

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 1 Company overview :

Vedanta Limited, is a public limited Company domiciled in India and has its registered office at 1st Floor, 'C' wing, Unit 103, Corporate Avenue, Atul Projects, Chakala, Andheri (East), Mumbai-400093, Maharashtra. Vedanta's equity shares are listed on National Stock Exchange and Bombay Stock Exchange in India and its American Depository Shares ("ADS") are listed on New York Stock Exchange in United States of America. Each ADS represents four equity shares. Vedanta is majority-owned by and is a controlled subsidiary of Vedanta Resources Plc, the London listed diversified natural resource Company.

The Company is principally engaged in the exploration, production and sale of aluminium, iron ore, copper, commercial power and oil and gas.

The Company's aluminium business (Jharsuguda aluminium) principally consists of production of 2.0 mtpa alumina at Lanjigarh, Odisha, production of 0.5 mtpa aluminium at Jharsuguda, Odisha and captive power plants situated at Jharsuguda & Lanjigarh. The Company is also setting up a 1.25 mtpa aluminium smelter at Jharsuguda, 4.0 mtpa of alumina refinery at Lanjigarh and 210 MW power plant at Lanjigarh.

The Company's iron ore business (Iron ore) consists of iron ore exploration, mining, beneficiation and exports. Vedanta has iron ore mining operations in the States of Goa and Karnataka. Vedanta is also in the business of manufacturing pig iron and metallurgical coke.

The Company's copper business (Copper India) principally consists of custom smelting and includes a copper smelter, a refinery, a phosphoric acid plant and power plants at Tuticorin, Tamilnadu and a refinery and two copper rod plants at Silvassa in the Union Territory of Dadra and Nagar Haveli.

The Company's power business comprises of 600 MW thermal coal based power facility in the State of Odisha.

The Company's oil and gas business comprises of surveying, prospecting, drilling, exploring, acquiring, developing, producing, transporting, marketing, distributing and generally dealing in minerals, oils, petroleum, gas and related by-products and other activities incidental to the same. As part of its business activities, the Company also holds interests in its subsidiary companies which have been granted rights to explore and develop oil exploration blocks. The oil and gas business largely operates in the state of Gujarat, Rajasthan and Andhra Pradesh. (Refer note 4).

These are the Company's separate financial statements. The details of Company's material subsidiaries, associates and joint ventures is given in note 44.

## 2 Basis of preparation of financial statements :

### (a) Basis of preparation

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).

These financial statements have been prepared in accordance with the accounting policies, set out below and were consistently applied to all periods presented unless otherwise stated.

Accounting policies are consistently applied except where newly issued accounting standard(s) is initially adopted on revision to an existing accounting standard requiring change in the accounting policy hitherto in use as disclosed below.

These financial statements are approved for issue by the Board of Directors on May 3, 2018.

Certain comparative figures appearing in these financial statements have been regrouped and/or reclassified to better reflect the nature of those items.

Amounts less than ₹ 0.50 Crore have been presented as "0".

### (b) Basis of measurement

The financial statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial assets and liabilities which are measured at fair value as explained in the accounting policies below:

#### Application of new and revised standards

The Company has adopted with effect from April 1, 2017, the following new amendment and pronouncements.

- **Ind AS 7 Statement of Cash Flows: Narrow-scope amendments:** The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The required disclosure is given in note 19(VI).
- **Ind AS 102 Share-based Payment:** Few amendments to clarify the classification and measurement of share-based payment transactions have been issued. This does not have any significant impact on the amounts reported in the financial statements.
- **Guidance Note on Oil and Gas Accounting:** The Institute of Chartered Accountants of India ('ICAI'), on December 6, 2016 issued the revised Guidance Note on accounting for Oil and Gas producing activities ('Guidance Note'), applicable from April 1, 2017.

Till March 31, 2017, proved and probable reserves (or 2P reserves) on entitlement interest basis were being considered for providing depletion on oil and gas assets. As per the Guidance Note, proved and developed reserves (or 1P reserves) on working interest basis are to be considered for computing depletion. The change has been applied prospectively and as a result, depreciation, depletion and amortization expense for the year is lower by ₹ 697 Crore and profit after tax is higher by ₹ 454 Crore.

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## 3 Significant accounting policies

The Company has applied the following accounting policies to all periods presented in the financial statements.

### (a) Revenue recognition

Revenues are measured at the fair value of the consideration received or receivable, net of discounts, volume rebates, outgoing sales taxes/ goods & service tax and other indirect taxes excluding excise duty.

Excise duty is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to Company on its own account, revenue includes excise duty.

- **Sale of goods/rendering of services**

Revenues from sales of goods are recognised when all significant risks and rewards of ownership of the goods sold are transferred to the customer which usually is on delivery of the goods to the shipping agent. Revenues from sale of by-products are included in revenue.

Certain of the Company's sales contracts provide for provisional pricing based on the price on The London Metal Exchange ("LME"), as specified in the contract, when shipped. Final settlement of the price is based on the applicable price for a specified future period. The Company's provisionally priced sales are marked to market using the relevant forward prices for the future period specified in the contract and is adjusted in revenue.

Revenue from oil, gas and condensate sales represents the Company's share of oil, gas and condensate production, recognized on a direct entitlement basis, when significant risks and rewards of ownership are transferred to the buyers. Direct entitlement basis represents entitlement to variable physical volumes of hydrocarbons, representing recovery of the costs incurred and a stipulated share of the production remaining after such cost recovery. The stipulated share of production is arrived after reducing government's share of profit petroleum which is accounted for when the obligation (legal or constructive), in respect of the same arises.

Revenue from sale of power is recognised when delivered and measured based on rates as per bilateral contractual agreements with buyers and at rate arrived at based on the principles laid down under the relevant Tariff Regulations as notified by the regulatory bodies, as applicable.

Revenue from rendering of services is recognised on the basis of work performed.

- **Interest income**

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

- **Dividends**

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

### (b) Property, plant and equipment

#### (i) Mining properties and leases

The costs of mining properties and leases, which include the costs of acquiring and developing mining properties and mineral rights, are capitalised as property, plant and equipment under the heading "Mining property and leases" in the year in which they are incurred.

When a decision is taken that a mining property is viable for commercial production (i.e. when the Company determines that the mining property will provide sufficient and sustainable return relative to the risks and the Company decided to proceed with the mine development), all further pre-production primary development expenditure other than land, buildings, plant and equipment is capitalised as part of the cost of the mining property until the mining property is capable of commercial production.

The stripping cost incurred during the production phase of a surface mine is deferred to the extent the current period stripping cost exceeds the average period stripping cost over the life of mine and recognised as an asset if such cost provides a benefit in terms of improved access to ore in future periods and certain criteria are met. When the benefit from the stripping costs are realised in the current period, the stripping costs are accounted for as the cost of inventory. If the costs of inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. The Company uses the expected volume of waste compared with the actual volume of waste extracted for a given value of ore production for the purpose of determining the cost of the stripping activity asset.

Deferred stripping cost are included in mining properties within property, plant and equipment and disclosed as a part of mining properties. After initial recognition, the stripping activity asset is depreciated on a unit of production method over the expected useful life of the identified component of the ore body.

In the circumstance where a property is abandoned, the cumulative capitalized costs relating to the property are written off in the same period i.e. when the Company determines that the mining property will not provide sufficient and sustainable returns relative to the risks and the Group decides not to proceed with the mine development.

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Commercial reserves are proved and probable reserves as defined by the 'JORC' code, 'MORC' code or 'SAMREC' code. Changes in the commercial reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves.

## (ii) Oil and gas assets- (developing/producing assets)

For oil and gas, assets a successful efforts based accounting policy is followed.

All costs incurred after the technical feasibility and commercial viability of producing hydrocarbons has been demonstrated are capitalised within property, plant and equipment - development/producing assets on a field-by-field basis. Subsequent expenditure is capitalised only where it either enhances the economic benefits of the development/producing asset or replaces part of the existing development/producing asset. Any remaining costs associated with the part replaced are expensed.

Net proceeds from any disposal of development/producing assets are credited against the previously capitalised cost. A gain or loss on disposal of a development/producing asset is recognised in the statement of profit and loss to the extent that the net proceeds exceed or are less than the appropriate portion of the net capitalised costs of the asset.

## (iii) Other 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 initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Land acquired free of cost or at below market rate from the government is recognized at fair value with corresponding credit to deferred income.

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. Major inspection and overhaul expenditure is capitalized, if the recognition criteria are met.

Gains and losses on disposal of an item of property, plant and equipment computed as the difference between the net disposal proceeds and the carrying amount of the asset is included in the statement of profit and loss when the asset is derecognised.

## (iv) Assets under construction

Assets under construction are capitalized in the assets under construction account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs (net of income) associated with the commissioning of an asset and any obligations for decommissioning costs are capitalised until the period of commissioning has been completed and the asset is ready for its intended use.

## (v) Depreciation, depletion and amortisation expense

Mining properties and other assets in the course of development or construction and freehold land are not depreciated.

### • Mining properties:

The capitalised mining properties are amortised on a unit-of-production basis over the total estimated remaining commercial proved and probable reserves of each property or group of properties and are subject to impairment review. Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future capital expenditure required to access the commercial reserves. Changes in the estimates of commercial reserves or future capital expenditure are dealt with prospectively.

Leasehold land and buildings are depreciated on a straight-line basis over the period of the lease or, if shorter, their useful economic life.

### • Oil and gas assets: (Refer note 2(b))

All expenditures carried within each field are amortised from the commencement of production on a unit of production basis, which is the ratio of oil and gas production in the period to the estimated quantities of depletable reserves at the end of the period plus the production in the period, generally on a field-by-field basis or group of fields which are reliant on common infrastructure.

Depletable reserves are proved reserves for acquisition costs and proved and developed reserves for successful exploratory wells, development wells, processing facilities, distribution assets, estimated future abandonment cost and all other related costs. These assets are depleted within each cost centre. Reserves for this purpose are considered on working interest basis which are reassessed atleast annually. Impact of changes to reserves are accounted for prospectively.

Till March 31, 2017 depletable reserves were proven and probable oil and gas reserves. Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future field development costs required to access these reserves.

### • Other assets:

Depreciation on other property, plant and equipment is calculated using the straight-line method (SLM) to allocate their cost, net of their residual values, over their estimated useful lives (determined by the management based on technical estimates) given as below.

Management's assessment of independent technical evaluation/advice takes into account, inter alia, the nature of the assets, the estimated usage of the assets, the operating conditions of the assets, past history of replacement and maintenance support.

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Estimated useful lives of assets are as follows:

Asset	Useful life (in years)
Buildings (Residential, factory etc.)	3-60
Plant and equipment	15-40
Railway siding	15
Roads (grouped under buildings)	3-10
Office equipment	3-6
Furniture and fixture	8-10
Vehicles	8-10
Ships	25
Aircraft	20
River fleet	28

Major inspection and overhaul costs are depreciated over the estimated life of the economic benefit derived from such costs. The carrying amount of the remaining previous overhaul cost is charged to the statement of profit and loss if the next overhaul is undertaken earlier than the previously estimated life of the economic benefit.

The Company reviews the residual value and useful life of an asset at least at each financial year-end and, if expectations differ from previous estimates, the change(s) is accounted for as a change in accounting estimate.

## (c) Intangible assets

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

Intangible assets are amortised over their estimated useful life on a straight line basis. Software is amortised over the estimated useful life of software license of five years. Amounts paid for securing mining rights are amortised over the period of the mining lease of 16-25 years.

The amortization period and the amortization 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.

## (d) Exploration and evaluation intangible assets

Exploration and evaluation expenditure incurred prior to obtaining the mining right or the legal right to explore are expensed as incurred

Exploration and evaluation expenditure incurred after obtaining the mining right or the legal right to explore are capitalised as exploration and evaluation assets (intangible assets) and stated at cost less impairment, if any. Exploration and evaluation assets are transferred to property, plant and equipment when the technical feasibility and commercial viability has been determined. Exploration intangible assets under development are assessed for impairment and impairment loss, if any, is recognised prior to reclassification.

Exploration expenditure includes all direct and allocated indirect expenditure associated with finding specific mineral resources which includes depreciation and applicable operating costs of related support equipments and facilities and other costs of exploration activities:

- **Acquisition costs** - costs associated with acquisition of licenses and rights to explore, including related professional fees.
- **General exploration costs** - costs of surveys and studies, rights of access to properties to conduct those studies (e.g., costs incurred for environment clearance, defense clearance, etc.), and salaries and other expenses of geologists, geophysical crews and other personnel conducting those studies.
- **Costs of exploration drilling and equipping exploration and appraisal wells.**  
Exploration expenditure incurred in the process of determining oil and gas exploration targets is capitalised within "Exploration and evaluation assets" (intangible assets) and subsequently allocated to drilling activities. Exploration drilling costs are initially capitalised on a well-by-well basis until the success or otherwise of the well has been established. The success or failure of each exploration effort is judged on a well-by-well basis.

Following appraisal of successful exploration wells, if commercial reserves are established and technical feasibility for extraction demonstrated, then the related capitalised exploration costs are transferred into a single field cost center within property, plant and equipment - development/producing assets after testing for impairment. Where results of exploration drilling indicate the presence of hydrocarbons which are ultimately not considered commercially viable, all related costs are written off to the statement of profit and loss

Expenditure incurred on the acquisition of a license interest is initially capitalised on a license-by-license basis. Costs are held, undepleted, within exploration and evaluation assets until such time as the exploration phase on the license area is complete or commercial reserves have been discovered.

Net proceeds from any disposal of an exploration asset are initially credited against the previously capitalised costs. Any surplus/deficit is recognised in the statement of profit and loss.

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## (e) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal group's classified as held for sale are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Such assets and disposal groups are presented separately on the face of the balance sheet.

## (f) 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.

The Company assess at each reporting date, whether there is an indication that an asset may be impaired. 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 and 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. Fair value for mineral and oil and gas assets is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted at an appropriate post tax discount rate to arrive at the net present value.

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.

## Exploration and evaluation assets:

In assessing whether there is any indication that an exploration and evaluation asset may be impaired, the Company considers, as a minimum, the following indications:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale; and
- reserve information prepared annually by external experts.

When a potential impairment is identified, an assessment is performed for each area of interest in conjunction with the group of operating assets (representing a cash-generating unit) to which the exploration and evaluation assets is attributed. Exploration areas in which reserves have been discovered but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway or planned. To the extent that capitalised expenditure is no longer expected to be recovered, it is charged to the statement of profit and loss.

## (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.

## (i) Financial Assets - Recognition

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or 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.

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For the purpose of subsequent measurement, financial assets are classified in four categories:

- **Debt instruments at amortised cost**

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

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

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

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

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

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

- **Debt instruments at fair value through profit or loss (FVTPL)**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVOCI 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 being recognized in the statement of profit and loss.

- **Equity instruments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in OCI. There is no recycling of the amounts from OCI to the statement of profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. For equity instruments which are classified as FVTPL all subsequent fair value changes are recognised in the statement of profit and loss.

## (ii) 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.

## (iii) 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 and deposits
- Financial assets that are debt instruments and are measured as at FVOCI
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

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

At each reporting date, for recognition of impairment loss on other financial assets and risk exposure, the Company determines 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.

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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) recognized during the year is recognized as income/ expense in the statement of profit and loss. The balance sheet presentation for various 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. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- **Debt instruments measured at FVOCI:** Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

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

The Company does not have any purchased or originated credit-impaired financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

#### (iv) Financial liabilities – Recognition & Subsequent measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or as loans, borrowings and 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 financial liabilities at amortised cost, net of directly attributable transaction costs.

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

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

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

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

Gains or losses on liabilities held for trading are recognised in the statement of profit and 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 recognized in OCI. These gains/ loss are not subsequently transferred to the statement of profit and 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 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 the 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.

#### (v) 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.

#### (vi) Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

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If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit and loss, unless designated as effective hedging instruments.

## (vii) Equity instruments

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

## (viii) Offsetting of financial instruments

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

## (ix) Derivative financial instruments and hedge accounting

### Initial recognition and subsequent measurement

In order to hedge its exposure to foreign exchange, interest rate, and commodity price risks, the Company enters into forward, option, swap contracts and other derivative financial instruments. 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 the statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to the statement of profit and loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

### i. Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the statement of profit and loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. Hedge accounting is discontinued when the Company revokes the hedge relationship, the hedging instrument or hedged item expires or is sold, terminated, or exercised or no longer meets the criteria for hedge accounting.

### ii. Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.



# Notes forming part of the Financial Statements

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## (h) Financial guarantees

Financial guarantees issued by the Company on behalf of group companies are designated as 'Insurance Contracts'. The Company assesses at the end of each reporting period whether its recognised insurance liabilities (if any) are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency is recognised in the statement of profit and loss.

## (i) Leases

### Determining whether an arrangement contains lease

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

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

### Company as a lessee

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

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

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

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

### Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless the payments are structured to increase in line with the general inflation to compensate for the lessor's expected inflationary cost increase. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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

## (j) Inventories

Inventories including work-in-progress are stated at the lower of cost and net realisable value. Cost is determined on the following basis:

- purchased copper concentrate is recorded at cost on a first-in, first-out ("FIFO") basis; all other materials including stores and spares are valued on a weighted average basis except in Oil and Gas business where stores and spares are valued on FIFO basis;
- finished products are valued at raw material cost plus costs of conversion, comprising labor costs and an attributable proportion of manufacturing overheads based on normal levels of activity and are moved out of inventory on a FIFO basis, however, cost of finished goods of oil and condensate is determined on a quarterly weighted average basis; and
- By-products and scrap are valued at net realisable value.

Net realisable value is determined based on estimated selling price, less further costs expected to be incurred to completion and disposal.

## (k) Government Grant

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate.

Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset and presented within other income.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

# Notes forming part of the Financial Statements

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When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

## (l) 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 deductible temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, on carry forward of unused tax credits and unused tax loss;

- deferred income tax is not recognised on the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- deferred tax assets (including MAT credit entitlement) 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 realized 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 recognized outside profit or loss is recognised outside the statement of profit and loss (either in other comprehensive income or equity).

The carrying amount of deferred tax assets (including MAT credit entitlement) 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.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

## (m) Retirement benefits schemes

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

Remeasurements including, effects of asset ceiling and return on plan assets (excluding amounts included in interest on the net defined benefit liability) and actuarial gains and losses arising in the year are recognised in full in other comprehensive income and are not recycled to the statement of profit and loss.

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 a discount rate to the net defined benefit liability or asset at the beginning of the period. Defined benefit costs are split into current service cost, past service cost, net interest expense or income and remeasurement and gains and losses on curtailments and settlements. Current service cost and past service cost is recognised within cost of sales, administrative expenses and distribution expenses. Net interest expense or income is recognized with finance costs.

For defined contribution schemes, the amount charged to the statement of profit and loss in respect of pension costs and other post retirement benefits is the contributions payable in the year, recognised as and when the employee renders related services.

## (n) Share-based payments

Certain employees (including executive directors) of the Company receive part of their remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of equity-settled transactions with employees is measured at fair value of share awards at the date at which they are granted. The fair value of share award is determined with the assistance of an external valuer and the fair value at the grant date is expensed on a proportionate basis over the vesting period based on the Company's estimate of shares that will eventually vest. The estimate of the number of awards likely to vest is reviewed at each balance sheet date up to the vesting date at which point the estimate is adjusted to reflect the current expectations. Amounts recharged to subsidiaries in respect of awards granted to employees of subsidiaries are recognised as inter-company debtors until repaid.

The resultant increase in equity is recorded in share based payment reserve.

In case of cash-settled transactions, a liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined with the assistance of an external valuer.

Additionally, VRPLC offers certain share based incentives under the Long-Term Incentive Plan ("LTIP") to employees and directors of the Company. VRPLC recovers the proportionate cost (calculated based on the grant date fair value of the options granted) from the Company, which is charged to the statement of profit and loss.

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## (o) Provisions, contingent liabilities and contingent assets

Provisions represent liabilities for which the amount or timing is uncertain. Provisions are recognized 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 recognized 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 recognize 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) Restoration, rehabilitation and environmental costs

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mine or oil fields. Such costs, discounted to net present value, are provided for and a corresponding amount is capitalised at the start of each project, as soon as the obligation to incur such costs arises. These costs are charged to the statement of profit and loss over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The cost estimates are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost estimates or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, changes to lives of operations, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown as finance cost in the statement of profit and loss.

Costs for the restoration of subsequent site damage, which is caused on an ongoing basis during production, are charged to the statement of profit and loss as extraction progresses. Where the costs of site restoration are not anticipated to be material, they are expensed as incurred.

## (q) Accounting for foreign currency transactions

The functional currency of the Company is determined as the currency of the primary economic environment in which it operates. For all principal businesses of the company, the functional currency is Indian rupee (₹) with an exception of oil and gas business which has a US dollar functional currency as that is the currency of the primary economic environment in which it operates. The financial statements are presented in Indian rupee (₹). All financial information presented in Indian Rupees has been rounded to the nearest Crore.

All exchange differences are included in the statement of profit and loss except those on monetary item designated as an effective hedging instrument of the currency risk of designated forecasted sales or purchases, which are recognized in the other comprehensive income.

The exchange differences on foreign currency borrowings relating to asset under construction, and for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

The statement of profit and loss of oil and gas business is translated into Indian Rupees (INR) at the average rates of exchange during the year / exchange rates prevailing as on the date of the transaction. The Balance Sheet is translated at the exchange rate as at the reporting date. Exchange difference arising on translation is recognised in other comprehensive income and would be recycled to the statement of profit and loss as and when these operations are disposed off.

The Company had applied paragraph 46A of AS 11 under Indian GAAP. Ind AS 101 gives an option, which has been exercised by the Company, whereby a first time adopter can continue its Indian GAAP policy for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the Indian GAAP financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period. Hence, foreign exchange gain/loss on long-term foreign currency monetary items recognized upto March 31, 2016 has been deferred/capitalized. Such exchange differences arising on translation/settlement of long-term foreign currency monetary items and pertaining to the acquisition of a depreciable asset are amortised over the remaining useful lives of the assets.

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

## (r) 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 year. 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.

## (s) Buyers' Credit

The Company enters into arrangements whereby financial institutions make direct payments to suppliers for raw materials and project materials. The financial institutions are subsequently repaid by the Company at a later date providing working capital timing benefits. These are normally settled up to twelve months (for raw materials) and up to 36 months (for project materials). Where these arrangements are for

# Notes forming part of the Financial Statements

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raw materials with a maturity of up to twelve months, the economic substance of the transaction is determined to be operating in nature and these are recognised as operational buyers' credit (under Trade and other payables). Where these arrangements are for project materials with a maturity up to thirty six months, the economic substance of the transaction is determined to be financing in nature, and these are classified as projects buyers' credit within borrowings in the balance sheet.

## (t) Current and non-current classification

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

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle.
- it is held primarily for the purpose of being traded;
- it is expected to be realized within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

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

## (u) Borrowing costs

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

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

All other borrowing costs are recognised in the statement of profit and loss in the year in which they are incurred.

Capitalisation of interest on borrowings related to construction or development projects is ceased when substantially all activities that are necessary to make the asset ready for their intended use are complete or when delay occurs outside of the normal course of business.

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).

## (v) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term money market deposits which have a maturity of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, and additionally includes unpaid dividend account.

## (w) Equity investment in subsidiaries, associates and joint ventures

Investments representing equity interest in subsidiaries, associates and joint ventures are carried at cost. A subsidiary is an entity that is controlled by the Company. Control is evidenced where the Company has the power over the investee or exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns. An associate is an entity over which the Company is in a position to exercise significant influence over operating and financial policies.

## Joint Arrangements

A Joint arrangement is an arrangement of which two or more parties have joint control. Joint control is considered when there is contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint venture. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

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## Joint Operations

The Company has joint operations within its Oil and gas segment and participates in several unincorporated joint operations which involve the joint control of assets used in oil and gas exploration and producing activities. The Company accounts for its share of assets and income and expenditure of joint Operations in which it holds an interest. Liabilities in unincorporated joint ventures, where the Company is the Operator, is accounted for at gross values (including share of other partners) with a corresponding receivable from the venture partners. These have been included in the financial statements under the appropriate headings. (Details of joint operations are set out in note 44).

## (x) Common Control transactions

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory. The transactions between entities under common control are specifically covered by Ind AS 103. Such transactions are accounted for using the pooling-of-interest method. The assets and liabilities of the acquired entity are recognised at their carrying amounts recorded in the parent entity's consolidated financial statements with the exception of certain income tax and deferred tax assets. No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies. The components of equity of the acquired companies are added to the same components within the Company's equity. The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve. The Company's shares issued in consideration for the acquired companies are recognized from the moment the acquired companies are included in these financial statements and the financial statements of the commonly controlled entities are combined, retrospectively, as if the transaction had occurred at the beginning of the earliest reporting period presented. However, the prior year comparative information is only adjusted for periods during which entities were under common control.

## (y) Significant accounting estimates and judgements

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

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

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as given below:

### 1 Significant Estimates

#### (i) Oil & Gas reserves

Significant technical and commercial judgements are required to determine the Company's estimated oil and natural gas reserves. Reserves considered for computing depletion are proved reserves for acquisition costs and proved and developed reserves for successful exploratory wells, development wells, processing facilities, distribution assets, estimated future abandonment cost and all other related costs. Reserves for this purpose are considered on working interest basis which are reassessed at least annually. Details of such reserves are given in note 43.

Changes in reserves as a result of change in management assumptions could impact the depreciation rates and the carrying value of assets.

#### (ii) Carrying value of exploration and evaluation assets

The recoverability of a project is assessed under Ind AS 106. Exploration assets are assessed by comparing the carrying value to higher of fair value less cost of disposal or value in use if impairment indicators exists. Change to the valuation of exploration assets is an area of judgement. Further details on the Company's accounting policies on this are set out in accounting policy above. The amounts for exploration and evaluation assets represent active exploration projects. These amounts will be written off to the statement of profit and loss as exploration costs unless commercial reserves are established or the determination process is not completed and there are no indications of impairment. The outcome of ongoing exploration, and therefore whether the carrying value of exploration and evaluation assets will ultimately be recovered, is inherently uncertain.

Details of impairment charge/reversal impact and the assumptions used are disclosed in note 34 and carrying values of exploration and evaluation assets in note 5.

#### (iii) Carrying value of developing/producing oil and gas assets

Management performs impairment tests on the Company's developing/producing oil and gas assets where indicators of impairment are identified in accordance with Ind AS 36.

# Notes forming part of the Financial Statements

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The impairment assessments are based on a range of estimates and assumptions, including:

Estimates/assumptions	Basis
Future production	proved and probable reserves, resource estimates and, in certain cases, expansion projects
Commodity prices	management's best estimate benchmarked with external sources of information, to ensure they are within the range of available analyst forecast
Discount to price	management's best estimate based on historical prevailing discount
Extension of PSC	assumed that PSC for Rajasthan block would be extended till 2030 on the expected commercial terms as per the announced government policy
Discount rates	cost of capital risk-adjusted for the risk specific to the asset/ CGU

Any subsequent changes to cash flows due to changes in the above mentioned factors could impact the carrying value of the assets.

Details of carrying values and impairment charge/reversal and the assumptions and sensitivities used are disclosed in note 5 and 34 respectively.

#### (iv) Mining properties and leases

The carrying value of mining property and leases is arrived at by depreciating the assets over the life of the mine using the unit of production method based on proved and probable reserves. The estimate of reserves is subject to assumptions relating to life of the mine and may change when new information becomes available. Changes in reserves as a result of factors such as production cost, recovery rates, grade of reserves or commodity prices could thus impact the carrying values of mining properties and leases and environmental and restoration provisions.

Management performs impairment tests when there is an indication of impairment. The impairment assessments are based on a range of estimates and assumptions, including:

Estimates/assumptions	Basis
Future production	proved and probable reserves, resource estimates (with an appropriate conversion factor) considering the expected permitted mining volumes and, in certain cases, expansion projects
Commodity prices	management's best estimate benchmarked with external sources of information, to ensure they are within the range of available analyst forecast
Exchange rates	management best estimate benchmarked with external sources of information
Discount rates	cost of capital risk-adjusted for the risk specific to the asset/ CGU

Details of carrying values and impairment charge/reversal and the assumptions used are disclosed in note 5 and 34.

#### (v) Assessment of impairment at Lanjigarh Refinery

During financial year 2015-16, the Company has received the necessary approvals for expansion of the Lanjigarh refinery to 4 million tonnes per annum (MTPA). Accordingly, second stream operations were commenced in Alumina refinery from April 2016 and the refinery was debottlenecked to nameplate capacity of 2 MTPA in this year. We continue to explore the feasibility of expanding our alumina refinery capacity, from 2 to 4 million and then up to 6 million tonnes per annum, subject to bauxite availability and regulatory approvals.

The State of Odisha has abundant bauxite resources and given the initiatives by the Government of Odisha, management is confident that bauxite will be made available in the short to medium term. The Company has entered into agreements with various suppliers internationally and domestically to ensure the availability of bauxite to run its refinery.

Recoverability value assessment during the previous year ended March 31, 2017 including sensitivity analysis on the key assumptions indicated recoverable value exceeds the carrying value. No negative developments have occurred since the previous year and accordingly, it is not expected that the carrying amount would exceed the recoverable amount and hence the recoverable value for the year ended March 31, 2018 was not re-determined.

The carrying amounts of property plant and equipment related to alumina refinery operations at Lanjigarh and related mining assets as at March 31, 2018 is ₹ 8,326 Crore and March 31, 2017 is ₹ 8,690 Crore.

#### (vi) Assessment of Impairment of Goa iron ore mines:

Pursuant to an order passed by the Hon'ble Supreme Court of India on February 07, 2018, the second renewal of the mining leases granted by the State of Goa in 2014-15 to all miners including Vedanta were cancelled. Consequentially all mining operations stopped with effect from March 16, 2018 until fresh mining leases (not fresh renewals or other renewals) and fresh environmental clearances are granted in accordance with the provisions of The Mines and Minerals (Development and Regulation) (MMDR) Act. Significant uncertainty exists over the resumption of mining at Goa under the current leases. The Company has assessed the recoverable value of all its assets and liabilities associated with existing mining leases which led to a non-cash impairment charge during the year.

Details of impairment charge and method of estimating recoverable value are disclosed in note 34.

#### (vii) Restoration, rehabilitation and environmental costs:

Provision is made for costs associated with restoration and rehabilitation of mining sites as soon as the obligation to incur such costs arises. Such restoration and closure costs are typical of extractive industries and they are normally incurred at the end of the life of the mine or oil fields. The costs are estimated on the basis of mine closure plans and the estimated discounted costs of dismantling and removing these facilities and the costs of restoration are capitalised as soon as the obligation to incur such costs arises.

# Notes forming part of the Financial Statements

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The provision for decommissioning oil and gas assets is based on the current estimates of the costs for removing and decommissioning production facilities, the forecast timing of settlement of decommissioning liabilities and the appropriate discount rate.

A corresponding provision is created on the liability side. The capitalised asset is charged to the statement of profit and loss over the life of the asset through depreciation over the life of the operation and the provision is increased each period via unwinding the discount on the provision. Management estimates are based on local legislation and/or other agreements. The actual costs and cash outflows may differ from estimates because of changes in laws and regulations, changes in prices, analysis of site conditions and changes in restoration technology. Details of such provisions are set out in note 21 and 27.

## (viii) Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can be reasonably estimated. The timing of recognition requires the application of judgement to existing facts and circumstances which may be subject to change especially when taken in the context of the legal environment in India. The actual cash outflows may take place over many years in the future and hence the carrying amounts of provisions and liabilities are regularly reviewed and adjusted to take into account the changing circumstances and other factors that influence the provisions and liabilities. This is set out in note 21 and 27.

## (ix) The HZL and BALCO call options

The Company had exercised its call option to acquire the remaining 49% interest in BALCO and 29.5% interest in HZL. The Government of India has however, contested the validity of the options and disputed their valuation performed in terms of the relevant agreements the details of which are set out in note 6. In view of the lack of resolution on the options, the non-response to the exercise and valuation request from the Government of India, the resultant uncertainty surrounding the potential transaction and the valuation of the consideration payable, the Company considers the strike price of the options to be at fair value. Accordingly, the value of the option would be nil, and hence, the call options have not been recognized in the financial statements.

## (x) Recoverability of deferred tax and other income tax assets

The Company has carry forward tax losses, unabsorbed depreciation and MAT credit 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 an increase or decrease in the amounts recognised in respect of deferred tax assets and consequential impact in the statement of profit and loss.

Additionally, the Company has tax receivables on account of refund arising on account of past amalgamation and relating to various tax disputes. The recoverability of these receivables involve application of judgement as to the ultimate outcome of the tax assessment and litigations. 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 make informed decision.

The details of MAT assets (recognized and unrecognized) are set out in note 35.

## (xi) Operations of Copper Business

The renewal of consent to operate (CTO) under the Air and Water Acts for copper smelter in India was rejected by the State Pollution Control Board on April 09, 2018 for want of further clarifications and consequently, the operations have presently been suspended. The company has filed an appeal in the Tribunal. Even though there can be no assurance regarding the final outcome of the process, as per the company's assessment, it is in compliance with the applicable regulations and expects the renewal of CTO in next few months.

The carrying value of assets as at March 31, 2018 is ₹ 2,131 Crore.

## 2 Significant Judgement

### a) Revenue recognition and receivable recovery in relation to the power business

In certain cases, the Company's power customers are disputing various contractual provisions of Power Purchase Agreements (PPA). Significant judgement is required in both assessing the tariff to be charged under the PPA in accordance with Ind AS 18 and to assess the recoverability of withheld revenue currently accounted for as receivables.

In assessing this critical judgment, management considered favourable external legal opinions the Company has obtained in relation to such claims. In addition the fact that the contracts are with government owned companies implies the credit risk is low (Refer note 11 (iv))

### b) Contingencies

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

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

When considering the classification of a 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 applicable law, in particular India, and the likelihood of settlement. Management uses in-house and external legal professionals to make informed decision.

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

Although there can be no assurance regarding the final outcome of the legal proceedings, the Company does not expect them to have a materially adverse impact on the Company's financial position or profitability. The liabilities which are assessed as possible and hence are not recognised in these financial statements are disclosed in note 49.

## c) Exceptional items:

Exceptional items are those items that management considers, by virtue of their size or incidence (including but not limited to impairment charges and acquisition and restructuring related costs), should be disclosed separately to ensure that the financial information allows an understanding of the underlying performance of the business in the year, so as to facilitate comparison with prior periods. Also tax charges related to exceptional items and certain one-time tax effects are considered Exceptional. Such items are material by nature or amount to the year's result and require separate disclosure in accordance with Ind AS.

The determination as to which items should be disclosed separately requires a degree of judgement. These are set out in note 34.

## (z) Recently issued accounting pronouncements

The following standards/amendment to standards have been issued but are not yet effective up to the date of issuance of the Company's financial statements. Except specifically disclosed below, the Company is evaluating the requirements of these standards, improvements and amendments and has not yet determined the impact on the financial statements.

### • Ind AS 115: Revenue from Contracts with Customers

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

In order to identify the potential impact of the standard on the Company's financial statements, the Company has analyzed contracts of the relevant revenue streams of the Company. The work done is focused on evaluating the contractual arrangements across the Company's principal revenue streams, particularly key terms and conditions which may impact revenue recognition and measurement of revenue.

Based on the work carried out, the area's of impact in implementing Ind AS 115, on the Company results is detailed below.

The Company has products which are provisionally priced at the date revenue is recognised. Revenue in respect of such contracts will be recognised when control passes to the customer and will be measured at the amount the entity expects to be entitled – being the estimate of the price expected to be received at the end of the measurement period. Post transfer of control of goods, provisional pricing features will be accounted in accordance with Ind AS 109 "Financial Instruments" rather than Ind AS 115 and therefore the Ind AS 115 rules on variable consideration do not apply. These 'provisional pricing' adjustments i.e. the consideration received post transfer of control will continue to be included in the revenue on the face of the statement of profit and loss, and these would be disclosed by way of note to the financial statements.

On the basis of the analysis conducted, the new standard would result in identification of freight and insurance services as a separate performance obligation implying segregation of revenue on account of sale of goods and sale of services. The revenue on account of these services is required to be deferred and recognised over time as this obligation is fulfilled.

The overall effect of implementation of Ind AS 115 is not material on the recognition and measurement of revenues, though there would be significant additional disclosure requirements for the Company to comply with.

The Company will adopt the modified transitional approach to implementation where any transitional adjustment is recognised in retained earnings at April 01, 2018 without adjustment of comparatives and the new standard will only be applied to contracts that remain in force at that date.

### • Other recently issued accounting pronouncements and not effective for the year ended March 31, 2018:

Standards not yet effective for the financial statements for the year ended March 31, 2018	Effective for annual periods beginning on or after
Amendments to Ind AS 12: Recognition of Deferred Tax Assets for Unrealised Losses	April 01, 2018
Amendment to Ind AS 21: Foreign Currency Transactions and Advance Consideration	April 01, 2018
Amendment to Ind AS 40: Investment Property	April 01, 2018
Amendment to Ind AS 28: Investments in Associates and Joint Ventures	April 01, 2018
Amendment to Ind AS 112: Disclosure of Interests in Other Entities	April 01, 2018



# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 4 Merger of Cairn India Limited with Vedanta Limited

- (i) Vedanta Limited and Cairn India Limited (Cairn), had initially announced a scheme of merger between the two companies on June 14, 2015, terms whereof were amended on July 22, 2016 ("Scheme"). As per the terms of the Scheme, Cairn India Limited was to merge into Vedanta Limited and upon the merger becoming effective:
- Non-controlling shareholders of Cairn India Limited were to receive one equity share in Vedanta Limited of face value ₹ 1 each and four 7.5% Redeemable Preference Shares (redeemable after 18 months from issuance) in Vedanta Limited with a face value of ₹ 10 each for each equity share held in Cairn India Limited.
  - No shares were to be issued to Vedanta Limited or any of its subsidiaries for their shareholding in Cairn India Limited.
  - The employees of Cairn India Limited who were holding stock options in Cairn India Limited were to be compensated either in cash or through issuance of stock options of Vedanta Limited.
  - The authorised share capital of Cairn India Limited aggregating to ₹ 2,250 Crore was to be assumed by the Company, resulting in an increase in its authorised share capital from ₹ 5,162 Crore (divided into 5,127 Crore equity shares of ₹ 1 each and 3.50 Crore preference shares of ₹ 10 each) to ₹ 7,412 Crore (divided into 4,402 Crore equity shares of ₹ 1 each and 301 Crore preference shares of ₹ 10 each).
- All substantive approvals for effecting the merger of Cairn India Limited with Vedanta Limited were received by March 27, 2017 and therefore the same was accounted for in the previous financial year ended March 31, 2017. The Board of Directors of both the companies made the merger operative on April 11, 2017, whereafter Cairn India Limited ceased to exist.
- (ii) Since the amalgamating entity, Cairn India Limited, was a subsidiary of the Company and both have in turn been controlled by a common parent Vedanta Resources Plc, the transaction has been accounted for in accordance with the Appendix C to Ind AS 103 "Common Control Business Combination", which requires retroactive accounting of the merger from the date common control was established. Accordingly, financial information as on April 1, 2015, being the earliest period presented in the annual standalone financial statements of the Company, and all periods thereafter, were restated to give effect of the merger.
- (iii) The accounting effects arising out of merger are explained below:
- Equity shares aggregating to ₹ 75 Crore required to be issued to the non-controlling shareholders of Cairn, has been accounted for as an item of equity on April 1, 2015, as equity shares proposed to be issued.
  - Upon the merger being substantively completed in March 2017, the liability towards issuance of preference shares of ₹ 3,010 Crore has been accounted for as a financial liability.
  - The carrying value of the assets, liabilities and reserves of Cairn India Limited as appearing in the consolidated financial statements of the Company have been recognised in the standalone financial statements of the Company. The said values relating to Cairn India Limited in the consolidated financial statements of the Company prior to the merger, were computed by restating past business combinations as permitted by Ind AS 101.
  - Sesa Resources Limited ('SRL'), a wholly owned subsidiary of the Company, held investments in Cairn having a fair value of ₹ 956 Crore, which have been cancelled without any consideration. Accordingly, the said fair value, has been reduced from the carrying value of investments in SRL with a corresponding reduction in the value of Reserves and Surplus. As per the provisions of the Scheme necessary adjustment in the Reserves and Surplus has been carried through the Securities premium account.
  - Twin Star Mauritius Holdings Limited ('TMHL'), an indirect wholly owned subsidiary, also held investments in Cairn and had corresponding liabilities which it had incurred to fund the purchase of investments in Cairn. As per the terms of the Scheme, the investments held by TMHL have been cancelled and accordingly, its liabilities have been reflected in the financial statements of the Company.
- The net effects of ₹ 28,906 Crore arising out of the above adjustments have been recognised as a capital reserve on December 8, 2011, being the date of initial common control.
- (iv) All changes to the liabilities arising on account of interest and exchange differences post December 8, 2011, of ₹ 11,311 Crore, have been recognised directly in retained earnings as of April 1, 2015 and net charge of ₹ 623 Crore in the statement of profit and loss as an "Exceptional item" for the financial year ended March 31, 2017.
- (v) All the direct subsidiaries of Cairn India Limited, viz., Cairn India Holdings Limited ('CIHL') and CIG Mauritius Holding Private Limited have become the direct subsidiaries of the Company.
- (vi) Further, some of the wholly owned subsidiaries of the Company had advanced monies to TMHL, either directly or through some other wholly owned subsidiaries. Pursuant to the merger being effective, the amounts recoverable from TMHL have been impaired by the said subsidiaries as TMHL's investments in Cairn has been cancelled. This has had the effect of discharging the obligation reflected in the financial statements of the Company (refer '(iii)e' above) with a corresponding reduction in the value of the Company's investments in its direct subsidiaries. The net excess of liability being discharged over the carrying value of such investments of ₹ 1,993 Crore has been recognised as an exceptional gain in the statement of profit and loss during the previous year. During the current year, CIHL discharged the balance obligation ₹ 6,762 Crore which resulted in a further reduction in the carrying value of the said subsidiary by an equivalent amount.

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 5 Property, plant and equipment, Intangible assets, Capital work-in-progress and Exploration intangible assets under development

Particulars	Gross block				Accumulated depreciation, depletion, amortisation and impairment				Net block			
	As at April 1, 2017	Additions	Disposals/ Adjustments	Foreign exchange translation difference	As at March 31, 2018	As at April 1, 2017	Charge for the year	Disposals/ Adjustments	Impairment charge/(reversal) for the year (Refer note 34)	Foreign exchange translation difference	As at March 31, 2018	As at April 1, 2017
<b>i) Property Plant and Equipment</b>												
Freehold Land	1,112	9	-	2	1,123	82	13	-	20	0	115	1,030
Buildings	6,702	26	3	9	6,734	1,914	248	1	8	5	2,174	4,788
Plant and equipment	35,053	3,096	445	53	37,757	6,898	1,922	386	53	19	8,506	28,155
Mining property and leases	26	-	-	-	26	15	1	-	10	-	26	11
Oil & gas producing facilities	25,294	272	14	101	25,653	24,162	536	14	(536)	76	24,224	1,132
Aircraft	2	-	-	-	2	1	-	-	-	-	1	1
River fleet	175	-	-	-	175	46	6	-	7	-	59	129
Ship	309	13	-	-	322	169	14	-	3	-	186	140
Furniture and fixtures	163	4	1	0	166	82	18	1	-	0	99	81
Vehicles	51	9	10	-	50	27	5	4	0	-	28	24
Office equipment	337	19	2	0	354	285	30	2	0	0	313	52
Railway siding	667	48	0	-	715	168	46	-	-	-	214	499
<b>Total</b>	69,891	3,496	475	165	73,077	33,849	2,839	408	(435)	100	35,945	36,042
<b>ii) Intangible assets</b>												
Computer software	222	25	1	1	247	195	18	1	-	0	212	27
Mining rights	227	-	-	-	227	99	12	-	107	-	218	128
<b>Total</b>	449	25	1	1	474	294	30	1	107	0	430	155

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 5 Property, plant and equipment, Intangible assets, Capital work-in-progress and Exploration intangible assets under development continued

Particulars	Gross block			Accumulated depreciation, depletion, amortisation and impairment				Net block			
	As at April 1, 2016	Additions	Disposals/ Adjustments	Foreign exchange translation difference	As at March 31, 2017	Charge for the year	Disposals/ Adjustments	Impairment charge for the year	Foreign exchange translation difference	As at March 31, 2017	As at April 1, 2016
<b>i) Property, Plant and Equipment</b>											
Freehold Land	1,069	37	1	7	1,112	61	23	-	(2)	1,030	1,008
Buildings	6,620	111	4	(25)	6,702	1,656	285	-	(23)	4,788	4,964
Plant and equipment	30,280	4,926	50	(103)	35,053	5,339	1,722	-	(120)	28,155	24,941
Mining property and leases	18	8	-	-	26	15	0	-	-	11	3
Oil & gas producing facilities	25,591	402	158	(541)	25,294	23,781	834	114	(567)	24,162	1,810
Aircraft	2	-	-	-	2	1	0	-	-	1	1
River fleet	175	0	0	-	175	40	6	-	-	46	135
Ship	308	1	-	-	309	157	12	-	-	169	151
Furniture and fixtures	165	2	2	(2)	163	71	15	-	(2)	81	94
Vehicles	49	6	4	(0)	51	25	5	-	(0)	27	24
Office equipment	340	7	4	(6)	337	250	43	-	(6)	285	90
Railway siding	603	64	-	-	667	127	41	-	-	499	476
<b>Total</b>	<b>65,220</b>	<b>5,564</b>	<b>223</b>	<b>(670)</b>	<b>69,891</b>	<b>31,523</b>	<b>2,986</b>	<b>114</b>	<b>(720)</b>	<b>33,849</b>	<b>33,697</b>
<b>ii) Intangible assets</b>											
Computer software	203	25	-	(6)	222	186	14	-	(5)	195	17
Mining rights	227	0	-	-	227	88	11	-	-	99	139
<b>Total</b>	<b>430</b>	<b>25</b>	<b>-</b>	<b>(6)</b>	<b>449</b>	<b>274</b>	<b>25</b>	<b>-</b>	<b>(5)</b>	<b>294</b>	<b>156</b>

(₹ in Crore)

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 5 Property, plant and equipment, Intangible assets, Capital work-in-progress and Exploration intangible assets under development continued

### iii) Capital work-in progress

Particulars	₹ in Crore	
	As at March 31, 2018	As at March 31, 2017
<b>Gross Block</b>		
Opening balance	12,755	16,749
Additions during the year*	1,197	1,062
Amount capitalised during the year	(2,710)	(4,936)
Foreign exchange translation difference	(52)	(120)
<b>Closing Balance</b>	<b>11,190</b>	<b>12,755</b>
<b>Accumulated Impairment / Provision</b>		
Opening balance	540	339
Provision for loss on unusable items (Refer note 34)	251	-
Impairment charge during the year (Refer note 34)	13	201
<b>Closing balance</b>	<b>804</b>	<b>540</b>
<b>Net closing balance</b>	<b>10,386</b>	<b>12,215</b>

\* Additions includes expenditure capitalised during the year.

### iv) Explorations intangible assets under development

Particulars	₹ in Crore	
	As at March 31, 2018	As at March 31, 2017
<b>Gross Block</b>		
Opening balance	29,251	29,893
Additions for the year	68	88
Deductions / Adjustments	(32)	-
Transferred to capital work in progress	(100)	(25)
Exploration costs written off (Refer note 32)	-	(29)
Foreign exchange translation difference	91	(676)
<b>Closing balance</b>	<b>29,278</b>	<b>29,251</b>
<b>Accumulated Impairment</b>		
Opening balance	24,223	25,144
Impairment reversal (Refer note 34)	(2,977)	(366)
Foreign exchange translation difference	49	(555)
<b>Closing balance</b>	<b>21,295</b>	<b>24,223</b>
<b>Net closing balance</b>	<b>7,983</b>	<b>5,028</b>

- a) Additions includes deferred stripping cost of ₹ Nil Crore (March 31, 2017 ₹ 4 Crore).
- b) Certain property, plant and equipment are pledged as collateral against borrowings, the details related to which have been described in Note 19 on "Borrowings".
- c) In accordance with the exemption given under Ind AS 101, which has been exercised by the Company, a first time adopter can continue its previous GAAP policy for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the previous GAAP financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period i.e. April 01, 2016.

Accordingly, foreign currency exchange differences arising on translation/settlement of long-term foreign currency monetary items acquired before April 01, 2016 pertaining to the acquisition of a depreciable asset amounting to ₹ 1 crore gain (March 31, 2017 ₹ 4 crore loss) is adjusted to the cost of respective item of property, plant and equipment.

Capital work-in-progress includes foreign currency exchange loss of ₹ 17 crore incurred during the year (March 31, 2017 ₹ 27 crore gain) on such long term foreign currency monetary liabilities.

- d) Gross block of property, plant and equipment includes ₹ 32,694 Crore (March 31, 2017 ₹ 31,967 Crore) representing Company's share of assets co-owned with the joint venture partners. Accumulated depreciation, depletion and impairment on these assets is ₹ 30,487 Crore (March 31, 2017 ₹ 29,790 Crore) and net book value is ₹ 2,207 Crore (March 31, 2017 ₹ 2,177 Crore).

Capital work-in-progress includes ₹ 994 Crore (March 31, 2017 ₹ 1,001 Crore) jointly owned with the joint venture partners.

Exploration intangible assets under development includes ₹ 7,950 Crore (March 31, 2017 ₹ 5,028 Crore) jointly owned with the joint venture partners.

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 5 Property, plant and equipment, Intangible assets, Capital work-in-progress and Exploration intangible assets under development continued

e) Reconciliation of depreciation, depletion and amortisation expense

(₹ in crore)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation/Depletion/Amortisation expense on:		
Property, Plant and equipment	2,839	2,986
Intangible assets	30	25
<b>As per Property, plant &amp; Equipment Schedule</b>	<b>2,869</b>	<b>3,011</b>
Less: cost allocated to joint ventures	(27)	(25)
<b>As per Statement of Profit and Loss</b>	<b>2,842</b>	<b>2,986</b>

f) Freehold Land includes gross block of ₹ 119 Crore (March 31, 2017 ₹ 111 Crore), accumulated amortisation of ₹ 95 Crore (March 31, 2017 ₹ 82 Crore), which is available for use during the lifetime of the Production Sharing Contract of the respective Oil and Gas blocks.

## 6 Financial Assets- Non Current : Investments

Particulars	As at March 31, 2018		As at March 31, 2017	
	No.	Amount (₹ in Crore)	No.	Amount (₹ in Crore)
<b>(a) Investment in equity shares - at cost</b>				
<b>Subsidiary companies</b>				
<b>Quoted</b>				
- Hindustan Zinc Limited, of ₹ 2/-each <sup>a</sup>	2,74,31,54,310	44,398	2,74,31,54,310	44,398
<b>Unquoted</b>				
- Bharat Aluminium Company Limited, of ₹ 10/- each <sup>b</sup>	11,25,18,495	553	11,25,18,495	553
- Monte Cello Corporation BV, Netherlands, of Euro 453.78 each	40	204	40	204
Less: Reduction pursuant to merger (Refer note 4)		(204)		(204)
- Sterlite (USA) Inc., of \$.01 per share (₹ 42.77 at each year end)	100	0	100	0
- Cairn India Holdings Limited (CIHL) of 1 GBP each, fully paid up (Refer note 4)	42,08,00,000	28,873	42,08,00,000	28,873
Less: Reduction pursuant to merger (Refer note 4)		(15,067)		(8,305)
- Vizag General Cargo Berth Private Limited, of ₹ 10 each	3,21,08,000	32	3,21,08,000	32
- Paradip Multi Cargo Berth Private Limited, of ₹ 10 each	10,000	0	10,000	0
- Sterlite Ports Limited of ₹ 2 each, (including 6 shares of ₹ 2 each held jointly with nominees)	2,50,000	0	2,50,000	0
- Talwandi Sabo Power Limited, of ₹ 10 each	3,20,66,09,692	3,207	3,20,66,09,692	3,207
- Sesa Resources Limited, of ₹ 10 each (Refer note 4)	12,50,000	757	12,50,000	757
- Bloom Fountain Limited, of US\$ 1 each <sup>c</sup>	2,20,10,00,001	14,734	2,20,10,00,001	14,734
Less: Reduction pursuant to merger (Refer note 4)		(14,320)		(14,320)
- Malco Energy Limited (formerly Vedanta Aluminium Limited), of ₹ 2 each (including 6 shares of ₹ 2 each held jointly with nominees)	2,33,66,406	116	2,33,66,406	116
Less: Reduction pursuant to merger (Refer note 4)		(23)		(23)
- THL Zinc Ventures Limited of US\$ 100 each	1,00,001	46	1,00,001	46
Less: Reduction pursuant to merger (Refer note 4)		(46)		(46)
- THL Zinc Holdings B.V. of EURO 1 each	37,38,000	23	37,38,000	23
Less: Reduction pursuant to merger (Refer note 4)		(23)		(23)
<b>Associate companies - unquoted</b>				
- Gaurav Overseas Private Limited, of ₹ 10 each <sup>d</sup>	3,23,000	0	2,10,000	0
<b>Joint venture - unquoted</b>				
- Rampia Coal Mines and Energy Private Limited, of ₹ 1 each	2,43,48,016	2	2,43,48,016	2
<b>Investment in equity shares at fair value through other comprehensive income</b>				
<b>Quoted</b>				
- Sterlite Technologies Limited, of ₹ 2 each	47,64,295	149	47,64,295	60
<b>Unquoted</b>				
- Sterlite Power Transmission Limited, of ₹ 2 each	9,52,859	11	9,52,859	10
- Goa Shipyard Limited of ₹ 10 each	2,50,828	0	62,707	0

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 6 Financial Assets- Non Current : Investments continued

Particulars	As at March 31, 2018		As at March 31, 2017	
	No.	Amount (₹ in Crore)	No.	Amount (₹ in Crore)
<b>(b) Investment in preference shares of subsidiary companies - at cost</b>				
<b>Subsidiary companies – Unquoted</b>				
- Bloom Fountain Limited, 0.25% Optionally Convertible Redeemable Preference shares of US\$ 1 each	18,59,900	907	18,59,900	907
- Bloom Fountain Limited, 0.25% Optionally Convertible Redeemable Preference shares of US\$ 100 each	3,60,500	215	3,60,500	215
- THL Zinc Ventures Limited, 0.25% Optionally Convertible Redeemable Preference shares of US\$ 1 each	70,00,000	3,187	70,00,000	3,187
Less: Reduction pursuant to merger (Refer note 4)		(3,187)		(3,187)
- THL Zinc Holdings BV, 0.25% Optionally Convertible Redeemable Preference shares of EURO 1 each	55,00,000	2,495	55,00,000	2,495
Less: Reduction pursuant to merger (Refer note 4)		(2,495)		(2,495)
<b>(c) Investment in Government or Trust securities at amortised cost</b>				
- 7 Years National Savings Certificates (March 31, 2018: ₹ 35,450 March 31, 2017: ₹ 35,450) (Deposit with Sales Tax Authority)	-	0	-	0
- UTI Master gain of ₹ 10 each (March 31, 2018: ₹ 4,072, March 31, 2017: ₹ 4,072)	100	0	100	0
- Vedanta Limited ESOS Trust (March 31, 2018: ₹ 5,000, March 31, 2017: ₹ 5,000)	-	0	-	0
<b>(d) Investments in debentures of subsidiary companies at cost</b>				
- Vizag General Cargo Berth Private Limited, 0.1% compulsorily convertible debentures of ₹ 1,000 each <sup>e</sup>	15,00,000	149	15,00,000	149
- MALCO Energy Limited, compulsorily convertible debentures of ₹ 1,000 each <sup>f</sup>	6,13,54,483	6,136	6,11,84,065	6,118
Less: Reduction pursuant to merger (Refer note 4)		(6,118)		(6,118)
<b>(e) Investments in Co-operative societies at fair value through profit and loss</b>				
- Sesa Ghor Premises Holders Maintenance Society Limited, of ₹ 200 each (March 31, 2018: ₹ 4,000, March 31, 2017: ₹ 4,000)	40	0	40	0
- Sesa Goa Sirsaim Employees Consumers Co Operative Society Limited, of ₹ 10 each (March 31, 2018: ₹ 2,000 March 31, 2017: ₹ 2,000)	200	0	200	0
- Sesa Goa Sanquelim Employees Consumers Co- operative Society Limited, of ₹ 10 each (March 31, 2018: ₹ 2,300 March 31, 2017: ₹ 2,300)	230	0	230	0
- Sesa Goa Sonshi Employees Consumers Co- operative Society Limited, of ₹ 10 each (March 31, 2018: ₹ 4,680 March 31, 2017: ₹ 4,680)	468	0	468	0
- Sesa Goa Codli Employees Consumers Co- operative Society Limited, of ₹ 10 each (March 31, 2018: ₹ 4,500, March 31, 2017: ₹ 4,500)	450	0	450	0
- Sesa Goa Shipyard Employees Consumers Co- operative Society Limited, of ₹ 10 each (March 31, 2018: ₹ 5,000 March 31, 2017: ₹ 5,000)	500	0	500	0
- The Mapusa Urban Cooperative Bank Limited, of ₹ 25 each (March 31, 2018: ₹ 1,000, March 31, 2017: ₹ 1,000)	40	0	40	0
Less: Provision for diminution in value of investments in:				
Cairn India Holdings Limited (CIHL)		(52)		(3,410)
Bloom Fountain Limited		(1,536)		(1,536)
Sesa Resources Limited (Refer note 34)		(648)		-
Rampia Coal Mines and Energy Private Limited		(2)		(2)
<b>Total</b>		<b>62,473</b>		<b>66,417</b>
Aggregate amount of impairment		(2,238)		(4,948)
Aggregate amount of quoted investments		44,547		44,458
Market value of quoted investments		82,704		79,296
Aggregate carrying amount of unquoted investments		17,926		21,959

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 6 Financial Assets- Non Current : Investments continued

- a. Pursuant to the Government of India's policy of disinvestment, the Company in April 2002 acquired 26% equity interest in Hindustan Zinc Limited (HZL) from the Government of India. Under the terms of the Shareholder's Agreement ('SHA'), the Company had two call options to purchase all of the Government of India's shares in HZL at fair market value. The Company exercised the first call option on August 29, 2003 and acquired an additional 18.9% of HZL's issued share capital. The Company also acquired an additional 20% of the equity capital in HZL through an open offer, increasing its shareholding to 64.9%. The second call option provided the Company the right to acquire the Government of India's remaining 29.5% share in HZL. This call option was subject to the right of the Government of India to sell 3.5% of HZL shares to HZL employees. The Company exercised the second call option on July 21, 2009. The Government of India disputed the validity of the call option and refused to act upon the second call option. Consequently the Company invoked arbitration which is in the early stages. The next date of hearing is scheduled on November 24, 2018.
- b. Pursuant to the Government of India's policy of divestment, the Company in March 2001 acquired 51% equity interest in BALCO from the Government of India. Under the terms of the SHA, the Company had a call option to purchase the Government of India's remaining ownership interest in BALCO at any point from March 2, 2004. The Company exercised this option on March 19, 2004. However, the Government of India contested the valuation and validity of the option and contended that the clauses of the SHA violate the erstwhile Companies Act, 1956 by restricting the rights of the Government of India to transfer its shares and that as a result such provisions of the SHA were null and void. In the arbitration filed by the Company, the arbitral tribunal by a majority award rejected the claims of the Company on the ground that the clauses relating to the call option, the right of first refusal, the "tagalong" rights and the restriction on the transfer of shares violate the erstwhile Companies Act, 1956 and are not enforceable. The Company has challenged the validity of the majority award before the Hon'ble High Court at Delhi and sought for setting aside the arbitration award to the extent that it holds these clauses ineffective and inoperative. The Government of India also filed an application before the High Court to partially set aside the arbitral award in respect of certain matters involving valuation. The matter is currently scheduled for hearing by the Delhi High Court on July 3, 2018.

On January 9, 2012, the Company offered to acquire the Government of India's interests in HZL and BALCO for ₹ 15,492 Crore and ₹ 1,782 Crore respectively. This offer was separate from the contested exercise of the call options, and Company proposed to withdraw the ongoing litigations in relation to the contested exercise of the options should the offer be accepted. To date, the offer has not been accepted by the Government of India and therefore, there is no certainty that the acquisition will proceed.

In view of the lack of resolution on the options, the non-response to the exercise and valuation request from the Government of India, the resultant uncertainty surrounding the potential transaction and the valuation of the consideration payable, the Company considers the strike price of the options to be at the fair value, which is effectively nil, and hence the call options have not been recognised in the financial statements.

- c. During the the previous year, the Company made an investment of ₹ 14,730 Crore in 220 Crore equity shares of US\$ 1 each in Bloom Fountain Limited.
- d. During the current year, the Company made an investment of ₹ 11.30 Lacs in 1.13 Lacs equity shares having face value of ₹ 10/- each in Gaurav Overseas Private Limited .
- e. During the current year, the maturity of investments in compulsorily convertible debentures of Vizag General Cargo Berth Private has been extended has been extended by 2 years 10 months till January 28, 2021.
- f. During the current year, the Company made an investment in 1,70,418 Compulsory convertible debentures of Malco energy limited (MEL) having face value of ₹ 100/- each at a premium of ₹ 900/- each.

## 7 Non-current financial assets - Others

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
Bank Deposits	318	283
<b>Unsecured, considered good</b>		
Security Deposits	125	105
<b>Unsecured, considered doubtful</b>		
Security Deposits	15	15
Less: Provision for doubtful security deposits	(15)	(15)
<b>Total</b>	<b>443</b>	<b>388</b>

(i) Bank deposits earns interest at fixed rate based on respective deposit rate.

(ii) Bank deposits includes site restoration fund amounting to ₹ 318 Crore (March 31, 2017: ₹ 275 Crore)

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 8 Other non-current assets

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
<b>Unsecured, considered Good</b>		
Capital advances	1,286	714
Leasehold land prepayments <sup>(a)</sup>	202	179
Prepaid Expenses	-	5
Claims and other receivables	433	649
Loan to Employee Benefit Trust	236	-
Balance with government authorities <sup>(b) (c)</sup>	420	316
<b>Unsecured, considered Doubtful</b>		
Claims and other receivables	213	-
Capital advances	6	-
<b>Less: Provision for doubtful advances</b>	<b>(219)</b>	-
<b>Total</b>	<b>2,577</b>	<b>1,863</b>

(a) Represents prepayments in respect of land taken under operating leases, being amortised equally over the period of the lease.

(b) Includes ₹ 30 Crore (March 31, 2017: ₹ 30 Crore), being Company's share of gross amount of ₹ 86 Crore (March 31, 2017: ₹ 86 Crore) paid under protest on account of Education Cess and Secondary Higher Education Cess for the year ended 2013-14.

(c) Includes ₹ 48 Crore (March 31, 2017: ₹ 46 Crores), being Company's share of gross amount of ₹ 139 Crore (March 31, 2017: ₹ 131 Crores), of excess oil cess paid under Oil Industry (Development) Act.

## 9 Inventories

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
Raw Materials	3,008	1,169
Goods-in transit	1,887	1,483
Work-in-progress	1,811	1,764
Finished goods	364	403
Fuel Stock	284	249
Goods-in transit	377	63
Stores and Spares	384	368
Goods-in transit	34	41
<b>Total</b>	<b>8,149</b>	<b>5,540</b>

(i) For method of valuation of inventories, refer note 3(j).

(ii) Inventories with a carrying amount of ₹ 7,961 Crore (March 31, 2017 : ₹ 5,125 Crore) have been pledged as security against certain bank borrowings of the Company (Refer note 19).

(iii) Inventory held at net realizable value amounted to ₹ 90 Crore (March 31, 2017 : ₹ 2 Crore).

(iv) The write down of inventories amounting to ₹ 42 Crore (March 31, 2017: ₹ Nil Crore) has been charged to the statement of profit and loss.

## 10 Current Financial Assets - Investments

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
<b>Investments carried at fair value through profit and loss</b>		
Investment in mutual funds- quoted	1,761	3,750
Investment in mutual funds- unquoted	1,835	12,042
Investment in bonds - quoted	1,819	3,628
Commercial Paper - quoted	-	248
Investment in India Grid Trust - quoted	122	-
<b>Total</b>	<b>5,537</b>	<b>19,668</b>
Aggregate amount of quoted investments, and market value thereof	3,702	7,626
Aggregate amount of unquoted investments	1,835	12,042



# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 11 Trade receivables

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
<b>Unsecured</b>		
- Considered good	2,439	2,080
- Considered doubtful	521	539
Less: Provision for doubtful trade receivables	(521)	(539)
<b>Total</b>	<b>2,439</b>	<b>2,080</b>
<b>Classified as:</b>		
Non-current trade receivables	471	551
Current trade receivables	1,968	1,529
<b>Total</b>	<b>2,439</b>	<b>2,080</b>

- (i) The interest free credit period given to customers is upto 90 days. Also refer note 48c(d).  
(ii) Trade receivables with a carrying value of ₹ 2,429 Crore (March 31, 2017 : ₹ 1,917 Crore) have been given as collateral towards borrowings (Refer note 19).  
(iii) For amounts due and terms and conditions relating to related party receivables see note 51.  
(iv) Current & Non-current trade receivables (net of provisions) includes ₹ 767 Crores as at March 31, 2018 (March 31, 2017: ₹ 893 Crores) relating to amounts held back by a customer in the power segment, owing to certain disputes relating to computation of tariffs and differential revenue recognised with respect to tariffs pending finalisation by the state electricity regulatory commission. Basis legal advice received on the matter, the management considers these to be fully recoverable as there is a high probability of success.  
(v) There are no outstanding debts due from directors or other officers of the Company.

## 12 Current financial assets - Cash and cash equivalents

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
Balances with banks in current accounts	1,144	494
Deposits with original maturity of less than 3 months <sup>(a)</sup> (including interest accrued thereon)	-	144
Cash on hand	0	0
<b>Total</b>	<b>1,144</b>	<b>638</b>

- (a) Includes Nil Crore (March 31, 2017 ₹ 115 Crores) on lien with banks.  
(b) Bank deposits earns interest at fixed rate based on respective deposit rate.

For the purpose of statement of cash flows, cash and cash equivalent comprises the following:

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents as above	1,144	638
Earmarked unpaid dividend accounts (Refer Note 13)	87	365
<b>Total</b>	<b>1,231</b>	<b>1,003</b>

## 13 Current financial assets - Other bank balances

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
Bank deposits with original maturity for more than 12 months (including interest accrued thereon) <sup>a</sup>	8	1
Bank deposits with original maturity for more than 3 months but not more than 12 months (including interest accrued thereon) <sup>b</sup>	355	410
Earmarked unpaid dividend accounts <sup>c</sup>	87	365
<b>Total</b>	<b>450</b>	<b>776</b>

Bank deposits earns interest at fixed rate based on respective deposit rate.

- a Includes ₹ 8 Crore (March 31, 2017 : ₹ 1 Crore) on lien with banks.  
b Includes ₹ 193 Crore (March 31, 2017 : ₹ 195 Crore) on lien with banks and margin money ₹ 39 Crore (March 31, 2017 : ₹ 40 Crore)  
c Earmarked unpaid dividend accounts are restricted in use as it relates to unclaimed or unpaid dividend.

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 14 Current financial assets - Loans

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
<b>Unsecured, considered good</b>		
Loans and advances to related parties (Refer note 51)	9	253
Loan to employees	2	2
Security deposits refundable	-	31
Others	3	-
<b>Total</b>	<b>14</b>	<b>286</b>

## 15 Current financial assets- Others

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
<b>Unsecured, considered good</b>		
Receivables from related parties (Refer note 51)	107	159
Security deposits	12	8
<b>Derivative instruments (Refer note 48)</b>	<b>102</b>	<b>7</b>
<b>Others</b>		
Unbilled revenue	237	136
Dividend receivable	1,646	7,544
Claims and other receivables	65	42
Advance recoverable (Oil and gas business)	936	1,378
<b>Unsecured advances, considered doubtful</b>		
Security deposits	7	6
Advance recoverable (Oil and gas business)	177	174
Less: Provision for doubtful advances	(184)	(180)
<b>Total</b>	<b>3,105</b>	<b>9,274</b>

## 16 Other Current Assets

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
<b>Unsecured, considered good</b>		
Advance to suppliers	1,280	668
Advance to related parties (Refer note 51)	455	140
Prepaid expenses	78	86
Claims and other receivables	149	55
Balance with government authorities	526	427
Export incentive receivable	353	263
Advance recoverable (Oil and gas business)	21	25
Leasehold prepayments	2	3
<b>Unsecured, considered doubtful</b>		
Advance to suppliers	37	18
Claims and other receivables	2	2
Less: Provision for doubtful advances	(39)	(20)
<b>Total</b>	<b>2,864</b>	<b>1,667</b>

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 17 Share capital

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number (in Crore)	Amount (₹ in Crore)	Number (in Crore)	Amount (₹ in Crore)
<b>A. Authorised equity share capital</b>				
Opening balance (equity shares of ₹ 1 each with voting rights)	4,402	4,402	5,127	5,127
Less: Pursuant to the scheme of merger (Refer note 4)	-	-	(725)	(725)
<b>Closing balance [equity shares of ₹ 1 each with voting rights]</b>	<b>4,402</b>	<b>4,402</b>	<b>4,402</b>	<b>4,402</b>
<b>Authorised preference share capital<sup>(a)</sup></b>				
Opening balance (preference shares of ₹ 10/- each)	301	3,010	4	35
Add: Pursuant to the scheme of merger (Refer note 4)	-	-	297	2,975
<b>Closing balance [preference shares of ₹ 10/- each]</b>	<b>301</b>	<b>3,010</b>	<b>301</b>	<b>3,010</b>
<b>B. Issued, subscribed and paid up<sup>(a)</sup></b>				
Equity shares of ₹ 1/- each with voting rights <sup>(b)(c)</sup>	372	372	297	297
<b>C. To be issued pursuant to merger</b>				
Equity shares of ₹ 1/- each with voting rights (Refer note 4) <sup>(d)</sup>	-	-	75	75
	<b>372</b>	<b>372</b>	<b>372</b>	<b>372</b>

(a) During the year, 7.5% preference share capital of ₹ 3,010 Crore comprising of 301 Crore shares of ₹ 10/- each have been issued and the same are disclosed under borrowings (Refer note 19).

(b) Includes 308,232 (March 31, 2017: 310,632) equity shares kept in abeyance. These shares are not part of listed equity capital.

(c) Includes 92,33,871 (March 31, 2017: 39,84,256) equity shares held by Vedanta Limited ESOS Trust (Refer note 38).

(d) Voting rights exercisable upon issuance.

## D. Shares held by ultimate holding Company and its subsidiaries\*

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares held (in Crore)	% of holding	No. of Shares held (in Crore)	% of holding
Twin Star Holdings Limited	128.01	34.44	128.01	43.18
Twin Star Holdings Limited <sup>(2)</sup>	9.93	2.67	9.93	3.35
Finsider International Company Limited	40.15	10.80	40.15	13.54
Westglobe Limited	4.43	1.19	4.43	1.50
Welter Trading Limited	3.82	1.03	3.82	1.29
<b>Total</b>	<b>186.34</b>	<b>50.13</b>	<b>186.34</b>	<b>62.86</b>

\* The % of holding has been calculated on the issued and subscribed share capital as at respective balance sheet date.

(1) All the above entities are subsidiaries of Vulcan Investments Limited, the ultimate holding Company.

(2) Represented by 2,48,23,177 American Depository Shares ("ADS").

## E. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

Particulars	(in Crore)	
	As at March 31, 2018	As at March 31, 2017
Equity shares issued pursuant to Scheme of Amalgamation (in FY 2017-18)	75	-
Preference shares issued pursuant to Scheme of Amalgamation (in FY 2017-18)	301	-
Equity shares issued pursuant to Scheme of Amalgamation (in FY 2013-14)	210	210

## F. Details of shareholders holding more than 5% shares in the Company\*

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares held (₹ in Crore)	% of holding	No. of Shares held (₹ in Crore)	% of holding
Twin Star Holdings Limited	128.01	34.44	128.01	43.18
Twin Star Holdings Limited <sup>#</sup>	9.93	2.67	9.93	3.35
Finsider International Company Limited	40.15	10.80	40.15	13.54

\* The % of holding has been calculated on the issued and subscribed share capital as at respective balance sheet date.

# 2,48,23,177 ADS, held by CITI Bank N.A. New York as a depository.

As per the records of the Company, including its register of shareholders/members, the above shareholding represents legal ownership of shares.

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 17 Share capital continued

### G. Other disclosures

- (1) The Company has one class of equity shares having a par value of ₹ 1 per share. Each shareholder is eligible for one vote per share held and dividend as and when declared by the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend which is paid as and when declared by the Board of Directors. 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.
- (2) The Company has one class of 7.5% non-cumulative redeemable preference shares having a par value of ₹ 10 per share. Each preference shareholder is eligible for one vote per share as per terms of Section 47(2) of the Companies Act 2013 and dividend as and when declared by the Company. As per the terms of preference shares, these shares are redeemable at par on expiry of 18 months from the date of their allotment. In the event of winding up of Vedanta Limited, the holders of Preference Shares shall have a right to receive repayment of capital paid up and arrears of dividend, whether declared or not, up to the commencement of winding up, in priority to any payment of capital on the equity shares out of the surplus of Vedanta Limited.
- (3) ADS shareholders do not have right to attend General meetings in person and also do not have right to vote. They are represented by depository, CITI Bank N.A. New York. As on March 31, 2018 - 24,84,24,696 equity shares were held in the form of 6,21,06,174 ADS (March 31, 2017- 21,70,19,900 equity shares in form of 5,42,54,975 ADS).
- (4) In terms of Scheme of Arrangement as approved by the Hon'ble High Court of Judicature at Mumbai, vide its order dated April 19, 2002, the erstwhile Sterlite Industries (India) Limited (merged with the Company during 2013-14) during 2002-2003 reduced its paid up share capital by ₹ 10 Crore. There are 204,525 equity shares (March 31, 2017: 199,026 equity shares) of ₹ 1 each pending clearance from NSDL/CDSL. The Company has filed an application in Hon'ble High Court of Mumbai to cancel these shares, the final decision on which is pending. Hon'ble High Court of Judicature at Mumbai, vide its interim order dated September 06, 2002 restrained any transaction with respect to subject shares.

## 18 Other equity (Refer statement of changes in equity)

- a) **General reserve:** Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn.
- b) **Debenture redemption reserve:** The Companies Act requires companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. Companies are required to maintain 25% as a reserve of outstanding redeemable debentures. The amounts credited to the debenture redemption reserve may not be utilised except to redeem debentures.
- c) **Preference share redemption reserve:** The Companies Act provides that companies that issue preference shares may redeem those shares from profits of the Company which otherwise would be available for dividends, or from proceeds of a new issue of shares made for the purpose of redemption of the preference shares. If there is a premium payable on redemption, the premium must be provided for, either by reducing the additional paid in capital (securities premium account) or net income, before the shares are redeemed. If profits are used to redeem preference shares, the value of the nominal amount of shares redeemed should be transferred from profits (retained earnings) to the preference share redemption reserve account. This amount should then be utilised for the purpose of redemption of redeemable preference shares. This reserve can be used to issue fully paid-up bonus shares to the shareholders of the Company.
- d) **Capital reserve:** The balance in capital reserve has mainly arisen consequent to merger of Cairn India Limited with the Company in the previous year as described in note 4.

## 19 Non current financial liabilities - Borrowings

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
<b>Secured (at amortised cost)</b>		
Redeemable Non Convertible Debentures	8,600	11,247
Term loans from banks		
Ruppee term loans	10,692	16,935
External commercial borrowings	-	648
<b>Unsecured (at amortised cost)</b>		
Deferred Sales Tax Liability	91	94
7.5% Redeemable Preference shares	3,010	-
<b>Non current financial liabilities - Borrowings (A)</b>	<b>22,393</b>	28,924
Less: Current maturities of long term borrowings (Refer note 25)	<b>(7,583)</b>	(6,676)
<b>Total Non current financial liabilities - Borrowings (Net)</b>	<b>14,810</b>	22,248
<b>Current financial liabilities - Borrowings (B) (Refer note 23)</b>	<b>18,320</b>	14,309
<b>Total Borrowings (A+B)</b>	<b>40,713</b>	43,233

- i) The Company has not defaulted in the repayment of loans and interest as at Balance Sheet date.
- ii) Bank loans availed by the Company are subject to certain covenants relating to interest service coverage, current ratio, debt service coverage ratio, total outside liabilities to total net worth, fixed assets coverage ratio, ratio of total term liabilities to net worth and return on fixed assets. The Company has complied with the covenants as per the terms of the loan agreement.

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 19 Non current financial liabilities - Borrowings continued

iii) Summary of Redeemable non convertible debentures (Carrying Value):

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
7.60% due May 2019	351	-
9.10% due April 2018 **	2,500	2,499
9.17% due July 2018 **	1,200	1,200
9.45% due August 2020	1,999	1,999
7.80% due December 2020	500	-
9.24% due December 2022 *	-	499
9.24% due December 2022 *	-	500
9.40% due November 2022 *	-	500
9.40% due October 2022 *	-	500
9.36% due October 2017	-	975
9.36% due December 2017	-	525
8.65% due September 2019	150	150
8.70% due April 2020	600	600
8.75% due April 2021	250	250
8.75% due September 2021	250	250
8.25% due October 2019	300	300
7.95% due April 2020 **	300	300
7.50% due November 2019 **	200	200
<b>Total</b>	<b>8,600</b>	<b>11,247</b>

\* The NCDs have been pre-paid during the year

\*\* The debenture holders of these NCDs and the Company have put and call option at the end of 5 years from the respective date of the allotment of the NCDs

### (iv) Summary of secured borrowings:

Vedanta Limited has taken borrowings towards funding of its acquisitions, capital expenditure and working capital requirements. The borrowings comprise of funding arrangements from various banks. The Company's total secured borrowings and a summary of security provided by the Company are as follows -

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
Secured long term borrowings	19,292	28,830
Secured short term borrowings	1,240	544
<b>Total secured borrowings</b>	<b>20,532</b>	<b>29,374</b>

Facility Category	Security details	(₹ in Crore)	
		As at March 31, 2018	As at March 31, 2017
Project Buyers' credit from banks	First pari passu charge on the entire current assets of Vedanta Limited, both present and future. First pari passu charge on all rights, title, claim and benefit in all the whole of the current assets of the borrower, both present and future, including stock & raw material, stock in process, semi-finished, finished goods and stores & spares not relating to plant and machinery (consumable stores & spares)	125	-
	Secured by first charge on entire stock of raw material, semi-finished goods, finished goods, consumable stores and spares and such other movables including book debts and bills of Vedanta Limited's Iron ore division at Goa and charge on Iron ore Goa's all other current assets including outstanding monies and receivables on pari passu basis	2	-
	Other secured project buyers' credit from banks	-	12
External commercial borrowings	Other secured external commercial borrowings	-	648

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 19 Non current financial liabilities - Borrowings continued

		(₹ in Crore)	
Facility Category	Security details	As at March 31, 2018	As at March 31, 2017
Redeemable Non Convertible Debentures	Secured by way of movable fixed assets in relation to the Lanjigarh Refinery Expansion Project including 210 MW Power Project for the Lanjigarh Refinery Expansion Project at Lanjigarh, Orissa	1,200	1,200
	a) Secured by way of "movable fixed assets" in relation to the 1.6 MTPA Aluminium Smelter alongwith 1215 MW (135MW * 9) captive power plant located in Jharsuguda and 1 MTPA Alumina Refinery alongwith 90 MW Co-generation power plant located at Lanjigarh in Odisha State and shall include all present movable plant and machinery, machinery spares, tools and accessories, fixtures, mechanical and electrical equipments, machinery and all other movable fixed assets and all estate, right, title, interest, property, claims and demands whatsoever in relation to assets.	2,500	2,500
	b) The whole of the movable fixed assets of the 1.6 MTPA Aluminium Smelter along with 1215 MW captive power plant in Jharsuguda and 1 MTPA alumina refinery alongwith 75 MW co-generation plant in Lanjigarh, including its movable plant and machinery, capital works-in-progress, machinery spares, tools and accessories, and other movable fixed assets		
	First Pari Passu charge on the movable fixed assets both present and future of 2400 MW (600 MW*4)Jharsuguda Power Plant	2,500	2,500
	Secured by way of first ranking pari passu charge on movable fixed assets in relation to the Lanjigarh Refinery Expansion Project (having capacity beyond 2 MTPA and upto 6 MTPA) situated at Lanjigarh, Orissa. The Lanjigarh Refinery Expansion Project shall specifically exclude the '1 MTPA alumina refinery of the Company along with 90 MW power plant in Lanjigarh' and all its related capacity expansions	1,550	1,550
	Secured by way of movable fixed assets of the Lanjigarh Refinery Expansion Project including 210 MW Power Project for the Lanjigarh Refinery Expansion Project with a minimum security cover of 1 time of the outstanding amount of the debenture	850	-
	Other secured redeemable non-convertible debentures	-	3,497
Working capital loans*	Secured by first pari passu charge on current assets, present and future of Vedanta Limited	308	366
	First pari passu charge on the entire current assets of Vedanta Limited, both present and future. First pari passu charge on all rights, title, claim and benefit in all the whole of the current assets of the borrower, both present and future, including stock and raw material. Stock in process, semi finished and finished goods, stores and spares not relating to plant, and machinery (consumable stores and spares)	639	-
	Secured by first charge on entire stock of raw material, semi-finished goods, finished goods, consumable stores and spares and all book debts of Vedanta Limited's Iron ore division at Goa on pari passu basis	166	166
Rupee Term loans	Secured by first pari passu charge by way of hypothecation on the entire movable property, plant and equipments (including CWIP) of the Aluminium and Power Project, both present and future except for assets acquired under buyer's credit where there is a second charge; and mortgage by deposit of documents of title of the land pertaining to the property, plant and equipments. Aluminium and Power project shall mean the manufacturing facilities comprising of (i) alumina refinery having output of 1 MTPA along with co-generation captive power plant with an aggregate capacity of 75 MW at Lanjigarh, Orissa. (ii) aluminium smelter having an output of 1.6 MTPA along with a 1215 (9x135) MW CPP at Jharsuguda, Orissa	2,048	2,659
	Secured by creating first pari-passu charge by way of hypothecation of the movable property, plant and equipments except for assets acquired under buyer's credit where there is a second charge, and mortgage on all the immovable property, plant and equipments of the Aluminium Division of Vedanta Limited, both present and future, including leasehold land	5,521	9,292
	Secured by a first pari passu charge by way of hypothecation on the entire movable property, plant and equipments (including CWIP) of the project at Vedanta Limited's Jharsuguda Aluminium division except for assets acquired under buyer's credit where there is a second charge, both present and future; and mortgage by deposit of documents of title of the land pertaining to the property, plant and equipments	1,891	1,942
	Secured by aggregate of the property, plant and equipments of Aluminium Division and the Lanjigarh Expansion Project reduced by the outstanding amount of other borrowings having first pari passu charge on the property, plant and equipments of Aluminium division and the Lanjigarh Expansion Project except for assets acquired under buyer's credit where there is a second charge	1,232	1,245
	Other secured rupee term loans	-	1,797
	<b>Total</b>		<b>20,532</b>

\* Represents loans repayable on demand from banks, packing credit in foreign currencies from banks and amounts due on factoring.

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 19 Non current financial liabilities - Borrowings continued

v) Terms of repayment of total borrowings outstanding as at March 31, 2018 are provided below -

(₹ in Crore)

Borrowings	Weighted average interest rate as at March 31, 2018	Total carrying value	<1 year	1-3 years	3-5 years	>5 years	Remarks
Rupee Term Loan	8.36%	10,692	866	5,388	2,303	2,168	Repayable in 171 quarterly installments and 6 installments payable in the gap of 5 months and 7 months
Redeemable Non Convertible Debentures	8.89%	8,600	3,700	4,400	500	-	- Repayable in 13 bullet payments
Commercial paper	7.35%	14,815	14,980	-	-	-	- Repayable in 88 bullet payments
Working capital loan*	7.71%	3,313	3,313	-	-	-	- Export packing credit is repayable within 1-6 months from the date of drawal and cash credit can be repaid anytime as per the availability of business surplus during the validity of the facility.
Project Buyers' credit from banks	1.77%	127	127	-	-	-	- Repayable in 15 bullet payments
Amounts due on factoring	8.50%	65	65	-	-	-	- Repayable in 1 bullet payment
Deferred sales tax liability	NA	91	10	37	41	29	29 Repayable monthly in 14 years from the date of deferment. The loan was initially measured at fair value using a discount rate of 7.50%
Redeemable Preference shares	7.50%	3,010	3,010	-	-	-	- Repayable in 1 bullet payment upon 18 months from date of issuance
<b>Total</b>		<b>40,713</b>	<b>26,071</b>	<b>9,825</b>	<b>2,844</b>	<b>2,197</b>	

The above maturity is based on the total principal outstanding gross of issue expenses.

\* Represents loans repayable on demand from banks for ₹ 477 Crore and packing credit in foreign currencies from banks.

Terms of repayment of total borrowings outstanding as at March 31, 2017 are provided below -

(₹ in Crore)

Borrowings	Weighted average interest rate as at March 31, 2017	Total carrying value	<1 year	1-3 years	3-5 years	>5 years	Remarks
Rupee Term Loan	9.58%	16,935	2,520	3,413	8,483	2,519	Repayable in 200 quarterly installments and 20 half yearly installments
External Commercial Borrowings	2.46%	648	648	-	-	-	- Repayable in 1 bullet payment
Redeemable Non Convertible Debentures	9.16%	11,247	3,499	4,149	3,599	-	- Repayable in 17 bullet payments
Commercial paper	6.64%	12,595	12,595	-	-	-	- Repayable in 8 bullet payments
Working capital loan*	8.14%	1,194	1,194	-	-	-	- Export packing credit is repayable within 1-6 months from the date of drawal and cash credit can be repaid anytime as per the availability of business surplus during the validity of the facility
Project Buyers' credit from banks	1.50%	12	12	-	-	-	- Repayable in 1 bullet payment
Amounts due on factoring	3.92%	508	508	-	-	-	- Repayable in 2 bullet payments
Deferred sales tax liability	NA	94	9	28	32	58	58 Repayable monthly in 14 years from the date of deferment. The loan was initially measured at fair value using a discount rate of 7.50%
<b>Total</b>		<b>43,233</b>	<b>20,985</b>	<b>7,590</b>	<b>12,114</b>	<b>2,577</b>	

The above maturity is based on the total principal outstanding gross of issue expenses.

\* Includes loans repayable on demand from banks for ₹ 24 crore and packing credit in foreign currencies from banks.

\* Represents loans repayable on demand from banks, packing credit in foreign currencies from banks and amounts due on factoring

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 19 Non current financial liabilities - Borrowings continued

(vi) Movement in borrowings during the year is provided below-

Particulars	(₹ in Crore)		
	Borrowings due within one year- Carrying value	Borrowings due after one year -Carrying value	Total
<b>Opening balance at April 1, 2016</b>	<b>10,251</b>	<b>23,217</b>	<b>33,468</b>
Cash flow	6,907	2,832	9,739
Other non cash changes	3,827	(3,801)	26
<b>As at April 1, 2017</b>	<b>20,985</b>	<b>22,248</b>	<b>43,233</b>
Cash flow	(2,693)	(2,902)	(5,595)
Other non cash changes	7,611	(4,536)	3,075
<b>As at March 31, 2018</b>	<b>25,903</b>	<b>14,810</b>	<b>40,713</b>

Other non-cash changes comprises of amortisation of borrowing costs, foreign exchange difference on borrowings and reclassification between borrowings due within one year and borrowings due after one year. Additionally non cash changes for the year ended March 31, 2018 includes preference shares issued on merger (Refer Note 4).

## 20 Non current financial liabilities - Others

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
Payables for purchase of property, plant and equipment	44	197
Security deposits from vendors & others	-	1
Obligation for issuance of redeemable preference shares pursuant to merger (Refer note 4) <sup>a</sup>	-	3,010
<b>Total</b>	<b>44</b>	<b>3,208</b>

(a) For terms and conditions refer note 17(G).

## 21 Non current - Provisions

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits (Refer note 39) <sup>a</sup>	32	51
Provision for restoration, rehabilitation and environmental costs <sup>b</sup>	820	757
<b>Total</b>	<b>852</b>	<b>808</b>

a) Includes gratuity, compensated absences, deferred cash bonus etc.

b) The movement in provisions for restoration, rehabilitation and environmental costs is as follows (Refer note 3(p)):

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
<b>Opening balance</b>	<b>759</b>	<b>895</b>
Additions during the year	8	4
Unwinding of discount	27	32
Revision in estimates	41	(151)
Amount utilised during the year	(1)	-
Unused amounts reversed (Refer note 34 (d))	(17)	-
Exchange differences	3	(21)
<b>Closing balance</b>	<b>820</b>	<b>759</b>
<b>Classified as:</b>		
Current	-	2
Non current	820	757
<b>Total</b>	<b>820</b>	<b>759</b>



# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 22 Other non-current liabilities

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
Deferred government grant <sup>a</sup>	2,479	2,541
<b>Total</b>	<b>2,479</b>	<b>2,541</b>

a. Represents government assistance in the form of the duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme and Special Economic Zone (SEZ) scheme on purchase of property, plant and equipments accounted for as government grant and being amortised over the useful life of such assets.

## 23 Current financial liabilities - Borrowings\*

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
<b>At amortised cost</b>		
<b>Secured</b>		
Project buyers credit from banks	127	12
Loans repayable on demand from Banks	477	24
Packing credit in foreign currencies from banks	636	-
Amounts due on factoring	-	508
<b>Unsecured</b>		
Working Capital Loan	95	-
Packing credit in foreign currencies from banks	2,105	1,170
Commercial paper	14,815	12,595
Amounts due on factoring	65	-
<b>Total</b>	<b>18,320</b>	<b>14,309</b>

\* Refer note 19 for borrowing details

The Company has discounted trade receivables on recourse basis of ₹ 65 Crore (March 31, 2017: ₹ 520 Crore). Accordingly, the monies received on this account are shown as borrowings as the trade receivables does not meet de-recognition criteria. The above borrowings pertaining to trade receivables discounted has been restated on account of foreign exchange fluctuation.

## 24 Current financial liabilities - Trade payables

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
Trade payables: <sup>(a)(c)</sup>		
Total outstanding dues of micro and small enterprises (Refer note 42 for details of dues to micro and small enterprises)	84	26
Total outstanding dues of creditors other than micro and small enterprises	5,530	4,480
Operational buyers credit <sup>(b)</sup>	8,452	10,469
<b>Total</b>	<b>14,066</b>	<b>14,975</b>

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

(b) Operational Buyer's Credit is availed from offshore banks at an interest rate ranging from 1.5% to 3.5% per annum and are repayable within one year from the date of draw down, based on the letter of comfort issued under working capital facilities sanctioned by domestic banks. Some of these facilities are secured by first pari-passu charge over the present and future current assets of the Company.

(c) For amounts due and terms and conditions relating to related party payables see note 51.

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 25 Current financial liabilities - Others

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
Current maturities of long term borrowings <sup>(a)</sup>	7,583	6,676
Interest accrued but not due on borrowings	738	723
Derivative instruments (Refer note 48)	26	561
Unpaid/unclaimed dividend <sup>(b)</sup>	87	365
Profit petroleum payable	481	580
Payables for purchase of property, plant and equipment	1,655	1,640
Dues to related parties (Refer note 51)	3	13
Security deposits from vendors	17	16
Interim dividend payable	-	6,580
Other Liabilities <sup>(c)</sup>	1,680	653
Obligation recognised pursuant to merger (Refer note 4)	-	6,832
<b>Total</b>	<b>12,270</b>	<b>24,639</b>

(a) Current Maturities of Long Term Borrowings consists of:

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
Redeemable non-convertible debentures	3,700	3,499
Deferred sales tax liability	10	9
Term loans from banks		
Rupee term loans	863	2,520
External commercial borrowings	-	648
7.5% Redeemable preference shares	3,010	-
<b>Total (Refer note 19)</b>	<b>7,583</b>	<b>6,676</b>

(b) Does not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund except ₹ 38 Lacs (March 31, 2017: ₹ 38 Lacs) which is held in abeyance due to a pending legal case.

(c) Includes revenue received in excess of entitlement interest of ₹ 648 Crore (March 31, 2017 : ₹ 5 Crore), reimbursement of expenses, provision for expenses, liabilities related to compensation/claim etc.

## 26 Other current liabilities

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
Statutory and other liabilities <sup>a</sup>	1,128	703
Amount payable to owned post-employment benefit trust (Refer note 51)	2	1
Advance from customers <sup>b</sup>	3,614	2,777
Advance from related party (Refer note 51)	-	14
Deferred government grant <sup>c</sup>	71	66
<b>Total</b>	<b>4,815</b>	<b>3,561</b>

a) Statutory and other liabilities mainly includes contribution to PF, ESIC, withholding taxes, goods & service tax, excise duty, VAT, service tax etc.

b) Advance from customers includes the amount received under long term supply agreements. The portion of advance that is expected to be settled within next 12 months has been classified as current liability.

c) Represents current portion of government assistance in the form of the duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme and Special Economic Zone scheme on purchase of property, plant and equipments accounted for as government grant and being amortised over the useful life of such assets.

## 27 Current provisions

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits <sup>a</sup>	129	80
Provision for restoration, rehabilitation and environmental costs (Refer note 21)	-	2
<b>Total</b>	<b>129</b>	<b>82</b>

a) Includes gratuity, compensated absences, deferred cash bonus etc.

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 28 Revenue from operations

Particulars	(₹ in Crore)	
	Year ended March 31, 2018	Year ended March 31, 2017
Sale of products (excluding excise duty) <sup>(a)</sup>	45,884	37,164
Less: Government share of profit petroleum	(1,598)	(1,696)
<b>Total sale of products (excluding excise duty)</b>	<b>44,286</b>	<b>35,468</b>
Add: Excise duty	450	1,877
<b>Total sale of products (including excise duty)</b>	<b>44,736</b>	<b>37,345</b>
Sale of services		
Job work	689	753
Others	71	92
<b>Other operating revenues</b>		
Export incentives	263	155
Scrap sales	100	32
Miscellaneous income	115	163
<b>Gross revenue from operations</b>	<b>45,974</b>	<b>38,540</b>

a) With effect from July 01, 2017 Goods and Service Tax (GST) has been implemented which has replaced several indirect taxes including excise duty. While Ind-AS required excise duty to be included while computing revenues, GST is required to be excluded from revenue computation. Accordingly "Revenue from operation (net of excise duty)" has been additionally disclosed to enhance comparability of financial information.

## 29 Other Income

Particulars	(₹ in Crore)	
	Year ended March 31, 2018	Year ended March 31, 2017
Net gain on current investments measured at FVTPL	615	1,042
Interest income from investments measured at FVTPL	232	316
Interest Income from financial assets at amortised cost		
- Bank Deposits	49	53
- Loans	11	28
- Others	121	71
Dividend income from investments in subsidiaries	2,195	8,065
Dividend income from other investments measured at FVOCI	1	1
Dividend income from investments in measured at FVTPL	8	-
Net gain on foreign currency transactions and translation	307	-
Deferred government grant	69	65
Interest on outstanding income tax refunds	181	-
Miscellaneous income	77	64
<b>Total</b>	<b>3,866</b>	<b>9,705</b>

## 30 Changes in inventories of finished goods and work-in-progress

Particulars	(₹ in Crore)	
	Year ended March 31, 2018	Year ended March 31, 2017
<b>Opening Stock:</b>		
Finished Goods	403	298
Work in Progress	1,764	1,457
<b>Total</b>	<b>2,167</b>	<b>1,755</b>
Add: Foreign exchange translation difference	0	(5)
Less: Impairment of stock during the year (Refer note 34 (d))	3	-
<b>Closing Stock</b>		
Finished Goods	364	403
Work in Progress	1,811	1,764
<b>Total</b>	<b>2,175</b>	<b>2,167</b>
<b>Changes in Inventory</b>	<b>(11)</b>	<b>(417)</b>

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 31 Employee benefits expense <sup>(a)</sup>

Particulars	(₹ in Crore)	
	Year ended March 31, 2018	Year ended March 31, 2017
Salaries and Wages	1,165	1,235
Share based payments (Refer note 38)	56	58
Contributions to provident and other funds (Refer Note 39)	85	80
Staff welfare expenses	84	78
Less: Cost allocated/directly booked in Joint ventures	(588)	(667)
<b>Total</b>	<b>802</b>	<b>784</b>

a. Net of recoveries of ₹ 56 Crore ( March 31, 2017 : ₹ 70 Crore) from subsidiaries.

## 32 Other Expenses \*

Particulars	(₹ in Crore)	
	Year ended March 31, 2018	Year ended March 31, 2017
Cess on crude oil	1,085	983
Carriage	609	635
Consumption of stores and spare parts	520	717
Royalty	254	245
Repairs to plant and equipment	407	376
Repairs to building	59	50
Repairs others	95	67
Mine expenses	206	318
Water charges	155	126
Rates and taxes	25	32
Cess on power sale	-	3
Net loss on foreign currency transactions and translation	-	112
Insurance	75	56
Rent	52	49
Conveyance & travelling expenses	68	50
Power scheduling/unscheduling charges	-	42
Exploration costs written off (Refer note 5)	-	29
Loss on sale of property, plant and equipment	11	19
Remuneration to Auditors <sup>(a)</sup>	11	11
Excise duty on changes in inventory	(4)	7
Provision for doubtful trade receivables / advances	38	2
Loss on sale of subsidiary	-	3
Directors sitting fees and commission	3	3
Miscellaneous expenses <sup>(b)(c)</sup>	1,366	965
Less: Cost allocated/directly booked in Joint ventures	(277)	(205)
<b>Total</b>	<b>4,758</b>	<b>4,695</b>

\* Net of recoveries of ₹ 73 Crore ( March 31, 2017 : ₹ 57 Crore) from subsidiaries

a. Remuneration to auditors comprises of:

Particulars	(₹ in Crore)	
	Year ended March 31, 2018	Year ended March 31, 2017
Payment to auditors		
For statutory audit (including quarterly reviews)	6	6
For parent Company and US reporting	4	4
For tax audits and transfer pricing certifications	0	0
For certification services	0	0
For other services	-	0
For reimbursement of expenses	1	1
<b>Total</b>	<b>11</b>	<b>11</b>

b. Includes Corporate social responsibility expenses of ₹ 45 Crore (March 31, 2017 : ₹ 49 Crore) as detailed in note 41.

c. Includes refund of ₹ 4.28 Crore being the donation given to a political party.

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 33 Finance Cost

Particulars	(₹ in Crore)	
	Year ended March 31, 2018	Year ended March 31, 2017
Interest expense on financial liabilities at amortised cost <sup>(a), (b)</sup>	3,195	3,148
Other finance costs	676	590
Net interest on defined benefit arrangement	2	3
Unwinding of discount and effect of changes in discount rate on provisions (Refer note 21)	27	32
Exchange differences regarded as an adjustment to borrowing cost	-	123
Less: Cost allocated to Joint Venture	(0)	(0)
<b>Total</b>	<b>3,900</b>	<b>3,896</b>

a) Includes ₹ 209 Crore (March 31, 2017 : Nil) on redeemable preference shares.

b) Net of interest cost of ₹ 349 Crore (March 31, 2017 : ₹ 556 Crore) capitalised during the year, relating to funds borrowed specifically to acquire/construct the qualifying assets. The capitalisation rate of these borrowings is approximately 8.1% (March 31, 2017 : approximately 9%).

## 34 Exceptional Items

Particulars	(₹ in Crore)	
	Year ended March 31, 2018	Year ended March 31, 2017
Loss on unusable capital work-in-progress <sup>(a)</sup>	(251)	-
Impairment of capital work-in-progress <sup>(b)</sup>	-	(201)
Reversal of impairment on Property, plant and equipments and exploration intangible assets under development <sup>(c)</sup>	3,513	252
Impairment of Iron ore assets <sup>(d)</sup>	(452)	-
Net gain on recognition or settlement of obligation recognised pursuant to merger (Refer note 4)	-	1,370
Charge pursuant to adverse arbitration order <sup>(e)</sup>	(113)	-
Net reversal/(charge) of impairment on investment in subsidiaries <sup>(f)</sup>	2,710	(97)
<b>Total</b>	<b>5,407</b>	<b>1,324</b>

a. During the year ended March 31, 2018, the Company has recognised a loss of ₹ 251 Crore relating to certain items of capital work-in-progress at the aluminium operations, which are no longer expected to be used.

b. During the year ended March 31, 2017, the Company has recognised ₹ 201 Crore impairment charge relating to certain old items of capital work-in-progress at the Alumina refinery operations.

c. During the year ended March 31, 2018, the Company has recognized net impairment reversal of ₹ 3,513 Crore on its assets in the oil and gas segment comprising of:

i) reversal of previously recorded impairment charge of ₹ 3,622 Crore relating to Rajasthan oil and gas block ("CGU") mainly following the progress on key growth projects expected to result in the enhanced recovery of resources in a commercially viable manner leading to a higher forecast of oil production and adoption of integrated development strategy for various projects leading to savings in cost. Of this reversal, ₹ 536 Crore reversal has been recorded against oil and gas producing facilities and ₹ 3,086 Crore reversal has been recorded against exploration intangible assets under development.

The recoverable amount of the Company's share in Rajasthan Oil and Gas cash generating unit "RJ CGU" was determined to be ₹ 8,664 Crore (US \$ 1,332 million) and ₹ 6,815 Crore (US \$ 1,051 million) as at March 31, 2018 and March 31, 2017 respectively.

The recoverable amount of the RJ CGU was determined based on the fair value less costs of disposal approach, a level-3 valuation technique in the fair value hierarchy, as it more accurately reflects the recoverable amount based on the Company's view of the assumptions that would be used by a market participant. This is based on the cash flows expected to be generated by the projected oil and natural gas production profiles up to the expected dates of cessation of production sharing contract (PSC)/cessation of production from each producing field based on the current estimates of reserves and risked resources. Reserves assumptions for fair value less costs of disposal tests consider all reserves that a market participant would consider when valuing the asset, which are usually broader in scope than the reserves used in a value-in-use test. Discounted cash flow analysis used to calculate fair value less costs of disposal uses assumption for short-term oil price of US \$ 62 per barrel for the next one year (March 31, 2017: US \$ 58 per barrel) and scales upto long-term nominal price of US \$ 65 per barrel three years thereafter (March 31, 2017: US \$ 70 per barrel) derived from a consensus of various analyst recommendations. Thereafter, these have been escalated at a rate of 2.5% per annum. The cash flows are discounted using the post-tax nominal discount rate of 10.1% (March 31, 2017: 10.2%) derived from the post-tax weighted average cost of capital after factoring in the risks ascribed to PSC extension including successful implementation of key growth projects. Based on the sensitivities carried out by the Company, change in crude price assumptions by US\$ 1/bbl and changes to discount rate by 0.5% would lead to a change in recoverable value by ₹ 238 Crore (US \$ 37 million) and ₹ 180 Crore (US \$ 28 million) respectively.

ii) impairment charge of ₹ 109 Crore recorded against exploration intangible assets under development representing the carrying value of exploratory wells in Block PR-OSN-2004/1 which has been relinquished during the year.

During the year ended March 31, 2017, the Company has recognized net impairment reversal of ₹ 252 Crore relating to Rajasthan Oil and Gas block. Of this net reversal, ₹ 114 Crore charge has been recorded against cost of oil and gas producing facilities and ₹ 366 Crore reversal has been recorded against exploration intangible assets under development.

d. During the year ended March 31, 2018, the Company has recognized an impairment charge of ₹ 452 Crore as against the net carrying value of ₹ 1,048 Crore on its iron ore assets in Goa in the iron ore segment.

Pursuant to an order passed by the Hon'ble Supreme Court of India on February 7, 2018 the second renewal of the mining leases granted by the State of Goa to all miners including Vedanta were cancelled. Consequentially all mining operations stopped with effect from March 16, 2018 until fresh mining leases (not fresh renewals or other renewals) and fresh environmental clearances are granted in accordance with the provisions of the The Mines and Minerals (Development and Regulation) (MMDR) Act.

Significant uncertainty exists over the resumption of mining at Goa under the current leases. The Company has assessed the recoverable value of all its assets and liabilities associated with existing mining leases which led to a non-cash impairment charge. Upon consideration of past precedence, the provision for restoration and rehabilitation with respect to these mines has been assessed as Nil, as the Company believes that the same would be carried out by the future successful bidder at the time of mine closure.

e. Charge pursuant to unfavourable arbitration order- ₹ 113 Crore (Refer note 49 (b) - Contractor claims).

f. During the year ended March 31, 2018 and March 31, 2017 the Company has recognized net impairment reversal of ₹ 2,710 Crore and net impairment charge of ₹ 97 Crore respectively, on its investment in subsidiaries, comprising of:

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 34 Exceptional Items continued

Particulars	(₹ in Crore)	
	Year ended March 31, 2018	Year ended March 31, 2017
Reversal of impairment on investment in Cairn India Holdings Limited (Refer (i) below)	3,358	313
Impairment charge on investment in Bloom Fountain Limited pursuant to merger (Refer note 4)	-	(410)
Impairment charge on investment in Sesa Resources Limited (Refer (ii) below)	(648)	-
<b>Net Impairment reversal/(charge) on investment in subsidiaries</b>	<b>2,710</b>	<b>(97)</b>

- (i) Cairn India Holding Limited ('CIHL') holds 35% share in Rajasthan oil and gas block through its step down subsidiary Cairn Energy Hydrocarbons Limited. The recoverable value of investment in CIHL was determined to be ₹ 13,754 Crore (US \$ 2,115 million) and ₹ 17,157 Crore (US \$ 2,646 million) as at March 31, 2018 and March 31, 2017 respectively, represented by CIHL's share of discounted cash flows in RJ CGU held through its subsidiary and net fair value of its other assets. (Refer note (c)(i) above).
- (ii) The net recoverable value of investment in Sesa Resources Limited ('SRL') was determined to be ₹ 109 Crore. The Supreme Court judgement relating to iron ore mining in Goa resulted in impairment. The recoverable value is represented by the estimated selling price of the underlying assets of SRL. (Refer note (d) above).

## 35 Tax expense

### (a) Tax charge/(credit) recognised in profit or loss

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
<b>Current tax:</b>		
Current tax on profit for the year	-	2
<b>Total Current Tax (a)</b>	<b>-</b>	<b>2</b>
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	994	(258)
Charge in respect of deferred tax for earlier years	32	(102)
Net charge in respect of exceptional items	942	87
<b>Total Deferred Tax (b)</b>	<b>1,968</b>	<b>(273)</b>
<b>Total tax charge (a+b)</b>	<b>1,968</b>	<b>(271)</b>
<b>Accounting profit before tax</b>	<b>9,224</b>	<b>10,798</b>
<b>Effective income tax rate (%)</b>	<b>21%</b>	<b>(3%)</b>

(b) A reconciliation of income tax expense / (credit) applicable to accounting profit before tax at the Indian statutory income tax rate to recognised income tax expense for the year indicated are as follows:

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
<b>Accounting profit before tax</b>	<b>9,224</b>	<b>10,798</b>
Indian statutory income tax rate	<b>34.608%</b>	<b>34.608%</b>
<b>Tax at statutory income tax rate</b>	<b>3,192</b>	<b>3,737</b>
Disallowable expenses	88	18
Non-taxable income	(865)	(3,055)
Tax holidays and similar exemptions	(8)	(524)
Unrecognised tax assets (net)	-	341
Change in deferred tax balances due to change in income tax rate from 34.608% to 34.944%	41	-
Investment allowances	-	(284)
Charge/(credit) in respect of earlier years	32	(102)
Other permanent differences	(512)	(402)
<b>Total</b>	<b>1,968</b>	<b>(271)</b>

Certain businesses of the Company are eligible for specified tax incentives which are included in the table above as tax holidays and similar exemptions. These are briefly described as under:

#### The location based exemption: SEZ Operations

In order to boost industrial development and exports, provided certain conditions are met, profits of undertaking located in Special Economic Zone ('SEZ') may benefit from a tax holiday. Such a tax holiday works to exempt 100% of the profits for the first five years from the commencement of the tax holiday, 50% of profits for five years thereafter and 50% of the profits for further five years provided the amount allowable in respect of deduction is credited to Special Economic Zone Re-Investment Reserve account. However, such undertaking would continue to be subject to the Minimum Alternative tax ('MAT').

The Company has setup SEZ Operations in its aluminium division (where no benefit has been drawn).

#### Sectoral Benefit - Power Plants

To encourage the establishment of certain power plants, provided certain conditions are met, tax incentives exist to exempt 100% of profits and gains for any ten consecutive years within the 15 years period following commencement of the power plant's operation. However, such undertakings generating power would continue to be subject to the MAT provisions.

The total effect of such tax holidays and exemptions was ₹8 crore for the year ended March 31, 2018 (March 31, 2017: ₹524 crore).

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 35 Tax expense continued

### Investment Allowance u/s 32 AC of the Income Tax Act -

Incentive for acquisition and installation of new high value plant or machinery to manufacturing companies by providing an additional deduction of 15% of the actual cost of plant or machinery acquired and installed during the year. The actual cost of the new plant or machinery should exceed ₹25 Crore to be eligible for this deduction. Deduction u/s 32AC was available up to financial year ended March 31, 2017.

### (c) Deferred tax assets/liabilities

The Company has accrued significant amounts of deferred tax. The majority of the deferred tax liability represents accelerated tax relief for the depreciation of property, plant and equipment and the depreciation on mining reserves, net of losses carried forward by Vedanta Limited (post the re-organisation) and unused tax credit in the form of MAT credits carried forward. Significant components of Deferred tax (assets) & liabilities recognized in the balance sheet are as follows :

#### For the year ended 31 March 2018

(₹ in Crore)

Significant components of Deferred tax (assets) & liabilities	Opening balance as at April 1, 2017	Charged / (credited) to statement of profit or loss	Charged / (credited) to other comprehensive income	Charged / (credited) to Equity	Exchange difference transferred to foreign operation	Closing balance as at March 31, 2018
Property, Plant and Equipment	5,267	1,912	-	-	16	7,195
Voluntary retirement scheme	(5)	(1)	-	-	-	(6)
Employee benefits	(20)	9	(5)	-	-	(16)
Fair valuation of derivative asset/liability	6	-	(2)	-	-	4
Fair valuation of other asset/liability	329	(191)	-	-	-	138
Unused tax asset MAT credit entitlement	(3,971)	-	-	-	-	(3,971)
Unabsorbed depreciation and tax losses	(3,322)	337	-	-	-	(2,985)
Other temporary differences	(242)	(98)	7	-	-	(333)
<b>Total</b>	<b>(1,958)</b>	<b>1,968</b>	<b>0</b>	<b>-</b>	<b>16</b>	<b>26</b>

#### For the year ended 31 March 2017

(₹ in Crore)

Significant components of Deferred tax (assets) & liabilities	Opening balance as at April 1, 2016	Charged / (credited) to statement of profit or loss	Charged / (credited) to other comprehensive income	Charged / (credited) to Equity	Exchange difference transferred to foreign operation	Closing balance as at March 31, 2017
Property, Plant and Equipment	5,601	(308)	-	-	(26)	5,267
Voluntary retirement scheme	(7)	2	-	-	-	(5)
Employee benefits	(19)	-	(1)	-	-	(20)
Fair valuation of derivative asset/liability	(4)	-	10	-	-	6
Fair valuation of other asset/liability	235	94	-	-	-	329
Unused tax asset MAT credit entitlement	(3,890)	(81)	-	-	-	(3,971)
Unabsorbed depreciation and tax losses	(3,393)	71	-	-	-	(3,322)
Other temporary differences	(216)	(51)	21	4	-	(242)
<b>Total</b>	<b>(1,693)</b>	<b>(273)</b>	<b>30</b>	<b>4</b>	<b>(26)</b>	<b>(1,958)</b>

Recognition of deferred tax assets on MAT credit entitlement is based on the Company's present estimates and business plans as per which the same is expected to be utilized within the stipulated fifteen year period from the date of origination.

Unused tax losses for which no deferred tax asset is recognized amount to ₹ 270 Crore and Nil as at March 31, 2018 and March 31, 2017 respectively. The unused tax losses expire as detailed below :

(₹ in Crore)

Year ended	Nature of unrecognised deferred tax assets	Within one year	Greater than one year, less than five years	Greater than five years	No expiry date	Total
March 31, 2018	Unutilised Capital losses	128	142	-	-	270
March 31, 2017	Unutilised Capital losses	-	-	-	-	-

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 36 Earnings per equity share

Particulars	(₹ in Crore except as stated)	
	As at March 31, 2018	As at March 31, 2017
Profit/(Loss) after tax and exceptional items	7,256	11,069
Less: Notional Preference Dividend *	(17)	(272)
Profit/(Loss) after tax and exceptional items attributable to equity share holders for Basic and Diluted EPS	7,239	10,797
Add: Exceptional items (net of tax)	(4,465)	(1,237)
Profit after tax but before exceptional items attributable to equity share holders for Basic and Diluted EPS	2,774	9,560
No. of Equity shares outstanding	372	297
Add: Shares to be issued pursuant to merger (Refer note 4)	-	75
Total Weighted Average no. of equity shares outstanding during the year for Basic and Dilutive EPS	372	372
Basic and Diluted Earnings/(Loss) per share after tax and exceptional items (in ₹)	19.47	29.04
Basic and Diluted Earnings/(Loss) per share after tax but before exceptional items (in ₹)	7.46	25.72
Nominal value per share (in ₹)	1.00	1.00

\* till the date of issuance of preference shares i.e till April 28, 2017.

## 37 Distributions made and proposed

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
<b>Amounts recognised as distributions to equity shareholders:</b>		
Final dividend (March 31, 2016: ₹ 3/- per share (by erstwhile Cairn India Ltd.)) (Refer note 4) <sup>(a)</sup>	-	225
Interim dividend (March 31, 2018 : ₹ 21.20/- per share, March 31, 2017 : ₹ 1.75/- & 17.70/- per share) <sup>(b)</sup>	7,881	7,099
Dividend distribution tax (DDT) on above <sup>(c)</sup>	-	46
	7,881	7,370
<b>Preference dividends on redeemable preference shares :</b>		
Preference dividends for the year : 7.5% p.a. (March 31, 2017: Nil) <sup>(d)</sup>	209	-
Dividend distribution tax (DDT) on preference dividend <sup>(e)</sup>	-	-
<b>Total</b>	<b>209</b>	<b>7,370</b>

- a) The above does not include dividend and tax thereon paid by erstwhile Cairn India Limited to its fellow subsidiaries.  
 b) The Board of Directors of the Company declared an interim dividend of ₹ 6,580 Crore on March 30, 2017 which has been paid during the current year.  
 c) Tax on interim and final dividend (net of dividend from subsidiary) u/s 115O of the Income Tax Act, 1961.  
 d) Dividend @ 7.5% p.a. on the redeemable preference shares of face value of ₹ 10/- per preference share as per their terms of issuance was declared during the year ended March 31, 2018. The same has been accounted for as a interest cost and has been recorded in the statement of profit and loss. (Refer note 33)

## 38 Share Based Payments

The Company offers equity based option plans to its employees, officers and directors through the Company's stock option plan introduced in the previous year, Cairn India's stock option plan now administered by the Company pursuant to merger with the Company and Vedanta Resources Plc plans [Vedanta Resources Long-Term Incentive Plan ("LTIP"), Employee Share Ownership Plan ("ESOP"), Performance Share Plan ("PSP") and Deferred Share Bonus Plan ("DSBP")] collectively referred as 'VR PLC ESOP' scheme.

### The Vedanta Limited Employee Stock Option Scheme (ESOS) 2016

The Company introduced an Employee Stock Option Scheme 2016 ("ESOS"), which was approved by the Vedanta Limited shareholders to provide equity settled incentive to all employees of the Company including subsidiary companies. The ESOS scheme includes both tenure based and performance based on stock option options. The maximum value of options that can be awarded to members of the wider management group is calculated by reference to the grade average cost-to-company ("CTC") and individual grade of the employee. The performance conditions attached to the option is measured by comparing company's performance in terms of Total Shareholder Return ("TSR") over the performance period with the performance of two group of comparator companies (i.e. Indian and global comparator companies) defined in the scheme. The extent to which an option vests will depend on the Company's TSR rank against a group or groups of peer companies at the end of the performance period and as moderated by the Remuneration Committee. Dependent on the level of employee, part of these options will be subject to a continued service condition only with the remainder measured in terms of TSR.

The performance condition is measured by taking Vedanta Limited's TSR at the start and end of the performance period (without averaging), and comparing its performance with that of the comparator group or groups. The information to enable this calculation to be carried out on behalf of the Nomination and Remuneration Committee (the Committee) is provided by the Company's advisers. The Committee considers that this performance condition, which requires that the Company's total return has outperformed a group of industry peers, provides a reasonable alignment of the interests of participants with those of the shareholders.



# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 38 Share Based Payments continued

Initial options under the ESOS were granted on 15 December 2016. Further during the year, new options were granted in September 2017, October 2017 and November 2017. However, in the scheme launched during the year, business performance ("EBIDTA") set against business plan for the financial year is included as an additional condition. The exercise price of the options is ₹ 1 per share and the performance period is three years, with no re-testing being allowed.

The details of share options for the year ended March 31, 2018 is presented below:

Year of Grant	Exercise Date	Options outstanding April 1, 2017	Options granted during the year	Options lapsed during the year	Options lapsed during the year owing to performance conditions	Options exercised during the year	Options outstanding March 31, 2018
2017	15 December 2016-14 December 2019	<b>78,03,400</b>	-	<b>6,70,998</b>	-	-	<b>71,32,402</b>
2018	1 September 2017-31 August 2020	-	<b>1,00,41,040</b>	<b>3,93,310</b>	<b>5,81,568</b>	-	<b>90,66,162</b>
2018	16 October 2017-15 October 2020	-	<b>11,570</b>	-	<b>573</b>	-	<b>10,997</b>
2018	1 November 2017-31 October 2020	-	<b>28,740</b>	-	<b>1,422</b>	-	<b>27,318</b>
		<b>78,03,400</b>	<b>1,00,81,350</b>	<b>10,64,308</b>	<b>5,83,563</b>	-	<b>1,62,36,879</b>

The details of share options for the year ended March 31, 2017 is presented below:

Year of Grant	Exercise Date	Options outstanding April 1, 2017	Options granted during the year	Options lapsed during the year	Options lapsed during the year owing to performance conditions	Options exercised during the year	Options outstanding March 31, 2018
2016	15 December 2016-14 December 2019	-	80,00,000	1,96,600	-	-	78,03,400

The fair value of all options has been determined at the date of grant of the option allowing for the effect of any market-based performance conditions. This fair value, adjusted by the Group's estimate of the number of options that will eventually vest as a result of non-market conditions, is expensed over the vesting period.

The fair values were calculated using the Black-Scholes Model for tenure based and EBIDTA based options and Monte Carlo simulation model for TSR based options. The inputs to the model include the share price at date of grant, exercise price, expected volatility, expected dividends, expected term and the risk free rate of interest. Expected volatility has been calculated using historical return indices over the period to date of grant that is commensurate with the performance period of the option. The volatilities of the industry peers have been modelled based on historical movements in the indices over the period to date of grant which is also commensurate with the performance period for the option. The history of return indices is used to determine the volatility and correlation of share prices for the comparator companies and is needed for the Monte Carlo model to estimate their future TSR performance relative to the Vedanta Limited's TSR performance. All options are assumed to be exercised immediately after vesting, as the exercise period is 6 months.

The assumptions used in the calculations of the charge in respect of the ESOS options granted during the year ended March 31, 2018 and March 31, 2017 are set out below:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
	ESOS September, October & November 2017	ESOS December 2016
Number of Options	1,00,81,350	80,00,000
Exercise Price	₹1	₹ 1
Share Price at the date of grant	₹308.90	₹ 235.90
Contractual Life	3 years	3 years
Expected Volatility	48%	48%
Expected option life	3 years	3 years
Expected dividends	3.70%	3.20%
Risk free interest rate	6.50%	6.50%
Expected annual forfeitures	10%p.a.	10%p.a.
Fair value per option granted (EBIDTA & Service based/Performance based)	₹ 275.3/ ₹ 161.1	₹ 213.6/ ₹ 82.8

The Company recognized total expenses of ₹ 47 Crore (March 31, 2017 ₹ 7 Crore) related to above equity settled share-based payment transactions in the year ended March 31, 2018 out of which ₹ 18 Crore (March 31, 2017 ₹ 3 Crore) was recovered from group companies.

# Notes forming part of the Financial Statements

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## 38 Share Based Payments continued

### Employee stock option plans of erstwhile Cairn India Limited:

The Company has provided various share based payment schemes to its employees. During the year ended March 31, 2018 and March 31, 2017, the following schemes were in operation:

Particulars	CIPOP	CIESOP	CIPOP Phantom
Date of Board approval	17-Nov-06	17-Nov-06	Not applicable
Date of Shareholder's approval	17-Nov-06	17-Nov-06	Not applicable
Number of options granted till March 31, 2018	1,61,67,131	3,01,12,439	48,31,955
Method of Settlement	Equity	Equity	Cash
Vesting Period	3 years from grant date	3 years from grant date	3 years from grant date
Exercise Period	3 months from vesting date	7 years from vesting date	Immediately upon vesting

### CIPOP plan

Options will vest (i.e., become exercisable) at the end of a "performance period" which has been set by the Nomination remuneration committee at the time of grant (although such period will not be less than three years). However, the percentage of an option which vests on this date will be determined by the extent to which pre-determined performance conditions have been satisfied. Phantom options are exercisable proportionate to the period of service rendered by the employee subject to completion of one year.

### CIESOP plan

There are no specific vesting conditions under CIESOP plan other than completion of the minimum service period. Phantom options are exercisable proportionate to the period of service rendered by the employee subject to completion of one year.

Details of employees stock option plans is presented below

CIPOP Plan	Year ended March 31, 2018		Year ended March 31, 2017	
	Number of options	Weighted average exercise price in ₹	Number of options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	Nil	NA	50,61,646	10.00
Granted during the year	Nil	NA	Nil	NA
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	Nil	NA	9,39,680	10.00
Forfeited / cancelled during the year	Nil	NA	16,33,634	10.00
Modified during the year (refer note below)	Nil	NA	24,88,332	NA
<b>Outstanding at the end of the year</b>	<b>Nil</b>	<b>NA</b>	Nil	NA
Exercisable at the end of the year	Nil	NA	Nil	NA

Weighted average share price at the date of exercise of stock options is NA (March 31, 2017: ₹ 195.72)

CIPOP Plan	Year ended March 31, 2018		Year ended March 31, 2017	
	Number of options	Weighted average exercise price in ₹	Number of options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	89,62,666	264.31	96,02,201	302.56
Granted during the year	Nil	NA	Nil	NA
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	15,92,759	213.75	89,402	165.07
Forfeited / cancelled during the year	2,39,282	268.24	5,50,133	296.45
<b>Outstanding at the end of the year</b>	<b>71,30,625</b>	<b>275.47</b>	89,62,666	264.31*
Exercisable at the end of the year	71,30,625	275.47	89,62,666	264.31*

Weighted average share price at the date of exercise of stock options is ₹ 324.64 (March 31, 2017: ₹ 227.41)

CIPOP Plan	Year ended March 31, 2018		Year ended March 31, 2017	
	Number of options	Weighted average exercise price in ₹	Number of options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	Nil	NA	8,25,184	10.00
Granted during the year	Nil	NA	Nil	NA
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	Nil	NA	Nil	NA
Forfeited / cancelled during the year	Nil	NA	4,92,021	10.00
Modified during the year (refer note below)	Nil	NA	3,33,163	NA
<b>Outstanding at the end of the year</b>	<b>Nil</b>	<b>NA</b>	Nil	NA
Exercisable at the end of the year	Nil	NA	Nil	NA

# Notes forming part of the Financial Statements

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## 38 Share Based Payments continued

Weighted average share price at the date of exercise of stock options is NA (March 31, 2017: NA)

Scheme	Range of exercise price in ₹	No. of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price in ₹
The details of exercise price for stock options outstanding as at March 31, 2018 are:				
CIPOP Plan	NA	Nil	NA	NA
CIESOP Plan	187-291.25	71,30,625	NA	275.47
CIPOP Plan – Phantom options	NA	Nil	NA	NA
The details of exercise price for stock options outstanding as at March 31, 2017 are:				
CIPOP Plan	10	Nil	NA	NA
CIESOP Plan	126.95-291.25	89,62,666	NA	264.31*
CIPOP Plan – Phantom options	NA	Nil	NA	NA

\* During the previous year, consequent to the merger of Cairn India Limited with Vedanta Limited the exercise price has been reduced by ₹ 40 per option i.e. from ₹ 304.31 to ₹ 264.31.

Effect of the above employee share-based payment plans on the statement of profit and loss and on its financial position:

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
Total Employee Compensation Cost pertaining to share-based payment plans	-	21
Compensation Cost pertaining to equity-settled employee share-based payment plan included above	-	16
Compensation Cost pertaining to cash-settled employee share-based payment plan included above	-	5

Volatility is the measure of the amount by which the price has fluctuated or is expected to fluctuate during the period. The measure of volatility used in Black-Scholes option-pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time. Time to maturity /expected life of options is the period for which the Company expects the options to be live. Time to maturity has been calculated as an average of the minimum and maximum life of the options.

### Employee share option plan of Vedanta Resources Plc

The value of shares that are awarded to members of the Group is calculated by reference to the individual fixed salary and share-based remuneration consistent with local market practice. ESOP scheme of VRPLC is both tenure and performance based share schemes. The options are indexed to and settled by Parent's shares (Vedanta Resources Plc shares as defined in the scheme). The options have a fixed exercise price denominated in Parent's functional currency (10 US cents per share), the performance period of each option is three years and is exercisable within a period of six months from the date of vesting beyond which the option lapses.

Amount recovered by the Parent and recognized by the Company in the Statement of Profit and Loss for year ended March 31, 2018 is ₹ 29 Crore (March 31, 2017: ₹ 33 Crore). The Company considers these amounts as not material and accordingly has not provided further disclosures.

Out of the total expense of ₹ 58 Crore pertaining to equity settled options for the year ended March 31, 2018, the Group has capitalised ₹ 2 Crore expense for the year ended March 31, 2018.

## 39 Employee Benefit Plans

### a) Defined contribution plans

The Company contributed a total of ₹ 59 crore for the year ended March 31, 2018 and ₹ 54 Crore for the year ended March 31, 2017 to the following defined contribution plans.

#### Central provident fund and family pension fund

In accordance with The Employees Provident Funds and Miscellaneous Provisions Act, 1952 employees are entitled to receive benefits under the provident fund. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (12% for fiscal year 2018 and 2017) of an employee's basic salary. All employees have an option to make additional voluntary contributions. These contributions are made to the fund administered and managed by the Government of India (GOI) or to independently managed and approved funds. The Company has no further obligations under the fund managed by the GOI beyond its monthly contributions which are charged to the statement of profit and loss in the period they are incurred. Where the contributions are made to independently managed and approved funds, shortfall in actual return, if any, from the return guaranteed by the State are made by the employer, these are accounted for as defined benefit plans. The benefits are paid to employees on their retirement or resignation from the Company. There is no shortfall in the actual return for independently managed funds for the year ended March 31, 2018 and March 31, 2017. Having regard to the assets of the fund and the return on the investments, the Company does not expect any deficiency in the foreseeable future.

#### 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 year they are incurred.

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 39 Employee Benefit Plans continued

### b) Defined benefit plans

#### Contribution to provident fund trust (the "trust")

The provident fund of the Iron Ore division is exempted under section 17 of The Employees Provident Fund and Miscellaneous Provisions Act, 1952. Conditions for grant of exemption stipulates that the employer shall make good deficiency, if any, between the return guaranteed by the statute and actual earning of the Fund. Based on actuarial valuation in accordance with Ind AS 19 and Guidance note issued by Institute of Actuaries of India for interest rate guarantee of exempted provident fund liability of employees, there is no interest shortfall in the funds managed by the trust and hence there is no further liability as on March 31, 2018 and March 31, 2017. Having regard to the assets of the Fund and the return on the investments, the Company does not expect any deficiency in the foreseeable future.

The Company contributed a total of ₹ 10 crore for the year ended March 31, 2018 and ₹ 11 Crore for the year ended March 31, 2017, The present value of obligation and the fair value of plan assets of the trust are summarised below.

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
Fair value of plan assets	181	160
Present value of defined benefit obligations	(174)	(155)
<b>Net liability arising from defined benefit obligation of trust</b>	<b>Nil</b>	<b>Nil</b>

#### Percentage allocation of plan assets of trust

Assets by category	As at	
	March 31, 2018	March 31, 2017
Government Securities	53.00%	53.00%
Debentures / bonds	42.00%	45.00%
Equity	3.00%	0.00%
Fixed deposits	2.00%	2.00%

#### Gratuity plan

In accordance with the Payment of Gratuity Act, 1972, the Company contributes to a defined benefit plan (the "Gratuity Plan") for employees who have completed 5 years of service. 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, a provision is recognised in full for the benefit obligation over and above the funds held in the Gratuity Plan.

#### Principal actuarial assumptions

Principal actuarial assumptions used to determine the present value of the defined benefit obligation are as follows:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
	Discount rate	7.70%
Expected rate of increase in compensation level of covered employees	2%-10%	5.5%-10%
In service mortality	IALM (2006-08)	IALM (2006-08)
Post retirement mortality	LIC(1996-98) Ultimate	LIC(1996-98) Ultimate

Amount recognised in the balance sheet consists of:

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
Fair value of plan assets	123	113
Present value of defined benefit obligations	(161)	(148)
<b>Net liability arising from defined benefit obligation</b>	<b>(38)</b>	<b>(35)</b>

Amount recognised in the statement of profit and loss in respect of defined benefit plan are as follows:

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 39 Employee Benefit Plans continued

Particulars	(₹ in Crore)	
	As at March 31, 2018	As at March 31, 2017
Current service cost	16	15
Net Interest cost	2	3
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>18</b>	<b>18</b>

Amount recognised in other comprehensive income in respect of defined benefit plan are as follows:

Particulars	(₹ in Crore)	
	Year ended March 31, 2018	Year ended March 31, 2017
<b>Re-measurement of the net defined benefit obligation:-</b>		
Actuarial (gains)/losses arising from defined benefit obligations	(2)	(2)
<b>(Gain)/Loss on plan assets</b>	<b>1</b>	<b>1</b>
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>(1)</b>	<b>(1)</b>

Movement in present value of defined benefit obligation:

Particulars	(₹ in Crore)	
	Year ended March 31, 2018	Year ended March 31, 2017
Opening balance	148	132
Current service cost	16	15
Benefits paid	(12)	(8)
Interest cost	11	11
Actuarial losses/(gains) arising from changes in financial assumptions	(2)	(2)
<b>Closing balance</b>	<b>161</b>	<b>148</b>

Movement in the fair value of plan assets is as follows:

Particulars	(₹ in Crore)	
	Year ended March 31, 2018	Year ended March 31, 2017
Opening balance	113	100
Contributions received	15	18
Benefits paid	(13)	(12)
Re-measurement loss arising from return on plan assets	(1)	(1)
Interest income	9	8
<b>Closing balance</b>	<b>123</b>	<b>113</b>

The above plan assets have been invested in the qualified insurance policies.

The actual return on plan assets was ₹ 8 Crore for the year ended March 31, 2018 and ₹ 8 Crore for the year ended March 31, 2017.

The weighted average duration of the defined benefit obligation is 16.75 years and 16.60 years as at March 31, 2018 and March 31, 2017 respectively.

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 39 Employee Benefit Plans continued

The Company expects to contribute ₹ 20 Crore to the funded defined benefit plans in fiscal year 2019.

### Sensitivity analysis

Below is the sensitivity analysis determined for significant actuarial assumptions for the determination of defined benefit obligations and based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant.

	(₹ in Crore)	
	Year ended March 31, 2018	Year ended March 31, 2017
Increase / (Decrease) in defined benefit obligation		
<b>Discount rate</b>		
Increase by 0.50%	(6)	(6)
Decrease by 0.50%	6	6
<b>Expected rate of increase in compensation level of covered employees</b>		
Increase by 0.50%	7	7
Decrease by 0.50%	(6)	(6)

The above sensitivity analysis may not be representative of the actual benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet.

### Risk analysis

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

#### Investment risk

The Gratuity plan is funded with Life Insurance Corporation of India (LIC) and ICICI Prudential Life (ICICI). Company does not have any liberty to manage the fund provided to LIC and ICICI.

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.

#### 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.

## 40 Capital management

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

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

The funding requirements are met through a mixture of equity, internal fund generation and other non-current borrowings. The Company's policy is to use current and non-current borrowings to meet anticipated funding requirements.

The Company monitors capital on the basis of the gearing ratio which is net debt divided by total capital (equity plus net debt). The Company is not subject to any externally imposed capital requirements.

Net debt are non-current and current debts as reduced by cash and cash equivalents, other bank balances and current investments. Equity comprises all components including other comprehensive income.

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 40 Capital management continued

The following table summarizes the capital of the Company:

(₹ in Crore except as stated)

Particulars	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents (Refer note 12)	1,144	638
Other bank balances (Refer note 13)	450	776
Non-current bank deposits (Refer note 7)	318	283
Current investments (Refer note 10)	5,537	19,668
<b>Total cash (a)</b>	<b>7,449</b>	21,365
Non-current borrowings (Refer note 19)	14,810	22,248
Current borrowings (Refer note 23)	18,320	14,309
Current maturities of non-current borrowings (Refer note 25)	7,583	6,676
<b>Total borrowings (b)</b>	<b>40,713</b>	43,233
<b>Net debt c=(b-a)</b>	<b>33,264</b>	21,868
Total equity	79,313	79,768
<b>Total capital (equity + net debt) (d)</b>	<b>112,577</b>	101,636
<b>Gearing ratio (times) (c/d)</b>	<b>0.30</b>	0.22

41 The Company has incurred an amount of ₹ 45 Crore (March 31, 2017 : ₹ 49 Crore) towards Corporate Social Responsibility (CSR) as per Section 135 of the Companies Act, 2013 and is included in other expenses:

(₹ in crore)

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	In- Cash	Yet to be Paid in Cash	In- Cash	Yet to be Paid in Cash
(a) Gross amount required to be spend by the Company during the year				
(b) Amount spent on: *	-	-	-	-
i) Construction/acquisition of assets	-	-	-	-
ii) On purposes other than (i) above (for CSR projects)	29	16	36	13
<b>Total</b>	<b>29</b>	<b>16</b>	36	13

\* includes ₹ 16 Crore (March 31, 2017 : ₹ 12 Crore) paid to related party (Refer note 51)

## 42 Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act 2006

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	84	26
(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	-	-

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 43 Oil & gas reserves and resources

The Company's gross reserve estimates are updated atleast annually based on the forecast of production profiles, determined on an asset-by-asset basis, using appropriate petroleum engineering techniques. The estimates of reserves and resources have been derived in accordance with the Society for Petroleum Engineers "Petroleum Resources Management System (2007)". The changes to the reserves are generally on account of future development projects, application of technologies such as enhanced oil recovery techniques and true up of the estimates. The management's internal estimates of hydrocarbon reserves and resources at the period end, based on the current terms of the PSCs, are as follows:

Particulars	Gross proved and probable hydrocarbons initially in place		Gross proved and probable reserves and resources		Net working interest proved and probable reserves and resources	
	(mmboe)		(mmboe)		(mmboe)	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Rajasthan MBA Fields	2,288	2,197	371	410	130	143
Rajasthan MBA EOR	-	-	335	272	117	95
Rajasthan Block Other Fields	3,460	4,034	430	478	150	167
Ravva Fields	733	696	45	41	10	9
CBOS/2 Fields	251	225	34	23	13	9
Other fields	335	335	48	48	24	24
<b>Total</b>	<b>7,067</b>	<b>7,487</b>	<b>1,263</b>	<b>1,272</b>	<b>444</b>	<b>447</b>

The Company's net working interest proved and probable reserves is as follows:

Particulars	Proved and probable reserves		Proved and probable reserves (developed)	
	Oil	Gas	Oil	Gas
	(mmstb)	(bscf)	(mmstb)	(bscf)
<b>Reserves as of March 31, 2016*</b>	<b>85</b>	<b>32</b>	<b>76</b>	<b>18</b>
Additions / (revision) during the year	(0)	1	(0)	(2)
Production during the year	(23)	(4)	(23)	(4)
<b>Reserves as of March 31, 2017**</b>	<b>62</b>	<b>29</b>	<b>53</b>	<b>12</b>
Additions / (revision) during the year	15	8	8	13
Production during the year	(22)	(6)	(22)	(6)
<b>Reserves as of March 31, 2018***</b>	<b>55</b>	<b>31</b>	<b>39</b>	<b>19</b>

\* Includes probable oil reserves of 22.69 mmstb (of which 15.05 mmstb is developed) and probable gas reserves of 18.31 bscf (of which 5.02 bscf is developed)

\*\* Includes probable oil reserves of 20.36 mmstb (of which 11.73 mmstb is developed) and probable gas reserves of 22.69 bscf (of which 4.75 bscf is developed)

\*\*\* Includes probable oil reserves of 15.43 mmstb (of which 2.97 mmstb is developed) and probable gas reserves of 14.51 bscf (of which 3.91 bscf is developed)

mmboe = million barrels of oil equivalent

mmstb = million stock tank barrels

bscf = billion standard cubic feet

1 million metric tonnes = 7.4 mmstb

1 standard cubic meter = 35.315 standard cubic feet

MBA = Mangala, Bhagyam & Aishwarya

EOR = Enhanced Oil Recovery



# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 44 Interest in Other entities

### a) Subsidiaries

The Company, has a number of subsidiaries held directly and indirectly by the Company which operate and are incorporated around the world. Following are the details of shareholdings in the subsidiaries.

S. No	Name of the Company	Principal activities	Immediate holding company	Country of Incorporation	Ownership interest held by the Company	
					As at March 31, 2018	As at March 31, 2017
1	Copper Mines of Tasmania Pty Limited ("CMT")	Copper mining	Monte Cello B.V.	Australia	100.00	100.00
2	Thalanga Copper Mines Pty Limited ("TCM")	Copper mining	Monte Cello B.V.	Australia	100.00	100.00
3	Monte Cello B.V. ("MCBV")	Investment company	Vedanta Limited	Netherlands	100.00	100.00
4	Bharat Aluminium Company Limited ("BALCO")	Aluminium mining and smelting	Vedanta Limited	India	51.00	51.00
5	Talwandi Sabo Power Limited ("TSPL")	Power generation	Vedanta Limited	India	100.00	100.00
6	Sterlite (USA) Inc.	Investment company	Vedanta Limited	USA	100.00	100.00
7	Hindustan Zinc Limited ("HZL")	Zinc mining and smelting	Vedanta Limited	India	64.92	64.92
8	Fujairah Gold FZC <sup>1</sup>	Gold & Silver processing	Malco Energy Limited	UAE	100.00	100.00
9	THL Zinc Ventures Ltd	Investment company	Vedanta Limited	Mauritius	100.00	100.00
10	THL Zinc Ltd	Investment company	THL Zinc Ventures Ltd	Mauritius	100.00	100.00
11	THL Zinc Holding B.V.	Investment company	Vedanta Limited	Netherlands	100.00	100.00
12	THL Zinc Namibia Holdings (Proprietary) Limited ("VNHL")	Investment company	THL Zinc Ltd	Namibia	100.00	100.00
13	Skorpion Zinc (Proprietary) Limited	Investment company	THL Zinc Namibia Holdings (Proprietary) Limited	Namibia	100.00	100.00
14	Skorpion Mining Company (Proprietary) Limited	Exploration, development, production and sale of zinc ore	Skorpion Zinc (Proprietary) Limited	Namibia	100.00	100.00
15	Namzinc (Proprietary) Limited	Owns and operates a Zinc refinery	Skorpion Zinc (Proprietary) Limited	Namibia	100.00	100.00
16	Amica Guesthouse (Proprietary) Limited	Accommodation and catering services	Skorpion Zinc (Proprietary) Limited	Namibia	100.00	100.00
17	Rosh Pinah Healthcare (Proprietary) Limited	Leasing out of medical equipment and building and conducting services related thereto	Skorpion Zinc (Proprietary) Limited	Namibia	69.00	69.00
18	Black Mountain Mining (Proprietary) Limited ("BMM")	Exploration, development, production and sale of zinc, lead, copper and associates mineral concentrates	THL Zinc Ltd	South Africa	74.00	74.00
19	Vedanta Lisheen Holdings Limited	Investment company	THL Zinc Holding B.V.	Ireland	100.00	100.00
20	Vedanta Lisheen Mining Limited	Zinc and lead mining	Vedanta Lisheen Holdings Limited	Ireland	100.00	100.00
21	Killoran Lisheen Mining Limited	Zinc and lead mining	Vedanta Lisheen Holdings Limited	Ireland	100.00	100.00
22	Lisheen Milling Limited	Manufacturing	Vedanta Lisheen Holdings Limited	Ireland	100.00	100.00
23	Killoran Lisheen Finance Limited	Investment company	Vedanta Lisheen Holdings Limited	Ireland	100.00	100.00
24	Vedanta Exploration Ireland Limited	Exploration company	Vedanta Lisheen Holdings Ltd	Ireland	100.00	100.00
25	Sterlite Ports Limited	Infrastructure	Vedanta Limited	India	100.00	100.00
26	Vizag General Cargo Berth Private Limited	Infrastructure	Vedanta Limited	India	100.00	100.00
27	Paradip Multi Cargo Berth Private Limited	Infrastructure	Vedanta Limited	India	100.00	100.00

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 44 Interest in Other entities continued

S. No	Name of the Company	Principal activities	Immediate holding company	Country of Incorporation	Ownership interest held by the Company	
					As at March 31, 2018	As at March 31, 2017
28	Maritime Ventures Private Limited	Infrastructure	Sterlite Ports Limited	India	100.00	100.00
29	Lakomasko B.V.	Investment company	THL Zinc Holding B.V.	Netherlands	100.00	100.00
30	Malco Energy Limited ("MEL")	Power generation	Vedanta Limited	India	100.00	100.00
31	Sesa Resources Limited ("SRL")	Iron ore mining	Vedanta Limited	India	100.00	100.00
32	Sesa Mining Corporation Limited	Iron ore mining	Sesa Resources Limited	India	100.00	100.00
33	Goa Sea Ports Private Limited <sup>2</sup>	Infrastructure	Sterlite Ports Limited	India	100.00	100.00
34	Western Cluster Limited	Iron ore mining	Bloom Fountain Limited	Liberia	100.00	100.00
35	Twin Star Mauritius Holdings Limited ("TMHL") *	Investment Company	Twin Star Energy Holdings Limited	Mauritius	100.00	100.00
36	Twin Star Energy Holdings Limited ("TEHL") *	Investment Company	Bloom Fountain Limited	Mauritius	100.00	100.00
37	Bloom Fountain Limited	Operating (Iron ore) and Investment Company	Vedanta Limited	Mauritius	100.00	100.00
38	Cairn India Holdings Limited <sup>3</sup>	Investment company	Vedanta Limited	Jersey	100.00	100.00
39	Cairn Energy Hydrocarbons Limited	Oil and gas exploration, development and production	Cairn India Holdings Limited	Scotland**	100.00	100.00
40	Cairn Exploration (No. 2) Limited	Oil and gas exploration, development and production	Cairn India Holdings Limited	Scotland	100.00	100.00
41	Cairn Energy Gujarat Block 1 Limited	Oil and gas exploration, development and production	Cairn India Holdings Limited	Scotland	100.00	100.00
42	Cairn Energy Discovery Limited	Oil and gas exploration, development and production	Cairn India Holdings Limited	Scotland	100.00	100.00
43	Cairn Energy India Pty Limited	Oil and gas exploration, development and production	Cairn India Holdings Limited	Australia	100.00	100.00
44	CIG Mauritius Holdings Private Limited	Investment Company	Cairn Energy Hydrocarbons Limited	Mauritius	100.00	100.00
45	CIG Mauritius Private Limited	Investment Company	CIG Mauritius Holdings Private Limited	Mauritius	100.00	100.00
46	Cairn Lanka Private Limited	Oil and gas exploration, development and production	CIG Mauritius Private Limited	Sri Lanka	100.00	100.00
47	Cairn South Africa Pty Limited	Oil and gas exploration, development and production	Cairn Energy Hydrocarbons Limited	South Africa	100.00	100.00
48	Sesa Sterlite Mauritius Holdings Limited *	Investment Company	Bloom Fountain Limited	Mauritius	100.00	100.00
49	Avanstrate (Japan) Inc. ('ASI')***	Manufacturer of LCD glass substrate	Cairn India Holdings Limited	Japan	51.63	-
50	Avanstrate Korea***	Manufacturer of LCD glass substrate	AvanStrate Inc.	South Korea	51.63	-
51	Avanstrate Taiwan***	Manufacturer of LCD glass substrate	AvanStrate Inc.	Taiwan	51.63	-

\*Under liquidation \*\*Principal place of business is in India \*\*\*Purchased during the current year

1 Pursuant to transfer of holding in Fujairah Gold from TCM and CMT to MEL in July 2016

2 Goa Sea Port Private Limited incorporated on July 5, 2016 as a 100% subsidiary of Sterlite Ports Limited (SPL)

3 Cairn India Limited merged with Vedanta Limited. Post merger Cairn India Holdings Limited became direct subsidiary of Vedanta Limited (Refer note 4).

4 The Company also has interest in certain trust which are neither significant nor material to the Company.

5 Subsequent to the balance sheet date, Vedanta Star Limited, a 100% subsidiary of Vedanta Limited was incorporated on April 23, 2018.

### b) Joint operations

The Company participates in several unincorporated joint operations which involve the joint control of assets used in oil and gas exploration and producing activities which are as follows:

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 44 Interest in Other entities continued

Particulars	Area	Participating Interest (%)	
		As at March 31, 2018	As at March 31, 2017
<b>Operating Blocks</b>			
Ravva block	Krishna Godavari	<b>22.50</b>	22.50
CB-OS/2 – Exploration	Cambay Offshore	<b>60.00</b>	60.00
CB-OS/2 - Development & production	Cambay Offshore	<b>40.00</b>	40.00
RJ-ON-90/1 – Exploration <sup>(1)</sup>	Rajasthan Onshore	<b>50.00</b>	50.00
RJ-ON-90/1 – Development & production <sup>(1)</sup>	Rajasthan Onshore	<b>35.00</b>	35.00
KG-OSN-2009/3	Krishna Godavari Offshore	<b>100.00</b>	100.00
<b>Relinquished block</b>			
PR-OSN-2004/1 <sup>(2)</sup>	Palar Basin Offshore	-	35.00
<b>Non-Operating Blocks</b>			
KG-ONN-2003/1 <sup>(3)</sup>	Krishna Godavari Onshore	<b>49.00</b>	49.00

(1) Vedanta Limited's step down subsidiary Cairn Energy Hydrocarbons Limited owns additional 50% and 35% interest in RJ-ON-90/1 - Exploration block and RJ-ON-90/1 - Development & Production block respectively.

(2) Relinquished on June 30, 2017

(3) Operatorship has been transferred to Oil and Natural Gas Corporation (ONGC) w.e.f. July 7, 2014

## c) Interest in associates and joint ventures

Set out below are the associates and joint ventures of the Company as at March 31, 2018 which, in the opinion of the directors, are not material to the Company. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

S. No Associates and other entities	Country of incorporation	% Ownership interest	
		As at March 31, 2018	As at March 31, 2017
<b>Associates</b>			
1 Roshkor Township (Proprietary) Limited	Namibia	<b>50.00</b>	50.00
2 Gaurav Overseas Private Limited	India	<b>50.00</b>	50.00
<b>Other entities</b>			
1 Lisheen Mine Partnership (50% each held by Killoran Lisheen Mining Limited & Vedanta Lisheen Mining Limited)	Ireland	<b>100.00</b>	100.00

S. No Jointly controlled entities	Country of incorporation	% Ownership interest	
		As at March 31, 2018	As at March 31, 2017
1 Rampia Coal Mines and Energy Private Limited	India	<b>17.39</b>	17.39
2 Madanpur South Coal Company Limited	India	<b>18.05</b>	18.05
3 Goa Maritime Private Limited	India	<b>50.00</b>	50.00

**45** The Scheme of Amalgamation and Arrangement amongst Sterlite Energy Limited ('SEL'), Sterlite Industries (India) Limited ('Sterlite'), Vedanta Aluminium Limited ('VAL'), Ekaterina Limited ('Ekaterina'), Madras Aluminium Company Limited ('Malco') and the Company (the "Scheme") had been sanctioned by the Honourable High Court of Madras and the Honourable High Court of Judicature of Bombay at Goa and was given effect to in the year ended March 31, 2014.

Subsequently the above orders of the H'onable High Court of Bombay and Madras have been challenged by Commissioner of Income Tax, Goa and Ministry of Corporate Affairs through a Special Leave Petition before the Supreme Court and also by a creditor and a shareholder of the Company. The said petitions are pending for hearing and admission.

## 46 Financial guarantees

The Company has issued financial guarantees to banks on behalf of and in respect of loan facilities availed by its group companies. In accordance with the policy of the Company (Refer note 3(h)) the Company has designated such guarantees as 'Insurance Contracts'. The Company has classified financial guarantees as contingent liabilities.

Accordingly, there are no assets and liabilities recognized in the balance sheet under these contracts other than those related to commission income recognized and/or receivable from such group companies as disclosed in note 51.

Refer below for details of the financial guarantees issued:

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 46 Financial guarantees continued

(₹ in crore)

Company Name	As at March 31, 2018	As at March 31, 2017	Purpose
Talwandi Sabo Power Limited	9,000	10,693	Borrowing for long term power agreement.
Vizag General Cargo Berth Private Limited	483	458	Buyers credit for capital expenditure, custom bonds and term loan facility.
Bharat Aluminium Company Limited	-	2,500	Short term commercial paper
Copper Mines of Tasmania Pty Limited	31	30	Environmental and closure obligations relating to Mining leases granted
Thalanga Copper Mines Pty Limited	23	23	Environmental and closure obligations relating to Mining leases granted
Western Cluster Limited	-	32	Extending banking facilities
Cairn India Holdings Limited	3,224	-	For the purpose of external borrowings.

## 47 Leases

### Operating lease commitments – as lessee

The Company is having an operating lease in relation to the office premises, with a non-cancellable lease period of 3 years. There are no restrictions imposed by lease arrangements and there are no subleases. There are no contingent rents. The information required with respect to non-cancellable leases are as follow:

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Within one year	1	1
Later than one year but not later than five years	0	1
Later than five years	-	0
<b>Total</b>	<b>1</b>	<b>2</b>

Lease payments recognized as expenses on non-cancellable lease during the year is ₹ 1 Crore (March 31, 2017: ₹ 28Crore)

## 48 Financial instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on the balance sheet. Details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 and Note 3.

### A. Financial assets and liabilities:

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

#### As at March 31, 2018

(₹ in crore)

Financial Assets	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying value	Total fair value
Investments*	5,537	160	-	5,697	5,697
Trade receivables	-	-	2,439	2,439	2,439
Cash and cash equivalents	-	-	1,144	1,144	1,144
Other bank balances	-	-	450	450	450
Loans	-	-	14	14	14
Derivatives	20	82	-	102	102
Other financial assets	-	-	3,446	3,446	3,446
<b>Total</b>	<b>5,557</b>	<b>242</b>	<b>7,493</b>	<b>13,292</b>	<b>13,292</b>

(₹ in crore)

Financial Liabilities	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying value	Total fair value
Borrowings	-	-	40,713	40,713	40,762
Trade payables	-	-	14,066	14,066	14,066
Derivatives	26	0	-	26	26
Other financial liabilities	-	-	4,705	4,705	4,705
<b>Total</b>	<b>26</b>	<b>0</b>	<b>59,484</b>	<b>59,510</b>	<b>59,559</b>

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 48 Financial instruments continued

### As at March 31, 2017

(₹ in crore)

Financial Assets	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying value	Total fair value
Investments*	19,668	70	-	19,738	19,738
Trade receivables	-	-	2,080	2,080	2,080
Cash and cash equivalents	-	-	638	638	638
Other bank balances	-	-	776	776	776
Loans	-	-	286	286	286
Derivatives	7	-	-	7	7
Other financial assets	-	-	9,655	9,655	9,655
<b>Total</b>	<b>19,675</b>	<b>70</b>	<b>13,435</b>	<b>33,180</b>	<b>33,180</b>

(₹ in crore)

Financial Liabilities	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying value	Total fair value
Borrowings	-	-	43,233	43,233	43,407
Trade payables	-	-	14,975	14,975	14,975
Derivatives	480	82	-	562	562
Other financial liabilities	-	-	20,610	20,610	20,610
<b>Total</b>	<b>480</b>	<b>82</b>	<b>78,818</b>	<b>79,380</b>	<b>79,554</b>

\* Investment in note 6 also includes investments (in equity and preference shares) in subsidiaries, associates and joint ventures which are carried at cost and hence are not required to be disclosed as per Ind AS 107 "Financial Instruments Disclosures". Hence, the same have been excluded from the above table.

### B. Fair value hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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

### As at March 31, 2018

(₹ in crore)

Financial Assets	Level 1	Level 2	Level 3
<b>At fair value through profit or loss</b>			
-Investments	1,957	3,580	-
-Derivative financial assets*	-	20	-
<b>At fair value through other comprehensive income</b>			
-Investments	149	-	11
-Derivative financial assets*	-	82	-
<b>Total</b>	<b>2,106</b>	<b>3,682</b>	<b>11</b>
<b>Financial Liabilities</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>At fair value through profit or loss</b>			
-Derivative financial liabilities*	-	26	-
<b>At fair value through other comprehensive income</b>			
-Derivative financial liabilities*	-	0	-
<b>Total</b>	<b>-</b>	<b>26</b>	<b>-</b>

### As at March 31, 2017

(₹ in crore)

Financial Assets	Level 1	Level 2	Level 3
<b>At fair value through profit or loss</b>			
-Investments	12,042	7,626	-
-Derivative financial assets	-	7	-
<b>At fair value through other comprehensive income</b>			
-Investments	60	-	10
<b>Total</b>	<b>12,102</b>	<b>7,633</b>	<b>10</b>

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 48 Financial instruments continued

	(₹ in crore)		
Financial Liabilities	Level 1	Level 2	Level 3
<b>At fair value through profit or loss</b>			
-Derivative financial liabilities	-	480	-
<b>At fair value through other comprehensive income</b>			
-Derivative financial liabilities	-	82	-
<b>Total</b>	-	562	-

\* Refer "D" below.

The below table summarises the fair value of financial liabilities which are carried at amortised cost as at March 31, 2018 and March 31, 2017:

As at March 31, 2018		(₹ in crore)		
Financial Liabilities		Level 1	Level 2	Level 3
Borrowings		-	40,762	-
<b>Total</b>		-	40,762	-
As at March 31, 2017		(₹ in crore)		
Financial Liabilities		Level 1	Level 2	Level 3
Borrowings		-	43,407	-
<b>Total</b>		-	43,407	-

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

Investments traded in active markets are determined by reference to quotes from the financial institutions; for example: Net asset value (NAV) for investments in mutual funds declared by mutual fund house. For other listed securities traded in markets which are not active, the quoted price is used wherever the pricing mechanism is same as for other marketable securities traded in active markets. Other current investments are valued on the basis of market trades, poll and primary issuances for securities issued by the same or similar issuer and for similar maturities or based on the applicable spread movement for the security derived based on the aforementioned factor(s).

Non-current fixed-rate and variable-rate borrowings: Fair value has been determined by the Company based on parameters such as interest rates, specific country risk factors, and the risk characteristics of the financed project.

Other non-current financial assets and liabilities: Fair value is calculated using a discounted cash flow model with market assumptions, unless the carrying value is considered to approximate to fair value.

Derivative financial assets/liabilities: The Company enters into derivative financial instruments with various counterparties. Interest rate swaps, foreign exchange forward contracts and commodity forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity. Commodity contracts are valued using the forward LME rates of commodities actively traded on the listed metal exchange i.e. London Metal Exchange, United Kingdom (U.K.).

Trade receivables, cash and cash equivalents, other bank balances, loans, other financial assets, current borrowings, trade payables and other current financial liabilities: fair values approximate their carrying amounts largely due to the short-term maturities of these instruments.

For all other financial instruments, the carrying amount is either the fair value, or approximates the fair value.

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.

The estimated fair value amounts as at March 31, 2018 have been measured as at that date. As such, the fair values of these financial instruments subsequent to reporting date may be different than the amounts reported at each year-end.

There were no transfers between Level 1, Level 2 and Level 3 during the year.

### C. Risk management framework

The Company's businesses are subject to several risks and uncertainties including financial risks.

The Company's documented risk management policies act as an effective tool in mitigating the various financial risks to which the businesses are exposed in the course of their daily operations. The risk management policies cover areas such as liquidity risk, commodity price risk, foreign exchange risk, interest rate risk, counterparty credit risk and capital management. Risks are identified at both the corporate and individual subsidiary level with active involvement of senior management. Each operating subsidiary in the Company has in place risk management processes which are in line with the Company's policy. 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.

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 48 Financial instruments continued

The risk management process is coordinated by the Management Assurance function and is regularly reviewed by the Company's Audit Committee. The Audit Committee is aided by the other Committees of the Board including the Risk Management Committee, 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 Executive Committee. 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

Treasury management focuses on liability management, capital protection, liquidity maintenance and yield maximisation. The treasury policies are approved by the Committee of the Board. Daily treasury operations of the subsidiary companies are managed by the finance team within the framework of Company's treasury policies. Long-term fund raising including strategic treasury initiatives are handled by a Central team. A monthly reporting system exists to inform senior management of the Company's investments and debt position, exposure to currency, commodity and interest rate risk and their mitigants including the derivative position. The Company has a strong system of internal control which enables effective monitoring of adherence to Company's policies. The internal control measures are effectively supplemented by regular internal audits.

The investment portfolio at the Company is independently reviewed by CRISIL Limited and Company portfolio has been rated as Tier I or "Very Good" meaning highest safety. The investments are made keeping in mind safety, liquidity and yield maximization.

The Company uses derivative instruments to manage the exposure in foreign currency exchange rates, interest rates and commodity prices. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. The Company does not enter into complex derivative transactions to manage the treasury and commodity risks. Both treasury and commodities derivative transactions are normally in the form of forward contracts, interest rate and currency swaps and these are in line with the Company's policies.

### Commodity price risk

The Company is exposed to the movement of base metal commodity prices on the London Metal Exchange. Any decline in the prices of the base metals that the Company produces and sells will have an immediate and direct impact on the profitability of the businesses. As a general policy, the Company aims to sell the products at prevailing market prices. The commodity price risk in import input commodity such as of Copper Concentrate & Alumina, for our copper and aluminium business respectively, is hedged on back-to back basis ensuring no price risk for the business. Hedging is used primarily as a risk management tool and, in some cases, to secure future cash flows in cases of high volatility by entering into forward contracts or similar instruments. The hedging activities are subject to strict limits set out by the Board and to a strictly defined internal control and monitoring mechanism. Decisions relating to hedging of commodities are taken at the Executive Committee level, basis clearly laid down guidelines.

Whilst the Company aims to achieve average LME prices for a month or a year, average realised prices may not necessarily reflect the LME price movements because of a variety of reasons such as uneven sales during the year and timing of shipments.

The Company is also exposed to the movement of international crude oil price and the discount in the price of Rajasthan crude oil to Brent price.

Financial instruments with commodity price risk are entered into in relation to following activities:

- economic hedging of prices realised on commodity contracts
- cash flow hedging of revenues, forecasted highly probable transactions

### Aluminum

The requirement of the primary raw material, alumina, is partly met from own sources and the rest is purchased primarily on negotiated price terms. Sales prices are linked to the LME prices. At present the Company on selective basis hedges the aluminium content in outsourced alumina to protect its margins. The Company also enters into hedging arrangements for its aluminium sales to realise average month of sale LME prices.

### Copper

The Company's custom smelting copper operations at Tuticorin is benefited by a natural hedge except to the extent of a possible mismatch in quotational periods between the purchase of concentrate and the sale of finished copper. The Company's policy on custom smelting is to generate margins from Treatment charges /Refining charges (TC/RC), improving operational efficiencies, minimising conversion cost, generating a premium over LME on sale of finished copper, sale of by-products and from achieving import parity on domestic sales. Hence, mismatches in quotational periods are managed to ensure that the gains or losses are minimised. The Company hedges this variability of LME prices through forward contracts and tries to make the LME price a pass-through cost between purchases of copper concentrate and sales of finished products, both of which are linked to the LME price.

TC/RCs are a major source of income for the Indian copper smelting operations. Fluctuations in TC/RCs are influenced by factors including demand and supply conditions prevailing in the market for mine output. The Company's copper business has a strategy of securing a majority of its concentrate feed requirement under long-term contracts with mines.

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 48 Financial instruments continued

### Iron ore

The Company sells its Iron Ore production from Goa on the prevailing market prices and from Karnataka through e-auction route as mandated by State Government of Karnataka in India.

### Oil and Gas

The prices of various crude oils are based upon the price of the key physical benchmark crude oil such as Dated Brent, West Texas Intermediate, and Dubai/Oman etc. The crude oil prices move based upon market factors like supply and demand. The regional producers price their crude basis these benchmark crude with a premium or discount over the benchmark based upon quality differential and competitiveness of various grades.

Natural gas markets are evolving differently in important geographical markets. There is no single global market for natural gas. This could be owing to difficulties in large-scale transportation over long distances as compared to crude oil. Globally, there are three main regional hubs for pricing of natural gas, which are USA (Henry Hub Prices), UK (NBP Price) and Japan (imported gas price, mostly linked to crude oil).

### Provisionally priced financial instruments

On March 31, 2018, the value of net financial liabilities linked to commodities (excluding derivatives) accounted for on provisional prices was ₹ 3,335 Crore (March 31, 2017: liability of ₹ 2,404 Crore). These instruments are subject to price movements at the time of final settlement and the final price of these instruments will be determined in the financial year beginning April 01, 2018.

Set out below is the impact of 10% increase in LME prices on profit/ (loss) for the year and total equity as a result of changes in value of the Company's commodity financial instruments:

(₹ in crore)

As at March 31, 2018	Total Exposure	Effect on profit/(loss) of a 10% increase in the LME March 31, 2018	Effect on total equity of a 10% increase in the LME March 31, 2018
Copper	(3,416)	(342)	-

(₹ in crore)

As at March 31, 2017	Total Exposure	Effect on profit/(loss) of a 10% increase in the LME March 31, 2017	Effect on total equity of a 10% increase in the LME March 31, 2017
Copper	(2,805)	(281)	-

The above sensitivities are based on volumes, costs, exchange rates and other variables and provide the estimated impact of a change in LME prices on profit and equity assuming that all other variables remain constant. A 10% decrease in LME prices would have an equal and opposite effect on the Company's financial statements.

Included above is also the impact of a 10% increase in closing copper LME for provisionally priced copper concentrate purchased at Copper division custom smelting operations in India of ₹ 368 Crore (March 31, 2017: ₹ 312 Crore), which is pass through in nature and as such will not have any impact on the profitability.

### Financial risk

The Company's Board approved financial risk policies include monitoring, measuring and mitigating the liquidity, currency, interest rate and counterparty risk. The Company does not engage in speculative treasury activity but seeks to manage risk and optimize interest and commodity pricing through proven financial instruments.

#### (a) Liquidity

The Company requires funds both for short-term operational needs as well as for long-term investment programmes mainly in growth projects. The Company generates sufficient cash flows from the current operations which together with the available cash and cash equivalents and short-term investments provide liquidity both in the short-term as well as in the long-term. The Company has been rated by CRISIL Limited (CRISIL) and India Ratings and Research Private Limited (India Rating) for its capital market issuance in the form of CPs and NCDs and for its banking facilities in line with Basel II norms.

CRISIL changed the outlook for the Company's long-term bank facilities and its Non-Convertible Debentures (NCD) programme to CRISIL AA / Positive from CRISIL AA /Stable during the year on account of structural improvement in business profile and deleveraging. India Ratings has revised the outlook on Vedanta Limited's ratings to IND AA / Positive from IND AA/ Negative on account of improved financial metrics, completion of the merger with Cairn and proactive refinancing. Vedanta Limited has the highest short term rating on its working capital and Commercial Paper Programme at A1+ from CRISIL and India Ratings.

Anticipated future cash flows, together with undrawn fund based committed facilities of ₹ 985 Crore, and cash, bank and current investments of ₹ 7,449 Crore as at March 31, 2018, are expected to be sufficient to meet the liquidity requirement of the Company in the near future.

The Company remains committed to maintaining a healthy liquidity, a low gearing ratio, deleveraging and strengthening our 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.



# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 48 Financial instruments continued

As at March 31, 2018

(₹ in crore)

Payments due by year	<1 year	1-3 years	3-5 years	>5 years	Total
Borrowings *	28,336	11,556	3,373	2,810	46,075
Derivative financial liabilities	26	-	-	-	26
Trade Payables and other financial liabilities **	18,048	44	-	-	18,092
<b>Total</b>	<b>46,410</b>	<b>11,600</b>	<b>3,373</b>	<b>2,810</b>	<b>64,193</b>

As at March 31, 2017

(₹ in crore)

Payments due by year	<1 year	1-3 years	3-5 years	>5 years	Total
Borrowings *	24,700	10,483	13,180	3,406	51,769
Derivative financial liabilities	561	-	-	-	561
Trade Payables and other financial liabilities **	31,878	3,142	-	198	35,218
<b>Total</b>	<b>57,139</b>	<b>13,625</b>	<b>13,180</b>	<b>3,604</b>	<b>87,548</b>

\*Includes Non-current borrowings, current borrowings, current maturities of non-current borrowings and committed interest payments on borrowings.

\*\*Includes both Non-current and current financial liabilities and committed interest payment, as applicable. Excludes current maturities of non-current borrowings, Interest accrued on borrowings and derivatives.

The Company had access to following funding facilities :

As at March 31, 2018

(₹ in crore)

Funding facilities	Total Facility	Drawn	Undrawn
Fund/non-fund based	39,551	32,111	7,440

As at March 31, 2017

(₹ in crore)

Funding facilities	Total Facility	Drawn	Undrawn
Fund/non-fund based	21,215	15,810	5,405

### Collateral

The Company has pledged a part of its trade receivables, short-term investments and cash and cash equivalents in order to fulfil the collateral requirements for the financial facilities in place. The counterparties have an obligation to return the securities to the Company.

### (b) Foreign exchange risk

Fluctuations in foreign currency exchange rates may have an impact on statement of profit and loss, the statement of change in equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company.

Exposures on foreign currency loans are managed through the Company wide hedging policy, which is reviewed periodically to ensure that the results from fluctuating currency exchange rates are appropriately managed. The Company strives to achieve asset liability offset of foreign currency exposures and only the net position is hedged.

The Company's presentation currency is the INR. The assets are located in India and the Indian Rupee is the functional currency except for Oil and Gas business. Natural hedges available in the business are identified at each entity level and hedges are placed only for the net exposure. Short-term net exposures are hedged progressively based on their maturity. A more conservative approach has been adopted for project expenditures to avoid budget overruns, where cost of the project is calculated taking into account the hedge cost. However all new non-current borrowing exposures are being hedged. The hedge mechanisms are reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed.

The carrying amount of the Company's financial assets & liabilities in different currencies are as follows:

(₹ in crore)

Currency	As at March 31, 2018		As at March 31, 2017	
	Financial Assets	Financial liabilities	Financial Assets	Financial liabilities
INR	11,201	44,508	32,336	56,709
Euro	25	245	19	208
USD	1,966	14,709	736	22,448
Others	100	48	89	15
<b>Total</b>	<b>13,292</b>	<b>59,510</b>	<b>33,180</b>	<b>79,380</b>

The Company's exposure to foreign currency arises where a Company entity holds monetary assets and liabilities denominated in a currency different to the functional currency of the respective business, with US dollar being the major non-functional currency. The following analysis is based on the gross exposure as at the reporting date which could affect the consolidated statement of profit and loss. The exposure is mitigated by some of the derivative contracts entered into by the Company as disclosed under the section on 'Derivative financial instruments'.

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 48 Financial instruments continued

The foreign exchange rate sensitivity is calculated by the aggregation of the net foreign exchange rate exposure with a simultaneous parallel foreign exchange rates shift in the foreign currencies by 10% against the functional currency of the respective entities.

Set out below is the impact of a 10% strengthening in the functional currencies of the respective businesses on pre-tax profit/(loss) and pre-tax equity arising as a result of the revaluation of the Company's foreign currency financial assets/liabilities:

(₹ in crore)

As at March 31, 2018	Effect of 10% strengthening of functional currency on pre-tax profit/ (loss)	Effect of 10% strengthening of foreign currency on equity
USD	1,129	0
INR	10	-

(₹ in crore)

As at March 31, 2017	Effect of 10% strengthening of functional currency on pre-tax profit/ (loss)	Effect of 10% strengthening of foreign currency on equity
USD	2,092	(18)
INR	46	-

A 10% weakening of functional currencies of the respective businesses would have an equal and opposite effect on the Company's financial statements.

### (c) Interest rate risk

At March 31, 2018, the Company's net debt of ₹ 33,264 Crore (March 31, 2017: ₹ 21,868 Crore) comprises cash, bank and investments of ₹ 7,449 Crore (March 31, 2017: ₹ 21,365 Crore) offset by debt of ₹ 40,713 Crore (March 31, 2017: ₹ 43,233 Crore).

The Company is exposed to interest rate risk on short-term and long-term floating rate instruments and on the refinancing of fixed rate debt. The Company's policy is to maintain a balance of fixed and floating interest rate borrowings and the proportion of fixed and floating rate debt is determined by current market interest rates. The borrowings of the Company are principally denominated in Indian Rupees and US dollars with mix of fixed and floating rates of interest. The USD floating rate debt is linked to US dollar LIBOR and INR Floating rate debt to Bank's base rate. The Company has a policy of selectively using interest rate swaps, option contracts and other derivative instruments to manage its exposure to interest rate movements. 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 debt mutual funds, some of which generate a tax-free return, to achieve the Company's goal of maintaining liquidity, carrying manageable risk and achieving satisfactory returns. Floating rate financial assets are largely mutual fund investments which have debt securities as underlying assets. The returns from these financial assets are linked to market interest rate movements; however the counterparty invests in the agreed securities with known maturity tenure and return and hence has manageable risk.

The exposure of the Company's financial assets as at March 31, 2018 to interest rate risk is as follows:

(₹ in crore)

As at March 31, 2018	Total	Floating rate Financial assets	Fixed rate financial assets	Non-interest bearing financial assets
Financial Assets	13,292	3,978	3,043	6,271

The exposure of the Company's financial liabilities as at March 31, 2018 to interest rate risk is as follows:

(₹ in crore)

As at March 31, 2018	Total	Floating rate Financial liabilities	Fixed rate financial liabilities	Non-interest bearing financial liabilities
Financial Liabilities	59,510	11,840	37,234	10,436

The exposure of the Company's financial assets as at March 31, 2017 to interest rate risk is as follows:

(₹ in crore)

As at March 31, 2017	Total	Floating rate Financial assets	Fixed rate financial assets	Non-interest bearing financial assets
Financial Assets	33,180	15,825	5,241	12,114

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 48 Financial instruments continued

The exposure of the Company's financial liabilities as at March 31, 2017 to interest rate risk is as follows:

(₹ in crore)

As at March 31, 2017	Total	Floating rate Financial liabilities	Fixed rate financial liabilities	Non-interest bearing financial liabilities
Financial Liabilities	79,380	31,388	31,590	16,402

Considering the net debt position as at March 31, 2018 and the investment in bank deposits, corporate bonds and debt mutual funds, any increase in interest rates would result in a net loss and any decrease in interest rates would result in a net gain. The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the balance sheet date.

The table below illustrates the impact of a 0.5% to 2.0% increase in interest rates on interest on floating rate financial assets/ liabilities (net) on profit/(loss) and equity and represents management's assessment of the possible change in interest rates. The year end balances are not necessarily representative of the average debt outstanding during the year. This analysis also assumes that all other variables, in particular foreign currency rates, remain constant.

(₹ in crore)

Increase in interest rates	Effect on pre-tax profit/ (loss) during the year ended March 31, 2018	Effect on pre-tax profit/ (loss) during the year ended March 31, 2017
0.50%	(39)	(78)
1.00%	(79)	(156)
2.00%	(157)	(311)

An equivalent reduction in interest rates would have an equal and opposite effect on the Company's financial statements.

### (d) Counterparty and concentration of credit risk

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

The Company is exposed to credit risk for trade receivables, investments, loans, other financial assets, and derivative financial instruments.

Credit risk on receivables is limited as almost all credit sales are against letters of credit and guarantees of banks of national standing.

Moreover, given the diverse nature of the Company's businesses trade receivables are spread over a number of customers with no significant concentration of credit risk. No single customer accounted for 10.0% or more of revenue on a consolidated basis in any of the years presented. The history of trade receivables shows a negligible provision for bad and doubtful debts. Therefore, the Company does not expect any material risk on account of non-performance by any of the Company's counterparties.

The Company has clearly defined policies to mitigate counterparty risks. For short-term investments, counterparty limits are in place to limit the amount of credit exposure to any one counterparty. This, therefore, results in diversification of credit risk for our mutual fund and bond investments. For derivative and financial instruments, the Company attempts to limit the credit risk by only dealing with reputable banks and financial institutions.

For current investments, counterparty limits are in place to limit the amount of credit exposure to any one counterparty. This, therefore, results in diversification of credit risk for our mutual fund and bond investments. For derivative and financial instruments, the Company attempts to limit the credit risk by only dealing with reputable banks and financial institutions.

The carrying value of the financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk is ₹ 13,292 Crore and ₹ 33,180 as at March 31, 2018 and March 31, 2017 respectively.

The maximum credit exposure on financial guarantees given by the Company for various financial facilities is described in Note 49 on "Commitments, contingencies, and guarantees".

None of the Company's cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade receivables, loans and other financial assets (both current and non-current), there were no indications as at March 31, 2018, that defaults in payment obligations will occur except as described in Note 7, 11, and 15 on allowance for impairment of trade receivables and other financial assets.

Of the year end trade and other receivable, loans and other financial assets (excluding bank deposits) balance the following, though overdue, are expected to be realised in the normal course of business and hence, are not considered impaired as at March 31, 2018 and March 31, 2017:

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Neither impaired nor past due	4,437	8,777
<b>Past due but not impaired</b>		
- Less than 1 month	295	308
- Between 1-3 months	60	126
- Between 3-12 months	144	1,609
- Greater than 12 months	645	918
<b>Total</b>	<b>5,581</b>	<b>11,738</b>

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 48 Financial instruments continued

Receivables are deemed to be past due or impaired with reference to the Company's normal terms and conditions of business. These terms and conditions are determined on a case to case basis with reference to the customer's credit quality and prevailing market conditions. Receivables that are classified as 'past due' in the above tables are those that have not been settled within the terms and conditions that have been agreed with that customer. The Company based on past experience does not expect any material loss on its receivables and hence no provision is deemed necessary on account of ECL.

The credit quality of the Company's customers is monitored on an ongoing basis and assessed for impairment where indicators of such impairment exist. The Company uses simplified approach for impairment of financial assets. If credit risk has not increased significantly, 12-month expected credit loss is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime expected credit loss is used. The solvency of the debtor and their ability to repay the receivable is considered in assessing receivables for impairment. Where receivables have been impaired, the Company actively seeks to recover the amounts in question and enforce compliance with credit terms.

### D. Derivative financial instruments

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

The fair values of all derivatives are separately recorded in the balance sheet within current and non-current assets and liabilities. Derivatives that are designated as hedges are classified as current or non-current depending on the maturity of the derivative.

The use of derivatives can give rise to credit and market risk. The Company tries to control credit risk as far as possible by only entering into contracts with reputable banks and financial institutions. The use of derivative instruments is subject to limits, authorities and regular monitoring by appropriate levels of management. The limits, authorities and monitoring systems are periodically reviewed by management and the Board. The market risk on derivatives is mitigated by changes in the valuation of the underlying assets, liabilities or transactions, as derivatives are used only for risk management purposes.

#### (i) Embedded derivatives

Derivatives embedded other financial instruments or other contracts are treated as separate derivative contracts and marked-to-market when their risks and characteristics are not clearly and closely related to those of their host contracts and the host contracts are not fair valued.

#### (ii) Cash flow hedges

The Company enters into forward exchange and commodity price contracts for hedging highly probable forecast transaction and account for them as cash flow hedges and states them at fair value. Subsequent changes in fair value are recognized in equity until the hedged transaction occurs, at which time, the respective gain or losses are reclassified to profit or loss. These hedges have been effective for the year ended March 31, 2018.

The Company uses foreign exchange contracts from time to time to optimize currency risk exposure on its foreign currency transactions. The Company hedged part of its foreign currency exposure on capital commitments during the year ended 2018. Fair value changes on such forward contracts are recognized in comprehensive income.

The majority of cash flow hedges taken out by the Company during the year comprise non-derivative hedging instruments for hedging the foreign exchange rate of highly probable forecast transactions and commodity price contracts for hedging the commodity price risk of highly probable forecast transactions.

The cash flows related to above are expected to occur during the year ended March 31, 2019 and consequently may impact profit or loss for that year depending upon the change in the commodity prices and foreign exchange rates movements. For cash flow hedges regarded as basis adjustments to initial carrying value of the property, plant and equipment, the depreciation on the basis adjustments made is expected to affect profit or loss over the expected useful life of the property, plant and equipment.

#### (iii) Fair value hedge

The fair value hedges relate to forward covers taken to hedge currency exposure and commodity price risks.

The Company's sales are on a quotational period basis, generally one month to three months after the date of delivery at a customer's facility. The Company enters into forward contracts for the respective quotational period to hedge its commodity price risk based on average LME prices. Gains and losses on these hedge transactions are substantially offset by the amount of gains or losses on the underlying sales. Net gains and losses are recognized in the statement of profit and loss.

The Company uses foreign exchange contracts from time to time to optimize currency risk exposure on its foreign currency transactions. Fair value changes on such forward contracts are recognized in the statement of profit and loss.

#### (iv) Non-qualifying/economic hedge

The Company enters into derivative contracts which are not designated as hedges for accounting purposes, but provide an economic hedge of a particular transaction risk or a risk component of a transaction. Hedging instruments include copper, aluminium future contracts on the LME and certain other derivative instruments. Fair value changes on such derivative instruments are recognized in the statement of profit and loss.

The fair value of the Company's derivative positions recorded under derivative financial assets and derivative financial liabilities are as follows:

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 48 Financial instruments continued

(₹ in crore)

Derivative Financial Instruments	As at March 31, 2018		As at March 31, 2017	
	Assets	Liabilities	Assets	Liabilities
<b>Current</b>				
<b>Cash flow hedge*</b>				
- Commodity contracts	81	-	-	68
- Forward foreign currency contracts	1	0	-	14
<b>Fair Value hedge**</b>				
- Commodity contracts	-	1	-	0
- Forward foreign currency contracts	11	9	0	346
<b>Non - qualifying hedges</b>				
- Commodity contracts	-	14	7	23
- Forward foreign currency contracts	9	1	-	110
- Interest rate swap	-	-	-	-
- Cross currency swap	0	1	-	1
<b>Total</b>	<b>102</b>	<b>26</b>	<b>7</b>	<b>562</b>

\* Refer statement of profit and loss and statement of change in equity for the changes in the fair value of cash flow hedges.

\*\* The change in fair value hedges is recognised in the statement of profit and loss.

### E. Derivative contracts entered into by the Company and outstanding as at Balance Sheet date :

(i) To hedge currency risks and interest related risks, the Company has entered into various derivatives contracts. The category wise break up of amount outstanding as on Balance Sheet date is given below :

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Forex forward cover (buy)	9,983	13,164
Forex forward cover (sell)	223	5

(ii) For hedging commodity related risks :- Category wise break up is given below.

Particulars	As at March 31, 2018		As at March 31, 2017	
	Purchases	Sales	Purchases	Sales
<b>Forwards / Futures</b>				
Copper (MT)	61,850	53,825	30,350	17,400
Gold (Oz)	8,070	1,05,594	1,497	94,242
Silver (Oz)	30,219	5,65,393	9,411	8,17,565
Aluminium (MT)	-	73,675	-	77,025

## 49 Contingencies and commitments

### I Contingent Liabilities

#### a) Erstwhile Cairn India Limited: Income tax

In March 2014, Cairn India Limited (referred to as 'Cairn India') received a show cause notice from the Indian Tax Authorities ("Tax Authorities") for not deducting withholding tax on the payments made to Cairn UK Holdings Limited ("CUHL"), for acquiring shares of Cairn India Holdings Limited ("CIHL"), as part of their internal reorganisation. Tax Authorities have stated in the notice that a short-term capital gain has accrued to CUHL on transfer of the shares of CIHL to Cairn India, in the financial year 2006-2007, on which tax should have been withheld by Cairn India. Pursuant to this various replies were filed with the tax authorities.

Cairn India also filed a writ petition before the Delhi High Court wherein it has raised several points for assailing the aforementioned Income tax Authority's order. The matter is next listed for hearing on July 06, 2018 before the Honourable Delhi High Court.

After several hearings, the Income Tax Authority, in March 2015, issued an order holding Cairn India as 'assessee in default' and raised a demand totalling ₹ 20,495 Crore (including interest of ₹ 10,247 Crore). Cairn India had filed an appeal before the First Appellate Authority, Commissioner of Income Tax (Appeals) which vide order dated July 03, 2017 confirmed the tax demand against Cairn India. Cairn India has challenged the Commissioner of Income Tax (Appeals) order before Income Tax Appellate Tribunal (ITAT). Separately CUHL, on whom the primary liability of tax lies has received an Order from the ITAT holding that the transaction is taxable in view of the clarification made in the Act but also acknowledged that being a retrospective transaction, interest would not be levied. Hence affirming a demand of ₹ 10,248 Crore excluding the interest portion that had previously been claimed. The Department is appealing this order.

As a result of the above order from ITAT, the Company now considers the risk in respect of the interest portion of claim to be remote. Further, as per the recent attachment notice received from the Tax Recovery Officer appointed for CUHL, the tax officer has adjusted the dividend of ₹ 667 Crore which was due to CUHL and was recovered by the Tax department. The Company has further remitted additional dividend of ₹ 442 Crore further reducing the principal liability to ₹ 9,139 Crore. Accordingly, the Company has revised the contingent liability to ₹ 9,139 Crore.

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 49 Contingencies and commitments continued

Additionally, the Tax department has initiated the process of selling the attached CUHL investment in equity and preference shares of Vedanta Limited valuing ₹ 5,861 Crore based on the quoted price as at March 31, 2018.

In the event, the case is finally decided against Cairn India, the potential liability including interest would be ₹ 20,495 Crore. Separately but in connection with this litigation, Vedanta Resources Plc has filed a Notice of Claim against the Government of India ('GOI') under the UK India Bilateral Investment Treaty (the "BIT"). The International arbitration Tribunal recently passed favourable order on jurisdiction and now the matter would be heard on merits – hearing scheduled in April-May 2019. The Government of India has challenged jurisdiction order of Arbitration Tribunal before the High court of Singapore.

### b) Vedanta Limited: Contractor claim

Shenzhen Shandong Nuclear Power Construction Co. Limited ('SSNP') subsequent to terminating the EPC contract invoked arbitration as per the contract alleging non-payment of their dues towards construction of a 210 MW co-generation power plant for the 6 MTPA expansion project, and filed a claim of ₹ 1,642 Crore. SSNP also filed a petition under Section 9 of the Arbitration and Conciliation Act, 1996 before the Bombay High Court requesting for interim relief. The Bombay High Court initially dismissed their petition, but on a further appeal by SSNP, the Division Bench of the Bombay High Court directed Vedanta Limited to deposit a bank guarantee for an amount of ₹ 187 Crore as a security, being a prima facie representation of the claim, until arbitration proceedings are completed. Vedanta Limited has deposited a bank guarantee of an equivalent amount. Based on the assessment, the Company had booked the liability for ₹ 200 Crore in earlier years.

On November 09, 2017, the Arbitral Tribunal has pronounced the award in favor of SSNP for ₹ 221 Crore along with the interest and cost of ₹ 118 Crore (@ 9% p.a. from date of filing petition, i.e. April 18, 2012). The amount is payable subject to SSNP handing over all the drawings to the Company. Given the Company was already carrying a part provision it recognized additional liability of ₹ 139 Crore including interest and cost making the total liability towards SSNP as ₹ 339 Crore. The additional amount recognized in the income statement includes ₹ 113 Crore which has been presented under exceptional items.

The Company has challenged the award under section 34 of The Arbitration and Conciliation Act, 1996, which was dismissed. Subsequently, the Company has filed an appeal under section 37 of The Arbitration and Conciliation Act, 1996 with the Delhi High Court. The Court has granted a stay subject to deposit of the award amount, which has been complied by the Company. The hearing on the arguments in the matter have been completed and the matter has now been reserved for orders.

### c) Ravva joint venture arbitration proceedings: ONGC Carry

Erstwhile Cairn India Limited (referred to as 'Cairn India') is involved in a dispute against the Government of India (GOI) relating to the recovery of contractual costs in terms of calculation of payments that the contractor party were required to make in connection with the Ravva field.

The Ravva Production Sharing Contract "PSC" obliges the contractor parties to pay a proportionate share of ONGC's exploration, development, production and contract costs in consideration for ONGC's payment of costs related to the construction and other activities it conducted in Ravva prior to the effective date of the Ravva PSC (the "ONGC Carry"). The question as to how the ONGC Carry is to be recovered and calculated, along with other issues, was submitted to an international arbitration Tribunal in August 2002 which rendered a decision on the ONGC Carry in favour of the contractor parties whereas four other issues were decided in favour of GOI in October 2004 ("Partial Award").

The GOI then proceeded to challenge the ONGC Carry decision before the Malaysian courts, as Kuala Lumpur was the seat of the arbitration. The Federal Court of Malaysia which adjudicated the matter on October 11, 2011, upheld the Partial Award. Per the decision of the Arbitral Tribunal, the contractor parties and GOI were required to arrive at a quantification of the sums relatable to each of the issues under the Partial Award.

Pursuant to the decision of the Federal Court, the contractor parties approached the Ministry of Petroleum and Natural Gas ("MoPNG") to implement the Partial Award while reconciling the statement of accounts as outlined in the Partial Award.

However, MoPNG on July 10, 2014 proceeded to issue a Show Cause Notice alleging that since the partial award has not been enforced, the profit petroleum share of GOI has been short-paid. MoPNG threatened to recover the amount from the sale proceeds payable by the oil marketing companies to the contractor parties. The contractor party replied to the show cause notice taking various legal contentions.

As the Partial Award did not quantify the sums, therefore, contractor parties approached the same Arbitral Tribunal to pass a Final Award in the subject matter since it had retained the jurisdiction to do so. The Arbitral Tribunal was reconstituted and the Final Award was passed in October 2016 in Cairn India's favour. GOI's challenge of the Final Award was dismissed by the Malaysian High Court. GOI has challenged the decision before the Court of Appeal, the procedural hearing for which is scheduled on August 30, 2018. Further, Cairn India has also filed for the enforcement of the Partial Award and Final Award with Delhi High Court which is scheduled to be heard on September 04, 2018. While Cairn India does not believe the GOI will be successful in its challenge, if the Arbitral Award is reversed and such reversal is binding, Cairn India could be liable for approximately ₹ 416 Crore plus interest as at March 31, 2018 ( March 31, 2017: ₹ 416 Crore plus interest).

### d) Proceedings related to the imposition of entry tax

The Company challenged the constitutional validity of the local statutes and related notifications in the states of Odisha and Rajasthan pertaining to the levy of entry tax on the entry of goods brought into the respective states from outside.

Post some contradictory orders of High Courts across India adjudicating on similar challenges, the Supreme Court referred the matters to a nine judge bench. Post a detailed hearing, although the bench rejected the compensatory nature of tax as a ground of challenge, it maintained status quo with respect to all other issues which have been left open for adjudication by regular benches hearing the matters.

Following the order of the nine judge bench, the regular bench of the Supreme Court proceeded with hearing the matters. The regular bench remanded the entry tax matters relating to the issue of discrimination against domestic goods bought from other States to the

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 49 Contingencies and commitments continued

respective High Courts for final determination but retained the issue of jurisdiction for levy on imported goods, for determination by regular bench of Supreme Court. Following the order of the Supreme Court, the Company filed writ petitions in respective High Courts.

On October 09, 2017, the Supreme Court has held that States have the jurisdiction to levy entry tax on imported goods. With this Supreme Court judgement, imported goods will rank parri-passu with domestic goods for the purpose of levy of Entry tax. The Company has amended its appeal (writ petitions) in Odisha to include imported goods as well. With respect to Rajasthan, the State Government has filed a counter petition in the Rajasthan High Court, whereby it has admitted that it does not intend to levy the entry tax on imported goods.

The issue pertaining to the levy of entry tax on the movement of goods into a Special Economic Zone (SEZ) remains pending before the Odisha High Court. The Company has challenged the levy of entry tax on any movement of goods into an SEZ based on the definition of 'local area' under the Odisha Entry Tax Act which is very clear and does not include an SEZ. In addition, the Government of Odisha further through its SEZ Policy 2015 and the operational guidelines for administration of this policy dated August 22, 2016, exempted the entry tax levy on SEZ operations.

The total claims against the Company are ₹ 1,020 Crore (March 31, 2017: ₹ 809 Crore) net of provisions made.

### e) Miscellaneous disputes- Income tax

The Company is involved in various tax disputes amounting to ₹ 1,430 Crore (March 31, 2017: ₹ 1,439 Crore) relating to income tax. These mainly relate to the disallowance of tax holiday for 100% Export Oriented Undertaking under section 10B of the Income Tax Act, 1961, disallowance of tax holiday benefit on production of gas under section 80IB of the Income Tax Act, 1961, on account of depreciation disallowances, disallowance under section 14A of the Income Tax Act and interest thereon which are pending at various appellate levels.

The Company believes that these disallowances are not tenable and accordingly no provision is considered necessary.

### f) Miscellaneous disputes- Others

The Company is subject to various claims and exposures which arise in the ordinary course of conducting and financing its business from the excise, indirect tax authorities and others. These claims and exposures mostly relate to the assessable values of sales and purchases or to incomplete documentation supporting the companies' returns or other claims.

The approximate value of claims (excluding the items as set out separately above) against the Company totals to ₹ 2,177 Crore (March 31, 2017: ₹ 1,933 Crore)

The Company considers that it can take steps such that the risks can be mitigated and that there are no significant unprovided liabilities arising.

Except as described above from (a) to (f), there are no pending litigations which the Company believes could reasonably be expected to have a material adverse effect on the results of operations, cash flow or the financial position of the Company.

## II Commitments

The Company has a number of continuing operational and financial commitments in the normal course of business including:

- exploratory mining commitments;
- oil & gas commitments;
- mining commitments arising under production sharing agreements; and
- completion of the construction of certain assets.

### Estimated amount of contracts remaining to be executed on capital accounts and not provided for:

Particulars	(₹ in crore)	
	As at March 31, 2018	As at March 31, 2017
<b>Oil &amp; Gas sector</b>		
Cairn India (now merged with the Company)	2,338	63
<b>Aluminium sector</b>		
Lanjigarh Refinery (Phase II) 5.0 mtpa	1,335	1,368
Jharsuguda 1.25mtpa smelter	491	791
<b>Power sector</b>		
Jharsuguda 600 MW Power Plant	98	213
<b>Copper sector</b>		
Tuticorin Smelter 400 ktpa	2,758	1,411
<b>Others</b>	-	2
<b>Total</b>	<b>7,020</b>	<b>3,848</b>

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 49 Contingencies and commitments continued

### III Other Commitments

Particulars	₹ in crore)	
	As at March 31, 2018	As at March 31, 2017
(i) The Company has given corporate guarantees to regulatory authorities on behalf of Volcan Investments Limited	115	115
(ii) The Company has given corporate guarantees to other group companies in respect of certain short-term and long-term borrowings	12,761	13,737
(iii) Customs duty bond taken for Project Import/ Export	580	405
(iv) Company's share of oil and gas joint ventures minimum exploration commitments as per the production sharing contracts	42	19
(v) Export obligations against the import licenses taken for import of capital goods under the Export Promotion Capital Goods Scheme and advance license. In the event of the Company's inability to meet Export obligations, the Company's liability, reduced in proportion to actual exports. In addition, applicable interest would be payable.	7,190	6,976
(vi) Power Division of the Company has signed a long term power purchase agreement (PPA) with Gridco Limited for supply of 25% of power generated from the power station with additional right to purchase power at (5%/ 7 %) at variable cost as per the conditions referred to in PPA . The PPA has a tenure of twenty five years.		

## 50 Segment Information

### A) Description of segment and principle activities

The Company is a diversified natural resource Company engaged in exploring, extracting and processing minerals and oil and gas. The Company produces copper, aluminium, iron ore, oil and gas and commercial power. The Company has five reportable segments: copper, aluminum, iron ore, commercial power and oil and gas. The management of the Company is organized by its main products: copper, aluminum, iron ore, oil and gas and power. Each of the reportable segments derives its revenues from these main products and hence these have been identified as reportable segments by the Company's Chief Operating Decision Maker ("CODM"). Earnings before Interest, Tax and Depreciation & Amortisation (EBITDA) amounts are evaluated regularly by the Management, which has been identified as the CODM, in deciding how to allocate resources and in assessing performance.

#### Copper

The Company's copper business is principally one of custom smelting and includes a copper smelter, a refinery, a phosphoric acid plant, a sulphuric acid plant, a copper rod plant and three captive power plants at Tuticorin in Southern India, and a refinery and two copper rod plants at Silvassa in Western India.

On April 09, 2018 the annual consent to operate (CTO) for Tuticorin plant under the Air and Water Acts for copper smelters in India was rejected by the State Pollution Control Board for want of further clarification and consequently the operations have presently been suspended. The matter is presently pending in Tribunal. (Refer note 3 (y) (1) (xi))

#### Aluminum

The Company's aluminium operations include a refinery and a captive power plant at Lanjigarh and a smelter, a thermal coal based captive power facility at Jharsuguda both situated in the State of Odisha in India. The pots are in the stage of commissioning in the 1.25 mtpa Jharsuguda-II Aluminium smelter with 879 pots having been commissioned by March 31, 2018.

#### Iron ore

The Company's iron ore business consists of exploration, mining and processing of iron ore, pig iron and metallurgical coke. The mining operations are carried out at Codli group, Bicholim mine, Surla mine and the Sonshi group of mines in state of Goa and Narrian mine, situated at state of Karnataka in India, a Metallurgical Coke and Pig Iron plant in State of Goa in India and also has a power plant in State of Goa in India for captive use. Pursuant to an order passed by Hon'ble Supreme Court of India on February 07, 2018 all mining was banned in state of Goa. The Company has recognised an impairment charge on its ironore assets for the year ended March 31, 2018 (Refer note 34 (d)).

#### Power

The Company's power business include 600 MW thermal coal-based commercial power facility at Jharsuguda in the State of Odisha in Eastern India. During the previous year, three units of 600 MW each at Jharsugda have been converted into captive power plant to commercial power plant to meet the inhouse energy demands. Hence w.e.f. April 01, 2016 the operations of the said units have been included in the aluminium business segment.

#### Oil and gas

The Company's is engaged in business of exploration and development and production of oil and gas, having a diversified asset base of five blocks, one in state of Rajasthan in India, one on the west coast of India and three on the east coast of India.

Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amount allocated on a reasonable basis. Unallocated expenditure consist of common expenditure incurred for all the segments and expenses incurred at corporate level. The assets and liabilities that cannot be allocated between the segments are shown as unallocated assets and unallocated liabilities respectively.

The accounting policies of the reportable segments are the same as the Company's accounting policies described in Note 3. The operating segments reported are the segments of the Company for which separate financial information is available. Earnings before interest, depreciation and amortisation and tax (EBITDA) are evaluated regularly by the CODM in deciding how to allocate resources and in assessing performance. The Company's financing (including finance costs and finance income) and income taxes are reviewed on an overall basis and are not allocated to operating segments.





# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 50 Segment Information continued

Particulars	Business Segments						Total
	Copper	Oil and Gas	Aluminium	Iron Ore	Power	Eliminations	
Income tax assets							2,189
Cash & Cash Equivalents (Including other bank balances & bank deposits)							1,697
Others							8,150
<b>Total assets</b>						-	1,66,184
<b>Segment liabilities</b>	10,863	3,233	9,367	1,446	177	-	25,086
Borrowings (including interest accrued)							43,956
Current tax liabilities (net of payments)							45
Others							17,329
<b>Total liabilities</b>						-	86,416
Capital Expenditure <sup>d</sup>	166	272	1,119	46	29	-	1,637
Impairment reversal/(charge) - net / Provision <sup>e</sup>	-	252	(201)	-	-	-	(46)

a) Includes export incentive of ₹ 155 Crore.

b) Amortisation of duty benefits relating to assets recognised as government grant.

c) Depreciation, depletion and amortisation expense excludes and unallocated expense includes unallocated depreciation of ₹ 7 Crore.

d) Total Capital expenditure includes capital expenditure of ₹ 5 Crore not allocable to any segment.

e) Total of Impairment reversal/(charge) - net / Provision includes impairment reversal on investment in subsidiaries of ₹ 97 Crore not allocable to any segment.

## II) Geographical segment analysis

The following table provides an analysis of the Company's sales by region in which the customer is located, irrespective of the origin of the goods.

Geographical Segment	Year ended	Year ended
	March 31, 2018	March 31, 2017
<b>Revenue by geographical segment</b>		
India	22,196	20,460
China	6,651	5,199
UAE	2,766	4,150
Malaysia	3,897	1,748
Others	10,249	6,788
<b>Total</b>	<b>45,759</b>	<b>38,345</b>

No single customer has accounted for more than 10% of the Company's revenue for the year ended March 31, 2018 and March 31, 2017.

The following is an analysis of the carrying amount of non-current assets, which do not include deferred tax assets and financial assets analysed by the geographical area in which the assets are located:

Carrying Amount of Segment Assets	As at	As at
	March 31, 2018	March 31, 2017
India	60,551	57,492
Outside India	-	-
<b>Total</b>	<b>60,551</b>	<b>57,492</b>

Reconciliation between segment revenue and enterprise revenue

Particulars	Year ended	Year ended
	March 31, 2018	March 31, 2017
<b>Total Segment Revenue</b>	<b>45,759</b>	<b>38,345</b>
<b>Enterprise Revenue</b>		
Revenue from operations (including excise duty)	45,974	38,540
Less: Other operating revenues	(478)	(350)
Add: Export incentive	263	155
<b>Total Segment Revenue</b>	<b>45,759</b>	<b>38,345</b>

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 51 Related Party disclosures

List of related parties and relationships

<p><b>A) Entities controlling the Company (Holding Companies)</b> Volcan Investments Limited (Ultimate Holding Company)</p> <p><b>Intermediate Holding Companies</b> Finsider International Company Limited Richter Holdings Limited Twin Star Holdings Limited Vedanta Resources Cyprus Limited Vedanta Resources Finance Limited Vedanta Resources Holdings Limited Vedanta Resources Plc Welter Trading Limited Westglobe Limited</p> <p><b>B) Fellow Subsidiaries (with whom transactions have taken place)</b> Konkola Copper Mines Plc Sterlite Iron and Steel Company Limited Sterlite Technologies Limited Sterlite Power Transmission limited</p> <p><b>C) Associates (with whom transactions have taken place)</b> Gaurav Overseas Private Limited</p> <p><b>D) Subsidiaries</b> Amica Guesthouse (Proprietary) Limited Bharat Aluminium Company Limited Black Mountain Mining (Proprietary) Limited Bloom Fountain Limited Cairn Energy Discovery Limited Cairn Energy Gujarat Block 1 Limited Cairn Energy Hydrocarbons Limited Cairn Energy India (Proprietary) Limited Cairn Exploration (No. 2) Limited Cairn India Holdings Limited Cairn Lanka (Private) Limited Cairn South Africa (Proprietary) Limited CIG Mauritius Holdings Private Limited CIG Mauritius Private Limited Copper Mines of Tasmania (Proprietary) Limited Fujairah Gold FZC Hindustan Zinc Limited Killoran Lisheen Finance Limited Killoran Lisheen Mining Limited Lakomasko B.V. Lisheen Milling Limited Malco Energy Limited Maritime Ventures Private Limited</p>	<p>Monte Cello B.V. Namzinc (Proprietary) Limited Paradip Multi Cargo Berth Private Limited Rosh Pinah Health Care (Proprietary) Limited Sesa Mining Corporation Limited Sesa Resources Limited Sesa Sterlite Mauritius Holdings Limited* Skorpion Mining Company (Proprietary) Limited Skorpion Zinc (Proprietary) Limited Sterlite (USA) Inc. Sterlite Infraventures Limited** Sterlite Ports Limited Talwandi Sabo Power Limited Thalanga Copper Mines (Proprietary) Limited THL Zinc Holding B.V. THL Zinc Limited THL Zinc Namibia Holdings (Proprietary) Limited THL Zinc Ventures Limited Twin Star Energy Holdings Limited* Twin Star Mauritius Holdings Limited* Vedanta Exploration Ireland Limited Vedanta Lisheen Holdings Limited Vedanta Lisheen Mining Limited Vizag General Cargo Berth Private Limited Western Cluster Limited Goa Sea Port Private Limited AvanStrate Inc, Japan AvanStrate Korea Inc, Korea AvanStrate Taiwan Inc, Taiwan</p> <p><b>E) Post retirement benefit plan</b> Sesa Group Employees Provident Fund Trust Sesa Group Employees Gratuity Fund and Sesa Group Executives Gratuity Fund Sesa Group Executives Superannuation Scheme Fund</p> <p><b>F) Others (with whom transactions have taken place)</b> Vedanta Foundation Sesa Community Development Foundation Rampia Coal Mines &amp; Energy Private Limited Vedanta Limited ESOS Trust Cairn Foundation India Grid Trust</p>
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\* Under liquidation

\*\* Sold during the previous year

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 51 Related Party disclosures continued

Disclosure in respect of transactions/balances with related parties

Particulars	(₹ in crore)	
	Year ended March 31, 2018	Year ended March 31, 2017
<b>Income :</b>		
<b>(i) Revenue from operations</b>		
Fujairah Gold FZC	2,308	2,035
Sterlite Technologies Limited	2	742
Sterlite Power Transmission Limited	954	8
Bharat Aluminium Company Limited	935	969
Malco Energy Limited	-	4
Sesa Resources Limited	12	67
Sesa Mining Corporation Limited	2	1
Talwandi Sabo Power Limited	0	-
Hindustan Zinc Limited	10	28
Konkola Copper Mines Plc	2	-
	<b>4,225</b>	<b>3,854</b>
<b>(ii) Other income</b>		
<b>a) Interest and guarantee commission</b>		
Malco Energy Limited	0	-
Sterlite Iron and Steel Company Limited	0	0
Bharat Aluminium Company Limited	1	2
Sterlite Ports Limited	0	0
Sterlite Infraventures Limited	-	0
Vizag General Cargo Berth Private Limited	1	8
Paradip Multi Cargo Berth Private Limited	0	0
Sterlite Power Transmission limited	1	-
Sterlite Technologies Limited	-	9
Cairn India Holdings Limited	7	-
Sesa Resources Limited	3	15
Copper Mines of Tasmania Pty Limited	-	0
Konkola Copper Mines Plc	4	3
Fujairah Gold FZC	3	3
	<b>20</b>	<b>40</b>
<b>b) Dividend income</b>		
Hindustan Zinc Limited	2,195	8,065
Sterlite Technologies Limited	0	1
India Grid Trust	8	-
	<b>2,203</b>	<b>8,066</b>
<b>c) Outsourcing service fees</b>		
Vedanta Resources Plc	3	3
	<b>3</b>	<b>3</b>
<b>d) Other non-operating income</b>		
Hindustan Zinc Limited	1	-
Cairn India Holdings Limited	-	0
Sterlite Power Transmission limited.	0	-
	<b>1</b>	<b>0</b>
<b>Expenditure :</b>		
<b>(iii) Purchases :</b>		
<b>a) Purchase of goods</b>		
Konkola Copper Mines Plc	657	298
Hindustan Zinc Limited	16	1
Sesa Resources Limited	48	167
Bharat Aluminium Company Limited	303	396
Maritime Ventures Private Limited	2	3
Sterlite Technologies Limited	-	13
Sterlite Power Transmission limited	2	-
Sesa Mining Corporation Limited	213	141
Vizag General Cargo Berth Private Limited	6	0
Fujairah Gold FZC	6	1
	<b>1,253</b>	<b>1,020</b>

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 51 Related Party disclosures continued

(₹ in crore)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>b) Power Charges</b>		
Malco Energy Limited	18	39
	<b>18</b>	<b>39</b>
<b>(iv) Receiving of services</b>		
<b>a) Stock options expenses/(recovery)</b>		
Vedanta Resources Plc	49	63
Hindustan Zinc Limited	(25)	(20)
Bharat Aluminium Company Limited	(11)	(10)
Talwandi Sabo Power Limited	(2)	(1)
Malco Energy Limited	(1)	(1)
Vizag General Cargo Berth Private Limited	(0)	0
Konkola Copper Mines Plc	(0)	-
Fujairah Gold FZC	(0)	(0)
	<b>10</b>	<b>31</b>
<b>b) Allocation of Corporate Expenses :</b>		
Hindustan Zinc Limited	(73)	(72)
Bharat Aluminium Company Limited	(40)	(39)
Malco Energy Limited	(1)	(1)
	<b>(114)</b>	<b>(112)</b>
<b>c) Management and Brand Fees paid / (recovered):</b>		
Vedanta Resources Plc	345	59
Hindustan Zinc Limited	(10)	(11)
Malco Energy Limited	-	(0)
Bharat Aluminium Company Limited	(5)	(6)
	<b>330</b>	<b>42</b>
<b>d) (Recovery of) / Reimbursement to /for other expenses (net)</b>		
Bharat Aluminium Company Limited	(187)	(191)
Hindustan Zinc Limited	5	(49)
Malco Energy Limited	(1)	(0)
Vedanta Resources Plc	11	15
Konkola Copper Mines Plc	(5)	(10)
Sesa Resources Limited	-	(18)
Sesa Mining Corporation Limited	-	(3)
Copper Mines of Tasmania Pty Limited	(0)	(0)
Fujairah Gold FZC	(0)	(1)
Black Mountain Mining (Proprietary) Limited	(2)	0
Talwandi Sabo Power Limited	(3)	(5)
Vizag General Cargo Berth Private Limited	(0)	(0)
Paradip Multi Cargo Berth Private Limited	-	(4)
Cairn Energy Hydrocarbons Ltd	-	1
Cairn South Africa Proprietary Limited	-	0
Goa Sea Port Private Limited	(2)	(0)
Maritime Ventures Private Limited	2	-
Namzinc (Pty) Limited	(0)	(4)
Sterlite Iron and Steel Company Limited	-	0
Vedanta Lisheen Mining Limited	(0)	(0)
Vedanta Lisheen Holdings Limited	-	(0)
Volcan Investments Limited	(2)	(1)
Cairn India Holdings Limited	0	-
	<b>(184)</b>	<b>(270)</b>
<b>e) Corporate Social Responsibility expenditure/ Donation</b>		
Vedanta Foundation*	0	18
Cairn Foundation	16	12
	<b>16</b>	<b>30</b>

\*includes donation in kind, having fair market value of ₹ 11 Crore in previous year

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 51 Related Party disclosures continued

Particulars	(₹ in crore)	
	Year ended March 31, 2018	Year ended March 31, 2017
<b>f) Contribution to Post Retirement Employee Benefit Trust</b>		
Sesa Group Employees Provident Fund Trust	5	6
Sesa Group Employees Gratuity Fund and Sesa Group Executives Gratuity Fund	1	6
Sesa Group Executives Superannuation Scheme Fund	2	2
	<b>8</b>	14
<b>(v) Transfer of Assets</b>		
<b>a) Sale of Assets</b>		
Konkola Copper Mines Plc	-	1
Hindustan Zinc Limited	-	0
	-	1
<b>b) Purchase of Assets</b>		
Hindustan Zinc Limited	0	1
	<b>0</b>	1
<b>(vi) Dividend paid</b>		
Twin Star Holdings Limited	2,924	2,683
Finsider International Company Limited	851	781
Twin Star Mauritius Holdings Limited*	-	194
Sesa Resources Limited*	-	10
Westglobe Limited	94	86
Welter Trading Limited	81	74
Vedanta Limited ESOS Trust	20	7
	<b>3,970</b>	3,835
* Dividend paid by erstwhile Cairn India Limited		
<b>(vii) a. Financial guarantees given</b>		
Talwandi Sabo Power Limited	3,600	1,853
Vizag General Cargo Berth Private Limited	425	275
Cairn India Holdings Limited	4,870	-
	<b>8,895</b>	2,128
<b>b. Financial guarantees renewed during the year</b>		
Copper Mines of Tasmania Proprietary Limited	31	30
Thalanga Copper Mines Proprietary Limited	23	23
	<b>54</b>	53
<b>c. Financial guarantees relinquished</b>		
Talwandi Sabo Power Limited	5,293	750
Vizag General Cargo Berth Private Limited	400	75
Bharat Aluminium Company Limited	2,500	-
Western Cluster Limited	32	-
Cairn India Holdings Limited.	1,646	-
	<b>9,871</b>	825
<b>(viii) Sale/ (Redemption) of Investments</b>		
Sterlite Power Transmission Limited (Investment in Sterlite Infraventures Limited)	-	0
India Grid Trust	(0)	-
	<b>(0)</b>	0

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 51 Related Party disclosures continued

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>(ix) Balances as at year end</b>		
<b>a) Trade Receivables</b>		
Fujairah Gold FZC	606	663
Cairn Lanka (Private) Ltd	0	-
Bharat Aluminium Company Limited	58	148
Sterlite Power Transmission Limited	0	0
Konkola Copper Mines Plc	0	-
Western Cluster Limited	0	0
	<b>664</b>	<b>811</b>
<b>b) Loans given</b>		
Sterlite Ports Limited	4	5
Vizag General Cargo Berth Private Limited	-	8
Paradip Multi Cargo Berth Private Limited	0	0
Sesa Resources Limited	-	133
Sterlite Iron and Steel Company Limited	5	4
Vedanta Limited ESOS Trust	236	103
	<b>245</b>	<b>253</b>
<b>c) Other receivables and advances</b>		
Talwandi Sabo Power Limited	4	1
Sesa Resources Limited	69	-
Bharat Aluminium Company Limited	46	74
Sterlite Iron and Steel Company Limited	13	12
Hindustan Zinc Limited	22	21
Malco Energy Limited	5	33
Konkola Copper Mines Plc	320	148
Sterlite Ports Limited	1	1
Sterlite Technologies Limited	-	0
Volcan Investments Limited	4	2
Paradip Multi Cargo Berth Private Limited	5	5
Sesa Mining Corporation Limited	-	-
Vizag General Cargo Berth Private Limited	2	2
Vedanta Lisheen Mining Limited	0	0
Black Mountain Mining (Pty) Limited	1	0
Fujairah Gold FZC	0	0
Sterlite Power Transmission Limited	0	-
Goa Sea Port Pvt Ltd	3	-
Vedanta Resources PLC	62	-
Vedanta Foundation	5	-
	<b>562</b>	<b>299</b>
<b>d) Dividend receivable</b>		
Hindustan Zinc Limited	1,646	7,544
	<b>1,646</b>	<b>7,544</b>
<b>e) Trade Payables</b>		
Hindustan Zinc Limited	10	0
Fujairah Gold FZC	-	0
Sesa Resources Limited	-	16
Sesa Mining Corporation Limited	8	44
Malco Energy Limited	0	14
Bharat Aluminium Company Limited	0	-
Black Mountain Mining (Pty) Limited	0	0
Konkola Copper Mines Plc	38	8
Vedanta Resources PLC	11	9
Vizag General Cargo Berth Private Limited	0	0
Sterlite Technologies Limited	-	1
Sterlite Power Transmission limited.	0	-
Goa Sea Port Private Limited	-	1
Cairn Energy Hydrocarbons Ltd	1	1
Cairn Foundation	11	18
Maritime Ventures Private Limited	0	-
Talwandi Sabo Power Limited	0	-
	<b>79</b>	<b>112</b>

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 51 Related Party disclosures continued

Particulars	(₹ in crore)	
	As at March 31, 2018	As at March 31, 2017
<b>f) Other payables</b>		
Malco Energy Limited	-	0
Hindustan Zinc Limited	-	0
Vedanta Resources Plc	2	12
Bharat Aluminium Company Limited	0	0
Talwandi Sabo Power Limited	0	-
Konkola Copper Mines Plc	-	0
Maritime Ventures Private Limited	1	-
Fujairah Gold FZC	0	0
Vizag General Cargo Berth Private Limited	0	-
Namzinc (Proprietary) Limited	0	-
Sesa Group Employees Provident Fund Trust	2	2
Sesa Group Executives Superannuation Scheme	0	0
	<b>5</b>	<b>14</b>
<b>g) Other Current liabilities- Advance from Customers</b>		
Sterlite Technologies Limited	-	14
	-	14
<b>h) Dividend Payable</b>		
Twin Star Holdings Limited	-	2,441
Finsider International Company Limited	-	711
Westglobe Limited	-	78
Welter Trading Limited	-	68
Vedanta Limited ESOS Trust	-	7
	-	3,305
<b>i) Financial guarantee given</b>		
Talwandi Sabo Power Limited	<b>9,000</b>	10,693
Vizag General Cargo Berth Private Limited	<b>483</b>	458
Bharat Aluminium Company Limited	-	2,500
Copper Mines of Tasmania Pty Limited	<b>31</b>	30
Thalanga copper mines Pty Limited	<b>23</b>	23
Western Cluster Limited	-	32
Volcan Investments Limited*	<b>115</b>	115
Cairn India Holdings Limited.	<b>3,224</b>	-
	<b>12,876</b>	<b>13,851</b>

\* Bank guarantee given by Vedanta Limited on behalf of Volcan Investments Limited in favour of Income Tax department, India as collateral in respect of certain tax disputes of Volcan Investments Limited.

Particulars	(₹ in crore)	
	Year ended March 31, 2018	Year ended March 31, 2017
<b>(x) Transactions during the year</b>		
<b>a) Loans Given during the year</b>		
Paradip Multi Cargo Berth Private Limited	-	0
Malco Energy Limited	<b>18</b>	-
Sterlite Ports Limited	-	2
Sterlite Infraventures Limited	-	0
Sesa Resources Limited	<b>5</b>	7
Vizag General Cargo Berth Private Limited	-	79
Sterlite Iron and Steel Company Limited	<b>0</b>	0
Vedanta Limited ESOS Trust	<b>202</b>	108
	<b>225</b>	<b>196</b>



# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 51 Related Party disclosures continued

(₹ in crore)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>b) Loans Repaid during the year</b>		
Sesa Resources Limited	138	68
Sterlite Ports Limited	1	1
Vizag General Cargo Berth Private Limited	8	264
Vedanta Limited ESOS Trust*	58	5
Cairn South Africa (Pty) Limited	-	0
Malco Energy Limited	18	-
	<b>223</b>	<b>338</b>

\* During the year, the Company reduced its loan receivable from Vedanta Limited ESOS Trust by ₹ 12 crore on exercise of stock options by employees

<b>c) Investments made during the year</b>		
Gaurav Overseas Private Limited	0	-
Malco Energy Limited	18	107
Bloom Fountain Limited	-	14,730
Vedanta Limited ESOS Trust (₹ 5000)	-	0
Erstwhile Cairn India Limited from subsidiaries*	-	715
	<b>18</b>	<b>15,552</b>

\* March 31, 2017 purchase of investment from Sesa Sterlite Mauritius Holdings Limited

During the year Compulsorily Convertible Debentures (CCDs) issued by Vizag General Cargo Berth Private Limited (VGCB) to the Company for an amount ₹ 150 Crores have been extended for an additional period of 2 years and 10 months.

### The remuneration of key management personnel of the Company are set out below in aggregate for each of the categories specified in Ind AS 24 Related Party disclosures.

(₹ in crore)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>(xi) Remuneration of key management personnel</b>		
Short-term employee benefits	33	34
Post employment benefits*	2	3
Share based payments	6	8
	<b>41</b>	<b>45</b>

\*Does not include the provision made for gratuity and leave benefits, as they are determined on an actuarial basis for all the employees together.

#### Commission/Sitting fees

Commission to Key Management Personnel	0	0
Commission and sitting fees to independent directors	4	3
<b>Dividend to key management personnel</b>	<b>0</b>	<b>0</b>
<b>Dividend to relatives of key management personnel</b>	<b>0</b>	<b>0</b>

#### Terms and conditions of transactions with related parties

All transactions are from related parties are made in ordinary course of business. For the year ended March 31 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. 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.

# Notes forming part of the Financial Statements

as at and for the year ended March 31, 2018

## 52 Advance(s) in the nature of Loan (Regulation 34 of Listing Obligations & Disclosure Requirements):

### a) Loans and advances in the nature of Loans

(₹ in crore)

Name of the Company	Relationship	Balance as at March 31, 2018	Maximum Amount Outstanding during the year	Interest rate	Balance as at March 31, 2017
Paradip Multi Cargo Berth Private Limited	Wholly owned Subsidiary	0	0	9.6%	0
Sterlite Ports Limited	Wholly owned Subsidiary	4	5	9.6%	5
Sterlite Iron and Steel Company Limited	Fellow Subsidiary	5	5	8.5%	4
Sesa Resources Limited	Wholly owned Subsidiary	-	133	8.0%	133
Vizag General Cargo Berth Private Limited	Subsidiary	-	8	9.0%	8

(b) None of the loanee have made, per se, investment in the shares of the Company.

(c) Investments made by Sterlite Ports Limited in Maritime Ventures Private Limited - 10,000 equity shares and Goa Sea Port - 50,000 equity shares

Investments made by Sesa Resources Limited in Sesa Mining Corporation Limited - 11,50,000 equity shares and Goa Maritime Private Limited - 5,000 Shares

(d) The above loans and advances to subsidiary fall under the category of loans and advances in the nature of loans where there is no repayment schedule and are repayable on demand.

(e) As per the Company's policy, loan to employees are not considered in (a) above.

### 53 Subsequent events

Except as disclosed in note 3 (y) (1) (xi) and below, there are no material adjusting or non adjusting subsequent events:

Vedanta Limited's resolution plan to acquire Electrosteel Steels Limited (ESL) was approved by National Company Law Tribunal (NCLT) in India on April 17, 2018. In regard to an appeal filed before it, the National Company Law Appellate Tribunal (NCLAT) has directed that pending final resolution, status quo on ESL as on May 1, 2018 is to be maintained until the appeal is resolved. The Steering Committee, already constituted, shall continue to run the operations of ESL until final resolution.

As per our report of even date

For **S.R. Batliboi & Co. LLP**

Chartered Accountants  
ICAI Firm Registration No. 301003E/E300005

per **Raj Agrawal**

Partner  
Membership No.: 82028

Place: Gurugram  
Date: May 03, 2018

For and on behalf of Board of Directors

**Navin Agarwal**

Executive Chairman  
DIN 00006303

**GR Arun Kumar**

Whole-Time Director and  
Chief Financial Officer  
DIN 01874769

Place: Mumbai  
Date: May 03, 2018

**Kuldip Kumar Kaura**

Interim Chief Executive Officer  
PAN AFVPK8712R

**Bhumika Sood**

Company Secretary  
ICSI Membership No. A19326