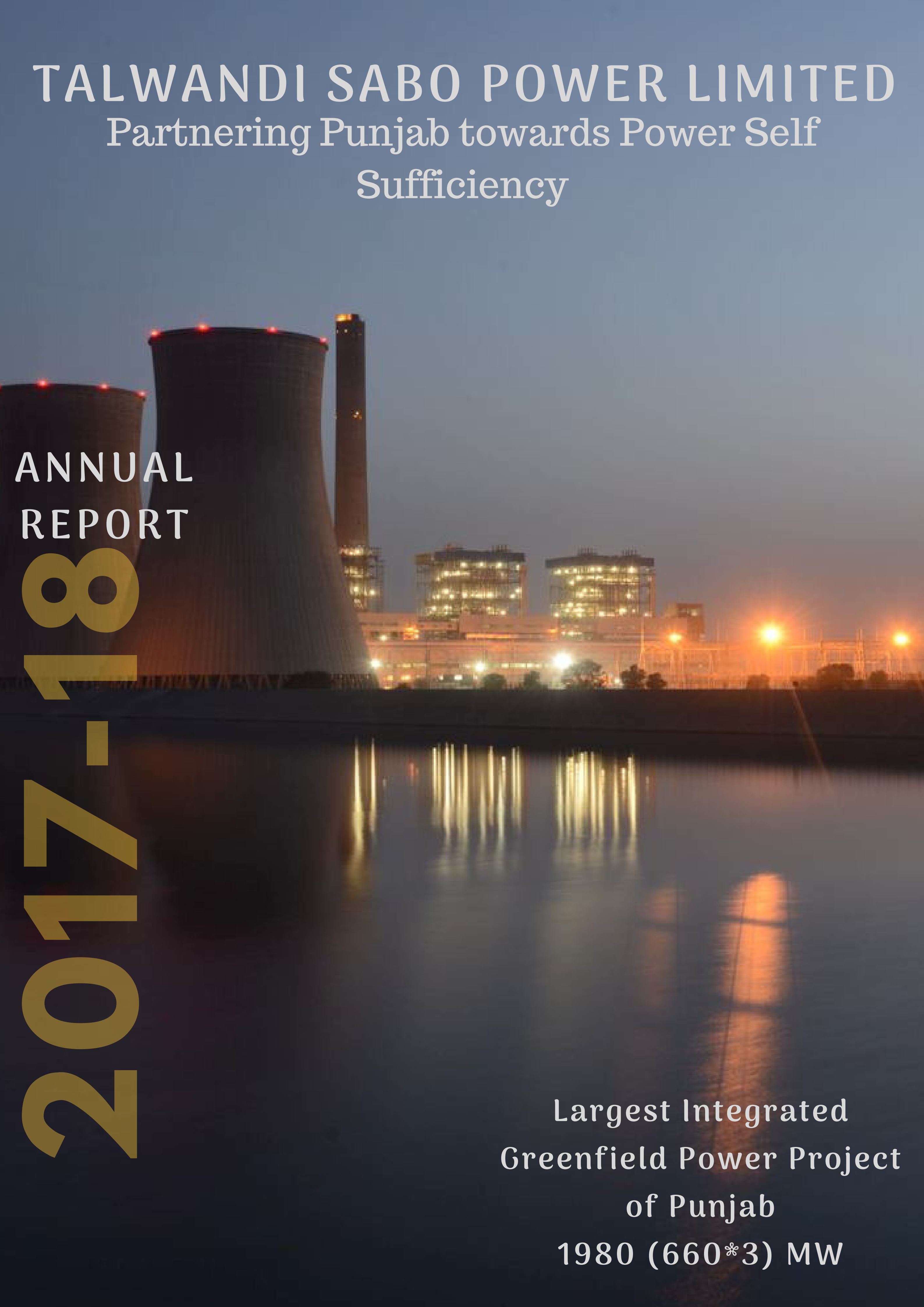
TALWANDI SABO POWER LIMITED

Partnering Punjab towards Power Self Sufficiency



ANNUAL REPORT

2017-18

Largest Integrated Greenfield Power Project of Punjab

1980 (660*3) MW

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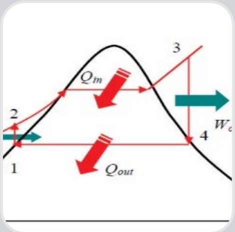


Lowest ever Station Heat Rate

2264 Kcal/Kwh

Highest ever fly ash utilization

73%

Lowest ever Specific Water Consumption

1.97 L/Kwh

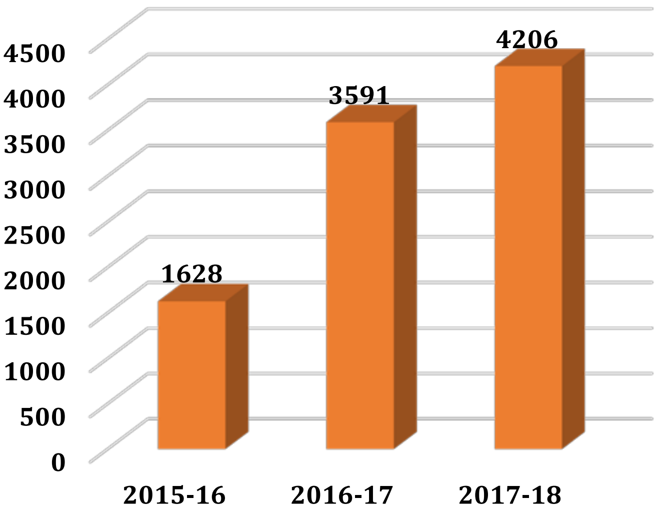
Lowest ever Station Specific Oil Consumption

0.70 ml/Kwh

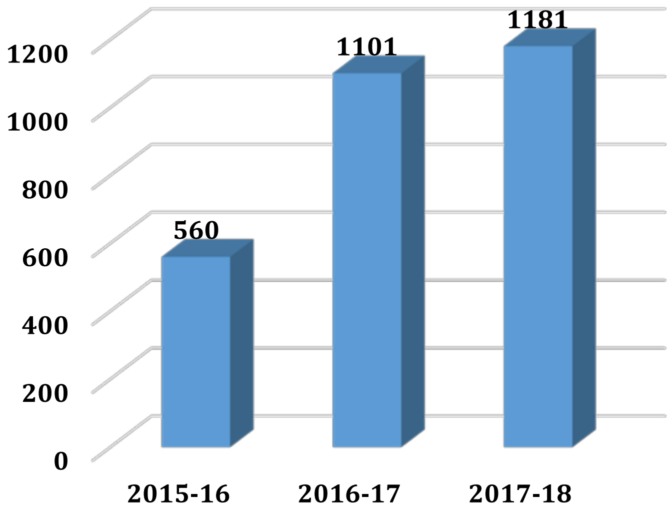
Lowest ever Station Auxiliary Power Consumption

7.61%

Total Income
Rs. in Cr



EBITDA
Rs. in Cr



VISION: To be the most efficient, sustainable and admired power producer in the country, making our stakeholders proud and powering the growth of Punjab.

MISSION: To power India's growth by sustainable technologies that efficiently utilize energy resources embracing Vedanta's core values.

TALWANDI SABO POWER LIMITED – AN OVERVIEW

Partnering Punjab towards Power Self Sufficiency

Talwandi Sabo Power Limited (TSPL) is a wholly owned subsidiary of Vedanta Limited (erstwhile Sesa Sterlite Limited/ Sesa Goa Limited) having power plant of 1980 (660*3) MW capacity in Punjab, India. TSPL is certified by ISO 9001:2008, ISO 39001:2012, ISO 14001:2004, ISO 50001:2011 & OHSAS 18001:2007.

Vedanta Limited – a Vedanta Group Company, is a globally diversified natural resources company, whose business primarily involves exploring and processing minerals and oil & gas. The Company produces oil& gas, zinc, lead, silver, copper, iron ore, aluminium and commercial power. Its geographical foothold spans across India, Zambia, Namibia, South Africa, Ireland and Australia.

Vedanta Limited is the Indian Subsidiary of Vedanta Resources Plc, a London listed Company. Sustainability is at the core of Vedanta's Strategy, with a strong focus on health, safety and environment and on enhancing the lives of local communities. The company is conferred with the Confederation of Indian Industry (CII) 'Sustainable Plus Platinum label', ranking among the top 10 most sustainable companies in India.

CORE PURPOSE: "We are a globally diversified natural resources company with low cost operations. We empower our people to drive excellence and innovation to create value for our stakeholders. We demonstrate world-class standards of governance, safety, sustainability and social responsibility."

ABOUT THE PROJECT

Talwandi Sabo Power Limited (TSPL) was incorporated as an SPV (Special Purpose Vehicle) by Punjab State Electricity Board, now Punjab State Power Corporation Limited (PSPCL) with the purpose of constructing a 1980 (660*3) MW thermal power plant at District Mansa.

The Company (Vedanta Limited) was selected as developer of the project based on the Tariff Based International Competitive Bidding Process (Case-2) on Build, Own & Operate (BOO) basis for supply of 100% power to PSPCL for 25 years and with regard to this, Vedanta Limited became a 100% holding company.

TSPL is implementing a state of the art coal based supercritical thermal power plant & this is the first Supercritical unit. Super-critical technology utilizes steam at temperature above the critical point of water. The technology generates same amount of electricity using less coal. The power generated will be supplied to Punjab State Power Corporation Limited.

TSPL is known in North India as greenest thermal power plant because of its environment friendly technologies such as Zero Discharge, HCSD system, Ash Pond with HDPE lining etc.

OUR VALUES

TRUST

We actively foster a culture of mutual trust in our interactions with our stakeholders and encourage an open dialogue which ensures mutual respect.

CARE

As we continue to grow, we are committed to the triple bottom line of People, Planet and Prosperity to create a sustainable future in a Zero Harm environment for our communities.

INTEGRITY

We place utmost importance on engaging ethically and transparently with all our stakeholders, taking accountability of our actions to maintain the highest standards of professionalism and complying with international policies and procedures.

RESPECT

We lay consistent emphasis on human rights, respect the principle of free, prior, informed consent, while our engagements with stakeholders give local communities the opportunity to voice their opinions and concerns.

EXCELLENCE

Our primary focus is on delivering value of the highest standard to our stakeholders. We are constantly motivated on improving our costs and our quality of production in each of our business through a culture of best practice benchmarking.

INNOVATION

We embrace a conducive environment for encouraging innovation that leads to a Zero Harm environment and exemplifying optimal utilisation of natural resources, improved efficiencies and recoveries of by-products.

ENTREPRENEURSHIP

Our people are our most important assets. We actively encourage their development and support them in pursuing their goals.

COMPANY INFORMATION

REGISTERED OFFICE:

Talwandi Sabo Power Limited
Village Banawala, Talwandi Sabo Road,
District Mansa, Punjab – 151302, INDIA
CIN: L40101PB2007PLC031035
Tel. 91-165-924-8000 Fax. 0165-924-8083
Email: tspl.investor@vedanta.co.in
Website: www.tsplindia.co

AUDITORS:

Statutory Auditor: M/s S. R. Batliboi & Co. LLP
Internal Auditor: M/s PKF Shridhar & Santhanam
Secretarial Auditor: M/s VAP & Associates
Cost Auditor: M/s R J Goel & Company

DIRECTORS:

Non-Executive Chairman: Mr. Sushil Kumar Roongta
Whole-time Director: Mr. Ajay Kumar Dixit
Independent Director: Mr. Gurminder Singh Kang
Independent Director: Ms. Mala Todarwal
Non-Executive Director: Mr. Mansoor Siddiqi
Non-Executive Director: Ms. Pooja Somani

KEY MANAGERIAL PERSONNEL:

Chief Operating Officer & Manager: Mr. Chhavi Nath Singh
Chief Financial Officer: Mr. Rohit Agarwal
Company Secretary: Ms. Mansi Bhutani

BANKERS & FINANCIAL INSTITUTIONS:

State Bank of India
ICICI Bank of India
Kotak Mahindra Bank Limited
Aditya Birla Finance Limited
Standard Chartered Bank Limited
Yes Bank Limited
Syndicate Bank Limited

DEBENTURE TRUSTEE:

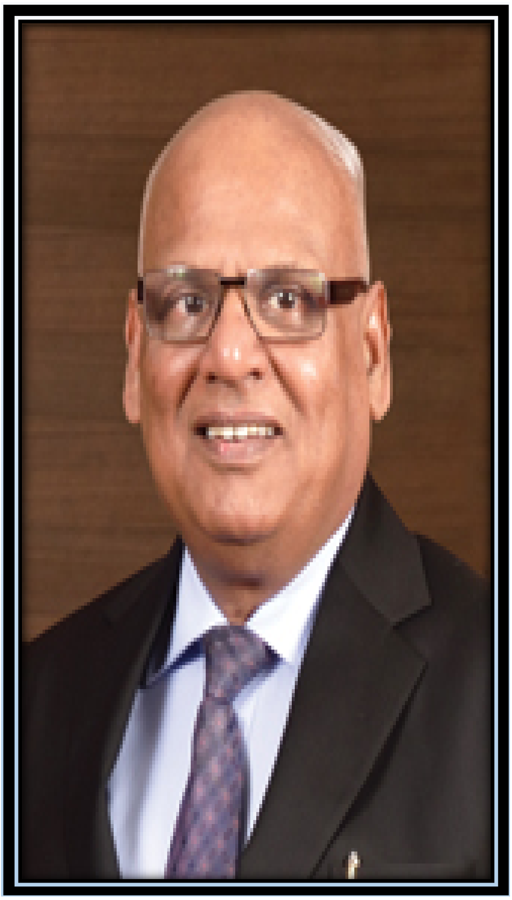
VISTRA ITCL (INDIA) LIMITED
Formerly Known as IL&FS Trust Company Limited

LEGAL REPRESENTATIVE:

Advaita Legal
Dutt Menon & Dunmorrsett Advocates
J Sagar Associates
Trilegal
S. K. Attorneys

CHAIRMAN'S MESSAGE

Dear Shareholders,



It gives me immense pleasure to update you that FY 2017-18 turned out to be an exciting year for Talwandi Sabo Power Limited (TSPL) with a strong financial and operational performance. The company bagged a strong EBITDA of Rs. 1,181 Crore for the year (PY Rs. 1,101 Crore) with its continued focus on cost optimization and productivity enhancement.

TSPL, being the largest Integrated Greenfield Power Generating Company in Punjab, has for the first time achieved record gross generation of 8557 MUs in FY 2017-18 and recorded a revenue of Rs. 4200 Crore.

We see FY 2017-18 as an eventful year for TSPL since in spite of a major setback in the first quarter of 2017-18 due to fire incident in conveyor belt, plant bounced back with consistent plant availability of more than 85% in each subsequent quarters. Besides, entire operations and maintenance activities were streamlined under a single contractor for better operational efficiencies and productivity.

Your Company is investing substantially in environment related projects, progressive bio-diversity initiatives, responsible ash utilization etc.

The health and safety of our employees continue to be at the top of our agenda and we take all steps to ensure that operations are safe and free from risks or hazards. With significant progress towards Zero Harm to employees, we have been awarded with *Greentech Safety Gold Award* for excellence in safety management and *Shrishti Good Green Governance award* for efficient environmental management.

At TSPL, we believe in sustainable utilization of natural resources and long-term value creation for industry and society at large. Our healthcare and educational projects, sustainable agricultural projects are facilitating local communities and helping them to lead a better and more sustainable lives.

Highlights of the Year

- Highest ever EBITDA of ₹ 1,181 Crore in the FY 2017-18, with plant availability of 74%.
- On time repayments of all debts matured during the year.
- Positive developments in various regulatory matters relating to Coal GCV/ Washing, Liquidated Damages etc.
- Outsourcing of Operations & Maintenance of TSPL to a single business partner – STEAG Energy Services India Pvt. Ltd.

- Strengthened Internal Control Ecosystems thereby upgrading TSPL grading from Tier III to Tier II, as per internal Vedanta Policy.
- Significant improvement/ achievements in various operational parameters/plant performance:
  - Lowest ever Specific Water Consumption – L/Kwh: 1.97 (PY 2.1)
  - Lowest ever Auxiliary Power Consumption (APC) - %: 7.61 (PY 8.57)
  - Lowest ever Specific Oil Consumption (SOC) – ml/Kwh: 0.70 (PY 1.62)
  - Highest ever fly ash utilization - %: 73 (PY 32.7)

Outlook

Having concluded the year 2017-18 on a promising note, we look forward to a stronger year ahead with enhanced focus on increasing the plant availability at 90%, improvement in plant performance parameters and EBITDA.

The Board of Directors join me in extending warm welcome to Mr. Rohit Agarwal, Chartered Accountant having rich experience of over 13 years in the areas of finance and accounts, who took over as Chief Financial Officer of the Company. We also place on record our appreciation for the contributions and stewardship of Mr. Amit Agarwal as Chief Financial Officer of the Company during his association with the company for more than three years. We wish him a successful future ahead.

The Company has come thus far because of the people who believed and supported the same. I wish to take this opportunity to convey my appreciation to my fellow Directors for continued support and sound guidance for making TSPL stronger and more efficient with each passing year. I would also record my gratitude towards the management team and employees for their unrelenting commitment and dedication towards company's growth and sustainability.

I am confident that at TSPL, we shall overcome the challenges to ensure a strong and sustainable future for all.

Sushil Kumar Roongta
Chairman

From COO's Desk

Dear Members,

It is a great honour and privelege for me to enlighten that Financial Year 2017-18 turned out to be a pivotal year for Talwandi Sabo Power Limited (TSPL), despite the challenging environment in power sector.

With a moderate start in the first quarter due to fire incident in Coal Handling Plant, TSPL recovered well to finish the year on a promising note with best ever performances for all Key Performance Indicators and regardless of barriers in coal logistics, TSPL maintained a consistent performance and closed the year with an average technical availability greater than 92% for last three quarters.

The year also witnessed TSPL's seamless transition to a Single O&M contract awarded to M/s Steag Energy Services (India) Pvt. Ltd., a wholly owned subsidiary of STEAG Energy Services GmbH, a German Power Station services company, well known for its Operation & Maintenance Practices worldwide for large power stations.

Key Highlights 2017-18:

- Crossed 8557 MUs generation capacity mark, reinforcing its position as the largest integrated power player in Punjab and recorded a revenue of Rs. 4200 Crores.
- Company achieved lowest ever Station heat rate of 2264 Kcal/Kwh, Station Auxiliary Power Consumption (APC) of 7.61%, Station Specific Oil Consumption (SOC) of 0.7 ml/Kwh and Specific Water Consumption of 1.97 L/Kwh.
- Highest ever fly ash utilization of 73% for the financial year with 100% utilization for Q3 & Q4.

- Arbitral Tribunal pronounced award in favour of TSPL for no liquidated damages to be paid by TSPL.
- Favorable Judgements announced from Supreme Court for Coal Washing and positive developments in other regulatory cases.
- Bestowed with the following awards:
  - Shrishti Good Green Governance Award on the occasion of World Earth Day.
  - Gold Award for Turbine Lube Oil Cooling Water Line Interconnection Project
  - Chairman's Award for Q3 Business Performance.
- Recognized for distinction in CSR governance mechanism and established processes by Economic Times & KPMG – ET 2 Good 4 Good CSR Ratings.

Across the operations, safety, environment and health comes first. A continuous review mechanism is in place to continuously assess asset health condition and to ensure operations are safe and free of any risks or hazards.

The entire team of TSPL join me in expressing our gratitude to the employees, Board of Directors, all our partners and Government at the Centre and States, Regulators for their support, co-operation and understanding.

In summation, TSPL is positioning itself to take on challenges while preserving its position as a reliable player in the power sector and with renewed vigour, confidence and dedication, we look forward to an exciting future ahead.

Best wishes,

Chhavi Nath Singh
Chief Operating Officer

Corporate Social Responsibility at TSPL -

The Joy of Contributing!

Development of our local communities is of utmost importance to us. Inclusive growth and development of the community and business is embedded in our sustainability framework. Our community driven corporate social responsibility interventions reinforce the company's commitment towards building strong stakeholder relationships for a mutually benefitting cohabitation and ownership.

At TSPL, we aim at empowering the communities through focused efforts across- health, education, livelihood and environment. This is achieved through our network of partners including academia, government and non-profit organizations. Our efforts are designed to support and compliment government run programs and welfare schemes.

Approach to CSR

Company's CSR approach coincides with the notion of people-public-private partnership for inclusive development of the business and society. Our CSR interventions aim to contribute to improve the local population quality of life. The needs and their relative importance are dynamic and are likely to change with time, forming key inputs to our evolving CSR strategy. The thematic areas identified for the year 2017-18 included- health, education, livelihood and environment.

The projects are identified and executed in close partnership with the stakeholders to maximize the impact and maintain transparency. Frequent and open dialogue with the stakeholders assist us meet business and societal goals. Company invests its time and resources in community development devotedly in a planned and sustained manner year-on-year through community development programs.

The approach to socio-economic community development is guided by strategy laid down by our parent company- Vedanta Limited.

Sustainable development is at the core of Vedanta's operations. Our Sustainability Framework comprises of four pillars: Safety, Health, Environment and Sustainability.

Adherence to the Group Sustainability Framework that is aligned to international standards, enables significant improvement in the way we conduct our business. Continuous auditing along with monitoring is fundamental to keep us on track and the Vedanta Sustainability Assurance Programme (VSAP) drives compliance with the Framework. Results and action plans are reviewed by our Executive Committee, Sustainability Committees and the CSR Committee periodically as a part of governance.

Our partners include- local governments, NGOs and academic institutions to help ensure that our programs benefit as many people as possible around our communities in the best way possible. Partnerships and support to government have helped strengthen ongoing social programs and ensured long-term sustainability.

We shall continue to invest in community until the capacities of the torchbearers are fully matured to take over the baton of development from TSPL.

Our Performance

Recognition & Accolades	• Commended by The Economic Times 2 Good 4 Good Distinction Award • Excellence in Education Award from leading regional media house – Dainik Bhaskar • Government Partnered CSR Projects published in Recognized National and State Level Magazines
Social Prosperity	• CSR Projects aligned to the United Nations Sustainable Development Goals • Impacted lives of 13,863 people through our educational, health and livelihood programmes
Fostering Partnerships	• Partnered with district Government and Community in all CSR projects • Resource mobilization of Rs. 35 lakh from partners and Communities in CSR
Strengthened CSR communication	• CSR initiatives circulated to stakeholders through CSR brochure • CSR Programs published in local newspapers & broadcasted on media channels and media journals

Community Initiatives: Key Highlights

HEALTH

- Provided affordable clinical services to 7,588 villagers
- Clinical lab services availed by 4,386 villagers
- Supported District Malaria Elimination Program
- 6,600 malaria tests conducted

EDUCATION

- Created enabling environment in 6 rural government schools
- Supported school paintings, mid-day meal shed, toilets, basketball court, educational aid, furniture

LIVELIHOOD

- 1,412 farmers trained on sustainable agriculture practices
- 300 farmers adopted sustainable agricultural practices across 1,311 acres in 24 villages
- Collective savings of Rs. 6.5 lakhs by farmers

ENVIRONMENT

- Created green wealth by planting more than 2,100 saplings
- Recharging 58, 40,000 liters of water annually approx. via soak pits

TOTAL DIRECT BENEFICIARIES IMPACTED- 13,863

FARMERS

WOMEN

STUDENTS

RURAL YOUTH

CHILDREN

Our partners in development

The company has collaborated with different partners including gram panchayats, communities and district government in all its CSR programmes- Health, Education, Livelihood and Environment. This has resulted in sharing of resources and shared responsibility among the participating parties. By venturing into 4P mode, the corporate has supplemented limited public sector capacities to meet the growing demand for infrastructure development and social development e.g. soak pits, clinical health services project, malaria elimination program, integrated school development projects among others. This has also proved to be beneficial in ensuring sustainability of the projects, sharing of responsibility and resources. Instead of setting up a parallel system and duplication of resources, the company has acted as a gap filler and supplemented government programmes.

We mobilized approximately 35 lac rupees under various CSR projects by collaborating with our partners and stakeholders.

HEALTH	EDUCATION	AGRICULTURE	ENVIRONMENT
• Health Department • Gram Panchayat • Community	• Education Department • Schools • Gram Panchayats • Community	• Agriculture Department • Panjab Agriculture University • Krishi Vigyan Kendra • Punjab Agro Industries Corporation Ltd.	• Community • Gram Panchayats • Zilla Parishad

1 HEALTHCARE

Access to affordable basic healthcare is the fundamental right that every citizen of the country deserves. Healthcare interventions of TSPL are aimed at realizing this principal of 'healthcare for all' in alignment with the third Sustainable Development Goal (SDG) – 'Good Health'. TSPL recognizes the need to support the government health delivery system for affordable and effective primary healthcare to the rural population. For this the company has identified and undertaken different initiatives in consultation with the health department of district Mansa focusing on promotion of integrated healthcare and developing health seeking behaviour.

CLINICAL HEALTH SERVICES

TSPL in partnership with Health Department initiated delivery of specialized healthcare services from government run Primary Health Center, Behniwal in December 2016. The 3 day specialized clinics and clinical laboratory established by TSPL have added to the convenience of the commoners with increased access to quality healthcare facilities within approachable distance. General OPD and medicines are supplied by the health department under the project. In the year 2017-18, more than 7,588 OPDs were attended along with 4,386 clinical laboratory tests conducted at the health center.

MALARIA ELIMINATION PROGRAMME

Malaria is one of the life threatening disease but curable disease requiring a strong commitment, focused interventions and resources from the government and corporates alike.

TSPL partnered with District Vector Born Disease Control Department, Mansa for malaria elimination from the district by 2020 in alignment with the National Framework for Malaria Elimination in India. TSPL supported the communication and awareness generation component under the drive. Public announcement drives along with awareness sessions and rallies were conducted in urban and rural areas of Mansa, schools and villages while the medical association and medical practitioners of Mansa were reached out by the health department team lead by District Program Officer NVBDCP to report cases of malaria as a measure of active surveillance and tracking. TSPL also equipped Health Department with 1,100 rapid antigen based malaria testing kits for quick identification of malaria parasite and linking the patients to treatment without any delay. The combined efforts lead to timely reporting and treatment of 152 malaria affected patients by the health system across the district with no case of fatality. Malaria information boards developed by TSPL were released by the District Commissioner and put across strategic locations in the district and all inhibited villages.

2 EDUCATION

Education is integral to growth of a nation. We second the statement of United Nations in SDG 4-Obtaining a quality education is the foundation to improving people's lives and sustainable development. A country can achieve true development only by providing learning opportunities for its citizens free from discrimination and ensuring that it reaches to even its most underprivileged.

INTEGRATED SCHOOL DEVELOPMENT PROJECT

We leverage our resources to collaborate with communities in developing environment that enhances learning experiences of students. We partner with the communities and schools to develop child friendly facilities lacking in government schools including- audio-video aids, furniture, vibrant painting on school building on building as learning aid concept, plantation, playgrounds, water and sanitation facilities and, other such infrastructure. Six schools were supported with essential infrastructure needs in consultation with the schools and community making the schools more convenient and enjoyable for students.

3 ENVIRONMENT

A healthy environment and liveable planet is a fundamental human right. It is a shared responsibility for protecting our environment for humans and animals alike. Leaving the planet greener than we received is one of our key endeavours for this we are passionately working towards planting and nurturing green cover in the rural and urban areas of Mansa.

PLANTATION

Taking small steps we planted nearly twenty one hundred saplings of different species (local mostly) in public places in partnership with schools, rural youth clubs and gram panchayats. While saplings were provided by the company TSPL on the other hand plantation and nurturing of the plants is being done by the respective partners.

SOAK PITS

Deficit of rainfall and excessive withdrawing of underground water will create water crises for people in Punjab in coming years. This situation can be dealt via tapping the waste water generated from households up to a certain limit. Recharging of waste water after proper treatment can be done to achieve this along with the problem of waste water management in rural areas.

In a joint effort TSPL and Zilla Parishad developed 32 soak pits through MGNREGA for tackling waste water management in village Aspal. Sediment free waste water is recharged by soak pits in the soil post filtration. This will enable recharge of approximately 58, 40,000 liters of waste water per year. The project has also efficiently dispensed the water logging problems faced by villagers affected by lack of proper drainage system. In Punjab, soak pits were first initiated by TSPL and Zilla Parishad Mansa in the district last year.

4 LIVELIHOOD

To meet the ever increasing demand for food and secure income, sustainable agriculture practices must be adopted and implemented at a much larger scale and in real time. Sustainable agriculture practice is the way forward for India to meet the long term need for food and other resource base as highlighted in SDG 2. It has the potential to maximize benefits through conservation of natural resources and maintenance of eco-system functions. Further, it can also balance the environmental health and economic profitability to promote social and economic equity. Increasing risks in agriculture demand for promotion of sustainable agriculture practices.

SUSTAINABLE AGRICULTURE

The sustainable agriculture promotion project contributes to meeting SDG 2: Zero Hunger by bringing sustainable and farmer friendly techniques within the reach of 1200 farmers by 2018. Project is being delivered on ground in partnership with The Nabha Foundation- a non-governmental organization with expertise in this field. Initiated in year 2017, TSPL facilitated promotion of sustainable farming by providing technical expertise and enabling marketing of such produce. 1,412 farmers attended awareness camps while 300 farmers cumulatively saved nearly 6,50,000 rupees by adopting the sustainable agriculture best practices across 1,311 acres of land. On-field demonstration was delivered via model farms developed for imparting trainings and techniques in sustainable agricultural practices. The progressive farmers were also taken on exposure visits to other districts for learning and development purposes.

Success story
Project- Sustainable Agriculture Promotion
Beneficiary- Kulwant Singh
Village- Jherianwali, **District-** Mansa
Associated in the early stages of the project Kulwant Singh substantially saved Rs30,000/- by practicing PEST management exercise across 8 acres of his cotton crop in 2017. This astonished and inspired fellow farmers to be a part of the project.
After learning about economic threshold level and pest identification, Kulwant Singh was able to reduce utilization of pesticides systematically. He went from 6-7 doses of pesticide spray to zero that was quite risk taking for a farmer solely dependent on farming for his livelihood. However, the constant support from TSPL and The Nabha Foundation enabled him to keep away from unwanted doses of pesticides without any reduction in yield.

AWARDS AND ACCOLADES

The Financial Year 2017-18 brought 7 Awards and Accolades for Talwandi Sabo Power Limited and these awards pertain to all areas - from Business to CSR to Health, Environment & Safety.

- ☆ 16th Greentech Safety Gold Award in Dec'17.
- ☆ Runners Up in the category of "Research & Excellence Category" in Fly Ash Utilization by "Mission Energy" at New Delhi in Feb'18.
- ☆ Srishti Good Green Governance Award in Apr'17.
- ☆ Chairman's Award for Q3 performance
- ☆ Gold award in "Delhi Chapter Convention Quality Concepts" organized by QCFI for "Turbine Lube Oil Cooling Water Line Interconnection" project in Oct'17.
- ☆ Distinction award by "The Economic Times".
- ☆ Excellence in Education award by "Dainik Bhaskar".

☆ ***Gold Award in Power Thermal Sector for outstanding achievements in Safety Management System in 16th GREENTECH Safety Award 2017:***

Certificate

16th Annual GREENTECH Safety Award 2017

This is to certify that

Talwandi Sabo Power Ltd.
Mansa

has been declared Winner of

GOLD AWARD

in Power Thermal Sector

for outstanding achievements in Safety Management.

Ms. Rema
General Secretary

14 December 2017
Goa (India)

GREENTECH FOUNDATION
www.greentech.org

Green tech Safety Awards (The most admired top honour) is Exemplary Initiatives providing comprehensive look at the most exceptional examples and achievements of reducing incidents and accidents at workplaces. The awards take a comprehensive look at the full spectrum of fire, safety & security throughout the world and are presented only to the most outstanding achievements in these areas.

☆ *Runner Up Award in FLY Ash Utilization 2018 Awards:*

Mission Energy Foundation (a not for profit organization) had announced "7th edition FLY ASH UTILISATION 2018 AWARDS". Various industries from Power, Cement, Mining and Logistics sectors participated in same. M/s Talwandi Sabo Power Limited stood runner up under "Excellence in Research and Development" award category. These awards were presented to industries and services sectors who demonstrate highest level of commitment and best practice in utilization of fly ash.

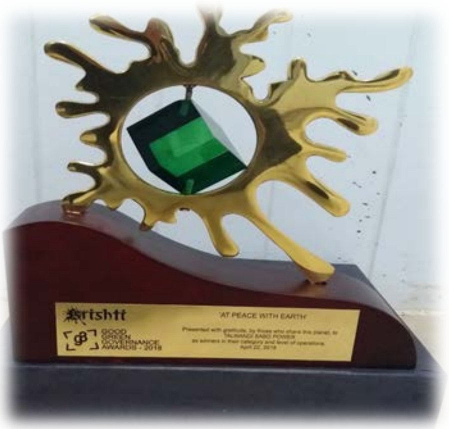
फ्लाई एश यूटिलाइजेशन अवार्ड में टी.एस.पी.एल. रनर्सअप

अवार्ड हासिल करते कंपनी के अधिकारी।

बठिंडा, 17 मार्च (श्रीवास्तव): मिशन एनर्जी फाउंडेशन ने 7वां एडीशन फ्लाई एश यूटिलाईजेशन 2018 अवार्ड की घोषणा की है। विभिन्न इंडस्टरियों पावर, सीमेंट, माइनिंग और लौजीस्टिक सैक्टर आदि ने इसमें भाग लिया था। इनमें से तलवंडी साबो पावर लिमिटड ने रनर-अप ट्राफी जीती है। यह इनाम टी.एस.पी.एल को एक्सीलैंस इन रिर्सच एंड डिवैल्पमैंट अवार्ड कैटागरी में मिला है। यह अवार्ड उन इंडस्ट्रियों को दिए गए जिन्होंने फ्लाई एस के उपयोग में उच्चतम स्तर की प्रतिबद्धता और बढ़िया प्रदर्शन किया है।

फ्लाई एश यूटिलाइजेशन अवार्ड जीता

फलाई ऐश यूटिलाईजेशन अवार्डज-2018 का उदेश्य बढ़िया कारगुजारी को उत्साहित करना और दूसरों के लिए बैस्ट प्रैकटिसज को रोल माडल बनाना है। यह पुरस्कार तलवंडी साबो पावर लिमिटड की वातावरण सुरक्षा प्रति वचनवद्धता को प्रतीबंधित करता है और मैनेजमैंट को और बढ़िया कारगुजारी के लिए प्रेरित भी करता है। सी.एन सिंह, चीफ ऑपरेटिंग अफसर, तलवंडी पावर लिमिटड ने इस मौके सभी कर्मचारियों को उनके सहयोग के लिए धन्यवाद किया। डा. एस.के हांडू एडवाइजर (टैकनिकल) एस.ए. और आलोक पर्ती, पूर्व सचिव कौला ने विजेताओं को नई दिली में आयोजित प्रोग्राम में बांटे।



☆ *Srishti Good Green Governance Awards 2017- Runner Up Award:*

This award issued to industries which show high commitment towards efficient environment management. SRISHTI PUBLICATIONS (P) LTD (A not for profit organization), New Delhi has announced SRISHTI GOOD GREEN GOVERNANCE AWARDS 2017. M/s Talwandi Sabo Power Limited won runner up award. These awards were presented on the occasion of World Earth Day i.e. on 22nd April, 2017.

☆ *Chairman's Award for Q3 Business performance- Runner Up Award:*

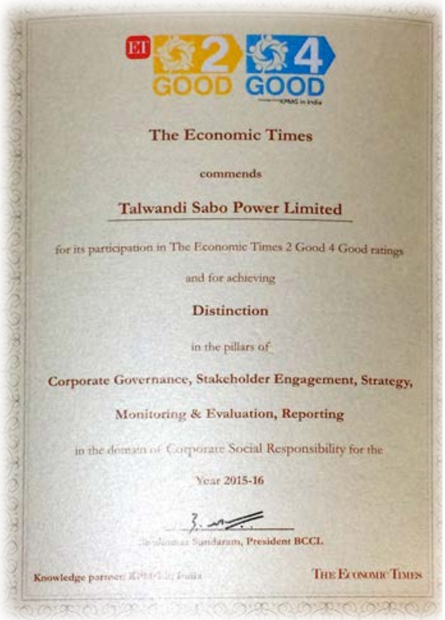
TSPL has been awarded prestigious Chairman Business Award for Performance in Q3 2017-18- Runner Up for Q3 Business Results. Team has risen to the occasion and achieved commendable parameters in Technical availability , VSAP Scorecard, Heat Rate ,Energy saving and achieving aux power less than design, Technology; innovation and digitalization initiatives.

☆ *Gold award in "Delhi Chapter Convention Quality Concepts":*

TSPL won Gold Award in Lean Quality Concepts at "Delhi Chapter Convention Quality Concepts" organized by QCFI in Oct'17. Lean Quality Concept Topic was- "Turbine Lube Oil Cooling System Modification" and Objective for the same was-"Reduction in Auxiliary power Consumption"

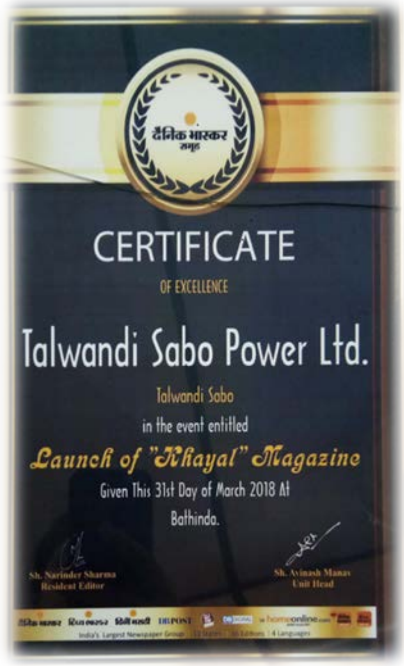
✰ ***Distinction award by "The Economic Times":***

Commended for Distinction in domain of Corporate Governance, Stakeholder Management and Strategy Monitoring & Evaluation Reporting in domain of CSR by The Economic Times 2 Good 4 Good.



✰ ***Excellence in Education award by "Dainik Bhaskar":***

Excellence in Education Award from leading regional media house – Dainik Bhaskar.



BOARD'S REPORT

The Members,

The Board of Directors of Talwandi Sabo Power Limited are pleased to present the 11th Annual Report on the business and operations of your Company and the Audited Financial Statement for the year ended 31st March, 2018.

The summarized standalone results of your Company are given in the table herein below:

1. FINANCIAL RESULTS

Particulars	Financial Year ended	
	Standalone (Rs. in Crores)	
	31st March, 2018	31st March. 2017
Revenue from Operations	4202.41	3590.68
Other Income	4.32	0.65
Total Income	**4206.73**	**3591.33**
Total Expenses	4119.76	3999.81
Exceptional Items	-	-
Profit/(Loss) before tax	**86.97**	**(408.48)**
Tax Expense	180.81	-
Profit/(Loss) after tax	**(93.84)**	**(408.48)**
Other Comprehensive Income (net of taxes)	0.18	(0.05)
Total Comprehensive Income for the period	**(93.66)**	**(408.53)**
Earnings per equity share (of Rs. 10 each) from Continuing Operation: **1.** Basic **2.** Diluted	 (0.29) (0.29)	 (1.27) (1.27)

2. FINANCIAL PERFORMANCE AND THE STATE OF COMPANY'S AFFAIRS

The Company being a wholly owned subsidiary of Vedanta Limited, prepares its financial statements on standalone basis. On a standalone basis, the total income for the financial year 2017-18 was maintained at Rs. 4206.73 Crores as against Rs. 3591.33 Crores in 2016-2017.

The Profit/ (Loss) after tax was Rs. (93.84) Crores as against Rs. (408.48) for 2016-2017.

3. SUBSIDIARY/ JOINT VENTURE/ASSOCIATE COMPANIES

As on 31st March, 2018, the company do not have any Subsidiary, Joint Venture or Associate Company.

4. DEPOSITS

As on 31st March, 2018, the company has not accepted any deposits from the public under the ambit of section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.

5. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF COMPANY

There were no material changes and commitments which materially affect the financial position of the Company between the financial year ended on 31st March, 2017 and 31st March, 2018.

6. DIVIDEND

The Board of Directors of the Company have not recommended any dividend on equity shares, owing to inadequacy of profits during the financial year 2017-18.

7. RESERVES & SURPLUS

The net movement in the major reserves of the Company for Financial Year 2017-18 and 2016-17 are as follows:

Particulars	Rs. in Crores	
	31st March, 2018	31st March, 2017
Surplus/ Deficit in statement of Profit & Loss		
Balance at the beginning of the year	(527.59)	(119.11)
Add: Profit and Loss for the year	(93.84)	(408.48)
Less: Transfer to Debenture Redemption Reserve	-	-
Closing Balance	(621.43)	(527.59)

8. LOANS, GUARANTEES, SECURITIES AND INVESTMENTS

The Company, being an infrastructure Company, is exempt from the provisions applicable to loans, guarantees and securities under Section 186 of the Act.

The details of investments are provided in the schedules to the financial statements.

9. FOREIGN EXCHANGE – EARNINGS AND OUTGO

During the financial year 2017-18, Foreign Exchange Payments (Outgo) were Rs. 991.46 Crores and Foreign Exchange Earnings were NIL.

10. RELATED PARTY TRANSACTIONS

In line with the requirements of Companies Act, 2013, The Company has in place a policy on Related Party Transactions.

Details of Related Party Transactions in Form AOC-2 is enclosed as ***Annexure – I***.

11. RISK MANAGEMENT FRAMEWORK

A standardized Risk Management Process and System has been implemented across the Vedanta Group. The Board of Directors of the Company adopted risk management policy for:

- ❖ Evaluation of internal financial controls and risk management systems;
- ❖ Identification of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company; and
- ❖ Ensuring that the integrity of financial information and that financial controls and the systems of risk management are robust and defensible.

As a part of governance philosophy, the Board has formed a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the area of financial risks and controls.

12. INTERNAL FINANCIAL CONTROLS

As per the provisions of Section 134(5)(e) of the Companies Act, 2013, the Directors have an overall responsibility for ensuring that the Company has implemented robust systems/ framework of internal financial controls to provide them with reasonable assurance regarding the adequacy and operating effectiveness of controls with regards to reporting, operational and compliance risks. To enable the Directors to meet these responsibilities, the Board has devised systems/ frameworks which are operating within the Company.

In line with best practice, the Board regularly reviews the internal control system to ensure that it remains effective and fit for purpose. Where weaknesses are identified as a result of the reviews, new procedures are put in place to strengthen controls and these are in turn reviewed at regular intervals. The systems / frameworks include proper delegation of authority, operating philosophies, policies and procedures, effective IT systems aligned to business requirements, internal audit framework, ethics framework, risk management framework and adequate segregation of duties to ensure an acceptable level of risk.

The Company has also adopted SAP GRC (Governance, Risk and Compliance) framework to further strengthen the internal control and segregation of duties/ access. The Company also follows a half yearly process of management certification through the Control Self- Assessment framework including on financial controls / exposures. The Company has documented Standard Operating Procedures (SOPs) for procurement, project / expansion management capex, human resources, sales and marketing, finance, treasury, compliance, safety, health and environment (SHE) and manufacturing.

13. VIGIL MECHANISM

The Company has established a robust vigil mechanism for reporting of genuine concerns through the *Whistle Blower Policy* of the Company. As per the policy adopted by the Company, all complaints are reported to the Director – Management Assurance who is independent of operating management and businesses. A 24X7 whistle blower hotline-and a web based portal is also available, all employees and stakeholders can register their integrity related concerns either by calling on a toll free number or by writing on the web based portal that is managed by a third party. After the investigation, established cases are brought to Group Ethics Committee for decision making. All cases reported as part of whistle blower mechanism are taken to their logical conclusion within a reasonable time frame. All Whistle Blower cases are periodically presented and reported to the Company's Audit Committee. No person has been denied access to the Chairman of the Audit Committee of the Company.

The Whistle Blowing Policy is uploaded on the website of the Company at https://tsplindia.co/whistleblower-policy.pdf.

14. HUMAN RESOURCES

TSPL Human Resource plays a key role in success of business by professionally managing all business processes. We are young, energetic and vibrant team with the average age of 30. High performance culture of work force and job diversity is also capitalized. Safety and health requirements of employees and contract manpower are strictly followed.

The HR philosophy ensures, a philosophy of meritocracy; Commitment to ensuring that all our workplaces are free from all forms of discrimination or any kind of harassment; Complying with all applicable laws of the area where our operations exist; Meeting all our responsibilities and HR obligations, as both a direct and indirect employer, and ensuring human rights are not violated; Having effective internal systems and processes in place for talent management and engagement; Creating a high performance culture – recognizing and rewarding in a fair and equitable manner; Striving to drive and achieve industry best practices in our social stewardship; Engaging with employees to encourage feedback and address concerns.

HR MISSION

"To strengthen our brand equity as a preferred employer, we shall work towards the following on an ongoing basis:

- Align HR processes with global benchmarks
- Be a strategic business partner

- ❖ Promote gender diversity & women empowerment
- ❖ Build competencies & provide opportunities for growth
- ❖ Foster collaboration, creativity, innovation & entrepreneurship
- ❖ Be a responsible corporate citizen

Our HR priorities

Organizational growth:
Our approach is focused on ensuring that we have the right person in the right role, along with clear succession planning, with a focus on critical positions. Learning culture is promoted to encourage and support continuous employee learning, critical thinking, and risk taking with new ideas.

Talent development and management:
The goal of talent development is to create a high-performance, Sustainable organization that meets its strategic and operational goals and objectives. ACT-UP (Accelerated Competency Tracking & Up-gradation Process) is conducted in order to identify the fast trackers or high potential in the organization. Potential of the employees participating in the ACT-UP process is assessed by a reputed third party. The employees who are identified as the High potential at the end of the process are declared as STAR of the business.

Employee Engagement (Welfare and working environment):
We provide an engaging work environment, with a spirit of common purpose. Across our operations, employees participate in a wide variety of activities to create a sense of shared ownership and participation. This ranges from the formal training and work programmes we offer, to broader cultural, sporting, social and leisure activities for employees and their families.

Empowerment of Women Professionals:
To induce a friendly work environment for women, "WE Committee" is in place. At TSPL we have Internal Complaints Committee that takes care of timely redressal. In order to encourage Work life balance and Employee Delight we have invested and created superior quality world class infrastructure like Gym, Badminton Court, Hostel, Cafeteria etc.

Special events were organized on "Women's Day" with theme Press for Progress. We stand with the global community in celebrating the spirit of equality, gender parity, inclusion and progress of women worldwide.

All the women professionals from TSPL & Contract partner actively took part in Self Defense Workshop, Yoga & Meditation Session, Rangoli Competition and Tug of War & Interaction with Senior Management.

Other initiatives like formation of We Committee, Women's day celebrations and various CSR projects are aimed at promoting gender diversity at workplace. Cultural and Festival extravaganza are some of the key features aimed at promoting cultural diversity at the workplace.

15. PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

The Company has zero tolerance for sexual harassment at workplace and has in place a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder for prevention and redressal of complaints of sexual harassment at workplace.

The Company as part of Vedanta Group is an equal opportunity employer and believes in providing opportunity and key positions to women professionals. It has been the endeavor of the Group to encourage women professionals by creating proper policies to tackle issues relating to safe and proper working conditions for them and create and maintain a healthy and conducive work environment, free of discrimination. This includes discrimination on any basis, including gender and any form of sexual harassment.

As per the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made there under, the Company has constituted an Internal Complaint Committee (ICC) for ensuring awareness and effective redressal of all complaints.

During the calendar year ended on 31st December, 2017, the annual report of the number of cases filed under Sexual Harassment and their disposal is as under:

Particulars	No. of Cases
No. of Cases pending as on the beginning of the calendar year	Nil
No. of Complaints filed during the year	Nil
No. of cases pending as on the end of the calendar year	Nil

16. INFORMATION &TECHNOLOGY

Advancement in information technologies have revolutionized every business sector. Powerful computers, high bandwidth and wireless networking technologies and the widespread use of the internet have transformed standalone systems and predominantly closed network into a virtually seamless fabric of interconnectivity. During this period, TSPL has also gave its contribution toward technological improvement of the business and SSC-VSERV being an achievement on this path .SSC-VSERV Portal is a platform-independent, scalable business process management solution that enables automation of organizational business process and has been built using open technologies having seamless integration abilities allowing it to be introduced into any IT infrastructure. It includes many key features prior to the existing portal like attaching document, search work item, case Archival and also transparency across the payment process.

As regards change in the process from analog to Digitalization, it expands the geographical boundaries of any organization. The company's digitalization project 'Power digitalization' provide real time reports, built dash boards and has the capabilities of advance pattern recognition with the help of predictive tools to move from reactive maintenance to proactive addressing of problems before any unrecoverable loss of business. The company also add values to business through upgrading the existing projects resulting reduction of cost, improving efficiencies and enabling decision making.

17. SUSTAINABILITY

The Company is committed to the principles of sustainable development, protecting human life health and environment, ensuring social well-being and adding values to the Communities. The Company believes in integrating its business with the social fabric of the society that it operates in and is a firm supporter of the triple bottom line concept – Planet, People & Profit.
As we continue to create value for all our stakeholders, to connect better and communicate Vedanta's social responsibility to all our stakeholders, the company has a four pillars in our sustainability model, which also comprises of – Responsible Stewardship, Building Strong Relationship, Adding & Sharing Values and Strategic Communications. The Fourth pillar reflects our commitment to complete transparency and emphasizes our principles of community dialogue and mutual respect, including free prior informed consent to access natural resources.

During the year, we have continued the implementation of Vedanta Sustainability Framework including safety performance standards. Company is using the Vedanta Sustainability Assurance Programme (VSAP) to ensure Framework compliance, including a Programme of audits. We now have a platform that measures and reports on the performance of Sustainable Development processes across the Vedanta group. The implementation is based on SAP – Environment Health Safety (EHS). Further, Company has focused and working on zero harm, zero waste and zero discharge.

The businesses have performed well on sustainability aspects like Incident reduction with zero fatal incident, 1388 no. accident free man days till March, 2018 (Fatal), 29.67 no. accident free million man hrs. (Fatal) and are working towards embedding a zero tolerance culture with a focus on safety, health, and environment. Further, as per the community need based assessment, all our operations are making a valuable contribution to the social and economic development of the communities in which we operate.

The Company has been certified by the Management System Certificate in following category:
(a) Occupational Health and Safety Management System standard: OHSAS 18001:2007
(b) Quality Management System standard: ISO 9001:2008
(c) Environmental Management System standard: ISO 14001:2004
(d) Energy Management System Standard: ISO 50001:2011
(e) Road Traffic Safety Management Standard: ISO 39001:2012

❖ *Health, Safety & Environment*

The Company is committed to ensure that the health and safety of all its Stakeholders and preservation of environment is of paramount importance and takes precedence in all its business decisions. The health and safety of its stakeholders who may be impacted by its operations is its prime concern and in pursuit of this belief and commitment.

TSPL has made significant progress towards Zero Harm by engaging all level of employees and contract partners in the year 2017-18. TSPL is zero discharge, equipped with Hybrid ESPs to control emission, HSCD system for Ash handling & disposal with state of art dust extraction/ suppression.

Achievements during the year 2017-18:

S. No.	Achievements	Brief Description
1	✩ Fatal Accident – Zero ✩ Accident free Million Man Hrs. (Fatal) – 29.67 no.	TSPL has made significant progress towards Zero Harm by engaging all level of employees and

	☆ Accident Free Man Days till March'18 (Fatal) – 1388 no. ☆ Safety Training – 4069 Man Days	contract partners in the year 2017-18. Implemented Safety performance standards & 5S house-keeping drive, Effective implementation & compliance of safety alerts, focus on implementation of Wave-1&2
2	Lowest ever Specific water consumption-1.97 L/Kwh	Achieved through implementation of various water savings projects
	Highest ever fly Ash Utilization-73%	Achieved through reclamation of low lying areas with fly ash within the plant premises, utilization of ash in road construction projects,, additional tie-ups with cement & brick manufacturing units and other parties, infrastructure establishment, engagement of Ash utilization consultant and fly ash promotional measures
	Lowest ever Auxiliary Power Consumption (APC) -7.61 %	Achieved through implementation of various energy savings projects
	Lowest ever Specific Oil Consumption (SOC) - 0.7 ml/Kwh	Achieved through increase of equipment availability etc.
3	Obtained CTO renewal for 5 years	CTO was renewed for one year by PPCB from last 4 years. In last financial year 2017-18, CTO renewal had applied for 5 years and PPCB granted CTO under Water & Air Acts for 5 years
4	Obtained lifetime authorization for handling biomedical waste of Occupational Health centre.	As per the Biomedical Waste (Management and Handling) Rules, 2016, authorization should be obtained from SPCB for handling of Biomedical Waste (BMW). PPCB has granted life time authorization for handling BMW generating from health centre
5	Installed 4 nos. Continuous Ambient Air Quality Monitoring Stations (CAAQMS)	As per the statutory requirement, CAAQMS should be installed for continuous measurement of ambient air quality. TSPL has installed & commissioned, 4 nos. CAAQMS
6	Installed 30 KWp Roof top solar photovoltaic power plant	As a sustainability intiattive and to reduce carbon foot print, 30 KWp Roof top solar photovoltaic power plant has installed at transit hostel

❖ *Biodiversity - Care for our Environment*

The Company addresses various aspects of resource conservation, energy efficiency, carbon footprint, biodiversity and green buildings. We are conscious that biodiversity is a complex phenomenon that needs to be identified, understood and valued from a biological and societal (i.e. in terms of ecosystem services) perspective.

We believe that our performance on biodiversity conservation will create long term value for our business. TSPL strives to:

Prevent where possible, minimize and mitigate biodiversity risks. We will manage and use land in our operation in a manner that allows biodiversity conservation needs to be integrated with business needs through the project lifecycle, including decommissioning, closure and rehabilitation;
Comply with, and exceed where possible, the local, regional and national legislative requirements on land management and biodiversity conservation and applicable international conventions where applicable;
Identify and assess biodiversity status and value before the start of a new project and monitor impacts over the project lifecycle;
We will consider the impacts on ecosystem services;
Work towards conservation of threatened / rare and endemic species and high priority conservation areas, and support local, national and global conservation initiatives. We will provide and raise awareness among our employees and other stakeholders to enhance knowledge and understanding of biodiversity and conservation issues, where applicable.

❖ ***Communities***

Development of the communities we operate in is of utmost importance to us. Inclusive growth and development of the community and business is embedded in our sustainability framework. Our community driven corporate social responsibility interventions reinforce the company's commitment towards building strong stakeholder relationships for a mutually benefitting cohabitation and ownership.

At TSPL, we aim at empowering the communities through focused efforts across- health, education, livelihood and environment. This is achieved through our network of partners including academia, government and non-profit organizations. Our efforts are designed to support and compliment government run programs and welfare schemes.

18. OPERATIONS AND MAINTENANCE (O&M)

Financial Year 2017-18 turned out to be an eventful year for TSPL. With a slow start in April, TSPL recovered well to finish the year on a promising note with best ever performances for all the Key Performance Indicators (KPI's). The year also witnessed TSPL's smooth transition to a single O & M contract awarded to M/s Steag Energy Services (India) Pvt. Ltd – a wholly owned subsidiary of STEAG Energy Services GmbH, a German power station services company, well known for its operation & maintenance practices worldwide for large power stations.

Unlike previous O & M models which were evaluated on compliances, the single O & M model is KPI based, directly aimed to achieve business deliverables. The model is expected to yield better business performance and establishment of best in class industry practices within the organization.

A continuous review mechanism is in place to continuously assess asset health condition and to ensure improvement of quality of deliveries in terms of production, health, safety & environment.

Key Operational Highlights for the year 2017-18:

- ❖ Highest ever Station production of 8600 million units.
- ❖ Lowest ever Station Heat Rate of 2264 Kcal/Kwh.
- ❖ Lowest ever Station Auxiliary Power Consumption (APC) of 7.61%.
- ❖ Lowest ever Station Specific Oil Consumption (SOC) of 0.70 ml/Kwh.
- ❖ Lowest ever specific water consumption of 1.97 L/Kwh.
- ❖ Highest ever fly Ash Utilization of 73%.

19. CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility Policy of the Company is enclosed as ***Annexure – II.*** Further, Annual Report on Corporate Social Responsibility as prescribed under Section 135 of the Companies Act, 2013 read with Companies (Corporate Social

Responsibility Policy) Rules, 2014 is enclosed as ***Annexure – III***.

20. ENERGY CONSERVATION AND TECHNOLOGY ABSORPTION

The information on conservation of Energy and Technology Absorption as stipulated under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules, 2014 is attached as ***Annexure – IV***.

21. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

BOARD OF DIRECTORS:

As on 31st March, 2018, the Company consists of following Directors on the Board:

S. No.	Name of Director	Designation
1	Mr. Sushil Kumar Roongta	Non-Executive Director – Chairman
2	Mr. Ajay Kumar Dixit	Whole-time Director
3	Mr. Gurminder Singh Kang	Independent Director
4	Ms. Mala Todarwal	Independent Director
5	Mr. Mansoor Siddiqi	Non-Executive Director
6	Ms. Pooja Somani	Non-Executive Director

Appointment:
During the year 2017-18, no new appointment of a Director on the Board of Company was made.

Re-appointment:
During the year 2017-18, on recommendation of Nomination and Remuneration Committee of the Company and in accordance with the provisions of Companies Act, 2013, Mr. Gurminder Singh Kang (DIN: 02818868) and Ms. Mala Todarwal (DIN: 06933515) were re-appointed as Independent Directors on the Board of Company on 30th March, 2018 for a second term of 2 years and 3 months, effective from 1st April, 2018 till 30th June, 2020.

Cessations:
No cessations were being made during the financial year 2017-18.

KEY MANAGERIAL PERSONNEL (KMP):

As on 31st March, 2018, following were designated as Key Managerial Personnel of the Company by the Board of Directors:

S. No.	Name of KMP	Designation
1	Mr. Chhavi Nath Singh	Chief Operating Officer & Manager
2	Mr. Rohit Agarwal	Chief Financial Officer
3	Ms. Mansi Bhutani	Company Secretary

Appointment:
During the year 2017-18, the Company appointed Mr. Chhavi Nath Singh as Manager of the Company w.e.f. 25th April, 2017, Ms. Mansi Bhutani as Company Secretary of the Company w.e.f. 24th October, 2017 and Mr. Rohit Agarwal as Chief Financial Officer of the Company w.e.f 19th March, 2018.

Re-appointment:
During the year 2017-18, no re-appointments of KMP were made.

Cessations:
During the financial year 2017-18, Mr. Amit Agarwal, Chief Financial Officer ceased to be in employment of Company and accordingly, relinquished his position of KMP w.e.f. 10th March, 2018 post closure of business hours.

22. DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of Internal Financial Controls and Compliance Systems established and maintained by the Company, work performed by the internal auditors, statutory auditors, cost auditors, secretarial auditors and external consultants and the reviews performed by the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's Management of affairs were adequate and effective during the financial year 2017-18.

Accordingly, pursuant to Section 134 (5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards had been followed and there is no material departures from the same;

2. The Company had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year, i.e., March 31st, 2018 and of the profit and loss of the Company for that period;

3. The Company had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. The Directors had prepared the annual accounts on a going concern basis;

5. The Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

6. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

23. DECLARATION OF INDEPENDENCE

The Company has received declarations from both the Independent Directors confirming that they meet the criteria of independence as prescribed under section 149 (6) of the Companies Act, 2013.

The Independent Directors certified:

1. I am or was not a promoter of the Company or its holding, subsidiary or associate company or member of the Promoter Group of the listed entity;
2. I am not related to promoters or directors of the Company, its holding, subsidiary or associate Company;
3. I have/had no pecuniary relationship with the Company, its holding, subsidiary or associate Company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
4. None of my relatives has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate Company, or their promoters, or directors, amounting to 2% or more of its gross turnover **or** total income **or** Rs. 50 Lakhs **or** such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
5. Neither me nor any of my relatives—
   i. holds or has held the position of a key managerial personnel or is or has been employee of the Company or its holding, subsidiary or associate Company in any of the three financial years immediately preceding this financial year
   ii. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year of—
      a. a firm of auditors or company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate Company; or
      b. any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate Company amounting to 10% or more of the gross turnover of such firm;
   iii. holds together with his relatives 2% or more of the total voting power of the Company; or
   iv. is a Chief Executive Officer or director, by whatever name called, of any non-profit

organization that receives 25% or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate Company or that holds 2% or more of the total voting power of the Company; or

v. is a Material supplier, service provider or customer a lessor or lessee of the Company.

6. Not less than 21 years of age.
7. Not a non-independent director of another company on the board of which any non-independent director of the Company is an independent director

24. ANNUAL EVALUATION OF PERFORMANCE OF BOARD AS A WHOLE, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to the provisions of the Companies Act, 2013, an annual evaluation of performance of the Board as a Whole, its Committees and Individual Directors was carried out for the financial year 2017-18.

In this regard, structured questionnaires/ performance evaluations forms were circulated to all the Directors based on parameters like Preparation and Participation, Personality and Conduct, Quality of Value added by the Directors, Structure, Composition, Practices and Quality of Board etc.

Overall evaluation of all the Directors, Board as a whole and its Committees have remained satisfactory during the financial year 2017-18.

25. COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

In terms of the provisions of Section 178 (3) of the Companies Act, 2013, the Nomination & Remuneration Committee is responsible for formulating the criteria for determining qualification, positive attributes and independence of a Director. The Committee is also responsible for recommending to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees.

In line with the above requirement, the Board has adopted the Nomination and Remuneration Policy on Board Diversity and Director Attributes, which is reproduced in ***Annexure-V***.

26. LISTING FEES

As on 31st March, 2018, Non-Convertible Debenture amounting to Rs. 2,050 Crores (Rupees Two Thousand fifty Crores) are listed on the National Stock Exchange and pursuant to the Listing Agreement, the Company confirms that it has paid the annual listing fees for the year 2017-18 to the Stock Exchange.

27. AUDITORS

STATUTORY AUDITOR:

M/s. S. R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No: 301003E) were appointed as Statutory Auditors of your company at the 9th AGM held on 22nd June, 2016 for a term of five consecutive years i.e. until the conclusion of 14th AGM. As per the provisions of Section 139 of the Act, the appointment of Auditors is required to be ratified by the members at every AGM.

The report of the Statutory Auditors along with notes to Schedules is attached to the Report.

COST AUDITOR:

In accordance with Section 148 of the Companies Act, 2013, the company is required to have the audit of cost records relating to electricity generation for the financial year 2017-18 conducted by a Cost Accountant in practice.

The Board, on recommendation of Audit Committee, has appointed M/s R J Goel & Co., Practicing Cost Accountants (Firm Registration No. 000026) as the Cost Auditor of the Company for the financial year

2017-18 at a remuneration subject to ratification by the Members of the Company at the 10th AGM.

SECRETARIAL AUDITOR:

In accordance with the provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the company has re-appointed M/s. VAP & Associates, Practicing Company Secretaries (Firm Registration No. 13901) as the Secretarial Auditors of the Company to undertake the Company's Secretarial Audit for the financial year 2017-18.

The Report of the Secretarial Audit in Form MR-3 is attached as ***Annexure-VI***. The Secretarial Audit Report does not contain any qualifications, reservation, adverse remarks or disclaimer.

28. EXTRACT OF ANNUAL RETURN

Pursuant to Section 92 of the Companies Act, 2013 read with Rule 12 of The Companies (Management and Administration) Rules, 2014, the extract of Annual Return in Form MGT- 9, is provided in ***Annexure-VII***.

29. CORPORATE GOVERNANCE REPORT

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out in the Companies Act, 2013.

The Corporate Governance Report detailing the following is attached and forms part of Statutory Report:

- Company Philosophy on Corporate Governance
- Board of Directors and their attendance at the meetings held during financial year 2017-18.
- Committees of Board of Directors and their meetings held during the financial year 2017-18.
- General Body Meetings and Special Resolutions passed thereat.
- Disclosures required under SEBI (LODR) Regulations, 2015.
- Means of Communication
- General Shareholders Information

30. ACKNOWLEDGEMENT

On behalf of Board of Directors of Company, we like to place on record our deep appreciation to employees at all levels for their hard work, determined efforts, dedication and commitment towards the company and for making Talwandi Sabo Power Limited what it is.

The Board also extends its appreciation to our shareholders, stakeholders, Customers, Business Partners, Vendors, both international and domestic, Bankers, Financial Institutions, Academic Institutions, Investors and others associated with the Company.

The Board is thankful to the Government of India, State Governments, various Ministries, Central and State Electricity Regulatory Authorities, Municipal Corporation of Punjab, other regulatory authorities and communities in the areas of operation for their continued support and assistance extended.

For and on behalf of Board of Directors

S. K. Roongta	**Ajay Kumar Dixit**
Non-Executive Director	**Whole-time Director**
DIN: 00309302	**DIN: 03086605**

Place: New Delhi
Date: 19th April, 2018

Annexure – I

FORM AOC–2

Related Party Transactions

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis:

Name(s)of the related party and nature of relationship	Nature of contracts/ arrangement / transactions	Duration of contract/ arrangement/ transactions	Salient terms of contract/ arrangements / transactions (including value, if any)	Justification for entering into contract /arrangement /transactions	Date of approval by the Board	Amount paid as advances, if any	Date on which special resolution was passed in General Meeting as required under 1st proviso to section 188
NIL							

2. Details of contracts or arrangements or transactions at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ Transactions	Duration of contract / arrangement /transactions	Salient terms of contract / arrangements / transactions (including value, if any)	Approval by the Board	Amount paid as advances, if any
Vedanta Limited	Purchase, Guarantee, LTIP, Recovery/ Reimbursement of Expenses and sale of scraps/Assets	Continuous	Standard terms & conditions	Yes	N/A
MALCO Energy Limited	Same as above	Continuous	Same as above	Yes	N/A
BALCO	Same as above	Continuous	Same as above	Yes	N/A
VGCB Pvt Ltd.	Same as above	Continuous	Same as above	Yes	N/A
HZL	Same as above	Continuous	Same as above	Yes	N/A
SPGVL	Same as above	Continuous	Same as above	Yes	N/A

Place: New Delhi
Date: 19th April, 2018

S. K. Roongta
Non-Executive Director
DIN: 00309302

Ajay Kumar Dixit
Whole-time Director
DIN: 03086605

Annexure – II

CORPORATE SOCIAL RESPONSIBILITY POLICY

A. Policy Objective

TSPL CSR Policy intends to:

- Fulfil the social responsibility of the company that positively impacts the society at large in an ethical and environment friendly manner.
- Provide guidance in achieving the above objective and ensures that the Company operates on a consistent and compliant basis.

B. CSR philosophy

We are committed to reinvest in the social good of our neighbourhood communities and nation with a strong belief that

- We can positively impact and contribute to the realization of integrated and inclusive development of the country, in partnership with National Government, and other local, national and international partners;
- We sustainable development of our businesses is dependent on sustainable, long lasting and mutually beneficial relationships with our stakeholders, especially the communities we work with;
- We partnerships with government, corporates and civil society/community institutions, offer a strong multiplier for complementing efforts, resources and to building sustainable solutions;
- Our employees have the potential to contribute not just to our business, but also towards building strong communities.

C. CSR Focus Areas

The company will implement CSR in alignment with the Vedanta Limited focus initiatives, in line with the national and international development agendas with thrust on - Health, Education and Livelihoods. Apart from these areas company may initiate activities relating but not limited to:

(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and promotion of sanitation and making available safe drinking water.

(ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.

(iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.

(iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water.

(v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;

(vi) Measures for the benefit of armed forces veterans, war widows and their dependents;

(vii) Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports

(viii) Contribution to the prime minister's national relief fund or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;

(ix) Contributions or funds provided to technology incubators located within academic institutions which are approved by the central govt.
(x) Rural development projects
(xi) Slum area development.

Modifications may be made from time to time, as per recommendations of the CSR Committee of the Company with regard to the thrust areas and/ or activities that the company intends to execute under CSR. The surplus arising out of the CSR activities, projects or programs shall not form part of the business profit of the Company.

D. Monitoring Mechanism

TSPL CSR will have multi-tiered governance mechanism that will ensure effective implementation and monitoring in a defined timeline

- CSR Committee of the Board will govern and review CSR of the company at least twice a year
- Internal reviews by the CSR teams, Unit ExCo
- Periodic third party internal audits of CSR
- Baseline and impact assessment will be conducted every three years

E. Communication

We will voluntarily communicate about the social development programs of TSPL to our stakeholders.

F. Responsibility

The responsibility for compliance with the policy lies with the CSR committee, the Directors, Chief Operating Officer, Senior Management and all employees of TSPL.

G. Review of Policy

This CSR Policy will be reviewed every three years or as may be recommended by the CSR Committee of the company.

Annexure – III

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

As prescribed under Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014

1.	**A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**	The CSR policy lays out the approach and strategy for our social interventions. We seek to achieve inclusive growth and development of the communities and business through CSR in partnership with stakeholders. Key action areas – ❖ Health & sanitation ❖ Education ❖ Livelihood ❖ Women empowerment & equal opportunities for the deprived ❖ Environment ❖ Protection of national heritage, art and culture ❖ Aid for the benefit of armed forces veterans, war widows and their dependents; ❖ Sports and culture ❖ Contribution to national relief funds ❖ Contributions for technology incubators ❖ Rural development projects ❖ Slum area development All CSR interventions shall be governed appropriately by the CSR board and other management committees for their impact and successful implementation at periodic intervals in accordance with the Company and government mandates.
2.	**The composition of the CSR committee**	1. Mr. Gurminder Singh Kang – Chairman 2. Ms. Mala Arun Todarwal – Member 3. Ms. Pooja Somani – Member
3.	**Average net profit of the Company for last three financial years.**	Rs. -140 Crores
4.	**Prescribed CSR Expenditure (two percent of the amount as in item 3 above)**	N.A.
5.	**Details of CSR spent during the financial year**	
(a)	**Total amount to be spent for the financial year**	Rs. 1.50 Crores
(b)	**Amount unspent, if any**	Rs. 0.73 Crores

5(c) Manner in which the amount spent during the financial year is detailed below:

Sl. No.	CSR project or activity identified	Sector in which the project is covered	Project or the programs		Amount outlay (budget) project or programs wise (Amount in Rs.)	Amount spent on the projects or programs Subheads: (Amount in Rs.)		Cumulative expenditure up to the reporting period (Amount in Rs.)	Amount spent Direct or through implementing agency
			Local Area or other	State and district where projects or programs was undertaken		Direct expenditure on projects or programs.	Overheads		
1	Clinical Health Services	Health	Local areas	Mansa, Punjab	13,70,000	8,41,332	2,12,465	10,53797	Direct
2	Nutrition Garden		Local areas		4,45,000	-	-	-	-
3	Malaria Elimination Program		Local areas	Mansa, Punjab	3,00,000	1,68,205	2,12,465	3,80,670	Direct
4	School Upgradation	Education	Local areas	Mansa, Punjab	40,00,000	31,49,844	2,12,465	33,62,309	Direct
5	Nand Ghar		Local areas		50,00,000	-		-	-
6	Sustainable Agriculture	Livelihood	Local areas	Mansa & Bathinda, Punjab	18,00,000	10,02,575	2,12,465	12,15,040	Implementing agency
7	Soak Pits	Water & Sanitation	Local areas	Mansa, Punjab	4,20,000	70,400	2,12,465	2,82,865	Direct
8	Plantation	Environment	Local areas	Mansa, Punjab	3,00,000	50,250	2,12,465	2,62,715	Direct
9	Need based projects	Rural Development	Local areas	Mansa, Punjab	4,00,000	1,09,420	2,12,465	3,21,885	Direct
10	Other CSR expenses	Miscellaneous	Local areas	Mansa, Punjab	9,67,000	6,15,640	2,12,465	8,28,105	Direct

**Implementing Agency: The Nabha Foundation*

6.	**In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report.**	Talwandi Sabo Power Limited has spent Rs. 0.77 Crores on Corporate Social Responsibility activities, for the financial year 2017-2018.
7.	**A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and Policy of the Company.**	The implementation and monitoring of the CSR Policy is in compliance with CSR objectives and Policy of the Company.

Mala Todarwal
Independent Director
DIN: 06933515

Gurminder Singh Kang
Independent Director
DIN: 02818868

Place: New Delhi
Date: 19th April, 2018

Annexure – IV

ENERGY CONSERVATION & TECHNOLOGY ABSORPTION

A. Conservation of Energy

Conservation of natural resources continues to be the key focus area of your Company. Some of the important steps taken in this direction follow:

1. The steps taken or impact on conservation of energy:

Following steps were taken:

- Formulation of young and innovative Energy management committee comprising of energy champions from each area.
- Energy savings of more than 75 Mus achieved in FY 17-18 through various OPEX & CAPEX projects.
- Initiated fly ash utilization through fly ash sale, thereby reducing carbon footprints. Highest ever fly Ash Utilization of 73% achieved in FY 17-18
- Monthly tracking of energy consumption by energy champions of respective areas.
- Energy performance indicators identified with yearly targets; all areas objectives and targets linked with energy performance.
- Compliance of ISO 50001:2011 energy management standards without any NC.
- Celebration on National energy Conservation day and felicitation of employees with contributions towards energy conservation.

2. The steps taken by the Company for utilizing alternate sources of energy:

- 30 Kwp solar roof top panel made operational in July'17. 9800 units of clean energy generated so far.
- **Club Urja** a CSR energy awareness initiative of TSPL launched with the aim of targeting 1,00,000 stake holders including students, villages, farmers and other electricity consumers. As on date 12, 000 people from 43 schools and 6 NGO's have got associated with it.

3. The capital investment on energy conservation equipment:

- Installation of Variable frequency drive (VFD) in 2 Nos of VT Pumps – 13 Lakhs
- Installation of Variable frequency drive (VFD) in 4 Nos of Raw Water Pumps – 16 Lakhs
- Replacement of CFL & FTL with high efficient LED's – 20 Lakhs
- Lighting Timer Installation - 6.6 Lakhs
- CAPEX in place for installation of VFD's in ID Fan, CEP & BA Slurry pump during next fiscal.

B. Technology Absorption

1. Efforts in brief made towards technology absorption, adaptation and innovation:

- Efficient use of Online Energy Management System (OEMS-ESCADA) for monitoring equipment wise performance, specific energy consumption and analyzing energy deviations.
- Power Digitalization project underway with facility of online dash boards, report automation, diagnostic tools, alert /alarm management and performance models.
- Implementation of kaizens on energy to promote innovation in energy.

2. Any benefit(s) derived like product improvement, cost reduction, product development and import substitution:

Allows users to minimize time spent collecting information and focus their efforts on identifying savings opportunities, increasing behavioral and operational efficiency, and tracking improvements across entire plant areas.

3. In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year), the following information may be furnished:

Details of technology(ies) imported	660 MW thermal plant technology in Turbine; boiler; generator; its auxiliaries and its complete automation; SCADA
The year(s) of import(s)	2011-12-13
Whether technology being fully absorbed?	Yes
If not fully absorbed, areas where absorption has not taken place and reasons thereof	NA

4. The expenditure incurred on Research and Development: N.A

Annexure – V

NOMINATION & REMUNERATION POLICY

NOMINATION POLICY

I. Introduction

In line with the best practices and the governance philosophy, the Company has formed a Nomination & Remuneration Committee. The purpose of charter is to document the objectives, responsibilities, and administration of the Nomination & Remuneration Committee which are delegated to the Committee by the Board of Directors.

II. Objective

The Nomination & Remuneration Committee is to establish the principles for the selection of candidates to the Board of Directors, selects candidates for the election or re-election to the Board of Directors and prepares a proposal for the Board of Directors' decision.

III. Definitions

a) Board means Board of Directors of the Company.
b) Committee means the Nomination & Remuneration Committee
c) Directors means Directors of the Company.
d) Independent Director means as provided under clause 49 of the Listing Agreement and/or under the Companies Act, 2013.
e) Key Managerial Personnel (KMP) means:-
   - Chief Executive Officer or the Managing Director or the Manager;
   - Whole Time Director;
   - Chief Financial Officer;
   - Company Secretary; and
   - Such other officer as may be prescribed
f) Senior Management means personnel of the Company who are Members of its core management team excluding the Board of Directors and including Functional Heads, viz., the Executive Committee (EXCO) of the Company.

IV. Membership

The Membership of the Committee shall consists of at least three non-executive Directors, each of whom shall be independent and at least half shall be independent. Chairman of the Committee shall be an Independent Director.

V. Responsibilities of the Committee:

The Nomination & Remuneration Committee shall:

a. Assist the Board in identifying, interviewing and recruiting candidates including criteria for the independence evaluation of the Board of Directors;
b. Annually evaluate and report to the Board on the performance and effectiveness of the Board to facilitate the Directors fulfilling their responsibilities in a manner that serves the interests of Members of the organization.
c. Review, at least once a year, the independence of the Members of the Board of Directors;
d. Obtain or perform an annual evaluation of the Committee's performance and make applicable recommendations.
e. Review the framework and processes for motivating and rewarding performance at all levels of the organization; the resulting compensation awards, and make appropriate proposals for Board approval. In particular, recommending all forms of compensation to be granted to Directors, senior management and other employees of the Company.
f. Review of the Company's Share Based Employee Benefit Scheme(s), if any, including overseeing the administration of the Scheme(s), formulating the necessary terms and conditions for such Scheme(s) like quantum of options/rights to be granted, terms

of vesting, grant options/rights to eligible employees, in consultation with management; and allotment shares/other securities when options/rights are exercised etc. and recommend changes as may be necessary.

g. Regularly review and make recommendations about changes to the charter of the Nomination Committee;

VI. Board Diversity:

The Committee in their nomination process and while making recommendations to the Board shall endeavor to have an optimum combination of Directors from different fields/walks such as Management, Legal, Finance, Marketing, Human Resources, Bureaucracy, Public Policy etc. and adequate representation of Women Directors on the Board.

VII. Evaluation Criteria:

The Committee shall evaluate the balance of knowledge, skill, professional & functional expertise, industry orientation, gender, age etc. on the Board and, in the light of this evaluation, prepare and recommend to the Board, a description of the role and capabilities required for a particular appointment.

REMUNERATION POLICY

The Committee will recommend the remuneration/compensation/commission etc. to be paid to the Directors to the Board for their approval The same shall be subject to the approval of the shareholders of the Company and the Central Government, wherever required.

Guiding Principles of the Executive compensation program are:

- **Alignment with Business Strategy and Level of Responsibility & Impact:** As employees progress to higher levels in the organization, their performance has a greater direct impact on the strategic initiatives and business results.
- **Fixed/ Base Salary Decisions:** The Executives' fixed salary shall be competitive and based upon the industry practice and benchmarks considering the skill & knowledge, experience and job responsibilities.
- **Pay-for-Performance:** A large portion of each Executive's total compensation is linked to the achievement of Company and individual performance goals. Such variable compensation is "at risk", and rewards performance and contributions to both short-term and long-term financial performance of the Company.
- **Performance Bonus Plan:** The Performance Bonus Plan rewards contribution to the achievement of the Company's annual financial, strategic and operational goals and individual KRAs. The Performance Bonus drives high performance culture to achieve the organization's objectives by differentiating rewards based on performance. The performance will be related to the fulfilment of various targets and attainment of business objectives, both at the Company and individual level.
- **Long Term Incentives:** Executives' compensation is linked to long-term stock price appreciation, and shareholder value creation through the Company's Long-term Incentives (LTI) plan. The LTI Plan balances Executives' performance orientation and decisions to deliver on the short-term business outcomes with the long-term performance of the Company, both on financial and non-financial parameters.
- **Competitive in Market place:** We compete for talent globally. In order to attract and retain a highly skilled workforce, we must remain competitive with the pay of other employers who compete with us for talent.

Remuneration to Non-Executive / Independent Director

Yearly Fee/ Commission: The yearly fee/ commission may be paid within the monetary limit approved by the shareholders subject to the limit not exceeding 1% of the net profits of the Company as per the applicable provisions of the Companies Act, 2013.

Sitting Fees: The Non-Executive Director/Independent Director may receive remuneration by way of fees for attending the Meetings of the Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One Lac per Meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

Stock Options: An Independent Director shall not be entitled to any stock options of the Company.

Directors' and Officers' Insurance: Where any insurance is taken by the Company on behalf of its Directors, KMPs / Senior Management Personnel etc. for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

Annexure-VI

Form MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2018

[*Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies* (*Appointment and Remuneration of Managerial Personnel*) *Rules, 2014*]

To,
The Members,
Talwandi Sabo Power Limited,
(CIN: L40101PB2007PLC031035)
Village Banawala, Mansa – Talwandi Sabo Road,
Dist. Mansa, Punjab – 151302, India.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Talwandi Sabo Power Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31 March, 2018 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The applicable provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (`SEBI Act'):—

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not Applicable to the Company during the Audit Period);**

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 & 2015**(Not Applicable to the Company during the Audit Period);**

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not Applicable to the Company during the Audit Period);**

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and

Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not Applicable to the Company during the Audit Period);**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(Not Applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review);**

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable to the Company during the Audit Period);** and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable to the Company during the Audit Period)**.

(vi) Other laws applicable to the Company:

Having regard to the compliance system prevailing in the Company and on the basis of presentation and Reports made by Compliance Auditors and Internal Auditors of the Company, we further report that the Company has adequate system and processes are in place to monitor to ensure the compliance of the other laws specifically applicable to the Company to the extent of their applicability to the Company like:-

(a) The Electricity Act, 2003,
(b) Explosives Act, 1884,
(c) National Tariff Policy and the Rules & Regulations made thereunder, and
(d) Compliance with general laws like labour laws, environmental laws, etc.
(e) The compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

2. We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.
(ii) Applicable Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR) Regulations, 2015"].

3. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except the *Position of Company Secretary in the Company is vacant since 19th October, 2016 to 24th October, 2017.*

4. We further report that:

(a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

(b) Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent at least seven days in advance through mail, however, sometimes agenda papers were sent with short notice with the consent of the Board and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

(c) All decisions at Board Meetings and Committee Meetings are carried out by majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

5. **We further report that** based on the information and explanations given to us and the representations made by the Management and records maintained by the Company there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

6. **We further report that** during the audit period, the Company had the following events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.:

(a) Approval of shareholders was obtained at the Extra-Ordinary General Meeting held on 23rd November, 2017 for issue of Rated, Listed, Secured, Redeemable, Non-Convertible Debentures aggregating upto Rs. 2,500 Crores.

(b) The Company has issued and allotted: 7.85% Secured, Redeemable, Non-Convertible Debentures amounting to Rs. 500 Crores.

This report is to be read with our letter of even date which is annexed as **Annexure 'A'** and forms an integral part of this report.

For VAP & Associates
Company Secretaries
FRN: S2014UP280200

Sd/-
Parul Jain
Proprietor
M. No. F8323
C.P. No. 13901

Place: Ghaziabad
Date: 11.04.2018

Annexure A

To,
The Members,
Talwandi Sabo Power Limited,
(CIN: L40101PB2007PLC031035)
Village Banawala, Mansa – Talwandi Sabo Road,
Mansa, Punjab – 151302, India.

Our report of even date is to be read along with this letter as under:

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial record. We believe that the process and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records / financial laws and books of accounts of the Company. However, we have relied on the correctness and appropriateness of financial records and Books of Accounts of the Company, based on audited and approved financials.

4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events, etc.

5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. During the course of our examination of the books and records of the Company carried out in accordance with generally accepted practices in India, we have neither come across any instance of fraud on or by the Company, nor the Company has noticed and reported any such case during the year and accordingly the Company has not informed us of any such case.

7. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Annexure – VII

FORM MGT-9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2018

[*Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014*]

I. REGISTRATION AND OTHER DETAILS:

Corporate Identification Number (CIN)	L40101PB2007PLC031035
Registration Date	5th April, 2007
Name of the Company	Talwandi Sabo Power Limited
Category / Sub-Category of the Company	Company Limited by Shares / Non – Government Company
Address of the Registered Office and Contact details	Village Banawala, Talwandi Sabo Road, Dist. Mansa, Punjab - 151302
Whether listed Company	Listed

Registrar and Transfer Agent		
Name	**Address**	**Contact No.**
Karvy Computershare Private Limited	Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad	Tel: +91 40 6716 1700, Toll Free No.: 1800 425 8998, Fax: +91 40 2311 4087

II. PRINCIPLE BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Name and Description of the main product(s) / service(s)	NIC code of the product / service	% turnover of the Company
Electricity generation by coal based thermal electric plant	35102	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held
Vedanta Limited 1st Floor, C wing, Unit 103, Corporate Avenue Atul Projects, Chakala, Andheri (East) Mumbai Mumbai City MH 400093 IN	L13209MH1965PLC291394	Holding Company	100 %

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY):

(i) Category wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the Year				No. of Shares held at the end of the Year				% Change during the year
	Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
(A) Promoters & Promoter Group									
1) Indian									
Individual / HUF	0	6	6	.001	0	6	6	.001	0
Central Government/ State Government	0	0	0		0	0	0	0	0
Bodies Corporate	0	3,206,609,686	3,206,609,686	99.99	0	3,206,609,686	3,206,609,686	99.99	0
Financial Institutions / Banks	0	0	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	0	0	0
Sub-Total A(1)	**0**	**3,206,609,692**	**3,206,609,692**	**100**	**0**	**3,206,609,692**	**3,206,609,692**	**100**	**0**
2) Foreign									
Individuals (NRIs / Foreign Individuals)	0	0	0	0	0	0	0	0	0
Bodies Corporate	0	0	0	0	0	0	0	0	0
Institutions	0	0	0	0	0	0	0	0	0
Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	0	0	0
Sub-Total A(2)	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A) =A(1)+A(2)	**0**	**3,206,609,692**	**3,206,609,692**	**100**	**0**	**3,206,609,692**	**3,206,609,692**	**100**	**0**
(B) Public Shareholding									
1) Institutions									
Mutual Funds / UTI	0	0	0	0	0	0	0	0	0
Financial Institutions / Banks	0	0	0	0	0	0	0	0	0

Central Government/ State Government	0	0	0	0	0	0	0	0	0
Venture Capital Funds	0	0	0	0	0	0	0	0	0
Insurance Companies	0	0	0	0	0	0	0	0	0
Foreign Institutional Investors	0	0	0	0	0	0	0	0	0
Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0
Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	0	0	0
Sub-Total B(1)	0	0	0	0	0	0	0	0	0
2) Non-Institutions									
Bodies Corporate	0	0	0	0	0	0	0	0	0
Individuals	0	0	0	0	0	0	0	0	0
(i) Individuals holding nominal share capital up to 1 lakh	0	0	0	0	0	0	0	0	0
(ii) Individuals holding nominal share capital in excess of 1 lakh	0	0	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	0	0	0
Sub-Total B(2)	0	0	0	0		0	0		0
Total Public Shareholding (B)=B(1)+B(2)	0	0	0	0		0	0		0
Total (A+B)	**0**	**3,206,609,692**	**3,206,609,692**	**100**		**3,206,609,692**	**3,206,609,692**		**0**
(C) Shares held by Custodian for GDRs & ADRs	0	0	0	0		0	0	0	0
Grand Total (A+B+C) :	**0**	**3,206,609,692**	**3,206,609,692**	**100**		**3,206,609,692**	**3,206,609,692**	**100**	**0**

(ii) Shareholding of Promoters:

Shareholder's Name	Shareholding at the beginning of the year (01/04/2017)			Shareholding at the end of the year (31/03/2018)			Change in Shareholding during the year	
	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of shares	%
Vedanta Limited	3,206,609,692	100%	NIL	3,206,609,692	100%	NIL	NIL	NIL

(iii) Change in Promoter's Shareholding (please specify, if there is no change):

Particulars	Shareholding at the beginning of the year (1st April, 2017)		Cumulative holding during the year (2017-2018)	
	No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	3,206,609,692	100%	3,206,609,692	100%
Date wise Increase / Decrease in Promoters Shareholding during the Year specifying the reasons for increase / decrease (e.g. Allotment / transfer / bonus/ sweat equity etc.)	NIL	NIL	NIL	NIL
At the end of the year	**3,206,609,692**	**100%**	**3,206,609,692**	**100%**

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

For each of the Top 10 Shareholders	Shareholding at the beginning of the year (1st April, 2017)		Cumulative holding during the year (2017-2018)	
	No. of Shares	% of Total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	NIL	NIL	NIL	NIL
Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment-transfer/bonus/sweat equity etc.):	NIL	NIL	NIL	NIL
At the End of the year (or on the date of separation, if Separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

For Each of the Directors and KMP	Shareholding at the beginning of the year (01/04/2017)		Cumulative Shareholding during the year (2017-2018)	
	No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	3	0.0000001%	3	0.0000001%
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	Nil	Nil	Nil	Nil
At the end of the year	**3**	0.0000001%	**3**	**0.0000001%**

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment: Rs. in lakh

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01/04/2017)				
i. Principal Amount	5,56,795.27	2,44,367.00	NIL	8,01,162.27
ii. Interest due but not paid	NIL	NIL	NIL	NIL
iii. Interest accrued but not due	5,567.88	289.67	NIL	5,857.55
Total (i + ii + iii)	**5,62,363.15**	**2,44,656.67**	**NIL**	**8,07,019.82**
Change in indebtedness during the year (2017-2018)				
Addition	1,69,382.73	8,17,392.00	NIL	9,86,774.73
Reduction	54,800.00	8,69,248.83	NIL	9,24,048.83
Net Change relating to principle amount	**1,14,582.73**	**(51,856.83)**	**NIL**	**62,725.9**
i. Principal Amount	6,71,378.00	1,92,510.17	NIL	8,63,888.17
ii. Interest due but not paid	Nil	Nil	NIL	NIL
iii. Interest accrued but not due	6,329.87	1,212.50	NIL	7,542.37
Total (i + ii + iii)	**6,77,707.87**	**193,722.67**	**NIL**	**8,71,430.54**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

(i) Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount (Rs.)
		Mr. G. S. Kang	Mr. S. K. Roongta	Ms. Mala Todarwal	
Independent Directors					
1.	Fee for attending Board Meetings	3,00,000/-		3,00,000/-	6,00,000/-
2.	Fee for attending Committee Meetings	1,60,000/-		1,60,000/-	3,20,000/-
3.	Commission	Nil		Nil	Nil
4.	Others, please specify	Nil		Nil	Nil
Total (1)		**4,60,000/-**		**4,60,000/-**	**9,20,000/-**
Non – Executive Directors					
1.	Fee for attending Board Meetings		3,00,000/-		3,00,000/-
2.	Fee for attending Committee Meetings		1,00,000/-		1,00,000/-
3.	Commission		Nil		Nil
4.	Others, please specify		Nil		Nil
Total (2)			**4,00,000/-**		**4,00,000/-**
Total (1+2)		**4,60,000/-**	**4,00,000/-**	**4,60,000/-**	**13,20,000/-**
Overall Ceiling per meeting of Board/ Committee as per the Companies Act, 2013		1,00,000/-	1,00,000/-	1,00,000/-	3,00,000/-

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act, 2013	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT /COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

CORPORATE GOVERNANCE REPORT

Talwandi Sabo Power Limited aims to build sustainable value for its stakeholders. The goal of the Company is to be the most efficient, sustainable and admired power producer in the Country, making our stakeholders proud and powering the growth of Punjab. The mission of the Company is to:

- Enhance the stakeholder's values through innovation, operational excellence and sustainability.
- To harness the technology to its fullest potential and in a sustainable manner.
- To become a vibrant and learning organization by building the skills and competencies of our people.

1. COMPANY PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance essentially involves balancing the interests of all the stakeholders in a Company – these include its shareholders, management, customers, suppliers, financiers, government and the community, the system of rules, practices and processes by which a Company is directed and controlled. It is about promoting corporate fairness, transparency and accountability. It ensures:

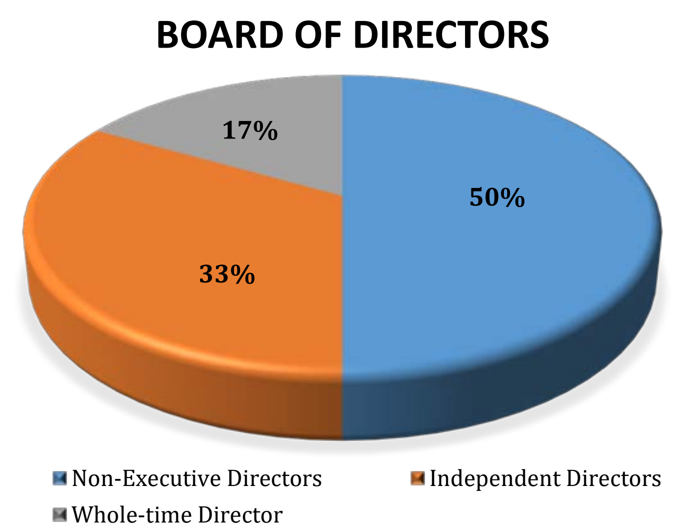
- Adequate disclosures and effective decision making to achieve corporate objectives;
- Transparency in business transactions;
- Statutory and legal compliances;
- Protection of shareholder interests;
- Commitment to values and ethical conduct of business.

The Company believes that its affairs shall be conducted by following the best practices and principles, irrespective of its relation to the customers, employees, stakeholders or the community. Its Corporate Governance structure is based on the following principles:

- **Trusteeship:** A transparent and independent Board with a balanced composition and size can provide effective leadership to the Company. The Board is the trustee for all stakeholders.
- **Aim:** Accountability, independence, effective internal surveillance, voluntary legal compliance and governing rules and procedures drive the Company's Corporate Governance.
- **Entrepreneurship:** The Company empowers the management and employees, especially women, to showcase strength, ownership, innovation and passion to excel and lead.
- **Creating value:** The Company undertakes efficient resource management to enhance enterprise value and return on investment.
- **Concern and respect for people and environment:** The Company works for the society and community.

2. BOARD OF DIRECTORS

The Board of Directors is the trustee to the stakeholders and is responsible for corporate strategy, drives strategic decisions, reviews major plans of action, including decisions concerning the Company's capital, such as capital restructure, capital returns and security issue and so on. Besides, the plans of action also include risk policy, review and approval of annual budgets and business plans and monitor performance against corporate strategy on a regular basis.



SUSHIL KUMAR ROONGTA
Non-Executive Chairman

Mr. Sushil Kumar Roongta has been on the Board of Talwandi Sabo Power Limited since 19th January, 2012 and as Chairman of the Company since 20th April, 2012.

Mr. Roongta holds a Bachelor of Engineering (Honors) Degree in Electrical Engineering from the Birla Institute of Technology & Science (BITS), Pilani and a Gold Medal in Post Graduate Diploma in Business Management and International Trade from the Indian Institute of Foreign Trade (IIFT), New Delhi.

He is a fellow member of the All India Management Association.

Mr. Roongta is a Member of National Executive Committee of FICCI and National Council of ASSOCHAM and a Jury Member for various prestigious awards including Lakshmipat Singhania – IIM Lucknow Leadership Awards, BML Munjal Awards for excellence in learning and development, ICWAI National Awards for Excellence in Cost Management, AIMA Awards etc. He is the recipient of a number of awards including SCOPE gold awards for Excellence & Outstanding Contribution to the Public Sector Management – Individual Category from 2007 to 2008.

Mr. Roongta served as the Chief Executive Officer of Power and Managing Director of Aluminium & Power at Vedanta Limited until June, 2015 and also, served as the Chairman of Steel Authority of India, has a career spanning more than 38 years and served as several vital positions across divisions and locations with key focus on strategy, marketing, turnaround management and business development.

GURMINDER SINGH KANG
Independent Director

Mr. Gurminder Singh Kang, has been on the Board of Talwandi Sabo Power Limited since 20th July, 2011 as Non-Executive Director of the Company and thereafter, appointed as an Independent Director of the Company with effect from 31st March, 2015.

Mr. Kang holds a master's degree in History and English from University of Punjab and served as Chief Secretary of Government at Bihar from June, 2005 to September, 2006. Mr. Kang served as an Independent Director of Sterlite Energy Limited and as a Director at Security and Intelligence Services (India) Limited.

He also serves as an Independent Director of Bharat Aluminium Company Limited.

Mr. Kang was a Member of the Indian Administrative Services (IAS). From 1970 to 2006, Mr. Kang served the Government of Bihar in various capacities, and retired as Chief Secretary in September, 2006. He has been awarded from Prime Minister of India as "Best Bureaucrat" in 2005.

MALA TODARWAL
Independent Director

Ms. Mala Todarwal has been on the Board of Talwandi Sabo Power Limited as an Independent Director of the Company with effect from 31st March, 2015.

Ms. Todarwal is a fellow Member of the Institute of Chartered Accountants of India. She has been practicing as a Chartered Accountant since 2009. She is an active partner of M/s. Todarwal & Todarwal who are senior

Members of International Association of Practicing Accountants (IAPA) and The UK 200 Group - International Accounting Bodies based in the U.K. with more than 350 Members in about 55 countries.

She has carried out various professional assignments in India as well as U.A.E.

Ms. Mala Todarwal has been serving as a director on the Board of Welspun Syntex Ltd, Welspun Enterprises Ltd, Welspun Investments and Commercials Ltd, Sesa Resources Ltd, Sesa Mining Corporation Ltd, Graviss Hospitality Ltd and Graviss Hotels & Resorts Ltd.

MANSOOR SIDDIQI
Non-Executive Director

Mr. Mansoor Siddiqi, has been on the Board of Talwandi Sabo Power Limited since 22nd April, 2011, he was appointed as an Additional Director and then served as Non-Executive Director of the Company.

Mr. Siddiqi has a (BE) mechanical engineering degree from the Indian Institute of Technology, New Delhi and a PG Diploma in Management from AIMA, New Delhi.

Mr. Siddiqi joined the Group in 1991 and rising through several operational roles, he led the setup of the Group's large Aluminium and Power projects including Bharat Aluminium Co. Ltd. ("BALCO") smelters and captive power plants. He also played a key role in setting up the Copper smelter at Tuticorin. Prior to his appointment as Group Director of Projects he was chief executive officer of the Group's Aluminium division.

Prior to joining the Group, Mr. Siddiqi held senior positions in Hindustan Copper Limited and has over 42 years of industry experience.

AJAY KUMAR DIXIT
Whole-time Director

Mr. Ajay Kumar Dixit has been on Board since 21st April, 2016 as Whole-time Director of Talwandi Sabo Power Limited.

Mr. Dixit is an Electrical Engineer from Delhi College of Engineering. He was appointed as CEO Power for Vedanta Limited in May, 2015. Prior to joining Vedanta Group, Mr. Dixit worked at Siemens for almost three and a half decades handling various profiles before taking over the role of CEO – Energy Sector for South Asia.

At Vedanta, he is leading 9097 MW capacity power plant units and driving strategies to achieve the full potential of the business.

POOJA SOMANI
Non-Executive Director

Ms. Pooja Somani has been on the Board of Talwandi Sabo Power Limited since 31st March, 2015 she was appointed as an Additional Director and then served as Non-Executive Director of the Company.

Ms. Somani is a fellow Member of the Institute of Chartered Accountants of India and Institute of Company Secretaries of India. She joined Vedanta Group in October, 2004 and since then held a variety of financial appointments in the group in the areas of business development, mergers and acquisitions, corporate finance, audit and accounting and corporate strategy.

☆ *Composition, Directorship and Meetings:*

The Board of Directors of the Company as on 31st March, 2018 comprises of six Directors. There are three Non-Executive Directors including Chairman of the Company, two Independent Directors and one Whole-time Director. The Board composition is in conformity with the provisions of the Companies Act, 2013.

No Director is related to each other and are not the promoters of the Company. The Board being representative of shareholders have a fiduciary relationship and a corresponding duty to all its stakeholders to ensure that their rights are protected.

The Board/Committee Meetings are pre-scheduled and an annual calendar of the Board and Committee Meetings is circulated to the Directors well in advance.

Minimum four meetings are scheduled annually. Additional meetings of the Board are held as and when deemed necessary. The Agenda papers alongwith the supporting annexures for the Meetings are provided well in advance for each of the meeting of Board and Committees. However, to address urgent issues, resolutions are passed by way of circulation in line with the provisions of Section 175 of the Companies Act, 2013.

During the financial year 2017-18, six meetings of Board of Directors were held on 25th April, 2017, 21st July, 2017, 24th October, 2017, 22nd January, 2018, 19th March, 2018 and 23rd March, 2018. The gap between any two consecutive meetings of the Board was not more than one hundred and twenty days (120 days).

During FY 2017-18, three (03) matters were approved by the Board by means of resolution by circulation.

☆ *Attendance of Directors at the Board Meetings and Annual General Meeting held during the FY – 2017-2018:*

Name of Director	Category	Board Meetings held during the FY 2017-18		Attendance at last AGM held on 23.06.2017
		Held	Attended	
Mr. Sushil Kumar Roongta (DIN:00309302)	Non-Executive Director	6	6	No
Mr. Gurminder Singh Kang (DIN: 02818868)	Independent Director	6	6	No
Ms. Mala Todarwal (DIN: 06933515)	Independent Director	6	6	Yes
Mr. Ajay Kumar Dixit (DIN: 03086605)	Whole-time Director	6	6	Yes
Mr. Mansoor Siddiqi (DIN: 01256089)	Non-Executive Director	6	5	No
Ms. Pooja Somani (DIN: 07131449)	Non-Executive Director	6	4	No

✰ *Details of Board Meetings:*

Name of Director / Date of Meeting	Mr. Sushil Kumar Roongta	Mr. Gurminder Singh Kang	Mr. Mansoor Siddiqi	Mr. Ajay Kumar Dixit	Ms. Mala Todarwal	Ms. Pooja Somani
25th April, 2017	✓	✓	✓	✓	✓	✓
21st July, 2017	✓	✓	×	✓	✓	✓
24th October, 2017	✓	✓	✓	✓	✓	×
22nd January, 2018	✓	✓	✓	✓	✓	×
19th March, 2018	✓	✓	✓	✓	✓	✓
23rd March, 2018	✓	✓	✓	✓	✓	✓

× *Note: Leave of absence was granted to Mr. Mansoor Siddiqi and Ms. Pooja Somani – NED.*

✰ *Details of Membership/Chairmanship of Directors in Committees of Board:*

Name of Director	Category*	Details of Committees			
		Audit Committee	Nomination & Remuneration Committee	Corporate Social Responsibility Committee	Committee of Directors
Mr. Sushil Kumar Roongta	NED	-	Member	-	-
Mr. Gurminder Singh Kang	ID	Chairman	Chairman	Chairman	-
Ms. Mala Todarwal	ID	Member	Member	Member	-
Mr. Mansoor Siddiqi	NED	Member	-	-	Member
Ms. Pooja Somani	NED	-	-	Member	Member
Mr. Ajay Kumar Dixit	WTD	-	-	-	Chairman

NED – Non-Executive Director ***ID – Independent Director*** ***WTD – Whole-time Director***

Note:

a) None of the Directors of the Company were Members of more than 10 Committees or acted as Chairperson of more than 5 Committees, across all the companies in which he/she was a Director. For this, Stakeholder's Relationship Committee and Audit Committee shall be counted.

b) None of the Directors held Directorship in more than 10 public limited companies.

c) None of the Directors were related to any Director or Member of the Company.

d) None of the Independent Directors of the Company served as an Independent Director in more than 7 listed companies.

e) All Independent Directors of the Company have been appointed as per the provisions of the Companies Act, 2013 (the Act). Formal letters of appointment have been issued to the Independent Directors. The terms and conditions of their appointment are disclosed on the Company's website: http://www.tsplindia.co/AppointmentofIndependentDirector.pdf.

☆ *Number of Shares or Convertible Instruments held by Non-Executive Directors:*

Name of Non-Executive Director	Number of Shares held during the FY 2017-18	Number of Convertible Instruments held during the FY 2017-18
Mr. Sushil Kumar Roongta	NIL	NIL
Mr. Mansoor Siddiqi		
Ms. Pooja Somani		

☆ *Selection/ Appointment Procedure:*

As per the Company's Nomination and Remuneration Policy, following steps are carried out for selection of new Board Members:

a) The Nomination and Remuneration Committee (NRC) takes into consideration the knowledge, professional & functional expertise and background, industry orientation, diverse academic, professional or technical qualification and more before recommending a new member to the Board for their approval for appointment;
b) In case of appointment of Independent Directors, the NRC additionally satisfies itself with regard to the independence of the Directors;
c) In case of re-appointment, performance evaluation and engagement level is considered by the NRC and recommended to the Board for approval.

☆ *Independence of Board:*

In compliance with the Section 149 (6) of the Companies Act, 2013, a declaration stating he/she meets the criteria of independence as provided under law has been received by the Independent Directors.

☆ *Separate Meeting of Independent Directors:*

During the FY 2017-18, two meetings of Independent Directors of the Company were held without the attendance of Non-Independent Directors and management of the Company on 25th April, 2017 and 27th February, 2018 respectively to discuss the matters relating to the performance of the Company, Committees of Board, Individual Directors, flow of information to the Board etc.

☆ *Code of Business Conduct and Ethics:*

The Company has in place a comprehensive code of conduct (COC) applicable to all Board Members, Senior Management and other employees of the Company. The COC provides guidance and support required for conducting the business in an ethical manner.

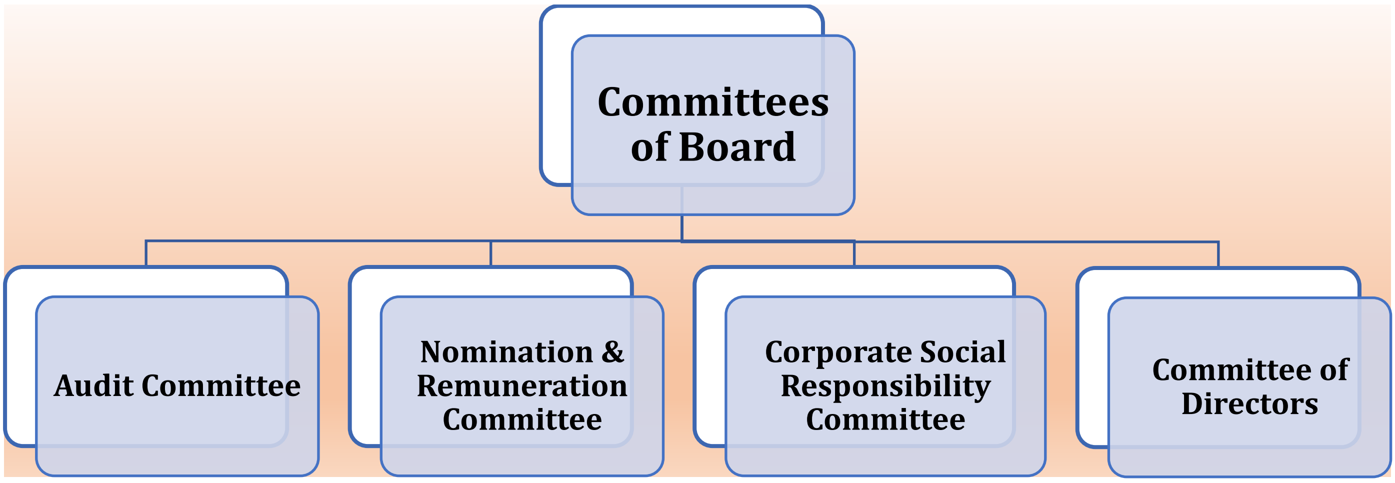
3. COMMITTEE OF BOARD OF DIRECTORS

The Committees of Board play a vital role in the overall governance structure of the Company. They are constituted to focus on specific and distinct areas or activities of the Company in making informed decisions.

The Committees are constituted with the approval of the Board and are guided by its charter defining the purpose, scope, responsibilities and authorities amongst others. The Chairman of the respective committees apprise the Board on the discussions and decisions taken in the Committee Meetings.

The proceedings of all Committee Meetings are circulated to all the members of the committee and minutes of the respective meetings of all the committees are placed before the Board for its review and noting.

As on 31st March, 2018, Board of Directors of Company comprise of four (4) committees as provided below:



(a) Audit Committee

The Audit Committee is formed to assist the Board with its oversight responsibilities. Section 177 of the Companies Act, 2013 ('Act') states that the Audit Committee of the Company shall act in accordance with the Terms of Reference (TOR) as specified by the Board. In accordance with the above provisions of the Act, the Audit Committee will be responsible for the matters arising from terms of reference more particularly as stated in the Audit Charter, approved by the Board of Directors.

Terms of Reference:

- Recommendation for appointment and remuneration and term of appointment of Auditors of the Company;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Examination of the financial statement and auditor's report thereon;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny on inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds and related matters;
- To have discussions with the auditors periodically about internal control systems, the scope of audit including observations of the auditors;
- To issue certification under applicable laws and regulations applicable to the Company and / or its holding companies.

Talwandi Sabo Power Limited, being a listed Company under the Companies Act, 2013 and falling under the class of Companies as specified in Section 177 (9) of the Act and rules made thereunder, has established the Vigil Mechanism for Directors and Employees to report genuine concerns or grievances and shall provide for adequate safeguards against victimisation of persons who use such mechanism.

Powers of the Audit Committee

- To investigate any activity within its terms of reference
- To seek information from any employee
- To obtain outside legal or other professional advice
- To secure attendance of outsiders with relevant expertise, if it considers necessary

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Management Discussion and Analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee) submitted by the management;
- Management letters/letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- Appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

Composition and Meetings of Audit Committee:

The composition of the Audit Committee is in compliance with the provisions of Section 177 of the Companies Act, 2013. As on 31st March, 2018, Audit Committee comprises of three Non-Executive Directors and Chairperson being the Non-Executive Independent Director. All the members of the Audit Committee are financially literate.

The CFO, COO, MAS team and Statutory Auditors are the permanent invitees to the Audit Committee Meetings and Company Secretary acts as the Secretary to the Committee.

Composition of the Audit Committee is provided below:

Name of Director	Category	Position held
Mr. Gurminder Singh Kang (DIN: 02818868)	Independent Director	Chairman
Ms. Mala Todarwal (DIN: 06933515)	Independent Director	Member
Mr. Mansoor Siddiqi (DIN: 01256089)	Non-Executive Director	Member

During the financial year 2017-18, Four (4) Audit Committee Meetings were held on 25th April, 2017, 21st July, 2017, 24th October, 2017 and 22nd January, 2018 respectively. The gap between any two consecutive meetings was not more than one hundred and twenty days (120 days).

☆ ***Attendance of Directors at the Audit Committee Meetings held during the FY – 2017-2018:***

Name of Director	Category	Audit Committee Meetings held during the FY 2017-18	
		Held	Attended
Mr. Gurminder Singh Kang (DIN: 02818868)	Independent Director	4	4
Ms. Mala Todarwal (DIN: 06933515)	Independent Director	4	4
Mr. Mansoor Siddiqi (DIN: 01256089)	Non-Executive Director	4	3

(b) Nomination & Remuneration Committee:

The Nomination & Remuneration Committee of the Company is formed to establish the principles for the selection of candidates to the Board of Directors and formulate the criteria for determining qualifications, positive attributes and independence of the director and recommend to the Board their appointment and removal as well as of the persons in senior management along with the remuneration payable to them.

Terms of Reference:

- Assist the Board in identifying, interviewing and recruiting candidates including criteria for the independence evaluation of the Board of Directors;
- Formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to

the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees;

- Annually evaluate and report to the Board on the performance and effectiveness of the Board to facilitate the directors fulfilling their responsibilities in a manner that serves the interests of members of the company.
- Review, atleast once a year, the independence of the members of the Board of Directors;
- Obtain or perform an annual evaluation of the Committee's performance and make applicable recommendations;
- Review the framework and processes for motivating and rewarding performance at all levels of the company and make appropriate proposals for Board approval;
- Recommending all forms of compensation to be granted to Directors, senior management and other employees of the company.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable;
- Regularly review and make recommendations about changes to the charter of the Nomination Committee.

Composition and Meetings of Nomination & Remuneration Committee:

The composition of the Nomination & Remuneration Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013. As on 31st March, 2018, Nomination & Remuneration Committee comprises of three Non-Executive Directors and Chairperson being the Non-Executive Independent Director.

The CFO, COO and other directors are the permanent invitees to the Nomination & Remuneration Committee Meetings and Company Secretary acts as the Secretary to the Committee.

Composition of the Nomination & Remuneration Committee is provided below:

Name of Director	Category	Position held
Mr. Gurminder Singh Kang (DIN: 02818868)	Independent Director	Chairman
Mr. Sushil Kumar Roongta (DIN:00309302)	Non-Executive Director	Member
Ms. Mala Todarwal (DIN: 06933515)	Independent Director	Member

During the financial year 2017-18, Four (4) Nomination & Remuneration Committee Meetings were held on 25th April, 2017, 24th October, 2017, 22nd January, 2018 and 19th March, 2018 respectively.

☆ *Attendance of Directors at the Nomination & Remuneration Committee Meetings held during the FY – 2017-2018:*

Name of Director	Category	Nomination & Remuneration Committee Meetings held during the FY 2017-18	
		Held	Attended
Mr. Gurminder Singh Kang (DIN: 02818868)	Independent Director	4	4
Mr. Sushil Kumar Roongta (DIN:00309302)	Non-Executive Director	4	4
Ms. Mala Todarwal (DIN: 06933515)	Independent Director	4	4

☆ *Performance Evaluation Criteria:*

In terms of the requirements of the Companies Act, 2013, the performance evaluation of the Board as a whole, its Committees and Individual Directors. The questionnaires focusing on the Composition of Board and its Committees, Experience and Competencies etc. were circulated to the Directors for their responses.

The results of the evaluation process were shared with the Nomination & Remuneration Committee and Board in their meeting held on 22nd January, 2018.

☆ *Remuneration Policy for Directors:*

Nomination & Remuneration Policy has been framed and adopted by the Nomination & Remuneration Committee for determining and recommending the remuneration of the Directors, KMPs and Senior Management to the Board.

The Non-Executive Directors of the Company are paid remuneration by way of sitting fees. The appointment letter covering the terms and conditions of appointment of Independent Directors is available on the Company's website.

No stock options were issued to the Non-Executive Independent Directors of the Company during the financial year 2017-18.

(c) Corporate Social Responsibility Committee

Corporate Social Responsibility (CSR) Committee is formed to fulfil the social responsibility of the company that positively impacts the society at large in an ethical and environment friendly manner and ensures the company operates on a consistent and compliant basis.

Terms of Reference:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company in line with the provisions of Companies Act, 2013.
- Recommend the amount of expenditure to be incurred on the activities referred to in the Policy.
- Monitor the Corporate Social Responsibility Policy of the Company from time to time.
- To institute transparent monitoring mechanism for implementation of the Corporate Social Responsibility projects or programs or activities undertaken by the Company.
- To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable or as may be necessary or appropriate for performance of its duties.

Composition and Meetings of Corporate Social Responsibility Committee:

The composition of the Corporate Social Responsibility (CSR) Committee is in compliance with the provisions of Section 135 of the Companies Act, 2013. As on 31st March, 2018, the CSR Committee comprises of three Non-Executive Directors and Chairperson being the Non-Executive Independent Director.

The CFO, COO and other directors are the permanent invitees to the Corporate Social Responsibility Committee Meetings and Company Secretary acts as the Secretary to the Committee.

Composition of the CSR Committee is provided below:

Name of Director	Category	Position held
Mr. Gurminder Singh Kang (DIN: 02818868)	Independent Director	Chairman
Ms. Mala Todarwal (DIN: 06933515)	Independent Director	Member
Ms. Pooja Somani (DIN: 07131449)	Non-Executive Director	Member

During the financial year 2017-18, Two (2) Meetings of Corporate Social Responsibility Committee were held on 25th April, 2017 and 24th October, 2017 respectively.

☆ *Attendance of Directors at the Corporate Social Responsibility Committee Meetings held during the FY – 2017-2018:*

Name of Director	Category	Corporate Social Responsibility Committee Meetings held during the FY 2017-18	
		Held	Attended
Mr. Gurminder Singh Kang (DIN: 02818868)	Independent Director	2	2
Ms. Mala Todarwal (DIN: 06933515)	Independent Director	2	2
Ms. Pooja Somani (DIN: 07131449)	Non-Executive Director	2	1

(d) Committee of Directors

The Committee of Directors is formed to cater to the day to day requirements and to facilitate seamless operations. The Committee comprises of one Whole-time Director and two Non-Executive Directors and meets as and when deem necessary to cater to the company's day to day requirements.

Composition of Committee of Directors:

Name of Director	Category	Position held
Mr. Ajay Kumar Dixit (DIN: 03086605)	Whole-time Director	Chairman
Mr. Mansoor Siddiqi (DIN: 01256089)	Independent Director	Member
Ms. Pooja Somani (DIN: 07131449)	Non-Executive Director	Member

During the financial year 2017-18, the committee met once on 2nd August, 2017.

4. GENERAL BODY MEETINGS:

☆ *Details of last three Annual General Meetings:*

Year	AGM	Day	Date & Time	Venue
2017-18	10th AGM	Friday	23rd June, 2017, 11:30 A.M.	Village Banawala, Talwandi Sabo Road, Dist. Mansa, Punjab – 151302, India
2016-17	9th AGM	Wednesday	22nd June, 2016, 2:30 P.M.	Village Banawala, Talwandi Sabo Road, Dist. Mansa, Punjab – 151302, India
2015-16	8th AGM	Monday	22nd June, 2015, 11:30 A.M.	Village Banawala, Talwandi Sabo Road, Dist. Mansa, Punjab – 151302, India

☆ *Details of Special Resolutions passed in the previous three Annual General Meetings:*

Year	Special Resolutions passed
2017-18	1) Appointment of Mr. Chhavi Nath Singh as Manager of the Company.
2016-17	1) Re-appointment of Mr. Chetan Shrivastav as Manager of the Company for a period of one year.

2015-16	1) To issue and allot Secured, Redeemable, Non-Convertible Debentures (NCD's) aggregating up to Rs. 1500 Crores. 2) Appointment of Shri Chetan Shrivastav as Manager of the Company.

☆ *Special Resolution by Postal Ballot:*

During the last financial year 2017-2018, no special resolution has been passed through the exercise of postal ballot.

☆ *Details of Extra – Ordinary General Meeting held during the financial year 2017-18:*

Year	EGM	Day, Date & Time	Venue	Special Resolution Passed
2017-18	8th EGM	Thursday, 23rd November, 2017, 11:30 A.M.	Village Banawala, Talwandi Sabo Road, Dist. Mansa, Punjab – 151302, India	To issue and allot Secured, Redeemable, Non-Convertible Debentures (NCD's) aggregating up to Rs. 2500 Crores.

5. DISCLOSURES:

i. The Board has received disclosures from senior management relating to material, financial and commercial transactions where they and/or their relatives have personal interest. There are no materially significant related party transactions which have potential conflict with the interest of the Company at large.

ii. There was no non-compliance during the last three years by the Company on any matter related to Capital Market. There were no penalties imposed nor strictures passed on the Company by Stock Exchanges, Securities and Exchange Board of India (SEBI) or any statutory authority.

iii. The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism for Employees and Directors to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The said policy has been posted on the Company's website: http://www.tsplindia.co/whistleblower-policy.pdf. The Company affirms that no personnel have been denied access to the Chairman of the Audit Committee.

iv. The Company follows Accounting Standards laid down by The Institute of Chartered Accountants of India in the preparation of its financial statements.

v. The Company follows all the mandatory requirements of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015. The Company has complied with the mandatory requirement relating to Corporate Governance.

6. MEANS OF COMMUNICATION:

☆ ***Financial Results***: The quarterly and half – yearly financial results of the company are intimated to the recognized Stock Exchanges, Debenture holders and Debenture Trustees of the Company.

☆ ***Website:*** The Company's website https://www.tsplindia.co has a separate section of "Investor Relations" which enables the investors to be informed and allows them to access information as per their convenience.

7. GENERAL SHAREHOLDERS INFORMATION:

☆ ***Annual General Meeting for the financial year 2017-18:*** It is scheduled to be held on 22nd June, 2018 at 11:30 A.M. at Village Banawala, Talwandi Sabo Road, District Mansa, Punjab – 151302, India.

☆ ***Dividend payment date:*** Board may decide and recommend accordingly.

☆ ***Listing on Stock Exchange:*** The Company's Secured, Redeemable, Non-Convertible Debenture are listed on the following Recognized Stock Exchange: *National Stock Exchange of India Limited (NSE), 'Exchange Plaza', Bandra-Kurla Complex, Bandra (E), Mumbai – 400051.*

☆ ***Registrars and Transfer Agents:***
Karvy Computershare Private Limited
Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032, India
Tel: +91 40 6716 1700
Toll Free No.: 1800 425 8998
Fax: +91 40 2311 4087
Website: www.karvy.com

☆ ***Address for Correspondence:***
Site cum Company's Registered Office Address:
Talwandi Sabo Power Limited
Village Banawala, Mansa-Talwandi Sabo Road, Distt. Mansa, Punjab – 151302, India
Tel: +91-1659-248000
Telefax: 01659-248083
Website: https://www.tsplindia.co

☆ ***Shareholding pattern as on 31st March, 2018:***

S. No.	Name and address of Natural persons/ Directors/ Beneficiaries		Date of Allotment/ Date of registration of transfer of share*	Number of Shares held
1	Vedanta Limited	Date of Incorporation – 25th June, 1965	1st September, 2008	3,20,66,09,686
2	Mr. Ajay Kumar Dixit		25th April, 2017*	1
3	Mr. C. N. Singh		25th April, 2017*	1
4	Mr. Sameer Nayak		25th April, 2017*	1
5	Mr. Debabrat Mishra		25th April, 2017*	1
6	Mr. G Sambasiva Rao		22nd January, 2018*	1
7	Mr. Rohit Agarwal		23rd March, 2018*	1
			Total	**3,20,66,09,692**

Note: * From S. No. 2 to 7, shareholders are the Nominee Shareholders only, who do not hold any beneficial interest in these shares. Vedanta Limited holds 100 % shareholding of the Company.

DECLARATION BY CHIEF OPERATING OFFICER & MANAGER ON CODE OF BUSINESS CONDUCT AND ETHICS OF THE COMPANY

As the Chief Operating Officer and Manager of Talwandi Sabo Power Limited and as required under Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015, I, Chhavi Nath Singh, hereby declare that all the Members of Board and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Business Conduct and Ethics for the financial year 2017-2018.

For and on behalf of
Talwandi Sabo Power Limited

Chhavi Nath Singh
COO & Manager
Talwandi Sabo Power Limited

Place: New Delhi
Date: 19th April, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of
Talwandi Sabo Power Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Talwandi Sabo Power Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

(e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

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

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

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

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

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

per Naman Agarwal
Partner
Membership Number: 502405

Place: New Delhi
Date: April 19, 2018

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

Re: Talwandi Sabo Power Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

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

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

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

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

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable. Accordingly provisions of clause 3(iv) of the Order are not applicable and hence not commented upon.

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

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

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

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

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

Name of the statute	Nature of dues	Amount (Rs. in crore)	Financial year to which it relates	Forum where dispute is pending
Income tax Act, 1961	Income tax	0.94	Assessment year 2012-2013	Income tax Appellate Tribunal
Income tax Act, 1961	Income tax	0.68	Assessment year 2012-2013	Commissioner of Income Tax (Appeals)
Income tax Act, 1961	Income tax	0.01	Assessment year 2015-2016	Commissioner of Income Tax (Appeals)

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

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

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

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

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

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

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and hence not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

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

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

Per Naman Agarwal

Partner

Membership No.: 502405

Place: New Delhi

Date: April 19, 2018

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

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

We have audited, the internal financial controls over financial reporting of Talwandi Sabo Power Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting in COSO 2013 criteria, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per Naman Agarwal
Partner
Membership Number: 502405

Place: New Delhi
Date: April 19, 2018

BALANCE SHEET
as at March 31, 2018

₹ in Crores

	Particulars	Notes	As at March 31, 2018	As at March 31, 2017
I	**ASSETS**			
1	**Non-current assets**			
	(a) Property, plant and equipment	3	10,340.23	10,607.23
	(b) Capital work-in-progress	3	8.05	5.46
	(c) Intangible assets	3	1.41	2.12
	(d) Financial assets			
	(i) Trade receivables	4	816.61	582.44
	(ii) Others financial assets	5	5.83	5.88
	(e) Other non-current assets	6	3.44	1.31
	Total non-current assets		**11,175.57**	**11,204.44**
2	**Current assets**			
	(a) Inventories	7	253.00	296.17
	(b) Financial Assets			
	(i) Investments	8	-	144.03
	(ii) Trade receivables	9	1,439.81	409.43
	(iii) Cash and cash equivalents	10	23.41	47.12
	(iv) Other financial assets	11	73.89	51.85
	(c) Other current assets	12	69.27	57.49
	Total current assets		**1,859.38**	**1,006.09**
	Total Assets		**13,034.95**	**12,210.53**
II	**EQUITY AND LIABILITIES**			
A	**Equity**			
	(a) Equity share capital	13	3,206.61	3,206.61
	(b) Other equity	14	(595.95)	(502.29)
	Total Equity		**2,610.66**	**2,704.32**
B	**LIABILITIES**			
1	**Non-current liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	15	4,676.31	5,019.95
	(ii) Other financial liabilities	16	10.98	-
	(b) Provisions	17	0.53	1.08
	(c) Deferred tax liabilities (net)	40	180.81	-
	Total non-current liabilities		**4,868.63**	**5,021.03**
2	**Current liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	18	2,525.79	1,726.61
	(ii) Trade payables	19	326.55	136.90
	(iii) Other financial liabilities	20	2,699.63	2,617.81
	(b) Other current liabilities	21	3.63	3.78
	(c) Provisions	22	0.06	0.08
	Total current liabilities		**5,555.66**	**4,485.18**
	Total Liabilities		**10,424.29**	**9,506.21**
	Total Equity and Liabilities		**13,034.95**	**12,210.53**

See accompanying notes forming part of financial statements

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

per Naman Agarwal
Partner
Membership No.: 502405
Place: New Delhi
Date: April 19, 2018

For and on behalf of Board of Directors

S. K. Roongta
Chairman
DIN: 00309302

Ajay Kumar Dixit
Whole Time Director
DIN: 03086605

Rohit Agarwal
Chief Financial Officer

Mansi Bhutani
Company Secretary
ICSI Mem No. A49407

STATEMENT OF PROFIT AND LOSS
for the year ended March 31, 2018

₹ in Crores

	Particulars	Notes	Year ended March 31, 2018	Year ended March 31, 2017
I	Revenue from operations	23	4,202.41	3,590.68
II	Other income	24	4.32	0.65
III	**Total Income (I+II)**		**4,206.73**	**3,591.33**
IV	**Expenses:**			
	Power and fuel charges		2,760.25	2,313.71
	Employee benefits expense	25	34.13	31.82
	Finance costs	26	766.01	587.02
	Depreciation and amortisation expense	27	327.93	907.97
	Other expenses	28	231.44	159.29
	Total expenses		**4,119.76**	**3,999.81**
V	**Profit/(loss) before tax (III-IV)**		**86.97**	**(408.48)**
VI	**Tax expense/(benefit):**	40		
	Current tax		-	-
	Deferred tax		180.81	-
	Net Tax expense/(benefit):		**180.81**	**-**
VII	**Net Profit/(Loss) for the year (V-VI)**		**(93.84)**	**(408.48)**
VIII	**Other Comprehensive Income/(Loss) (net of taxes)**			
	(i) Items that will not be reclassified to profit or loss - Re-measurement gain/(loss) on defined benefit obligations		0.18	(0.05)
IX	**Total Comprehensive Income/(Loss) for the period (VII+VIII)**		**(93.66)**	**(408.53)**
X	**Earnings/(Loss) per equity share (in Rs.):**	33		
	(1) Basic		(0.29)	(1.27)
	(2) Diluted		(0.29)	(1.27)

See accompanying notes forming part of financial statements

In terms of our report attached
For S. R. Batliboi & Co. LLP
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Chartered Accountants

per Naman Agarwal
Partner
Membership No.: 502405

Place : New Delhi
Date: April 19, 2018

For and on behalf of Board of Directors

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Company Secretary
ICSI Mem No. A49407

STATEMENT OF CASH FLOWS
for the year ended March 31, 2018

₹ in Crores

SL. No.	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
A	**Cash flows from operating activities**		
	Net Profit/(Loss) before tax	86.97	(408.48)
	Adjusted for :		
	Unrealised exchange (gain)/loss	3.85	3.05
	Depreciation and amortisation expense	327.93	907.97
	Interest Expenses	760.73	582.24
	Other Income	(4.32)	(0.23)
	Loss on sale of property, plant and equipment	1.41	0.10
	Marked to market (gain)/loss on derivatives	(12.99)	20.20
	Operating profit before working capital changes	**1,163.58**	**1,104.85**
	Adjustments for change in assets and liabilities		
	(Increase) /Decrease in inventories	43.17	(118.54)
	(Increase) /Decrease in trade receivables	(1,264.55)	(640.01)
	(Increase) /Decrease in other financial and other assets	(35.11)	(61.99)
	Increase/ (Decrease) in payables and provisions	186.78	(7.55)
	Cash generation /(used) in operations	**93.87**	**276.76**
	Income taxes (paid)/Refund	(0.21)	(0.13)
	Net cash from / (used in) operating activities (i)	**93.66**	**276.63**
B	**Cash flows from investing activities**		
	Purchases of property, plant and equipment (including intangibles)	(109.16)	(245.57)
	Proceeds from maturity/redemption of short term deposits	57.02	-
	Purchases of short term deposits	(57.00)	-
	Purchase of short term Investment (Mutual Funds)	(3,399.20)	(1,905.74)
	Proceeds from Sale of short term Investments (Mutual Funds)	3,543.23	1,761.34
	Dividends & Interest received	4.33	1.17
	Net cash from / (used in) investing activities (ii)	**39.22**	**(388.80)**

C	**Cash flows from financing activities**	-	-
	Proceeds from Long Term borrowing	1,098.66	1,951.66
	Repayment of Long Term borrowing	(1,352.30)	(431.52)
	Proceeds from Short Term borrowing	8,643.83	8,163.26
	Repayment of Short Term borrowing	(7,963.30)	(9,064.75)
	Interest Paid	(583.48)	(499.46)
	Net cash from / (used in) financing activities (iii)	**(156.59)**	**119.19**
	Net (decrease)/increase in cash and cash equivalents (i+ii+iii)	**(23.71)**	**7.02**
	Cash and cash equivalents at beginning of the year	**47.12**	**40.10**
	Cash and cash equivalents at close of the year [Refer Note 10 to the financial statements]	**23.41**	**47.12**

Notes:
1. The figures in bracket indicates outflows.
2. The above cash flow has been prepared under the "Indirect Method" as set out in Ind AS 7 - Statement of Cash Flows.

See accompanying notes forming part of the financial statements

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

per Naman Agarwal
Partner
Membership No.: 502405
Place: New Delhi
Date: April 19, 2018

For and on behalf of Board of Directors

S.K. Roongta
Chairman
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Ajay Kumar Dixit
Whole Time Director
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Rohit Agarwal
Chief Financial Officer

Mansi Bhutani
Company Secretary
ICSI Mem No. A49407

STATEMENT OF CHANGES IN EQUITY
for the year ended March 31, 2018

a. Equity share capital

Equity shares of ₹ 10 each issued, subscribed and fully paid	No. of Shares	Amount (₹ in Crore)
As at April 1, 2016, March 31, 2017 and March 31, 2018	320,66,09,692	3,206.61

Note: There has been no change in the equity share capital either during the current year or previous year.

b. Other equity

(₹ in Crore)

Particulars	Reserves and Surplus		Total
	Retained earnings	Debenture Redemption Reserve	
Balance as at March 31, 2016	**(119.79)**	**26.03**	**(93.76)**
Loss for the year	(408.48)	-	(408.48)
Other comprehensive income	(0.05)	-	(0.05)
Balance as at March 31, 2017	**528.32)**	**26.03**	**(502.29)**
Loss for the year	(93.84)	-	(93.84)
Other comprehensive income	0.18	-	0.18
Balance as at March 31, 2018	**(621.98)**	**26.03**	**(595.95)**

See accompanying notes forming part of the financial statements

In terms of our report attached

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

For and on behalf of Board of Directors

S.K. Roongta
Chairman
DIN: 00309302

Ajay Kumar Dixit
Whole Time Director
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per Naman Agarwal
Partner
Membership No.: 502405

Rohit Agarwal
Chief Financial Officer

Mansi Bhutani
Company Secretary
ICSI Mem No. A49407

Place: New Delhi
Date: April 19, 2018

NOTES

Forming part of the financial statements as at and for the year ended March 31, 2018

1. Company's Overview

Talwandi Sabo Power Limited (herein after referred as "TSPL" or "the Company") was incorporated as a Special Purpose Vehicle by Punjab State Power Corporation Limited (herein after referred as "PSPCL") [formerly known as Punjab State Electricity Board (PSEB)] to construct a 3*660 Mega Watt coal based thermal power plant (The Plant) on Build, Own and Operate (BOO) basis. TSPL became a wholly owned subsidiary of Vedanta Limited (herein after referred as "VL") [formerly known as Sesa Sterlite Limited (SSL)] pursuant to the selection of VL as the successful bidder after going through a tariff based International Competitive Bidding (ICB) process. The Share Purchase Agreement (SPA), Power Purchase Agreement (herein after referred as "PPA") for sale of power from the Plant to PSPCL for a period of twenty five years and other necessary documents were signed between VL, TSPL and PSPCL on September 01, 2008. The address of its registered office and principal place of business is in village Banawala, Mansa - Talwandi Sabo Road, Mansa, Punjab - 151302.

The standalone financial statements were approved for issuance by the Board of Directors on April 19, 2018.

2. Basis of Preparation and Significant accounting policies

2.A. Basis of Preparation

a) Basis of preparation and compliance with Ind AS

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the Companies Act, 2013 (the Act).

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

b) Basis of measurement

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

c) Standards issued but not yet effective

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

Ind AS 115 - Revenue from Contract with Customers:

This standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The standard replaces most current revenue recognition guidance. The core principle of the new standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively including service revenue and contract modifications and improve guidance for multiple element arrangements. The new Standard comes into effect for the annual reporting periods beginning on or after April 1, 2018 with early application permitted.

In order to identify the potential impact of the standard on the Company's financial statements, the Company has analysed its contract with its sole customer. The work done is focused on evaluating the contractual arrangements across the Company's principal revenue stream, particularly key terms and conditions which may impact revenue recognition.

Based on the work carried out, the overall effect of implementation of Ind AS 115 is not likely to be material on the recognition and measurement of revenue, though there would be additional disclosure requirements for the Company to comply with.

The Company intends to apply these changes using a modified retrospective application as permitted by the standard.

Amendment to Ind AS 12

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the Company as the Company has no deductible temporary differences or assets that are in the scope of the amendments.

Amendment to Ind AS 21

The insertion of Appendix B of Ind AS 21 provides clarification on recording foreign currency transactions when consideration is paid or received in advance. The Appendix B would apply when a Company:

- Pays or receives consideration denominated or priced in a foreign currency, and
- Recognises a non-monetary prepayment asset or deferred income liability.

The appendix is applicable for annual periods beginning on or after April 1, 2018. The Company is evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

Amendment to Ind AS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first apply the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after 1 April 2018. The Company is evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

2.B. SIGNIFICANT ACCOUNTING POLICIES

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

a) Functional and presentation currency

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

b) Revenue recognition

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

Sale of Power

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

Lease Income

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

Dividend Income
Dividend income is recognised in the Statement of Profit and Loss only when the right to receive payment is established, provided it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of dividend can be measured reliably.

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

c) Property, plant and equipment

i. Property, plant and equipment

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

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

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

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

ii. Capital work in progress

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

iii. Depreciation

Assets in the course of development or construction and freehold land are not depreciated. Property plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. Depreciation commences when the assets are ready for their intended use.
Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of

each asset on a straight line method over its expected useful life.

The estimated useful lives of assets are as follows:

Buildings	3-60	years
Roads	10	years
Plant and machinery	5-40	years
Fixtures and fixtures	10	years
Vehicles	8	years
Railway siding	15	years
Office equipment	5	years
Computers and data processing units	3-6	years
Laboratory equipment	10	years

During the year, the Company revised its method of depreciation from written down value method to straight line method. (Refer note 3).

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

d) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following recognition, intangible assets are carried initial at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets are amortised over their estimated useful life on a straight line basis. Software is amortised over the estimated useful life of software license of 3.5 years. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is different from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

e) Lease

Determining whether an arrangement contains lease

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

Arrangements containing a lease have been evaluated as on the date of transition i.e. April 1, 2015 in accordance with Ind-AS 101 "First-time Adoption of Indian Accounting Standards". Lease arrangements including both land and building have been separately evaluated for finance or operating lease at the date of transition to Ind AS basis the facts and circumstances existing as at that date.

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

Company as a lessee

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

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

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

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

Company as a lessor

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

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

f) Current and Non-Current Classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when it is:

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

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current only.

g) Financial Instruments

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

Financial assets – recognition

Initial recognition and measurement

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

Subsequent Measurement

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

i. *Debt instruments at amortised cost*

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

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

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

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

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

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

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

iii. Debt instruments at fair value through profit and Loss (FVTPL)

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

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

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

Financial assets – derecognition

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

Impairment of financial assets

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

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

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

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

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

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

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income or expense in the Statement of Profit and Loss under the head 'Other Expenses'.

The balance sheet presentation for financial instruments is described below:

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

from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

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

Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

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

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

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

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

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

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

Financial Liabilities- Derecognition

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

Equity Instruments

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

Offsetting of financial instruments

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

h) Derivative Financial Instruments

Initial Recognition and subsequent measurement

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

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

i) Borrowing Costs

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

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

Capitalisation of borrowing costs is suspended and charged to the statement of profit and loss during the extended periods when the active development on the qualifying asset is suspended.

All other borrowing costs are recognised in the Statement of Profit and Loss in the year in which they are incurred.

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

j) Buyers' Credit

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

k) Impairment of non-financial assets

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

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

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

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

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

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

l) Inventories

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

Net realisable value is determined based on estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

m) Taxation

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

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

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

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

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

n) Retirement benefit schemes

The Company operates or participates in a number of defined benefits and defined contribution schemes, the assets of which (where funded) are held in separately administered funds. For defined benefit pension schemes, the cost of providing benefits under the plans is determined by actuarial valuation separately for each plan using the projected unit credit method by independent qualified actuaries as at the year end.

Re-measurements including, effects of asset ceiling and return on plan assets (excluding amounts included in interest on the net defined benefit liability) and actuarial gains and losses arising in the year are recognised in full in other comprehensive income and are not recycled to the profit or loss. For defined contribution schemes, the amount charged to the Statement of Profit and Loss in respect of provident fund, pension costs and other post-retirement benefits are the contributions payable in the year, recognised as and when the employee renders related services and the Company has no further obligations other than the contributions made

Past service costs are recognised in statement of profit or loss in the earlier of:

- The date of the planned amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

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

o) Provision for liabilities and charges, contingent liabilities and contingent assets

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

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

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

p) Foreign Currency translation

The functional currency for the Company is determined as the currency of the primary economic environment in which it operates. The functional currency is the local currency of the country in which it operates which is Indian Rupee (₹).

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

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

The Company had applied paragraph 46A of AS 11 as prescribed under the accounting standards notified pursuant to section 133 of the Act read together with Rule 7 of the Companies (Accounts) Rules 2014.On transition to Ind AS, the Company had elected the option, whereby a first time adopter could continue its accounting policy for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period. Hence, foreign exchange gain/loss on long-term foreign currency monetary liabilities recognised upto March 31, 2016 which were obtained for acquisition of property, plant and equipment, have been adjusted to the cost of PPE.

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

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

q) Earnings per share

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

r) Cash and Cash Equivalents

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

s) Cash Flow Statement

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

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

t) Segment Reporting

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

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

u) Share based payments

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

v) Use of estimates

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

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

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

Critical estimates and judgements in applying accounting policies

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

Critical estimates:

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

Useful lives of depreciable/ amortisable assets (tangible and intangible) - Management reviews its estimate of the useful lives and consumption pattern of depreciable/ amortisable assets at each reporting date, based on the expected utility of the assets. The reassessment may lead to a change in depreciation and amortisation charge. Accordingly, the Company has revised the method of charging depreciation from written down value method to straight line method (refer note 3(ii)).

Critical judgements:

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

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

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

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

- **Contingencies and commitments**

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

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

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

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

- **Revenue Recognition of disputed dues:**

The Company has evaluated the provisions of Ind-AS 18, which states that revenue should be recorded only if the recovery is reasonable to expect. Management has assessed the recognition of revenue and recoverability of disputed dues with PSPCL as disclosed in note 41 as highly probable due to the following reasons:

- The Company has favorable legal opinions from senior advocates.
- Favourable judgement in one of the related matters.
- PSPCL, being a government owned company, credit risk is low.

Note 3

Property, Plant and Equipment

Particulars	Gross Block					Accumulated Depreciation and Amortisation				Net Block	
	Balance as at April 1, 2017	Additions	Disposal/ Adjustments	Foreign Exchange Difference	Balance as at March 31, 2018	Balance as at April 1, 2017	Depreciation Charge	Deductions	Balance as at March 31, 2018	Balance as at March 31, 2018	Balance as at March 31, 2017
a) Tangible Assets											
Freehold Land	390.60	-	-	-	390.60	-	-	-	-	390.60	390.60
	(390.60)	**-**	**-**	**-**	**(390.60)**	**(-)**	**(-)**	**(-)**	**(-)**	**(390.60)**	**(390.60)**
Buildings	153.95	3.95	-	-	157.90	16.66	4.24	-	20.90	137.00	137.29
	(101.58)	**(51.72)**	**-**	**(0.65)**	**(153.95)**	**(4.88)**	**(11.78)**	**(-)**	**(16.66)**	**(137.29)**	**(96.70)**
Roads	87.75	-	-	-	87.75	25.33	6.74	-	32.07	55.68	62.42
	(87.75)	**(-)**	**(-)**	**(-)**	**(87.75)**	**(2.80)**	**(22.53)**	**(-)**	**(25.33)**	**(62.42)**	**(84.95)**
Plant and Machinery	10,683.14	9.67	1.64	45.60	10,736.77	1,028.17	290.24	0.17	1,318.24	9,418.53	9,654.97
	(7,656.19)	**(2,873.73)**	**(-)**	**(153.22)**	**(10,683.14)**	**(216.82)**	**(811.35)**	**(-)**	**(1,028.17)**	**(9,654.97)**	**(7,439.37)**
Furniture and Fittings	1.97	0.01	0.01	-	1.97	0.90	0.14	0.01	1.03	0.94	1.07
	(1.89)	**(0.11)**	**(0.03)**	**(-)**	**(1.97)**	**(0.47)**	**(0.44)**	**(0.01)**	**(0.90)**	**(1.07)**	**(1.42)**
Motor Vehicles	0.27	0.12	0.04	-	0.35	0.11	0.02	0.02	0.11	0.24	0.16
	(0.45)	**(-)**	**(0.18)**	**(-)**	**(0.27)**	**(0.09)**	**(0.09)**	**(0.07)**	**(0.11)**	**(0.16)**	**(0.36)**
Railway Siding and Locomotives	419.14	-	-	-	419.14	71.63	23.83	-	95.46	323.68	347.51
	(178.38)	**(240.76)**	**(-)**	**(-)**	**(419.14)**	**(15.01)**	**(56.62)**	**(-)**	**(71.63)**	**(347.51)**	**(163.37)**
Office and Equipment	3.42	1.83	-	-	5.25	2.84	0.38	-	3.22	2.03	0.58
	(3.24)	**(0.18)**	**(-)**	**(-)**	**(3.42)**	**(1.80)**	**(1.04)**	**(-)**	**(2.84)**	**(0.58)**	**(1.44)**

Computers and Data Processing	2.69	0.22	-	-	2.91	1.66	0.29	-	1.95	0.96	1.03
	(1.73)	**(0.96)**	**(-)**	**(-)**	**(2.69)**	**(1.06)**	**(0.60)**	**(-)**	**(1.66)**	**(1.03)**	**(0.67)**
Laboratory Equipment	17.42	0.32	-	-	17.74	5.82	1.35	-	7.17	10.57	11.60
	(15.26)	**(2.12)**	**(-)**	**(0.04)**	**(17.42)**	**(1.74)**	**(4.08)**	**(-)**	**(5.82)**	**(11.60)**	**(13.52)**
Total	**11,760.35**	**16.12**	**1.69**	**45.60**	**11,820.38**	**1,153.12**	**327.23**	**0.20**	**1,480.15**	**10,340.23**	**10,607.23**
	(8,437.07)	**(3,169.58)**	**(0.21)**	**(153.91)**	**(11,760.35)**	**(244.67)**	**(908.53)**	**(0.08)**	**(1,153.12)**	**(10,607.23)**	**(8,192.40)**
								b) Capital work in progress		8.05	5.46
								Total		**10,348.28**	**10,612.69**
c) Intangible Assets											
Computer software (SAP License)	2.83	-	-	-	2.83	0.71	0.70	-	1.41	1.41	2.12
	(1.95)	**(2.83)**	**(1.95)**	**(-)**	**(2.83)**	**(1.81)**	**(0.85)**	**(1.95)**	**(0.71)**	**(2.12)**	**(0.14)**
Total	**2.83**	**-**	**-**	**-**	**2.83**	**0.71**	**0.70**	**-**	**1.41**	**1.41**	**2.12**
	(1.95)	**(2.83)**	**(1.95)**	**(-)**	**(2.83)**	**(1.81)**	**(0.85)**	**(1.95)**	**(0.71)**	**(2.12)**	**(0.14)**

Notes:

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

ii. The Company has reassessed the useful lives and method of depreciation for its property, plant and equipment consequent to which it revised its depreciation method from Written Down Value basis to Straight Line basis w.e.f. April 1, 2017. This has resulted in a lower loss after tax and depreciation charge for the year ended March 31, 2018 of ₹ 417.76 Crore and ₹ 598.57 Crore respectively.

iii. Certain property, plant and equipment are pledged as collateral against borrowings, the details related to which have been described in Note 15 on "Borrowings".

Note 4

(₹ in Crore)

Property, Plant and Equipment

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured considered good (Also refer Note 9)	816.61	582.44
Total	**816.61**	**582.44**

Note 5

Other financial assets – Non Current

Particulars	As at March 31, 2018	As at March 31, 2017
Bank Deposits (Bank deposits with more than twelve months maturity)	-	0.02
Security deposits (Unsecured, considered good)	5.83	5.86
Total	**5.83**	**5.88**

Note 6

Other non – current assets

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured considered good		
Prepaid Expenses	1.92	-
Advance income tax (net of provisions)	1.52	1.31
Total	**3.44**	**1.31**

Note 7

Inventories

Particulars	As at March 31, 2018	As at March 31, 2017
Fuel Stock	88.34	170.67
Goods-in transit	88.56	79.91
Stores and Spares	75.81	41.70
Goods-in transit	0.29	3.89
Total	**253.00**	**296.17**

Note: For method of valuation of inventories, refer note 2.B(l)

Note 8

(₹ in Crore)

Investments

Particulars	As at March 31, 2018	As at March 31, 2017
Investment carried at fair value through profit and loss		
Investment in mutual funds-unquoted		
SBI Premier Liquid Fund - Regular Plan - Daily Dividend - 14,35,600 units of Face Value ₹ 100 each	-	144.03
Total	**-**	**144.03**

Note 9

Trade Receivables - Current

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured considered good	1,439.81	409.43
Total	**1,439.81**	**409.43**

Note:

(i) The Company offers a credit period of 0-30 days to its customers.

(ii) Also refer Note 41

Note 10

Cash and Cash Equivalents

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with banks in current account	23.41	47.12
Total	**23.41**	**47.12**

Note 11

Other financial assets - Current

Particulars	As at March 31, 2018	As at March 31, 2017
Derivative asset	0.61	-
Advance to related parties	0.17	0.01
Unbilled revenue	69.43	51.83
Claims and other receivables	3.68	0.01
Total	**73.89**	**51.85**

Note 12 (₹ in Crore)

Other Current Assets

Particulars	As at March 31, 2018	As at March 31, 2017
Advance to suppliers	51.79	50.57
Prepaid expenses	17.47	6.92
Balance with central excise and government authorities	0.01	-
Total	**69.27**	**57.49**

Note 13

Equity Share Capital

Particulars	March 31, 2018		March 31, 2017	
	Number of Shares	Amount (₹ in Crore)	Number of Shares	Amount (₹ in Crore)
Authorised Equity Share Capital				
Equity Shares of ₹ 10 each, with voting rights	400,00,00,000	4,000.00	400,00,00,000	4,000.00
Issued, Subscribed and Fully Paid up				
Equity Shares of ₹ 10 each, with voting rights	320,66,09,692	3,206.61	320,66,09,692	3,206.61
Total	**320,66,09,692**	**3,206.61**	**320,66,09,692**	**3,206.61**

i. Reconciliation of the number of shares and the amount outstanding as at beginning and at the end of the reporting year:

Particulars	Equity Shares as at March 31, 2018		Equity Shares as at March 31, 2017	
	Number of Shares	Amount (₹ in Crore)	Number of Shares	Amount (₹ in Crore)
Shares outstanding at the beginning of the year	320,66,09,692	3,206.61	320,66,09,692	3,206.61
Movement during the year	-	-	-	-
Shares outstanding at the end of the year	**320,66,09,692**	**3,206.61**	**320,66,09,692**	**3,206.61**

ii. Details of shares held by the Holding Company, the ultimate holding company, their subsidiaries and associates:

320,66,09,692 (Previous Year: 320,66,09,692) Equity Shares i.e. 100% of the equity shares are held by the Holding Company, Vedanta Limited and its nominees.

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

Name of Shareholder	As at March 31, 2018		As at March 31, 2018	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
Vedanta Limited and its nominees	320,66,09,692	100	320,66,09,692	100
Shares outstanding at the end of the year	**320,66,09,692**	**100**	**320,66,09,692**	**100**

Other disclosures:

iv. The Company has one class of Equity Shares having a par value of ₹ 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.

Note 14

Other Equity (Refer statement of changes in equity)

a. Debenture redemption reserve: Section 71(4) of the Companies Act, 2013, require companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. The amounts credited to the debenture redemption reserve may not be utilised except to redeem debentures. In the absence of profits, the Company has not created the said reserve during the year.

Note 15

(₹ in Crore)

Non-Current financial liabilities – Borrowings

Particulars	As at March 31, 2018	As at March 31, 2017
Secured : At amortised cost		
(a) Redeemable Non-Convertible Debentures (Refer note (iii) below)	2,049.84	1,927.82
(b) Term Loan (Refer note (iv) below)		
(i) From banks:		
Indian rupee loans	3,565.25	3,403.07
Foreign currency loans	297.65	-
(ii) From Other than Banks (Indian rupee loan)	212.48	237.06
Less : Current maturities of long-term borrowings (Refer note 20)	(1,448.91)	(548.00)
	4,676.31	**5,019.95**
Unsecured : At amortised cost		
(a) Buyer's Credit from banks (Refer note (v) below)	-	717.06
Less : Current maturities of long-term borrowings (Refer note 20)	-	(717.06)
Total	**4,676.31**	**5,019.95**

Notes:

i. The Company has not defaulted in the repayment of loans and interest as at balance sheet date.

ii. Bank loans availed by the Company are subject to certain covenants relating to debt service coverage ratio, total outside liabilities to total net worth and fixed assets coverage ratio. The Company has complied with the covenants as per the terms of the loan agreement.

iii. Summary of Redeemable Non-convertible debentures (NCDs) (Carrying Value):

(₹ in Crore)

Particulars	Issued on	Security	As at March 31, 2018	As at March 31, 2017
7.85% due August 2020	August 2017	Secured by first pari passu charge on movable and/or immovable fixed assets of the Company with a minimum asset cover of 1 times during the tenure of NCD and an unconditional and irrevocable corporate guarantee by Vedanta Limited.	500.00	-
8.20% due November 2019	December 2016	Secured by first pari passu charge on movable and/or immovable fixed assets of the Company with a minimum asset cover of 1 times during the tenure of NCD and an unconditional and irrevocable corporate guarantee by Vedanta Limited.	300.00	300.00
7.75% due September 2019	March 2017	Secured by first pari passu charge on movable and/or immovable fixed assets of the Company with a minimum asset cover of 1 times during the tenure of NCD and an unconditional and irrevocable corporate guarantee by Vedanta Limited.	250.00	250.00
9.13% due April 2018	March 2015		324.95	324.30
9.13% due April 2018	April 2015	Secured by first pari passu charge on movable and/or immovable fixed assets of the Company with a minimum asset cover of 1.1 times during the tenure of NCD and an unconditional and irrevocable corporate guarantee by Vedanta Limited.	674.89	673.52
9.70% due September 2017	September 2014		-	180.00
9.27% due November 2017	November 2014		-	200.00
Total			**2,049.84**	**1,927.82**

Note: Interest rate in based on effective interest rate and the entire amount of debentures are repayable in a single bullet payment on each of the date mentioned.

iv. Summary of Term Loan (Carrying Value):

(₹ in Crore)

Particulars	Issued on	Security	As at March 31, 2018	As at March 31, 2017
a) From Banks:				
Indian Rupee Loans				
Kotak Mahindra Bank	September 2014	Secured by first pari passu charge on fixed assets of the Company both present and future, with an unconditional and irrevocable corporate guarantee by Vedanta Limited.	156.80	174.96
State Bank of India	December 2015	Secured by first pari passu charge on fixed assets of the Company both present and future, with an unconditional and irrevocable corporate guarantee by Vedanta Limited.	1,996.21	1,995.86

Yes Bank	July 2016	Secured by first pari passu charge on fixed assets of the Company both present and future, with an unconditional and irrevocable corporate guarantee by Vedanta Limited.	1,112.59	1,232.25
Syndicate Bank	September 2017	Secured by first pari passu charge on fixed assets of the Company both present and future, with an unconditional and irrevocable corporate guarantee by Vedanta Limited.	299.65	-
Total			**3,565.25**	**3,403.07**
Foreign Currency Loans				
ICICI Bank Limited	September 2017	Secured by first pari passu charge on fixed assets of the Company both present and future, with an unconditional and irrevocable corporate guarantee by Vedanta Limited.	297.65	-
Total			**297.65**	**-**
b) From other than banks:				
Aditya Birla Finance Limited (partial loan downsold by Kotak Mahindra Bank with same interest and terms and conditions)	December 2016	Secured by first pari passu charge on fixed assets of the Company both present and future, with an unconditional and irrevocable corporate guarantee by Vedanta Limited.	212.48	237.06
Total			**212.48**	**237.06**
Total Term Loan			**4,075.38**	**3,640.13**

Repayment terms of Term Loan outstanding as on March 31, 2018:

Particulars	Weighted Average Interest Rate	Total Carrying Value	<1 Year	1-3 Years	3-5 Years	>5 Years	Remarks
Rupee Term Loan	9.19%	3,777.73	431.00	1,046.00	627.50	1,690.50	Repayable in 144 quarterly instalments, 10 half yearly instalments and 2 bullet payments
Foreign Currency Term Loan	8.61%	297.65	17.91	28.66	31.50	220.50	Repayable in 48 quarterly instalments
Total		**4,075.38**	**448.91**	**1,074.66**	**659.00**	**1,911.00**	

Note: The above maturity is based on the total principal outstanding gross of issuance expense.

v. Summary of Buyers Credit (Carrying Value):

Particulars	Security	As at March 31, 2018	As at March 31, 2017
USD Buyer's Credit with interest rate ranging from LIBOR plus 140 basis points to 220 basis points.	Secured by unconditional and irrevocable guarantee from Vedanta Limited, the Holding Company	-	717.06

vi. Movement of borrowing during the year:

Particulars	Borrowings due within one year	Borrowings due after one year	Total
As at March 31, 2016	**2,939.01**	**4,343.57**	**7,282.58**
Cash Flow	(85.58)	704.23	618.65
Other non cash changes	138.24	6.96	145.20
Foreign exchange currency translation differences	-	(34.81)	(34.81)
As at March 31, 2017	**2,991.67**	**5,019.95**	**8,011.62**
Cash Flow	496.68	(69.79)	426.89
Other non cash changes	118.65	8.04	126.69
Foreign exchange currency translation differences	-	85.81	85.81
As at March 31, 2018	**3,607.00**	**5,044.01**	**8,651.01**

Note 16 (₹ in Crore)

Other financial liabilities – Non Current

Particulars	As at March 31, 2018	As at March 31, 2017
Derivative liability	10.98	-
Total	10.98	-

Note: Also refer Note 37

Note 17

Provisions – Non Current

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits		
(a) Provision for gratuity	0.06	0.51
(b)Provision for compensated absences	0.47	0.57
Total	**0.53**	**1.08**

Note 18

Borrowings – Current

Particulars	As at March 31, 2018	As at March 31, 2017
At amortised cost		
Secured		
Loan from banks (Refer note (i) below)		
-Short-term loan	40.56	-
-On factoring	548.00	-
Unsecured		
Commercial paper (Refer note (ii) below)	1,937.23	1,726.61
Total	**2,525.79**	**1,726.61**

Summary of current borrowing arrangements:

i. Loan from banks

The Company meets its working capital requirement through loans from banks. These loans are secured by a first pari passu charge on all present and future inventories, book debts and all other current assets of the company, with interest rate presently at 9.20%.

ii. Commercial Papers

The Company has issued commercial papers to various mutual funds, which is backed by unconditional and irrevocable corporate guarantee from Vedanta Limited.

These commercial papers bear an average rate of interest of 7.47% p.a. (previous year 6.69% p.a) and would mature within 3 months of issuance.

Note 19

(₹ in Crore)

Trade Payables

Particulars	As at March 31, 2018	As at March 31, 2017
Operational Buyers Credit	131.00	0.86
Trade Payables	195.55	136.04
Total	**326.55**	**136.90**

Notes:

(a) Trade payables are non-interest bearing and are normally settled upto 180 days terms.

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

(c) Operational buyer's credit is availed from banks at an interest rate ranging from 1% to 2.5% per annum and are repayable within one year from the date of draw down, based on the letter of comfort issued under working capital facilities sanctioned by domestic banks. Some of these facilities are secured by first pari passu charge over the present and future current assets of the company.

Note 20

Other financial liabilities - Current

Particulars	As at March 31, 2018	As at March 31, 2017
Current maturities of long-term borrowings (refer note 15)	1,448.91	1,265.06
Interest accrued but not due on borrowings	63.30	58.58
Other Payables		
Derivative liabilities	18.90	121.07
Project creditors	483.84	492.64
Retention money	678.21	678.28
Due to related parties	4.35	1.57
Earnest money deposit	2.09	0.59
Other Liabilities	0.03	0.02
Total	**2,699.63**	**2,617.81**

Note 21

(₹ in Crore)

Other current liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Advance from customers	0.79	2.06
Other Payables:		
Statutory liabilities	2.84	1.61
Other liabilities	-	0.11
Total	**3.63**	**3.78**

Note 22

Provisions - Current

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for compensated absences	0.06	0.08
Total	**0.06**	**0.08**

Note 23

Revenue from Operations

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from Operations		
Energy Sales*	4,171.76	3,572.16
Other Operating Revenue		
Scrap Sales	5.85	0.60
Sale of fly ash (including excise duty)	21.16	12.27
Miscellaneous income	3.64	5.65
Gross Revenue from operations	**4,202.41**	**3,590.68**

*includes contingent rentals of ₹ 1,235.83 Crore (Previous Year ₹ 1,228.70 Crore). Also refer note 41.

Note 24

Other Income

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest Income	1.91	0.05
Dividend income	1.91	0.54
Miscellaneous income	0.50	0.06
Total	**4.32**	**0.65**

Note 25 (₹ in Crore)

Employee benefits expense

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salaries and Bonus	32.13	29.97
Contribution to provident fund	0.85	0.86
Staff welfare expenses	0.50	0.55
Gratuity expenses	0.16	0.01
Contribution to superannuation	0.49	0.43
Total	**34.13**	**31.82**

Note 26

Finance Cost

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest expenses	760.73	582.24
Bank charges	5.28	4.78
Total	**766.01**	**587.02**

Note: Borrowing Costs capitalised and excluded from above during the year is nil (Previous Year ₹ 76.21 Crore).

Note 27

Depreciation and Amortisation Expense

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation of tangible assets (Refer note 3)	327.23	908.53
Less: Depreciation capitalised	-	(1.41)
Amortisation of intangible assets (Refer note 3)	0.70	0.85
Total	**327.93**	**907.97**

Note 28

Other Expenses

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Consumption of stores and spare parts	56.29	39.14
Plant running and maintenance expenses	129.94	65.69
CSR Expenses (Refer note below)	0.77	0.51
Legal and professional fees (Refer note 31)	9.54	15.12
Electronic data processing expenses	2.40	1.75
Insurance	17.83	7.69
Rates and taxes	0.92	0.53
Security expenses	3.11	2.14
Travelling	3.69	4.67
Books and periodicals	0.02	0.03
Rent	0.01	0.01
Director sitting fees	0.13	0.16
Net loss on foreign currency transactions and translation	1.77	18.09
Miscellaneous expenses	5.02	3.76
Total	**231.44**	**159.29**

Note: Corporate Social Responsibility Expenses includes:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(a) Gross Amount required to be spent by the Company during the year	-	-
(b) Amount spent on:		
a) Construction/ acquisition of assets	-	-
In Cash	-	-
Yet to be paid in Cash	-	-
b) On purposes other than (a) above		
In Cash	0.77	0.51
Yet to be paid in Cash	-	-
Total	**0.77**	**0.51**

Note 29

Commitments

i. Commitments:

Estimated amounts of contracts remaining to be executed on capital account not provided for (net of advances) amount to ₹ 9.29 Crore (previous year ₹ 2.51 Crore).

ii. Other Commitments:

The Company has entered into Power Purchase Agreement ("PPA") with Punjab State Power Corporation Limited ("PSPCL") for twenty five years. PPA has been identified as arrangement containing lease as per Appendix C to the Ind AS 17. PPA has been classified as operating lease as per the policy of the Company. The contingent rents recognized as income during the year is ₹ 1,235.83 Crore (previous year ₹ 1,228.70 Crore).

Note 30

Contingent liabilities

Claims against the Company not acknowledged as debt

As per the Punjab State Grid Code, if a power generating station fails to demonstrate its declared capacity for any time block mentioned in the demonstration notice from Punjab State Load Despatch Centre ("PSLDC"), it amounts to a mis-declaration.

During the month of January 2017, Punjab State Power Corporation Limited ("PSPCL") imposed a penalty on the Company on account of alleged mis-declaration and deducted a penalty of ₹ 77.86 Crore from the monthly bill setting aside the clarifications submitted by TSPL.

In February 2018, Punjab State Electricity Regulatory Commission ("PSERC") unfavourably disposed the petition and directed calculation of the penalty for four instances in January 2017 at normative availability of 80% amounting to ₹ 135.78 Crore. The Company has obtained stay order against further deductions and the matter is listed for hearing at Appellate Tribunal for Electricity ("APTEL"). On the basis of merits of the case and backed by legal opinion, no provision has been considered necessary at this stage.

Note 31

(₹ in Crore)

Auditors' Remuneration included under Legal & Professional Services

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Audit fees	0.13	0.13
Limited Review	0.13	0.13
Group Reporting	0.17	0.17
Other Services	0.02	-
Out of Pocket Expenses	0.01	0.02
Total	**0.46**	**0.45**

Note 32

(₹ in Crore)

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

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Expenditure during Construction Period:		
Expenses		
Power and Fuel	-	53.43
Employee Benefits Expenses	-	1.16
Finance Expenses	-	76.21
Depreciation	-	1.41
Other Expenses	-	23.29
Total Expenses – (a)	-	**155.50**
Income		
- Sale of Power	-	(52.41)
- Dividend from Mutual Fund & other receipts	-	(0.58)
Total Income – (b)	-	**(52.99)**
Net Expenditure Capitalised (a-b)	-	**102.51**

Note 33

Earnings Per Share (EPS)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Net profit/(loss) after tax attributable to equity shareholders (₹ in Crore)	(93.84)	(408.48)
Weighted average number of Equity shares for Basic EPS	320,66,09,692	320,66,09,692
Weighted average number of Equity shares for Diluted EPS	320,66,09,692	320,66,09,692
Earning/(Loss) Per Share - Basic and Diluted (₹)	**(0.29)**	**(1.27)**

Note 34

Employee Benefits

a) Defined contribution plan

The Company contributed a total of ₹ 1.34 Crore for the year ended March 31, 2018 (previous year ₹ 1.29 Crore) to the following defined contribution plans:

Central provident fund

In accordance with the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 employees are entitled to receive benefits under the provident fund. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (12% for fiscal year 2018 and 2017) of an employee's basic salary. All employees have an option to make additional voluntary contributions. These contributions are made to the fund administered and managed by the Government of India (GOI) or to independently managed and approved funds. The Company has no further obligations under the fund managed by the GOI beyond its monthly contributions which are charged to the Statement of Profit and Loss in the period they are incurred. Where the contributions are made to independently managed and approved funds, shortfall in actual return, if any, from the return guaranteed by the State are made by the employer, these are accounted for as defined benefit plans. The benefits are paid to employees on their retirement or resignation from the Company.

Superannuation

Superannuation, another pension scheme applicable in India, is applicable only to senior executives. The Company holds a policy with Life Insurance Corporation of India ("LIC"), to which it contributes a fixed amount relating to superannuation and the pension annuity is met by LIC as required, taking into consideration the contributions made. The Company has no further obligations under the scheme beyond its monthly contributions which are charged to the Statement of Profit and Loss in the period they are incurred.

b) Defined Benefit Plan

In accordance with the Payment of Gratuity Act of 1972, the Company operates a defined benefit plan (the "Gratuity Plan"). The Gratuity Plan provides a lump sum payment to vested employees at retirement, disability or termination of employment being an amount based on the respective employee's last drawn salary and the number of years of employment with the Company. The Gratuity plan is a funded plan and the Company makes contribution to recognised funds in India. Based on actuarial valuations conducted as at year end on the basis on Projected Unit Credit (PUC) method, a provision is recognised in full for the benefit obligation over and above the funds held in the Gratuity Plan.

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

Actuarial assumptions

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salary growth (p.a.)	5.50%	5.50%
Expected rate of Return on Plan Assets (p.a.)	8.05%	7.60%
Discount rate (p.a.)	7.70%	7.60%
Mortality rate	100% IALM (2006-08)	100% IALM (2006-08)

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

Amount recognized as Expenditure during the period* **(₹ in Crore)**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Current Service cost	0.16	0.20
Interest Cost	0.04	0.06
Total	**0.20**	**0.26**

*Including nil (previous year ₹ 0.06 Crore) capitalised during the year.

Amount recognized in Other Comprehensive Income during the period **(₹ in Crore)**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Remeasurement of the net defined benefit obligation:-		
Actuarial losses/(gains) arising from changes in financial assumptions	(0.02)	0.07
Actuarial losses arising from experience adjustments	(0.16)	(0.02)
Total	**(0.18)**	**0.05**

(₹ in Crore)

Movement in present value of defined benefit obligation

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Obligation at the beginning of the year	1.38	1.34

Current Service Cost	0.16	0.20
Past Service Cost	-	-
Interest Cost	0.10	0.11
Actuarial (gains)/losses	(0.18)	0.05
Benefits paid	(0.32)	(0.32)
Obligation at the end of the year*	**1.14**	**1.38**

Movement in present value of plan assets

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Fair Value at the beginning of the year	0.88	0.60
Expected return on plan assets	0.07	0.05
Last year interest	-	-
Actuarial (gains)/losses	-	-
Contribution	0.45	0.55
Benefits paid	(0.32)	(0.32)
Fair Value at the end of the year*	**1.08**	**0.88**

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

Amount recognized in Balance Sheet

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Present value of obligation at the end of the year	1.14	1.38
Less: Fair Value of plan assets at the end of the year	(1.08)	(0.88)
Net liability recognized in the Balance Sheet	**0.06**	**0.50**

The contribution expected to be made by the Company during the financial year 2018-19 as ascertained by the management is ₹ 0.18 Crore (Previous Year ₹ 0.28 Crore).

Sensitivity analysis	March 31, 2018	March 31, 2017
Increase/ (Decrease) in defined benefit obligation		
Discount rate		
Increase by 0.50%	(0.07)	(0.09)
Decrease by 0.50%	0.08	0.10
Expected rate of increase in compensation level of covered employees		
Increase by 0.50%	0.08	0.10
Decrease by 0.50%	(0.07)	(0.10)

(₹ in Crore)

Maturity profile of defined benefit obligation

Year	March 31, 2018	March 31, 2017
April'17-Mar'18	-	0.04
April'18-Mar'19	0.03	0.02
April'19-Mar'20	0.02	0.02
April'20-Mar'21	0.02	0.02
April'21-Mar'22	0.02	0.03
April'22-Mar'23	0.02	0.03
April'23-Mar'24	0.02	-
April'23 onwards	-	1.22
April'24 onwards	1.01	-
Total	**1.14**	**1.38**

Risk analysis

The Company is exposed to a number of risks in the defined benefit plans. Most significant risks pertaining to defined benefits plans, and management's estimation of the impact of these risks are as follows:

Interest risk

A decrease in the interest rate on plan assets will increase the plan liability.

Longevity risk/ Life expectancy

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary growth risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

Investment risk

The Gratuity plan is funded with Life Insurance Corporation of India ("LIC"). The Company does not have any liberty to manage the fund provided to LIC. The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government of India bonds. If the return on plan asset is below this rate, it will create a plan deficit.

Note 35

Related Party Disclosures

List of related parties and relationships

(a) Entities controlling the company (Holding Companies):

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

(b) Fellow Subsidiaries with whom transactions have taken place:

Fellow Subsidiaries	:	Hindustan Zinc Limited Bharat Aluminium Company Limited Vizag General Cargo Berth Private Limited Malco Energy Limited Fujairah Gold FZC Sterlite Ports Limited Sterlite Power Grid Ventures Limited

*No transaction with parties during the year.

Terms and conditions of transactions with related parties:

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

(₹ in Crore)

a. Details of transactions during the year with related parties:

Particulars	As at March 31, 2018	As at March 31, 2017
1) Net Recovery from/ (Reimbursement of employee cost and other		
(i) Vedanta Limited	(5.50)	(6.52)
(ii)Malco Energy Limited	0.01	0.04
(iii) Hindustan Zinc Limited	0.03	0.05
(iv) Bharat Aluminium Company Limited	(0.10)	0.08
(v) Sterlite Ports Limited	-	0.01
(vi) Fujairah Gold FZC	-	(0.01)
(vii) Vizag General Cargo Berth Private Limited	0.02	-
(viii) Sterlite Power Grid Ventures Limited	0.02	-

b. Details of balances with related parties:

Particulars	As at March 31, 2018	As at March 31, 2017
1) Balance Receivable as at the end of the year		
(i) Hindustan Zinc Limited	0.04	-
(ii) Sterlite Power Grid Ventures Limited	0.01	-
(iii) Vizag General Cargo Berth Private Limited	-	0.01
2) Balance Payable as at the end of the year		
(i) Vedanta Limited	4.21	1.56
(ii) Bharat Aluminium Company Limited	0.01	-
3) Bank Guarantees/ Corporate Guarantee issued on our behalf and outstanding as at the end of the year		
(i) Vedanta Limited	9,000.00	10,693.00

c. Remuneration of Key Managerial Personnel (KMP):

Particulars	As at March 31, 2018	As at March 31, 2017
Short-term employee benefits	2.37	2.44
Post-employment benefits	0.18	0.17
Share based payments	0.28	0.04
Total	**2.83**	**2.65**

Note 36

Capital Management

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

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

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

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

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

(₹ in Crore except ratios)

Particulars	As at March 31, 2018	As at March 31, 2017
Equity Share Capital	3,206.61	3,206.61
Other Equity	(595.95)	(502.29)
Total Equity (a)	**2,610.66**	**2,704.32**
Cash and cash equivalents	23.41	47.12
Current Investments	-	144.03
Total cash (b)	**23.41**	**191.15**
Short-term borrowings	2,525.79	1,726.61
Long-term borrowings	4,676.31	5,019.95
Current maturities of long term debt	1,448.91	1,265.06
Total debt (c)	**8,651.01**	**8,011.62**
Net debt (d=(c-b))	**8,627.60**	**7,820.47**
Net debt to equity ratio	3.30	2.89

Note 37

Financial Instruments

Financial assets and liabilities:

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

(₹ in Crore)

March 31, 2018

Financial assets	Fair Value through profit or loss	Amortised cost	Total carrying value	Total fair value
Trade receivables - Current	-	1,439.81	**1,439.81**	**1,439.81**
Trade receivables - Non Current	-	816.61	**816.61**	**816.61**
Other non-current financial assets	-	5.83	**5.83**	**5.83**
Other current financial assets	0.61	73.28	**73.89**	**73.89**
Cash and cash equivalents	-	23.41	**23.41**	**23.41**

Total	**0.61**	**2,358.94**	**2,359.55**	**2,359.55**

(₹ in Crore)

March 31, 2017

Financial assets	Fair Value through profit or loss	Amortised cost	Total carrying value	Total fair value
Current investments	144.03	-	**144.03**	**144.03**
Trade receivables - Current	-	409.43	**409.43**	**409.43**
Trade receivables - Non Current	-	582.44	**582.44**	**582.44**
Other non-current financial assets	-	5.86	**5.86**	**5.86**
Other current financial assets	-	51.85	**51.85**	**51.85**
Cash and cash equivalents	-	47.12	**47.12**	**47.12**
Other bank balances	-	0.02	**0.02**	**0.02**
Total	**144.03**	**1,096.72**	**1,240.75**	**1,240.75**

March 31, 2018

Financial liabilities	Fair Value through profit or loss	Amortised cost	Total carrying value	Total fair value
Long-term borrowings	-	4,676.31	**4,676.31**	**4,668.54**
Short-term borrowings	-	2,525.79	**2,525.79**	**2,525.79**
Trade payables	-	326.55	**326.55**	**326.55**
Other non-current financial liabilities	10.98	-	**10.98**	**10.98**
Other current financial liabilities	18.90	2,680.73	**2,699.63**	**2,700.23**
Total	**29.88**	**10,209.38**	**10,239.26**	**10,232.09**

March 31, 2017

Financial liabilities	Fair Value through profit or loss	Amortised cost	Total carrying value	Total fair value
Long-term borrowings	-	5,019.95	**5,019.95**	**5,031.34**
Short-term borrowings	-	1,726.61	**1,726.61**	**1,726.61**
Trade payables	-	136.90	**136.90**	**136.90**
Other current financial liabilities	121.07	2,496.74	**2,617.81**	**2,620.94**
Total	**121.07**	**9,380.20**	**9,501.27**	**9,515.79**
Total	**29.88**	**10,209.38**	**10,239.26**	**10,232.09**

Fair value hierarchy

The Company uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques:

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

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

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

The below table summarises the categories of financial assets and liabilities as at March 31, 2018 and March 31, 2017 measured at fair value.

As at March 31, 2018	Level 1	Level 2	Level 3
Financial assets - Current			
Derivative financial assets			
- Forward foreign currency contract	-	0.61	-
Total	**-**	**0.61**	**-**
Financial Liabilities – Non-Current			
Derivative financial liabilities			
- Forward foreign currency contract	-	10.98	-
Financial Liabilities – Current			
Derivative financial liabilities			
- Forward foreign currency contract	-	18.90	-
Total	**-**	**29.88**	**-**

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

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

- Short-term marketable securities traded in active markets are determined by reference to quotes from the financial institutions; for example: Net asset value (NAV) for investments in mutual funds declared by mutual fund house. Other short term marketable securities are valued on the basis of market trades, poll and primary issuances for securities issued by the same or similar issuer and for similar maturities or based on the applicable spread movement for the security derived based on the aforementioned factor(s).
- Long-term fixed-rate and variable-rate borrowings: Fair value has been determined by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. For all other long-term fixed-rate and variable-rate borrowings, either the carrying amount approximates the fair value, or fair value have been estimated by discounting the expected future cash flows using a discount rate equivalent to the risk free rate of return adjusted for the appropriate credit spread. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and the value of other financial instruments recognised at fair value.
- Derivative contracts: The Company enters into derivative contracts with various counterparties, principally financial institutions with investment grade credit ratings. Forward foreign currency contracts and Interest rate swaps are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques for such derivatives include forward pricing using present value calculations, foreign exchange spot and forward premium rates.

- The fair value of trade receivables, cash and bank balances, loans and other financial assets, current borrowings, trade and other payables and other current financial liabilities is likely to approximate their carrying values due to short term maturities of these instruments.

Note 38

Risk Management

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

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

The risk management framework aims to:

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

Treasury management

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

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

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

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

Additional Information to the Financial Statements:

Financial risk

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

Liquidity Risk:

The company requires funds both for short-term operational needs as well as for long-term investment projects. The Company has been rated by CRISIL Limited (CRISIL) and India Ratings and Research Private Limited (India Rating) for its banking facilities in line with Basel II norms. During the year, CRISIL revised the rating of the Company's long-term bank facilities and its Non-Convertible Debentures (NCD) programme in March 2018, CRISIL AA (SO)/(Positive) from CRISIL AA-(SO)/(Positive) in March 2017. Further, In Nov 2017, India Rating has revised its rating for working capital facility to IND A+/Positive from IND A+/Stable.

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

(₹ in Crore)

Financial liabilities	As on March 31, 2018				
	<1 year	1-3 years	3-5 years	>5 years	Total
Borrowings	3,997.47	2,124.66	659.00	1,911.00	**8,692.13**
Interest on borrowings	439.95	683.01	394.65	720.71	**2,238.32**
Trade payables	326.55	-	-	-	**326.55**
Other financial liabilities	1,168.52	-	-	-	**1,168.52**
Financial Instruments-derivatives	18.90	10.98	-	-	**29.88**

(₹ in Crore)

Financial liabilities	As on March 31, 2017				
	<1 year	1-3 years	3-5 years	>5 years	Total
Borrowings	3,010.92	2,376.00	964.00	1,705.00	**8,055.92**
Interest on borrowings	511.39	675.87	425.94	754.04	**2,367.24**
Trade payables	136.90	-	-	-	**136.90**
Other financial liabilities	1,173.10	-	-	-	**1,173.10**
Financial Instruments-derivatives	121.07	-	-	-	**121.07**

Interest Rate Risk:

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

The exposure of the company's financial assets as at March 31, 2018 to interest rate risk is as follows:

(₹ in Crore)

Particulars	As at March 31, 2018 Floating rate financial assets	Fixed rate financial assets	Non-Interest bearing financial assets	Total financial assets
Financial assets-non current				
Trade Receivables*	-	-	816.61	**816.61**
Other financial assets	-	-	5.83	**5.83**
Total financial assets-non current	**-**	**-**	**822.44**	**822.44**
Financial assets-current				
Investments	-	-	-	-

Trade receivables*	-	-	1,439.81	1,439.81
Cash and cash equivalents	-	-	23.41	23.41
Other financial assets	-	-	73.89	73.89
Total financial assets-current	**-**	**-**	**1,537.11**	**1,537.11**
Total financial assets	**-**	**-**	**2,359.55**	**2,359.55**

*The company is entitled to interest @ 2% in excess of the applicable State Bank Advance Rate (SBAR) per annum beyond normal credit period. Further with respect to dues of Rs. 802.02 Crore, the Supreme Court of India in its order dated March 7, 2018 has directed repayment within three months from the date of order, where after simple interest @12% per annum would be levied.

As at March 31, 2017

Particulars	Floating rate financial assets	Fixed rate financial assets	Non-Interest bearing financial assets	Total financial assets
Financial assets-non current				
Trade Receivables*	-	-	582.44	**582.44**
Other financial assets	-	0.02	5.86	**5.88**
Financial Instruments - Derivatives	-	-	-	-
Total financial assets-non current	**-**	**0.02**	**588.30**	**588.32**
Financial assets-current				
Investments	-	-	144.03	144.03
Trade receivables*	-	-	409.43	409.43
Cash and cash equivalents	-	-	47.12	47.12
Other financial assets	-	-	51.85	51.85
Total financial assets-current	**-**	**-**	**652.43**	**652.43**
Total financial assets	**-**	**0.02**	**1,240.73**	**1,240.75**

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

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

(₹ in Crore)

As at March 31, 2018

Particulars	Floating rate financial liabilities	Fixed rate financial liabilities	Non-Interest bearing financial liabilities	Total financial liabilities
Financial liabilities-non current				
Borrowings	3,626.47	1,049.84	-	4,676.31
Derivative financial liabilities	-	-	10.98	10.98
Total financial liabilities-non current	**3,626.47**	**1,049.84**	**10.98**	**4,687.29**
Financial assets-current				
Borrowings	448.91	2,937.23	-	3,386.14
Trade payables	131.00	-	195.55	326.55
Other financial liabilities	-	-	1,231.82	1,231.82
Derivative financial liabilities	-	-	18.90	18.90
Total financial liabilities-current	**579.91**	**2,937.23**	**1,446.27**	**4,963.41**
Total financial liabilities	**4,206.38**	**3,987.07**	**1,457.25**	**9,650.70**

The weighted average interest rate on the fixed rate financial liabilities is 8.01% p.a. and the weighted average period for which the rate is fixed is 1.67 years.

As at March 31, 2017

Particulars	Floating rate financial liabilities	Fixed rate financial liabilities	Non-Interest bearing financial liabilities	Total financial liabilities
Financial liabilities-non current				
Borrowings	3,472.13	1,547.82	-	5,019.95
Derivative financial liabilities	-	-	-	-
Total financial liabilities-non current	**3,472.13**	**1,547.82**	**-**	**5,019.95**
Financial assets-current				
Borrowings	885.06	2,106.61	-	2,991.67
Trade payables	0.86	-	136.04	136.90
Other financial liabilities	-	-	1,231.68	1,231.68
Derivative financial liabilities	-	-	121.07	121.07
Total financial liabilities-current	**885.92**	**2,106.61**	**1,488.79**	**4,481.32**
Total financial liabilities	**4,358.05**	**3,654.43**	**1,488.79**	**9,501.27**

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

The table below illustrates the impact of a 0.5% to 2.0% movement in interest rates on interest expense on loans and borrowings for the year ended March 31, 2018. The risk estimate provided assumes that the changes occur at the reporting date and has been calculated based on risk exposure outstanding as of date. The year end balances are not necessarily representative of the average debt outstanding during the year. This analysis also assumes that all other variables, in particular foreign currency rates, remain constant.

(₹ in Crore)

Movement in interest rates	Effect on profit before tax	
	FY 2017-18	FY 2016-17
0.50%	21.03	21.79
1.00%	42.06	43.57
2.00%	84.13	87.14

Credit Risk:

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The company is exposed to credit risk for receivables, cash and cash equivalents, short-term investments and derivative financial instruments.

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

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

The carrying value of the financial assets other than cash and current investments represents the maximum credit exposure. The company's maximum exposure to credit risk at March 31, 2018 is ₹ 2,335.53 Crore (previous year ₹ 1,049.60 Crore) of which ₹ 2,254.90 Crore (previous year ₹ 989.46 Crore) was from a single trade receivable.

None of the company's cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade and other receivables, and other non-current assets, there were no indications as at March 31, 2018, that defaults in payment obligations will occur.

(₹ in Crore)

As on March 31, 2018

Particulars	Not past due	Due less than 1 months	Due between 1-3 months	Due between 3-12 months	Due greater than 12 months
Trade receivables - Non Current*	149.84	56.40	148.08	176.05	286.24
Trade receivables - Current*	598.38	81.46	36.09	188.24	535.64
Other Financial Asset - Non Current	5.83	-	-	-	-
Other Financial Asset - Current	69.43	0.17	0.04	3.64	
Total	**823.48**	**138.03**	**184.21**	**367.93**	**821.88**

As on March 31, 2017

Particulars	Not past due	Due less than 1 months	Due between 1-3 months	Due between 3-12 months	Due greater than 12 months
Trade receivables - Non Current*	-	98.91	79.64	224.00	179.89
Trade receivables - Current*	145.81	193.45	16.57	31.60	22.00
Other Financial Asset - Non Current	5.88	-	-	-	-
Other Financial Asset - Current	51.85	-	-	-	-
Total	**203.54**	**292.36**	**96.21**	**255.60**	**201.89**

* Refer Note 41

Foreign Exchange Risk:

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

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

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

Financial liabilities **(₹ in Crore)**

	As at March 31, 2018	As at March 31, 2017
USD	1,318.46	1,606.81

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

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

A 10% appreciation/depreciation of the respective foreign currencies with respect to the functional currency of the Company would result in net decrease/increase in the Company's profit or loss and equity for the year ended March 31, 2018 by ₹ 131.84 Crore. (Previous year ₹ 160.68 crore).

Note 39

Derivative financial instruments

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

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

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

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

Embedded derivatives

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

No embedded derivative conversion option was outstanding as of March 31, 2018.

Non-qualifying/economic hedge

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

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

Derivative financial instrument	As at March 31, 2018		As at March 31, 2017	
	Assets	Liabilities	Assets	Liabilities
Current				
Forward foreign currency contracts	0.61	18.90	-	121.07
Non Current				
Forward foreign currency contracts	-	10.98	-	-

Note 40

Income tax expenses

(a) Tax charge/(credit) recognised in statement of profit or loss: **(₹ in Crore)**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Current tax		
Current tax on profit for the year	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of temporary differences	180.81	-
Total deferred tax	**180.81**	**-**
Tax Charge for the year	**180.81**	**-**
Effective income tax rate	**207.90%**	**-**

(b) Reconciliation of income tax expense applicable to accounting profit/(loss) before tax at the statutory income tax rate to tax expense for the year:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Accounting profit / (loss) before tax	**86.97**	**(408.48)**
Statutory income tax rate	34.61%	34.61%
Tax at Indian statutory income tax rate	30.10	(141.37)
Tax holiday (net of reversals during the tax holiday period)	150.71	141.37
Tax Charge for the year	**180.81**	**-**

(c) Deferred tax liabilities:

The deferred tax liability represents accelerated tax relief for the depreciation of property, plant and equipment and the amortisation of intangible assets. Significant components of deferred tax liability recognised in the balance sheet are as follows:

(₹ in Crore)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Property, plant and equipment and intangible assets:		
Opening balance	**-**	**-**
Charged/(credited) to statement of profit and loss	180.81	-
Charged/(credited) to OCI	-	-
Closing balance	**180.81**	**-**

Note 41

Disputed Trade Receivables

Punjab State Power Corporation Limited ("PSPCL"), which is the Company's sole customer has withheld payments aggregating to ₹ 1,628.39 Crore (March 31, 2017 ₹ 874.59 Crore) which are on account of various disputes including differences in assessment of calorific value of coal, tax benefits at the time of initial plant setup and basis of computation of plant availability amongst others. The Supreme Court of India in March 2018 upheld the Company's claim for caloric value assessment and accordingly amount of ₹ 802.02 Crore is due within a period of ninety days from the date of order. The balance matters are under litigation and the Company has obtained independent legal advice which supports its claims and is thus not expecting any material losses on these balances and believes that it is highly probable that the Company claims would be upheld. Based on the expected timing of realisation of these balances, which is in turn dependent on the settlement of legal disputes, the

Company has bifurcated the receivables into current and non-current.

Note 42

Segment Information

The Company's activities during the year revolved around operating 3*660 MW Thermal Power Plant at Mansa, Punjab. Considering the nature of Company's business and operations, there are no separate reportable segments (business and/or geographical) in accordance with the requirements of Ind AS 108 - Operating Segments. All the Company's revenue, trade receivables and non-current operating assets are in India. The company's revenue aggregating to ₹ 4,171.76 Crore (previous year ₹ 3,572.16 Crore) is to a single customer.

Note 43

Share based compensation plans

The Company offers equity-based award plans to its employees, officers and directors through its parent, Vedanta Resources Plc [Vedanta Resources Long-Term Incentive Plan ("LTIP"), Employee Share Ownership Plan ("ESOP") and Performance Share Plan ("PSP")] collectively referred as 'VR PLC ESOP' scheme and Vedanta Limited [Vedanta Limited-Employee Stock Option Scheme ("Vedanta Limited-ESOS")].

During the year, share-based incentives under VR PLC ESOP scheme and ESOS of Vedanta Limited (introduced effective December 2016 and September 2017) 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 individual fixed salary and share-based remuneration consistent with local market practice. ESOP scheme of VR Plc and Vedanta limited are both tenure and performance based share schemes. The awards are indexed to and settled by Parent shares (Vedanta Resources Plc shares or Vedanta Ltd shares as defined in the scheme).The awards have a fixed exercise price denominated in Parent's functional currency (10 US cents per share in case of Vedanta Resources Plc and Re.1 in case of Vedanta Limited), the performance period of each award is three years and is exercisable within a period of six months from the date of vesting beyond which the option lapse.

Further, in accordance with the terms of the agreement between the Parent and the Company, the cost recognized towards ESOP scheme is recovered by the parent from the Company.

Amount recovered by the parent and recognised by the company in the statement of profit and loss for the financial year ended March 31, 2018 was ₹ 1.54 Crore [previous year ₹ 1.22 Crore (net of capitalisation)]. The Company considers these amounts as not material and accordingly has not provided further disclosures.

Note 44

Previous year's figures

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

In terms of our report attached

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

per Naman Agarwal
Partner
Membership No.: 502405

Place: New Delhi
Date: April 19, 2018

For and on behalf of Board of Directors

S.K. Roongta
Chairman
DIN: 00309302

Ajay Kumar Dixit
Whole Time Director
DIN: 03086605

Rohit Agarwal
Chief Financial Officer

Mansi Bhutani
Company Secretary
ICSI Mem No. A49407