

## **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 31<sup>st</sup> March, 2013, 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 Management is responsible for 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 Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.



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

## 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

## Report on Other Legal and Regulatory Requirements


1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (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, comply with the Accounting Standards referred to in Section 211(3C) of the Act, together with the early adoption by the Company of Accounting Standard 30-"Financial Instruments: Recognition and Measurement" effective April 1, 2008, and the consequential limited revisions as have been announced by the Institute of Chartered Accountants of India to certain Accounting Standards, as stated in Note 2(a) and 30 of notes to the financial statements.



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- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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



(Khurshed Pastakia)  
(Partner)  
(Membership No. 31544)

pl

MUMBAI, 19<sup>th</sup> April, 2013

# Deloitte Haskins & Sells

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

- (i) Having regard to the nature of the Company's business/activities/result during the year, clauses (ii), (vi), (viii), (xii), (xiii), (xiv), (xv), (xviii), (xix) and (xx) of paragraph 4 of the Order are not applicable to the Company.
- (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) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (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, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs 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 Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2013 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.
- (viii) The accumulated losses of the Company at the end of the financial year are not more than fifty percent of its net worth and the Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (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.35,653,649,426 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 material fraud on the Company has been noticed or reported during the year.

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



(Khurshed Pastakia)  
(Partner)  
(Membership No. 31544)

MUMBAI, 19<sup>th</sup> April, 2013

**Talwandi Sabo Power Limited**  
**Balance Sheet as at 31st March, 2013**

Particulars		Note No.	As at	As at
			31st March, 2013	31st March, 2012
			(Amount in Rupees)	(Amount in Rupees)
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholders' funds</b>			
	(a) Share capital	3	4,000,500,000	4,000,500,000
	(b) Reserves and surplus	4	(396,450,163)	(95,151,047)
<b>2</b>	<b>Non-current liabilities</b>			
	(a) Long-term borrowings	5	32,359,637,717	27,862,147,293
	(b) Other long-term liabilities	6	6,932,092,957	2,635,332,956
	(c) Long-term provisions	7	3,562,438	1,181,738
<b>3</b>	<b>Current liabilities</b>			
	(a) Short-term borrowings	8	22,160,014,390	10,011,535,952
	(b) Other current liabilities	9	16,023,487,965	2,832,301,681
	(c) Short-term provisions	10	240,181	98,621
	<b>TOTAL</b>		<b>81,083,085,485</b>	<b>47,247,947,194</b>
<b>II.</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
	(a) Fixed assets			
	(i) Tangible assets	11	34,688,729	32,987,099
	(ii) Intangible assets	11	18,086,231	-
	(iii) Capital work-in-progress	25	74,464,530,357	25,965,380,167
	(b) Long-term loans and advances	12	6,507,939,968	20,979,504,215
	(c) Other non-current assets	13	126,485	126,485
<b>2</b>	<b>Current assets</b>			
	(a) Current investments	14	19,690,902	8,611,926
	(b) Cash and cash equivalents	15	9,017,659	238,490,451
	(c) Short-term loans and advances	16	28,941,325	22,845,084
	(d) Other current assets	17	63,829	1,767
	<b>TOTAL</b>		<b>81,083,085,485</b>	<b>47,247,947,194</b>
See accompanying notes 1 to 34 forming part of the financial statements				

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

For and on behalf of the Board of Directors

  
Khurshed Pastakia  
Partner

  
M. Siddiqi  
Director

  
S. K. Roongta  
Chairman

  
Anup Agarwal  
AVP-Finance

  
Pankaj Chauhan  
Company Secretary

Place: Mumbai  
Date: 19th April, 2013





**Talwandi Sabo Power Limited**  
**Statement of Profit and Loss for the year ended 31st March, 2013**


Particulars	Note No.	For the year ended 31st March, 2013	For the year ended 31st March, 2012
		(Amount in Rupees)	(Amount in Rupees)
<b>I Revenue:</b>			
Revenue from operations		-	-
<b>II Total Revenue</b>		-	-
<b>III Expenses:</b>			
Other expenses	18	263,762,262	75,027,979
Marked to Market (Gain)/ Loss on Derivatives		37,536,854	-
<b>IV Total expenses</b>		301,299,116	75,027,979
<b>V Profit/ (Loss) before tax</b>		(301,299,116)	(75,027,979)
<b>VI Tax expense</b>		-	-
<b>VII Profit/(Loss) for the year</b>		(301,299,116)	(75,027,979)
<b>VIII Earnings per equity share (of Rs. 10/- each) :</b>	28		
(1) Basic		(0.75)	(0.19)
(2) Diluted		(0.75)	(0.19)
See accompanying notes 1 to 34 forming part of the financial statements			

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

  
**Khurshed Pastakia**  
Partner

For and on behalf of the Board of Directors

  
**M. Siddiqi**  
Director

  
**S. K. Roongta**  
Chairman

  
**Anup Agarwal**  
AVP-Finance

  
**Pankaj Chauhan**  
Company Secretary

Place: Mumbai  
Date: 19th April, 2013





**Talwandi Sabo Power Limited**  
**Cash Flow Statement for the year ended 31st March, 2013**

	Particulars	For the year ended	For the year ended
		31st March, 2013	31st March, 2012
		(Amount in Rupees)	(Amount in Rupees)
<b>A</b>	<b>Cash flows from operating activities</b>		
	Profit/ (loss) before tax	(301,299,116)	(75,027,979)
	Adjusted for :		
	Unrealised exchange (gain)/loss	(31,040,964)	75,002,674
	Marked to Market (Gain)/ Loss on Derivatives	37,536,854	-
	Loss on Sale of Fixed Asset	-	25,305
	Fringe Benefit Tax Recoverable written off	76,252	-
	<b>Net cash from operating activities (i)</b>	<b>(294,726,974)</b>	<b>-</b>
<b>B</b>	<b>Cash flows from investing activities</b>		
	Purchase of fixed assets including Capital Work-in-Progress	(30,289,860,836)	(27,145,613,238)
	Sale of Fixed Assets	168,958	45,383
	Purchase of Investment (Mutual Funds) including dividend reinvestment	(5,327,522,591)	(5,919,661,501)
	Sale of Investments	5,316,443,615	6,606,023,700
	Interest Income received on Fixed Deposit	-	61,039,493
	Investment in Fixed Deposit	-	(26,485)
	(Increase)/Decrease in loans and advances and other current assets	(11,748,253)	251,894,382
	Increase/ (Decrease) in other liabilities and provisions	14,429,107,882	4,396,192,318
	Dividend received and reinvested	14,807,381	48,657,675
	<b>Net cash from investing activities (ii)</b>	<b>(15,868,603,844)</b>	<b>(21,701,448,273)</b>
<b>C</b>	<b>Cash flows from financing activities</b>		
	Proceeds from Buyer's Credit	3,854,130,074	16,799,611,945
	Proceeds from Inter Corporate Deposit (Holding Company)	14,350,000,000	4,250,000,000
	Interest and finance charges paid	(2,270,272,048)	(1,617,680,690)
	<b>Net cash from financing activities (iii)</b>	<b>15,933,858,026</b>	<b>19,431,931,255</b>
	<b>Net (decrease)/increase in cash and cash equivalents (i+ii+iii)</b>	<b>(229,472,792)</b>	<b>(2,269,517,018)</b>
	<b>Cash and cash equivalents at beginning of the year</b>	<b>238,490,451</b>	<b>2,508,007,469</b>
	<b>Cash and cash equivalents at close of the year</b>	<b>9,017,659</b>	<b>238,490,451</b>
	[Refer Note 15 to the financial statements]		

**Note :**

Net movement in working capital is considered as part of Investment Activities as the Company is in project stage.

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



**Khurshed Pastakia**  
Partner



**For and on behalf of the Board of Directors**



**M. Siddiqi**  
Director



**S. K. Roongta**  
Chairman



**Anup Agarwal**  
AVP-Finance



**Pankaj Chauhan**  
Company Secretary

Place: Mumbai  
Date: 19th April, 2013



**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 accrual basis in accordance with Companies Act 1956 read together with early adoption of Accounting Standard (AS) 30 'Financial Instruments: Recognition and Measurement' by the Company, and the consequential limited revisions to certain Accounting Standards by the Institute of Chartered Accountants of India 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 and intangible) 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/construction.

**(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**

Investments are recorded as long-term investments unless they are expected to be sold within one year. Current Investments are stated at fair value. Dividend Income is accounted when the right to receive dividend is established.

**(f) Employees Benefits**

(i) 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) 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, as incurred.

(iii) 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 using the projected unit credit method and charged to the Statement of Profit and Loss/ Capital Work in Progress, as applicable.

(iv) 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.



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**(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 and Amortisation**

The carrying amounts of fixed assets are depreciated to their estimated residual value over the estimated useful lives of the assets using Straight Line Method at rates specified in Schedule XIV to the Companies Act, 1956, except as follows :

Particulars	Useful Life
Temporary Building	5 years
Computer Software (SAP Licenses)	3 ½ years

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 reasonable 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**

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**

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.



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**(l) Foreign Currency Transactions**

- (i) Transactions denominated in foreign currency are recorded at the exchange rates prevailing on the date of the transaction.
- (ii) All monetary items denominated in foreign currencies at the reporting date are restated at the rate prevailing on the reporting date.
- (iii) Exchange differences relating to long term monetary items falling under Accounting Standard 11 are accounted as under:
  - (a) In so far as they relate to the acquisition of a depreciable capital asset added to/ deducted from the cost of the asset and depreciated over the balance life of the asset.
  - (b) In other cases accumulated such differences in "Foreign Currency Monetary Item Translation Difference Account" and 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 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 marked to market at the Balance Sheet date and gains or losses are recognized in the Statement of Profit and Loss immediately.

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

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

**(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.



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Note 3 -Share Capital

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	Number of shares	(Amount in Rupees)	Number of shares	(Amount in Rupees)
<b>Authorised Share Capital</b>				
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
<b>Issued,Subscribed and Fully Paid up</b>				
Equity Shares of Rs.10 each, with voting rights	400,050,000	4,000,500,000	400,050,000	4,000,500,000
<b>Total</b>	<b>400,050,000</b>	<b>4,000,500,000</b>	<b>400,050,000</b>	<b>4,000,500,000</b>

(i) Disclosure of number of shares outstanding for each class of shares as at 31st March, 2013

Particulars	Equity Shares	
	Number of shares	(Amount in Rupees)
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, 2013		As at 31st March, 2012	
	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

(iv) Other disclosures :

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.



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Note 4 - Reserves and surplus

Particulars	As at	As at
	31st March, 2013	31st March, 2012
	(Amount in Rupees)	(Amount in Rupees)
<b>Surplus/ (deficit) in Statement of Profit and Loss:</b>		
Balance at the beginning of the year	(95,151,047)	(20,123,068)
Add: Profit/ (Loss) for the year	(301,299,116)	(75,027,979)
<b>Total</b>	<b>(396,450,163)</b>	<b>(95,151,047)</b>

Note 5 - Long-term borrowings

Particulars	As at	As at
	31st March, 2013	31st March, 2012
	(Amount in Rupees)	(Amount in Rupees)
<b>Secured:</b>		
<b>(a) Debentures :</b>	15,003,529,749	14,982,492,925
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>(b) Buyer's Credit from banks :</b>	14,543,867,815	11,912,135,524
<b>(i) ICICI Bank Limited - Buyer's Credit</b>		
Rs. 9,399,924,711 (Previous Year Rs. 7,073,975,010)		
[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]		
<b>(ii) AXIS Bank Buyer's Credit</b>		
Rs. 5,143,943,104 (Previous Year Rs. 4,838,160,514)		
[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 ]		
Less : Current maturities of long-term borrowings disclosed under "Other current liabilities" [Refer Note 9(a)]	(2,472,379,394)	-
<b>Total (A)</b>	<b>27,075,018,170</b>	<b>26,894,628,449</b>
<b>Unsecured:</b>		
<b>Buyer's Credit from bank :</b>	5,284,619,547	967,518,844
<b>(i) SBI Buyer's Credit</b>		
[Guaranteed by unconditional and irrevocable Corporate Guarantee from Sterlite Industries (India) Limited]		
[[Refer Note (ii) below ]		
<b>Total (B)</b>	<b>5,284,619,547</b>	<b>967,518,844</b>
<b>Total (A + B)</b>	<b>32,359,637,717</b>	<b>27,862,147,293</b>

**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 ranging from 1.58 % to 3.98% 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

Particulars	As at	As at
	31st March, 2013	31st March, 2012
	(Amount in Rupees)	(Amount in Rupees)
<b>Others:</b>		
- Project Retention Money	6,932,092,957	2,635,332,956
<b>Total</b>	<b>6,932,092,957</b>	<b>2,635,332,956</b>

Note 7 - Long-term provisions

Particulars	As at	As at
	31st March, 2013	31st March, 2012
	(Amount in Rupees)	(Amount in Rupees)
<b>Provision for employee benefits:</b>		
- Provision for compensated absences	2,083,098	1,181,738
- Provision for gratuity (Refer Note 29)	1,479,340	-
<b>Total</b>	<b>3,562,438</b>	<b>1,181,738</b>

Note 8 - Short-term borrowings

Particulars	As at	As at
	31st March, 2013	31st March, 2012
	(Amount in Rupees)	(Amount in Rupees)
<b>Secured</b>		
<b>ICICI Bank Limited - Buyer's Credit</b>	-	1,758,543,321
[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].		
<b>Total (A)</b>	<b>-</b>	<b>1,758,543,321</b>
<b>Unsecured</b>		
<b>(a) Loans and advances from related parties (Repayable on demand)</b>		
- Sterlite Energy Limited (Refer Note 31)	18,600,000,000	4,250,000,000
<b>(b) Buyer's Credit from bank</b>	3,560,014,390	4,002,992,631
<b>(i) PNB Buyer's Credit</b>		
Rs. 3,560,014,390 (Previous Year NIL)		
[Guaranteed by unconditional and irrevocable Corporate Guarantee from Sterlite Industries (India) Limited]		
<b>(ii) SBI Buyer's Credit</b>		
NIL (Previous Year Rs. 4,002,992,631)		
[Guaranteed by unconditional and irrevocable Corporate Guarantee from Sterlite Industries (India) Limited]		
<b>Total (B)</b>	<b>22,160,014,390</b>	<b>8,252,992,631</b>
<b>Total (A + B)</b>	<b>22,160,014,390</b>	<b>10,011,535,952</b>



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**Note 9 - Other current liabilities**

Particulars	As at	As at
	31st March, 2013	31st March, 2012
	(Amount in Rupees)	(Amount in Rupees)
(a) Current maturities of long-term borrowings (Refer terms of repayment in note (ii) of Note 5 above)	2,472,379,394	-
(b) Interest accrued but not due on borrowings	332,138,697	346,019,649
(c) Other payables		
-Project Creditors including retention money	12,913,586,862	2,443,285,997
-Statutory Dues	25,278,309	12,920,728
-Due to Related Parties (Refer Note 31)	49,878,580	14,396,881
- Derivative Liability	201,477,239	-
-Other Liabilities	28,748,884	15,678,426
<b>Total</b>	<b>16,023,487,965</b>	<b>2,832,301,681</b>

**Note 10 - Short-term provisions**

Particulars	As at	As at
	31st March, 2013	31st March, 2012
	(Amount in Rupees)	(Amount in Rupees)
<b>Provision for employee benefits :</b>		
(a) Provision for compensated absences	131,843	53,325
(b) Provision for gratuity (Refer Note 29)	108,338	45,296
<b>Total</b>	<b>240,181</b>	<b>98,621</b>



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Taiwandi Sabo Power Limited  
Notes forming part of the financial statements for the year ended 31st March, 2013

Note 11 - Fixed assets

Particulars	Gross Block			Accumulated Depreciation			Net Block	
	Balance as at 1st April, 2012	Additions	Deductions	Balance as at April, 2012	Depreciation charge	Deductions	Balance as at 31st March, 2013	Balance as at 31st March, 2012
<b>a) Tangible Assets</b>								
Buildings	11,529,506 (7,869,749)	- (3,659,757)	-	4,930,375 (2,947,302)	2,305,901 (1,983,073)	-	4,293,230 (6,599,131)	6,599,131 (4,922,447)
Furniture and Fixtures	5,769,263 (4,357,718)	313,324 (1,411,545)	-	1,910,227 (1,437,756)	279,946 (472,471)	-	3,892,414 (3,859,036)	3,859,036 (2,919,962)
Vehicles	48,150 (48,150)	1,334,334	-	1,382,484 (48,150)	89,661 (4,574)	-	1,278,524 (33,851)	33,851 (38,425)
Office and Electrical Equipment	18,929,271 (6,814,914)	1,564,223 (12,143,657)	- (29,300)	806,613 (412,832)	949,949 (396,466)	-	18,736,932 (18,122,658)	18,122,658 (6,402,082)
Others (Computers and Laptops)	6,159,296 (4,422,524)	3,542,520 (1,752,855)	244,105 (16,083)	1,786,873 (961,110)	1,258,356 (830,363)	75,147 (4,600)	6,487,629 (4,372,423)	4,372,423 (3,461,414)
<b>Total</b>	<b>42,435,486 (23,513,055)</b>	<b>6,754,401 (18,967,814)</b>	<b>244,105 (45,383)</b>	<b>9,448,387 (5,768,725)</b>	<b>4,883,813 (3,686,947)</b>	<b>75,147 (7,285)</b>	<b>34,688,729 (32,987,099)</b>	<b>32,987,099</b>
<b>b) Intangible Assets</b>								
Computer software (SAP Licenses)	-	19,489,726	-	-	1,403,495	-	18,086,231	-
<b>Total</b>	<b>-</b>	<b>19,489,726</b>	<b>-</b>	<b>-</b>	<b>1,403,495</b>	<b>-</b>	<b>18,086,231</b>	<b>-</b>
<b>Grand Total</b>	<b>42,435,486 (23,513,055)</b>	<b>26,244,127 (18,967,814)</b>	<b>244,105 (45,383)</b>	<b>9,448,387 (5,768,725)</b>	<b>6,287,309 (3,686,947)</b>	<b>75,147 (7,285)</b>	<b>52,774,960 (32,987,099)</b>	<b>32,987,099</b>

Note :

(i) Figures given in brackets pertain to the previous year.



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Note 12 - Long-term loans and advances

Particulars	As at	As at
	31st March, 2013	31st March, 2012
	(Amount in Rupees)	(Amount in Rupees)
<b>Unsecured, considered good :</b>		
(a) Capital Advances	6,491,285,372	20,968,374,069
(b) Security Deposits	15,815,910	10,124,850
(c) Advance Tax and TDS Receivable	838,686	929,044
(d) FBT Receivable	-	76,252
<b>Total</b>	<b>6,507,939,968</b>	<b>20,979,504,215</b>

Note 13 - Other non-current assets

Particulars	As at	As at
	31st March, 2013	31st March, 2012
	(Amount in Rupees)	(Amount in Rupees)
Bank deposits with more than twelve months maturity (Under lien)	126,485	126,485
<b>Total</b>	<b>126,485</b>	<b>126,485</b>



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Talwandi Sabo Power Limited  
Notes forming part of the financial statements for the year ended 31st March, 2013

Note 14- Current investments  
Investments in mutual funds-unquoted

Particulars	Face value	No. of Units		Value of Investment	
		Holding as at 31.03.2013	Holding as at 31.03.2012	Holding as at 31.03.2013	Holding as at 31.03.2012
ICICI Pru Flexible Income Plan Premium- Daily Dividend Plan	Rs.100	33,448	10,143	3,536,623	1,072,422
Tata Floater Fund- Daily Dividend Plan	Rs.10	-	36,782	-	369,134
Tata Floater Fund- Daily Dividend Plan (Change in Face Value)	Rs.1000	3,355	-	3,367,232	-
Reliance Liquidity Fund- Daily Dividend Reinvestment Option	Rs.10	-	169,659	-	1,697,456
Reliance Liquidity Fund- Daily Dividend Reinvestment Option (Change in Face Value)	Rs.1000	3,423	-	3,424,898	-
UTI Liquid Cash Plan- Daily Dividend Plan	Rs.1000	2,681	1,165	2,733,058	1,188,114
Religare Liquid Fund- Daily Dividend Plan	Rs.1000	3,323	1,608	3,325,424	1,609,330
Canara Robeco Liquid Super Instt Daily Div Reinv Fund	Rs.1000	-	1,584	-	1,593,098
TATA Liquid Super High Investment Fund -Daily Dividend Plan	Rs.1000	2,964	971	3,303,667	1,082,372
<b>Total</b>		<b>49,194</b>	<b>221,912</b>	<b>19,690,902</b>	<b>8,611,926</b>

Particulars	31st March, 2013		31st March, 2012	
	(Amount in Rupees)		(Amount in Rupees)	
Aggregate amount of unquoted investments	19,690,902		8,611,926	
<b>Total</b>	<b>19,690,902</b>		<b>8,611,926</b>	



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Note 15 - Cash and cash equivalents

Particulars	As at	As at
	31st March, 2013	31st March, 2012
	(Amount in Rupees)	(Amount in Rupees)
<b>Cash and cash equivalents:</b>		
- Balances with banks	9,017,659	238,490,451
<b>Total</b>	<b>9,017,659</b>	<b>238,490,451</b>

Note 16 - Short-term loans and advances

Particulars	As at	As at
	31st March, 2013	31st March, 2012
	(Amount in Rupees)	(Amount in Rupees)
<b>Unsecured, considered good:</b>		
(a) Loans and advances to related parties (Refer Note 31)	574,055	28,944
(b) Others		
- Advance for Expenses	23,064,104	22,136,796
- Prepaid Expenses	5,303,166	679,344
- Advance Tax and TDS Receivable	-	-
<b>Total</b>	<b>28,941,325</b>	<b>22,845,084</b>

Note 17 - Other current assets

Particulars	As at	As at
	31st March, 2013	31st March, 2012
	(Amount in Rupees)	(Amount in Rupees)
<b>Other current assets:</b>		
- Interest accrued but not due	12,519	1,767
- Insurance claims	51,310	-
<b>Total</b>	<b>63,829</b>	<b>1,767</b>



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Talwandi Sabo Power Limited  
Notes forming part of the financial statements for the year ended 31st March, 2013

Note 18 - Other expenses

Particulars	31st March, 2013	31st March, 2012
	(Amount in Rupees)	(Amount in Rupees)
Net Loss on foreign currency transactions	263,686,010	75,002,674
Fringe Benefit Tax Recoverable written off	76,252	-
Loss on Sale of Fixed Asset	-	25,305
<b>Total</b>	<b>263,762,262</b>	<b>75,027,979</b>



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**Additional Information to the Financial Statements :**

19 (i) Estimated amounts of contracts remaining to be executed on capital account not provided for (net of advances) Rs. 17,297,799,209/- (March 2012: Rs. 62,237,625,229 )

(ii) Other Commitments :

The Company has signed a long term power purchase agreement (PPA) with Punjab State Power Corporation Limited (PSPCL) [formerly known as Punjab State Electricity Board (PSEB)] for supply of power generated from the power plant. The PPA has tenure of twenty five years.

**20 Contingent Liabilities**

(i) Details of Bank Guarantee :

Particulars	31st March, 2013	31st March, 2012
	(Amount in Rupees)	(Amount in Rupees)
Bank Guarantee to Custom Authority	945,488,400	945,488,400
Bank Guarantee – Others	100,000	100,000
<b>Total</b>	<b>945,588,400</b>	<b>945,588,400</b>

(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 previous year and only four land cases are pending decision as at 31st March, 2013. The Mansa District Administration and Punjab State Power Corporation Limited (PSPCL) [formerly known as 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.

(iii) The Company has entered into a long term Power Purchase Agreement (PPA) with Punjab State Power Corporation Limited (PSPCL) for supply of power. As per the terms of the PPA, PSPCL was obligated to fulfill certain conditions including procuring interconnection and transmission facilities, arranging supply of adequate quantity of fuel for the project etc. However due to delay in fulfillment of the obligations by PSPCL as per the PPA, other related reasons and force majeure events, there has been a delay in the project as compared to the PPA timelines. On the basis of legal opinion obtained, the Company is of the view that PSPCL would not be able to sustain any claim for liquidated damages for the above stated reasons and accordingly, no provision is considered necessary at this stage.

21 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.



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22 Auditors' Remuneration (including service tax)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	(Amount in Rupees)	(Amount in Rupees)
Audit Fees	1,348,320	1,103,000
Other Services	235,956	-
Out of Pocket Expenses	13,616	3,959
<b>Total</b>	<b>1,597,892</b>	<b>1,106,959</b>

23 Expenditure in Foreign Currency (on accrual basis)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	(Amount in Rupees)	(Amount in Rupees)
Travel	3,572,410	4,651,841
Interest on Buyers' Credit	649,191,201	86,791,924
<b>Total</b>	<b>652,763,611</b>	<b>91,443,765</b>

24 Value of Imports calculated on CIF Basis

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	(Amount in Rupees)	(Amount in Rupees)
Capital Goods	25,696,692,254	20,617,932,448
<b>Total</b>	<b>25,696,692,254</b>	<b>20,617,932,448</b>

25 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 31st March, 2013	As at 31st March, 2012
	(Amount in Rupees)	(Amount in Rupees)
Capital Work in Progress (A)	65,696,281,059	21,328,539,026
<b>Expenditure during Construction Period:</b>		
Opening Balance (a)	4,636,841,141	1,094,134,592
Incurred during the year		
<b>Expenses</b>		
Employees' Remuneration and Benefits- (i)	156,692,266	101,094,271
General Expenses- (ii)	575,997,268	607,862,102
Finance Expenses- (iii)	3,407,480,686	2,900,417,983
Depreciation- (iv)	6,287,308	3,686,947
<b>Total Expenses- (b) = (i + ii + iii + iv)</b>	<b>4,146,457,528</b>	<b>3,613,061,303</b>
<b>Income</b>		
-Dividend from Mutual Fund	(14,807,381)	(48,657,675)
-Interest & Other Income	(241,990)	(21,697,079)
<b>Total Income- (c)</b>	<b>(15,049,371)</b>	<b>(70,354,754)</b>
<b>Net Expenditure During the Year- (d) = (b + c)</b>	<b>4,131,408,157</b>	<b>3,542,706,549</b>
<b>Closing Balance (B) = (a) + (d)</b>	<b>8,768,249,298</b>	<b>4,636,841,141</b>
<b>Total Capital Work in Progress (A+B)</b>	<b>74,464,530,357</b>	<b>25,965,380,167</b>



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26 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.

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

For hedging currency 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 31st March, 2013	As at 31st March, 2012
	(Amount in Rupees)	(Amount in Rupees)
Nominal Value of Foreign Currency Forward Cover Contracts outstanding	11,697,788,492	-
MTM Loss/ (Gain)	201,477,238	-

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	March 31, 2013		March 31, 2012	
	(Amount in USD)	(Amount in Rupees)	(Amount in USD)	(Amount in Rupees)
Buyer's Credit	319,499,425	17,377,350,098	365,008,004	18,672,531,957
Buyer's Credit Interest	55,199	3,002,213	2,757,354	141,056,580
Capital Creditors	228,407,475	12,422,922,653	79,154,320	4,049,257,976
<b>Total</b>	<b>547,962,099</b>	<b>29,803,274,964</b>	<b>446,919,678</b>	<b>22,862,846,513</b>

**Disclosures under Accounting Standards :**

**28 Earnings Per Share (EPS)**

Particulars	31st March, 2013	31st March, 2012
Net profit/(loss) after tax attributable to equity shareholders - in Rs.	(301,299,116)	(75,027,979)
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
<b>Earning Per Share -in Rs.</b>		
<b>-Basic and Diluted</b>	<b>(0.75)</b>	<b>(0.19)</b>



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29 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, 2013	31st March, 2012
<b>A) Actuarial assumptions</b>		
Salary growth (p.a.)	5.50%	6%
Expected rate of Return on Plan Assets (p.a.)	8.00%	N.A.
Discount rate (p.a.)	8.00%	8.50%
Mortality rate	LIC 1994-96 Ultimate	LIC 1994-96 Ultimate
<b>B) Amount recognized in Expenditure during the period</b>		
Current service cost	631,903	411,033
Interest cost	169,067	116,624
Expected return on plan assets	(165,447)	-
Net actuarial (gains)/losses recognized	906,859	328,905
<b>Total *</b>	<b>1,542,382</b>	<b>856,562</b>
<b>C) Movement in present value of defined benefit obligation</b>		
Obligation at the beginning of the year	2,113,335	1,372,042
Current service cost	631,903	411,033
Interest cost	169,067	116,624
Actuarial (gains)/losses	838,615	328,905
Benefits paid	(164,769)	(115,269)
Obligation at the end of the year	<b>3,588,151</b>	<b>2,113,335</b>
<b>D) Movement in present value of plan assets</b>		
Fair value at the beginning of the year	2,068,039	1,372,042
Expected return on plan assets	165,447	-
Actuarial gains/(losses)	(68,244)	-
Contribution	-	811,266
Benefits paid	(164,769)	(115,269)
Fair value at the end of the year	<b>2,000,473</b>	<b>2,068,039</b>

E) Amount Recognized in the Balance Sheet	2013	2012	2011	2010	2009
Present value of obligation at the end of the year	3,588,151	2,113,335	N.A.	N.A.	N.A.
Less: Fair value of plan assets at the end of the year	2,000,473	2,068,039	N.A.	N.A.	N.A.
Net liability recognized in the Balance Sheet	<b>1,587,678</b>	<b>45,296</b>	N.A.	N.A.	N.A.

F) Experience adjustment on actuarial gain / (loss) for Plan Obligation and Plan Assets	2013	2012	2011	2010	2009
On Plan Obligation	(828,049)	(328,905)	N.A.	N.A.	N.A.
On Plan Assets	97,203	-	N.A.	N.A.	N.A.

\*The amount is included in the line item – "Employees' Remuneration and Benefits" under capital work in progress (Refer Note 25).

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 2013-14 as ascertained by the management is Rs.957,262.



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(ii) Defined Contribution Plan:

The Company has recognized for the year ended 31st March, 2013, an amount of Rs 4,294,132 (31st March, 2012: Rs. 2,598,180) under defined contribution plan in the capital work in progress as follows:

Employees' Remuneration and Benefits	31st March, 2013	31st March, 2012
	(Amount in Rupees)	(Amount in Rupees)
Provident Fund	2,856,742	1,892,442
Superannuation	1,437,390	705,738
<b>Total</b>	<b>4,294,132</b>	<b>2,598,180</b>

30 The company had chosen to early adopt Accounting Standard (AS) 30 – 'Financial Instruments: Recognition and Measurement' effective April 1, 2008. Coterminous with this, in the spirit of complete early adoption, as has been originally announced/ encouraged by the Institute of Chartered Accountants of India (ICAI) in March 2008, the company also implemented the consequential limited revisions in view of AS 30 to certain accounting standards. Accordingly, current investments under AS 13 – 'Accounting for Investments' would have been carried at lower of cost and fair value, have been accounted for at fair value in accordance with AS 30, resulting in investment being valued at March 31, 2013 at Rs. NIL (as at March 31, 2012 – Rs. NIL) above the cost and, consequently the profit after tax for the year is higher by Rs. NIL (as at March 31, 2012 – Rs. NIL).

31 Related Party Disclosures

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

**Holding Companies**

Immediate	: Sterlite Energy Limited (SEL)
Intermediate	: Sterlite Industries (India) Limited (SIIL) Volcan Investments Limited.* Vedanta Resources Holding Limited (VRHL) *
Ultimate	: Twin Star Holdings Limited * : Vedanta Resources Plc *

(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
Black Mountain Mining (Pty) 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, 2013 (Rupees)	31st March, 2012 (Rupees)
<b>1) Loans &amp; Advances</b>		
<b>a) Given/(Received) during the year</b>		
Sterlite Energy Limited (SEL)	(14,350,000,000)	(4,250,000,000)
<b>b) Repaid during the year</b>	-	-
<b>c) Balance as at year end</b>		
Sterlite Energy Limited (SEL)	(18,600,000,000)	(4,250,000,000)
<b>2) Recovery from / (Reimbursement to) for deputed Employees cost and other expenses -Net</b>		
(i) Sterlite Energy Limited(SEL)	(8,811,988)	(9,602,703)
(ii) Sterlite Industries (India) Ltd (SIIL)	(92,201,549)	(40,594,412)
(iii) Hindustan Zinc Limited (HZL)	(435,919)	(61,406)
(iv) Vedanta Aluminum Limited (VAL)	965,828	(8,621,258)
(v) Madras Aluminum Company Limited (MALCO)	(11,008)	108,688
(vi) Bharat Aluminium Company Limited (BALCO)	563,110	367,218
(vii) Sesa Goa Limited	-	148,009
(viii) Vizag General Cargo Berth Private Limited (VGCB)	291,896	145,640
(ix) Black Mountain Mining (Pty) Limited	714,651	-
<b>3) Bank Guarantees/Corporate Guarantee issued on our behalf</b>		
(i) Sterlite Energy Limited (SEL)	1,839,680,000	1,839,680,000
(ii) Sterlite Industries (India) Ltd (SIIL)	38,175,147,826	34,230,569,535
<b>4) Purchase / (sale) of Capital Goods/ Fixed Assets</b>		
(i) Bharat Aluminium Company Limited (BALCO)	-	21,815
(ii) Vedanta Aluminum Limited (VAL)	-	28,052
(ii) Sterlite Energy Limited (SEL)	(46,066)	-
<b>5) Debit Balances as at year end</b>		
(i) Sterlite Energy Limited (SEL)	-	3,797
(ii) Black Mountain Mining (Pty) Limited	266,805	-
(iii) Bharat Aluminium Company Limited (BALCO)	226,949	25,147
(iv) Vedanta Aluminum Limited (VAL)	80,301	-
<b>6) Credit Balances as at year end</b>		
(i) Sterlite Industries (India) Limited (SIIL)	46,562,233	13,230,846
(ii) Vedanta Aluminum Limited (VAL)	-	1,166,035
(iii) Sterlite Energy Limited (SEL)	3,223,457	-
(iv) Hindustan Zinc Limited (HZL)	52,356	-
(v) Madras Aluminum Company Limited (MALCO)	40,534	-



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Talwandi Sabo Power Limited  
Notes forming part of the financial statements for the year ended 31st March, 2013

31 Related Party Disclosures (contd.)

Transactions during the year with related parties :

Sr No.	Nature of Transactions	Holding Company		Fellow Subsidiaries		Total Amount	
		31st March, 2013 (Rupees)	31st March, 2012 (Rupees)	31st March, 2013 (Rupees)	31st March, 2012 (Rupees)	31st March, 2013 (Rupees)	31st March, 2012 (Rupees)
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	Loans and Advances given/(received) during the year	(14,350,000,000)	(4,250,000,000)	-	-	(14,350,000,000)	(4,250,000,000)
2	Loans and Advances balance as at year end	(18,600,000,000)	(4,250,000,000)	-	-	(18,600,000,000)	(4,250,000,000)
3	Recovery from / (Reimbursement to) for deputed Employees cost and other expenses-Net	(101,013,537)	(50,197,115)	2,088,558	(7,913,109)	(98,924,979)	(58,110,224)
4	Bank Guarantees/Corporate Guarantee issued on our behalf	40,014,827,826	36,070,249,535	-	-	40,014,827,826	36,070,249,535
5	Purchase / (sale) of Capital Goods/ Fixed Assets	(46,066)	-	-	49,867	(46,066)	49,867
6	Debit Balances as on 31st March	-	3,797	574,055	25,147	574,055	28,944
7	Credit Balances as on 31st March	49,785,690	13,230,846	92,890	1,166,035	49,878,580	14,396,881



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32 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 :**

33 The Company offers equity-based award plans to its employees, officers and directors through its parent, Vedanta Resources Plc [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 and subsequently further awards were granted in the respective years. 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. During the year, Vedanta has granted a new LTIP tranche 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 the scheme, Vedanta is obligated to issue the shares. The grant date fair value of the awards is recovered by Vedanta from the Company.

Amount recovered by Vedanta and recognized by the Company in the capital work in progress for the financial year ended 31<sup>st</sup> March, 2013 is Rs 15,664,338 (Previous year : Rs 10,026,969). The Company considers these amounts as not material and accordingly has not provided further disclosures.

**Previous year's figures**

34 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
 Anup Agarwal AVP-Finance	 Pankaj Chauhan Company Secretary

Place: Mumbai  
Date: 19th April, 2013

