

AUDITORS' REPORT TO THE MEMBERS OF TALWANDI SABO POWER LIMITED

1. We have audited the attached Balance Sheet of **TALWANDI SABO POWER LIMITED** ("the Company") as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956. Additionally, the Company has chosen to early adopt Accounting Standard 30 "Financial Instruments: Recognition and Measurement" arising from the Announcement of the Institute of Chartered Accountants of India dated March 29, 2008 as stated in Note 29 to the financial statements.

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- (c) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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



Khurshed Pastakia
Partner
(Membership No.:31544)

MUMBAI, April 20, 2012

KP/NS/2012

Deloitte Haskins & Sells

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

- (i) Having regard to the nature of the Company's business/activities/result, clauses (ii), (viii), (x), (xii), (xiii), (xiv), (xv), (xviii), (xix) and (xx) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets. There are no transactions for purchase of inventory and sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956.



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- (vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2012 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of any dispute.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- (x) 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.
- (xi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short term basis aggregating Rs. 12,573,987,026 have been used for long term investment.

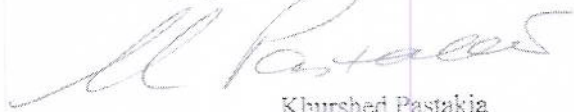
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- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

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



Khurshed Pastakia
Partner
(Membership No.: 31544)

MUMBAI, April 20, 2012

KP/NS/2012

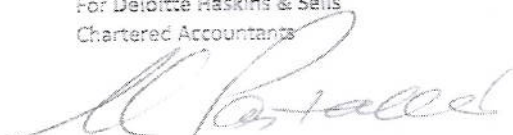
Talwandi Sabo Power Limited
Balance Sheet as at 31st March, 2012


(Amount in Rupees)


Particulars	Note No.	As at 31st March, 2012	As at 31st March, 2011
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	4,000,500,000	4,000,500,000
(b) Reserves and surplus	4	(95,151,047)	(20,123,068)
2 Noncurrent liabilities			
(a) Long term borrowings	5	27,862,147,293	15,874,437,508
(b) Other long term liabilities	6	2,635,332,956	138,835,127
(c) Long term provisions	7	1,181,738	-
3 Current liabilities			
(a) Short term borrowings	8	10,011,535,952	-
(b) Other current liabilities	9	2,832,301,681	281,153,664
(c) Short term provisions	10	98,621	-
TOTAL		47,247,947,194	20,274,803,231
II. ASSETS			
Noncurrent assets			
1 (a) Fixed assets		25,998,367,266	5,854,501,105
(i) Tangible assets	11	32,987,099	17,744,330
(ii) Capital work-in-progress	24	25,965,380,167	5,836,756,775
(b) Long term loans and advances	12	20,979,504,215	10,899,960,632
(c) Other noncurrent assets	13	126,485	100,000
2 Current assets			
(a) Current investments	14	8,511,926	694,974,124
(b) Cash and cash equivalents	15	238,490,451	2,508,007,469
(c) Short term loans and advances	16	22,846,851	317,259,901
TOTAL		47,247,947,194	20,274,803,231
Notes 1 to 33 form an integral part of the accounts			

For and on behalf of the Board of Directors

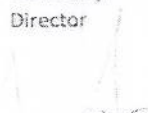
In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

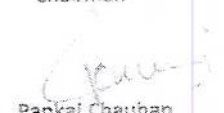

Khurshed Pastakia
Partner


M. Siddiqi
Director


S. K. Roongta
Chairman

Place: Mumbai
Date: 20th April, 2012


Anup Agarwal
AVP-Finance

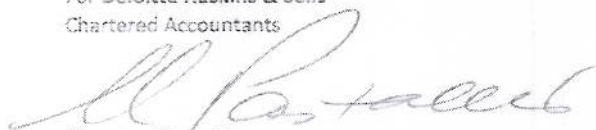

Pankaj Chauhan
Company Secretary

Telwandi Sabo Power Limited
Statement of Profit and Loss for the Year ended 31st March, 2012

(Amount in Rupees)


Particulars		Note No.	31st March, 2012	31st March, 2011
I.	Revenue from operations		-	-
II	Total Revenue		-	-
III	Expenses: Other expenses	17	75,027,979	20,043,165
IV	Total expenses		75,027,979	20,043,165
V	Profit/ (Loss) before tax		(75,027,979)	(20,043,165)
VI	Tax expense		-	-
VII	Profit/(Loss) for the year		(75,027,979)	(20,043,165)
VIII	Earnings per equity share (of Rs. 10/- each) :	27		
	(1) Basic		(0.19)	(0.05)
	(2) Diluted		(0.19)	(0.05)
Notes 1 to 33 form an integral part of the accounts				


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



Khurshed Pestakia
Partner

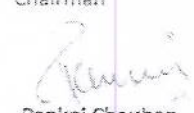
Place: Mumbai
Date: 20th April, 2012

For and on behalf of the Board of Directors


M. Siddiq
Director


Anup Agarwal
AVP-Finance


S. K. Roongta
Chairman


Pankaj Chauhan
Company Secretary

TALWANDI SABO POWER LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(Amount in Rupees)

	PARTICULARS	31st March, 2012	31st March, 2011
A	Cash flows from operating activities		
	Net Profit/ (loss) before tax	(75,027,979)	(10,043,165)
	Adjusted for :		
	Unrealised exchange Loss	75,002,674	-
	Loss on Sale of Fixed Asset	25,305	-
	Net cash from operating activities (i)	-	(10,043,165)
B	Cash flows from investing activities		
	Purchase of fixed assets including Capital Work-in-Progress	(27,145,613,238)	(6,339,669,762)
	Sale of Fixed Assets	45,383	69,157
	Purchase of Investment (Mutual Funds) including dividend reinvestment	(5,919,661,501)	(26,024,325,734)
	Sale of Investments	6,606,023,700	26,522,069,586
	Interest Income on Fixed Deposit	61,039,493	6,335,616
	Investment in Fixed Deposit	(26,485)	-
	(Increase)/Decrease in loans and advances	251,894,382	(283,249,249)
	Increase/ (Decrease) in other liabilities and provisions	4,396,192,318	(4,859,495,589)
	Dividend received and reinvested	48,657,675	56,694,216
	Net cash from investing activities (ii)	(21,701,448,273)	(11,820,972,759)
C	Cash flows from financing activities		
	Proceeds from Non-Convertible Debenture	-	14,963,364,785
	Proceeds from Buyer's Credit	16,799,611,945	923,592,872
	Proceeds from Inter Corporate Deposit	4,250,000,000	10,500,000,000
	Repayment of Inter Corporate Deposit	-	(11,750,000,000)
	Interest and finance charges paid	(1,617,680,690)	(289,464,048)
	Net cash from financing activities (iii)	19,431,931,255	14,347,483,609
	Net (decrease)/Increase in cash and cash equivalents (i+ii+iii)	(2,269,517,018)	2,506,467,685
	Cash and cash equivalents at beginning of the year	2,508,007,469	1,539,784
	Cash and cash equivalents at close of the year	238,480,451	2,506,007,469
	[Refer Note 15 to the financial statements]		

Note :

- (i) Net movement in working capital is considered as part of Investment Activities as the Company is in project stage.
(ii) Previous year's figures have been regrouped/ rearranged, wherever necessary.

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

Khurshed Pastakia
Partner

Place: Mumbai
Date: 20th April, 2012

For and on behalf of the Board of Directors

M. Siddiqi
Director

Anup Agarwal
AVP-Finance

S. K. Roongta
Chairman

Pankaj Chauhan
Company Secretary

Talwandi Sabo Power Limited
Notes to Financial Statements for the year ended 31st March, 2012

1 Company's Overview :

Talwandi Sabo Power Limited (TSPL) was incorporated as a Special Purpose Vehicle by Punjab State Electricity Board (PSEB) to construct a coal based thermal power plant project on Build, Own and Operate (BOO) basis. TSPL became a wholly owned subsidiary of Sterlite Energy Limited (SEL) pursuant to the selection of SEL as the successful bidder after going through a tariff based International Competitive Bidding (ICB) process. The Share Purchase Agreement (SPA), Power Purchase Agreement (PPA) for sale of power from the Plant to PSEB for a period of 25 years at a levelized tariff of INR 2.864 per KW and other necessary documents were signed between SEL, TSPL and PSEB on September 01, 2008, which is also the Effective/Zero date for implementation of the said power project.

2 Significant Accounting Policies

(a) Basis of Accounting

The Financial Statements are prepared as a going-concern under historical cost convention on an accrual basis and in accordance with the Companies Act, 1956 except those items covered under "Accounting Standard - 30" on "Financial Instruments : Recognition and Measurement" which have been measured at their fair value . Accounting policies not stated explicitly otherwise are consistent with generally accepted accounting principles.

(b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires 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 reporting period. Differences between the actual results and estimates are recognized in the periods in which the results are known/materialize.

(c) Fixed Assets

Fixed assets (tangible) are stated at cost of acquisition/construction less accumulated depreciation/amortization and impairment loss. Costs include non-refundable taxes and duties, borrowing costs and other expenses incidental to acquisition.

(d) Expenditure During Construction Period

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



(e) Investments

Current Investments are stated at fair value. Dividend Income is accounted when the right to receive dividend is established.

(f) Employees Benefits

Short Term:

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

Long Term:

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

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

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

(g) Borrowing Costs

Borrowing Costs attributable to the acquisition and construction of qualifying assets are capitalized as part of costs of such asset till such time the asset is ready for its intended use. A qualifying asset is one that requires substantial period of time to get ready for its intended use. All other Borrowing Costs are expensed as incurred.

(h) Depreciation

The carrying amounts of the tangible fixed assets are depreciated to their estimated residual value over the estimated useful lives of the assets using Straight Line Method subject to the minimum rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions to / deletions from fixed assets is provided on pro-rata basis from / upto the date of such addition / deletion as the case may be.

(i) Taxation

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



(j) *Impairment of Fixed Assets*

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

(k) *Provisions, Contingent Liabilities and Contingent Assets*

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

(l) *Foreign Currency Transactions*

Initial Recognition:

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition:

Foreign currency monetary items are reported using the exchange rates prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences:

Exchange differences arising on settlement or translation of monetary items are recognized as income or expense in the Statement of Profit and Loss except in respect of long term foreign currency monetary items, which are not covered by 'Accounting Standard – 30, Financial Instruments: Recognition and Measurement', relating to the acquisition of depreciable capital assets. Exchange differences on such items are added to / deducted from the cost of depreciable capital assets. In respect of other long term monetary items, exchange differences are accumulated in a Foreign Currency Monetary Item Translation Difference Account and amortized over the balance period of such long term monetary items but not beyond March 31, 2020.

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Note 3 -Share capital

Particulars	31st March, 2012		31st March, 2011	
	Number of shares	Rs.	Number of shares	Rs.
Authorised Share Capital				
Equity Shares of Rs.10 each, with voting rights	2,500,000,000	25,000,000,000	2,500,000,000	25,000,000,000
Issued,Subscribed & Fully Paid up				
Equity Shares of Rs.10 each, with voting rights	400,050,000	4,000,500,000	400,050,000	4,000,500,000
Total	400,050,000	4,000,500,000	400,050,000	4,000,500,000

(i) Disclosure of number of shares outstanding for each class of shares as at 31st March, 2012

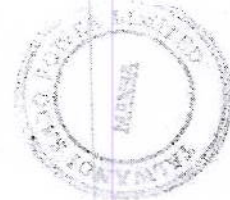
Particulars	Equity Shares	
	Number of shares	Rs.
Shares outstanding at the beginning of the year	400,050,000	4,000,500,000
Movement during the year	-	-
Shares outstanding at the end of the year	400,050,000	4,000,500,000

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

400,050,000 (Previous Year: 400,050,000) Equity Shares i.e 100% of the equity shares are held by the Holding Company, Sterlite Energy Limited and its nominees. The Ultimate Holding Company, Vedanta Resources Plc., United Kingdom, does not hold any equity in the Company.

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

Name of Shareholder	As at 31st March, 2012		As at 31st March, 2011	
	Number of shares held	% of Holding	Number of shares held	% of Holding
Sterlite Energy Limited and its nominees	400,050,000	100	400,050,000	100



Note 4 - Reserves and surplus

(Amount in Rupees)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Surplus/ (deficit) in Statement of Profit and Loss	(20,123,068)	(79,903)
Balance at the beginning of the year	(75,027,979)	(20,043,165)
Add : Profit/ (Loss) for the year		
Total	(95,151,047)	(20,123,068)

Note 5- Long term borrowings

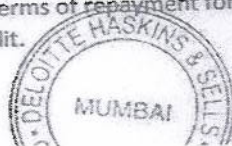
(Amount in Rupees)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Secured:		
(a) Debentures :	14,982,492,925	14,963,354,785
15,000 (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. Redemption of the debentures will start from 9/3/2021. [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 Sterlite Industries (India) Limited] [(Refer Note (i) below)]		
(b) Buyer's Credit from banks :	11,912,135,524	911,082,723
(i) ICICI Bank Limited - Buyer's Credit Rs. 7,073,975,010 (Previous Year : Rs. 911,082,723) [Secured by unconditional and irrevocable Corporate Guarantee from Sterlite Industries (India) Limited and first charge on pari passu basis on all the movable assets of the Company]		
(ii) AXIS Bank Buyer's Credit Rs. 4,838,160,514 (Previous Year : Nil) [Secured by unconditional and irrevocable Corporate Guarantee from Sterlite Industries (India) Limited and subservient charge on the current assets and movable fixed assets of the Company] [(Refer note (ii) below)]		
Total (A)	26,894,628,449	15,874,437,508
Unsecured:		
Buyer's Credit from bank :	967,518,844	-
SBI Buyer's Credit Rs. 967,518,844 (Previous Year : Nil) [Guaranteed by unconditional and irrevocable Corporate Guarantee from Sterlite Industries (India) Limited] [(Refer Note (ii) below)]		
Total (B)	967,518,844	-
Total (A + B)	27,862,147,293	15,874,437,508

Note -(i): As per Section 117C of the Companies Act, 1956, a Company shall create a debenture redemption reserve for the redemption of debentures to which adequate amount shall be credited, from out of its profits every year until such debentures are redeemed. As the Company is in project stage, in absence of profit during the year, the Company has not created the said reserve.

Note -(ii): The rate of interest and other terms of repayment for these buyer's credit are based on the agreement with the respective banks and the nature of such buyer's credit.

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Note 6- Other long term liabilities

(Amount in Rupees)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Others:		
-Project Retention Money	2,635,332,956	138,835,127
Total	2,635,332,956	138,835,127

Note 7 - Long term provisions

(Amount in Rupees)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Provision for employee benefits :		
Provision for compensated absences	1,181,738	-
Total	1,181,738	-

Note 8 - Short term borrowings

(Amount in Rupees)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Secured		
ICICI Bank Limited - Buyer's Credit [Secured by unconditional and irrevocable Corporate Guarantee from Sterlite Industries (India) Limited and first charge on pari passu basis on all the movable assets of the Company].	1,758,543,321	-
Total (A)	1,758,543,321	-
Unsecured		
(a) Loans and advances from related parties (Repayable on demand)	4,250,000,000	-
(b) SBI - Buyer's Credit [Guaranteed by unconditional and irrevocable Corporate Guarantee from Sterlite Industries (India) Limited]	4,002,992,631	-
Total (B)	8,252,992,631	-
Total	10,011,535,952	-



Note 9 - Other current liabilities

(Amount in Rupees)

Particulars	As at 31st March, 2012	As at 31st March, 2011
(a) Interest accrued but not due on borrowings	346,019,649	206,517,209
(b) Other payables	2,443,285,997	25,307,891
-Project Retention Money	12,920,728	31,416,164
-Statutory Dues	14,396,881	8,119,315
-Due to Related Parties (Refer Note 30)	15,678,426	9,793,085
-Other Liabilities		
Total	2,832,301,681	281,153,664

Note 10- Short term provisions

(Amount in Rupees)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Provision for employee benefits :	53,325	-
(i) Provision for compensated absences	45,296	-
(ii) Provision for Gratuity (Refer Note 28)	98,621	-
Total		



Taiwandi Sabo Power Limited
Notes to Financial Statements for the year ended 31st March, 2012

Note 11 - Fixed assets

(Amount in Rupees)

	Gross Block			Accumulated Depreciation			Net Block		
	Balance as at April 1st, 2011	Additions	Deductions	Balance as at 31st March, 2012	Balance as at April 1st, 2011	Depreciation charge	Deductions	Balance as at 31st March, 2012	Balance as at 31st March, 2011
Tangible Assets									
Buildings	7,869,749	3,659,757	-	11,529,506	2,947,302	1,983,073	-	4,930,375	4,922,447
Furniture and Fixtures	4,357,718	1,411,545	-	5,769,263	1,437,756	472,471	-	1,910,227	2,919,962
Vehicles	48,150	-	-	48,150	9,725	4,574	-	14,299	38,425
Office equipment	6,814,914	12,143,657	29,300	18,929,271	412,832	396,466	2,685	806,513	5,402,082
Others (Computers and Laptops)	4,422,524	1,752,855	16,083	6,159,296	961,110	830,363	4,600	1,786,873	3,461,414
Total	23,513,055	18,967,814	45,383	42,435,486	5,768,725	3,686,947	7,285	9,448,387	17,744,330
Previous year	12,532,211	11,053,570	72,676	23,513,055	2,957,835	2,814,409	3,519	5,768,725	



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Talwandi Sabo Power Limited
Notes to Financial Statements for the year ended 31st March, 2012

Note 12 - Long term loans and advances

(Amount in Rupees)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Unsecured, considered good :		
(a) Capital Advances	20,968,374,069	10,891,384,585
(b) Security Deposits	10,124,850	8,227,150
(c) Advance Tax and TDS Receivable	929,044	272,645
(d) FBT Receivable	76,252	76,252
Total	20,979,504,215	10,899,960,632

Note 13 - Other noncurrent assets

(Amount in Rupees)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Bank deposits with more than twelve months maturity (Under lien)	126,485	100,000
Total	126,485	100,000

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Notes to Financial Statements for the year ended 31st March, 2012

Note 14- Current Investments
Investments in mutual funds-unquoted

Fund Particulars	Face value	No. of Units		Value of Investment	
		Holding as at 31.03.2012	Holding as at 31.03.2011	Holding as at 31.03.2012	Holding as at 31.03.2011
ICICI Pru Flexible Income Plan Premium-Daily Dividend Plan	Rs.100	10,143	1,783,958	1,072,422	186,626,750
Tata Floater Fund-Daily Dividend Plan	Rs.10	36,782	23,199,419	369,134	232,620,092
Reliance Money Manager Fund - Daily Dividend Plan	Rs.1000	-	33,851	-	39,667,232
UTI Treasury Advantage Fund - Institutional Plan	Rs.1000	-	66,170	-	66,188,704
Religare Ultra Short Term Fund - Institutional Daily Dividend	Rs.10	-	141,463	-	141,705,342
Canara Robeco Treasury Advantage Super Inrtt Daily Div ReInv Fund	Rs.10	-	2,560,708	-	31,770,964
Reliance Liquidity Fund-Daily Dividend ReInvestment Option	Rs.10	159,659	-	1,697,456	-
UTI Liquid Cash Plan-Daily Dividend Plan	Rs.1000	1,165	-	1,186,114	-
Religare Liquid Fund-Daily Dividend Plan	Rs.1000	1,608	-	1,609,390	-
Canara Robeco Liquid Super Inrtt Daily Div ReInv Fund	Rs.1000	1,564	-	1,593,998	-
TATA Liquid Super High Investment Fund -Daily Dividend	Rs.1000	971	-	1,082,372	-
Total		221,912	27,786,659	8,614,526	694,974,124

Particulars	(Amount in Rs)	
	31st March, 2012	31st March, 2011
Aggregate amount of unquoted Investments	8,611,926	694,974,124
Total	8,611,926	694,974,124



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(Amount in Rupees)

Note 15 - Cash and cash equivalents

Particulars	As at 31st March, 2012	As at 31st March, 2011
Cash and cash equivalents:	238,490,451	1,055,587
(a) Balances with banks	-	16,266
(b) Cash on hand	-	2,506,935,616
(c) Bank deposits (maturity of three months or less)	238,490,451	2,508,007,469
Total		

(Amount in Rupees)

Note 16- Short term loans and advances

Particulars	As at 31st March, 2012	As at 31st March, 2011
Unsecured, considered good :		
(a) Loans and advances to related parties (Refer Note 30)	28,944	253,114,284
(b) Others	22,136,796	23,898,553
- Advances for Expenses	681,111	280,728
- Prepaid Expenses	-	39,966,336
- Interest Accrued but not Due		
Total	22,846,851	317,259,901

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Talwandi Sabo Power Limited
 Notes to Financial Statements for the year ended 31st March, 2012

(Amount in Rupees)

Note 17 - Other expenses	31st March 2012	31st March 2011
Particulars		
Net loss on foreign currency transactions	75,002,674	-
ROC Fees	-	19,982,500
Donation	25,305	60,665
Loss on Sale of Fixed Assets	-	-
Total	75,027,979	20,043,165

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Talwandi Sabo Power Limited
Notes to Financial statements for the year ended 31st March, 2012

Additional Information to the Financial Statements:

18 Estimated amounts of contracts remaining to be executed on capital account not provided for (net of advances) Rs. 62,237,625,229 (March 2011: Rs. 81,189,883,468)

19 Contingent Liabilities

(i) Details of Bank Guarantee:

Particulars	31st March, 2012 (Rupees)	31st March, 2011 (Rupees)
Bank Guarantee to Custom Authority	945,488,400	945,488,400
Bank Guarantee to Executive Engineer (Punjab Irrigation Department)		167,250,000
Bank Guarantee - Others	100,000	100,000
Total	945,588,400	1,112,838,400

(ii) Land Cases filed by erstwhile owners of land in earlier years for enhancement of compensation have been dismissed by the District Judge during the current year and only one land case is pending decision as at 31st March, 2012. The Mansa District Administration and Punjab State Electricity Board (PSEB), which acquired the land, are defending the case and the Company has not been made party to this case. There may be a liability on the Company in case of award in favour of the land owner. The Company has obtained legal advice that in case of such an eventuality, the Company can remand such award and hence has been advised not to become party to these cases.

20 Sterlite Energy Limited (SEL) 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. 4,937,519,466 as mobilization advance. The said contract has been novated in the name of Talwandi Sabo Power Limited (TSPL) by virtue of a novation agreement dated November 17, 2009 between SEL, TSPL and SEPCO and all rights & obligations of SEL have been assigned to TSPL by virtue of the novation agreement. SEL has guaranteed to SEPCO to discharge TSPL's obligation, including right of recourse to SEL under the guarantee, in case of failure of TSPL to perform its obligations under the EPC contract.

21 Auditors' Remuneration (including service tax)

Particulars	31st March, 2012 (Rupees)	31st March, 2011 (Rupees)
Audit Fees	661,800	363,990
Other Audit Related Fees	441,200	363,990
Out of Pocket Expenses	3,959	9,310
Total	1,106,959	737,290



22 Expenditure in Foreign Currency (on accrual basis)

Particulars	31st March, 2012 (Rupees)	31st March, 2011 (Rupees)
Travel	4,651,841	2,801,764
Interest on Buyers' Credit	86,791,924	480,327
Technical & Professional Services		1,307,369
Total	91,443,765	4,589,460

23 Value of Imports calculated on CIF Basis

Type	31st March, 2012 (Rupees)	31st March, 2011 (Rupees)
Capital Goods	20,617,932,448	1,466,648,309
Total	20,617,932,448	1,466,648,309

24 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	31st March, 2012 (Rupees)	31st March, 2011 (Rupees)
Capital Work in Progress (A)	21,328,539,026	4,742,622,183
Expenditure during Construction Period:		
Opening Balance (a)	1,094,134,592	466,470,725
Incurring during the year		
Expenses	101,094,271	67,200,825
Employees' Remuneration and Benefits- (i)	607,862,102	73,931,315
Administrative and General Expenses- (ii)	2,900,417,983	597,779,434
Finance Expenses- (iii)	3,686,947	2,814,409
Depreciation- (iv)	3,613,061,303	741,725,983
Total Expenses- (b) = (i + ii + iii + iv)		
Income	(48,657,675)	(56,694,215)
-Dividend from Mutual Fund	-	(9,733,064)
-Foreign Exchange Gain	(21,697,079)	(47,634,837)
-Interest & Other Income	(70,354,754)	(114,062,116)
Total Income- (c)	3,542,706,549	627,663,867
Net Expenditure During the Year- (d) = (b + c)	4,636,841,141	1,094,134,592
Closing Balance (B) = (a)+(d)	25,965,380,167	5,836,756,775
Total Capital Work in Progress (A+B)		

25 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.



26 The Company has neither entered into any derivative instruments nor has it undertaken any hedging activities.

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

Particulars	March 31, 2012		March 31, 2011	
	USD	Rs.	USD	Rs.
Buyer's Credit	365,006,004	18,672,531,957	20,483,156	914,572,898
Buyer's Credit Interest	2,757,354	141,056,580	249,384	11,135,008
Capital Creditors	79,154,320	4,049,257,976	2,972,464	132,720,509
Total	446,919,678	22,862,846,513	23,705,004	1,058,428,415

Disclosures under Accounting Standards :

27 Earnings Per Share (EPS)

Particulars	31st March, 2012	31st March, 2011
Net profit/(loss) after tax attributable to equity shareholders - in Rs.	(75,027,979)	(20,043,165)
Nominal Value per share - in Rs	10	10
Number of Equity Shares	400,050,000	400,050,000
Weighted average number of Equity shares for Basic EPS	400,050,000	400,050,000
Weighted average number of Equity shares for Diluted EPS	400,050,000	400,050,000
Earning Per Share -in Rs. -Basic and Diluted	(0.19)	(0.05)



28 Employee Benefits

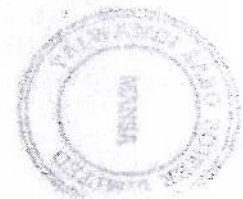
(i) Defined Benefit Plan:

Gratuity

The Company makes contributions to Group Gratuity Scheme with Life Insurance Corporation of India (LIC).
The details of the Gratuity plan are:

Particulars	31st March, 2012 (Rupees)	31st March, 2011 (Rupees)
A) Actuarial assumptions		
Salary growth (p.a.)	6%	4%
Expected rate of Return on Plan Assets (p.a.)	N.A.	N.A.
Discount rate (p.a.)	8.50%	8%
Mortality rate	LIC 1994-96 Ultimate	LIC 1994-96 Ultimate
B) Amount recognized in Expenditure during the period		
Current service cost	411,033	1,372,042
Past service cost	-	-
Interest cost	116,624	-
Expected return on plan assets	-	-
Net actuarial (gains)/losses recognized	328,905	-
Total *	856,562	1,372,042
C) Movement in present value of defined benefit obligation		
Obligation at the beginning of the year	1,372,042	-
Current service cost	411,033	1,372,042
Past service cost	-	-
Interest cost	116,624	-
Actuarial (gains)/losses	328,905	-
Benefits paid	(115,269)	-
Obligation at the end of the year	2,113,335	1,372,042
D) Movement in present value of plan assets		
Fair value at the beginning of the year	1,372,042	-
Expected return on plan assets	-	-
Actuarial gains/(losses)	-	-
Contribution	811,266	1,372,042
Benefits paid	(115,269)	-
Fair value at the end of the year	2,068,039	1,372,042
E) Amount Recognized in the Balance Sheet		
Present value of obligation at the end of the year	2,113,335	1,372,042
Less: Fair value of plan assets at the end of the year	2,068,039	1,372,042
Net liability recognized in the Balance Sheet	45,296	-
F) Experience adjustment on actuarial gain / (loss) for Plan Obligation and Plan Assets		
	31st March, 2012 (Rupees)	31st March, 2011 (Rupees)
On Plan Obligation	(328,905)	-
On Plan Assets	-	-

* The amount is included in the line item – "Employees' Remuneration and Benefits" under capital work in progress (Refer Note 24).



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

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 2012-13 as ascertained by the management is Rs. 646,256.

(ii) Defined Contribution Plan:

The Company has recognized for the year ended 31st March, 2012, an amount of Rs 2,598,180 (31st March, 2011: Rs. 1,685,610) under defined contribution plan in the capital work in progress as follows:

Employees' Remuneration and Benefits	31st March, 2012 (Rupees)	31st March, 2011 (Rupees)
Provident Fund	1,897,442	1,281,453
Superannuation	705,738	404,157
Total	2,598,180	1,685,610

29 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 have 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.

30 Related Party Disclosures

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

Holding Companies
 Immediate : Sterlite Energy Limited (SEL)
 Ultimate : Sterlite Industries (India) Limited (SIIIL)
 Vedanta Resources Plc *
 Vulcan Investments Limited.*
 Vedanta Resources Holding Limited (VRHL) *
 Twin Star Holdings 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)
 The Madras Aluminium Company Limited (MALCO)
 Vedanta Aluminium Limited (VAL)
 Sesa Goa Limited
 Vizag General Cargo Berth Private Limited

(c) Key Managerial Personnel

Mr. S. K. Roongta * (w.e.f. 19.01.2012)
 Mr. M. Siddiqi * (w.e.f. 22.04.2011)
 Mr. M. S. Mehta * (Upto 19.01.2012)
 Mr. D. D. Jalan* (Upto 19.01.2012)
 Mr. B. K. Sharma* (Upto 31.01.2012)

* No transaction with parties during the year.



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Details of transactions during the year with related parties:		
Particulars	31st March, 2012 (Rupees)	31st March, 2011 (Rupees)
1) Loans & Advances		
a) Given/(Received) during the year		
(i) Sterlite Energy Limited (SEL)	(4,250,000,000)	(10,500,000,000)
(ii) Sterlite Industries (India) Limited (SIIL)		
b) Repaid during during the year		
(i) Sterlite Energy Limited (SEL)		10,500,000,000
(ii) Sterlite industries (India) Limited (SIIL)		1,250,000,000
c) Balance as at year end		
Sterlite Energy Limited (SEL)	(4,250,000,000)	-
2) Interest Paid / (Received) on Inter Corporate Deposits		
(i) Sterlite Energy Limited (SEL)	-	68,931,506
(ii) Sterlite industries (India) Limited (SIIL)	-	33,424,658
3) Recovery from /(Reimbursement to) for deputed Employees cost and other expenses -Net		
(i) Sterlite Energy Limited(SEL)	(9,602,703)	(43,969,997)
(ii) Sterlite Industries (India) Ltd (SIIL)	(40,594,412)	(27,916,256)
(iii) Hindustan Zinc Limited (HZL)	(61,406)	(48,234)
(iv) Vedanta Aluminum Limited (VAL)	(8,621,258)	(604,439)
(v) Madras Aluminum Company Ltd. (MALCO)	108,688	178,095
(vi) Bharat Aluminium Company Ltd.(BALCO)	367,218	220,163
(vii) Sesa Goa Limited	1,48,009	-
(viii) Vizag General Cargo Berth Pvt Limited(VGCB)	145,640	-
4) Bank Guarantees/Corporate Guarantee issued on our behalf		
(i) Sterlite Energy Limited (SEL)	1,839,680,000	1,839,680,000
(ii) Sterlite Industries (India) Ltd (SIIL)	34,230,569,535	46,106,782,878
5) Capital Advance on our behalf		
a) Repaid during the Year		
Sterlite Energy Limited (SEL)	-	4,937,519,466
6) Purchase of capital goods/Assets		
(i) Bharat Aluminium Company Ltd.(BALCO)	21,815	29,078
(ii)Vedanta Aluminum Limited (VAL)	28,052	
7) Debit Balances as at 31st March, 2012		
(i) Sterlite Energy Limited	3,797	252,164,383
(ii) Bharat Aluminium Company Ltd.(BALCO)	25,147	-
(iii) Sterlite Industries (India) Ltd.(SIIL)	-	949,901
8) Credit Balances as at 31st March, 2012		
(i) Sterlite Industries (India) Ltd.(SIIL)	13,230,846	4,762,441
(ii) Vedanta Aluminum Limited (VAL)	1,166,035	-
(iii) Sterlite Energy Limited	-	3,331,924
(iv) Bharat Aluminium Company Ltd.(BALCO)	-	24,950

31 The Company's activities during the year revolved around setting up of the project at Talwandi, 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'.



Disclosure on employee share based payments :

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

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

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

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

Amount recovered by Vedanta and recognized by the Company in the capital work in progress for the financial year ended 31st March, 2012 and 31st March, 2011 was Rs 10,026,969 and Rs.3,380,738 respectively. The Company considers these amounts as not material and accordingly has not provided further disclosures.

Previous year's figures

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



For and on behalf of the Board of Directors

M. Siddiqi
Director

S. K. Roongta
Chairman

Anub Agarwal
AVP-Finance

Pankaj Chauhan
Company Secretary

Place: Mumbai
Date: 20th April, 2012