since the Company's business activity falls within a single business and geographical segment, there are no additional disclosures to be provided under Accounting Standard-17 'Segment Reporting'.

30. Earnings per share

Particulars		For the Year ended 31 March 2017	For the Year ended 31 March 2016
A	Profit after tax	1,133.16	1,001.32
	Less: Dividend on compulsory convertible preference shares	15.16	45.30
	Less: Corporate dividend tax on Compulsory Convertible Preference Shares	3.09	9.22
B	Net profit attributable to equity shareholders for calculation of basic earnings per share	1,114.91	946.80
C	Number of equity shares outstanding at the end of the year	28,812,193	28,812,193
	Less- Equity shares of Rs. 10 each fully paid allotted to the IEX ESOP Trust but not allotted to employees	201,132	201,132
D	Number of equity shares outstanding at the end of the year (net)	28,611,061	28,611,061
E	Weighted average number of equity shares outstanding at the end of year for calculation of basic earnings per share	28,611,061	27,685,303
F	Add: Number of potential dilutive equity shares in respect of Compulsory Convertible Preference shares and stock options	1,717,563	2,643,321
G	Weighted average number of equity shares outstanding at the end of year for calculation of diluted earnings per share (E+F)	30,328,624	30,328,624
	Basic earnings per equity share (Rs.) (B/E)	38.97	34.20
	Diluted earnings per equity share (Rs.) (A/G)	37.36	33.02

31. Operating Lease

The Company has taken office premises under operating lease arrangement. The lease period for office premises taken under non-cancellable lease agreement of nine years with a lock-in period of three years, thereafter, the same can be cancelled by lessee by giving notice of three months to the lesser. The lease rental expense recognised in the Statement of Profit and Loss for the year ended 31 March 2017 is Rs. 22.69 (Previous year Rs. 22.54).

Future minimum lease payments (excluding taxes) in respect of non-cancellable lease as at 31 March 2017 and 31 March 2016 are summarised below:

Indian Energy Exchange Limited**Notes to the financial statements for the year ended 31 March 2017**

(All amounts in Rupees Millions, except share data and unless otherwise stated)

Particulars	As at 31 March 2017	As at 31 March 2016
Minimum lease payments		
Not later than one year	20.22	18.88
Later than one year and not later than five years	91.66	86.90
Later than five years	38.20	63.18
Total	150.08	168.96

32. Related party disclosures**a) List of related parties and nature of relationship where control exists:**

Controlled Employee Welfare Trust	IEX ESOP Trust
--	----------------

b) List of related parties and nature of relationship with whom transactions have taken place during the year:

Entity having significant influence over the company	63 Moons Technologies Limited <i>(previously known as Financial Technologies (India) Limited)</i>
Key managerial personnel – Managing Director	Mr. S.N. Goel
Controlled Employee Welfare Trust	IEX ESOP Trust

c) Transaction with related parties

Transactions during the year	For the Year ended 31 March 2017	For the Year ended 31 March 2016
Rendering of services to the Company :		
63 Moons Technologies Limited *	-	99.60
Reimbursement of expenses charged by them		
63 Moons Technologies Limited	-	0.22
Reimbursement of expenses charged to them		
IEX ESOP Trust	-	0.08
Salary and Allowances :		
Mr. S.N. Goel #	19.68	16.70

Does not include gratuity and leave liability as they are provided based on Company as whole.

*up to 14 October 2015

Indian Energy Exchange Limited**Notes to the financial statements for the year ended 31 March 2017**

(All amounts in Rupees Millions, except share data and unless otherwise stated)

d) Balances as at year end :

Nature	As at 31 March 2017	As at 31 March 2016
Payable to key managerial personnel		
Mr. S.N. Goel @	5.00	4.00

@ Provision towards variable pay as per terms of his appointment

33. Employee benefits

Disclosure in respect of employee benefits under Accounting Standard 15 "Employee Benefits" prescribed by the Companies (Accounting Standards) Rules, 2006.

a) Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee's salaries, in respect of qualifying employees towards provident fund which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognized as expense towards such contribution to provident fund for the year aggregated to Rs. 4.57 (previous year Rs. 4.18).

b) Defined benefit plans

The Company operates defined benefit plan that provide gratuity. The gratuity plan entitles all eligible employees to receive one half month's salary for each year of completed service at the time of retirement, superannuation, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972 or as per Company's scheme whichever is more beneficial. The following table summarizes the position of assets and obligations:

Particulars	As at 31 March 2017	As at 31 March 2016
Changes in present value of the obligation during the year		
Liability at the beginning of the year	11.48	8.58
Current service cost	2.63	2.20
Interest cost	0.91	0.67
Benefits paid	(0.43)	(0.16)
Actuarial loss on obligation	0.20	0.19
Liability at the end of the year	14.79	11.48
Net (liability) recognised in Balance Sheet		
Present value of the obligation at the end of the year	(14.79)	(11.48)
Net (liability) recognised in Balance Sheet	(14.79)	(11.48)

Indian Energy Exchange Limited**Notes to the financial statements for the year ended 31 March 2017**

(All amounts in Rupees Millions, except share data and unless otherwise stated)

Expense recognised in the Statement of Profit and Loss	For the year ended 31 March 2017	For the year ended 31 March 2016
Current service cost	2.63	2.20
Interest cost	0.91	0.67
Net actuarial loss recognised during the year	0.20	0.19
Gratuity expenses	3.74	3.06

c) Experience adjustments

Particulars	Year ended				
	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Present value of defined benefit obligations	14.79	11.48	8.58	5.73	3.89
(Surplus) / deficit	14.79	11.48	8.58	5.73	3.89
Experience adjustments (loss) / gain – obligations	0.75	(0.42)	(0.40)	(0.48)	0.08

d) The principal assumption used in determining the gratuity benefit obligation is as given below:

Particulars	As at 31 March 2017	As at 31 March 2016
Discount rate	7.35 %	7.90 %
Salary escalation rate (p.a.)	8.00%	8.00%
Demographic assumptions :		
Retirement age (in years)	60	60
Mortality rate	IALM(2006-08)	IALM(2006-08)

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

The salary escalation rate is based on estimates of salary increases, which take into account inflation, promotion and other relevant factors.

e) Other long-term benefit (Compensated absences)

The Company operates compensated absences plan, where in every employee is entitled to the benefit equivalent to 15 days leave salary for every completed year of service subject to maximum of 42 days accumulation of leaves. The salary for calculation of earned leave is last drawn basic salary. The same is payable during the service, early retirement, withdrawal of scheme, resignation by employee and upon death of employee.

Indian Energy Exchange Limited**Notes to the financial statements for the year ended 31 March 2017**

(All amounts in Rupees Millions, except share data and unless otherwise stated)

An actuarial valuation of compensated absences has been carried out by an independent actuary on the basis of the following assumptions:

Particulars	As at 31 March 2017	As at 31 March 2016
Discount rate	7.35% p.a.	7.90% p.a.
Salary escalation rate (p.a.)	8.00% p.a.	8.00% p.a.

34. During the financial year 2010-2011, the Company had framed an Employee Stock Option Scheme - 2010 ("ESOP 2010"), which was duly approved by the Shareholders and Board of Directors of the Company. Accordingly, the Company allotted 606,572 number of equity shares of Rs. 10 each to IEX ESOP Trust ("ESOP Trust") who will administer ESOP 2010 on behalf of the Company. Subsequently, ESOP 2010 has been amended by special resolution passed at the Extra-ordinary General Meeting held on 16 May 2017 by the shareholders of the Company.

Further, the Shareholders of the Company vide their special resolution passed at the Annual General Meeting held on 27 September 2013 had authorised the Board of Directors/ Compensation Committee of the Company to vary the terms of ESOP's including the vesting period for selective/specific eligible employees in respect of the options which have yet not been granted or granted but which have not been vested yet, subject to a minimum vesting period of one year from the date of grant under ESOP 2010.

Out of total shares allotted to IEX ESOP Trust, ESOP Trust has granted 585,800 number of options to employees. Details of options granted by the IEX ESOP Trust ("ESOP Trust") is as under:

Date of grant	Vesting period	No. of options granted	Exercise price (in Rs.)
8 July 2010	33% on completion of first year 33% on completion of second year 34% on completion of third year	307,100	10.00
7 September 2010	33% on completion of first year 33% on completion of second year 34% on completion of third year	17,600	10.00
16 December 2011	33% on completion of first year 33% on completion of second year 34% on completion of third year	106,100	53.00
16 December 2011	55% on completion of first year 45% on completion of second year	100,000	53.00
21 January 2014	25% on completion of second year 25% on completion of third year 25% on completion of fourth year 25% on completion of fifth year	45,000	150.00
24 June 2014	100% on completion of one year and successful completion of the IPO and listing of the Company's equity shares at Stock Exchange	10,000	535.00

No employee has been issued options entitling such person to subscribe to more than 1% of Equity Share Capital of the Company.

Indian Energy Exchange Limited**Notes to the financial statements for the year ended 31 March 2017**

(All amounts in Rupees Millions, except share data and unless otherwise stated)

The particulars of number of options granted/ exercised, lapsed and forfeited under the aforementioned scheme are as below:

Particulars	Year ended 31 March 2017		Year ended 31 March 2016	
	Numbers	Average price	Numbers	Average price
Options outstanding at the beginning of the year	33,750	150.00	45,000	150.00
	10,000	535.00	10,000	535.00
Options exercisable at the beginning of the year	-	-	340	53.00
Options granted during the year	-	-	-	-
Options forfeited during the year	-	-	-	-
Options lapsed during the year	-	-	340	53.00
Option exercised during the year	-	-	11,250	150.00
Options exercisable at the closing of the year	11,250	150.00	-	-
Options outstanding at the closing of the year	22,500	150.00	33,750	150.00
	10,000	535.00	10,000	535.00
Expenses arising from stock option plan during the year	-	-	-	-

Note: Total lapsed options available for reissuance are 136,610 (previous year 136,610) under ESOP 2010.

All the options granted by the Company are fixed and are granted at or higher than the fair value prevailing at the grant date, the Company has not recognized any compensation expense in the Financial Statements of the Company. The intrinsic value per option for ESOP granted by the Company is Rs. Nil.

For option granted on 21 January 2014 and 24 June 2014 under ESOP 2010, the intrinsic value of each option is Rs. Nil. The estimated fair value is Rs. 21.24 and Rs. 58.86 for options granted on 21 January 2014 and 24 June 2014 respectively. The weighted average fair values have been determined using the Black Schole Formula considering the following parameters:

Particulars	21-Jan-14	24-Jun-14
Fair value of share at grant date	148	148
Exercise price	150	535
Expected volatility	0%	0%
Option life	1.5 to 4.5 Year	1.50 Year
Expected dividends	Based on dividend declared prior to the date of grant	Based on dividend declared prior to the date of grant
Dividend yield	2.70%	0.75%
Risk free interest rate	8.52%	8.83%

Indian Energy Exchange Limited**Notes to the financial statements for the year ended 31 March 2017**

(All amounts in Rupees Millions, except share data and unless otherwise stated)

The profit after tax of the Company for the year would have been lower by Rs. 0.14 (previous year Rs. 0.46) had the Company accounted the employee share-based payment using the Fair Value Method as per the Guidance Note on 'Accounting for employee share based payments'.

The earnings per share as reported would be lower as indicated below:

Particulars	For the year ended 31 March 2017	
	Basic	Diluted
Profit attributable to the equity shareholders	1,114.91	1,133.16
Less : Total stock based employee compensation expense determined under fair value based method	0.14	0.14
Adjusted net profit available to shareholders	1,114.77	1,133.02
Weighted average number of equity shares	28,611,061	30,328,624
Earnings Per share		
As reported	38.97	37.36
As Adjusted	38.96	37.36

35. The Company had constituted a separate Settlement Guarantee Fund ("SGF") in respect of the activities carried out in various contracts being traded at the exchange platform. The members are required to contribute to the fund in the form of interest free margin money, which forms part of the SGF. The margin money is refundable, subject to adjustments, if any. As at 31 March 2017, the total cash margin money forming part of SGF was Rs. 635.19 (previous year Rs. 551.90) [Rs. 446.19 (previous year Rs. 368.40) disclosed under Note 9 - Other current liabilities - Security Deposits towards SGF and balance Rs. 189.00 (previous year Rs. 183.50) disclosed under Note 6 – Other long -term liabilities – Deposits towards SGF]. Further, the Company has also received from the members non cash margin as a portion of the SGF comprising of collateral in the form of bank guarantees, amounting to Rs. 82.00 (previous year Rs. 66.00) which does not form part of the Balance Sheet.

36. The Company has reclassified certain amounts in the financial statement for year ended 31 March 2017, to align with presentational requirement of Companies Act, 2013. Further the impact on the previous year figures, had the previous year figures been aligned with the presentation as of 31 March 2016, is detailed below:

- i) Fixed deposits with original maturity of more than one year amounting to Rs. 50.00 was disclosed as 'Bank deposits (due to mature after 12 months from the reporting date)' under Other non-current assets in the financial statements for the year ended 31 March 2016, instead of it being disclosed as 'In Fixed Deposits: (unquoted)' under Non-Current Investments.
- ii) Interest accrued on fixed deposits amounting to Rs. 4.52 was disclosed as 'Interest accrued on fixed deposit' under Other non-current assets in the financial statements for the year ended 31

Indian Energy Exchange Limited**Notes to the financial statements for the year ended 31 March 2017**

(All amounts in Rupees Millions, except share data and unless otherwise stated)

March 2016, instead of it being disclosed as 'Interest accrued on non-current investment' under Other non-current assets.

- iii) Interest income from bank deposit amounting to Rs. 4.52 was disclosed as 'Interest income from bank deposit' under Other income in the financial statements for the year ended 31 March 2016, instead of it being disclosed as 'Interest from others' under Other income.
- iv) Capital Advances of Rs. 0.07 was disclosed as Short-Term capital advances under 'Loan & Advances' in the financial statements for the year ended 31 March 2016, instead of it being disclosed as Long-Term capital advances under 'Loan & Advances'

Consequently, there would be impact on Cash Flow Statement for the year ended 31 March 2016. Following is the abstract of audited Cash Flow Statement and proforma Cash Flow Statement (had the previous year figures been correctly disclosed in the Cash Flow Statement for the year ended 31 March 2016):

Financial Statement Caption	As at 31 March 2016 (Audited)	As at 31 March 2016 (Proforma)
Operating Activities		
- Interest others	99.50	94.98
- Interest income	0.81	5.33
Investing Activities		
- Purchase of investments(net)	(213.11)	(263.11)
- Redemption of/(Investments) in bank deposits (net)	(279.00)	(229.00)

37. In terms of Section 135 of the Companies Act, 2013 and Rules made thereunder, the Company was required to spend Rs. 27.49 on Corporate Social Responsibility ("CSR") expenses. The total amount spent by the Company on CSR was Rs. 20.66 (previous year was Rs. 1.70).

The Company has set up a CSR committee of Board of Directors, and has already defined and adopted a CSR Policy for taking necessary action for complying with the CSR requirement as defined in its policy.

38. Disclosure of Specified Bank Notes ("SBN") held and transacted during the period from 8 November 2016 to 30 December 2016:

Particulars	SBN	Other Denominations Notes	Total
Closing cash on hand as on 8 November 2016	-	-	-
(+) Permitted receipts (including cash withdrawal)	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in banks	-	-	-
Closing cash in hand as on 30 December 2016	-	-	-

Indian Energy Exchange Limited

Notes to the financial statements for the year ended 31 March 2017

(All amounts in Rupees Millions, except share data and unless otherwise stated)

@ For the purpose of this disclosure, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8 November 2016.

39. The Company is in the process of filing of the Draft Red Herring Prospectus ("DRHP") with Securities and Exchange Board of India ("SEBI"), the National Stock Exchange of India Limited ("NSE"), the BSE Limited ("BSE") and to such other authorities and persons as may be necessary under law and to display the same on website of the Book Running Lead Managers ('BRLMs'). It comprises a Proposed Initial Public Offering ("IPO") of 6,065,009 Equity shares of the Company of face value Rs. 10 each ("Equity Shares") through an Offer For Sale of Equity shares by certain selling shareholders in terms of the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI ICDR Regulations").

For B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 116231W/W-100024

For and on behalf of the Board of Directors of

Indian Energy Exchange Limited

Sd/-

Manish Gupta

Partner

Membership No.: 095037

Sd/-

D K Mehrotra

Chairman

DIN- 00142711

Sd/-

S N Goel

Managing Director & CEO

DIN: 02695123

Place : New Delhi

Date : 12 June 2017

Sd/-

Vineet Harlalka

CFO and Company Secretary

M. No. 16264

Place: New Delhi

Date: 12 June 2017



ISAP INDIA

Skilling

175

Unemployed rural youth as
'Solar Technicians'
in Samastipur,
Bihar with ISAP