VPL/Sec./SE/26-27/01 June 16, 2026

To,
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai - 400 001

***Scrip Code:* 544781**

To,
National Stock Exchange of India Limited,
Exchange Plaza, C-1, Block – G,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051

Scrip Code: VEDPOWER

Sub: Submission of Audited Financial Statements for the financial year ended March 31, 2026.

Dear Sir/Madam,

Pursuant to the listing of equity shares of Vedanta Power Limited *(formerly known as Talwandi Sabo Power Limited)* ("the Company") on June 15, 2026, we are submitting the Audited Financial Statements of the Company for the financial year ended March 31, 2026.

Accordingly, please find enclosed herewith the Audited Financial Statements for the financial year ended March 31, 2026.

You are requested to kindly take the same on your record.

Thanking You,

Yours faithfully,

For and on behalf of Vedanta Power Limited
(formerly known as Talwandi Sabo Power Limited)

BHAGYA HASIJA
Digitally signed by BHAGYA HASIJA
Date: 2026.06.16 17:18:26 +05'30'

Bhagya Hasija
Company Secretary & Compliance Officer

Encl.: As above

S.R. BATLIBOI & CO. LLP
Chartered Accountants

67, Institutional Area
Sector 44, Gurugram - 122 003
Haryana, India

Tel: +91 124 681 6000

INDEPENDENT AUDITOR'S REPORT

To the Members of Talwandi Sabo Power Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Talwandi Sabo Power Limited ("the Company"), which comprise the Balance sheet as at March 31 2026, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("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, 2026, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the director report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these 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 the 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("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.

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Gurugram

2. As required by Section 143(3) of the Act, we report to the extent applicable, that:

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

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

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

   (d) In our opinion, the aforesaid 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 the written representations received from the directors as on March 31, 2026 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2026 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 with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2026 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act.

   (h) 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, as amended, 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 financial statements – Refer note 32 & 46 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;

      iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in note 45(v) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including

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foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented that, to the best of its knowledge and belief, as disclosed in note 45(vi) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. No dividend has been declared or paid during the year by the Company.

vi. Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software (refer Note 53 to the financial statements). Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

Additionally, the audit trail of relevant prior years has been preserved by the Company as per the statutory requirements for record retention, to the extent it was enabled and recorded in the respective years, as stated in Note 53 to the financial statements.

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

per Amit Chugh
Partner
Membership Number: 505224
UDIN: **26505224GGXCNE4617**
Place of Signature: Gurugram
Date: April 24, 2026

S.R. Batliboi & Co. LLP Gurugram

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

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

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

(B) The Company has maintained proper records showing full particulars of intangibles assets.

(b) Property, plant and equipment were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds in respect of freehold land having gross and net book value of Rs. 390 crores are in the name of the Company but are not physically available with the Company. The same has been pledged with Vistra ITCL (India) Limited.

(d) The Company has not revalued its property, plant and equipment (including Right of use assets) or intangible assets during the year ended March 31, 2026.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the coverage and the procedure of such verification by the management is appropriate. There was no inventory lying with third parties. There were no discrepancies of 10% or more noticed, in the aggregate for each class of inventory.

(b) As disclosed in Note 14 to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. 5 crores in aggregate from banks during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks are in agreement with the books of accounts of the Company.

(iii) During the year, the company has not made investments in, provided loans or advances in the nature of loans, stood guarantee or provided security to companies, firms, limited liability partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) to (f) of the Order is not applicable to the Company.

(iv) There are no loans, investments, guarantees, and securities given in respect of which provisions of Sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

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(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of Sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(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 regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b)The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues that have not been deposited 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	0.91	Assessment year 2012-2013	Income tax Appellate Tribunal
Income tax Act, 1961	Income tax	0.68	Assessment year 2012-2013	Deputy Commissioner of Income Tax
Income tax Act, 1961	Income tax	0.04	Assessment year 2017-2018	Commissioner of Income Tax (Appeals)
Income tax Act, 1961	Income tax	0.11	Assessment year 2015-2016	Deputy Commissioner of Income Tax
Income tax Act, 1961	Income tax	0.01	Assessment year 2018-2019	Deputy Commissioner of Income Tax

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Goods and Services Act	Indirect tax	3.63	Assessment Year 17-18, Assessment year 18-19	CGST (Appeals)
Goods and Services Act	Indirect tax	0.07	Assessment year 18-19, 20-21 and 21-22	GST Commissionerate

During the previous years, the Company has deposited INR 1.87 Crore under protest in connection with the disputes with authorities for the assessment years 2012-13, 2017-18 and 2018-19.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) Term loans were applied for the purpose for which the loans were obtained.

(d) The Company did not raise any funds during the year. Hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Hence, the requirement to report on clause (ix)(e) & (f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments). Hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud/ material fraud by the Company or no fraud / material fraud on the Company has been noticed or reported during the year.

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(b) During the year, no report under Sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by secretarial auditor, cost auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a) to (c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with Sections 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) (a) The Company has an internal audit system commensurate with the size and nature of its business.

(b)The internal audit reports of the Company issued till the date of audit report, for the period under audit have been considered by us.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(d) There are no other companies as part of the Group. Hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) The Company has incurred cash losses amounting to Rs. 516.94 Crores in the current financial year. However, in the immediately preceding financial year, the Company did not incur any cash losses.

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Gurugram

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in Note 44 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to Sub-section 5 of Section 135 of the Act. This matter has been disclosed in Note 31 to the financial statements.

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of Sub-section 6 of Section 135 of Companies Act. This matter has been disclosed in Note 31 to the financial statements.

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

S. R. Batliboi & Co. LLP
Gurugram

per Amit Chugh
Partner
Membership Number: 505224
UDIN: **26505224GGXCNE4617**
Place of Signature: Gurugram
Date: April 24, 2026

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF Talwandi Sabo Power Limited

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

We have audited the internal financial controls with reference to financial statements of Talwandi Sabo Power Limited ("the Company") as of March 31, 2026 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 by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). 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, as amended.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements 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 Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 with reference to these financial statements 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 with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these financial statements.

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Gurugram

Meaning of Internal Financial Controls With Reference to Financial Statements

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements 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 With Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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, adequate internal financial controls with reference to these financial statements and such internal financial controls with reference to these financial statements were operating effectively as at March 31, 2026, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

S. R. Batliboi & Co. LLP
Gurugram

per Amit Chugh
Partner
Membership Number: 505224
UDIN: **26505224GGXCNE4617**
Place of Signature: Gurugram
Date: April 24, 2026

vedanta power

Talwandi Sabo Power Limited
CIN - U40101MH2007PLC433557
Address: 1st floor, C wing, Unit 103, Corporate Avenue Atul Projects, Chakala, Andheri (East), Mumbai, Maharashtra, 400093

TSPL

Balance Sheet as at March 31, 2026

(₹ in Crore)

	Particulars	Notes	As at March 31, 2026	As at March 31, 2025
I	**ASSETS**			
1	**Non-current assets**			
	(a) Property, plant and equipment	3	6,742.32	7,120.20
	(b) Capital work-in-progress	3	-	1.03
	(c) Intangible assets	3	1.54	2.63
	(d) Financial assets			
	(i) Trade receivables	4	382.71	1,691.35
	(ii) Other financial assets	5	7.59	45.85
	(e) Deferred tax assets (Net)	43	705.85	128.20
	(f) Other non-current assets	6	4.10	6.02
	(g) Income tax assets		1.87	2.23
	Total non-current assets		**7,845.98**	**8,997.51**
2	**Current assets**			
	(a) Inventories	7	311.56	248.77
	(b) Financial Assets			
	(i) Trade receivables	8	992.10	959.58
	(ii) Cash and cash equivalents	9	46.14	33.52
	(iii) Other financial assets	10	0.71	1.11
	(c) Other current assets	11	40.10	39.13
	(d) Derivative asset		0.18	-
	(e) Income tax assets		4.83	9.59
	Total current assets		**1,395.62**	**1,291.70**
	Total Assets		**9,241.60**	**10,289.21**
II	**EQUITY AND LIABILITIES**			
A	**Equity**			
	(a) Equity share capital	12	3,206.61	3,206.61
	(b) Other equity	13	(1,269.45)	447.98
	Total Equity		**1,937.16**	**3,654.59**
B	**LIABILITIES**			
1	**Non-current liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	14	3,848.19	4,333.66
	(ii) Lease liability	15	25.85	38.89
	(b) Provisions	16	3.33	0.96
	Total non-current liabilities		**3,877.37**	**4,373.51**
2	**Current liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	17	1,983.26	1,444.89
	(ii) Lease liability	15	7.96	8.30
	(iii) Trade finance liability	18	702.90	450.78
	(iv) Trade payables	19		
	(a) Total Outstanding dues of Micro Enterprises and Small Enterprises		3.53	8.98
	(b) Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises		202.78	116.12
	(v) Derivatives	39	0.03	0.04
	(vi) Other financial liabilities	20	522.19	228.19
	(b) Other current liabilities	21	4.30	3.72
	(c) Provisions	22	0.12	0.09
	Total current liabilities		**3,427.07**	**2,261.11**
	Total Liabilities		**7,304.44**	**6,634.62**
	Total Equity and Liabilities		**9,241.60**	**10,289.21**

See accompanying notes forming part of the financial statements

In terms of our report of even date attached

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

per Amit Chugh
Partner
Membership No.: 505224

Place : Gurugram
Date : April 24, 2026

TALWANDI SABO POWER LIMITED MANSA

S. R. Batliboi & Co. LLP Gurugram

For and on behalf of Board of Directors

Pankaj Kumar Sharma
Whole Time Director
DIN: 10277510
Place: Bathinda
Date: April 24, 2026

Sonal Choithani
Non-Executive Director
DIN: 09527528
Place: New Delhi
Date: April 24, 2026

Rajinder Singh Ahuja
Chief Executive Officer
Place: New Delhi
Date: April 24, 2026

Pankaj Jha
Chief Financial Officer
Place: New Delhi
Date: April 24, 2026

vedanta power

Talwandi Sabo Power Limited
CIN - U40101MH2007PLC433557
Address: 1st floor, C wing, Unit 103, Corporate Avenue Atul Projects, Chakala, Andheri (East), Mumbai, Maharashtra, 400093

TSPL

Statement of Profit and Loss for the year ended March 31, 2026

(₹ in Crore)

	Particulars	Notes	Year ended March 31, 2026	Year ended March 31, 2025
I	Revenue from operations	23	5,453.18	5,223.40
II	Other Operating Income	24	32.88	17.11
III	Other income	25	11.16	3.70
IV	**Total Income (I+II+III)**		**5,497.22**	**5,244.21**
V	**Expenses:**			
	Power and fuel charges		4,033.72	3,835.83
	Employee benefits expense	26	23.86	24.05
	Finance costs	27	606.66	619.08
	Depreciation and amortisation expense	28	444.85	441.99
	Other expenses	29	355.35	313.06
	Total expenses		**5,464.44**	**5,234.01**
VI	**Profit before exceptional items and tax**		**32.78**	**10.20**
VII	Exceptional Items	50	(2,322.28)	-
VIII	**Profit/(loss) before tax (VI+VII)**		**(2,289.50)**	**10.20**
IX	**Tax benefit:**	43		
	On other than exceptional items			
	Deferred tax		9.20	2.90
	Deferred tax adjustment for previous years		(0.97)	(24.54)
	On exceptional items			
	Deferred tax		(584.47)	-
	Net tax benefit:		**(576.24)**	**(21.64)**
X	**Net Profit/(loss) for the year (VIII-IX)**		**(1,713.26)**	**31.84**
XI	**Other Comprehensive Income (net of taxes)**			
	Items that will not be reclassified to profit or loss -			
	Re-measurement (loss) on defined benefit obligation (net of taxes)		(0.41)	(0.01)
XII	**Total Comprehensive Income/(loss) for the year (X+XI)**		**(1,713.67)**	**31.83**
XIII	**Earnings per equity share (in ₹):**	34		
	- Basic and Diluted		(5.34)	0.10

See accompanying notes forming part of the financial statements

In terms of our report of even date attached

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

per Amit Chugh
Partner
Membership No.: 505224

Place : Gurugram
Date : April 24, 2026

For and on behalf of Board of Directors

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S. R. Batliboi & Co. LLP Gurugram

Talwandi Sabo Power Limited MANSA

vedanta power

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CIN - U40101MH2007PLC433557
Address: 1st floor, C wing, Unit 103, Corporate Avenue Atul Projects, Chakala, Andheri (East), Mumbai, Maharashtra, 400093

TSPL

Statement of Cash Flow for year ended March 31, 2026

(₹ in Crore)

	Particulars	Year ended March 31, 2026	Year ended March 31, 2025
A	**Cash flows from operating activities**		
	Net Profit/(Loss) before tax	(2,289.50)	10.20
	Adjusted for :		
	Depreciation and amortisation expense	444.85	441.99
	Trade Receivables written off	1,318.60	-
	Interest expenses	606.66	619.08
	Interest Income	(2.23)	(3.66)
	Realised gain from investments measured at FVTPL	(0.55)	(0.04)
	Unsepent liabilities written back	(3.92)	-
	Provision for doubtful debt	9.11	-
	Loss on sale/discard of property, plant and equipment	6.58	4.78
	Operating profit before working capital changes	**89.60**	**1,072.35**
	Changes in working capital		
	(Increase) / Decrease in inventories	(62.80)	43.72
	Decrease in trade receivables	(51.60)	(484.04)
	(Increase)/ Decrease in other financial and other assets	1.17	(28.43)
	Increase in payables and provisions	574.26	168.31
	Cash generated from operations	**550.63**	**771.91**
	Income taxes refund/(paid)	5.12	(4.34)
	Net cash from operating activities (I)	**555.75**	**767.57**
B	**Cash flows from investing activities**		
	Purchase of property, plant and equipment (including intangibles)	(78.51)	(29.97)
	Sales of property, plant and equipment (including intangibles)	0.18	0.28
	Proceeds from maturity / redemption of short term bank deposits	197.97	38.27
	Investment in bank deposits	(160.00)	(38.26)
	Purchase of short term Investments (Mutual Funds)	(1,133.49)	(110.00)
	Proceeds from sale of short term Investments (Mutual Funds)	1,133.94	110.04
	Interest received	2.51	3.66
	Net cash (used in) investing activities (II)	**(37.40)**	**(25.98)**
C	**Cash flows from financing activities**		
	Proceeds from short term borrowings	987.41	548.53
	Repayment of short term borrowings	(500.00)	(77.00)
	Proceeds from long term borrowings	99.42	-
	Repayment of long term borrowings	(538.26)	(748.45)
	Repayment of lease liability	(10.24)	(4.24)
	Interest paid	(539.04)	(594.92)
	Payment towards employee stock option scheme	(5.02)	-
	Net cash (used in) financing activities (III)	**(505.73)**	**(876.08)**
	Net increase/(decrease) in cash and cash equivalents (I+II+III)	**12.62**	**(134.49)**
	Cash and cash equivalents at beginning of the year	**33.52**	**168.01**
	Cash and cash equivalents at the end of the year (Refer Note 9)	**46.14**	**33.52**

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.
3. Refer Note 14 for Change in liabilities arising from financing activities.

See accompanying notes forming part of the financial statements

In terms of our report of even date attached

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

per Amit Chugh
Partner
Membership No.: 505224

Place : Gurugram
Date : April 24, 2026

S. R. Batliboi & Co. LLP Gurugram

Talwandi Sabo Power Limited MANSA

For and on behalf of Board of Directors

Pankaj Kumar Sharma
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Statement of Changes in Equity for the year ended March 31, 2026

a. Equity share capital

Equity shares of ₹ 10 each issued, subscribed and fully paid	No. of Shares	Amount (₹ in Crore)
As at March 31, 2026 and March 31, 2025	**3,20,66,09,692**	**3,206.61**

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

b. Other equity

(₹ in Crore)

Particulars	Reserves and Surplus
Balance as on April 01, 2024	**416.15**
Profit for the year	31.84
Other Comprehensive Income	(0.01)
Payment towards employee stock option scheme	-
Balance as on March 31, 2025	**447.98**
Balance as on April 01, 2025	**447.98**
(Loss) for the year	(1,713.26)
Other Comprehensive Income	(0.41)
Payment towards employee stock option scheme (net of tax of ₹1.26 crores)	(3.76)
Balance as on March 31, 2026	**(1,269.45)**

See accompanying notes forming part of the financial statements

In terms of our report of even date attached

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

per Amit Chugh
Partner
Membership No.: 505224

Place : Gurugram
Date : April 24, 2026

S. R. Batliboi & Co. LLP Gurugram

For and on behalf of Board of Directors

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DIN: 10277510
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Date: April 24, 2026

Pankaj Jha
Chief Financial Officer
Place : New Delhi
Date: April 24, 2026

Talwandi Sabo Power Limited MANSA

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 three 660 MW coal based thermal power plant (The Plant) on Build, Own and Operate (BOO) basis. TSPL became a wholly owned subsidiary of Vedanta Limited (herein after referred as "VL") [formerly known as Sesa Sterlite Limited (SSL)] pursuant to the selection of VL as the successful bidder after going through a tariff based International Competitive Bidding (ICB) process. The Share Purchase Agreement (SPA), Power Purchase Agreement (herein after referred as "PPA") for sale of power from the Plant to PSPCL for a period of 25 years and other necessary documents were signed between VL, TSPL and PSPCL on September 01, 2008. The address of the registered office is 1st floor, C wing, Unit 103, Corporate Avenue Atul Projects, Chakala, Andheri (East), Mumbai, Maharashtra, 400093 and principal place of business is in village Banawala, Mansa - Talwandi Sabo Road, Mansa, Punjab - 151302

The Financial Statements were approved for issuance by the Board of Directors on April 24, 2026

The financial statements once approved by the Board of directors needs to be adopted by the shareholders at the annual general meeting of the Company. The Board of directors can withdraw and re-issue the financial statements so adopted only in specific cases such as non-compliance with the applicable accounting standards, with the approval of Tribunal, after following the appropriate procedure as per Companies Act, 2013

2 Basis of Preparation and Material Accounting Policies :

2.A BASIS OF PREPARATION

(a) Basis of Preparation and Compliance with Ind AS

(i) 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)

(ii) 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

(iii) Certain Comparative figures appearing in these Financial statements have been regrouped and/ or reclassified to better reflect the nature of those items

(b) Basis of Measurement

(i) The 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))

2.B. MATERIAL 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 Rupees (₹), 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 from Contract with Customer

Ind AS 115 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle of the standard is for companies to recognize revenue when the control of the goods and services is transferred to the customer as against the transfer of risk and rewards. The amount of revenue recognised reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue from sale of power is recognised when delivered and measured based on rates as per bilateral contractual agreement with its sole customer i.e. PSPCL. Late Payment Surcharge Cess ("LPSC") if any received by the Company from PSPCL as per the contract is recorded as revenue from sale of power. Revenues from sale of by-products are included in revenue.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company transfers goods or services to a customer even before the customer pays consideration or payment is due, a contract asset is recognised for the earned consideration when that right is conditional on the Company's future performance.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a result, the Company does not adjust any of the transaction prices for the time value of money.

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 throughout 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.

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Gurugram

Talwandi Sabo Power Limited
MANSA

2.B. *MATERIAL ACCOUNTING POLICIES (Contd.)*

(c) *Property, Plant and Equipment (Continued)*

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 during 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 during 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 lifes.

The estimated useful lives of assets are as follows:

• Buildings	3-25	years
• Roads	5-10	years
• Plant and machinery	4-27	years
• Furniture and fixtures	5-10	years
• Vehicles*	4-8	years
• Railway siding	15	years
• Office equipment	5	years
• Computers and data processing	3-6	years
• Laboratory equipment	10	years

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of property, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.
Depreciation methods, useful lives and residual values of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

*Useful life of vehicles is taken as per the tenure of Finance Lease.

(d) *Intangible Assets*
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated 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 of 3-6 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*
Company as a lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.
The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (k) Impairment of non-financial assets.

(ii) Lease Liabilities
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2.B. MATERIAL ACCOUNTING POLICIES (Contd.)

(iii) Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption of low-value assets to leases of office equipment that are of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a Lessor
Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. 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.

(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. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.
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 considering 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 (FVTOCI)

A 'debt instrument' is classified as FVTOCI 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 FVTOCI 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 FVTOCI 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.

S.R. Batliboi & Co. LLP Gurugram

2.B. MATERIAL ACCOUNTING POLICIES (Contd.)

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 115;

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 FVTOCI:** 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 based on 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

<u>Initial recognition and measurement</u>

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or 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 financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

<u>Subsequent measurement</u>

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 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 financial liabilities held 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/losses 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.

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2.B. MATERIAL ACCOUNTING POLICIES (Contd.)

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of any entity after deducting all 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 off-set the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously

Supplier finance arrangements

The Company has established supplier finance arrangements. The Company evaluates whether financial liabilities covered under such arrangements continue to be classified within trade payables, or they need to be classified as a borrowing or as part of other financial liabilities/ as a separate line item on the face of the balance sheet. Such evaluation requires exercise of judgment basis specific terms of the arrangement

The Company classifies financial liabilities covered under supplier finance arrangement within trade payables in the balance sheet only if (i) the obligation represents a liability to pay for goods and services, (ii) is invoiced and formally agreed with the supplier, (iii) is part of the working capital used in its normal operating cycle, (iv) the Company is not legally released from its original obligation to the supplier, and has not assumed a new obligation towards the bank, and another party (iv) there is no substantial modification to the terms of the liability

If one or more of the above criteria are not met, the Company derecognises its original liability toward the supplier and recognise a new liability towards the bank/lender which is classified as other financial liability separately in the face of balance sheet as "Trade finance liability" based on factors such as whether the Company (i) has obligation toward bank, (ii) is getting extended credit period such that obligation is no longer part of its working capital cycle (iii) is paying interest directly or indirectly, (iv) has provided guarantee or security, and/or (v) is recognized as borrower in the bank books

Cash flows related to liabilities arising from supplier finance arrangements that continue to be classified in trade payables in the balance sheet are included in operating activities in the statement of cash flows, when the Company finally settles the liability

In cases, where the Company has derecognised its original liability towards the supplier and recognise a new liability towards the bank, the Company has assessed that the bank is acting as its agent in making payment to the supplier The payment made by the Company to the bank towards interest, if any, as well as on settlement is presented as financing cash outflow

(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 in foreign currencies. 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) Fair Value Measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1. Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3. Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period

For fair value disclosures, the Company has determined classes of assets and liabilities on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above

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2.B. MATERIAL ACCOUNTING POLICIES (Contd.)

(j) *Borrowing Costs*

Borrowing cost includes interest expense as per Effective Interest Rate (EIR)

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

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).

(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. The Company has done the impairment assessment as at March 31, 2026 and concluded that no impairment exists for the current year reporting

(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 present location and condition, 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 unutilised tax credits and unutilised 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

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2.B. MATERIAL ACCOUNTING POLICIES (Contd.)

(n) *Retirement and other employee benefits*

Retirement benefit in the form of provident fund is a defined contribution scheme The Company has no obligation, other than the contribution payable to the provident fund The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund
The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund
The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur Remeasurements are not reclassified to profit or loss in subsequent periods

Past service costs are recognised in profit or loss on the earlier of:
The date of the plan 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

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date The Company recognizes expected cost of short-term employee benefit as an expense, when an employee renders the related service

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date Remeasurement gains/losses are immediately taken to the statement of profit and loss and are not deferred

(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.

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 life 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

The date of the transaction for the purpose of determining the exchange rate to use on initial Ind AS 21 recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration

If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration

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(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.

2.B. MATERIAL ACCOUNTING POLICIES (Contd.)

(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 offers certain share-based incentives under the Long-Term Incentive Plan ("LTIP") to employees and directors of the Company and its subsidiaries. VL 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. Further, during the year, VL has also recovered the difference between the expected purchase price of shares and the grant date fair value from the Company. This amount has been debited directly to the retained earnings.

2.C. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Critical estimates and judgements in applying accounting policies

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

Critical estimates:

• Useful life of property, plant and equipment

Useful life 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 had revised the useful life of its property, plant and equipment from 40 years to 25 years during earlier years.

Critical Judgements:

• Determining whether an arrangement contains a lease and fixed rentals therein

Significant judgement is required to apply lease accounting rules under Ind AS 116 'Determining whether an arrangement contains a lease. In assessing the applicability to arrangements entered 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 Ind AS 116.

The Company has ascertained that the Power Purchase Agreement (PPA) entered between the Company and Punjab State Power Corporation Limited (PSPCL) qualify as operating lease as per Ind AS 116 Leases. Accordingly, the consideration receivable under the PPA relating to recovery of capacity charges have been recognised as operating lease rentals and in respect of energy charges 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 23 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 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 are not recognised in these financial statements but are disclosed as contingent liabilities.

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• Revenue Recognition of disputed dues

The Company has evaluated the provisions of Ind-AS 115, which states that revenue should be recorded if it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that has been transferred to the customer. Management has assessed the recognition of revenue and recoverability of disputed dues with PSPCL as disclosed in Note 32 and Note 46 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

2.C. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Climate Related Matters:

The Company considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Company due to both physical and transition risks. Even though the Company believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Company is closely monitoring relevant changes and developments, such as new climate-related legislation. The items and considerations that are most directly impacted by climate-related matters are:

• Useful life of property, plant and equipment: When reviewing the residual values and expected useful lives of assets, the Company considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures.

• Impairment of non-financial assets. The value-in-use may be impacted in several different ways by transition risk in particular, such as climate-related legislation and regulations and changes in demand for the Company's products. The Company has concluded that no climate-related assumption will have impact on FY 2025-26 test of impairment.

Recoverability of deferred tax and other income tax assets

The Company has carry forward tax losses and unabsorbed depreciation that are available for offset against future taxable profit. Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the unused tax losses or tax credits can be utilized. This involves an assessment of when those assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the assets. This requires assumptions regarding future profitability, which is inherently uncertain. To the extent assumptions regarding future profitability change, there can be a decrease in the amounts recognised in respect of deferred tax assets and consequential impact in the statement of profit and loss.

During the year ended March 31, 2026, based on financial projections and requirements of Ind AS 12, The Company has recognised deferred tax assets on business losses amounting to ₹705.85 Crores, which based on management's estimate is probable to realise.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on a DCF model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows, plant availability and load factors.

2.D. NEW AND AMENDED STANDARDS

The Company has adopted, with effect from 01 April 2025, the following new and revised standards. Their adoption does not have any material impact on the amounts reported in the financial statements:

1. Ind AS 1 Presentation of Financial Statements: The amendments specify that liabilities must be classified based on the entity's right to defer settlement as on the reporting date and includes settlement by equity options in the definition of settlement unless the option is classified as an equity component of a compound financial instrument, Further, these amendments require disclosure on non-current liabilities that could become repayable within twelve months after the reporting period. Effective 1 April 2026, these amendments also require the liability to be classified as current even if the lender agrees to waive off the breach before the approval of the financial statements but after the reporting date.

2. Ind AS 7 Statement of Cash Flows and Ind AS 107 Financial Instruments: Disclosures: The amendments to Ind AS 7 and Ind AS 107 require additional disclosures on supply chain finance arrangements and how these arrangements affect liabilities, cash flows, and liquidity risk.

3. Ind AS 12 Income Taxes: The amendments include Pillar Two Income taxes in its scope and removes the requirement to recognize or disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments requires enhanced disclosures about an entity's exposure to Pillar Two income taxes.

4. Ind AS 21 The Effects of Changes in Foreign Exchange Rates : The amendments specify how an entity should determine an exchange rate when exchangeability is lacking and also require disclosure of information of how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

5. Minor amendments (Ind AS 10, 115, and 116): Changes have been made to correct technical inconsistencies, update paragraph references, and align them with international practices.

2.E Standards notified but not yet effective

The amendments to the standards that are notified by the Ministry of Corporate Affairs (MCA), but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company will adopt these amendments to the standards, when they become effective.

(i)Amendments to Ind AS 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants and Ind AS 10 Events after the Reporting Period

Ind AS 10 has been amended to remove the previous treatment under which a lender's post reporting date waiver—granted before the financial statements were approved for issue—of a breach of a material covenant in a long term loan arrangement that occurred on or before the end of the reporting period, resulting in the liability becoming payable on demand at the reporting date, was regarded as an adjusting event.

For annual reporting periods beginning on or after 1 April 2026, any breach of a covenant—whether material or immaterial—occurring on or before the reporting date will, in accordance with Ind AS 1, require the related liability to be classified as current, unless the lender has granted a waiver of the breach on or before the reporting date and has agreed not to demand repayment for at least 12 months after the reporting date as a consequence of the breach. Such a waiver shall be treated as an adjusting event.

The amendments are effective for annual reporting periods beginning on or after 1 April 2026 retrospectively in accordance with Ind AS 8.

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Notes to financial statements for the year ended March 31, 2026

Note 3 Property Plant and Equipment and Intangible assets

(₹ in Crore)

For the year ended March 31, 2026

Particulars	Gross Block				Accumulated depreciation and amortisation				Net Block
	Balance as at April 01, 2025	Additions	Disposals/ Adjustments	Balance as at March 31 2026	Balance as at April 01, 2025	Depreciation charge	Deductions	Balance as at March 31, 2026	Balance as at March 31, 2026
a) Tangible Assets									
Freehold Land	390.60		-	390.60	-		-	-	390.60
Buildings	265.42	-	-	265.42	148.80	11.12	-	159.92	105.50
Plant and Machinery	10,582.68	76.18	11.34	10,647.52	4,174.32	398.20	4.76	4,567.75	6,079.77
Furniture and Fittings	2.77	0.02	0.01	2.78	2.28	0.12	0.01	2.40	0.38
Motor Vehicles	0.74	0.30	0.19	0.85	0.30	0.11	0.04	0.37	0.48
Railway Siding and Locomotives	418.16	-	-	418.16	261.63	23.78		285.41	132.75
Office and Equipment	8.58	0.26	0.05	8.79	7.81	0.22	0.04	7.99	0.80
Computers and Data Processing	8.84	0.20	0.02	9.02	6.89	0.64	0.00	7.53	1.49
Laboratory Equipment	28.29	0.36	-	28.65	26.44	0.37	-	26.80	1.85
Total	11,706.08	77.32	11.61	11,771.79	4,628.47	434.56	4.85	5,058.17	6,713.62
							b) Capital work in progress		-
							Total		6,713.62
b) Intangible Assets									
Computer software	4.62	-		4.62	3.81	0.35		4.16	0.46
Total	4.62	-	-	4.62	3.81	0.35	-	4.16	0.46
c) ROU Assets (Refer note 2.B(e))									
Land	0.86	0.59	0.09	1.36	0.37	0.22	0.03	0.56	0.80
Plant and Machinery	45.90	-	7.00	38.90	3.80	9.17	1.98	11.00	27.90
Computer software	2.73		0.42	2.31	0.91	0.55	0.22	1.23	1.08
Total	49.49	0.59	7.51	42.57	5.08	9.94	2.23	12.79	29.78

For the year ended March 31, 2025

Particulars	Gross Block				Accumulated depreciation and amortisation				Net Block
	Balance as at April 01, 2024	Additions	Disposals/ Adjustments	Balance as at March 31, 2025	Balance as at April 01, 2024	Depreciation charge	Deductions	Balance as at March 31, 2025	Balance as at March 31, 2025
a) Tangible Assets									
Freehold Land	390.60	-	-	390.60	-	-	-	-	390.60
Buildings	265.42	-	-	265.42	135.36	13.44	-	148.80	116.62
Plant and Machinery	10,565.08	30.07	12.47	10,582.68	3,784.84	397.15	7.67	4,174.32	6,408.36
Furniture and Fittings	2.84	0.00	0.07	2.77	2.15	0.19	0.06	2.28	0.49
Motor Vehicles	1.11	0.19	0.56	0.74	0.41	0.22	0.33	0.30	0.44
Railway Siding and Locomotives	418.16	-	-	418.16	237.85	23.78	-	261.63	156.53
Office and Equipment	8.61	0.03	0.06	8.58	7.63	0.23	0.05	7.81	0.77
Computers and Data Processing	7.90	0.96	0.02	8.84	6.35	0.55	0.01	6.89	1.95
Laboratory Equipment	28.29	-	-	28.29	24.87	1.57	-	26.44	1.85
Total	11,688.01	31.25	13.18	11,706.08	4,199.46	437.13	8.12	4,628.47	7,077.61
							b) Capital work in progress		1.03
							Total		7,078.64
b) Intangible Assets									
Computer software	3.88	0.74	-	4.62	3.49	0.32	-	3.81	0.81
Total	3.88	0.74	-	4.62	3.49	0.32	-	3.81	0.81
c) ROU Assets (Refer note 2.B(e))									
Land	0.86	-	-	0.86	0.18	0.19	-	0.37	0.49
Plant and Machinery	-	45.90	-	45.90	-	3.80	-	3.80	42.10
Computer software	2.73	-	-	2.73	0.36	0.55	-	0.91	1.82
Total	3.59	45.90	-	49.49	0.54	4.54	-	5.08	44.41

Note: i) Certain property, plant and equipment are pledged as collateral against borrowings, the details related to which have been described in Note 14 on "Borrowings"
Title deeds in respect of freehold land having Gross and net book value of ₹ 390.60 Crore included in property, plant and equipment are in the name of the Company but are not physically available with the Company. Same has been held with Vistra ITCL (India) Limited working as trustee appointed by Banks/ Financial Institutions against charge created on borrowings taken from Banks and Financial Institutions. There is no such property wherein there is an issue with the title

(ii) Ageing of Capital-Work-in Progress (CWIP)

As at March 31, 2026

Particulars	Less than 1 year	1-2 years	2-3 years	Total
Projects in progress	-	-	-	-

As at March 31, 2025

Particulars	Less than 1 year	1-2 years	2-3 years	Total
Projects in progress	0.92	0.11	-	1.03

There is no project whose completion is overdue or has exceeded its cost compared to its original plan during the financial year 2024-25

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Notes to financial statements for the year ended March 31, 2026

Note 4

Trade receivables - Non-current

Particulars	As at March 31, 2026	As at March 31, 2025
Considered good - Unsecured (Refer Note 41)	382.71	1,691.35
Considered doubtful	9.16	0.05
Less: Provision for trade receivables considered doubtful (Refer Note 39)	(9.16)	(0.05)
Total	**382.71**	**1,691.35**

Note 5

Other financial assets - Non-current

Particulars	As at March 31, 2026	As at March 31, 2025
Bank Deposits with remaining maturity of more than 12 months (including interest accrued thereon ₹ Nil (March 31, 2025 : ₹ 0.29 Crore)) (Refer note below)	-	38.26
Security deposits (Unsecured, considered good)	7.59	7.59
Total	**7.59**	**45.85**

Note: Bank deposits are kept as margin money and earns interest at fixed rate based on respective deposit rate.

Note 6

Other non-current assets

Particulars	As at March 31, 2026	As at March 31, 2025
Prepaid Expenses	4.10	6.02
Total	**4.10**	**6.02**

Note 7

Inventories

Particulars	As at March 31, 2026	As at March 31, 2025
Fuel Stock	223.62	143.41
Goods-in transit	32.75	37.06
Stores and Spares	55.19	68.30
Total	**311.56**	**248.77**

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

Note 8

Trade receivables - Current

Particulars	As at March 31, 2026	As at March 31, 2025
Considered good - Unsecured (Refer note 41)	992.10	959.58
Total	**992.10**	**959.58**

Note: The Company offers a credit period of 0-30 days to its customers.

Note 9

Cash and cash equivalents

Particulars	As at March 31, 2026	As at March 31, 2025
Balances with banks		
- on cash credit account	46.14	33.52
Total	**46.14**	**33.52**

Note 10

Other financial assets

Particulars	As at March 31, 2026	As at March 31, 2025
Receivables from related parties (Refer note 36)	0.16	0.01
Claims and other receivables	0.55	1.10
Total	**0.71**	**1.11**

Note 11

Other current assets

Particulars	As at March 31, 2026	As at March 31, 2025
Advance to suppliers	15.42	21.64
Advance to related parties (Refer note 36)	6.02	1.01
Prepaid expenses	18.48	16.48
Balance with central excise and government authorities	0.18	0.00
Total	**40.10**	**39.13**

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Notes to financial statements for the year ended March 31, 2026

Note 12

Equity Share Capital :

Particulars	As at March 31, 2026		As at March 31, 2025	
	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	3,20,66,09,692	3206.61	320,66,09,692	3,206.61
Total	3,20,66,09,692	3,206.61	320,66,09,692	3,206.61

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

Particulars	As at March 31, 2026		Equity Shares as at March 31, 2025	
	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	3,20,66,09,692	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, 2026		As at March 31, 2025	
	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

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 the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

(v) Also refer Note 54.

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Talwandi Sabo Power Limited

Notes to financial statements for the year ended March 31, 2026

Note 13

Other equity (Refer Statement of changes in Equity) **(₹ in Crore)**

Particulars	As at March 31, 2026	As at March 31, 2025
Retained earnings		
Balance at the beginning of the year	447.98	416.15
Add: Profit/(Loss) for the year	(1,713.26)	31.84
Payment towards employee stock option scheme (Refer note below)	(3.76)	-
Add: Transfer from Other Comprehensive Income	(0.41)	(0.01)
Closing Balance	**(1,269.45)**	**447.98**
Other Comprehensive Income		
Balance at the beginning of the year	-	-
Add: Remeasurement loss on defined benefit obligation	(0.41)	(0.01)
Less: Transfer to retained earnings	0.41	0.01
Closing Balance	-	-
Total other equity	**(1,269.45)**	**447.98**

Note:

During the year, Vedanta Limited has also recovered the difference between the expected purchase price of shares and the grant date fair value from the Company. This amount has been debited directly to the retained earnings.

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Notes to financial statements for the year ended March 31, 2026

Note 14

Non current financial liabilities - Borrowings

Particulars	As at March 31, 2026	As at March 31, 2025
Secured : At amortised cost		
Term Loan		
From Other than Banks	4,337.03	4,871.92
Unsecured : At amortised cost		
Term Loan		
From Other than Banks	99.42	-
Total Borrowings	**4,436.45**	**4,871.92**
Less : Current maturities of long-term borrowings (Refer note 17)	(588.26)	(538.26)
Total	**3,848.19**	**4,333.66**

Notes:

Loan covenants

i) The Company's term loan arrangements with Power Finance Corporation Limited include covenants requiring maintenance of a minimum Debt Service Coverage Ratio (DSCR) of 1.10 times and Debt to equity ratio of less than 2.33.

Based on management's computation, the DSCR for the year ended 31 March 2026 is 1.19 times (March 31, 2015 1.16), after excluding the exceptional losses as they represent one time, non-recurring items and considering specific working capital adjustments. While the loan agreement does not explicitly permit such adjustments, management, supported by an independent legal opinion, is of the view that these adjustments represent reasonable assumptions to reflect the Company's underlying debt servicing capacity. The computation has been communicated to the lender and no adverse communication has been received as at the date of approval of these financial statements.

The Debt to equity ratio in the secured loan is calculated as Long term Debt divided by Net Equity. The Debt to equity ratio was 1.35 as at March 31, 2026 (March 31, 2025: 1.34).

ii) All covenants are tested annually at March 31, 2026. The Company has no indication that it will have difficulty complying with these covenants. The Company has not defaulted on any loans payable and are fully compliant with all the material covenants.

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Notes to financial statements for the year ended March 31, 2026

Note 14

Non current financial liabilities - Borrowings (Contd.)

(iii) Summary of Term Loan (Carrying Value):

(₹ in Crore)

Particulars	Issued on	Security	Interest for the year ended March 31, 2026	Interest for the year ended March 31, 2025	As at March 31, 2026	As at March 31, 2025
(a) From other than banks:						
Power Finance Corporation Limited	June 2020	Secured by first pari passu charge on fixed assets and second pari passu charge on current assets of the Company, both present and future, with an unconditional and irrevocable corporate guarantee by Vedanta Limited	9.45%	9.45%	2,280.85	2,529.63
Power Finance Corporation Limited	September 2023	Secured by first pari passu charge on fixed assets and second pari passu charge on current assets of the Company, both present and future, with an unconditional and irrevocable corporate guarantee by Vedanta Limited	9.45%	9.45%	2,056.18	2,342.29
Aditya Birla Capital Limited	March 2026	Board backed, Unconditional and Irrevocable Corporate Guarantee of Vedanta Limited	9.25%	-	99.42	
Total					4,436.45	4,871.92
Total Term Loan					4,436.45	4,871.92

Repayment terms of Term loan outstanding as on March 31, 2026:

Particulars	Total Carrying Value	<1 year	1-3 years	3-5 years	>5 years	Unamortised cost/MTM
Indian Rupee term loan	4,436.45	588.26	744.12	1,012.45	2,109.56	(17.94)
Total	4,436.45	588.26	744.12	1,012.45	2,109.56	(17.94)

Repayment terms of Term loan outstanding as on March 31, 2025:

Particulars	Total Carrying Value	<1 year	1-3 years	3-5 years	>5 years	Unamortised cost/MTM
Indian Rupee term loan	4,871.92	538.26	872.31	816.18	2,665.90	(21.08)
Total	4,871.92	538.26	872.31	816.18	2,665.90	(21.08)

Note:

(a) The maturity amount as mentioned above is based on the total principal outstanding

(iv) Change in liabilities arising from financing activities and for non-cash financing and investing activities:

(₹ in Crore)

Particulars	As at April 01, 2025	Cash flows (net)	Addition during the year	Inter-head adjustment /other adjustment during the year	As at March 31, 2026
Current borrowings	1,444.89	487.41	-	50.96	1,983.26
Current lease liabilities (note 15)	8.30	(10.24)	-	9.90	7.96
Non- current borrowings	4,333.66	(438.85)	-	(46.62)	3,848.19
Non-current lease liabilities (note 15)	38.89	-	0.50	(13.54)	25.85
Total liabilities from financing activities	5,825.74	38.32	0.50	0.70	5,865.26

(₹ in Crore)

Particulars	As at April 01, 2024	Cash flows (net)	Addition during the year	Inter-head adjustment /other adjustment during the year	As at March 31, 2025
Current borrowings	1,178.75	(273.23)	-	539.37	1,444.89
Current lease liabilities (note 15)	1.36	(4.24)	-	11.18	8.30
Non- current borrowings	4,871.57	(3.70)	-	(534.21)	4,333.66
Non-current lease liabilities (note 15)	2.14	-	45.90	(9.15)	38.89
Total liabilities from financing activities	6,053.82	(281.17)	45.90	7.19	5,825.74

The 'Other' column includes the effect of reclassification of non-current portion of borrowings, including lease liabilities to current due to the passage of time, and the effect of accrued but not yet paid interest on borrowings, including lease liabilities

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Note 15
Lease Liabilities

Particulars	As at March 31, 2026	As at March 31, 2025
Non Current		
Lease liability (Refer note below)	25.85	38.89
Current		
Lease liability (Refer note below)	7.96	8.30
Total	**33.81**	**47.19**

Note:
The movement in lease liabilities is as follows

Particulars	As at March 31, 2026	As at March 31, 2025
Opening Balance	47.19	3.50
Additions	0.59	45.90
Reversal	(7.78)	
Repayments	(10.24)	(4.24)
Interest	4.05	2.03
Closing Balance	33.81	47.19
Non Current Lease Liability	25.85	38.89
Current Lease Liability	7.96	8.30

Note 16
Provisions - Non-current

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for employee benefits:		
Gratuity (Refer Note 35)	1.99	0.22
Leave Encashment	1.34	0.74
Total	3.33	0.96

Note 17
Borrowings - Current

Particulars	As at March 31, 2026	As at March 31, 2025
At amortised cost		
Secured		
Working Capital Demand Loan (Refer note (i) below)	526.00	357.00
Current maturities of long-term borrowings (Refer note 14)	538.26	538.26
Unsecured		
Current maturities of long-term borrowings (Refer note 14)	50.00	-
Short Term Loan	-	349.63
Loans from Related Parties (Refer note (ii) below)	869.00	200.00
Total	1,983.26	1,444.89

Notes:

(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 & second pari passu charge on fixed assets of the Company
The above outstanding loans carry interest rate of 8.90% p.a. (previous year 9.50% p.a.).

(ii) **Loans from Related Parties**
The Company has obtained inter corporate loans amounting to ₹ 869 Crore (March 31, 2025 : ₹ 200 Crore) from its Parent company, Vedanta Limited. The loan carried an interesr of 10.4%p.a. till September 30, 2025. From 1st october 2025 onwards, the loan carry interest of 8.97% p.a. (previous year 10.40%p.a.).

Note 18
Trade Finance liability

Particulars	As at March 31, 2026	As at March 31, 2025
Trade finance with banks		
- Secured (Refer note below)	448.10	414.12
- Unsecured (Refer note below)	254.80	36.66
Total	702.90	450.78

Note:
a) Trade payable amounting to ₹ 448.10 Crores has been finance through bank secured by first pari passu charge on current assets and second pari passu charge on fixed assets of the Company, both present and future.

b) Unsecured liability towards bank for bills payable under bill discounting facility availed for MSME vendors with a discounting period of 180 days.

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Talwandi Sabo Power Limited
Notes to financial statements for the year ended March 31, 2026

Note 19
Trade payables

Particulars	As at March 31, 2026	As at March 31, 2025
Total Outstanding dues of Micro Enterprises and Small Enterprises (Refer note (b) below)	3.53	8.98
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	202.78	116.12
Total	**206.31**	**125.10**

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

(b) Disclosure under Section 22 of the Micro, Small and Medium Enterprises Development Act 2006:

Particulars	As at March 31, 2026	As at March 31, 2025
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	3.53	8.98
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year		-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	
(iv) The amount of interest due and payable for the year		
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year		
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid		

Note 20
Other financial liabilities - Current

Particulars	As at March 31, 2026	As at March 31, 2025
Interest accrued but not due on borrowings	24.80	30.61
Other Payables:		
Retention money	36.09	15.12
Due to related parties (Refer note 36)	174.99	163.61
Earnest money deposit	18.15	12.45
Interest accrued on loan from Related Party (Refer note 36)	46.39	3.17
Late payment surcharge (refer note 50 (a))	218.54	-
Employee Payables	3.23	3.23
Total	**522.19**	**228.19**

Note 21
Other current liabilities

Particulars	As at March 31, 2026	As at March 31, 2025
Advance from customers*	0.55	0.64
Other Payables:		
Statutory liabilities	3.72	3.04
Other liabilities	0.03	0.04
Total	**4.30**	**3.72**

* These are contract liabilities. Additional disclosures have not been furnished as the same are not material.

Note 22
Provisions - Current

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for employee benefits		
Leave Encashment	0.12	0.09
Total	**0.12**	**0.09**

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Notes to financial statements for the year ended March 31, 2026

Note 23

Revenue from operations

(₹ in Crore)

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Revenue from Operations		
Energy Sales (Refer notes below)	5,453.18	5,223.40
Total	**5,453.18**	**5,223.40**

Notes:

(a) Energy sales include operating lease rentals of ₹ 1,254.53 Crore (previous year ₹ 1,386.98 Crore) relating to recovery of capacity charges and ₹ 172.74 Crore (previous year Nil) related to Late payment surcharge recognised during the year (Refer note 32). The balance revenue of ₹ 4,025.91 Crore (previous year ₹ 3,836.42 Crore) relates to sale of power in relation to contract with customer and is recorded at a point in time.

Also, refer note 2.B(b).

Note 24

Other Operating Revenue

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Scrap Sales	5.18	3.34
Sale of fly ash	27.03	12.75
Miscellaneous income	0.67	1.02
Total	**32.88**	**17.11**

Note 25

Other income

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Interest income from financial assets at amortised cost		
- Bank Deposits	1.79	2.57
- Others	0.03	0.25
Realised Gains from investments measured at FVTPL	0.55	0.04
Net gain on foreign currency transactions and translation	0.33	-
Interest on outstanding income tax refunds	0.41	0.84
Unspent liabilities written back	3.92	-
Miscellaneous income	4.13	0.00
Total	**11.16**	**3.70**

Note 26

Employee benefits expense

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Salaries and Bonus	22.23	22.20
Contribution to provident fund	0.62	0.68
Staff welfare expenses	0.30	0.48
Gratuity expenses (Refer note 35)	0.21	0.15
Contribution to super annuation fund	0.50	0.54
Total	**23.86**	**24.05**

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Notes to financial statements for the year ended March 31, 2026

Note 27

Finance cost

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Interest on borrowing	526.85	553.69
Interest on trade finance	44.41	33.50
Interest on lease obligation	4.05	2.03
Guarantee Commission	16.99	19.42
Other finance costs	14.36	10.44
Total	**606.66**	**619.08**

Note 28

Depreciation and amortisation expense

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Depreciation of tangible assets	434.56	437.13
Amortisation of intangible assets	0.35	0.32
Amortisation of ROU	9.94	4.54
Total	**444.85**	**441.99**

Note 29

Other expenses

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Consumption of stores and spare parts	64.85	45.72
Plant running and maintenance expenses	188.89	176.13
CSR expenses (Refer note 31)	3.79	1.30
Legal and professional fees (Refer note Note 33)	12.95	14.79
Electronic data processing expenses	3.44	2.52
Insurance	10.45	14.13
Rates and taxes	1.23	0.90
Security expenses	0.08	0.12
Travelling	2.47	2.68
Books and periodicals	0.27	0.32
Director sitting fees (Refer note 36)	0.29	0.45
Provision for doubtful trade receivables	9.11	-
Net loss on foreign currency transactions and translation	-	0.07
Loss on sale/discard of property, plant and equipement	6.58	4.78
Brand Fees (Refer note 36)	48.55	46.38
Miscellaneous expenses	2.40	2.77
Total	**355.35**	**313.06**

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Notes to financial statements for the year ended March 31, 2026

Note 30
Commitments

(i) Commitments:
Estimated amounts of contracts remaining to be executed on capital account not provided for (net of advances) amount to ₹ 4.96 Crore (previous year ₹ 1.28 Crore).

(ii) Other Commitments:
The Company entered into Power Purchase Agreement ('PPA') with Punjab State Power Corporation Limited ('PSPCL') for twenty five year PPA which has been identified as arrangement containing lease as per Ind AS 116. The arrangement has been classified as operating lease as per the policy of the Company. The contingent rent recognized as income during the year is ₹ 1,254.53 Crore (previous year ended ₹ 1,386.98 Crore).

(iii) Guarantees:
The Company has given performance bank guarantee to PPCB amounting to ₹ 0.75 Crore relating to penalty for non-fulfillment of various environment norms.

Note 31
Corporate Social responsibility

(₹ in Crore)

Particulars	Year ended March 31, 2026		Year ended March 31, 2025	
Amount of expenditure incurred by the Company during the year:	**Payment made in- Cash**	**Payment yet to be Paid in Cash**	**Payment made in- Cash**	**Payment yet to be Paid in Cash**
i) Capital work-in-progress	0.05	0.56	0.39	0.02
ii) General expenses (Refer table below)	1.15	1.99	0.41	0.43
iii) Salaries and wages	0.00	0.04	0.03	0.02
Total amount of expenditure incurred	**1.20**	**2.59**	**0.83**	**0.47**

As per the provisions of Companies Act, 2013, during the period, the Company was required to spend an amount of ₹ 4.54 Crore (previous year ₹ 3.42 Crore) towards CSR expenditure. During the year, the Company has adjusted ₹ 0.75 Crore carried forward from previous year and also spent ₹ 1.20 Crore during the year. The company will be opening a Escrow account and transfer the remaining amount of ₹ 2.59 Crore and the amount will be spent in the next 3 years from that account.

Balance of CSR provision/CSR expeses not yet paid in cash

Particulars	Year ended March 31, 2026	For the Period ended March 31, 2025
Opening Balance	**0.47**	**0.30**
Provision made during the year	3.79	1.30
Less: Payments made during the year	(1.67)	(1.13)
Closing Balance	**2.59**	**0.47**

Closing balance of ₹ 2.59 Crore with respect to expenses incurred during the year will be paid in the upcoming financial years.

Nature of amount - General Expenses

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Health care	0.70	0.30
Agriculture & Animal Husbandry	0.72	0.29
Children's Wellbeing & Education	0.14	0.04
Women Empowerment	0.51	0.20
Rural Development	0.90	-
Others	0.17	0.01
Total	**3.14**	**0.84**

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Note 32

Misdeclaration Case

In an earlier year, Punjab State Power Corporation Limited ("PSPCL") imposed a penalty on the Company on account of alleged mis-declaration of declared capacity and deducted a penalty of ₹ 77.86 Crore (previous year ₹ 77.86 Crore) from the monthly bills. In February 2018, PSERC unfavourably disposed the petition determining penalty of ₹ 127.32 Crore. TSPL filed an appeal before Appellate Tribunal for Electricity ("APTEL") challenging the penalty. During the year ended March 31, 2025, APTEL pronounced the order in favour of the Company directing PSPCL to refund the deducted penalty along with 'Late Payment Surcharge'. Following the order, the counterparties-PSPCL and Punjab State Load Dispatch Center ("PSLDC ") have filed a Civil Appeal before the Hon'ble Supreme Court of India challenging the said decision in May 2025. The Hon'ble Supreme Court has directed the Company to file its reply/written submissions. The matter is next listed for hearing on April 28, 2026.

During the year, the Company has received a total amount of ₹250 Crore, comprising of ₹77.86 Crore towards the principal amount withheld and ₹172.14 Crore towards Late Payment Surcharge (LPS). As per the accounting policy, Late Payment Surcharge has been accounted for as revenue from operations during the year.

Based on the internal assessment and supported by a legal opinion, the Company believes that it has strong case on merits and accordingly the likelihood of reversal of the appellate tribunal's decision is very low.

Note 33 (₹ in Crore)

Auditors' Remuneration included under Legal & Professional Services

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Audit Fees	0.26	0.25
Limited Review	0.17	0.17
Reporting for Parent Company consolidation	0.08	0.08
Other Services	0.66	0.15
Out of Pocket Expenses	0.03	0.03
Total	**1.20**	**0.68**

* Above amounts are without GST.

** Including fees for audit/review of interim financial statements.

Note 34 (₹ in Crore)

Earnings/(Loss) Per Share (EPS)

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Net (loss) after tax attributable to equity shareholders for basic and diluted EPS (₹ in Crore)	(1,713.26)	31.84
Weighted average number of Equity shares for Basic and Diluted EPS	3,20,66,09,692	3,20,66,09,692
Basic and Diluted (Loss) Per Share (₹)	**(5.34)**	**0.10**
Nominal Value Per share (₹)	**10.00**	**10.00**

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Note 35
Employee Benefits

a) Defined contribution plan

The Company contributed a total of ₹ 1.12 Crore for the year ended March 31, 2026 (previous year ₹ 1.22 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 2026 and 2025) 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). 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. 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 of 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, 2026	Year ended March 31, 2025
Salary growth (p.a.)	5.50%	5.50%
Expected rate of Return on Plan Assets (p.a.)	7.05%	7.11%
Discount rate (p.a.)	7.26%	7.03%
Mortality rate	100% IALM(2012-14)	100% IALM(2012-14)

The 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.

Expenditure recognized during the year

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Current service cost	0.21	0.15
Past service cost*	1.27	-
Interest cost	0.02	0.01
Total	**1.50**	**0.16**

*Recognised under exceptional items (Refer note 49)

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Notes to financial statements for the year ended March 31, 2026

Note 35

Employee Benefits (Contd.)

Amount recognized in Other Comprehensive Income during the year

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Remeasurement of the net defined benefit obligation:-		
Actuarial losses / (gains) arising from changes in financial assumptions	(0.09)	0.01
Actuarial losses / (gains) arising from experience adjustments	0.63	(0.01)
Total	**0.54**	**0.00**

Movement in present value of defined benefit obligation

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Obligation at the beginning of the year	1.58	1.77
Current service cost	0.21	0.15
Past service cost	1.27	-
Interest cost	0.11	0.13
Actuarial (gains)/losses	0.54	0.00
Benefits paid	(0.19)	(0.47)
Obligation at the end of the year	**3.52**	**1.58**

Movement in present value of plan assets

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Fair value at the beginning of the year	1.36	1.62
Actual return on plan assets	0.10	0.11
Contribution	0.26	0.00
Benefits paid	(0.19)	(0.37)
Fair value at the end of the year*	**1.53**	**1.36**

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

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Note 35
Employee Benefits (Contd.)

Amount Recognized in the Balance Sheet

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Present value of obligation at the end of the year	3.52	1.58
Less: Fair value of plan assets at the end of the year	(1.53)	(1.36)
Net liability recognized in the Balance Sheet	**1.99**	**0.22**

The contribution expected to be made by the Company during the financial year 2025-26 as ascertained by the management is ₹ 0.45 Crore (previous year ₹ 0.19 Crore)

Sensitivity analysis	Year ended March 31, 2026	Year ended March 31, 2025
Increase / (Decrease) in defined benefit obligation		
Discount rate		
Increase by 0.50%	(0.18)	(0.09)
Decrease by 0.50%	0.19	0.10
Expected rate of increase in compensation level of covered employees		
Increase by 0.50%	0.20	0.10
Decrease by 0.50%	(0.19)	(0.09)

Maturity profile of defined benefit obligation

Year	Year ended March 31, 2026	Year ended March 31, 2025
0-1 Years	0.07	0.03
1 - 2 Years	0.06	0.03
2 - 3 Years	0.06	0.03
3 - 4 Years	0.06	0.03
4 - 5 Years	0.06	0.02
5 - 6 Years	0.05	0.02
More than 6 years	3.16	1.42
Total	**3.52**	**1.58**

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.

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Note 36

Related Party Disclosures

List of related parties and relationships

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

Immediate:	Vedanta Limited
Intermediate:	Vedanta Resources Limited (formerly Vedanta Resources Plc.)
	Vedanta Resources Investment Limited (VRIL)
Ultimate:	Vedanta Incorporated (formerly Volcan Investments Limited)*

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

Fellow Subsidiaries:	Bharat Aluminium Company Limited
	ESL Steel Limited
	Hindustan Zinc Limited
	Resonia Limited
	STL Digital Limited
	Vedanta Foundation
	Meenakshi Energy Limited
	Sterlite Technologies Limited

(c) Key Managerial Personnel:	Mr. Rajinder Singh Ahuja	: Chief Executive Officer
	Mr. Pankaj Jha	: Chief Financial Officer
	Mr. Nitesh Malani	: Chief Financial Officer (till close of business hours on July 21, 2025)
	Mr. Agnivesh Agarwal	: Chairman (deceased on January 07, 2026)
	Mr. Pankaj Kumar Sharma	: Whole Time Director
	Ms. Sonal Choitani	: Non-Executive Director
	Mr. Baldev Krishan Sharma	: Non-Executive Director
	Ms. Shivangi Dhanuka	: Company Secretary (resigned as company secretary and KMP w.e.f. close of business hours on January 18, 2026)

* No transaction with parties during the year.

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Notes to financial statements for the year ended March 31, 2026

Terms and conditions of transactions with related parties:

The Company enters into transactions in the normal course of business with its related parties, including its parent Vedanta Limited. A summary of all related party transactions for the year ended March 31, 2026 and March 31, 2025 are noted below.

Note 36

Related Party Disclosures (Contd.)

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

(₹ in Crore)

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
1) Recovery of employee cost and other expenses		
(i) Vedanta Limited	0.37	0.08
(ii) Hindustan zinc Limited	0.11	0.04
(iii) Bharat Aluminium Company Limited	0.04	0.11
(iv) ESL Steel Limited	0.03	
(v) Resonia Limited	0.02	0.01
(vi) Meenakshi Energy Limited	0.01	-
2) Reimbursement of employee cost and other expenses		
(i) Vedanta Limited	8.94	8.61
(ii) Vedanta Foundation	0.03	0.02
(iii) STL Digital Limited	2.55	1.50
(iv) Hindustan Zinc Limited	0.03	0.05
(v) Bharat Aluminium Company limited	0.00	0.00
(vi) ESL Steel Limited	-	0.02
(vii) Meenakshi Energy Limited	0.02	0.01
3) Sale of Consumables and Capex items		
(i) Vedanta Limited	0.17	0.35
(ii) Meenakshi Energy Limited	0.00	-
4) Purchase of Consumables and Capex items		
(i) Vedanta Limited	0.04	-
(ii) Sterlite Technologies Limited	-	0.71
(iii) STL Digital Ltd	0.06	-
5) Brand Fees paid		
(i) Vedanta Resources Investment Limited (VRIL)	42.28	46.38
6) Payment towards Employee Share Based Scheme (Debited to Retained Earnings)		
(i) Vedanta Limited	5.02	-
7) Loans taken during the Year		
(i) Vedanta Limited	669.00	200.00
8) Interest and Guarantee Commission		
(i) Vedanta Limited	62.42	22.95

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Note 36
Related Party Disclosures (Contd.)

b. Details of balances with related parties :

(₹ in Crore)

Particulars	As at March 31, 2026	As at March 31, 2025
1) Balance Receivable/advances as at the end of the year		
(i) Vedanta Limited	0.08	-
(ii) Resonia Limited	-	0.01
(iii) Hindustan Zinc Limited	0.08	-
2) Balance Payable as at the end of the year		
(i) Hindustan Zinc Limited	-	0.00
(ii) Vedanta Limited	222.21	161.45
(iii) ESL Steel Limited	-	0.01
(iv) Sterlite Technologies Limited	-	0.71
(v) Meenakshi Energy Limited	-	0.01
(vi) Vedanta Resources Limited	-	5.34
(vii) STL Digital Limited	0.10	0.23
3) Advances given as at the end of year		
(i) Vedanta Resources Investment Limited	6.02	1.01
4) Outstanding Loan balance as at the end of the year		
(i) Vedanta Limited	869.00	200.00
5) Bank Guarantees/Corporate Guarantee issued on our behalf and outstanding as at the end of the year		
(i) Vedanta Limited	4,454.44	5,242.70

c. Remuneration of key management personnel (KMP)

Particulars	As at March 31, 2026	As at March 31, 2025
Short-term employee benefits	4.46	5.83
Post employment benefits	0.28	0.38
Share based payments	2.18	0.57
Total	**6.92**	**6.78**

Note:

a. The Company has paid ₹ 0.08 Crore (previous year ₹ 0.12 Crore) as sitting fees & has also accrued ₹ 0.31 Crore (previous year ₹ 0.34 Crore) as commission to its director.

b. Post employment benefits does not include the provision made for gratuity and leave benefits, as they are determined on an actuarial basis for all the employees together.

c. Terms and conditions of transaction 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 and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2026, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2025: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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Note 37
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 its shareholder 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 financial institutions and holding company. The Company's policy is to use short term and long-term borrowings to meet anticipated funding requirements.

The Company monitors capital on the basis of the net debt to equity ratio. The Company is not subject to any externally imposed capital requirements.
Net debt are long term and short term debts as reduced by cash and cash equivalents (including restricted cash and cash equivalents) and short-term investments. Equity comprises all the components including other comprehensive income. The Company does not consider lease liabilities and trade finance as debts for this purpose.

The following table summarizes the capital of the Company:

Particulars	As at March 31, 2026	As at March 31, 2025
Equity Share Capital	3,206.61	3,206.61
Other Equity	(1,269.45)	447.98
Total Equity (a)	**1,937.16**	**3,654.59**
Cash and cash equivalents	46.14	33.52
Total cash (b)	**46.14**	**33.52**
Short-term borrowings (Including current maturities)	1,983.26	1,444.89
Long-term borrowings	3,848.19	4,333.66
Total debt (c)	**5,831.45**	**5,778.55**
Net debt (d=(c-b))	**5,785.31**	**5,745.03**
Net debt to equity ratio (d/a)	2.99	1.57

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Notes to financial statements for the year ended March 31, 2026

Note 38
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:

March 31, 2026 (₹ in Crore)

Financial assets	Fair value through profit or loss	Amortised cost	Total carrying value	Total fair value
Trade receivables - Current	-	992.10	992.10	992.10
Trade receivables - Non Current	-	382.71	382.71	382.71
Other non-current financial assets	-	7.59	7.59	7.59
Other current financial assets	-	0.71	0.71	0.71
Cash and cash equivalents	-	46.14	46.14	46.14
Derivative Asset	0.18		0.18	0.18
Total	**0.18**	**1,429.25**	**1,429.43**	**1,429.43**

March 31, 2025 (₹ in Crore)

Financial assets	Fair value through profit or loss	Amortised cost	Total carrying value	Total fair value
Trade receivables - Current	-	959.58	959.58	959.58
Trade receivables - Non Current	-	1,691.35	1,691.35	1,691.35
Other non-current financial assets	-	45.85	45.85	45.85
Other current financial assets	-	1.11	1.11	1.11
Cash and cash equivalents	-	33.52	33.52	33.52
Derivative Asset	-	-	-	-
Total	-	**2,731.41**	**2,731.41**	**2,731.41**

March 31, 2026

Financial liabilities	Fair value through profit or loss	Amortised cost	Total carrying value	Total fair value
Long-term borrowings	-	3,848.19	3,848.19	3,848.19
Short-term borrowings	-	1,983.26	1,983.26	1,983.26
Trade finance	-	702.90	702.90	702.90
Trade payables	-	206.31	206.31	206.31
Lease Liabilty	-	33.81	33.81	33.81
Derivative liability	-	0.03	0.03	0.03
Other current financial liabilities	-	522.19	522.19	522.19
Total	-	**7,296.69**	**7,296.69**	**7,296.69**

March 31, 2025

Financial liabilities	Fair value through profit or loss	Amortised cost	Total carrying value	Total fair value
Long-term borrowings	-	4,333.66	4,333.66	4,333.66
Short-term borrowings	-	1,444.89	1,444.89	1,444.89
Trade finance	-	450.78	450.78	450.78
Trade payables	-	125.10	125.10	125.10
Lease Liabilty	-	47.19	47.19	47.19
Derivative liability	-	0.04	0.04	0.04
Other current financial liabilities	-	228.19	228.19	228.19
Total	-	**6,629.85**	**6,629.85**	**6,629.85**

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Note 38
Financial Instruments (Contd.)

- Long-term variable-rate borrowings (including their current maturities): Fair value has been determined by the Company using level 2 technique, 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.

- **Current financial assets and liabilities:** The fair value of current 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.

- **Non-current trade receivables:** Fair value has been determined by the Company based on interest rates and recoverability of dues from the customer. Also, refer note 39.

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Note 39

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 management. 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 of the Company is maintained as per approved monthly policies duly approved by holding Company treasury team.

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 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 at March 31, 2026				
	<1 year	1-3 Years	3-5 Years	> 5 Years	Total
Borrowings	1,983.26	744.12	1,012.45	2,109.55	5,849.38
Interest on borrowings	397.52	665.27	503.38	474.78	2,040.95
Trade finance	702.90	-	-	-	702.90
Trade payables	206.31	-	-	-	206.31
Other financial liabilities	522.19	-	-	-	522.19
Lease Liability	10.59	21.61	7.36	0.70	40.26
Financial Instruments-derivatives	0.03	-	-	-	0.03

(₹ in Crore)

Financial liabilities	As at March 31, 2025				
	<1 year	1-3 Years	3-5 Years	> 5 Years	Total
Borrowings	1,444.89	872.31	816.18	2,665.90	5,799.28
Interest on borrowings	451.60	735.48	588.95	702.76	2,478.79
Trade finance	450.78	-	-	-	450.78
Trade payables	125.10	-	-	-	125.10
Other financial liabilities	228.19	-	-	-	228.19
Lease Liability	12.05	24.45	22.32	0.75	59.57
Financial Instruments-derivatives	0.04	-	-	-	0.04

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Note 39
Risk management (Contd.)

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 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.

(₹ in Crore)

As at March 31, 2026				
Particulars	**Floating rate financial assets**	**Fixed rate financial assets**	**Non interest bearing financial assets**	**Total financial assets**
Financial assets-non current				
Trade Receivables*			382.71	382.71
Other financial assets	4.72	-	2.87	7.59
Total financial assets-non current	4.72	-	385.58	390.30
Financial assets-current				
Trade receivables*	-	-	992.10	992.10
Cash and cash equivalents	-		46.14	46.14
Derivative Asset	-	-	0.18	0.18
Other financial assets	-	-	0.71	0.71
Total financial assets-current	-	-	1,039.13	1,039.13
Total financial assets	4.72	-	1,424.71	1,429.43

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

(₹ in Crore)

As at March 31, 2025				
Particulars	**Floating rate financial assets**	**Fixed rate financial assets**	**Non interest bearing financial assets**	**Total financial assets**
Financial assets-non current				
Trade Receivables*	-	-	1,691.35	1,691.35
Other financial assets	4.72	38.26	2.87	45.85
Total financial assets-non current	4.72	38.26	1,694.22	1,737.20
Financial assets-current				
Trade receivables*	-	-	959.58	959.58
Cash and cash equivalents	-	-	33.52	33.52
Derivative Asset	-	-	-	-
Other financial assets	-	-	1.11	1.11
Total financial assets-current	-	-	994.21	994.21
Total financial assets	4.72	38.26	2,688.43	2,731.41

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

There are no fixed rate financial assets as at year end. The weighted average interest rate on fixed rate financial assets in the previous year was 7.00% p.a. and the weighted average period for which the rate was fixed in previous year was 1.25 years.

(₹ in Crore)

As at March 31, 2026				
Particulars	**Floating rate**	**Fixed rate**	**Non interest bearing financial**	**Total financial**
Financial liabilities-non current				
Borrowings	3,848.19	-	-	3,848.19
Lease Liability	-	25.85	-	25.85
Total financial liabilities-non current	3,848.19	25.85	-	3,874.04
Financial liabilities-current				
Borrowings	1,983.26	-	-	1,983.26
Trade finance	702.90	-	-	702.90
Trade payables	40.67	-	165.64	206.31
Other financial liabilities	-	-	522.19	522.19
Lease Liabiltiy	-	7.96	-	7.96
Derivative financial liabilities	-	-	0.03	0.03
Total financial liabilities-current	2,726.83	7.96	687.86	3,422.65
Total financial liabilities	6,575.02	33.81	687.86	7,296.69

The weighted average interest rate on the fixed rate financial liabilities is 9.45% p.a. and the weighted average period for which the rate is fixed is 3.76 year.

Note 39

Risk management (Contd.)

(₹ in Crore)

As at March 31, 2025				
Particulars	**Floating rate**	**Fixed rate**	**Non interest bearing financial**	**Total financial**
Financial liabilities-non current				
Borrowings	4,333.66	-	-	**4,333.66**
Lease Liability	-	38.89	-	**38.89**
Total financial liabilities-non current	**4,333.66**	**38.89**	**-**	**4,372.55**
Financial liabilities-current				
Borrowings	1,444.89	-	-	**1,444.89**
Trade finance	450.78	-	-	**450.78**
Trade payables	29.99	-	95.11	**125.10**
Other financial liabilities	-	-	228.19	**228.19**
Lease Liability	-	8.30	-	**8.30**
Derivative financial liabilities	-	-	0.04	**0.04**
Total financial liabilities-current	**1,925.66**	**8.30**	**323.34**	**2,257.30**
Total financial liabilities	**6,259.32**	**47.19**	**323.34**	**6,629.85**

The weighted average interest rate on the fixed rate financial liabilities is 9.46% p.a. and the weighted average period for which the rate is fixed is 4.69 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 period ended March 31, 2026. 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 remain constant.

(₹ in Crore)

	Effect on profit before tax	
Movement in interest rates	**FY 2025-26**	**FY 2024-25**
0.50%	32.88	31.30
1.00%	65.75	62.59
2.00%	131.50	125.19

Credit Risk:

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company is exposed to credit risk primarily on trade and other receivables and cash and cash equivalents.

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. Although there are significant disputed trade receivables, classified as non-current with PSPCL, the management has assessed that the Company has strong chances of getting the dispute resolved in its favour.Therefore, the Company does not expect any material risk on account of non-performance by any of the Company's counterparties.

The carrying value of the financial assets other than cash and investments in bank deposits represents the maximum credit exposure. The Company's maximum exposure to credit risk at March 31, 2026 is ₹ 1383.12 Crore (March 31, 2025 ₹ 2,659.64 Crore) of which ₹ 1374.82 Crore (March 31, 2025 ₹ 2,650.93 Crore) was from a single customer.

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, 2026, that defaults in payment obligations will occur, except for disputed matter.

Receivables are deemed to be past due or impaired with reference to the customer's credit quality and prevailing market conditions. Receivables that are classified as 'past due' in the tables below are those that have not been settled within the terms and conditions of the agreement with the customer. The Company based on past experiences does not expect any material loss on its receivables.The credit quality of the Company's customer is monitored on an ongoing basis. Where receivables have been impaired, the Company actively seeks to recover the amounts in question and enforce compliance with credit terms.

Movement in allowances for Trade receivables (Current & Non-Current) is as follows:

Particulars	**Trade Receivables Current**	**Trade Receivables Non Current**	**Total**
As at March 31,2025	-	**0.05**	**0.05**
Allowances made during the year	-	9.11	9.11
Reversal/Write off during the year	-	-	-
As at March 31, 2026	-	**9.16**	**9.16**

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Note 39

Risk management (Contd.)

(₹ in Crore)

As at March 31, 2026					
Particulars	**Not past due**	**Overdue less than 1 months**	**Overdue between 1-3 months**	**Overdue between 3-12 months**	**Overdue greater than 12 months**
Trade receivables - Non Current*	-	-	-	9.99	372.72
Trade receivables - Current*	992.10	-	-	-	-
Other Financial Assets - Non Current	7.59	-	-	-	-
Other Financial Assets - Current	0.16	-	-	-	0.55
Total	**999.85**	-	-	**9.99**	**373.27**

*Refer Note 41

(₹ in Crore)

As on March 31, 2025					
Particulars	**Not past due**	**Due less than 1 months**	**Due between 1-3 months**	**Due between 3-12 months**	**Due greater than 12**
Trade receivables - Non Current*	25 26	12 80	22.81	111.97	1,518.51
Trade receivables - Current*	881 72	-	-	-	77.86
Other Financial Assets - Non Current	45 85	-			
Other Financial Assets - Current	0.01	-	-	-	1.10
Total	**952.84**	**12.80**	**22.81**	**111.97**	**1,597.47**

*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.

Note 40

As per Ministry of Environment norms, the Company was required to install Fuel Gas Desulfurizaton(FGD) comply with timeline of SO2 emission standards was extended to December 31, 2026 for the Company under category C.

As per Gazette Notification dated July 11, 2025, issued by Ministry of Environment, Forest and Climate Change (MoEF&CC) was the SO2 emission standards shall not be applicable to all Category C thermal power plants subject to ensuring compliance of stack height criteria notified vide notification number GSR 742 (E), dated the 30th August, 1990 and the time line for ensuring compliance by the existing Category C Thermal Power Plants of stack height criteria by 31st December, 2029.

TSPL being categorized as Category C thermal power plant having the requisite stack height of 275 meters as per MoEF&CC Notification No, GSR 742 (E) dated 30.08.1990 is exempted from applicability of sulphur dioxide emission standards. Accordingly, the Company is not required to install any sulphur dioxide emission control equipment viz. Fuel Gas Desulfurization (FGD).

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Talwandi Sabo Power Limited

Notes to financial statements for the year ended March 31, 2026

Note 41

Trade Receivables ageing schedule

(₹ in Crore)

For the period ended March 31, 2026

Particulars	Not due	Outstanding for following periods from due date of payment as on March 31, 2026					
		Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	Total
Non-current							
(i) Disputed Trade Receivables–considered good	-	1.48	8.51	20.83	17.00	334.89	382.71
(ii) Disputed Trade Receivables considered doubtful	-	9.11	-	-	-	0.05	9.16
Sub-Total	-	10.59	8.51	20.83	17.00	334.94	391.87
Current							
(i) Un Disputed Trade Receivables- considered good*	992.10	-	-	-	-	-	992.10
(ii) Disputed Trade Receivables–considered doubtful	-	-	-	-	-	-	-
Sub-Total	992.10	-	-	-	-	-	992.10
Total	992.10	10.59	8.51	20.83	17.00	334.94	1,383.97

*Including amount yet to be billed of ₹ 49.96 Crore

For the year ended March 31, 2025

Particulars	Not due	Outstanding for following periods from due date of payment as on March 31,2025					
		Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	Total
Non-current							
(i) Disputed Trade Receivables–considered good	25.26	74.48	85.64	151.41	251.80	1,102.76	1,691.35
(ii) Disputed Trade Receivables – considered doubtful	-	-	-	-	0.05	-	0.05
Sub-Total	25.26	74.48	85.64	151.41	251.85	1,102.76	1,691.40
Current							
(i) Un Disputed Trade Receivables–considered good*	881.72	-	-	-	-	-	881.72
(ii) Disputed Trade Receivables–considered doubtful	-	-	-	-	-	77.86	77.86
Sub-Total	881.72	-	-	-	-	77.86	959.58
Total	906.98	74.48	85.64	151.41	251.85	1,180.62	2,650.98

*Including amount yet to be billed of ₹ 40.07 Crore

Note 42

Trade Payables ageing schedule

(₹ in Crore)

For the period ended March 31, 2026

Particulars	Not due	Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 Years	2-3 years	More than 3 years	Total
(i) MSME	3.53	-	-	-	-	3.53
(ii) Others	183.55	19.20	0.03	-	-	202.78
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	187.08	19.20	0.03	-	-	206.31

For the year ended March 31, 2025

Particulars	Not due	Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 Years	2-3 years	More than 3 years	Total
(i) MSME	8.98	-	-	-	-	8.98
(ii) Others	69.28	41.59	5.24	0.01	0.00	116.12
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	78.26	41.59	5.24	0.01	0.00	125.10

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Note 43 (₹ in Crore)

Income tax expenses

(a) Tax charge/(credit) recognised in Statement of Profit and Loss:

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Current tax		
Current tax on profit for the year	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of temporary differences- other than exceptional items	9.20	2.90
Charge in respect of exceptional item	(584.47)	-
Tax adjustment for previous years	(0.97)	(24.54)
Total deferred tax	**(576.24)**	**(21.64)**
Net tax (credit)	**(576.24)**	**(21.64)**
Profit/(Loss) before tax	**(2,289.50)**	**10.20**

(b) **Reconciliation of income tax expense/credit applicable to accounting profit/(loss) before tax at the statutory income tax rate to tax expense for the Period:**

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Accounting profit/(loss) before tax	**(2,289.50)**	**10.20**
Statutory income tax rate	25.17%	25.17%
Tax at Indian statutory income tax rate	(576.22)	2.57
Tax rate difference		
Deferred tax adjustment for previous years	(0.97)	(24.54)
CSR Expenditure Disallowed	0.95	0.33
Total	**(576.24)**	**(21.64)**

Deferred Tax Assets

Although the Company presently has significant tax losses and unabsorbed depreciation, the Company has recognized Deferred Tax Assets (DTA) on carried forward business losses and unabsorbed depreciation in accordance with Ind AS 12 "Income Taxes". The management has prepared projections for the remaining tenure of the Power Purchase Agreement (PPA), which indicate availability of sufficient taxable profits to absorb these losses. Based on this assessment, it is considered probable that the DTA recognized will be realized. Management will review the assumptions underlying such projections at each reporting date and reassess the recoverability of the DTA in light of any changes in business performance or regulatory framework.

(c) **Deferred tax assets/liabilities**

Significant components of deferred tax (assets) & liabilities in the balance sheet are as follows:

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Property, plant and equipment and intangible assets:		
Opening balance	**962.81**	**849.89**
Charged to profit or loss section	103.21	112.92
Closing balance	**1,066.02**	**962.81**
Carry forward business loss and Unabsorbed depreciation		
Opening balance	**(1,091.01)**	**(955.78)**
Credited to profit or loss	(675.52)	(135.23)
Charged/(credited) to other comprehensive income (OCI)	-	-
Closing balance	**(1,766.53)**	**(1,091.01)**
Other temporary differences		
Opening balance	**(0.00)**	**(0.68)**
Credited to profit or loss	(3.93)	0.68
Credited to retained earnings	(1.27)	-
Charged/(credited) to other comprehensive income (OCI)	(0.14)	(0.00)
Closing balance	**(5.34)**	**(0.00)**
Net deferred tax assets	**(705.85)**	**(128.20)**

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Talwandi Sabo Power Limited

Notes to financial statements for the year ended March 31, 2026

Note 44

Ratios

Particulars	As at March 31, 2026	As at March 31, 2025	% Variance	Remarks (for variances more than 25%)
(a) Current Ratio	0.41	0.57	-29%	Variance is due to increase in borrowing due to payment against Settlement Contract
(b) Debt-Equity Ratio	1.35	1.34	1%	
(c) Debt Service Coverage Ratio	1.19	1.16	3%	
(d) Return on Equity Ratio	(0.88)	0.01	-10253%	Variance is due to exceptional loss in current period.
(e) Inventory turnover ratio	19.46	19.30	1%	
(f) Trade Receivables turnover ratio	5.59	6.93	-19%	
(g) Trade payables turnover ratio	5.43	5.62	-3%	
(h) Net capital turnover ratio	(3.63)	(5.02)	-28%	Variance is due to increase in borrowing due to payment against Settlement Contract
(i) Net profit ratio	(0.31)	0.01	-5255%	Variance is due to exceptional loss in current period.
(j) Return on Capital employed	(0.22)	0.07	-425%	Variance is due to exceptional loss in current period
(k) Return on investment	0.09	0.07	40%	

Note 45

Other Statutory Information

(i) No proceedings have been initiated or are pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii) The Company has not entered in any transaction with struck off companies during the current year or previous year.

(iii) There are no charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Company has no Cryptocurrency transactions / balances during the current year or previous year.

(v) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(vi) No funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(vii) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(viii) The Company has not been declared as wilful defaulter by any bank or financial institution or other lender.

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Note 46
Disputed Trade Receivables

Punjab State Power Corporation Limited ("PSPCL"), which is the Company's sole customer has withheld payments aggregating to ₹ 391.87 Crore (previous year ₹ 1,691.35 Crore) which are on account of various disputes including procurement of alternate coal, and basis of computation of plant availability amongst others.

The 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's 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. The management has assessed the recoverability of the outstanding balances and does not believe that any material adjustment is required.

Note 47
Segment Information

The Company's activities during the period 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 revenues, trade receivables and non-current operating assets are in India. The Company's revenues aggregating to ₹ 5,453.18 Crore (previous year ₹ 5,223.40 Crore) is from a single customer.

Note 48
Share based compensation plans

The Company offers equity-based award plans to its employees and officers through its parent (Vedanta Limited), Employee Stock Option Plan ("ESOP")

Share-based incentives under ESOP of Vedanta Limited (introduced w.e.f. 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. The scheme is both tenure and performance based share schemes. The awards are indexed to and settled by parent's shares. The awards have a fixed exercise price denominated in Parent's functional currency (₹ 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 will lapse.

Further, in accordance with the terms of the agreement between the Parent and the Company, the cost recognized towards the 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 period ended March 31, 2026 is ₹ 1.67 Crore (previous year ₹ 0.37 Crore). Further, the parent company has also recovered the difference between the expected purchase price of shares and the grant date fair value from the Company. This amount has been debited directly to the retained earnings.The Company considers these amounts as not material and accordingly has not provided further disclosures.

Note 49

On 21 November 2025, the Government of India notified four Labour Codes-Code on Wages, 2019; Industrial Relations Code, 2020; Code on Social Security, 2020; and Occupational Safety, Health and Working Conditions Code, 2020-consolidating 29 existing labour laws. The Ministry of Labour & Employment has published draft Central Rules and FAQs to facilitate assessment of financial impact due to changes in regulations. The Company has assessed and accounted for the incremental impact of these changes with the best information available, and guidance from the Institute of Chartered Accountants of India, considering the impact is non-recurring in nature and is driven by regulatory changes, the incremental impact of ₹ 1.64 crore has been disclosed as "Statutory impact of new Labour Codes" under Exceptional Items in the financial statement for the period ended 31 March 2026. The Company continues to monitor the finalisation of Central/ State Rules and clarifications from the Government on other aspects of the Labour Code and would provide appropriate accounting effect as and when such clarifications are issued/ rules are notified.

Note 50
Exceptional Items

(₹ in Crore)

Particulars	Year ended March 31, 2026			Year ended March 31, 2025		
	Exceptional Items	Tax effect on exceptional items	Exceptional itmes after tax	Exceptional Items	Tax effect on exceptional items	Exceptional itmes after tax
Trade receivable written off (Mega Benefit)[a]	1,318.60	331.87	986.73	-	-	-
Reversal of mega power benefit received [a]	88.23	22.21	66.02	-	-	-
LPS payable on mega power benefit received [a]	218.54	55.00	163.54	-	-	-
Brand Fee reversal [a]	(6.27)	(1.58)	(4.69)	-	-	-
Capital Creditor Settlement [b]	662.00	166.61	495.39	-	-	-
Forex and bank charges related to Capital Creditor Settlement [b]	6.51	1.64	4.87	-	-	-
Statutory impact of new labour codes (refer note 50)	1.64	0.41	1.23	-	-	-
Biomass Penalty Provision (refer note 51)	33.03	8.31	24.72	-	-	-
Total	**2,322.28**	**584.47**	**1,737.81**	-	-	-

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Note 50
Exceptional Items (Contd.)

(a) As of 31 March 2025, the Company had recognized a receivable of ₹1,318.60 Crore in respect of Mega Power benefit based on its own assessment of the merits of the case. Pursuant to the judgment of the Hon'ble Supreme Court of India dated 19 August 2025, the matter has been decided against the Company. Consequently, the aforesaid receivable is no longer recoverable and has been written off during the current year.
Further, the Company had earlier received ₹88.23 Crore under the Mega Power benefit matter. Since the matter has now been decided against the Company, this amount has been recovered by PSPCL.

Subsequent to the judgement of Hon'ble Supreme Court of India PSPC raised a demand for Late Payment Surcharge ("LPSC") on 13 November 2025 on ₹ 88.23 Crore it had paid to the Company in financial year 2017 and now deducted post the Order. Accordingly, a provision of ₹ 218.54 Crore has been recorded. PSPCL has also requested TSPL to provide details of actual benefits received to determine the impact of change in law. Based on the actual benefit received and information submitted to PSPCL , the Company it believes that there is no incremental liability that will arise in addition to amount already recorded in books,.

Accordingly, a total charge of ₹1,625.37 Crore has been recognized under exceptional items in the statement of profit and loss in respect of the mega power benefit matter.The Company filed a Review Petition before the Hon'ble Supreme Court against the said order. The Review Petition was dismissed on 09.12.2025. The Company would file a Curative Petition before Supreme Court.
Further, the Company has reversed brand fees to the extent of amount paid on the aforsaid mega power benefit written off or recovered.

(b) During FY 2023-24, the Company terminated its contract with SEPCO Electric Power Construction Corporation ("SEPCO") due to persistent non-performance affecting plant operations. As a result, ₹1,252 Crore of creditors were written back, including ₹794 Crore recognized as Exceptional Gain for prior years' performance loss, and the balance adjusted against capitalized spares and ancillaries.

Subsequently, under a Settlement Agreement dated September 11, 2025, the Company agreed for a payment of USD 75 million (₹662 Crore) to SEPCO towards full and final settlement of all pending claims and disputes between the Company and SEPCO. The settlement payment** has been charged to statement of profit and loss and disclosed under exceptional items.

** Including foreign exchange loss arising on payment and restatement of settlement liability and bank charges thereon.

Note 51

Biomass
In accordance with the Revised Ministry of Power (MoP) Policy dated October 10, 2021, coal-based thermal power plants are required to mandatorily utilise a minimum of 5% blend of torrefied biomass pellets (with volatile content below 22%), primarily derived from agro-residue, along with coal, with effect from FY 2024-25. Non-compliance with the mandated norms may result in levy of penalties as prescribed.

During FY 2024-25, the Company achieved a biomass blending ratio of 0.34%, which was significantly below the prescribed threshold. The shortfall was primarily attributable to supply chain constraints, technical limitations and limited availability of compliant biomass pellets.

Considering that FY 2024–25 represents the first year of implementation of the biomass usage requirement, the Company had submitted a waiver application to CAQM under Clause 5 of the Notification, citing unforeseen challenges beyond management's control. These challenges primarily relate to supply chain constraints, technical limitations, and vendor unavailability. The waiver application was however rejected.

On April 01, 2026, the Company received a demand imposing a penalty amounting to ₹33 crore for under-utilization of biomass as a cofire fuel during the FY 2024-25. The same has now been provided.

TSPL has filed an appeal before National Green Tribunal (NGT), On 13.04.2026, NGT has granted a conditional stay to TSPL with a condition to deposit 50% of the amount within 6 weeks. Further, the parties have been directed to file reply and rejoinder. The matter is next listed on 27.07.2026.

During the year, the Company has met the mandated blending norms for biomass.

Note 52
During the year ended 31 March 2026, a short seller has published a series of reports making certain allegations against Vedanta Group ("the Group") entities including the Company. Based on management assessment, legal advice obtained, and involvement of external experts, management of the Company continues to believe that these allegations are baseless and that the transactions stated in the allegations have appropriate commercial substance and that the said transactions have been duly approved through necessary processes and the Company remains compliant with contractual obligations and applicable laws and regulations. During and subsequent to the year ended 31 march 2026, the Group has received requests for information and summons for production of documents from the regulators. These have been duly submitted/ are in the process of being submitted within the relevant due dates, and no further communication has been received thereafter.

Based on the above, management is confident that there are no implications to the financial statements of the Company as at and for year ended 31 March 2026, or any prior periods, with respect to the allegations in the short seller reports published till date.

S. R. Batliboi & Co. LLP Gurugram

MANSA

Note 53

The Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail has been preserved by the Company as per the statutory requirements for record retention, to the extent it was enabled and recorded in the respective years.

Note 54

The Board of Directors of the Company, at its meeting held on September 29, 2023, approved—subject to receipt of requisite approvals—a Scheme of Arrangement among Vedanta Limited, Vedanta Aluminium Metal Limited, Malco Energy Limited, Vedanta Iron and Steel Limited, the Company, and their respective shareholders and creditors, pursuant to Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Scheme").

The Scheme, inter alia, provides for the reorganisation and demerger of certain businesses of Vedanta Limited into separate resulting entities, with the objective of creating independent, sector-focused listed companies. Pursuant to the Scheme, the power undertaking in Vedanta limited is proposed to vested with the resulting entity i.e. Talwandi Sabo power limited subject to the completion of condition specified in the scheme.

The Scheme was approved by the Hon'ble National Company Law Tribunal ("NCLT") on January 9, 2026.

Further, the Board of Directors, at its meeting held on April 20, 2026, has, inter alia, approved the following:

- To make the Scheme effective on May 1, 2026; and
- In consultation with Talwandi Sabo Power Limited (TSPL), fixed May 1, 2026, as the record date for determining the shareholders eligible to receive consideration pursuant to the Scheme.

The impact of the demerger would be given on the date of effectiveness of the Scheme following the completion/ approval of all substantial conditions.

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

per Amit Chugh
Partner
Membership No.: 505224

Place : Gurugram
Date : April 24, 2026

S. R. Batliboi & Co. LLP
Gurugram

For and on behalf of Board of Directors

Pankaj Kumar Sharma
Whole Time Director
DIN: 10277510
Place: Bathinda
Date: April 24, 2026

Sonal Choithani
Non-Executive Director
DIN: 09527528
Place: New Delhi
Date: April 24, 2026

Rajinder Singh Ahuja
Chief Executive Officer
Place: New Delhi
Date: April 24, 2026

Pankaj Jha
Chief Financial Officer
Place : New Delhi
Date: April 24, 2026

Talwandi Sabo Power Limited
MANSA