

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TALWANDI SABO POWER LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **TALWANDI SABO POWER LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

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

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



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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, as applicable.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - (g) With respect to the other matters to be included in the Auditors' 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 statements – Refer to Note 27 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



Deloitte
Haskins & Sells LLP

2. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Jitendra Agarwal

Jitendra Agarwal
Partner
(Membership No. 87104)



Mumbai, April 21, 2016

ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the relevant records provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- (ii) As explained to us, the inventories (excluding inventories with third parties) were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification. In respect of inventory lying with third parties, these have been confirmed by them.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable. The Company has not granted any loans in terms of Section 185 of the Companies Act, 2013.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. Also, according to the information and explanations given to us, there are no unclaimed deposits, hence the provisions of Sections 73 to 76 of the Act do not apply to the Company.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the



appropriate authorities. We are informed that the provisions of Employees' State Insurance Act, 1948 are not applicable to the Company.

There were no undisputed statutory dues in arrears as at 31 March, 2016 for a period of more than six months from the date they became payable.

- (b) Details of dues of Income-tax which has not been deposited as on 31 March, 2016 on account of dispute are given below:

| Name of Statute | Nature of Dues | Forum where Dispute is Pending | Period to which the Amount Relates | Amount Involved (Rs.) | Amount Unpaid (Rs.) |
|----------------------|----------------|--------------------------------------|------------------------------------|-----------------------|---------------------|
| Income Tax Act, 1961 | Income tax | Income Tax Appellate Tribunal | Assessment year 2012-13 | 9,111,360 | - |
| Income Tax Act, 1961 | Income tax | Assessing Officer | Assessment year 2012-13 | 246,030 | 246,030 |
| Income Tax Act, 1961 | Income tax | Commissioner of Income Tax (Appeals) | Assessment year 2013-14 | 7,760 | 7,760 |

There are no dues of Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax or Cess which have not been deposited on account of any dispute.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to a financial institution, banks and government and dues to debenture holders.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company has not paid / provided any managerial remuneration and hence reporting under clause (xi) of CARO 2016 is not applicable to the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for



all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Jitendra Agarwal

Jitendra Agarwal
Partner
(Membership No. 87104)



Mumbai, April 21 2016

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 31 March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 Company’s internal financial controls system over financial reporting.



Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Jitendra Agarwal
Partner
(Membership No. 87104)



Mumbai, April 21 2016

| Particulars | Notes | As at | As at |
|-----------------------------------|-------|------------------|------------------|
| | | March 31, 2016 | March 31, 2015 |
| | | Amount (Rs. Crs) | Amount (Rs. Crs) |
| I. Equity and liabilities | | | |
| 1 Shareholders' funds | | | |
| (a) Share capital | 3 | 3,206.61 | 3,206.61 |
| (b) Reserves and surplus | 4 | (99.11) | (125.14) |
| 2 Non-current liabilities | | | |
| (a) Long-term borrowings | 5 | 4,353.55 | 3,050.21 |
| (b) Other long-term liabilities | 6 | 10.74 | 639.21 |
| (c) Long-term provisions | 7 | 1.41 | 0.59 |
| 3 Current liabilities | | | |
| (a) Short-term borrowings | 8 | 2,557.87 | 3,262.13 |
| (b) Trade payables | 9 | 26.73 | 22.88 |
| (c) Other current liabilities | 10 | 1,644.18 | 1,450.53 |
| (d) Short-term provisions | 11 | 0.07 | 0.05 |
| Total | | 11,702.05 | 11,507.07 |
| II. Assets | | | |
| 1 Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 12 | 8,192.40 | 5,249.45 |
| (ii) Intangible assets | 12 | 0.14 | 0.69 |
| (iii) Capital work-in-progress | 34 | 2,746.31 | 5,561.65 |
| (b) Long-term loans and advances | 13 | 99.89 | 84.73 |
| (c) Other non-current assets | 14 | 6.98 | 4.82 |
| 2 Current assets | | | |
| (a) Current investments | 15 | - | 61.41 |
| (b) Inventories | 16 | 179.43 | 108.95 |
| (c) Trade receivables | 17 | 351.86 | 196.19 |
| (d) Cash and cash equivalents | 18 | 40.10 | 90.43 |
| (e) Short-term loans and advances | 19 | 29.66 | 94.33 |
| (f) Other current assets | 20 | 55.28 | 54.42 |
| Total | | 11,702.05 | 11,507.07 |

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Jitendra Agarwal

Jitendra Agarwal
Partner
Place: Mumbai
Date: April 21, 2016



For and on behalf of Board of Directors

S.K. Roongta

S.K. Roongta
Chairman

M. Siddiqi

M. Siddiqi
Director

Amit Agarwal

Amit Agarwal
Chief Financial Officer

Pankaj Chauhan

Pankaj Chauhan
Company Secretary

| Particulars | Notes | Year ended | Year ended |
|--|-------|------------------|------------------|
| | | March 31, 2016 | March 31, 2015 |
| | | Amount (Rs. Crs) | Amount (Rs. Crs) |
| I Revenue: | | | |
| Revenue from operations | 21 | 1,641.28 | 500.91 |
| Less: Excise duty | 21 | (0.14) | - |
| Net Revenue from operations | | 1,641.14 | 500.91 |
| Other Income | 22 | 0.02 | 0.04 |
| Total Revenue | | 1,641.16 | 500.95 |
| II Expenses: | | | |
| Power and fuel | | 950.06 | 331.55 |
| Employee benefits expense | 23 | 26.27 | 8.40 |
| Finance costs | 24 | 331.20 | 84.86 |
| Depreciation and amortization expense | 12 | 188.36 | 51.99 |
| Other expenses | 25 | 119.24 | 62.75 |
| Total expenses | | 1,615.13 | 539.55 |
| III Profit/(Loss) before exceptional items and tax (I-II) | | 26.03 | (38.60) |
| IV Exceptional items | | - | - |
| V Profit/(Loss) before tax (III-IV) | | 26.03 | (38.60) |
| VI Tax expense | | - | - |
| VII Profit/(Loss) after tax for the year | | 26.03 | (38.60) |
| VIII Earnings per equity share (of Rs. 10 each) : | | | |
| (1) Basic | | 0.08 | (0.14) |
| (2) Diluted | | 0.08 | (0.14) |

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Jitendra Agarwal
Jitendra Agarwal

Partner

Place: Mumbai

Date: April 21, 2016



For and on behalf of Board of Directors

S.K. Roongta

S.K. Roongta
Chairman

M. Siddiqi
M. Siddiqi
Director

Amit Agarwal
Amit Agarwal
Chief Financial Officer

Pankaj Chauhan
Pankaj Chauhan
Company Secretary

| | PARTICULARS | Year ended March 31, 2016 | Year ended March 31, 2015 |
|----------|--|------------------------------|------------------------------|
| A | Cash flows from operating activities | | |
| | Net Profit/(Loss) before tax | 26.03 | (38.60) |
| | Adjusted for : | | |
| | Unrealised exchange (gain)/loss | (2.71) | 14.55 |
| | Depreciation and amortisation expense | 188.36 | 51.99 |
| | Finance cost | 331.20 | 84.86 |
| | Marked to Market (Gain)/Loss on Derivatives | 2.42 | 23.93 |
| | Operating loss before working capital changes | 545.30 | 136.73 |
| | Changes in Working Capital: | | |
| | Adjustments for (increase) / decrease in operating assets: | | |
| | (Increase)/Decrease in Inventory | (70.48) | (102.08) |
| | (Increase)/Decrease in Trade Receivables | (155.67) | (196.00) |
| | (Increase)/Decrease in long term loans and advances | (7.04) | (0.64) |
| | (Increase)/Decrease in short term loans and advances | 61.23 | (54.04) |
| | (Increase)/Decrease in other current assets | (1.31) | (14.71) |
| | Adjustments for increase / (decrease) in operating liabilities: | | |
| | Increase/ (Decrease) in long term provisions | 0.82 | 0.14 |
| | Increase/ (Decrease) in trade payables | 4.13 | 22.88 |
| | Increase/ (Decrease) in other current liabilities | 49.93 | (0.98) |
| | Increase/ (Decrease) in short term provisions | 0.02 | (0.06) |
| | Cash used in operations | 426.93 | (208.76) |
| | Direct taxes (paid)/Refund | - | - |
| | Net cash from / (used in) operating activities | 426.93 | (208.76) |
| B | Cash flows from investing activities | | |
| | Purchase of fixed assets including capital work in progress, pre-operative expenses and capital advances | (731.78) | (1,271.02) |
| | Purchase of Investment (Mutual Funds) | (3,452.14) | (1,262.21) |
| | Sale of Investments (Mutual Funds) | 3,513.55 | 1,222.51 |
| | Income from Dividends | 2.34 | 1.20 |
| | Net cash from / (used in) investing activities (ii) | (668.03) | (1,309.52) |
| C | Cash flows from financing activities | | |
| | Proceeds from Long Term borrowing | 3,222.64 | 1,773.22 |
| | Repayment of Long Term borrowing | (1,728.81) | (1,832.41) |
| | Proceeds from Short Term borrowing | 10,418.18 | 12,342.06 |
| | Repayment of Short Term borrowing | (11,114.21) | (10,168.52) |
| | Interest and Finance Charges Paid | (607.03) | (505.89) |
| | Net cash from / (used in) financing activities (iii) | 190.77 | 1,608.46 |
| | Net (decrease)/increase in cash and cash equivalents (i+ii+iii) | (50.33) | 90.18 |
| | Cash and cash equivalents at beginning of the year | 90.43 | 0.25 |
| | Cash and cash equivalents at close of the year [Refer Note 18 to the financial statements] | 40.10 | 90.43 |

Note :

(i) Previous year's figures have been regrouped/ rearranged, wherever necessary.

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Hendra Agarwal
Hendra Agarwal
Partner
Place: Mumbai
Date: April 21, 2016



For and on behalf of Board of Directors

S.K. Roongta
S.K. Roongta
Chairman

M. Siddiqi
M. Siddiqi
Director

Amit Agarwal
Amit Agarwal
Chief Financial Officer

Pankaj Chauhan
Pankaj Chauhan
Company Secretary

1 Company's Overview :

Talwandi Sabo Power Limited (herein after referred as "TSPL") 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 MW 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 (erstwhile PSEB) for a period of 25 years and other necessary documents were signed between VL, TSPL and PSPCL on September 01, 2008.

2 Significant Accounting Policies :

(a) Basis of Accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

(b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Differences between the actual results and estimates are recognized in the periods in which the results are known/materialise.

(c) Fixed Assets (Tangible and Intangible)

Fixed assets are recognised at cost of acquisition including any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use, less accumulated depreciation, amortization and impairment loss. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

(d) Expenditure During Construction

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.

(e) Investments

Long term investments are carried individually at cost less any provision for diminution/ impairment, other than temporary, in the value of investments. Investments are recorded as long term investments unless they are expected to be sold within one year. Current investments are carried individually, at lower of cost and fair Value. Investments are reviewed for impairment at the year end.

(f) Employees Benefits

i. Short term

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service.

ii. Long term

Defined contribution plans:

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.

Defined benefit plans:

Employee benefits in the form of Gratuity are defined benefit obligations and are provided for on the basis of an actuarial valuation carried out at the year end 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/ Capital Work in Progress, as applicable in the period in which it occur.

iii. 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/ Capital Work in Progress, as applicable, in the period in which it occur.

(g) Borrowing Costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets.



(h) Depreciation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 subject to following deviations:

- a. Certain Plant and Machinery items are being depreciated over 5 -20 years in accordance with its use.
- b. Individual items of assets costing up to Rs. 5,000 are wholly depreciated in the year of purchase.
- c. Additions on account of insurance spares, additions/extensions forming an integral part of existing plants and the revised carrying amount of the assets identified as impaired, are depreciated over residual life of the respective fixed assets.

In respect of Plant and Equipment, the life of the assets has been assessed at 40 years based on management's assessment of independent technical evaluation / advice, taking into account, inter-alia, the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support. The said life of Plant and Equipment is also in accordance with the life prescribed in Schedule II to the Companies Act, 2013.

Intangible assets are amortised over its expected useful life.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

(i) Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

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

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on Income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

(j) Impairment of Fixed Assets

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

(k) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

Provisions (excluding retirement benefits) are not discounted to their present values and are determined based on the best estimate required to settle the obligations at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements and are disclosed in the Notes. A Contingent asset is neither recognised nor disclosed in the financial statements.



Talwandi Sabo Power Limited

Notes forming part of the financial statements for the year ended March 31, 2016

(l) Foreign Currency Transactions

- (i) Transactions denominated in foreign currency are recorded at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate of date of transaction.
- (ii) All monetary items denominated in foreign currencies at the reporting date are restated at the rate prevailing on the reporting date. Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.
- (iii) Exchange differences relating to long term monetary items falling under Accounting Standard 11 are accounted as under:
 - (a) In so far as they relate to the acquisition of a depreciable capital asset added to / deducted from the cost of the asset and depreciated over the balance life of the asset.
 - (b) In other cases accumulated such differences in "Foreign Currency Monetary Item Translation Difference Account" and amortized to the Statement of Profit and Loss over the balance life of the long term monetary item but not beyond March 31, 2020.
- (iv) Exchange difference relating to short term monetary items are accounted in the Statement of Profit and Loss.

(m) Derivative Instruments

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

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss. The hedged item is recorded at fair value. Gain or loss if any, is recorded in the Statement of Profit and Loss and is offset by the gain or loss from the change in the fair value of the derivative.

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

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

Derivative financial instruments that do not qualify for hedge accounting are recognised in accordance with AS- 11 "The Effects of Changes in Foreign Exchange Rates" where the premium arising at the inception of such a derivative is amortised over the life of the derivative instrument. Similarly Exchange differences on such derivative instruments are recognised in the statement of Profit and Loss in respective year.

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

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.

(o) Cash flow statement

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

(p) Inventories

Inventories comprising fuel, stores and spares, consumables, supplies and loose tools are valued at the lower of cost (weighted average basis) 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.

(q) Revenue recognition

Revenue is recognised in terms of PPA when no significant uncertainty as to the measurability and collectability exists. Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

(r) Earning per share

Basic earnings per share are calculated by dividing the net profit or loss after tax (including the post-tax effect of extraordinary items, if any) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss after tax (including the post-tax effect of extraordinary items, if any) for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares, if any.

(s) Operating cycles

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.



Note 3 -Share Capital :

| Particulars | As at March 31, 2016 | | As at March 31, 2015 | |
|---|----------------------|------------------|----------------------|------------------|
| | Number of shares | Amount (Rs. Crs) | Number of shares | Amount (Rs. Crs) |
| 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 |
| 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 |
| Total | 3,206,609,692 | 3,206.61 | 3,206,609,692 | 3,206.61 |

(i) Reconciliation 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, 2016 | | Equity Shares as at March 31, 2015 | |
|--|------------------------------------|------------------|------------------------------------|------------------|
| | Number of shares | Amount (Rs. Crs) | Number of shares | Amount (Rs. Crs) |
| Shares outstanding at the beginning of the year | 3,206,609,692 | 3,206.61 | 2,500,000,000 | 2,500.00 |
| Movement during the year (Right issue) | - | - | 706,609,692 | 706.61 |
| 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. The Ultimate Holding Company, Vedanta Resources Plc., United Kingdom, does not hold any equity shares in the Company.

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

| Name of Shareholder | As at March 31, 2016 | | As at March 31, 2015 | |
|----------------------------------|-----------------------|--------------|-----------------------|--------------|
| | 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 |

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.

(v) The Board of Directors of the Company in its meeting held on 16 October, 2014 approved the issue of Equity Shares of Rs. 10 each against repayment of outstanding debt (including outstanding interest thereon), availed from Vedanta Limited. Total outstanding amount included the interest thereon till 6 November, 2014 i.e. the date of TSPL's Shareholders approval amounted to Rs. 706.61 crores. Accordingly, pursuant to Section 62 and other applicable provisions of Companies Act, 2013 the Company in its Board Meeting held on 4 December, 2014 allotted 706,609,692 Equity Shares of Rs. 10 each in the name of its holding Company Vedanta Limited.



Note 4 - Reserves and surplus

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| | Amount (Rs. Crs) | Amount (Rs. Crs) |
| Surplus/ (Deficit) in Statement of Profit and Loss | | |
| Balance at the beginning of the year | (125.14) | (86.54) |
| Add: Profit/ (Loss) for the year | 26.03 | (38.60) |
| Less: Transfer to Debenture redemption reserve | (26.03) | - |
| Closing Balance | (125.14) | (125.14) |
| Debenture Redemption Reserve | | |
| Balance at the beginning of the year | - | - |
| Add: Transferred from Surplus in Statement of Profit and Loss | 26.03 | - |
| Closing Balance | 26.03 | - |
| See Note (i) below | | |
| Total | (99.11) | (125.14) |

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 crs has been transferred to the Debenture redemption reserve from surplus in statement of Profit and Loss during the year.

Note 5 - Long-term borrowings

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| | Amount (Rs. Crs) | Amount (Rs. Crs) |
| Secured : | | |
| (a) Debentures : | 1,500.00 | 2,325.00 |
| (i) NIL (Previous Year: 15,000) 9.8% Secured Redeemable Non Convertible Debentures (NCD) of Rs. 1,000,000 each on a private placement basis having tenure of 13 years from the respective date of allotment, repayable in twelve equal quarterly instalments after 10 years of allotment. [Secured by first pari passu charge on the assets of the company both present and future, with a minimum asset cover of 1.25 times during the lifetime of the NCDs (including the Debt Service Reserve Account) and unconditional and irrevocable corporate guarantee by Vedanta Limited] | | |
| (ii) 1,200 (Previous Year: 1,200) 9.6% Secured Redeemable Non Convertible Debentures (NCD) of Rs. 1,000,000 each on a private placement basis having tenure of 2 years from the respective date of allotment, repayable on 16 September, 2016. | | |
| (iii) 1,800 (Previous Year: 1,800) 9.7% Secured Redeemable Non Convertible Debentures (NCD) of Rs. 1,000,000 each on a private placement basis having tenure of 3 years and 2 days from the respective date of allotment, repayable on 18 September, 2017. | | |
| (iv) 2,000 (Previous Year: 2,000) 9.27% Secured Redeemable Non Convertible Debentures (NCD) of Rs. 1,000,000 each on a private placement basis having tenure of 2 years and 364 days from the respective date of allotment, repayable on 10 November, 2017. | | |
| (v) 3,250 (Previous Year: 3,250) 8.91% Secured Redeemable Non Convertible Debentures (NCD) of Rs. 1,000,000 each on a private placement basis having tenure of 3 years and 1 month from the respective date of allotment, repayable on 27 April, 2018. | | |
| (vi) 6,750 (Previous Year: NIL) 8.91% Secured Redeemable Non Convertible Debentures (NCD) of Rs. 1,000,000 each on a private placement basis having tenure of 3 years and 5 days from the respective date of allotment, repayable on 27 April, 2018. [Loans covered in point (ii) to (vi) above are secured by first pari passu charge on the movable assets of the company both present and future, with a minimum asset cover of 1.1 times during the lifetime of the NCDs and unconditional and irrevocable corporate guarantee by Vedanta Limited] | | |



Talwandi Sabo Power Limited

Notes forming part of the financial statements for the year ended March 31, 2016

Note 5 - Long-term borrowings (contd.)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---|----------------------------|----------------------------|
| | Amount (Rs. Crs) | Amount (Rs. Crs) |
| (b) Rupee Term Loan (RTL) : | 2,336.00 | 500.00 |
| (i) RTL from SBI Rs. 1,880 crs (Previous Year NIL) Terms of repayment and interest rate: Interest rate of 9.8% with a tenure of 15 years repayable in quarterly installments starting from 30th June, 2018. [Secured by first charge on pari passu basis on all the movable and immovable assets of the Company and guaranteed by unconditional and irrevocable corporate guarantee by Vedanta Limited] | | |
| (ii) RTL from Kotak Bank Rs. 456 crs (Previous Year Rs. 500 crs) Terms of repayment and interest rate: Interest rate of 9.78% with a tenure of 86 months repayable in quarterly installments starting from 31 December, 2015. [Secured by first charge on pari passu basis on all the movable and immovable assets of the Company and guaranteed by unconditional and irrevocable corporate guarantee by Vedanta Limited] | | |
| (c) Buyer's Credit from banks : | - | 5.33 |
| (i) Buyer's Credit from ICICI Bank Rs. NIL (Previous Year Rs. 5.33 crs) [Secured by first charge on pari passu basis on all the movable assets of the Company and guaranteed by unconditional and irrevocable corporate guarantee by Vedanta Limited] See Note (i) below Less : Current maturities of long-term borrowings disclosed under "Other current liabilities" [See Note 10(a)] | (163.00) | (49.33) |
| Total (A) | 3,673.00 | 2,781.00 |
| Unsecured: | | |
| Buyer's Credit from banks : [Guaranteed by unconditional and irrevocable corporate guarantee by Vedanta Limited] [See note (i) below] Less : Current maturities of long-term borrowings disclosed under "Other current liabilities" [See note 10(a)] | 966.70 (286.15) | 448.56 (179.35) |
| Total (B) | 680.55 | 269.21 |
| Total (A + B) | 4,353.55 | 3,050.21 |

Note -(i): The rates of interest ranging from 1.72% to 2.77% with tenure ranging from 717 days to 720 days and other terms of repayment for these buyer's credit are based on the agreements with the respective banks and the nature of such buyer's credit.

Note 6 - Other long-term liabilities

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| | Amount (Rs. Crs) | Amount (Rs. Crs) |
| (a) Retention Money | - | 639.21 |
| (b) Derivative Liability (Non Current) | 10.74 | - |
| Total | 10.74 | 639.21 |



Note 7 - Long-term provisions

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| | Amount (Rs. Crs) | Amount (Rs. Crs) |
| Provision for employee benefits : | | |
| (a) Provision for compensated absences | 0.70 | 0.37 |
| (b) Provision for gratuity (See note 39) | 0.71 | 0.22 |
| Total | 1.41 | 0.59 |

Note 8 - Short-term borrowings

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| | Amount (Rs. Crs) | Amount (Rs. Crs) |
| Secured | | |
| (a) Buyer's Credit from banks : | 162.87 | 588.08 |
| [Secured by pari passu charge on the current assets and movable fixed assets of the Company and guaranteed by unconditional and irrevocable corporate guarantee by Vedanta Limited] [See note (i) below] | | |
| Total (A) | 162.87 | 588.08 |
| Unsecured | | |
| (a) Buyer's Credit from banks : | - | 64.05 |
| (Guaranteed by unconditional and irrevocable corporate guarantee by Vedanta Limited) [See note (i) below] | | |
| (b) Commercial paper : | 2,395.00 | 2,610.00 |
| [Guaranteed by unconditional and irrevocable corporate guarantee by Vedanta Limited] [See note (ii) below] | | |
| Total (B) | 2,395.00 | 2,674.05 |
| Total (A+B) | 2,557.87 | 3,262.13 |

Note -(i): The rates of interest ranging from 0.79% to 1.56% with tenure ranging from 107 days to 334 days and other terms of repayment for these buyer's credit are based on the agreements with the respective banks and the nature of such buyer's credit.

Note -(ii): The rates of interest ranging from 7.25% to 9.95% with tenure ranging from 9 days to 200 days and other terms of repayment for these commercial papers are based on the agreements with the respective asset management companies.



Talwandi Sabo Power Limited

Notes forming part of the financial statements for the year ended March 31, 2016

Note 9 - Trade payables

| Particulars | As at | As at |
|---|------------------|------------------|
| | March 31, 2016 | March 31, 2015 |
| | Amount (Rs. Crs) | Amount (Rs. Crs) |
| (a) Trade Payables - other than acceptances | 26.73 | 22.88 |
| Total | 26.73 | 22.88 |

Note 10 - Other current liabilities

| Particulars | As at | As at |
|---|------------------|------------------|
| | March 31, 2016 | March 31, 2015 |
| | Amount (Rs. Crs) | Amount (Rs. Crs) |
| (a) Current maturities of long-term borrowings (For terms of repayment see note (i) of note 5 above) | 449.15 | 228.68 |
| (b) Interest accrued but not due on borrowings | 47.31 | 50.69 |
| (c) Other payables | | |
| - Retention Money | 750.07 | 739.85 |
| - Earnest Money Deposit | 0.08 | 3.38 |
| - Advances from Customer | 0.10 | 0.44 |
| - Project Creditors | 271.86 | 356.90 |
| - Statutory Dues | 0.74 | 2.10 |
| - Due to Related Parties (See Note 41) | 2.64 | 0.62 |
| - Book overdraft with Banks | 0.22 | - |
| - Derivative Liability | 25.50 | 22.09 |
| - Forward Premium Liability | 6.89 | 8.85 |
| - Other Liabilities | 89.62 | 36.93 |
| Total | 1,644.18 | 1,450.53 |

Note 11 - Short-term provisions

| Particulars | As at | As at |
|--|------------------|------------------|
| | March 31, 2016 | March 31, 2015 |
| | Amount (Rs. Crs) | Amount (Rs. Crs) |
| Provision for employee benefits : | | |
| (a) Provision for compensated absences | 0.04 | 0.02 |
| (b) Provision for gratuity (See Note 39) | 0.03 | 0.03 |
| Total | 0.07 | 0.05 |



Talwandi Sabo Power Limited
Notes forming part of the financial statements for the year ended March 31, 2016

Note 12 - Fixed Assets

| Particulars | Gross Block | | | Accumulated Depreciation | | | Net Block | | |
|-------------------------------------|------------------------------|--------------------------------|---------------------|--------------------------------|-----------------------------|---------------------------|---------------------|--------------------------------|------------------------------|
| | Balance as at April 1, 2015 | Additions | Deductions | Balance as at March 31, 2016 | Balance as at April 1, 2015 | Depreciation charge | Deductions | Balance as at March 31, 2016 | Balance as at March 31, 2015 |
| a) Tangible Assets | | | | | | | | | |
| Land (Free hold) | 390.60 (384.76) | - (5.84) | - | 390.60 (390.60) | - | - | - | 390.60 (390.60) | 390.60 (384.76) |
| Buildings | 84.40 (1.15) | 17.18 (83.25) | - | 101.58 (84.40) | 1.97 (0.93) | 2.91 (1.04) | - | 96.70 (82.43) | 82.43 (0.22) |
| Roads | - | 87.75 (-) | - | 87.75 (-) | - | 2.80 (-) | - | 84.95 (-) | - |
| Plant and Machinery | 4,631.79 (-) | 3,024.40 (4,631.79) | - | 7,656.19 (4,631.79) | 46.38 (-) | 170.44 (46.38) | - | 7,439.37 (4,585.41) | 4,585.41 (-) |
| Furniture and Fittings | 0.88 (0.71) | 1.04 (0.17) | 0.03 (-) | 1.89 (0.88) | 0.33 (0.25) | 0.16 (0.08) | 0.02 (-) | 1.42 (0.55) | 0.55 (0.46) |
| Motor Vehicles | 0.24 (0.14) | 0.21 (0.10) | - | 0.45 (0.24) | 0.05 (0.02) | 0.04 (0.03) | - | 0.36 (0.19) | 0.19 (0.12) |
| Railway Siding and Locomotives | 178.38 (-) | - | - | 178.38 (178.38) | 3.71 (-) | 11.30 (3.71) | - | 163.37 (174.67) | 174.67 (-) |
| Office and Equipment | 3.06 (2.09) | 0.19 (0.97) | 0.01 (-) | 3.24 (3.06) | 1.21 (0.27) | 0.59 (0.94) | - | 1.44 (1.85) | 1.85 (1.82) |
| Computers and Data Processing Units | 1.57 (1.08) | 0.17 (0.49) | 0.01 (-) | 1.73 (1.57) | 0.80 (0.46) | 0.26 (0.34) | - | 0.67 (0.77) | 0.77 (0.62) |
| Laboratory Equipment | 13.40 (-) | 1.86 (13.40) | - | 15.26 (13.40) | 0.42 (-) | 1.32 (0.42) | - | 13.52 (12.98) | 12.98 (-) |
| Sub - Total | 5,304.32 (389.93) | 3,132.80 (4,914.39) | 0.05 (-) | 8,437.07 (5,304.32) | 54.87 (1.93) | 189.82 (52.94) | 0.02 (-) | 8,192.40 (5,249.45) | 5,249.45 (388.00) |
| b) Intangible Assets | | | | | | | | | |
| Computer software (SAP Licenses) | 1.95 (1.95) | - (-) | - | 1.95 (1.95) | 1.25 (0.70) | 0.56 (0.56) | - | 1.81 (0.69) | 0.69 (1.25) |
| Sub - Total | 1.95 (1.95) | - (-) | - | 1.95 (1.95) | 1.25 (0.70) | 0.56 (0.56) | - | 1.81 (0.69) | 0.69 (1.25) |
| Total | 5,306.27 (391.88) | 3,132.80 (4,914.39) | 0.05 (-) | 8,439.02 (5,306.27) | 56.12 (2.63) | 190.38 (53.50) | 0.02 (-) | 8,192.54 (5,250.14) | 5,250.14 (389.25) |

Notes:

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

(ii) Additions during the year includes Rs. 3100.30 crs on account of capitalisation of Unit 3

(iii) Depreciation Charge on Fixed Assets includes an amount of Rs. 2.02 Crs (Previous Year Rs. 1.51 Crs) capitalised as a part of capital work in progress (See note 34)



Talwandi Sabo Power Limited

Notes forming part of the financial statements for the year ended March 31, 2016

Note 13 - Long-term loans and advances

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|-------------------------------------|-------------------------|-------------------------|
| | Amount (Rs. Crs) | Amount (Rs. Crs) |
| Unsecured, considered good : | | |
| (a) Capital Advances | 86.35 | 77.04 |
| (b) Security Deposits | 12.36 | 5.77 |
| (c) Advance Tax and TDS Receivable | 1.18 | 0.73 |
| (d) Derivative Assets | - | 1.19 |
| Total | 99.89 | 84.73 |

Note 14 - Other non-current assets

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| | Amount (Rs. Crs) | Amount (Rs. Crs) |
| (a) Bank deposits with more than twelve months maturity (Under lien) | 0.02 | 0.02 |
| (b) Unamortized expenses* | 6.96 | 4.80 |
| Total | 6.98 | 4.82 |

* Unamortised expenses include unamortised portion of debenture issue expenses and expenses incurred in arranging of RTL



Talwandi Sabo Power Limited
Notes forming part of the financial statements for the year ended March 31, 2016

Note 15 - Current investments
Investments in mutual funds-unquoted*

| Fund Particulars | Face value | No. of Units | | Value of Investment | | Amount (Rs. Crs) |
|------------------|------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------|
| | | Balance as at March 31, 2016 | Balance as at March 31, 2015 | Balance as at March 31, 2016 | Balance as at March 31, 2015 | |
| | | Rs.100 | - | 443,448 | - | |
| Rs.1000 | - | 91,604 | - | 9.19 | | |
| Rs.1000 | - | 109,022 | - | 10.91 | | |
| Rs.1000 | - | 107,964 | - | 11.01 | | |
| Rs.1000 | - | 103,431 | - | 10.35 | | |
| Rs.1000 | - | 98,753 | - | 11.01 | | |
| Rs.100 | - | 424,863 | - | 4.25 | | |
| Total | - | 1,379,085 | - | 61.41 | | |

*(See note 2(e) for mode of valuation)

| Particulars | Amount (Rs. Crs) | |
|--|------------------------------|------------------------------|
| | Balance as at March 31, 2016 | Balance as at March 31, 2015 |
| Aggregate amount of unquoted investments | - | 61.41 |
| Total | - | 61.41 |



Note 16 - Inventories*

| Particulars | As at | As at |
|---|------------------|------------------|
| | March 31, 2016 | March 31, 2015 |
| | Amount (Rs. Crs) | Amount (Rs. Crs) |
| (a) Stores & Spares [includes stock in transit of Rs 17 crs (Previous Year NIL)] | 50.68 | 9.51 |
| (b) Fuel [Includes stock in transit of Rs 41.43 crs (Previous Year Rs 37.39 crs)] | 128.75 | 99.44 |
| Total | 179.43 | 108.95 |

*(See note 2(p) for mode of valuation)

Note 17 - Trade and receivables

| Particulars | As at | As at |
|--|------------------|------------------|
| | March 31, 2016 | March 31, 2015 |
| | Amount (Rs. Crs) | Amount (Rs. Crs) |
| Unsecured, considered good : | | |
| (a) Trade receivables (Less than six months) | 225.62 | 188.16 |
| (b) Other Trade receivables | 126.24 | 8.03 |
| Total | 351.86 | 196.19 |

Note 18 - Cash and cash equivalents

| Particulars | As at | As at |
|---|------------------|------------------|
| | March 31, 2016 | March 31, 2015 |
| | Amount (Rs. Crs) | Amount (Rs. Crs) |
| Cash and cash equivalents : | | |
| (a) Balances with banks - in current accounts * | 40.10 | 11.93 |
| (b) Bank deposits* | - | 78.50 |
| Total | 40.10 | 90.43 |

* the above balances meet the definition of Cash and cash equivalents as per AS-3 Cash Flow Statements

Note 19 - Short-term loans and advances

| Particulars | As at | As at |
|---|------------------|------------------|
| | March 31, 2016 | March 31, 2015 |
| | Amount (Rs. Crs) | Amount (Rs. Crs) |
| Unsecured, considered good : | | |
| (a) Loans and advances to related parties (See Note 41) | 0.03 | - |
| (b) Others | | |
| - Advances against contracts | 21.73 | 84.04 |
| - Prepaid Expenses | 2.69 | 1.64 |
| - Derivative Assets | 0.06 | 1.97 |
| - Deferred Forward Premium | 5.15 | 6.68 |
| Total | 29.66 | 94.33 |

Note 20 - Other current assets

| Particulars | As at | As at |
|----------------------------------|------------------|------------------|
| | March 31, 2016 | March 31, 2015 |
| | Amount (Rs. Crs) | Amount (Rs. Crs) |
| Other current assets : | | |
| (a) Interest accrued but not due | - | 0.02 |
| (b) Unbilled Revenue | 16.03 | 14.72 |
| (c) Unamortized expenses * | 39.25 | 39.68 |
| Total | 55.28 | 54.42 |

* Unamortised expenses include unamortised portion of debenture issue expenses, discount on issue of commercial papers and expenses incurred in arranging of RTL



Talwandi Sabo Power Limited
Notes forming part of the financial statements for the year ended March 31, 2016

Note 21 - Revenue from operations

| Particulars | Year ended March 31, 2016 | Year ended March 31, 2015 |
|--|------------------------------|------------------------------|
| | Amount (Rs. Crs) | Amount (Rs. Crs) |
| Revenue from Operations | | |
| Energy Sales | 1,625.59 | 500.58 |
| Other Operating Revenue | | |
| Sale of Waste Oil | 0.02 | - |
| Sale of Fly Ash | 3.94 | 0.33 |
| Other Operating Revenue | 11.73 | - |
| Revenue from operations (Gross) | 1,641.28 | 500.91 |
| Excise duty on sale of Fly Ash | (0.14) | - |
| Revenue from operations (Net) | 1,641.14 | 500.91 |

Note 22 - Other income

| Particulars | Year ended March 31, 2016 | Year ended March 31, 2015 |
|----------------------------|------------------------------|------------------------------|
| | Amount (Rs. Crs) | Amount (Rs. Crs) |
| Other Non Operating Income | 0.02 | 0.04 |
| Total | 0.02 | 0.04 |

Note 23 - Employee Benefits Expenses

| Particulars | Year ended March 31, 2016 | Year ended March 31, 2015 |
|-------------------------------------|------------------------------|------------------------------|
| | Amount (Rs. Crs) | Amount (Rs. Crs) |
| Salaries and Bonus | 24.67 | 7.82 |
| Contribution to Provident Fund | 0.64 | 0.18 |
| Staff Welfare and training expenses | 0.96 | 0.40 |
| Total | 26.27 | 8.40 |



Talwandi Sabo Power Limited

Notes forming part of the financial statements for the year ended March 31, 2016

Note 24 - Finance costs

| Particulars | Year ended March 31, 2016 | Year ended March 31, 2015 |
|-------------------|------------------------------|------------------------------|
| | Amount (Rs. Crs) | Amount (Rs. Crs) |
| Interest expenses | 324.37 | 84.43 |
| Borrowing charges | 0.79 | 0.27 |
| Bank charges | 6.04 | 0.16 |
| Total | 331.20 | 84.86 |

Note 25 - Other expenses

| Particulars | Year ended March 31, 2016 | Year ended March 31, 2015 |
|--|------------------------------|------------------------------|
| | Amount (Rs. Crs) | Amount (Rs. Crs) |
| Consumption of stores and spare parts | 16.09 | 1.87 |
| Other manufacturing and operating expenses | 43.33 | 11.36 |
| Advertisement | 0.55 | 0.16 |
| CSR Expenses | 0.36 | 0.29 |
| Legal and professional fees | 7.61 | 1.78 |
| Electronic Data Processing expenses | 1.80 | 0.32 |
| Insurance | 5.86 | 1.56 |
| Rates and Taxes | 0.79 | 0.16 |
| Security expenses | 0.74 | 0.18 |
| Travelling | 3.39 | 1.40 |
| Books and periodicals | 0.03 | - |
| Rent Expenses | 0.14 | - |
| Audit Fees | 0.19 | 0.16 |
| Director Sitting Fees | 0.09 | 0.01 |
| Marked to Market (Gain)/ Loss on Derivatives | 2.42 | 23.93 |
| Net Loss on foreign currency transactions | 16.04 | 14.55 |
| Cash Discount | 12.68 | 3.86 |
| Power Scheduling Charges | 5.42 | 0.48 |
| Miscellaneous Expenses | 1.71 | 0.68 |
| Total | 119.24 | 62.75 |



Talwandi Sabo Power Limited

Notes forming part of the financial statements for the year ended March 31, 2016

Additional Information to the Financial Statements :

26 (i) Estimated amounts of contracts remaining to be executed on capital account not provided for (net of advances) Rs. 399.02 crs (March 2015: Rs. 601.78 crs)

(ii) Other Commitments :

The Company has signed a long term PPA with PSPCL for supply of power generated from the power plant. The PPA has tenure of twenty five years.

27 Contingent Liabilities :

(i) Details of Letters of Credit issued to suppliers and not provided for

| Particulars | As at March 31, 2016 Amount (Rs. Crs) | As at March 31, 2015 Amount (Rs. Crs) |
|-------------------|---|---|
| Letters of Credit | 13.67 | 19.61 |
| Total | 13.67 | 19.61 |

(ii) TSPL had entered into a long term PPA with PSPCL for supply of power. Due to delay in fulfilment of certain obligations by PSPCL as per the PPA and force majeure events, there was a delay in completion of the project as per the PPA timelines. TSPL has received notices of claims from PSPCL seeking payment of Liquidated damages (LD) of Rs. 317.64 Crs (maximum) each for delay in commissioning of Unit I, II and III totalling to Rs. 952.92 Crs.

During the previous year, PSPCL had invoked the Performance Bank Guarantee of Rs. 150.00 crs to recover the LD on account of delay in Commercial Operation Date (COD). Against the BG invocation stay was granted by PSERC and this was later upheld by APTEL as well. The matter is referred to Arbitration by a panel of three Arbitrators. Pleadings are over in the matter, while witnessing and arguments are undergoing. On the basis of facts backed by legal opinion, no provision is considered necessary at this stage.

28 The Company has commenced operations for unit 3 of Independent power plant (IPP) and accordingly it has been capitalised at an amount aggregating to Rs. 3,100.30 crs with effect from December 1, 2015.

29 VL had entered into an EPC contract with SEPCO Electric Power Construction Corporation (SEPCO) for setting up of 1980 MW Independent Power Plant at Talwandi Punjab and had paid Rs. 493.75 Crs as mobilization advance. The said contract has been novated in the name of TSPL by virtue of a novation agreement dated 17 November, 2009 between VL, TSPL and SEPCO and all rights and obligations of VL have been assigned to TSPL by virtue of the novation agreement. VL has guaranteed to SEPCO to discharge TSPL's obligation, including right of recourse to VL under the guarantee, in case of failure of TSPL to perform its obligations under the EPC contract.

30 Auditors' Remuneration (including service tax)

| Particulars | Year ended March 31, 2016 Amount (Rs. Crs) | Year ended March 31, 2015 Amount (Rs. Crs) |
|------------------------|--|--|
| Audit Fees | 0.16 | 0.13 |
| Other Services | 0.02 | 0.02 |
| Out of Pocket Expenses | 0.01 | 0.01 |
| Total | 0.19 | 0.16 |

31 Expenditure in Foreign Currency (on accrual basis)

| Particulars | Year ended March 31, 2016 Amount (Rs. Crs) | Year ended March 31, 2015 Amount (Rs. Crs) |
|------------------------------------|--|--|
| Travel expenses | 0.03 | 0.06 |
| Interest on Buyers' Credit (Gross) | 17.38 | 33.37 |
| Interest on LC | 0.08 | - |
| Total | 17.49 | 33.43 |



Talwandi Sabo Power Limited

Notes forming part of the financial statements for the year ended March 31, 2016

32 Value of fuel and stores and spare parts consumed:

| Particulars | Year ended March 31, 2016 | | Year ended March 31, 2015 | |
|--------------------------|------------------------------|-----------------|------------------------------|-----------------|
| | % | Amount (Rs Crs) | % | Amount (Rs Crs) |
| Fuel | | | | |
| Imported | 18.95% | 177.13 | 35.24% | 115.98 |
| Indigenous | 81.05% | 757.80 | 64.76% | 213.15 |
| Total | 100.00% | 934.93 | 100.00% | 329.13 |
| Stores and Spares | | | | |
| Imported | 8.50% | 1.37 | - | - |
| Indigenous | 91.50% | 14.72 | 100.00% | 1.87 |
| Total | 100.00% | 16.09 | 100.00% | 1.87 |

33 Value of Imports calculated on CIF Basis

| Particulars | Year ended March 31, 2016 Amount (Rs. Crs) | Year ended March 31, 2015 Amount (Rs. Crs) |
|---------------|--|--|
| Capital Goods | 18.83 | 33.45 |
| Fuel | 113.82 | - |
| Spare Parts | 11.68 | - |
| Total | 144.33 | 33.45 |

34 Capital expenditure (net) during the year relates to the Company's project for construction of Thermal Power Plant in Punjab :

Capital Work-in-Progress includes:

| Particulars | As at March 31, 2016 Amount (Rs. Crs) | As at March 31, 2015 Amount (Rs. Crs) |
|---|---|---|
| Capital Work in Progress (A) | | |
| Opening balance | 4,214.68 | 7,797.35 |
| Adjustment during the year | (68.69) | 279.45 |
| Closing balance | 4,145.99 | 8,076.80 |
| Expenditure during Construction Period: | | |
| Opening Balance (a) | 1,346.97 | 1,693.23 |
| Expenses during the year | | |
| Power and Fuel- (i) | 110.56 | 253.34 |
| Employees' Remuneration and Benefits- (ii) | 5.57 | 21.65 |
| Finance Expenses- (iii) | 270.72 | 483.90 |
| Depreciation- (iv) | 2.02 | 1.51 |
| Other Expenses- (v) | 54.46 | 87.95 |
| Total Expenses- (b) =(i + ii + iii + iv + v) | 443.33 | 848.35 |
| Income during the year | | |
| -Infirm power Sale | (87.24) | (159.11) |
| -Dividend from Mutual Fund | (2.20) | (1.20) |
| -Interest & Other Income | (0.24) | (0.50) |
| Total Income- (c) | (89.68) | (160.81) |
| Net Expenditure during the Year- (d)= (b + c) | 353.65 | 687.54 |
| Closing Balance (B) =(a)+(d) | 1,700.62 | 2,380.77 |
| Total Capital Work in Progress (A+B) | 5,846.61 | 10,457.57 |
| Less: Unit 2 capitalized during the previous year (C) | - | (4,895.92) |
| Less: Unit 3 capitalized during the year (D) | (3,100.30) | - |
| Total Capital Work in Progress (A+B-C-D) | 2,746.31 | 5,561.65 |



Talwandi Sabo Power Limited

Notes forming part of the financial statements for the year ended March 31, 2016

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

36 Derivative contracts entered into by the Company and outstanding as at the balance sheet date are as follows :

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

| Particulars | As at March 31, 2016 Amount (Rs. Crs) | As at March 31, 2015 Amount (Rs. Crs) |
|--|---|---|
| Nominal Value of Forward Cover outstanding | 2,082.80 | 2,202.45 |
| MTM Loss/ (Gain) | 36.18 | 18.93 |

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

The particulars of unhedged foreign currency exposure as at year end is as under :

| Particulars | As at March 31, 2016 | | As at March 31, 2015 | |
|-------------------------|----------------------|------------------|----------------------|------------------|
| | Amount (USD Mio) | Amount (Rs. Crs) | Amount (USD Mio) | Amount (Rs. Crs) |
| Buyer's Credit Interest | 0.56 | 3.69 | 0.72 | 4.49 |
| Capital Creditors | 11.46 | 76.01 | 96.21 | 602.17 |
| Operational Creditors | 0.01 | 0.08 | - | - |
| Total | 12.03 | 79.78 | 96.93 | 606.66 |

Disclosures under Accounting Standards :

37 Detail of Borrowing Cost capitalised as per AS-16:

| Particulars | Year ended March 31, 2016 Amount (Rs. Crs) | Year ended March 31, 2015 Amount (Rs. Crs) |
|---|--|--|
| Detail of Borrowing Cost capitalised during the year under Capital Work in Progress | 270.72 | 416.48 |

38 Earnings Per Share (EPS)

| Particulars | Year ended March 31, 2016 Amount (Rs. Crs) | Year ended March 31, 2015 Amount (Rs. Crs) |
|---|--|--|
| Net profit/(loss) after tax attributable to equity shareholders | 26.03 | (38.60) |
| Nominal Value per share - in Rs. | 10.00 | 10.00 |
| Number of Equity Shares | 3,206,609,692 | 3,206,609,692 |
| Weighted average number of Equity shares for Basic EPS | 3,206,609,692 | 2,728,438,202 |
| Weighted average number of Equity shares for Diluted EPS | 3,206,609,692 | 2,728,438,202 |
| Earning Per Share -in Rs. | | |
| -Basic and Diluted | 0.08 | (0.14) |



Talwandi Sabo Power Limited

Notes forming part of the financial statements for the year ended March 31, 2016

39 Employee Benefits

(i) Defined Contribution Plan:

The Company has recognized for the year ended 31st March, 2016, an amount of Rs. 1.27 crs (31st March, 2015: Rs. 0.91 crs) under defined contribution plan as follows:

| Employees' Remuneration and Benefits | Year ended March 31, 2016 Amount (Rs. Crs) | Year ended March 31, 2015 Amount (Rs. Crs) |
|--------------------------------------|--|--|
| Provident Fund * | 0.81 | 0.59 |
| Superannuation * | 0.46 | 0.32 |
| Total | 1.27 | 0.91 |

(ii) Defined Benefit Plan:

The disclosure as required under AS-15 regarding the company's gratuity plan (funded) is as follows:

Actuarial assumptions

| Particulars | Year ended March 31, 2016 Amount (Rs. Crs) | Year ended March 31, 2015 Amount (Rs. Crs) |
|---|--|--|
| Salary growth (p.a.) | 5.50% | 5.50% |
| Expected rate of Return on Plan Assets (p.a.) | 8.00% | 7.80% |
| Discount rate (p.a.) | 8.00% | 7.80% |
| Mortality rate | IALM(2006-08) | IALM(2006-08) |

Amount recognized in Expenditure during the year

| Particulars | Year ended March 31, 2016 Amount (Rs. Crs) | Year ended March 31, 2015 Amount (Rs. Crs) |
|---|--|--|
| Current service cost | 0.19 | 0.12 |
| Past service cost | - | - |
| Interest cost | 0.06 | 0.06 |
| Expected return on plan assets | (0.04) | (0.03) |
| Net actuarial (gains)/losses recognized | 0.50 | 0.18 |
| Total * | 0.71 | 0.33 |

Movement in present value of defined benefit obligation

| Particulars | Year ended March 31, 2016 Amount (Rs. Crs) | Year ended March 31, 2015 Amount (Rs. Crs) |
|--|--|--|
| Obligation at the beginning of the year | 0.74 | 0.60 |
| Current service cost | 0.19 | 0.12 |
| Past service cost | - | - |
| Interest cost | 0.06 | 0.06 |
| Actuarial (gains)/losses | 0.50 | 0.18 |
| Benefits paid | (0.15) | (0.22) |
| Obligation at the end of the year | 1.34 | 0.74 |



Talwandi Sabo Power Limited
Notes forming part of the financial statements for the year ended March 31, 2016

39 Employee Benefits (Contd.)

Movement in present value of plan assets

| Particulars | As at March 31, 2016 Amount (Rs. Crs) | Year ended March 31, 2016 Amount (Rs. Crs) | Year ended March 31, 2015 Amount (Rs. Crs) |
|--|---|--|--|
| Fair value at the beginning of the year | | | 0.49 |
| Expected return on plan assets | | 0.04 | 0.03 |
| Last Year Interest | | - | - |
| Actuarial gains / (losses) | | 0.01 | - |
| Fund Management Charges | | (0.01) | - |
| Contribution | | 0.22 | 0.28 |
| Benefits paid | | (0.15) | (0.22) |
| Fair value at the end of the year | | 0.60 | 0.49 |

Amount recognized in the Balance Sheet

| Particulars | As at March 31, 2016 Amount (Rs. Crs) | As at 31st March, 2015 Amount (Rs. crs) | As at 31st March, 2014 Amount (Rs. crs) | As at 31st March, 2013 Amount (Rs. crs) | As at 31st March, 2012 Amount (Rs. crs) |
|--|---|---|---|---|---|
| Present value of obligation at the end of the year | 1.34 | 0.74 | 0.60 | 0.36 | 0.21 |
| Less: Fair value of plan assets at the end of the year | 0.60 | 0.49 | 0.40 | 0.20 | 0.21 |
| Net liability recognized in the Balance Sheet | 0.74 | 0.25 | 0.20 | 0.16 | 0.00 |

Experience adjustment on actuarial gain / (loss) for plan obligation and plan assets

| Particulars | Year ended March 31, 2016 Amount (Rs. Crs) | Year ended March 31, 2015 Amount (Rs. Crs) | Year ended March 31, 2014 Amount (Rs. crs) | Year ended March 31, 2013 Amount (Rs. crs) | Year ended March 31, 2012 Amount (Rs. crs) |
|--------------------|--|--|--|--|--|
| On Plan Obligation | (0.54) | (0.06) | (0.21) | (0.08) | (0.03) |
| On Plan Assets | 0.01 | (0.00) | 0.01 | 0.01 | - |

* The amount is included in the line item – "Employees' Remuneration and Benefits" under capital work in progress and statement of profit and loss account (Refer Note 34).

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.

In absence of detailed information regarding plan assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets and the percentage or amount for each major category to the fair value of total plan assets has not been disclosed.

The contribution expected to be made by the company during the financial year 2016-17 as ascertained by the management is Rs 0.32 crs (Previous Year Rs 0.22 crs)



Talwandi Sabo Power Limited

Notes forming part of the financial statements for the year ended March 31, 2016

40 Arising from the announcement of the Institute of Chartered Accountants of India (ICAI) on 29th March, 2008, the Company has, since 2008-09, chosen to early adopt Accounting Standard (AS) 30, 'Financial Instruments: Recognition and Measurement'. Coterminous with this, in the spirit of complete adoption, as has been announced by the ICAI, the Company has also implemented the consequential limited revisions in view of AS-30 to certain Accounting Standards. However, there is no significant deviation from the other notified Accounting Standards arising from this adoption.

41 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) |

(c) Key Managerial Personnel

| |
|---------------------|
| Mr. S. K. Roongta * |
| Mr. M. Siddiqi * |
| Mrs. Pooja Somani * |

* No transaction with parties during the year.



Talwandi Sabo Power Limited

Notes forming part of the financial statements for the year ended March 31, 2016

41 Related Party Disclosures (Contd.)

| Details of transactions during the year with related parties : | | |
|--|--|--|
| Particulars | Year ended March 31, 2016 Amount (Rs. Crs) | Year ended March 31, 2015 Amount (Rs. Crs) |
| 1) Loans and Advances (Vedanta Limited) | | |
| (i) Balance at the beginning of the year | - | (393.66) |
| (ii) Given/(Received) during the year | - | (300.00) |
| (iii) Tax deducted during the year | - | 1.44 |
| (iv) Interest paid during the year | - | (14.39) |
| (v) Issue of shares in lieu of outstanding Loan | - | 706.61 |
| (vi) Balance as at year end | - | - |
| 2) Recovery from / (Reimbursement to) for deputed Employees cost and other expenses - Net | | |
| (i) Vedanta Limited (VL) | (4.41) | (13.99) |
| (ii) Malco Energy Limited | 0.01 | 0.01 |
| (iii) Hindustan Zinc Limited (HZL) | (0.06) | (0.06) |
| (iv) Bharat Aluminium Company Limited (BALCO) | 1.27 | (0.08) |
| (v) Vizag General Cargo Berth Private Limited (VGCB) | (0.01) | 0.00 |
| 3) Bank Guarantees/Corporate Guarantee issued on our behalf as at the end of the year | | |
| (i) Vedanta Limited (VL) | 7,482.65 | 6,975.74 |
| 4) Purchase / (sale) of Capital Goods/ Fixed Assets | | |
| (i) Vedanta Limited (VL) | 0.49 | 0.17 |
| (ii) Bharat Aluminium Company Limited (BALCO) | 0.48 | 0.01 |
| (ii) Hindustan Zinc Limited (HZL) | 0.14 | - |
| 5) Debit Balances 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 | - |
| 6) Credit Balances as at the end of the year | | |
| (i) Vedanta Limited (VL) | 2.62 | 0.56 |
| (ii) Hindustan Zinc Limited (HZL) | 0.02 | - |
| (iii) Bharat Aluminium Company Limited (BALCO) | - | 0.06 |



41 Related Party Disclosures (Contd.)

Transactions during the year with related parties

| Sr No. | Nature of Transactions | Holding Company | | Fellow Subsidiaries | | Total Amount | |
|--------|--|------------------|------------------|---------------------|------------------|------------------|------------------|
| | | FY 2016 | FY 2015 | FY 2016 | FY 2015 | FY 2016 | FY 2015 |
| | | Amount (Rs. crs) | Amount (Rs. crs) | Amount (Rs. crs) | Amount (Rs. crs) | Amount (Rs. crs) | Amount (Rs. crs) |
| 1 | Loans and Advances given/(received) during the year | - | (300.00) | - | - | - | (300.00) |
| 2 | Tax deducted during the year | - | 1.44 | - | - | - | 1.44 |
| 3 | Interest paid during the year | - | (14.39) | - | - | - | (14.39) |
| 4 | Loans and Advances balance as on March 31 | - | - | - | - | - | - |
| 5 | Recovery from / (Reimbursement to) for deputed Employees cost and other expenses-Net | (4.41) | (13.99) | 1.21 | (0.12) | (3.21) | (14.11) |
| 6 | Bank Guarantees/Corporate Guarantee issued on our behalf | 7,482.65 | 6,975.74 | - | - | 7,482.65 | 6,975.74 |
| 7 | Purchase / (sale) of Capital Goods/ Fixed Assets | 0.49 | 0.17 | 0.62 | 0.01 | 1.11 | 0.18 |
| 8 | Debit Balances as on March 31 | - | - | 0.03 | - | 0.03 | - |
| 9 | Credit Balances as on March 31 | 2.62 | 0.56 | 0.02 | 0.06 | 2.64 | 0.62 |



Talwandi Sabo Power Limited

Notes forming part of the financial statements for the year ended March 31, 2016

42 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 Accounting Standard 17- 'Segment Reporting'.

43 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 attaching 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, 2016 was Rs. 2.56 Crs (previous year Rs. 2.67 Crs). The Company considers these amounts as not material and accordingly has not provided further disclosures.

44 Previous year's figures


Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Place: Mumbai
Date: April 21, 2016



For and on behalf of the Board of Directors


S.K. Roongta
Chairman


M. Siddiqi
Director


Amit Agarwal
Chief Financial Officer


Pankaj Chauhan
Company Secretary