INDEPENDENT AUDITOR'S REPORT

To the Members of Talwandi Sabo Power Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Talwandi Sabo Power Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

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

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 2" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 30 to the Ind AS financial statements;

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

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

   iv. As per books of accounts of the Company and as represented by the management of the Company, the Company did not have cash balance as on November 8, 2016 and December 30, 2016 and had no cash dealings during this period (refer note 47)

Other Matter

The comparative financial information of the company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 01, 2015 prepared in accordance with Ind AS, included in these standalone Ind AS financial statements, have been audited by the predecessor auditor who had audited the standalone financial statements for the relevant periods. The report of the predecessor auditor on the comparative financial information and the opening balance sheet dated April 25, 2017 expressed an unmodified opinion.

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

per Naman Agarwal
Partner
Membership Number: 502405
Place of Signature: New Delhi
Date: April 25, 2017

Annexure 1 referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report of even date

Re: Talwandi Sabo Power Limited

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

(i) (b) All Fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.

(i) (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/ fixed assets are held in the name of the Company.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.

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

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

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable and hence not commented upon.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the generation of power, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii)(a)The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.

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

(vii)(c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	**Nature of dues**	**Amount (Rs. in Crores)**	**Period to which the amount relates**	**Forum where dispute is pending**
Income Tax Act, 1961	Income tax	0.91	Assessment Year 2012-2013	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income tax	0.68	Assessment Year 2012-2013	Commissioner of Income Tax (Appeals)

Income Tax Act, 1961	Income tax	0.02	Assessment Year 2012-2013	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income tax	0.01	Assessment Year 2013-2014	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income tax	0.01	Assessment Year 2014-2015	Commissioner of Income Tax (Appeals)

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or dues to debenture holders. The Company did not have any outstanding dues towards the Government.

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans (including debentures) for the purposes for which they were raised, although they were invested in short term investments and fixed deposits for a temporary period. The Company has not raised any money by way of an initial public offer/further public offer.

(x) Based on the audit procedure performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the officers or employees of the Company has been noticed or reported during the course of our audit.

(xi) The Company has not paid any managerial remuneration during the current year. Accordingly provisions of clause 3(xi) of the Order are not applicable to the Company and hence not commented upon.

(xii) The Company is not a nidhi company. Accordingly provisions of clause 3(xi) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) As per the information and explanations given to us by the management, the Company has not made any preferential allotment or private placement of shares or fully or partly paid debentures during the year under review. Accordingly provisions of clause 3(xiv) of the Order are not applicable to the Company and hence not commented upon.

(xv) As per the information and explanations given to us by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly provisions of clause 3(xv) of the Order are not applicable to the Company and hence not commented upon.

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

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

per Naman Agarwal
Partner
Membership Number: 502405
Place of Signature: New Delhi
Date: April 25, 2017

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF TALWANDI SABO POWER LIMITED

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

We have audited, the internal financial controls over financial reporting of Talwandi Sabo Power Limited ("the Company") as of March 31, 2017 which is based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO 2013 criteria) in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting in COSO 2013 criteria, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per Naman Agarwal
Partner
Membership Number: 502405
Place of Signature: New Delhi
Date: April 25, 2017

Talwandi Sabo Power Limited
CIN - L40101PB2007PLC031035
Balance Sheet as at March 31, 2017

(Amount in Rs. Crores)

	Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
I	**ASSETS**				
1	**Non-current assets**				
	(a) Property, plant and equipment	3	10,607.23	8,192.40	5,249.45
	(b) Capital work-in-progress	3	5.46	2,748.70	5,569.17
	(c) Intangible assets	3	2.12	0.14	0.69
	(d) Financial assets				
	(i) Trade receivables	4	582.44	-	-
	(ii) Other financial assets	5	5.88	12.38	6.97
	(e) Other non-current assets	6	1.31	87.53	77.77
	Total Non-current assets		**11,204.44**	**11,041.15**	**10,904.05**
2	**Current assets**				
	(a) Inventories	7	296.17	177.63	108.95
	(b) Financial Assets				
	(i) Investments	8	144.03	-	61.41
	(ii) Trade Receivables	9	409.43	351.86	196.19
	(iii) Cash and cash equivalents	10	47.12	40.10	90.43
	(iv) Other financial assets	11	51.84	16.08	15.49
	(c) Other current assets	12	57.50	24.77	85.69
	Total Current assets		**1,006.09**	**610.44**	**558.16**
	Total Assets		**12,210.53**	**11,651.59**	**11,462.21**
II	**EQUITY AND LIABILITIES**				
A	**Equity**				
	(a) Equity Share capital	13	3,206.61	3,206.61	3,206.61
	(b) Other Equity	14	(502.29)	(93.76)	(125.92)
	Total Equity		**2,704.32**	**3,112.85**	**3,080.69**
B	**LIABILITIES**				
1	**Non-current liabilities**				
	(a) Financial Liabilities				
	(i) Borrowings	15	5,019.95	4,343.58	3,051.93
	(ii) Other financial liabilities	16	-	7.60	639.21
	(b) Provisions	17	1.08	1.41	0.59
	Total Non-current liabilities		**5,021.03**	**4,352.59**	**3,691.73**
2	**Current liabilities**				
	(a) Financial Liabilities				
	(i) Borrowings	18	1,726.61	2,489.86	3,223.78
	(ii) Trade payables	19	109.49	63.27	31.44
	(iii) Other financial liabilities	20	2,645.22	1,632.06	1,431.95
	(b) Other current liabilities	21	3.78	0.89	2.57
	(c) Provisions	22	0.08	0.07	0.05
	Total Current liabilities		**4,485.18**	**4,186.15**	**4,689.79**
	Total Liabilities		**9,506.21**	**8,538.74**	**8,381.52**
	Total Equity and Liabilities		**12,210.53**	**11,651.59**	**11,462.21**

See accompanying notes forming part of financial statements

In terms of our report attached
For S. R. Batliboi & Co. LLP
ICAI Firm Registration No. : 301003E/E300005
Chartered Accountants

per Naman Agarwal
Partner
Membership No.: 502405

Place : New Delhi
Date: April 25, 2017

For and on behalf of the Board

S. K. Roongta
DIN: 00309302
Chairman

Ajay Kumar Dixit
DIN: 03086605
Whole Time Director

Amit Agarwal
Chief Financial Officer

Talwandi Sabo Power Limited
CIN: L40101PB2007PLC031035
Statement of Profit and Loss for the year ended March 31, 2017

(Amount in Rs. Crores)

	Particulars	Note No.	Year ended March 31, 2017	Year ended March 31, 2016
I	Revenue From Operations	23	3,590.68	1,628.60
II	Other Income	24	0.65	0.02
III	**Total Income (I+II)**		**3,591.33**	**1,628.62**
IV	**EXPENSES**			
	Power and Fuel		2,313.71	955.48
	Employee benefits expense	25	31.82	25.74
	Finance costs	26	587.02	325.02
	Depreciation and amortization expense	27	907.97	188.36
	Other expenses	28	159.29	101.36
	Total expenses		**3,999.81**	**1,595.96**
V	**Profit/(loss) before tax (III-IV)**		**(408.48)**	**32.66**
VI	Tax expense:		-	-
VII	**Profit (Loss) for the period (V-VI)**		**(408.48)**	**32.66**
VIII	**Other Comprehensive Income/(Loss) (net of taxes)**			
	(i) Items that will not be reclassified to profit or loss			
	- Remeasurement on Defined Benefit Obligation		(0.05)	(0.50)
IX	**Total Comprehensive Income/(Loss) for the period (VII+VIII)**		**(408.53)**	**32.16**
X	**Earnings/(Loss) per equity share (par value Rs. 10 each) (in Rs.)**	33		
	(1) Basic		(1.27)	0.10
	(2) Diluted		(1.27)	0.10

See accompanying notes forming part of financial statements

In terms of our report attached
For S. R. Batliboi & Co. LLP
ICAI Firm Registration No. : 301003E/E300005
Chartered Accountants

per Naman Agarwal
Partner
Membership No.: 502405

Place : New Delhi
Date: April 25, 2017

For and on behalf of the Board

S. K. Roongta
DIN: 00309302
Chairman

Ajay Kumar Dixit
DIN: 03086605
Whole Time Director

Amit Agarwal
Chief Financial Officer

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TSPL

Talwandi Sabo Power Limited

CIN: L40101PB2007PLC031035

Cash Flow Statement for the year ended March 31, 2017

(Amount in Rs. Crores)

	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
A	**Cash flows from operating activities**		
	Net Profit/(Loss) before tax	(408.48)	32.16
	Adjusted for :		
	Unrealised exchange (gain)/loss	3.05	(2.71)
	Depreciation and amortisation expense	907.97	188.35
	Interest Expenses	580.60	318.98
	Other Income	(0.23)	-
	Marked to Market (Gain)/Loss on Derivatives	20.20	2.50
	Operating profit before working capital changes	**1,103.11**	**539.28**
	Adjustments for (increase) / decrease in operating assets:		
	(Increase)/Decrease in Inventories	(118.54)	(70.48)
	(Increase)/Decrease in Trade Receivables	(675.81)	(155.67)
	(Increase)/Decrease in other non current Financial Assets	6.50	(6.59)
	(Increase)/Decrease in other non current assets	(0.13)	(0.44)
	(Increase)/Decrease in other current Financial Assets	0.04	(1.34)
	(Increase)/Decrease in other current assets	(32.73)	61.23
	Adjustments for increase / (decrease) in operating liabilities:		
	Increase/ (Decrease) in long term provisions	(0.33)	0.82
	Increase/ (Decrease) in trade payables	46.22	0.36
	Increase/ (Decrease) in other current Financial Liabilities	(56.34)	49.18
	Increase/ (Decrease) in other current liabilities	2.89	4.53
	Increase/ (Decrease) in short term provisions	0.01	0.02
	Cash generation /(used) in operations	**274.89**	**420.89**
	Direct taxes (paid)/Refund	-	-
	Net cash from / (used in) operating activities	**274.89**	**420.89**
B	**Cash flows from investing activities**		
	Purchase of fixed assets including capital work in progress, pre-operative expenses and capital advances	(245.47)	(731.78)
	Purchase of Investment (Mutual Funds)	(1,905.74)	(3,452.14)
	Proceeds from Sale of Investments (Mutual Funds)	1,761.34	3,513.55
	Income from Dividends & Interest	1.17	2.34
	Net cash from / (used in) investing activities (ii)	**(388.70)**	**(668.03)**
C	**Cash flows from financing activities**		
	Proceeds from Long Term borrowing	1,951.66	3,222.64
	Repayment of Long Term borrowing	(431.52)	(1,728.81)
	Proceeds from Short Term borrowing	8,163.26	10,418.18
	Repayment of Short Term borrowing	(9,064.75)	(11,114.21)
	Interest Paid	(497.82)	(600.99)
	Net cash from / (used in) financing activities (iii)	**120.83**	**196.81**
	Net (decrease)/increase in cash and cash equivalents (i+ii+iii)	**7.02**	**(50.33)**
	Cash and cash equivalents at beginning of the year	**40.10**	**90.43**
	Cash and cash equivalents at close of the year	**47.12**	**40.10**
	Cash and cash equivalents as per Financial Statements	47.12	40.10
	[Refer Note 10 to the financial statements]		

See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of Board of Directors

For **S. R. Batliboi & Co. LLP**
ICAI Firm Registration No. : 301003E/E300005
Chartered Accountants

per Naman Agarwal
Partner
Membership No.: 502405

S.K. Roongta
DIN: 00309302
Chairman

Ajay Kumar Dixit
DIN: 03086605
Whole Time Director

Amit Agarwal
Chief Financial Officer

Place: New Delhi
Date: April 25, 2017

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TSPL

Talwandi Sabo Power Limited

CIN: L40101PB2007PLC031035

STATEMENT OF OTHER EQUITY

Statement of Changes in Equity for the year ended 31st March 2017

a. Equity share capital

Equity shares of Rs.10/- each issued,subscribed and fully paid	No. of Shares	Amount in Rs (in crore)
As at April 1, 2015 and March 31, 2016	**3,206,609,692**	**3,206.61**
Issue of Share Capital	-	-
As at March 31, 2017	**3,206,609,692**	**3,206.61**

b. Other equity

(Amount in Rs. Crore)

Particulars	Reserves and Surplus		OCI	Total
	Retained earnings	Debenture Redemption Reserve	Remeasurement Reserve	
Balance as at April 1, 2015	**(125.74)**	**-**	**(0.18)**	**(125.92)**
Profit for the year	32.66	-	-	32.66
Remeasurement of Defined Benefit Obligation	-	-	(0.50)	(0.50)
Creation of Debenture Redemption Reserve	(26.03)	26.03	-	-
Balance as at March 31, 2016	**(119.11)**	**26.03**	**(0.68)**	**(93.76)**
Loss for the year	(408.48)	-	-	(408.48)
Remeasurement of Defined Benefit Obligation	-	-	(0.05)	(0.05)
Balance as at March 31, 2017	**(527.59)**	**26.03**	**(0.73)**	**(502.29)**

See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of Board of Directors

For **S. R. Batliboi & Co. LLP**
ICAI Firm Registration No. : 301003E/E300005
Chartered Accountants

per Naman Agarwal
Partner
Membership No.: 502405

S.K. Roongta
DIN: 00309302
Chairman

Ajay Kumar Dixit
DIN: 03086605
Whole Time Director

Amit Agarwal
Chief Financial Officer

Place: New Delhi
Date: April 25, 2017

1. Company's Overview

Talwandi Sabo Power Limited (herein after referred as "TSPL" or "the Company") was incorporated as a Special Purpose Vehicle by Punjab State Power Corporation Limited (herein after referred as "PSPCL") [formerly known as Punjab State Electricity Board (PSEB)] to construct a 3*660 Mega Watt coal based thermal power plant (The Plant) on Build, Own and Operate (BOO) basis. TSPL became a wholly owned subsidiary of Vedanta Limited (herein after referred as "VL") [formerly known as Sesa Sterlite Limited (SSL)] pursuant to the selection of VL as the successful bidder after going through a tariff based International Competitive Bidding (ICB) process. The Share Purchase Agreement (SPA), Power Purchase Agreement (herein after referred as "PPA") for sale of power from the Plant to PSPCL for a period of 25 years and other necessary documents were signed between VL, TSPL and PSPCL on September 01, 2008. The address of its registered office and principal place of business is in village Banawala, Mansa - Talwandi Sabo Road, Mansa Punjab.

The standalone financial statements were approved for issuance by the Board of Directors on April 25, 2017.

2. Basis of Preparation and Significant accounting policies

2.A. Basis of Preparation

a) Basis of preparation and compliance with Ind As

For all periods upto and including the year ended March 31, 2016, the Company had prepared its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in India and complied with the accounting standards (Previous GAAP) as notified under Section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent applicable, and the presentation requirements of the Companies Act, 2013.

In accordance with the notification dated February 16, 2015, issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards notified under Section 133 read with Rule 4A of the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) (Amendment) Rules, 2016 as amended and the relevant provisions of the Companies Act, 2013 (collectively, "Ind AS") with effect from April 1, 2016 and the Company is required to prepare its financial statements in accordance with Ind AS for the year ended March 31, 2017. These financial statements for the year ended March 31, 2017 are the first financial statements the company has prepared in accordance with Ind AS.

The transition to Ind AS was carried out in accordance with Ind AS 101 First- Time Adoption of Indian Accounting Standards with the date of transition as April 01, 2015. Refer note 41 and 42 for description of the effect of the transition and reconciliations required as per Ind AS 101.

b) Basis of measurement

The standalone financial statements have been prepared on a going concern basis using historical cost convention, except for certain financial assets and liabilities which are measured at fair value/amortized cost (Refer note 2.B. (g)).

c) Standards issued but not yet effective

The Guidance note and amendment to standards issued, but not yet effective up to the date of issuance of the Company's Financial Statements are disclosed below. The Company intends to adopt these when it becomes effective.

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment. The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities. The Company is evaluating the requirements of the amendment and and has not yet determined the impact on the financial statements.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Company is evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

2.B. SIGNIFICANT ACCOUNTING POLICIES

The Company has applied the following accounting policies to all periods presented in the the Financial Statements:

a) Functional and presentation currency

The Financial Statements are prepared in Indian Rupee (Rs.), which is the Company's functional currency. All financial information presented in Indian Rupee has been rounded to the nearest crores with two decimals.

b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any cash discounts allowed by the Company.

Sale of Power
Revenue is recognised in terms of Power Purchase Agreement (PPA) entered with Punjab State Power Corporation Limited (PSPCL) when no significant uncertainty as to the measurability and collectability exists.

Lease Income
Lease income from operating leases (excluding amounts for services on maintenance, etc and contingent rentals) where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases and another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Contingent rent is recognized in the period when earned. The respective leased assets are included in the balance sheet according to the nature of the asset.

Dividend Income
Dividend income is recognised when the right to receive payment is established.

Interest Income
Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

c) Property, plant and equipment

i. Property, plant and equipment
The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use. It also includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Machinery spares parts are capitalized when they meet the definition of property, plant and equipment.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Likewise, expenditure towards major inspections and overhauls are identified as a separate component and depreciated over the expected period till the next overhaul expenditure.

Subsequent costs and disposal:
Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future economic benefits from the existing asset beyond its previously assessed standard of performance/life. All other expenses on existing property, plant and equipment, including routine repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income/other expenses in Statement of Profit and Loss.

ii. Capital work in progress
Assets in the course of construction are capitalized in capital work in progress account. All costs attributable to construction of project or incurred in relation to the project under construction, net of incidental income during the construction/pre-production period, are aggregated under 'Expenditure during Construction Period' to be allocated to individual identified assets on completion. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalised until the period of commissioning has been completed and the asset is ready for its intended use.

iii. Depreciation
Assets in the course of development or construction and freehold land are not depreciated.
Property plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. Depreciation commences when the assets are ready for their intended use.

Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a written down value method over its expected useful life, as follows:

The estimated useful lives of assets are as follows:

• Buildings	3-30	years
• Roads	10	years
• Plant and machinery	25-40	years
• Fixtures and fixtures	10	years
• Vehicles	8	years
• Railway siding	15	years
• Office equipment	5	years
• Computers and data processing units	3-6	years
• Laboratory equipment	10	years

Depreciation methods, useful lives and residual values of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

d) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.
Intangible assets are amortised over their estimated useful life on a straight line basis. Software is amortised over the estimated useful life of software license of 3.5 years. The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is different from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

e) Lease

Determining whether an arrangement contains lease

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Arrangements containing a lease have been evaluated as on the date of transition i.e. April 01, 2015 in accordance with Ind-AS 101 First-time Adoption of Indian Accounting Standard. Lease arrangements including both land and building have been separately evaluated for finance or operating lease at the date of transition to Ind ASs basis the facts and circumstances existing as at that date. Also, Refer note 41 and 42 on first-time adoption of Ind AS for the related transition provisions.

At inception or on reassessment of an arrangement that contains lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term. Unless the payments are structured to increase in line with general inflation to compensate for the lessor's expected inflationary cost increase.

Company as a lessor

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

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

f) <u>Current and Non Current Classification</u>

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when it is:

a. Expected to be settled in normal operating cycle
b. Held primarily for the purpose of trading
c. Due to be settled within twelve months after the reporting period, or
d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

g) <u>Financial instruments</u>

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets – recognition

Initial recognition and measurement
All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit and loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement
For purposes of subsequent measurement, financial assets are classified in three categories:

(i) Debt instruments at amortised cost

A ‘Debt instrument’ is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

(ii) Debt instruments at fair value through other comprehensive income (FVOCI)

A 'debt instrument' is classified as FVOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the interest income, impairment losses & reversals and foreign exchange gain or loss are recognised in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit or loss. Interest earned whilst holding FVOCI debt instrument is reported as interest income using the EIR method.

(iii) Debt instruments at fair value through Statement of Profit and Loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as ‘accounting mismatch’). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Financial assets – derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits and trade receivables;
- Financial assets that are debt instruments and are measured as at FVTOCI;
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

At each reporting date, for recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

The balance sheet presentation for financial instruments is described below:

- **Financial assets measured as at amortised cost:** ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Debt instruments measured at FVOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through Statement of Profit and Loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification, as described below:

- *Financial liabilities at amortised cost (Loans & Borrowings)*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.
Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

- *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit or loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Financial Liabilities- Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Equity Instruments

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

Offsetting of financial instruments

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

h) Derivative financial instruments

Initial recognition and subsequent measurement

In order to hedge its exposure to foreign exchange risks, the Company enters into forward contracts for hedging of exposures of foreign currencies borrowings and capital vendors. The Company does not hold derivative financial instruments for speculative purposes.
Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss.

i) Borrowing costs

Borrowing cost includes interest expense as per Effective Interest Rate (EIR) and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly relating to the acquisition, construction or production of a qualifying capital project under construction are capitalised and added to the project cost during construction until such time that the assets are substantially ready for their intended use i.e. when they are capable of commercial production. Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available out of money borrowed specifically to finance a project, the income generated from such short-term investments is deducted from the total capitalized borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the year.

Capitalisation of borrowing costs is suspended and charged to the statement of profit and loss during the extended periods when the active development on the qualifying asset is suspended.
All other borrowing costs are recognized in the Statement of Profit and Loss in the year in which they are incurred.

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial liability or a shorter period, where appropriate, to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options).

j) Buyers' Credit

The Company enters into arrangements whereby financial institutions make direct payments to suppliers for raw materials and project materials. The financial institutions are subsequently repaid by the Company at a later date providing working capital timing benefits. These are normally settled up to twelve months (for raw materials) and up to 60 months (for project materials). Where these arrangements are for raw materials with a maturity of up to twelve months, the economic substance of the transaction is determined to be operating in nature and these are recognised as operational buyers’ credit (under Trade and other payables). Where these arrangements are for project materials with a maturity up to thirty six months, the economic substance of the transaction is determined to be financing in nature, and these are classified as projects buyers’ credit within borrowings in the statement of financial position.

k) Impairment of non-financial assets

Impairment charges and reversals are assessed at the level of cash-generating units. A cash-generating unit (CGU) is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Impairment tests are carried out annually for all assets when there is an indication of impairment. The Company conducts an internal review of asset values annually, which is used as a source of information to assess for any indications of impairment or reversal of previously recognised impairment losses. External factors, such as changes in expected future prices, costs and other market factors are also monitored to assess for indications of impairment or reversal of previously recognised impairment losses.

If any such indication exists then an impairment review is undertaken, the recoverable amount is calculated, as the higher of fair value less costs of disposal and the asset's value in use. Fair value less costs of disposal is the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the entity and not applicable to entities in general.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. The cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. Value in use is determined by applying assumptions specific to the Company's continued use and cannot take into account future development. These assumptions are different to those used in calculating fair value and consequently the value in use calculation is likely to give a different result to a fair value calculation.

The carrying amount of the CGU is determined on a basis consistent with the way the recoverable amount of the CGU is determined. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount.

An impairment loss is recognised in the income statement. Any reversal of the previously recognised impairment loss is limited to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

l) Inventories

Inventories comprising fuel, stores and spares, consumables, supplies and loose tools are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges and is determined on a weighted average basis.

Net realisable value is determined based on estimated selling price, less further costs expected to be incurred to completion and disposal.

m) Taxation

Tax expense represents the sum of current tax and deferred tax. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date and includes any adjustment to tax payable in respect of previous years.

Subject to exceptions below, deferred tax is provided, using the balance sheet method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, on carry forward of unused tax credits and unused tax loss;

- deferred income tax is not recognised on the initial recognition (including MAT) of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- deferred tax assets are recognised only to the extent that it is more likely than not that they will be recovered.

Deferred tax assets are recognised only to the extent that it is more likely than not that they will be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Tax relating to items recognized outside Statement of Profit and Loss is recognised outside Statement of Profit and Loss (either in other comprehensive income or equity).

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

n) <u>Retirement benefit schemes</u>

Short term employee benefits:

Employee benefits payable wholly within twelve months of receiving employee services are classified as short - term employee benefits. These benefits include salaries and wages, performance incentives and compensated absences which are expected to occur in next twelve months. The undiscounted amount of short—term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

Post employee benefits

Gratuity
In accordance with the Payment of Gratuity Act of 1972, the Company contributes to a defined benefit plan (the "Gratuity Plan"). The Gratuity Plan provides a lump sum payment to employees who have completed at least 5 years of service; at retirement, disability or termination of employment being an amount equal to 15 day's salary (based on the respective employee's last drawn salary) for every completed year of service.
Based on actuarial valuations conducted as at year end, a provision is recognized in full for the benefit obligation over and above the funds held in the Gratuity Plan.
In respect of defined benefit schemes, the assets are held in separately administered funds. In respect of defined benefit schemes, the cost of providing benefits under the plans is determined by actuarial valuation separately each year using the projected unit credit method by independent qualified actuary as at the year end.

The Company recognizes the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI/ Capital Work in progress, as applicable in the period in which they occur. Re-measurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

Provident Fund and Superannuation Fund
The Company's contribution to 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, in the period in which it occur. The Company has no further obligation under these schemes, beyond its contribution to the funds.

Compensated absenses
Liability for compensated absences is determined on the basis of an actuarial valuation carried out at the end of the year using the Projected Unit Credit Method and charged to the Statement of Profit and Loss/ Capital Work in Progress, as applicable. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur.

o) <u>Provision for liabilities and charges, contingent liabilities and contingent assets</u>

Provisions represent liabilities of the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefits is probable.

p) <u>Foreign currency translation</u>

The functional currency for the Company is determined as the currency of the primary economic environment in which it operates. The functional currency is the local currency of the country in which it operates which in INR.

Transactions in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in other currencies are translated into the functional currency at exchange rates prevailing on the reporting date. Non-monetary assets and liabilities denominated in other currencies and measured at historical cost or fair value are translated at the exchange rates prevailing on the dates on which such values were determined.

All exchange differences are included in the Statement of Profit and Loss except any exchange differences on monetary items designated as an effective hedging instrument of the currency risk of designated forecasted sales or purchases, which are recognized in the other comprehensive income.

The Company had applied paragraph 46A of AS 11 under Previous GAAP. Ind AS 101 gives an option, which has been exercised by the Company, whereby a first time adopter can continue its Previous GAAP policy for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the Previous GAAP financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period. Hence, foreign exchange gain/loss on long-term foreign currency monetary items recognised in the Previous GAAP upto March 31, 2016 is adjusted to the cost of PPE.

Such exchange differences arising on translation/settlement of long-term foreign currency monetary items and pertaining to the acquisition of a depreciable asset are amortised over the remaining useful lives of the assets.

From accounting periods commencing on or after April 01, 2016, exchange differences arising on translation/ settlement of long-term foreign currency monetary items, acquired post April 01, 2016, pertaining to the acquisition of a depreciable asset are charged to the statement of profit and loss.

q) Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the Statement of Profit and Loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the Statement of Profit and Loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

r) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits with banks with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

s) Cash flow statement:

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

Cash comprises cash at bank and in 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.

t) Segment reporting

The Company operates only in one segment namely power generation and there are no reportable segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker i.e. Board of Directors.

u) **Share-based payments**

The Company does not have any outstanding share based payments. Vedanta Resources Plc (herein after referred to as VRPLC) offers certain share based incentives under the Long-Term Incentive Plan ("LTIP") to employees and directors of the Company and its subsidiaries. VRPLC recovers the proportionate cost (calculated based on the grant date fair value of the options granted) from the respective group companies, which is charged to the statement of profit and loss.

v) Use of estimates

The preparation of financial statement in conformity with Ind AS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates under different assumptions and conditions.

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

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following accounting policies and/or notes:

Critical estimates and judgements in applying accounting policies

The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Information about estimates and judgements made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Critical estimates:

- **Useful lives of property, plant and equipment**

  Useful lives of depreciable/ amortisable assets (tangible and intangible) - Management reviews its estimate of the useful lives of depreciable/ amortisable assets at each reporting date, based on the expected utility of the assets. The reassessment may lead to a change in depreciation and amortization charge.

Critical judgements:

- **Determining whether an arrangement contains a lease and fixed rentals therein**

  Significant judgement is required to apply lease accounting rules under Appendix C to Ind AS 17 'Determining whether an arrangement contains a lease'. In assessing the applicability to arrangements entered into by the Company, management has exercised judgement to evaluate the right to use the underlying asset, substance of the transactions including legally enforceable agreements and other significant terms and conditions of the arrangements to conclude whether the arrangement meets the criteria under Appendix C to Ind AS 17.

  The Company has ascertained that the Power Purchase Agreement (PPA) entered into between the Company and Punjab State Power Corporation Limited (PSPCL) qualify to be an operating lease under Ind AS 17 Leases. Accordingly, the consideration receivable under the PPA relating to recovery of capacity charges towards capital cost have been recognized as operating lease rentals and in respect of variable cost that includes fuel costs, operations and maintenance etc. is considered as revenue from sale of products.

  The Company has assessed the nature of operating lease payments received as a lessor. Management has assessed that the entire lease payments as disclosed in note 29 (ii) are contingent in nature as the payments are based on the number of units of electricity made available by the Company. This is subject to variation on account of various factors like availability of coal, water, etc of the plant.

- **Contingencies and commitments**

  In the normal course of business, contingent liabilities may arise from litigation, taxation and other claims against the Company. A tax provision is recognised when the Company has a present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation.

  Where it is management's assessment that the outcome cannot be reliably quantified or is uncertain, the claims are disclosed as contingent liabilities unless the likelihood of an adverse outcome is remote. Such liabilities are disclosed in the notes but are not provided for in the financial statements.

  When considering the classification of a legal or tax cases as probable, possible or remote, there is judgement involved. This pertains to the application of the legislation, which in certain cases is based upon management's interpretation of country specific tax law, in particular India, and the likelihood of settlement. Management uses in-house and external legal professionals to confirm their decision.

Although there can be no assurance regarding the final outcome of the legal proceedings, the Company does not expect them to have a materially adverse impact on the Company's financial position or profitability. The liabilities which are assessed as possible and hence are not recognised in these financial statements are disclosed in note 30.

- **Revenue Recognition of disputed dues:**
  The Company has evaluated the provisions of Ind-AS 18, which states that revenue should be recorded only if the recovery is reasonable to expect. Management has assessed the recoverability of disputed dues with PSPCL as disclosed in note 43 as reasonable due to the following reasons:
  - The Company has favorable legal opinions from senior advocates and thus assessed the probability of success as high.
  - Favourable judgement in the related matter
  - PSPCL, being a government owned company, credit risk is being assessed as low.

Talwandi Sabo Power Limited

Notes forming part of the financial statements for the year ended March 31, 2017

Note 3 Property Plant and Equipment

(Amount in Rs. Crore)

Particulars	**Gross Block**					**Accumulated Depreciation**				**Net Block**	
	Balance as at April 1, 2016	**Additions**	**Deductions**	**Other Adjustment (Exchange Difference)**	**Balance as at March 31, 2017**	**Balance as at April 1, 2016**	**Depreciation charge**	**Deductions**	**Balance as at March 31, 2017**	**Balance as at March 31, 2017**	**Balance as at March 31, 2016**
a) Tangible Assets											
Land (Free hold)	390.60	-	-	-	390.60	-	-	-	-	390.60	390.60
	(390.60)	**-**	**(-)**		**(390.60)**	**(-)**	**(-)**			**(390.60)**	**(390.60)**
Buildings	101.58	51.72	-	0.65	153.95	4.88	11.78	-	16.66	137.29	96.70
	(84.40)	**(14.72)**	**(-)**	**(2.46)**	**(101.58)**	**(1.97)**	**(2.91)**	**(-)**	**(4.88)**	**(96.70)**	**(82.43)**
Roads	87.75	-	-	-	87.75	2.80	22.53	-	25.33	62.42	84.95
	-	**(74.19)**	**(-)**	**(13.56)**	**(87.75)**	**-**	**(2.80)**	**(-)**	**(2.80)**	**(84.95)**	**-**
Plant and Machinery	7,656.19	2,873.73	-	153.22	10,683.14	216.82	811.35	-	1,028.17	9,654.97	7,439.37
	(4,631.79)	**(2,536.70)**	**-**	**(487.70)**	**(7,656.19)**	**(46.38)**	**(170.44)**	**(-)**	**(216.82)**	**(7,439.37)**	**(4,585.41)**
Furniture and Fittings	1.89	0.11	0.03	-	1.97	0.47	0.44	0.01	0.90	1.07	1.42
	(0.88)	**(1.04)**	**(0.03)**	**-**	**(1.89)**	**(0.33)**	**(0.16)**	**(0.02)**	**(0.47)**	**(1.42)**	**(0.55)**
Motor Vehicles	0.45	-	0.18	-	0.27	0.09	0.09	0.07	0.11	0.16	0.36
	(0.24)	**(0.21)**	**(-)**	**-**	**(0.45)**	**(0.05)**	**(0.04)**	**(-)**	**(0.09)**	**(0.36)**	**(0.19)**
Railway Siding and Locomotives	178.38	240.76	-	-	419.14	15.01	56.62	-	71.63	347.51	163.37
	(178.38)	**-**	**(-)**	**-**	**(178.38)**	**(3.71)**	**(11.30)**	**(-)**	**(15.01)**	**(163.37)**	**(174.67)**
Office and Equipment	3.24	0.18	-	-	3.42	1.80	1.04	-	2.84	0.58	1.44
	(3.06)	**(0.19)**	**(0.01)**	**-**	**(3.24)**	**(1.21)**	**(0.59)**	**(-)**	**(1.80)**	**(1.44)**	**(1.85)**
Computers and Data Processing	1.73	0.96	-	-	2.69	1.06	0.60	-	1.66	1.03	0.67
	(1.57)	**(0.17)**	**(0.01)**	**-**	**(1.73)**	**(0.80)**	**(0.26)**	**(-)**	**(1.06)**	**(0.67)**	**(0.77)**
Laboratory Equipment	15.26	2.12	-	0.04	17.42	1.74	4.08	-	5.82	11.60	13.52
	(13.40)	**(1.57)**	**(-)**	**(0.29)**	**(15.26)**	**(0.42)**	**(1.32)**	**(-)**	**(1.74)**	**(13.52)**	**(12.98)**
Total	**8,437.07**	**3,169.58**	**0.21**	**153.91**	**11,760.35**	**244.67**	**908.53**	**0.08**	**1,153.12**	**10,607.23**	**8,192.40**
	(5,304.32)	**(2,628.79)**	**(0.05)**	**(504.01)**	**(8,437.07)**	**(54.87)**	**(189.82)**	**(0.02)**	**(244.67)**	**(8,192.40)**	**(5,249.45)**
								b) Capital work in progress		5.46	2,748.70
								Total		**10,612.69**	**10,941.10**
c) Intangible Assets											
Computer software (SAP Licenses)	1.95	2.83	1.95	-	2.83	1.81	0.85	1.95	0.71	2.12	0.14
	(1.95)	**(-)**	**(-)**	**-**	**(1.95)**	**(1.25)**	**(0.56)**	**(-)**	**(1.81)**	**(0.14)**	**(0.69)**
Total	**1.95**	**2.83**	**1.95**	**-**	**2.83**	**1.81**	**0.85**	**1.95**	**0.71**	**2.12**	**0.14**
	(1.95)	**(-)**	**(-)**	**-**	**(1.95)**	**(1.25)**	**(0.56)**	**(-)**	**(1.81)**	**(0.14)**	**(0.69)**

Notes:

(i) Figures in brackets represent previous year's amounts.

(ii) Last unit of 3*660 MW power plant was capitalised on 1st September, 2016.

(iii) Depreciation Charge on Fixed Assets includes an amount of Rs. 1.41 crore (Previous Year Rs 2.02 crore) capitalised as a part of preoperative expenses.

(iv) Capital Work in progress as at 31st March 2017 comprises expenditure for the plant in the course of construction. Total amount of CWIP is Rs 5.46 crore (31 March 2016 Rs. 2,748.70 crore, 1 April 2015 Rs. 5,569.17 crore). Refer Note 32 for Income and expenditure capitalised during the year.

(v) The Company, basis an independent technical review has reassessed the method of charging depreciation and changed the same from SLM to WDV w.e.f 1st April 2016 as it represents the actual economic benefit consumption of the plant. Accordingly, depreciation charge and consequential loss for the year is higher by Rs. 595.08 crores and Rs. 403.55 crore respectively.

Talwandi Sabo Power Limited
Notes forming part of the financial statements for the year ended March 31, 2017

Note 4 **(Amount in Rs. Crores)**
Trade receivables (non-current):

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured considered good (Also refer Note 9)	582.44	-	-
Total	**582.44**	**-**	**-**

Note 5
Other financial assets (non current)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Bank Deposits	0.02	0.02	0.02
(Bank deposits with more than twelve months maturity)			
Security Deposit	5.86	12.36	5.77
Derivative Assets Receivables	-	-	1.18
Total	**5.88**	**12.38**	**6.97**

Note 6
Other non-current assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured Considered Goods			
Capital Advances	-	86.35	77.04
Advance Income tax (net of provisions)	1.31	1.18	0.73
Total	**1.31**	**87.53**	**77.77**

Note 7
Inventories

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Inventories (lower of cost and net realisable value)			
Stores and Spares [includes stock in transit of Rs. 3.89 crore (previous year March 31, 2016 Rs. 17.07 crore and April 1, 2015 Rs. Nil)]	45.59	48.88	9.51
Fuel Stock [Includes stock in transit of Rs 79.91 crore (previous year March 31, 2016 Rs. 41.43 crore and April 1, 2015 Rs. 37.39 crore)]	250.58	128.75	99.44
Total	**296.17**	**177.63**	**108.95**

Talwandi Sabo Power Limited

Notes forming part of the financial statements for the year ended March 31, 2017

Note 8

Investments

Particulars	Face value	No. of Units			Amount in Rs. Crore		
		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investments in mutual funds-unquoted*							
ICICI Pru Flexible Income Plan Premium- Daily Dividend Plan	Rs.100	-	-	443,448	-	-	4.69
Tata Floater Fund- Daily Dividend Plan	Rs.1000	-	-	91,604	-	-	9.19
Reliance Liquidity Fund- Daily Dividend Reinvestment Option	Rs.1000	-	-	109,022	-	-	10.91
UTI Liquid Cash Plan- Daily Dividend Plan	Rs.1000	-	-	107,964	-	-	11.01
Religare Liquid Fund- Daily Dividend Plan	Rs.1000	-	-	103,431	-	-	10.35
TATA Liquid Super High Investment Fund -Daily Dividend Plan	Rs.1000	-	-	98,753	-	-	11.01
ICICI Prudential Liquid Plan- Daily Dividend Reinvest	Rs.100	-	-	424,863	-	-	4.25
SBI Premier Liquid Fund - Regular Plan - Daily Dividend	Rs.100	1,435,600	-	-	144.03	-	-
HDFC Liquid Plan	Rs 1000	-	-		-	-	
Reliance Liquidity Fund - Treasury Plan	Rs.100	-	-		-	-	
Total		**1,435,600**	**-**	**1,379,085**	**144.03**	**-**	**61.41**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Aggregate amount of unquoted investments	144.03	-	61.41
Total	**144.03**	**-**	**61.41**

*At fair value through P&L.

Note 9 **(Amount in Rs. Crores)**
Trade receivables

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured considered good	409.43	351.86	196.19
Total	**409.43**	**351.86**	**196.19**

Note: (i) The Company offers a credit period of 0-30 days to its customers.
(ii) Also refer Note 43

Note 10
Cash and cash equivalents

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with banks:			
- on current account	47.12	40.10	11.93
- deposits with original maturity of less than 3 months	-	-	78.50
Total	**47.12**	**40.10**	**90.43**

Note 11
Other financial assets (current)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Interest accrued but not due on bank deposits	-	-	0.02
Derivative Asset	-	0.02	0.75
Advance to Related Parties	0.01	0.03	-
Unbilled Revenue	51.83	16.03	14.72
Total	**51.84**	**16.08**	**15.49**

Note 12
Other Current Assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance to vendors	50.57	21.73	84.04
Prepaid Expenses	6.92	3.04	1.65
Claims and other receivables	0.01	-	-
Total	**57.50**	**24.77**	**85.69**

Talwandi Sabo Power Limited
Notes forming part of the financial statements for the year ended March 31, 2017

Note 13
Equity Share Capital :

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of shares	Amount in Rs. Crore	Number of shares	Amount in Rs. Crore	Number of shares	Amount in Rs. Crore
Authorised Share Capital						
Equity Shares of Rs.10 each, with voting rights	4,000,000,000	4,000.00	4,000,000,000	4,000.00	4,000,000,000	4,000.00
Issued, Subscribed and Fully Paid up						
Equity Shares of Rs.10 each, with voting rights	3,206,609,692	3,206.61	3,206,609,692	3,206.61	3,206,609,692	3,206.61
Total	**3,206,609,692**	**3,206.61**	**3,206,609,692**	**3,206.61**	**3,206,609,692**	**3,206.61**

(i) Reconcilation of the number of shares and the amount outstanding as at beginning and at the end of the reporting year :

Particulars	Equity Shares as at March 31, 2017		Equity Shares as at March 31, 2016	
	Number of shares	Amount in Rs. Crore	Number of shares	Amount in Rs. Crore
Shares outstanding at the beginning of the year	3,206,609,692	3,206.61	3,206,609,692	3,206.61
Movement during the year	-	-	-	-
Shares outstanding at the end of the year	**3,206,609,692**	**3,206.61**	**3,206,609,692**	**3,206.61**

(ii) Details of shares held by the holding Company, the ultimate holding Company, their subsidiaries and associates :

3,206,609,692 (Previous Year: 3,206,609,692) Equity Shares i.e. 100% of the equity shares are held by the Holding Company, Vedanta Limited and its nominees.

(iii) Details of shares held by each shareholder holding more than 5% shares :

Name of Shareholder	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of shares held	% of Holding	Number of shares held	% of Holding	Number of shares held	% of Holding
Vedanta Limited and its nominees	3,206,609,692	100	3,206,609,692	100	3,206,609,692	100

Other disclosures :

(iv) The Company has one class of Equity Shares having a par value of Rs 10 per share. Each shareholder is eligible for one vote per share held. Dividend proposed (if any) by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation of company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts, in proportion to their shareholding.

Talwandi Sabo Power Limited

Notes forming part of the financial statements for the year ended March 31, 2017

(Amount in Rs. Crores)

Note 14

Other equity

Retained earnings	**As at March 31, 2017**	**As at March 31, 2016**
Balance at the beginning of the year	(119.11)	(125.74)
Add: Profit/ (Loss) for the period	(408.48)	32.66
Less: Transfer to debenture redemption reserve	-	(26.03)
Closing Balance	**(527.59)**	**(119.11)**
Other Comprehensive Income		
Remeasurement Reserve		
Balance at the beginning of the year	(0.68)	(0.18)
Add: Remeasurement of defined benefit plan	(0.05)	(0.50)
Closing Balance	**(0.73)**	**(0.68)**
Debenture Redemption Reserve		
Balance at the beginning of the year	26.03	-
Add: Transferred from Surplus in Statement of Profit and Loss	-	26.03
Closing Balance	**26.03**	**26.03**
See Note (i) below		
Total	**(502.29)**	**(93.76)**

Note -

(i): As per Section 71(4) of the Companies Act, 2013, a Company shall create a Debenture Redemption Reserve for the redemption of debentures to which adequate amount shall be credited out of its profits every year until such debentures are redeemed. Accordingly, an amount of Rs. 26.03 Crores has been transferred to Debenture redemption reserve from surplus in statement of Profit and Loss for the year ending March 31, 2016.

(ii) The Company recognises remeasurement gains and losses on defined benefit gratuity plans in other comprehensive income as remeasurement reserve.

Talwandi Sabo Power Limited
Notes forming part of the financial statements for the year ended March 31, 2017

(Amount in Rs. crores)

Note 15
Non current Borrowings

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Secured : at amortised cost			
(a) Redeemable Non-Convertible Debentures (see note (1) below):	1,927.82	1,495.98	2,328.42
(b) Rupee Term Loan (RTL) (see note (2) below):			
- From banks	3,403.07	2,330.05	498.30
- From Other than Banks	237.06	-	-
(c) Buyer's credit from banks (see note (3) below):	-	-	5.33
Less : Current maturities of long-term borrowings disclosed under "Other current financial liabilities"	(548.00)	(163.00)	(49.33)
	5,019.95	**3,663.03**	**2,782.72**
Unsecured : at amortised cost			
(d) Buyer's Credit from banks (see note (3) below):	717.06	966.70	448.56
Less : Current maturities of long-term borrowings disclosed under "Other current financial liabilities"	(717.06)	(286.15)	(179.35)
	-	**680.55**	**269.21**
Total	**5,019.95**	**4,343.58**	**3,051.93**

Summary of Non Current Borrowing Arrangements:

1 **Redeemable Non-Convertible Debentures (NCDs):**

(i) In December 2016, the Company issued NCD of Rs 300 Crore with an effective interest rate of 8.20%. This NCD is secured by first parri pasu charge on the assets of the Company both present and future with a minimum asset cover of 1 times during the tenure of NCD (including the debt service reserve account) and an unconditional and irrevocable corporate guarantee by Vedanta Limited. The Debentures are due for repayment in November 2019.

(ii) In March 2017, the Company issued NCD of Rs 250 Crore with an effective interest rate of 7.75%. This NCD is secured by first parri pasu charge on the assets of the Company both present and future with a minimum asset cover of 1 times during the tenure of NCD (including the debt service reserve account) and an unconditional and irrevocable corporate guarantee by Vedanta Limited. The Debentures are due for repayment in September 2019.

(iii) In September 2014 (two tranches), November 2014, March 2015 and April 2015, the Company issued NCDs of Rs. 1,500 crores in five tranches of Rs. 120 crores, Rs. 180 crores, Rs. 200 crores, Rs. 325 crores and Rs. 675 crores with an effective interest rate of 9.60%, 9.70%, 9.27%, 9.13% and 9.13% respectively. These NCDs are secured by first parri pasu charge on the assets of the Company both present and future with a minimum asset cover of 1.1 times during the tenure of NCDs (including the debt service reserve account) and an unconditional and irrevocable corporate guarantee by Vedanta Limited. Out of these NCD, Rs 120 Crore was duly repaid in Sep 2016 and due date for repayment of balance amounts are Rs. 325 crores and Rs. 675 crores in April 2018, Rs. 200 crores in November 2017 and for Rs. 180 crores in September 2017.

2 **Rupee Term Loan (RTL):**

(i) Kotak Mahindra Bank: In September 2014, the Company has availed a rupee term loan facility of Rs. 500 Crores from Kotak Mahindra Bank. The facility is secured by first pari pasu charge on the assets of the Company both present and future, with an unconditional and irrevocable corporate guarantee by Vedanta Limited. The facility is repayable as first 50% of loan amount in 24 quarterly installments starting from December 2015 and balance 50% of loan amount is to be repaid in a single bullet payment in March 2021.
Out of Rs 500 Crore loan, the Kotak Mahindra bank down-sold the loan amounting to Rs 250 Crore to Aditya Birla Finance Limited (ABFL) on 29 December, 2016 at the same terms & conditions including interest rate as originally mentioned in Kotak Mahindra Agreement.

(ii) Aditya Birla Finance Limited: In December, 2016 Kotak Mahindra down -sold Rs 250 crore loan portion to Aditya Birla Finance Limited at same terms & conditions including interest rate as originally mentioned in Kotak Agreement.

(iii) State Bank of India: In September 2015, the Company has availed a rupee term loan facility of Rs. 2000 Crores from State Bank of India. The facility is secured by first pari pasu charge on the assets of the Company both present and future, with an unconditional and irrevocable corporate guarantee by Vedanta Limited.

(iv) Yes Bank Limited: In July 2016, the Company has availed a rupee term loan facility of Rs 1250 Crore from Yes Bank. The facility is secured by first pari pasu charge on the assets of the Company both present and future, with an unconditional and irrevocable corporate guarantee by Vedanta Limited.

(v) The weighted average interest rate rupee term loan is 9.85%. Repayment plan rupee term loan is as follows:

S. No.	Bank	0-1 year	1-3 years	3-5 years	After 5 years	Amount outstanding as on March 31, 2017
1	Kotak Mahindra Bank Limited	18.26	36.52	120.59	-	174.95
2	Aditya Birla Finance Limited	24.74	49.48	163.41	-	237.06
3	State Bank of India	-	240.00	180.00	1,580.00	1,995.86
4	Yes Bank Limited	125.00	500.00	500.00	125.00	1,232.26
	Total	**168.00**	**826.00**	**964.00**	**1,705.00**	**3,640.13**

3 **Buyer's Credit from Bank:**

USD Buyer's Credit from bank is backed by an unconditional, irrevocable guarantee from Vedanta Limited, the Holding Company. The Interest rate on the same rages from LIBOR plus 140 basis points to 220 basis points. The same were taken for a period of 1 to 2 years and are due for repayment in the next 12 months.

Note 16 **(Amount in Rs. Crores)**

Financial liabilities : Non current- Other financial liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Derivative Liability	-	7.60	-
Retention money of capital goods	-	-	639.21
Total	**-**	**7.60**	**639.21**

Note: Also refer Note 37

Note 17

Provisions (non current)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits			
(a) Provision for gratuity	0.47	0.71	0.22
(b) Provision for compensated absences	0.61	0.70	0.37
Total	**1.08**	**1.41**	**0.59**

Note 18

Borrowings (Current)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Secured			
(a) Buyer's Credit from banks :	-	131.11	588.09
[See note (1) below]			
Unsecured			
(a) Buyer's credit from banks:	-	-	64.05
[See note (2) below]			
(b) Commercial paper :	1,726.61	2,358.75	2,571.64
[See note (3) below]			
Total	**1,726.61**	**2,489.86**	**3,223.78**

Summary of Current Borrowing Arrangements:

1 **Buyer's Credit from Bank:**

USD Buyer's Credit from bank is secured by pari pasu charge on the current assets and movable fixed assets of the Company and backed by an unconditional, irrevocable guarantee from Vedanta Limited, the Holding Company. The Interest rate on the same is LIBOR plus 40 basis points. The same were taken for a period of 1 years and are due for repayment in the next 12 months.

2 **Buyer's credit from bank (unsecured):**

USD Buyer's Credit from bank is backed by an unconditional, irrevocable guarantee from Vedanta Limited, the Holding Company. The Interest rate on the same is LIBOR plus 33 basis points. The same were repaid in the June 2015.

3 **Commercial Papers**

The Company has issued commercial papers to various asset management companies for funding project payables, which is backed by unconditional and irrevocable corporate guarantee from Vedanta Limited. These commercial papers bear an average rate of interest of 6.69% p.a and would mature within 3 months of issuance.

Note 19

Trade payables

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Operational Buyers Credit	0.86	31.75	-
Trade Payables*	108.63	31.52	31.44
Total	**109.49**	**63.27**	**31.44**

*There are no amounts outstanding to micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006.

Note 20

Other financial liabilities (current)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current maturities of long-term borrowings (refer note 15)	1,265.06	449.15	228.68
Interest accrued but not due on borrowings	58.58	47.31	50.69
Other Payables			
Derivative Liabilities	121.07	27.74	23.50
Project Creditors	492.64	271.86	356.90
Retention Money	678.28	750.07	739.85
Due to Related Parties	1.57	2.64	0.62
Earnest Money Deposit	0.59	0.08	3.38
Bank Overdraft	-	0.22	-
Other Liabilities	27.43	82.99	28.33
Total	**2,645.22**	**1,632.06**	**1,431.95**

Note 21

Other current liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance from customers	2.06	0.10	0.44
Other Payables:			
Statutory Liabilities	1.61	0.74	2.10
Other Liabilities	0.11	0.05	0.03
Total	**3.78**	**0.89**	**2.57**

Note 22

Provisions (current)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits-Short term			
(a) Provision for gratuity	0.04	0.03	0.03
(b) Provision for compensated absences	0.04	0.04	0.02
Total	**0.08**	**0.07**	**0.05**

Talwandi Sabo Power Limited

Notes forming part of the financial statements for the year ended March 31, 2017

Note 23 **(Amount in Rs. Crores)**

Revenue from operations

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Revenue from Operations		
Energy Sales*	3,572.16	1,612.91
Other Operating Revenue		
Sale of Waste Oil	0.60	-
Sale of Fly Ash (including excise duty)	12.27	3.94
Other Operating Revenue	5.65	11.75
Revenue from operations (Gross)	**3,590.68**	**1,628.60**

*Includes contingent rentals of Rs. 1,228.70 crores (previous year Rs. 582.17 crores).

Note 24

Other income

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Miscellaneous Income	0.65	0.02
Total	**0.65**	**0.02**

Note 25

Employee Benefits Expenses

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Salaries and Bonus	29.97	23.75
Contribution to Provident Fund	0.86	0.64
Staff Welfare expenses	0.55	0.96
Gratuity Expenses	0.01	0.05
Contribution to Super Annuation	0.43	0.34
Total	**31.82**	**25.74**

Note 26

Finance costs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Interest expenses	580.60	318.98
Bank charges	6.42	6.04
Total	**587.02**	**325.02**

Note: Borrowing Costs of Rs. 76.21 crore (previous year Rs 273.11 crore) have been capitalised during the year and hence excluded from above.

Note 27

Depreciation and amortisation expense

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation of tangible assets (note 3)	908.53	189.82
Less: Depreciation capitalised	(1.41)	(2.02)
Amortisation of intangible assets (note 3)	0.85	0.56
Total	**907.97**	**188.36**

Note 28 (Amount in Rs. Crores)

Other expenses

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Consumption of stores and spare parts	39.14	16.09
Other manufacturing and operating expenses	65.69	43.47
CSR Expenses (Refer below)	0.51	0.36
Legal and professional fees	15.12	7.80
Electronic Data Processing expenses	1.75	1.80
Insurance	7.69	5.86
Rates and Taxes	0.53	0.79
Security expenses	2.14	0.74
Travelling	4.67	3.39
Books and periodicals	0.03	0.03
Rent Expenses	0.00	0.14
Director Sitting Fees	0.16	0.09
Net Exchange Differences	18.09	18.54
Miscellaneous Expenses	3.77	2.26
Total	**159.29**	**101.36**

Corporate Social Responsibility Expenses

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Gross Amount required to be spent by the Company during the year		
Amount spent during the year		
a) Construction / acquisition of any asset		
In Cash	-	-
Yet to be paid in Cash	-	-
b) On Purposes other than (a) above		
In Cash	0.51	0.36
Yet to be paid in Cash	-	-
Total	**0.51**	**0.36**

29 (i) Commitments:

Estimated amounts of contracts remaining to be executed on capital account not provided for (net of advances) Rs. 2.51 crores (March 2016: Rs. 399.02 crores)

(ii) Other Commitments:

The Company has entered into Power Purchase Agreement (PPA) with Punjab State Power Corporation Limited (PSPCL) for twenty five years. PPA has been identified as arrangement containing lease as per Appendix C to the Ind AS 17. PPA has been classified as operating lease as per the policy of the Company. The contingent rents recognized as income during the year is Rs. 1,228.70 crores (previous year Rs. 582.17 crores).

30 Contingent Liabilities :

Claims against the Company not acknowledged as debt

The Company had entered into a long term Power Purchase Agreement (PPA) with Punjab State Power Corporation Limited (PSPCL) for supply of power. The Company believes that due to delay in fulfilment of certain obligations by PSPCL and force majeure events, there was a delay in completion of the project as per the PPA timelines. The Company had received notices of claims from PSPCL seeking payment of Liquidated damages (LD) of Rs. 317.64 crore (maximum) (previous year Rs. 317.64 crore) each for delay in commissioning of Unit I, II and III totalling to Rs. 952.92 crore (previous year Rs. 952.92 crore).

During the financial year 2014-15, PSPCL had invoked the Performance Bank Guarantee (PBG) of Rs. 150.00 crore to recover the LD on account of delay in Commercial Operation Date (COD). Against the PBG invocation stay was granted by Punjab State Electricity Regulation Commission (PSERC) and this was later upheld by Appellate Tribunal for Electricity (APTEL) as well. Thereafter, the matter was referred to Arbitration. Pleadings, witnessing and arguments are over in the matter. Note for Written Submissions were filed on 16th March, 2017 and the arbitral award is awaited. On the basis of merits of the case and backed by legal opinion, no provision has been considered necessary at this stage.

31 Auditors' Remuneration included under Legal & Professional Services

(Amount in Rs. Crores)

Particulars	**Year ended March 31, 2017**	**Year ended March 31, 2016**
Audit Fees	0.13	0.10
Limited Review	0.04	0.03
Group Reporting	0.26	0.03
Other Services	-	0.02
Out of Pocket Expenses	0.02	0.01
Total	**0.45**	**0.19**

32 Income and expenditure capitalised during the year are as follows and have been reduced from the respective line items in the Statement of Profit and Loss:

Particulars	**Year ended March 31, 2017**	**Year ended March 31, 2016**
Expenditure during Construction Period:		
Expenses		
Power and Fuel	53.43	110.56
Employee Benefits Expenses	1.16	5.57
Finance Expenses	76.21	273.11
Depreciation	1.41	2.02
Other Expenses	23.29	54.46
Total Expenses- (a)	**155.50**	**445.72**
Income		
-Sale of Power	(52.41)	(87.24)
-Dividend from Mutual Fund & other receipts	(0.58)	(2.44)
Total Income- (b)	**(52.99)**	**(89.69)**
Net Expenditure Capitalised (a - b)	**102.51**	**356.04**

33 Earnings Per Share (EPS)

Particulars	**Year ended March 31, 2017**	**Year ended March 31, 2016**
Net profit/(loss) after tax attributable to equity shareholders	(408.48)	32.66
Weighted average number of Equity shares for Basic EPS	3,206,609,692	3,206,609,692
Weighted average number of Equity shares for Diluted EPS	3,206,609,692	3,206,609,692
Earning/(Loss) Per Share -in Rs.		
-Basic and Diluted	**(1.27)**	**0.10**

34 Employee Benefits

Defined Benefit Plan:

In accordance with the Payment of Gratuity Act of 1972, the Company operates a defined benefit plan (the “Gratuity Plan”). The Gratuity Plan provides a lump sum payment to vested employees at retirement, disability or termination of employment being an amount based on the respective employee’s last drawn salary and the number of years of employment with the Company. The Gratuity plan is a funded plan and the Company makes contribution to recognised funds in India.

Based on actuarial valuations conducted as at year end, a provision is recognised in full for the benefit obligation over and above the funds held in the Gratuity Plan.

The disclosure as required under Ind AS-19 Employee Benefits regarding the company's gratuity plan (funded) are as follows:

Actuarial assumptions

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Salary growth (p.a.)	5.50%	5.50%
Expected rate of Return on Plan Assets (p.a.)	7.60%	8.00%
Discount rate (p.a.)	7.60%	8.00%
Mortality rate	100% IALM(2006-08)	100% IALM(2006-08)

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.

Amount recognized as Expenditure during the period* **(Amount in Rs. Crores)**

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Current service cost	0.20	0.19
Interest cost	0.06	0.02
Total	**0.26**	**0.21**

*Including Rs. 0.06 crore (previous year Rs. 0.15 crore) capitalised.

Amount recognized in Other Comprehensive Income during the period

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Remeasurement of the net defined benefit obligation:-		
Actuarial losses / (gains) arising from changes in financial assumptions	0.07	-0.05
Actuarial losses arising from experience adjustments	(0.02)	0.55
Total	**0.05**	**0.50**

Movement in present value of defined benefit obligation

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Obligation at the beginning of the year	1.34	0.74
Current service cost	0.20	0.19
Past service cost	-	-
Interest cost	0.11	0.06
Actuarial (gains)/losses	0.05	0.50
Benefits paid	(0.32)	(0.15)
Obligation at the end of the year	**1.38**	**1.34**

Movement in present value of plan assets

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Fair value at the beginning of the year	0.60	0.49
Expected return on plan assets	0.05	0.04
Last Year Interest	-	-
Actuarial gains /(losses)	-	0.01
Contribution	0.55	0.20
Benefits paid	(0.32)	(0.15)
Fair value at the end of the year*	**0.88**	**0.60**

***The entire amount has been invested with Life Insurance Corporation of India.

Amount Recognized in the Balance Sheet

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2015
Present value of obligation at the end of the year	1.38	1.34	0.74
Less: Fair value of plan assets at the end of the year	0.88	0.60	0.49
Net liability recognized in the Balance Sheet	**0.50**	**0.74**	**0.25**

The contribution expected to be made by the Company during the financial year 2016-17 as acertained by the management is Rs 0.28 crs (Previous Year Rs 0.28 crs)

34 Employee Benefits (Contd.) **(Amount in Rs. Crores)**

Sensitivity analysis	March 31, 2017	March 31, 2016
Increase / (Decrease) in defined benefit obligation		
Discount rate		
Increase by 0.50%	(0.09)	(0.09)
Decrease by 0.50%	0.10	0.09
Expected rate of increase in compensation level of covered employees		
Increase by 0.50%	0.10	0.10
Decrease by 0.50%	(0.10)	(0.09)

Maturity profile of defined benefit obligation

Year	March 31, 2017	March 31, 2016
April'16 - Mar'17	-	0.04
April'17 - Mar'18	0.04	0.02
April'18 - Mar'19	0.02	0.03
April'19 - Mar'20	0.02	0.02
April'20 - Mar'21	0.02	0.02
April'21 - Mar'22	0.03	0.02
April'22 onwards	-	1.19
April'22 - Mar'23	0.03	-
April'23 onwards	1.22	-
Total	**1.38**	**1.34**

35 Related Party Disclosures

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

Holding Companies

Immediate : Vedanta Limited
Intermediate : Vedanta Resources Plc. *
Ultimate : Volcan Investments Limited *

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

Fellow Subsidiaries : Hindustan Zinc Limited (HZL)
Bharat Aluminium Company Limited (BALCO)
Vizag General Cargo Berth Private Limited (VGCB)
Malco Energy Limited (MEL)
Fujairah Gold FZC
Sterlite Ports Limited
Sesa Resources Limited

* No transaction with parties during the year.

Terms and conditions of transactions with related parties:
The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free.

a. Details of transactions during the year with related parties : **(Amount in Rs. Crores)**

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
1) Net Recovery from / (Reimbursement) of employee cost and other expenses		
(i) Vedanta Limited (VL)	(6.52)	(4.41)
(ii) Malco Energy Limited (MEL)	0.04	0.01
(iii) Hindustan Zinc Limited (HZL)	0.05	(0.06)
(iv) Bharat Aluminium Company Limited (BALCO)	0.08	1.27
(iv) Sterlite Ports Limited	0.01	-
(v) Fujairah Gold FZC	(0.01)	-
(vi) Vizag General Cargo Berth Private Limited (VGCB)	-	(0.01)
2) Purchase of Capital Goods		
(i) Vedanta Limited (VL)	-	0.49
(ii) Bharat Aluminium Company Limited (BALCO)	-	0.48
(ii) Hindustan Zinc Limited (HZL)	-	0.14

Talwandi Sabo Power Limited

Notes forming part of the financial statements for the year ended March 31, 2017

35 Related Party Disclosures (Contd.)

b. Details of balances with related parties :

(Amount in Rs. Crores)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
1) Balance Receivable as at the end of the year			
(i) Bharat Aluminium Company Limited (BALCO)	-	0.02	-
(ii) Vizag General Cargo Berth Private Limited (VGCB)	0.01	0.01	-
2) Amount Payable as at the end of the year			
(i) Vedanta Limited (VL)	(1.56)	2.62	0.56
(ii) Hindustan Zinc Limited (HZL)	-	0.02	-
(iii) Bharat Aluminium Company Limited	-	-	0.06
3) Bank Guarantees/Corporate Guarantee issued on our behalf and outstanding as at the end of the year			
(i) Vedanta Limited (VL)	10,693.00	9,590.00	6,975.74

The company has also paid Rs. 0.16 crore (previous year Rs. 0.09 crore) as sitting fees to its directors.

36 Capital management

The Company’s objectives when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth. The Company’s overall strategy remains unchanged from previous year.

The Company sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments.

The funding requirements are met through a mixture of equity, internal fund generation and borrowings from banks and financial institutions. The Company’s policy is to use short term and long-term borrowings to meet anticipated funding requirements.

The Company monitors capital on the basis of the net debt to equity ratio. The Company is not subject to any externally imposed capital requirements.

Net debt are long term and short term debts as reduced by cash and cash equivalents (including restricted cash and cash equivalents) and short-term investments. Equity comprises issued equity capital and all other equity reserves attributable to the equity holders of the company.

The following table summarizes the capital of the Company:

(Amount in Rs. Crores)

Particulars	**As at March 31, 2017**	**As at March 31, 2016**	**As at April 1, 2015**
Equity Share Capital	3,206.61	3,206.61	3,206.61
Other Equity	(502.29)	(93.76)	(125.92)
Total Equity (a)	**2,704.32**	**3,112.85**	**3,080.69**
Cash and cash equivalents	47.12	40.10	90.43
Current investments	144.03	-	61.41
Total cash (b)	**191.15**	**40.10**	**151.84**
Short-term borrowings	1,726.61	2,489.86	3,223.78
Long-term borrowings	5,019.95	4,343.58	3,051.93
Current maturities of long term debt	1,265.06	449.15	228.68
Total debt (c)	**8,011.62**	**7,282.59**	**6,504.39**
Net debt (d=(c-b))	**7,820.47**	**7,242.49**	**6,352.55**
Net debt to equity ratio	2.89	2.33	2.06

37 Financial instruments

(Amount in Rs. Crores)

Financial assets and liabilities:

The accounting classification of each category of financial instruments, their carrying amounts and fair value amounts are set out below:

March 31, 2017

Financial assets	Fair value through profit or loss	Amortised cost	Total carrying value	Total fair value
Current investments	144.03	-	**144.03**	**144.03**
Trade receivables - Current	-	409.43	**409.43**	**409.43**
Trade receivables - Non Current	-	582.44	**582.44**	**582.44**
Other non-current financial assets	-	5.86	**5.86**	**5.86**
Other current financial assets	-	51.84	**51.84**	**51.84**
Cash and cash equivalents	-	47.12	**47.12**	**47.12**
Other bank balances	-	0.02	**0.02**	**0.02**
Total	**144.03**	**1,096.71**	**1,240.74**	**1,240.74**

March 31, 2016

Financial assets	Fair value through profit or loss	Amortised cost	Total carrying value	Total fair value
Trade receivables - Current	-	351.86	**351.86**	**351.86**
Other non-current financial assets	-	12.36	**12.36**	**12.36**
Other current financial assets	0.02	16.06	**16.08**	**16.08**
Cash and cash equivalents	-	40.10	**40.10**	**40.10**
Other bank balances	-	0.02	**0.02**	**0.02**
Total	**0.02**	**420.40**	**420.42**	**420.42**

April 1, 2015

Financial assets	Fair value through profit or loss	Amortised cost	Total carrying value	Total fair value
Current investments	61.41	-	**61.41**	**61.41**
Trade receivables	-	196.19	**196.19**	**196.19**
Other non-current financial assets	1.18	5.77	**6.95**	**6.95**
Other current financial assets	0.75	14.74	**15.49**	**15.49**
Cash and cash equivalents	-	90.43	**90.43**	**90.43**
Other bank balances	-	0.02	**0.02**	**0.02**
Total	**63.34**	**307.15**	**370.49**	**370.49**

March 31, 2017

Financial liabilities	Fair value through profit or loss	Amortised cost	Total carrying value	Total fair value
Long-term borrowings	-	5,019.95	**5,019.95**	**5,031.34**
Short-term borrowings	-	1,726.61	**1,726.61**	**1,726.61**
Trade payables	-	109.49	**109.49**	**109.49**
Other non-current financial liabilities	-	-	**-**	**-**
Other current financial liabilities	121.07	2,524.15	**2,645.22**	**2,648.35**
Total	**121.07**	**9,380.20**	**9,501.27**	**9,515.79**

March 31, 2016

Financial liabilities	Fair value through profit or loss	Amortised cost	Total carrying value	Total fair value
Long-term borrowings	-	4,343.58	**4,343.58**	**4,385.11**
Short-term borrowings	-	2,489.86	**2,489.86**	**2,489.86**
Trade payables	-	63.27	**63.27**	**63.27**
Other non-current financial liabilities	7.60	-	**7.60**	**7.60**
Other current financial liabilities	27.74	1,604.32	**1,632.06**	**1,632.06**
Total	**35.34**	**8,501.03**	**8,536.37**	**8,577.90**

April 1, 2015

Financial liabilities	Fair value through profit or loss	Amortised cost	Total carrying value	Total fair value
Long-term borrowings	-	3,051.93	**3,051.93**	**3,128.59**
Short-term borrowings	-	3,223.78	**3,223.78**	**3,223.78**
Trade payables	-	31.44	**31.44**	**31.44**
Other non-current financial liabilities	-	639.21	**639.21**	**639.21**
Other current financial liabilities	23.50	1,408.46	**1,431.95**	**1,431.95**
Total	**23.50**	**8,354.82**	**8,378.32**	**8,454.98**

Fair value hierarchy

The table shown below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined below:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

As at March 31, 2017	**Level 1**	**Level 2**	**Level 3**
Financial assets - Current			
Current Investments	-	144.03	-
Total	**-**	**144.03**	**-**
Financial liabilities			
Derivative financial liabilities			
- Forward foreign currency contract	-	121.07	-
Total	**-**	**121.07**	**-**

As at March 31, 2016	**Level 1**	**Level 2**	**Level 3**
Financial assets - Current			
Derivative financial assets			
- Forward foreign currency contract	-	0.02	-
Total	**-**	**0.02**	**-**
Financial liabilities			
Long-term borrowings	-	4,385.11	-
Short-term borrowings	-	2,521.61	-
Derivative financial liabilities			
- Forward foreign currency contract	-	35.34	-
Total	**-**	**6,942.06**	**-**

As at April 1, 2015	**Level 1**	**Level 2**	**Level 3**
Financial assets - Current			
Current Investments	-	61.41	-
Derivative financial assets			
- Forward foreign currency contract	-	1.94	-
Total	**-**	**63.35**	**-**
Financial liabilities			
Non current borrowings	-	3,128.59	-
Current borrowings	-	3,223.78	-
Derivative financial liabilities			
- Forward foreign currency contract	-	23.50	-
Total	**-**	**6,375.87**	**-**

The fair value of the financial assets and liabilities are included at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between market participants. The following methods and assumptions were used to estimate the fair values

- Short-term marketable securities traded in active markets are determined by reference to quotes from the financial institutions; for example: Net asset value (NAV) for investments in mutual funds declared by mutual fund house. Other short term marketable securities are valued on the basis of market trades, poll and primary issuances for securities issued by the same or similar issuer and for similar maturities or based on the applicable spread movement for the security derived based on the aforementioned factor(s).

- Long-term fixed-rate and variable-rate borrowings: Fair value has been determined by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. For all other long-term fixed-rate and variable-rate borrowings, either the carrying amount approximates the fair value, or fair value have been estimated by discounting the expected future cash flows using a discount rate equivalent to the risk free rate of return adjusted for the appropriate credit spread. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and the value of other financial instruments recognised at fair value.

-Derivative contracts: The Company enters into derivative contracts with various counterparties, principally financial institutions with investment grade credit ratings. Forward foreign currency contracts and Interest rate swaps are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques for such derivatives include forward pricing using present value calculations, foreign exchange spot and forward premium rates.

-Interest-bearing borrowings and loans - The fair values of the Company's interest bearing borrowing and loans are determined by using discounted cash flow method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

38 Risk management

The company's business are subject to several risks and uncertainties including financial risks. The company's documented risk management polices act as an effective tool in mitigating the various financial risks to which the business is exposed to in the course of their daily operations. The risk management policies cover areas such as liquidity risk, foreign exchange risk, interest rate risk, counterparty and concentration of credit risk and capital management. Risks are identified through a formal risk management programme with active involvement of senior management personnel and business managers. The company has in place risk management processes which are in line with the Vedanta Group policy. Each significant risk has a designated 'owner' within the company at an appropriate senior level. The potential financial impact of the risk and its likelihood of a negative outcome are regularly updated.

The risk management process is coordinated by the centralised Management Assurance function and is regularly reviewed by the Company's Audit Committee. The Audit Committee is aided by the Risk Management Committee of parent company, Vedanta Limited, comprising of senior management, which meets regularly to review risks as well as the progress against the planned actions Key business decisions are discussed at the periodic meetings of the Board of Directors. The overall internal control environment and risk management programme including financial risk management is reviewed by the Audit Committee on behalf of the Board.
The risk management framework aims to:

- improve financial risk awareness and risk transparency
- identify, control and monitor key risks
- identify risk accumulations
- provide management with reliable information on the Company's risk situation
- improve financial returns

Treasury management

The company's treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the company through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk), credit risk and liquidity risk.

Treasury management focuses on capital protection, liquidity maintenance and yield maximization. The treasury policies are approved by the Board and adherence to these policies is strictly monitored at the Finance Standing Committee. A monthly reporting system exists to inform senior management of investments, debt and currency. The company has a strong system of internal control which enables effective monitoring of adherence to company's policies. The internal control measures are effectively supplemented by regular internal audits.

The investment portfolio at the company is maintained as per approved monthly policies duly approved by holding Company treasury team.

The company uses derivative instruments as part of its management of exposure to fluctuations in foreign currency exchange rates. The company does not acquire or issue derivative financial instruments for trading or speculative purposes. The company does not enter into complex derivative transactions to manage the treasury risks. Treasury transactions are normally in the form of forward contracts and these are subject to the Company's guidelines and policies.

Additional Information to the Financial Statements :

Financial risk

The Company's Board approved financial risk policies comprise liquidity, currency, interest rate and counterparty risk. The Company does not engage in speculative treasury activity but seeks to manage risk and optimize foreign exchange impact through proven financial instruments.

Liquidity Risk:

The company requires funds both for short-term operational needs as well as for long-term investment projects. The Company has been rated by CRISIL Limited (CRISIL) and India Ratings and Research Private Limited (India Rating) for its banking facilities in line with Basel II norms. During the year, CRISIL revised the rating of the Company's long-term bank facilities and its Non-Convertible Debentures (NCD) programme in March 2017, CRISIL AA-(SO)/(Positive) from CRISIL AA-(SO)/(Stable) in October 2016 as compared to CRISIL AA- (SO)/(Negative) in January 2016.

The company remains committed to maintaining a healthy liquidity, gearing ratio, deleveraging and strengthening its balance sheet. The maturity profile of the Company's financial liabilities based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the company.

38 Risk management (Contd.) **(Amount in Rs. Crores)**

Financial liabilities	As on March 31, 2017				
	<1 year	1-3 Years	3-5 Years	> 5 Years	Total
Borrowings	3,010.92	2,376.00	964.00	1,705.00	**8,055.92**
Interest on borrowings	511.39	675.87	425.94	754.04	**2,367.24**
Trade payables	109.49	-	-	-	**109.49**
Other financial liabilities-current	1,200.51	-	-	-	**1,200.51**
Financial Instruments-derivatives	121.07	-	-	-	**121.07**

Financial liabilities	As on March 31, 2016				
	<1 year	1-3 Years	3-5 Years	> 5 Years	Total
Borrowings	2,975.28	2,259.35	504.00	1,590.20	**7,328.82**
Interest on borrowings	509.31	648.70	386.09	868.14	**2,412.24**
Trade payables	63.27	-	-	-	**63.27**
Other financial liabilities-current	645.84	-	-	-	**645.84**
Financial Instruments-derivatives	27.74	7.60	-	-	**35.34**

Financial liabilities	As on April 1, 2015				
	<1 year	1-3 Years	3-5 Years	> 5 Years	Total
Borrowings	3,490.81	855.21	411.00	1,784.00	**6,541.02**
Interest on borrowings	277.60	501.75	405.06	384.63	**1,569.04**
Trade payables	31.44	-	-	-	**31.44**
Other financial liabilities-current	902.17	-	-	-	**902.17**
Other financial liabilities-non current	-	639.21	-	-	**639.21**
Financial Instruments-derivatives	23.50	-	-	-	**23.50**

Interest rate risk:

The company is exposed to interest rate risk on short-term and long-term floating rate instrument. Borrowings of the company are principally denominated in Indian Rupees and US dollars with mix of fixed and floating rates of interest. The Indian Rupee debt is mix of fixed interest rates and floating interest rates. These exposures are reviewed by appropriate levels of management on a monthly basis. The company invests cash and liquid investments in short-term deposits and liquid mutual funds.

The exposure of the company's financial assets as at March 31, 2017 to interest rate risk is as follows:

As at March 31, 2017				
Particulars	Floating rate financial assets	Fixed rate financial assets	Non interest bearing financial assets	Total financial assets
Financial assets-non current				
Trade Receivables*	-	-	582.44	**582.44**
Other financial assets	-	0.02	5.86	5.88
Financial Instruments-Derivatives	-	-	-	-
Total financial assets-non current	**-**	**0.02**	**588.30**	**588.32**
Financial assets-current				
Investments	-	-	144.03	144.03
Trade receivables*	-	-	409.43	409.43
Cash and cash equivalents	-	-	47.12	47.12
Other financial assets	-	-	51.84	51.84
Total financial assets-current	**-**	**-**	**652.42**	**652.42**
Total financial assets	**-**	**0.02**	**1,240.72**	**1,240.74**

The weighted average interest rate on the fixed rate financial assets is 8.75% p.a. and the weighted average period for which the rate is fixed is 3 years.

38 Risk management (Contd.)

(Amount in Rs. Crores)

As at March 31, 2016				
Particulars	**Floating rate financial assets**	**Fixed rate financial assets**	**Non interest bearing financial assets**	**Total financial assets**
Financial assets-non current				
Other financial assets	-	0.02	12.36	12.38
Financial instruments-derivatives	-	-	-	-
Total financial assets-non current	**-**	**0.02**	**12.36**	**12.38**
Financial assets-current				
Trade receivables*	-	-	351.86	351.86
Cash and cash equivalents	-	-	40.10	40.10
Other financial assets	-	-	16.06	16.06
Financial instruments-derivatives	-	-	0.02	0.02
Total financial assets-current	**-**	**-**	**408.04**	**408.04**
Total financial assets	**-**	**0.02**	**420.40**	**420.42**

The weighted average interest rate on the fixed rate financial assets is 8.75% p.a. and the weighted average period for which the rate is fixed is 3 years.

As at April 1, 2015				
Particulars	**Floating rate financial assets**	**Fixed rate financial assets**	**Non interest bearing financial assets**	**Total financial assets**
Financial assets-non current				
Other financial assets	-	0.02	5.77	5.79
Financial instruments-derivatives	-	-	1.18	1.18
Total financial assets-non current	**-**	**0.02**	**6.95**	**6.97**
Financial assets-current				
Investments			61.41	61.41
Trade receivables*	-	-	196.19	196.19
Cash and cash equivalents	-	78.50	11.93	90.43
Other financial assets	-	-	14.74	14.74
Financial instruments-derivatives	-	-	0.75	0.75
Total financial assets-current	**-**	**78.50**	**285.02**	**363.52**
Total financial assets	**-**	**78.52**	**291.97**	**370.49**

The weighted average interest rate on the fixed rate financial assets is 8.75% p.a. and the weighted average period for which the rate is fixed is 3 years.

*The company is entitled to interest @ 2% in excess of the applicable State Bank Advance Rate (SBAR) per annum beyond normal credit period.

Talwandi Sabo Power Limited

Notes forming part of the financial statements for the year ended March 31, 2017

38 Risk management (Contd.)

(Amount in Rs. Crores)

As at March 31, 2017				
Particulars	**Floating rate financial liabilities**	**Fixed rate financial liabilities**	**Non interest bearing financial assets**	**Total financial liabilities**
Financial liabilities-non current				
Borrowings	3,472.13	1,547.82	-	5,019.95
Derivative financial liabilities	-	-	-	-
Total financial liabilities-non current	**3,472.13**	**1,547.82**	**-**	**5,019.95**
Financial liabilities-current				
Borrowings	885.06	2,106.61	-	2,991.67
Trade payables	0.86	-	108.63	109.49
Other financial liabilities	-	-	1,259.09	1,259.09
Derivative financial liabilities	-	-	121.07	121.07
Total financial liabilities-current	**885.92**	**2,106.61**	**1,488.79**	**4,481.32**
Total financial liabilities	**4,358.05**	**3,654.43**	**1,488.79**	**9,501.27**

The weighted average interest rate on the fixed rate financial liabilities is 7.78% p.a. and the weighted average period for which the rate is fixed is 1.67 years.

As at March 31, 2016				
Particulars	**Floating Rate Financial Liabilities**	**Fixed Rate Financial Liabilities**	**Non interest bearing financial assets**	**Total Financial Liabilities**
Financial liabilities-non current				
Borrowings	2,967.60	1,375.98	-	4,343.58
Other Financial Liabilities	-	-	7.60	7.60
Total financial liabilities-non current	**2,967.60**	**1,375.98**	**7.60**	**4,351.18**
Financial liabilities-current				
Borrowings	460.26	2,478.75	-	2,939.01
Trade payables	-	-	63.27	63.27
Other financial liabilities	-	-	1,155.16	1,155.16
Derivative financial liabilities	-	-	27.74	27.74
Total financial liabilities-current	**460.26**	**2,478.75**	**1,246.17**	**4,185.18**
Total financial liabilities	**3,427.86**	**3,854.73**	**1,253.77**	**8,536.36**

The weighted average interest rate on the fixed rate financial liabilities is 9.17% p.a. and the weighted average period for which the rate is fixed is 0.46 years.

38 Risk management (Contd.) **(Amount in Rs. Crores)**

As at April 1, 2015				
Particulars	**Floating Rate Financial Liabilities**	**Fixed Rate Financial Liabilities**	**Non interest bearing financial assets**	**Total Financial Liabilities**
Financial liabilities-non current				
Borrowings	723.51	2,328.42	-	3,051.93
Other Financial Liabilities	-	-	639.21	639.21
Total financial liabilities-non current	**723.51**	**2,328.42**	**639.21**	**3,691.14**
Financial liabilities-current				
Borrowings	880.82	2,571.64	-	3,452.46
Trade payables	-	-	31.44	31.44
Other financial liabilities	-	-	1,179.77	1,179.77
Derivative financial liabilities	-	-	23.50	23.50
Total financial liabilities-current	**880.82**	**2,571.64**	**1,234.71**	**4,687.17**
Total financial liabilities	**1,604.34**	**4,900.06**	**1,873.92**	**8,378.31**

The weighted average interest rate on the fixed rate financial liabilities is 9.44% p.a. and the weighted average period for which the rate is fixed is 1.53 years.

The table below illustrates the impact of a 0.5% to 2.0% movement in interest rates on interest expense on loans and borrowings for fiscal 2017. The risk estimate provided assumes that the changes occur at the reporting date and has been calculated based on risk exposure outstanding as of date. The year end balances are not necessarily representative of the average debt outstanding during the year. This analysis also assumes that all other variables, in particular foreign currency rates, remain constant.

	Effect on profit before tax	
Movement in interest rates	**FY 2016-17**	**FY 2015-16**
0.50%	21.79	17.30
1.00%	43.57	34.60
2.00%	87.14	69.19

Credit Risk:

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The company is exposed to credit risk for receivables, cash and cash equivalents, short-term investments and derivative financial instruments.

Given the nature of PPA, trade receivables are from a single customer (PSPCL), with significant concentration of credit risk. The history of trade receivables shows a negligible provision for bad and doubtful debts. Therefore, the Company does not expect any material risk on account of non-performance by any of the Company’s counterparties.

For short-term investments, counterparty limits are in place to limit the amount of credit exposure to any one counterparty. For derivative and financial instruments, the company attempts to limit the credit risk by only dealing with reputable banks and financial institutions having high credit-ratings assigned by international credit-rating agencies. These exposures are further reduced by having standard International Swaps and Derivatives Association (ISDA) master agreements including set-off provisions with each counter party. Defined limits are in place for exposure to individual counterparties in case of mutual funds schemes and bonds.

The carrying value of the financial assets other than cash represents the maximum credit exposure. The company’s maximum exposure to credit risk at March 31, 2017 is Rs. 1,049.59 crore. (31 March 2016 Rs. 380.32 crore, 1 April 2015 Rs. 218.65) of which Rs 989.46 crore (31 March 2016 Rs. 351.61 crore, 1 April 2015 Rs. 196.19 crore) was from a single trade receivable.

None of the company’s cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade and other receivables, and other non-current assets, there were no indications as at March 31, 2017, that defaults in payment obligations will occur.

38 Risk management (Contd.) **(Amount in Rs. Crores)**

As on 31 March, 2017					
Particulars	**Not past due**	**Due less than 1 months**	**Due between 1 3 months**	**Due between 3-12 months**	**Due greater than 12 months**
Trade receivables - Non Current*	-	98.91	79.64	224.00	179.89
Trade receivables - Current*	145.81	193.45	16.57	31.60	22.00
Other Financial Asset - Non Current	5.88	-	-	-	-
Other Financial Asset - Current	51.84	-	-	-	-
Total	**203.53**	**292.36**	**96.21**	**255.60**	**201.89**

*Refer Note 43

As on 31 March, 2016					
Particulars	**Not past due**	**Due less than 1 months**	**Due between 1 3 months**	**Due between 3-12 months**	**Due greater than 12 months**
Trade receivables	149.72	14.16	61.74	67.67	58.57
Other Financial Asset - Non Current	12.38	-	-	-	-
Other Financial Asset - Current	16.08	-	-	-	-
Total	**178.18**	**14.16**	**61.74**	**67.67**	**380.31**

As on 1 April, 2015					
Particulars	**Not past due**	**Due less than 1 months**	**Due between 1 3 months**	**Due between 3-12 months**	**Due greater than 12 months**
Trade receivables	18.76	8.03	34.00	16.74	118.66
Other Financial Asset - Non Current	6.97	-	-	-	-
Other Financial Asset - Current	15.49	-	-	-	-
Total	**41.22**	**8.03**	**34.00**	**16.74**	**118.66**

Foreign exchange risk

Fluctuations in foreign currency exchange rates may have an impact on the financial statements where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company.

Exposures on foreign currency loans are managed through the Company wide hedging policy, which is reviewed periodically to ensure that the results from fluctuating currency exchange rates are appropriately managed.

The Company uses forward exchange contract to hedge the effects of movements in exchange rates on foreign currency denominated assets and liabilities. The sources of foreign exchange risk are outstanding amounts payable for imported raw materials, capital goods and other supplies as well as financing transactions and loans denominated in foreign currencies. The policy of the Company is to determine on a regular basis what portion of the foreign exchange risk on financing transactions and loans are to be hedged through forward exchange contracts and other instruments. Short-term net exposures are hedged progressively based on their maturity. A more conservative approach has been adopted for project expenditures to avoid budget overruns. However all new long-term borrowing exposures are being hedged. The hedge mechanisms are reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed. The following analysis is based on the gross exposure as at the reporting date which could affect the statements of profit or loss and statements of comprehensive income. The exposure summarised below is mitigated by some of the derivative contracts entered into by the Company as disclosed under the section on "Derivative financial instruments"

Financial liabilities **(Amount in Rs. Crores)**

	As at March 31, 2017	**As at March 31, 2016**
USD	24.80	30.37

38 Risk management (Contd.)

The Company's exposure to foreign currency arises where a company entity holds monetary assets and liabilities denominated in a currency different to the functional currency of that entity, with US dollar being the major non-functional currency. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rate, liquidity and other market changes.

The results of Company's operations may be affected largely by fluctuations in the exchange rates between the Indian Rupee against the US dollar. The foreign exchange rate sensitivity is calculated by the aggregation of the net foreign exchange rate exposure with a simultaneous parallel foreign exchange rates shift in the currencies by 10% against the functional currency of the Company.

A 10% appreciation/depreciation of the respective foreign currencies with respect to the functional currency of the Company would result in net decrease/increase in the Company's profit or loss and equity for the fiscal year 2017 by INR 0.29 crore. (previous year Rs 7.98 crore)

39 Derivative financial instruments

The company uses derivative instruments as part of its management of exposure to fluctuations in foreign currency exchange rates. The company does not acquire or issue derivative financial instruments for trading or speculative purposes. The company does not enter into complex derivative transactions to manage the treasury. Both treasury derivative transactions are normally in the form of forward contracts and these are subject to the Company guidelines and policies.

All derivative financial instruments are recognized as assets or liabilities on the balance sheet and measured at fair value, generally based on quotations obtained from financial institutions or brokers. The accounting for changes in the fair value of a derivative instrument depends on the intended use of the derivative and the resulting designation.

The fair values of all derivatives are separately recorded in the balance sheet within current and non-current assets and liabilities. Derivatives that are designated as hedges are classified as current or non-current depending on the maturity of the derivative.

The company uses derivative instruments as part of its management of exposures to fluctuations in foreign currency exchange rates. The use of derivatives can give rise to credit and market risk. The company tries to control credit risk as far as possible by only entering into contracts with reputable banks and financial institutions. The use of derivative instruments is subject to limits, authorities and regular monitoring by appropriate levels of management. The limits, authorities and monitoring systems are periodically reviewed by management and the Board. The market risk on derivatives is mitigated by changes in the valuation of the underlying assets, liabilities or transactions, as derivatives are used only for risk management purposes.

Embedded derivatives

Derivatives embedded in other financial instruments or other contracts are treated as separate derivative contracts and marked-to-market when their risks and characteristics are not clearly and closely related to those of their host contracts and the host contracts are not fair valued.

No embedded derivative conversion option was outstanding as of March 31, 2017.

Non-qualifying/economic hedge

The Company enters into derivative contracts which are not designated as hedges for accounting purposes, but provide an economic hedge of a particular transaction risk or a risk component of a transaction. Fair value changes on such derivative instruments are recognized in the statements of profit or loss.

The fair value of the Company's derivative positions recorded under derivative financial assets and derivative financial liabilities are as follows:

(Amount in Rs. Crores)

Derivative financial instrument	**As at March 31, 2017**		**As at March 31, 2016**		**As at April 1, 2015**	
	Assets	**Liabilities**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Current						
Forward foreign currency contracts	-	121.07	0.02	27.74	0.75	23.50
Non current						
Forward foreign currency contracts	-	-	-	7.60	1.18	-
	-	**121.07**	**0.02**	**35.34**	**1.93**	**23.50**

40 Income tax expenses

The unused tax losses as at March 31, 2017 expire, if unutilized, based on the year of origination as follows:

Nature of unutilised tax losses/ unused tax credit	Financial year of expiry	Amount in Rs. Crore
Business Loss		
AY 2011-12	AY 2019-20	2.00
AY 2014-15	AY 2022-23	5.08
AY 2015-16	AY 2023-24	657.11
AY 2016-17	AY 2024-25	217.67

A reconciliation of income tax expense applicable to accounting profits / (loss) before tax at the statutory income tax rate to recognised income tax expense for the year indicated are as follows:

For the year ended March 31,	2017	2016
Accounting profit / (loss) before tax	(408.48)	32.66
Statutory income tax rate	34.61%	34.61%
Tax at Indian statutory income tax rate	(141.37)	11.30
Loss on which deferred tax has not been created	141.37	(11.30)
Tax Charge for the year	-	-

Deferred tax assets/liabilities

The Company has not created deferred tax assets and deferred tax liabilities in respect of timing differences which originate during the tax holiday period but reverse during the tax holiday period.

41 Explanation of Transition to Ind AS

These are the Company's first Financial Statements prepared in accordance with Ind AS. For all periods upto March 31, 2016, the Company prepared its financial information in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). The Company has taken April 1, 2015 as its date of transition to Ind AS and has restated Previous GAAP financial information into Ind AS from such date.

Exemptions availed and mandatory exceptions

Ind AS 101 First-time Adoption of Indian Accounting Standards allows first-time adopters certain exemptions from retrospective application of certain requirements under Ind AS. Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

Ind AS optional exemptions

(i) **Long Term Foreign Currency Monetary Items:**

The Company has opted to continue its Previous GAAP policy for accounting of exchange differences arising from the translation of long-term foreign currency monetary items recognized in the Previous GAAP financial statements for the year ended March 31, 2016. Accordingly, foreign currency differences on such items attributable to the acquisition of property, plant and equipment are adjusted to the cost of PPE.

Talwandi Sabo Power Limited
Notes forming part of the financial statements for the year ended March 31, 2017
42 Reconciliations

A. Reconciliation of Equity between Ind AS and Previous GAAP: **(Amount in Rs. Crores)**

S.No	Nature of adjustment	As at 31 Mar, 2016	As at April 1, 2015
a)	Shareholder's equity as per erstwhile Previous GAAP	3,107.50	3,081.47
b)	*Adjustments*		
i)	Fair valuation of derivatives (Note a)	(0.54)	(0.46)
ii)	Amortisation of borrowings accounted at amortized cost using effective interest rate method (Note b)	5.89	(0.32)
c)	**Shareholder's equity as per Ind AS**	**3,112.85**	**3,080.69**

B. Reconciliation of Profit after tax between Ind AS and Previous GAAP

S.No	Nature of adjustment	FY 2015-16
a)	**Net profit as per Previous GAAP**	**26.03**
b)	Adjustments	
i)	Fair Valuation of derivatives (Note a)	(0.08)
ii)	Amortisation of borrowings accounted at amortized cost using effective interest rate method (Note b)	6.21
iii)	Effect of actuarial gain/loss on employee defined benefit liability (net) recognised in other comprehensive income (Note c)	0.50
c)	**Net profit as per Ind AS**	**32.66**
d)	Add: other comprehensive income (Note c)	(0.50)
e)	**Total comprehensive income as per Ind AS**	**32.16**

Notes on adjustments:

a) The Company’s Derivatives financial instruments have been initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period in terms of Ind AS 109. The resulting gain or loss has been recognised in Statement of Profit and Loss immediately.

b) In terms of Ind AS 109, financial liabilities (Loans) have been measured at amortised cost at the end of the accounting period based on the effective interest method. Under Previous GAAP, ancillary cost of borrowings were amortised using a straight line method and the unamortised portion was being reflected as a prepayment under Previous GAAP but has been adjusted to the amount of borrowings in these finacial statement.

c) The actuarial gains and losses form part of remeasurement of the net defined benefit liability/ asset which is recognised in Other Comprehensive Income (OCI) in terms of Ind AS 19. Consequently, the impact of actuarial gains and losses effect has been recognised in OCI.

d) Under Preivous GAAP, sale of goods was presented as net of excise duty. Excise duty on sale of goods was separately presented on the face of statement of profit and loss. However, under Ind AS, sale of goods includes excise duty. Thus sale of goods under Ind AS has increased by Rs. 0.14 crores with a corresponding increase in other expense.

e) There are no material adjustments to cash flow consequent to transition to Ind-AS.

43 Classification of Trade Receivables

Punjab State Power Corporation Limited (PSPCL) , which is the Company's sole customer has been withholding payments which are on account of various disputes including differences In assessment of calorific value of coal and tax benefits at the time of initial plant setup amongst others. The Company has litigated the claims raised by its customer and has obtained independent legal advice which supports its claims and is thus not expecting any material losses on these balances. Based on the expected timing of realisation of these balances, which is in turn dependent on the settlement of legal disputes, the Company has bifurcated the receivables into current and non-current.

44 Segment Information

The Company's activities during the year revolved around setting up and operating 3*660 MW Thermal Power Plant at Mansa, Punjab. Considering the nature of Company's business and operations, there are no separate reportable segments (business and/or geographical) in accordance with the requirements of Ind AS 108 - Operating Segments. All the Company's revenues, trade receivables and non-current operating assets are in India. The company's revenues aggregating to Rs 3,572.16 crore (previous year Rs 1,612.91 crore) is to a single customer.

45 Disclosure on employee share based payments :

The Company offers equity-based award plans to its employees, officers and directors through its parent, Vedanta Resources Plc (the "Parent"), [The Vedanta Resources Long-Term Incentive Plan ("LTIP"), Employee Share Ownership Plan ("ESOP") and Performance Share Plan ("PSP")].

During the year, the PSP is the primary arrangement under which share-based incentives are provided to the defined management group, previously these awards were granted on a similar basis under the LTIP. The maximum value of shares that can be awarded to members of the defined management group is calculated by reference to the individual fixed salary and share-based remuneration consistent with local market practice. The performance condition attached to outstanding awards under the PSP and LTIP is that of Parent's performance, measured in terms of Total Shareholder Return ("TSR") compared over a three year period with the performance of the competitor companies as defined in the scheme from the date of grant. Initial awards under the LTIP were granted in February 2004 and subsequently further awards were granted in the respective years until 2012-13. Additionally, PSP vesting conditions includes continued employment with the Group till the date of vesting. Initial awards under the PSP were granted in November 2014 and subsequently in December 2015. The awards are indexed to and settled by Parent shares. The awards have a fixed exercise price denominated in Parent's functional currency of 10 US cents per share, the performance period of each award is three years and are exercisable within a period of six months from the date of vesting beyond which the option lapse.

The Parent has also granted awards under the ESOP scheme that shall vest based on the achievement of business performance in the performance period. The vesting schedule is staggered over a period of three years. Under these schemes the Parent is obligated to issue the shares.

Further, in accordance with the terms of the agreement between the Parent and the Company, the fair value of the awards as on the grant date is recovered by the Parent from the Company and its subsidiaries.

Amount recovered by the parent and recognised by the company in the statement of profit and loss (net of capitalisation) for the financial year ended March 31, 2017 was Rs. 1.22 Crores (previous year Rs. 2.56 Crores). The Company considers these amounts as not material and accordingly has not provided further disclosures.

46 Event occuring the balance sheet date

Subsequent to balance sheet date, a fire took place in the Coal Handling Facility of the plant. This has resulted in shut-down of all the three units of the power plant estimated for around 65 to 75 days. There were no injuries in the incidence and the operational team is working towards rectification, and a safe and swift restart.

47 Details of Specified Bank Notes (SBN) held and transacted during the period 8th Nov, 16 to 30th Dec, 2016:

Particulars		**SBNs**	**Other Denomination Notes**	**Total**
Closing Cash in hand as on 8th Nov, 2016		-	-	-
Add: Permitted Receipts		-	-	-
Less: Permitted Payments		-	-	-
Less: Amount Deposited in Banks		-	-	-
Closing Cash in hand as on 30th Dec, 2016		**-**	**-**	**-**

48 Previous year's figures

Previous year's figures in the statement of profit and loss and cash flows are not comparable as the Company started operations of its second turbine on December 1, 2015, which was operational for the full current year. Further, in the current year, the third turbine became operational from September 1, 2016.

In terms of our report attached
For S. R. Batliboi & Co. LLP
ICAI Firm Registration No. : 301003E/E300005
Chartered Accountants

per Naman Agarwal
Partner
Membership No.: 502405

Place : New Delhi
Date: April 25, 2017

For and on behalf of the Board of Directors

S. K. Roongta
DIN: 00309302
Chairman

Ajay Kumar Dixit
DIN: 03086605
Whole Time Director

Amit Agarwal
Chief Financial Officer