Deloitte Haskins & Sells

Chartered Accountants
12, Dr. Annie Besant Road
Opp. Shiv Sagar Estate
Worli, Mumbai - 400 018
India

Tel: +91 (022) 6667 9000
Fax: +91 (022) 6667 9100

AUDITORS' REPORT TO THE MEMBERS OF STERLITE ENERGY LIMITED

1. We have audited the attached Balance Sheet of **STERLITE ENERGY LIMITED** ("the Company") as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:

   (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956. Additionally, the Company has chosen to early adopt Accounting Standard 30 "Financial Instruments: Recognition and Measurement" arising from the Announcement of the Institute of Chartered Accountants of India dated March 29, 2008 as stated in Note no. 27 to the Financial Statements.

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(e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

    (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;

    (ii) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date and

    (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on March 31, 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.:117366W)

Khurshed Pastakia
Partner
(Membership No.: 31544)

MUMBAI, April 20, 2012

KP/NS/2012

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 3 of our report of even date)

(i) Having regard to the nature of the Company's business/activities/result, clauses (xii), (xiii), (xiv), (xv), (xviii), (xix) and (xx) of CARO are not applicable.

(ii) In respect of its fixed assets:

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

(b) The Company has a phased program of physical verification of its fixed assets, which in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. In accordance with such program, the management has physically verified the fixed assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) In respect of its inventory:

(a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.

(b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

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(iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956

(v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of power. During the course of our audit, we have not observed any major weakness in such internal control system.

(vi) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956.

(vii) According to the information and explanations given to us, the company has not accepted any deposit from the public during the year.

(viii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(ix) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(x) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.

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(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2012 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in crores)
Building and Other Construction Workers' (RECS) Act, 1996 and Building and Other Construction Workers' Welfare Cess Act, 1996	Building Cess	Supreme Court of India	2008-09 to 2010-11	10.29

(xi) The accumulated losses of the Company at the end of the financial year are not more than fifty percent of its net worth and the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders.

(xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.

(xiv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that the Company has used funds aggregating Rs. 6,421.95 crores raised on short term basis for long term investment.

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

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No: 117366W)

Khurshed Pastakia
Partner
(Membership No.: 31544)

MUMBAI, April 20, 2012

KP/NS/2012

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STERLITE ENERGY LIMITED

Balance Sheet as at 31st March, 2012

STERLITE ENERGY

(Rs. in crore)

	Particulars	Note No.	As at 31st March, 2012	As at 31st March, 2011
I.	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	3	1,187.31	1,187.31
	(b) Reserves and surplus	4	3.70	8.05
2	Noncurrent liabilities			
	(a) Long-term borrowings	5	4.91	39.25
	(b) Long-term provisions	6	0.55	0.26
3	Current liabilities			
	(a) Short-term borrowings	7	6,905.77	4,814.35
	(b) Trade payables	8	39.46	13.14
	(c) Other current liabilities	9	1,110.78	1,591.19
	(d) Short-term provisions	10	1.93	0.84
	TOTAL		9,254.41	7,654.39
II.	ASSETS			
	Noncurrent assets			
1	(a) Fixed assets	11		
	(i) Tangible assets		5,786.40	2,754.49
	(ii) Capital work-in-progress		1,407.85	3,931.58
	(b) Noncurrent investments	12	401.96	401.09
	(c) Long-term loans and advances	13	104.15	122.49
	(d) Other noncurrent assets	14	3.51	3.71
2	Current assets			
	(a) Current investments	15	-	16.07
	(b) Inventories	16	181.92	132.54
	(c) Trade receivables	17	491.77	119.59
	(d) Cash and cash equivalents	18	162.46	71.99
	(e) Short-term loans and advances	19	462.42	19.48
	(f) Other current assets	20	251.97	81.36
	TOTAL		9,254.41	7,654.39
	Notes 1 to 48 form an Integral part of the accounts			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Khurshed Pastakia
Partner

Place: Mumbai
Date : April 20, 2012

For and on behalf of the Board of Directors

S. K. Roongta
Director

Pramod Suri
Director

Sandeep Agrawal
CFO & Company Secretary

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STERLITE ENERGY

STERLITE ENERGY LIMITED

Statement of Profit and loss for the year ended 31st March, 2012

(Rs. in crore)

	Particulars	Note No.	Year ended 31st March, 2012	Year ended 31st March, 2011
I.	Revenue from operations	21	1,761.58	65.13
			1,761.58	65.13
II.	Other income	22	35.81	18.87
III.	**Total Revenue (I + II)**		1,797.39	84.00
IV.	**Expenses:**			
	Cost of materials consumed	23	1,007.63	37.84
	Unscheduled interchange charges		55.00	-
	Employee benefits expense	24	15.34	0.41
	Finance costs	25	140.89	27.77
	Depreciation and amortization expense	11	242.15	12.14
	Other expenses	26	300.01	14.22
	Total expenses		**1,761.02**	**92.38**
V.	**Profit before exceptional items and tax (III-IV)**		36.37	(8.38)
VI.	Exceptional items	40	40.62	-
VII	**Profit/(Loss) before tax (V- VI)**		(4.25)	(8.38)
VIII	Tax expense:			
	(1) MAT credit reversed		-	1.91
	(2) Deferred tax charge/ (reversed)		-	(17.89)
	(3) Short provison of tax relating to earlier year		0.10	-
IX	**Profit (loss) for the period (VII - VIII)**		(4.35)	7.60
X	Earnings [in Rs.] per equity share of Rs. 10 each	44		
	(1) Basic		(0.04)	0.06
	(2) Diluted		(0.04)	0.06
	Notes 1 to 48 form an Integral part of the accounts			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Khurshed Pastakia
Partner

Place: Mumbai
Date : April 20, 2012

For and on behalf of the Board of Directors

S. K. Roongta
Director

Pramod Suri
Director

Sandeep Agrawal
CFO & Company Secretary

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STERLITE ENERGY LIMITED

Cash Flow Statement for the Year Ended March 31, 2012

(Rs. in crore)

Particulars	Year ended 31st March, 2012		Year ended 31st March, 2011	
A. **Cash flow from Operating Activities**				
Net profit/(Loss) before tax and Exceptional Items		36.37		(8.39)
Adjusted for :				
-Depreciation	242.15		12.14	
-Profit on Sale of Fixed Assets	-		(0.08)	
-Interest Income	(3.08)		(6.89)	
-Interest Income on Fixed Deposit	(0.33)		-	
-Net Gain on Sale of current Investment	(2.09)		-	
-(Gain)/Loss on Marked to Market of Forward Covers	(11.64)		(12.20)	
-Rollover charges on Forward Covers	(17.43)		15.01	
-Exchange (Gain)/Loss on Borrowings	54.75		(11.52)	
-Dividend Income	(1.24)		(0.26)	
- Interest and finance charges	107.75		27.77	
-Unrealized Exchange (Gain)/Loss	6.49		-	
		375.33		23.97
Operating profit before working capital changes		411.70		15.58
Adjustment for (increase)/decrease in operating assets:				
-Increase in Inventories		(49.38)		(132.54)
-Increase in trade receivables		(369.08)		(119.59)
Adjustment for increase/(decrease) in operating liabilities:				
- Loans and advances		(189.74)		438.79
- Operating liabilities		58.11		300.21
Cash generated from Operations		(138.39)		502.45
Direct Tax (Paid)/Refund		1.19		(3.21)
Net cash used in Operating Activities (i)		**(137.20)**		**499.24**
B. **Cash flow from Investing Activities**				
Purchase of fixed assets including capital work in progress, pre-operative expenses and capital advances		(949.45)		(999.49)
Sale of fixed assets		0.03		0.14
Advance towards Share Application Money		-		(0.87)
Fixed Deposit held for more than 3 months		(0.02)		(0.02)
Purchase of current investments		(4,088.20)		(3,132.01)
Sale of current investments		4,107.40		3,455.31
Dividend Received and Reinvested		1.96		8.42
Interest received		0.39		6.94
Loan to Subsidiary		(425.00)		(1,050.00)
Repayment of Loan by Subsidiary		-		1,050.00
Rollover (Loss)/Gain on forward covers		-		(3.57)
Net cash used in Investing Activities (ii)		**(1,352.89)**		**(665.15)**
C. **Cash flow from Financing Activities**				
Proceeds from borrowings		8,472.30		1,923.03
Repayment of borrowings		(6,740.65)		(1,522.87)
Interest and finance charges paid		(168.52)		(147.75)
Rollover Gain/(Loss) on forward covers		17.43		(15.01)
Net cash generated from Financing Activities (iii)		**1,580.56**		**237.40**
Net (decrease)/increase in cash and cash equivalent (i+ii+iii)		**90.47**		**71.49**
Opening balance of Cash and cash equivalents		**71.99**		**0.50**
Closing balance of Cash and cash equivalents (Refer Note 18)		**162.46**		**71.99**

Note:

1. Previous year's figures have been regrouped/rearranged wherever necessary.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Khurshed Pastakia
Partner

For and on behalf of the Board of Directors

S. K. Roongta
Director

Pramod Suri
Director

Sandeep Agrawal
CFO & Company Secretary

Place : Mumbai
Date : April 20, 2012

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Notes to the Financial Statements

1. **Company Overview:**

Sterlite Energy Limited (SEL), a wholly owned subsidiary of Sterlite Industries (India) Limited, is setting up a large scale domestic coal based power project with generation capacity of 2,400 MW (4 units of 600 MW each - thermal power project) at Jharsuguda, Odisha. SEL has commissioned and declared commercial production of 1 unit during the year ended March 31, 2011 and 2 units during the year ended March 31, 2012. The fourth unit has been commissioned on 29th March 2012 and is presently undergoing trial run operation. SEL, through a wholly owned subsidiary Talwandi Sabo Power Limited (TSPL), is also developing another large scale domestic coal based power project at Talwandi Sabo in Punjab, India.

SEL is a wholly owned subsidiary of Sterlite Industries (India) Limited ("SIIL") and is the flagship company of Vedanta Group focusing on the power sector. SIIL is the flagship Indian company of Vedanta group with business interests in Metal, Mining & Energy sectors.

2. **Significant Accounting Policies**

(a) Basis of accounting:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956, except for items covered under 'Accounting Standard (AS) 30 Financial Instruments: Recognition and Measurement' which have been measured using the principle laid down in that standard. The financial statements have been prepared as a going concern under the historical cost convention on accrual basis. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

(b) Use of estimates:

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and the estimates are recognized in the period in which the results are known/ materialized.

(c) Fixed assets:

Fixed assets (tangible) are stated at cost of acquisition/construction. Cost includes non-refundable taxes and duties, borrowing cost and other expenses incidental to acquisition/ construction.

(d) Expenditure During Construction Period:

All costs attributable to the construction of the project or incurred in relation to the project under construction, net of income, during the construction/pre-production period, are aggregated under Expenditure During Construction Period to be allocated to individual identified assets on completion.

(e) Borrowing cost:

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent

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STERLITE ENERGY LIMITED ★ JHARSUGUDA

not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets.

(f) Depreciation:

The carrying amounts of the tangible fixed assets are depreciated to their estimated residual value over the estimated useful lives of the assets using Straight Line Method subject to the minimum rates specified in Schedule XIV to the Companies Act, 1956 and rates notified by Central Electricity Regulatory Commission (CERC) under the Electricity Act, 2003. Depreciation on additions to / deletions from fixed assets is provided on pro-rata basis from / upto the date of such addition / deletion as the case may be. Useful lives considered for the purpose of depreciation rates are as follows:

Particulars	Useful Life
Assets under lease (Land)	27 years
Vehicles	10 years
Office equipment	5-15 years
Furniture and Fixtures	15 years
Factory Buildings	17-27 years
Buildings (Other than Factory Building)	17-27 years
Plant and Equipment	1-17 years

(g) Inventories:

Inventories are valued at lower of cost or net realizable value, using weighted average method.

(h) Revenue Recognition:

Revenue is recognized when no significant uncertainty as to measurability or collectability exists.

Revenue from power sale to Grid Corporation of Orissa Limited (GRIDCO) under the long term Power Purchase Agreement (PPA), where the approval for tariff rate is awaited from Orissa Electricity Regulatory Commission (OERC)/ Central Electricity Regulatory Commission (CERC), is accounted based on provisional rates determined as per the principles laid down by the Tariff Regulations notified by OERC/CERC for determination of the tariff rate.

Revenue from power sales to other parties are recognized based on terms of respective agreements.

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

(i) Investments:

(i) Investments are recorded as long-term investments unless they are expected to be sold within one year. Investments in subsidiaries and associates are valued at cost less any provision for impairment.

(ii) Current investments are stated at fair value.

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(j) **Employee Benefits:**

Short Term:

Short term employee benefits are recognized as an expense on an undiscounted basis.

Long Term:

Retirement benefits in the form of Provident Fund and Superannuation Fund are a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss/ Capital Work in Progress, as applicable, as incurred.

Retirement benefits in the form of Gratuity are defined benefit obligations and are provided for on the basis of an actuarial valuation carried out using the projected unit credit method and charged to the Statement of Profit and Loss/ Capital Work in Progress, as applicable.

Liability for compensated absences is determined on the basis of an actuarial valuation carried out using the projected unit credit method and charged to the Statement of Profit and Loss/ Capital Work in Progress, as applicable.

(k) **Foreign currency transactions:**

(i) Transactions denominated in foreign currency are recorded at the exchange rates prevailing on the date of the transaction.

(ii) All monetary items denominated in foreign currencies at the reporting date are restated at the rate prevailing on the reporting date.

(iii) Exchange differences relating to long term monetary items falling under Accounting Standard 11 are accounted as under:

(a) In so far as they relate to the acquisition of a depreciable capital asset added to/ deducted from the cost of the asset and depreciated over the balance life of the asset.

(b) In other cases accumulated such differences in "Foreign Currency Monetary Item Translation Difference Account" and amortised to the Statement of Profit and Loss over the balance life of the long term monetary item but not beyond March 31, 2020.

(iv) Exchange difference relating to short term monetary items are accounted in the Statement of Profit and Loss.

(l) **Derivative Instruments :**

In order to hedge its exposure to foreign currency risk, the Company enters into foreign currency forward contracts.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and are determined to be an effective hedge are recorded in hedging reserve account. Any cumulative gain or loss on the hedging instrument recognized in hedging reserve is kept in hedging reserve until the forecast transaction occurs. Amounts deferred to hedging reserve are recycled in the Statement of Profit and Loss in the periods when the hedged item affects the Statement of Profit and Loss.

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If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated gains and losses that were recognized directly in equity are removed, and are included in the initial cost or other carrying amount of the asset or liability.

Derivative financial instruments that do not qualify for hedge accounting are marked to market at the Balance Sheet date and gains or losses are recognized in the Statement of Profit and Loss immediately.

(m) Taxation:

Tax expense comprises of current tax and deferred tax. Current tax is measured after taking into consideration rebate and relief available under the provisions of the Income Tax Act, 1961. Deferred Tax resulting from timing differences between book and taxable profit is accounted for using the rates and laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonably certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situation where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

(n) Impairment of assets:

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

(o) Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of economic resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

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

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

(q) Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

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STERLITE ENERGY LIMITED * JHARSUGUDA *

Note 3 - Shareholders' funds - share capital

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	Number	Rs. in crore	Number	Rs. in crore
Authorised				
1,000,000,000 Redeemable Cumulative Convertible Preference Shares of Rs.10 each	1,000,000,000	1,000.00	1,000,000,000	1,000.00
3,500,000,000 Equity Shares of Rs.10 each, with voting rights	3,500,000,000	3,500.00	3,500,000,000	3,500.00
Issued				
Equity Shares of Rs.10 each, with voting rights	1,187,314,715	1,187.31	1,187,314,715	1,187.31
Subscribed and fully Paid up				
Equity Shares of Rs.10 each fully paid, with voting rights	1,187,314,715	1,187.31	1,187,314,715	1,187.31
Total	1,187,314,715	1,187.31	1,187,314,715	1,187.31

i) Disclosure of number of shares outstanding for each class of Shares

a)

Particulars	Equity Shares		Preference Shares	
	Number	Rs. in crore	Number	Rs. in crore
Shares outstanding at the beginning of the year	1,187,314,715	1,187.31	-	-
Movement during the year	-	-	-	-
Shares outstanding at the end of the year	1,187,314,715	1,187.31	-	-

b) 1,187,314,715 Equity Shares (Previous year : 1,187,314,715) are held by M/s. Sterlite Industries (India) Limited, the holding company and its nominees. The Ultimate Holding Company Vedanta Resources Plc, United Kingdom does not hold any equity in the Company.

ii) Disclosure of More than 5% Shareholding

Name of Shareholder	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sterlite Industries (India) Limited and its nominees	1,187,314,715	100.00	1,187,314,715	100.00

Note 4 - Shareholders' Funds - Reserves and Surplus

(Rs. in crore)

Particulars	31st March, 2012	31st March, 2011
a. Securities premium account		
Opening Balance	14.19	14.19
Movement during the year	-	-
Closing Balance	14.19	14.19
b. Hedgng reserve		
Opening Balance	-	102.64
(-) Movement during the year	-	102.64
Closing Balance	-	-
c. Surplus/(deficit) in Statement of Profit and Loss		
Opening balance	(6.14)	(13.74)
(+) Net Profit/(Net Loss) For the current year	(4.35)	7.60
Closing Balance	(10.49)	(6.14)
Total	3.70	8.05

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Note 5 - Long term borrowings

(Rs. in crore)

Particulars	31st March, 2012	31st March, 2011
Unsecured		
(a) Term loans		
from Jammu and Kashmir Bank	-	20.00
Terms of Repayment : 60% of the loan repayable in 48 quarterly installments beginning on a date falling six months after the date of commercial operation of the last unit of the power facility, 36% of the loan amount repayable at the end of 12 years from June 29, 2009 in a single installment and the balance 4% of the outstanding loan repayable in eight quarterly installments commencing from December 2022. The loan has been prepaid fully during the year ended 31st March, 2012.		
(b) Buyer's credit from bank	90.35	344.35
[Sterlite Industries (India) Limited. has given corporate guarantee of Rs. 1000 crores against these facilities]		
Terms of repayment: The rate of Interest and other terms of repayment for these buyer's credit are based on the agreement with the respective banks and the nature of such buyer's credit.		
Less: Current portion of long term debt	85.44	325.10
	4.91	39.25
Total	4.91	39.25

Note 6 - Long term provisions

(Rs. in crore)

Particulars	31st March, 2012	31st March, 2011
(a) Provision for gratuity - (Refer Note 41)	0.31	0.15
(b) Provision for compensated absences/ leave encashment	0.24	0.11
Total	0.55	0.26

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Note 7 - Short term borrowings

(Rs. in crore)

Particulars	31st March, 2012	31st March, 2011
Secured		
(a) Working capital demand loan (Secured against first charge on entire current assets including book debts, immovable and movable assets of the Company)	-	40.00
(b) Under buyer's credit arrangement (Secured against first pari passu charge on entire current assets of the Company)	121.44	137.67
(c) Term loan from Bank of Baroda (Secured against first pari passu charge by way of hypothecation of all the present and future movable fixed assets of the Company)	250.00	-
	371.44	177.67
Unsecured		
(a) Loans and advances from related parties (repayable on demand) [From Sterlite Industries (India) Limited] (Refer Note 43)	4,224.61	4,099.61
(b) Buyer's credit from bank [Sterlite Industries (India) Limited has given corporate guarantee of Rs. 1000 crores against these facilities]	234.72	537.07
(c) By issue of commercial paper [Sterlite Industries (India) Limited has given corporate guarantee of Rs. 2350 crores against these facilities]	2,075.00	-
	6,534.33	4,636.68
Total	6,905.77	4,814.35

Note 8 - Trade payables

(Rs. in crore)

Particulars	31st March, 2012	31st March, 2011
Trade payables:		
-Acceptances	-	-
-Other than acceptances	39.46	13.14
Total	39.46	13.14

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Note 9 - Other Current Liabilities

(Rs. in crore)

Particulars	31st March, 2012	31st March, 2011
(a) Current maturities of long-term debt (buyer's credit) [Refer terms of repayment in Note 5(b) above]	85.44	325.10
(b) Interest accrued but not due on borrowings	4.37	3.85
(c) Interest accrued and due on borrowings	-	0.09
(d) Due to related parties	4.63	36.50
(e) Other payables	27.34	14.18
(f) Sundry creditors-capital goods	876.63	1,162.80
(g) Derivative liability	-	1.50
(h) Other provisions	112.37	47.17
Total	1,110.78	1,591.19

Note 10 - Short term provisions

(Rs. in crore)

Particulars	31st March, 2012	31st March, 2011
(a) Provision for gratuity - (Refer Note 41)	0.01	0.00
(b) Provision for compensated absences/ leave encashment	0.01	0.01
(c) Provision for tax (Net of taxes paid and TDS)	1.91	0.83
Total	1.93	0.84

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Note 11 - Fixed Assets

	Particulars	Gross Block					Accumulated Depreciation				Net Block	
		Opening Balance as at 1st April, 2011	Additions	Adjustments	Deductions/ adjustments	Balance as at 31st March, 2012	Opening Balance as at 1st April, 2011	Depreciation charge	Deductions/ adjustments	Balance as at 31st March, 2012	Balance as at 31st March, 2012	Balance as at 31st March, 2011
a	**Tangible Assets**											
	Land	7.90	85.65	-	-	93.55	-	-	-	-	93.55	7.90
	Assets under lease (Land)	7.44	5.31	-	-	12.75	0.33	0.43	-	0.76	11.99	7.11
	Factory Buildings	317.60	321.80	-	-	639.40	0.93	21.53	-	22.46	616.94	316.67
	Plant and Equipment	2,231.09	2,799.56	61.48	-	5,092.13	10.78	210.04	-	220.82	4,871.31	2,220.31
	Furniture and Fixtures	0.33	0.16	-	-	0.49	0.05	0.02	-	0.07	0.42	0.28
	Vehicles	0.07	-	-	0.07	-	0.01	0.01	0.02	-	-	0.06
	Office equipment	0.62	0.15	-	-	0.77	0.24	0.06	-	0.30	0.47	0.38
	Buildings (other than factory building)	202.21	-	-	-	202.21	0.43	10.06	-	10.49	191.72	201.78
	Total	2,767.26	3,212.63	61.48*	0.07	6,041.30	12.77	242.15	0.02	254.90	5,786.40	2,754.49
	Previous year	8.40	2,765.93	(6.97)	0.10	2,767.26	0.47	12.31	0.01	12.77	2,754.49	

Notes :

i) * Exchange (Gain)/Loss capitalised as per Accounting Standard-11, grouped under Plant & Machinery amounted to Rs. 61.48 Crores [Previous Year : Rs. (6.97) Crores].

ii) The Company has capitalized its first unit of 600MW on March 1, 2011, second unit of 600MW on May 1, 2011 and third Unit of 600MW on February 1, 2012 while the remaining one unit continues to be under construction. Accordingly, all expenses and income arising out of trial run production and other costs incurred in relation to the construction are treated as part of 'Expenditure During Construction Period' and considered for ultimate capitalization for respective units.

iii) Details of Capital Work in Progress is as follows :

Capital work in progress includes	31st March, 2012 (Rs. in crore)	31st March, 2011 (Rs. in crore)
Capital Expenditure (A)	6,661.49	6,110.87
Expenditure During Construction Period:-		
Expenditure incurred till beginning of the year (a)	549.98	247.58
Expenses		
Manufacturing Expenses	327.05	276.08
Employees' Remuneration and Benefits	13.58	21.13
Administrative and General Expenses	91.82	31.23
Selling & Distribution Exp	56.94	-
Interest & Financial Expenses	76.81	127.94
Depreciation	-	0.17
Income		
Revenue from Sale of Power	(394.06)	(144.42)
Interest Income	(0.09)	(0.03)
Dividend Income	(0.72)	(8.16)
Other Income	(6.59)	(1.54)
Amount Capitalised during the period (b)	**164.74**	**302.40**
Closing Balance (B=a+b)	714.72	549.98
Total CWIP (C= A+B)	7,376.21	6,660.85
Less: Transferred to Asset (D)	(5,968.36)	(2,729.27)
Total (C+D)	1,407.85	3,931.58

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Note 12 - Noncurrent Investments

(Rs. in crore)

	Particulars	31st March, 2012	31st March, 2011
A	**Trade Investments**		
	(a) Investment in Equity instruments		
	400,050,000 (2011: 400,050,000) Equity Shares of Rs. 10 per equity share of Talwandi Sabo Power Limited (Subsidiary)	400.05	400.05
	19,130,584 (2011: 10,434,864) Equity Shares of Rs. 1 per equity share in Rampia Coal Mines and Energy Private Limited (Joint Venture)	1.91	1.04
	Grand Total (A)	401.96	401.09

Particulars	31st March, 2012	31st March, 2011
	(Rs. in crore)	(Rs. in crore)
Aggregate amount of unquoted investments	401.96	401.09
Aggregate provision for diminution in value of investments	-	-

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Note 13 - Long term loans and advances

(Rs. in Crore)

Particulars	31st March, 2012	31st March, 2011
a. Capital advances		
Unsecured, considered good	103.76	122.35
	103.76	122.35
b. Security deposits		
Unsecured, considered good	0.39	0.14
	0.39	0.14
Total	104.15	122.49

Note 14 - Other noncurrent assets

(Rs. in Crore)

Particulars	31st March, 2012	31st March, 2011
a. Bank deposits with more than twelve months' maturity*	0.26	0.24
b. Advance tax/ Tax deduction at source (net)	3.25	3.47
	3.51	3.71
* under lien with bank		
Total	3.51	3.71

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Note 15 - Current Investments
Investments in Mutual Funds-Unquoted

Fund Particulars	Face value	No. of Units		Value of Investment (Rs. in Crore)	
		Holding as at 31st March, 2012	Holding as at 31st March, 2011	Holding as at 31st March, 2012	Holding as at 31st March, 2011
ICICI Pru Flexible Income Plan- Daily Dividend	Rs.100	-	295,853	-	3.13
ICICI Prudential Liquid Super Institutional - Daily Dividend	Rs.100	-	276,524	-	2.77
Reliance Liquidity Fund -Daily Dividend Option	Rs.10	-	2,260,064	-	2.26
UTI Liquid Cash Plan	Rs.1000	-	39,383	-	4.01
Birla Sunlife - Institutional- Daily Dividend	Rs. 10	-	3,893,390	-	3.90
				-	-
Total		-	6,765,214	-	16.07

Particulars	31st March, 2012	31st March, 2011
Aggregate amount of unquoted investments (Rs. in Crore)	-	16.07

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Note 16 - Inventories

(Rs. in Crore)

Particulars	31st March, 2012	31st March, 2011
a. Raw material	88.47	122.14
Raw material-in-transit	33.86	8.37
	122.33	130.51
b. Stores and spares	57.83	2.03
Stores and spares-in-transit	1.76	-
	59.59	2.03
[Refer Note 2(g)]		
Total	181.92	132.54

Note 17 - Trade receivables

(Rs. in Crore)

Particulars	31st March, 2012	31st March, 2011
Trade receivables outstanding for a period not exceeding six months from the date they are due for payment :		
Unsecured, considered good	414.38	119.59
	414.38	**119.59**
Trade receivables outstanding for a period exceeding six months from the date they are due for payment :		
Unsecured, considered good	77.39	-
	77.39	-
Total	491.77	119.59

Note 18 - Cash and cash equivalents

(Rs. in Crore)

Particulars	31st March, 2012	31st March, 2011
(i) Cash and cash equivalents		
Balances with banks		
a. In current accounts	1.37	8.14
b. In deposit accounts (maturity of three months or less)	161.09	63.85
Total	162.46	71.99

Note 19 - Short term loans and advances

(Rs. in Crore)

Particulars	31st March, 2012	31st March, 2011
a. Loans and advances to related parties (Refer Note 43)		
Unsecured, considered good		
-Inter Company deposit	425.00	-
-Other receivables	0.01	15.91
b. Others		
Unsecured, considered good		
-Advance to employees	0.34	0.23
-Sundry deposits	18.00	-
-Derivative assets	10.15	-
-Advance towards share application money	-	0.87
-Prepaid expenses	8.92	2.47
Total	462.42	19.48

Note 20 - Other current assets

(Rs. in Crore)

Particulars	31st March, 2012	31st March, 2011
a. Unamortized borrowing cost	15.41	-
b. Syndication and upfront borrrowing fees	-	40.62
c. Advance to trade creditors	221.56	40.74
d. Entry tax deposited with authorities	15.00	-
Total	251.97	81.36

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Note 21 - Revenue from operations (Rs. in Crore)

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Revenue from power supply *	1,761.58	65.13
Total	1,761.58	65.13

* In respect of Power Purchase Agreement where the tariff rate is pending approval by the Regulatory Commission, the Company has billed and accounted revenue during the year ended 31st March, 2012 of Rs.620.35 Crores (31st March 2011: Rs 183.31 Crores) at a provisional rate [as per accounting policy no.2(h)]. Out of the above cumulative billing till 31st March, 2012 of Rs. 803.66 Crores, the Company has provisionally realised amounts aggregating Rs. 443.23 Crores till 31st March 2012 (31st March 2011: Rs. 88.06 Crores).

Note 22 - Other income (Rs. in Crore)

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Interest Income		
(i) Deposits	0.33	-
(ii) Others	3.08	6.89
Dividend:		
From non trade investments		
(i) from current investments	1.24	0.26
Net gain on sale of current investments	2.09	-
Net surplus on disposal of assets	-	0.08
Net gain on foreign currency transactions	-	11.64
Mark to market gain on derivatives	29.07	-
Total	35.81	18.87

Note 23 - Cost of materials consumed (Rs. in Crore)

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Opening stock	130.51	-
Add: Purchases	999.45	168.35
Less: Closing stock	122.33	130.51
Cost of materials consumed	1,007.63	37.84
Material consumed comprises:		
Coal	961.19	34.96
Oil	46.44	2.88
Total	1,007.63	37.84

Note 24 - Employee benefits expense (Rs. in Crore)

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
(a) Salaries and incentives	12.87	0.39
(b) Contributions to provident and other funds	0.25	0.01
(c) Staff welfare expenses	0.27	0.01
(d) Gratuity	0.13	-
(e) LTIP Charges (Refer Note 47)	1.82	-
Total	15.34	0.41

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Note 25 - Finance costs

(Rs. in Crore)

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Interest expense		
(i) on Loans	102.06	27.20
Other borrowing costs	0.42	-
Net (gain)/loss on foreign currency transactions	33.14	-
Bank charges	5.27	0.57
Total	140.89	27.77

Note 26 - Other expenses

(Rs. in Crore)

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
(i) Manufacturing and operating costs		
Consumption of stores and spare parts	13.36	0.44
Power, fuel and water	43.36	2.26
Operation and maintenance	114.48	5.68
Machinery repairs	5.90	0.01
Other manufacturing and operating expenses	14.19	0.17
(ii) Administration		
Rent	0.08	-
Insurance	6.07	0.12
Conveyance and travelling expenses	0.51	0.03
Directors' sitting fees	0.02	0.04
General expense	3.21	0.12
Auditors' remuneration [Refer Note (a) below]	0.46	0.74
Building repairs	0.66	-
Net loss/ (gain) on foreign currency transactions	25.55	-
Mark to market loss on derivatives	-	2.81
Legal and Professional fees	5.80	1.80
(iii) Selling and distribution		
Cash discount	19.83	-
Open access charges	29.63	-
Energy development cess	16.63	-
(iv) Other expense		
Miscellaneous expenses	0.27	-
Total	300.01	14.22

Note (a): Auditors' remuneration includes :

(Rs in Crore)

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
i. for audit fees	0.30	0.19
ii. for taxation matters	0.04	0.03
iii. for other services*	0.04	0.52
iv. for reimbursement of expenses	0.06	0.00
Total	**0.46**	**0.74**

* Includes Nil (31st March 2011 : Rs. 0.07 Crore) paid to an affiliate company.

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Additional Information to the Financial Statements

27. Arising from the announcement of the Institute of Chartered Accountants of India (ICAI) on March 29, 2008, the Company has, since 2007-08, chosen to early adopt Accounting Standard (AS) 30, Financial Instruments: Recognition and Measurement. Coterminous with this, in the spirit of complete adoption, as has been announced by ICAI, the Company has also implemented the consequential limited revisions in view of AS 30 to certain Accounting Standards. However, there is no significant deviation from the other notified Accounting Standards arising from this adoption.

28. The company is in the process of raising funds of Rs. 4800 crores from the consortium of lenders lead by State Bank of India for financing its 2,400 MW thermal coal-based power plant in Jharsuguda in the State of Odisha. The company has received sanction of Rs. 500 crores from Bank of Baroda as a part of the consortium loan, out of which, the company has drawn Rs. 250 crores as an interim disbursement for financing its immediate project requirements. The remaining syndication borrowing from Rs. 4800 crores is expected in the subsequent financial year. The facility will be secured by, among other things, a first charge over the movable and immovable properties and tangible or intangible assets of the Company as well as charges over trust and retention of bank accounts.

29. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 331.48 crores (2011: Rs. 544.45 crores).

Particulars	March 12 (Rs. crores)	March 11 (Rs. crores)
Gross Capital Commitment	435.24	666.80
Less: Capital Advances Paid	103.76	122.35
Net Capital Commitment	331.48	544.45

30. Sterlite Energy Limited (SEL) had entered into an EPC contract with SEPCO Electric Power Construction Corporation (SEPCO) for setting up 1,980 MW Independent Power Plant at Talwandi, Punjab. The said contract has been novated in the name of Talwandi Sabo Power Limited (TSPL) by virtue of a novation agreement dated November 17, 2009 between SEL, TSPL and SEPCO and all rights and obligations of SEL have been assigned to TSPL by virtue of the novation agreement. SEL has guaranteed to SEPCO to discharge TSPL's obligation, including right of recourse to SEL under the guarantee, in case of failure of TSPL to perform its obligations under the EPC contract.

31. **Financial and Derivative Instruments**

a) Derivative contracts entered into by the Company and outstanding as at the balance sheet date:

For hedging currency risks: - Nominal amounts of outstanding derivatives contracts entered into by the Company, along with Marked to Market (MTM) loss/ (gain) are as follows:

Particulars	Mar-12		Mar-11	
	Nominal amount	MTM loss / (gain)	Nominal amount	MTM loss / (gain)
	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores
Forex Forward Covers	440.54	(10.15)	269.90	1.50

Derivative and financial instruments acquired by the Company are for hedging purposes only.

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b) Un-hedged foreign currency exposure as at the balance sheet date is as under: -

	Mar-12		Mar-11	
	USD Millions	Rs. Crores	USD Millions	Rs. Crores
Buyer's Credit & Interest thereon	15.43	78.96	170.65	761.94
Capital Creditors	118.91	608.33	196.63	877.94

32. CIF Value of Imports

Type	Mar-12	Mar-11
	Rs. Crores	Rs. Crores
Raw Material	109.96	-
Capital Goods	6.60	46.35
Stores & Spares in transit	1.24	-

33. Expenditure in Foreign Currency

Type	Mar-12	Mar-11
	Rs. Crores	Rs. Crores
Technical Service Charges	48.44	41.38
Travel & Others	-	0.03
Interest	20.61	25.75

34. Details of Raw materials consumed:

		2012		2011	
Description	UOM	Quantity	Value (Rs. Crores)	Quantity	Value (Rs. Crores)
Coal	MT	4288388	961.19	206977	34.96
Oil	KL	8936	46.44	734	2.88
Total			1,007.63		37.84

35. Value of Raw Material consumed:

Particulars	2012		2011	
	Value (Rs. crores)	%	Value (Rs. crores)	%
Imported	278.30	28%	-	-
Indigenous	729.33	72%	37.84	100%
Total	**1,007.63**	**100%**	**37.84**	**100%**

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36. **Value of Components, stores and spare parts consumed:**

Particulars	2012		2011	
	Value (Rs. Crores)	%	Value (Rs. Crores)	%
Imported	0.36	3%	-	-
Indigenous	13.00	97%	0.44	100%
Total	**13.36**		**0.44**	**100%**

37. **Contingent Liabilities**

	Particulars	Mar-12	Mar-11
		Rs. Crores	Rs. Crores
1	Bank Guarantees provided under contractual/ legal obligations.	439.37	293.08
2	Disputed liability in appeal – Building Cess under Building and Construction Workers (RECS) Act, 1996 and corresponding Welfare Cess Act, 1996	10.29	10.29
3	Unexpired Letters of Credit	22.52	Nil

The Company has export obligations of Rs 6708.81 Crores (2011: Rs. 6,680.17 Crores) against the import licenses taken for import of capital goods under Export Promotion Capital Goods and Advance License. In case the Company does not meet the required export obligation then it has to pay the duty saved amount against EPCG License along with interest.

38. There are no Micro, Small and Medium Enterprises, to whom the company owes dues, which are outstanding for more than 45 days as at March 31, 2012.This information as required to be disclosed under Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

39. The Board of Directors of the Company in its meeting held on 25th February 2012 has approved the scheme of Amalgamation and Arrangement (the Scheme) for merger of the Company into Sesa Goa Limited ('SGL') with the appointed date as January 1, 2011, subject to necessary approvals from various statutory authorities and the Jurisdictional Hon'ble High Court.

The scheme shall come into effect upon sanction by the respective jurisdictional High Court and other statutory approvals ('effective date'). The Company shall be merged into SGL, and SGL shall be the surviving company of the Merger. Upon the occurrence of the Effective Date, the name of SGL shall be changed from "Sesa Goa Limited" to "Sesa Sterlite Limited".

Prior to this amalgamation the parent company Sterlite Industries (India) Limited will amalgamate into SGL, thereby making Sterlite Energy Limited ('SEL') as wholly owned subsidiary of SGL. The Company will amalgamate into SGL with effect from 1st January 2011. Consequent to the amalgamation of SEL, Talwandi Sabo Power Limited, the wholly owned subsidiary of the Company will become a direct subsidiary of SGL.

No consideration will be issued by SGL since SEL will be a wholly owned subsidiary.

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Pending requisite approvals, the financial statements of the Company has been prepared without giving effect to the proposed scheme.

40. The Company had entered into secured term loan facility of $140 million with India Infrastructure Finance Company (UK) Limited as lender and Rs. 5,569 crores with a syndicate of banks in an earlier financial year which was pending for compliance of pre-disbursement conditions. The company does not intend to draw funds from the facility. The Company had paid Rs. 40.62 crores in the earlier financial year as syndication and upfront fees for this loan facility which has been fully charged off in the current financial year.

Disclosures under Accounting Standards

41. **Employee Benefits:**

1. Defined Benefit Plan:

Gratuity (Unfunded) :

Rs. In Crores

Particulars	**2012**	**2011**
A) Actuarial assumptions		
Salary growth (p.a.)	5.50%	5.50%
Expected rate of Return on Plan Assets (p.a.)	N.A.	N.A.
Discount rate (p.a.)	8.00%	7.50%
Mortality Table	LIC(1994-96)	LIC(1994-96)
B) Amount recognized during the year		
Current service cost	0.08	0.15
Past service cost	-	-
Interest cost	-	-
Expected return on plan assets	-	-
Net actuarial (gains)/losses recognized	0.09	-
Total *	0.17	0.15
C) Movement in present value of defined benefit obligation		
Obligation at the beginning of the year	0.15	-
Current service cost	0.08	0.15
Past service cost	-	-
Interest cost	-	-
Actuarial (gains)/losses	0.09	-
Benefits paid	-	-
Obligation at the end of the year	0.32	0.15
D) Movement in present value of plan assets		
Fair value at the beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial gains /(losses)	-	-
Contributions	-	-
Benefits paid	-	-
Fair value at the end of the year	-	-

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Rs.Crores

E) Amount recognized in the Balance Sheet	2012	2011	2010	2009	2008
Present value of obligations at the end of the year	0.32	0.15	N.A.	N.A	N.A
Less: Fair value of plan assets at the end of the year	-	-	N.A	N.A	N.A
Net (Asset)/ liability recognized in the Balance Sheet	0.32	0.15	N.A	N.A	N.A

Rs.Crores

F) Experience adjustment on actuarial Gain / (Loss) for Plan Obligation and Plan Assets.	2012	2011
On Plan Obligations	(0.10)	Nil
On Plan Assets	Nil	Nil

*The amount is included in 'Employee benefits expense' [See Note 11 & 24]

The estimate of rate of escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above is certified by the actuary.

The Contribution expected to be made by the Company during the financial year 2012-13 is Rs. 0.12 Crores (as certified by management).

2. **Defined Contribution Plan:**

The Company has recognized for the year ended March 31, 2012, an amount of Rs. 0.39 Crores (2011: Rs. 0.15 Crores) under defined contribution plan.

Rs. Crores

Benefits (Contribution to)	2012	2011
Provident Fund	0.39	0.15
Less: Capitalised	0.14	0.14
Net Amount**	0.25	0.01

**The expenses are included in the line item – 'Contributions to provident and other funds' [See Note 24]

42. The Company is engaged in power generation. This, in the context of Accounting Standard (AS) 17 - Segment Reporting, falls within a single primary business segment. Further there is no reportable secondary segment i.e. geographical segment. Accordingly the disclosure requirements of AS - 17 in this regard are not applicable.

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43. Related party disclosures

(a) Names of the related parties and nature of relationship where control exists:

Holding companies

Immediate: Sterlite Industries (India) Limited (SIIL)

Ultímate Holding Companies

Vedanta Resources Plc*
Volcan Investments Limited*
Vedanta Resources Holding Limited*
Twin Star Holding Limited*

(b) Names of the related parties with whom transactions were carried out during the year and description of relationship:

(i) Subsidiary Company

Talwandi Sabo Power Limited

(ii) Fellow Subsidiary Companies

Bharat Aluminium Company Limited (BALCO)
Vedanta Aluminium Limited (VAL)
Vizag General Cargo Berth Private Limited

(iii) Joint Venture

Rampia Coal Mines and Energy Private Limited

(iv) Others

Anil Agarwal Foundation (AAF)

(c) : Key Managerial Personnel

Mr. Agnivesh Agarwal (Director)*
Mr. Pramod Suri (Director)*
Mr. SK Roongta (Director)*
Mr. Gattu Rambhav (Manager)*

* No transaction with parties during the period

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Transactions during the year with related parties

Rs. in Crores

Sr. No.	Nature of transactions	Holding company		Subsidiary		Fellow subsidiaries		Joint Venture		Other Related Parties		Total Amount	
		2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	Share application money paid (net)	-	-	-	-	-	-	-	0.87	-	-	-	0.87
2	Allotment of Equity Shares against share application money	-	-	-	-	-	-	0.87	-	-	-	0.87	-
3	Purchase/(sale) of Fixed Assets	-	-	-	-	(1.25)	0.59	-	-	0.06	-	(1.19)	0.59
4	Purchase/(sale) of Material	-	-	-	-	0.21	-	-	-	-	-	0.21	-
5	Sale of Power	(50.50)	-	-	-	(44.89)	(24.61)	-	-	-	-	(95.39)	(24.61)
6	Purchase of Power	-	-	-	-	8.63	-	-	-	-	-	8.63	-
7	Salary personnel services and reimbursement of expenses (net)	7.85	5.33	(0.96)	4.33	28.72	33.18	-	-	-	-	35.61	42.84
8	Payment/ (Taken back) of Capital Advance on behalf of subsidiary	-	-	-	(493.75)	-	-	-	-	-	-	-	(493.75)
9	Inter Company Deposit-taken/ (given)	1,625.00	1,800.00	(425.00)	(1,050.00)	-		-	-	-	-	1,200.00	750.00
10	Inter Company Deposit - (paid back)/ received back	(1,500.00)	(617.90)	-	1,050.00	-	-	-	-	-	-	(1,500.00)	432.10
11	Interest on Inter Company Deposit paid/ (received)	-	81.10	-	(6.89)	-	-	-	-	-	-	-	74.21
12	Guarantee Commission	-	2.27	-	-	-	-	-	-	-	-	-	2.27
13	Inter Company Deposit outstanding as on March 31	4,224.61	4,099.61	(425.00)	-	-	-	-	-	-	-	3,799.61	4,099.61
14	Guarantees Given as on March 31	-	-	183.97	183.97	-	-	22.17	22.17	-	-	206.14	206.14
15	Guarantees Received and outstanding as at March 31	5,960.37	3,360.37	-	-	-	-	-	-	-	-	5,960.37	3,360.37
16	Investments as at March 31 including share application money given	-	-	400.05	400.05	-	-	1.91	1.91	-	-	401.96	401.96
17	Debit balance as at March 31	-	15.91	-	-	0.01	-	-	-	-	-	0.01	15.91
18	Credit balance as at March 31	0.59	-	-	24.88	4.04	11.62	-	-	-	-	4.63	36.50

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Rs. Crores

Details of transactions entered with related parties for the period	2011-12	2010-11
1) Inter Company Deposit-Sterlite Industries (India) Limited		
Deposit received	1,625.00	1,800.00
Deposit repaid	(1,500.00)	(617.90)
Interest on deposit paid	-	81.10
Balance as at March 31, 2012	4,224.61	4,099.61
2) Inter Company Deposit-Talwandi Sabo Power Limited		
Deposit Given	(425.00)	(1,050.00)
Deposit Repaid	-	1,050.00
Interest on deposit received	-	6.89
Balance as at March 31, 2012	(425.00)	-
3) Salary, personnel services and reimbursement of expenses incurred on our behalf (net)		
(i) Sterlite Industries (India) Limited (SIIL)	7.85	5.33
(ii) Bharat Aluminium Company Limited (BALCO)	0.01	0.07
(iii) Vedanta Aluminium Limited (VAL)	28.83	33.11
(iv) Talwandi Sabo Power Limited (TSPL)	(0.96)	4.33
(v) Vizag General Cargo Berth Private Limited (VGCB)	(0.12)	-
4) Purchase/(Sale) of Asset/Goods		
Purchase of Asset/Material from VAL	0.21	0.59
Purchase of Power from VAL	8.63	-
Sale of Power (including electricity duty) to VAL	(44.89)	(2.46)
Sale of Power (including electricity duty) to SIIL	(50.50)	-
Purchase of Asset/Material from AAF	0.06	-
Transfer of land from SEL to VAL	(1.25)	-
5) Investment in Joint Venture		
Payment towards Share Application	-	0.87
Allotment of Equity Shares against share application money	0.87	-

6) Guarantee Commission		
Sterlite Industries (India) Limited (SIIL)	-	2.27
7) Payment/(Receipt) of Capital Advance on behalf of Talwandi Sabo Power Limited	-	(493.75)
8) Guarantees Given and outstanding		
Talwandi Sabo Power Limited	183.97	183.97
Rampia Coal Mines & Energy Private Limited	22.17	22.17
9)Guarantees Received and outstanding		
Sterlite Industries (India) Limited	5,960.37	3,360.37
10) Investments as at March 31, 2012		
Talwandi Sabo Power Limited	400.05	400.05
Rampia Coal Mines & Energy Private Limited	1.91	1.91
11) Balances outstanding as at March 31, 2012	**(Debit)/ Credit**	**(Debit)/ Credit**
Vedanta Aluminium Limited.	4.04	11.61
Bharat Aluminium Company Limited (BALCO).	-	0.01
Sterlite Industries (India) Limited.	0.59	(15.91)
Talwandi Sabo Power Limited.	-	24.88
Vizag General Cargo Berth Private Limited.	(0.01)	-

44. Earnings per Share (EPS):

Particulars	**Mar-12**	**Mar-11**
Net Profit/(Loss) after tax for the year attributable to equity shareholders [Rs. in crores]	(4.35)	7.60
Nominal value per share	Rs. 10	Rs. 10
Number of equity shares (in crores)	118.73	118.73
Weighted average number of equity shares for basic earnings per share (in crores)	118.73	118.73
Weighted average number of equity shares for diluted earnings per share (in crores)	118.73	118.73
Basic earnings per share [in Rs.]	(0.04)	0.06
Diluted earnings per share [in Rs.]	(0.04)	0.06

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45. **Components of Deferred Tax are as under**

Particulars	Mar-12	Mar-11
	Rs. Crores	Rs. Crores
Deferred Tax Liability		
Depreciation	171.32	38.51
Deferred Tax Asset*	-	-
Unabsorbed Business Loss/Depreciation	(171.32)	(38.51)
Deferred Tax Asset/ Liability (net)	-	-

*Recognised to the extent of deferred tax liability

46. **Interest in Joint Venture**

The Company has subscribed to the memorandum of association of M/s Rampia Coal Mines and Energy Private Limited, a joint venture company incorporated in India under the Companies Act, 1956 for the purpose of development of coal block. The Company has invested in 1.91 crores (2011: 1.04 crores) equity shares of Re. 1 each amounting to Rs. 1.91 crores (2011: Rs.1.04 crores) representing 17.391% of the total equity shares.

Following is the information pertaining to the Company's interest in the above jointly controlled entity as extracted from the financial information of the jointly controlled entity :

Particulars	Amount in Rs. Crores	Amount in Rs. Crores
	March 31, 2012	March 31, 2011
	(Unaudited)	(Unaudited)
Assets	1.91	1.89
Liability	0.03	0.01
Equity Contribution	1.91	1.04
Share Application Money	-	0.87
Profit & Loss Debit Balance	0.03	0.03
Contingent Liabilities	Nil	Nil
Capital Commitments	Nil	Nil

Disclosure on employee share based payments

47. The Company offers equity-based award plans to its employees, officers and directors through its parent, Vedanta [The Vedanta Resources Long-Term Incentive Plan (the "LTIP")].

The LTIP is the primary arrangement under which share-based incentives are provided to the defined management group. The maximum value of shares that can be awarded to members of the defined management group is calculated by reference to the balance of basic salary and share-based remuneration consistent with local market practice. The performance condition attaching to outstanding awards under the LTIP is that of Vedanta's performance, measured in terms of Total Shareholder Return ("TSR") compared over a three year period with the performance of the companies as defined in the scheme from the date of grant.

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Under this scheme, initial awards under the LTIP were granted in February 2004 with further awards being made in June 2004, November 2004, February 2006, November 2007, August 2009, January 2010, July 2010, October 2010 and January 2011. The awards are indexed to and settled by Vedanta shares. The awards provide for a fixed exercise price denominated in Vedanta's functional currency at 10 US cents per share, the performance period of each award is three years and the same is exercisable within a period of six months from the date of vesting beyond which the option lapse. Under the scheme, Vedanta is obligated to issue the shares. Further, in accordance with the terms of agreement between Vedanta and SIIL, the grant date fair value of the awards is recovered by Vedanta from SIIL.

Accordingly, the parent, SIIL, on the basis of fair value of options granted to the Company employees charged a proportionate cost to the Company.

Amount recovered by Vedanta and recognized by the Company in the capital work in progress/statement of profit and loss for the financial year ended March 31, 2011 and 2012 was Rs. 1.11 Crores and Rs. 1.69 Crores respectively. The Company considers these amounts as not material and accordingly has not provided further disclosure.

Previous year's figures

48. The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

DELOITTE HASKINS & SELLS
MUMBAI
Chartered Accountants

For and on behalf of the Board of Directors

S. K. Roongta
Director

Pramod Suri
Director

Sandeep Agrawal
CFO & Company Secretary

Place: Mumbai
Date : April 20, 2012

STERLITE ENERGY LIMITED
JHARSUGUDA