INDEPENDENT AUDITOR'S **REPORT**

To the Members of Vedanta Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

OPINION

We have audited the accompanying consolidated Ind AS financial statements of Vedanta Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and joint ventures comprising of the consolidated Balance sheet as at March 31 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint ventures, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at March 31, 2020, their consolidated loss including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

BASIS FOR OPINION

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

EMPHASIS OF MATTER

We draw attention to:

a) Note 3c(A)(viii) of the accompanying consolidated Ind AS financial statements which describes the uncertainty arising out of the demands that have been raised on the Group, with respect to government's share of profit oil by the Director General of Hydrocarbons. Further, one of the pre-conditions for the extension of the Production Sharing Contract (PSC) for the Rajasthan oil block is the settlement of these demands. The Group, believes it is in compliance with the necessary conditions to secure an extension of this PSC, and based on the legal advice believes that the demands are untenable and hence no provision is required in respect of these demands.

b) Note 3c(A)(i) of the accompanying consolidated Ind AS financial statements which, describes the uncertainties related to Covid-19 and its consequential effects on the affairs of the Group.

Our opinion is not modified in respect of the above matters.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Recoverability of carrying value of property plant and equipment, capital work in progress and exploration intangible assets under development (as described in notes 3a(H), 3c(A)(iii), 3c(A)(iv), 3c(A)(vii), 3c(A)(xi), 3c(A)(xii), 3c(A)(xiii), 6 and 33 of the consolidated Ind AS financial statements)	
As at March 31, 2020, the Group had significant amounts of property, plant and equipment, capital work in progress and exploration intangible assets under development which were carried at historical cost less depreciation. We focused our efforts on the Cash Generating Units ("CGUs") of (a) Tuticorin within the copper segment; (b) Krishna Godavri block and the Rajasthan block within the oil and gas segment, (c) assets in the aluminum segment in Odisha, (d) assets in the steel segment and (e) assets in the substrate glass segment; as they have impairment indicators. Recoverability of property plant and equipment, capital work in progress and exploration intangible assets under development has been identified as a key audit matter due to: ▪ The significance of the carrying value of assets being assessed. ▪ Reduction of global oil and metal prices and reduction in demand and future uncertainty caused due to Covid-19. ▪ The withdrawal of the Holding Company's licenses to operate the copper plant, conditional renewal of the production sharing contract for Rajasthan oil block and denial of consent to operate the steel plant. ▪ The size of impairment charges. ▪ Some of the items of capital work in progress in the aluminum segment have been outstanding since long. ▪ The fact that the assessment of the recoverable amount of the Group's CGUs involves significant judgements about the future cash flow forecasts and the discount rate that is applied. The key judgements and estimates centered on the likely outcome of the litigations, demands raised by the government, cash flow forecasts, prices and discount rate assumptions. Details of impairment charge amounting to ₹ 17,080 crore recognised are given in note 33 of the accompanying financial statements.	Our audit procedures included the following: ▪ Assessed through an analysis of internal and external factors impacting the Company, whether there were any indicators of impairment in line with Ind AS 36. ▪ Assessed the existence and usability, through examination of third-party certificate, of aged capital work in progress ('CWIP') in the aluminum segment. Vouched expenses capitalized to CWIP on a sample basis. ▪ Specifically, in relation to the CGUs where impairment indicators were identified, obtained and evaluated the valuation models used to determine the recoverable amount by assessing the key assumptions used by management including: – Considering forecasted volumes in relation to asset development plans. – Assessing management's forecasting accuracy by comparing prior year forecasts to actual results and assessing the potential impact of any variances. – Corroborating the price assumptions used in the models against analyst consensus and assessing the reasonableness of costs. – Testing the weighted average cost of capital used to discount the impairment models. – Testing the integrity of the models together with their clerical accuracy. – Assessed the implications of withdrawal of Company's license to operate the copper plant. – Inspected the external legal opinions in respect of the merits of the case and assessed management's position through discussions with the legal counsel to determine the basis of their conclusion. – Assessed the implications and likelihood of the possible outcome of the conditions precedent to the extension of the Rajasthan oil block and management's analysis of the same, including an assessment of how a market participant would react to the same. – Assessed the implications and likelihood of the possible outcome of the litigation with respect to the denial of consent to operate the steel plant and management's analysis of the same, including a discussion with the legal counsel to assess the basis of conclusion. – Engaged valuation experts to assist in performance of the above procedures. ▪ Assessed the competence and objectivity of the external experts and experts engaged by us, to satisfy ourselves that these parties are suitable in their roles. ▪ Assessed the disclosures made by the Group in this regard.

Key audit matters	How our audit addressed the key audit matter
Evaluation of Going Concern assumption of accounting (as described in notes 2(B) and 3c(A)(xiv) of the consolidated Ind AS financial statements)	
The evaluation of the appropriateness of adoption of going concern assumption for preparation of these financial statements performed by the management of the Group is identified as a key audit matter because as at March 31, 2020, the Group had net current liabilities of ₹ 5,802 crore. The Group has prepared future cash flow forecasts which involves judgement and estimation of key variables and market conditions including future economic conditions on account of prevailing global pandemic COVID-19 and the uncertainty around the extension of the PSC of the Rajasthan oil and gas block. The Group is confident that the net cash inflows from operating activities in conjunction with the available line of credit and normal cyclical nature of working capital receipts and payment will provide sufficient liquidity to meet its financial obligation as the fall due for the following twelve months. Hence, these financial statements have been prepared adopting the going concern assumption.	Our procedures in relation to evaluation of going concern included the following: ▪ Obtained an understanding of the process followed by the management and tested the internal controls over the liquidity assessment, compliance with the debt covenants and preparation of the cash flow forecast, and validation of the assumptions and inputs used in the model to estimate the future cash flows. ▪ Tested the inputs and assumptions used by the management in the cash flow forecast against historical performance, budgets, economic and industry indicators, publicly available information, the Group's strategic plans and benchmarking of key market related conditions. ▪ Assessing the key assumptions including those pertaining to revenue and the timing of significant payments in the cash flow forecast for the following eighteen months. ▪ Performed sensitivity analysis on key assumptions like input prices, discount rate and selling prices to determine their impact on the projections of future cash flows also on any possible cash outgo for securing the extension of the Rajasthan oil and gas block. ▪ Compared the details of the Group's long-term credit facilities to the supporting documentation. ▪ Assessed the disclosures made by the Group in this regard.
Revenue recognition (as described in notes 3a(C), 3c(B)(iii) and 25A of the consolidated Ind AS financial statements)	
For the year ended March 31, 2020 the Group has recognized revenue from operations of ₹ 83,545 crore. Revenue recognition has been recognized as a key audit matter due to diverse and complex revenue streams across the Group. We have identified following key areas for consideration: ▪ Complexity associated with the determination of items which are cost recoverable in the Oil & Gas segment. ▪ The variety of terms in the zinc, iron ore, copper, aluminum and steel segments that define when control is transferred to the customer. ▪ Restrictions had been put in place for movement of goods close to the year-end due to the outbreak of Covid-19 pandemic. This gives rise to the risk that revenue may not have been recognised in the correct period.	Our audit procedures included the following: ▪ Our audit procedures included evaluation of the Group's revenue recognition accounting policies and assessing compliance with the policies in terms of Ind AS 115. ▪ Performed walkthroughs and test of controls, assisted by IT specialists, of the revenue recognition processes and assessed the design and operating effectiveness of key controls. ▪ Inspected the terms of production sharing contracts in the Oil and Gas segment and tested the underlying cost recovery and profit petroleum calculations used by the management. Also, inspected external legal opinions (where considered necessary) to evaluate the merits of the claims made by the Group in computing it's own share of revenue. We also assessed the disclosures made by the Group relating to calculation of profit petroleum and revenue from joint operation partners within the Oil and Gas segment. ▪ Inspected the production sharing contracts and communications from the government and independent legal opinion for revenue recognized on account of recovery of exploration costs within oil and gas segment. Assessed the management judgement and supporting documents around timing of recovery of exploration costs. ▪ Obtained from the management the details of goods that were dispatched after restrictions were imposed on movement of goods and agreed the same to the underlying documents. ▪ Selected a sample of sales, in the zinc, steel, copper, iron ore and aluminum segments, made pre and post year end, agreeing the date of revenue recognition to third party support, such as bills of lading, to confirm sales are recognized according to contract conditions. ▪ Examined invoice samples with various shipping terms to test whether revenue has been recognized correctly. ▪ Assessed the disclosures made by the Group.

Key audit matters	How our audit addressed the key audit matter
Recoverability of disputed trade receivables in Power segment (as described in notes 3c(B)(iii) and 8 of the consolidated Ind AS financial statements)	
As of March 31, 2020, the value of disputed receivables in the power segment aggregated to ₹ 3,564 crore. Due to disagreements over the quantification or timing of the receivables, the recovery of said receivables are subject to increased risk. Some of these balances are also subject to litigation. The risk is specifically related to receivables from Punjab State Power Corporation Limited (PSPCL), GRIDCO and Tamil Nadu Electricity Board. These receivables include long outstanding balances as well and are also subject to counter party credit risk.	Our audit procedures included the following: ▪ Examined the underlying power purchase agreements. ▪ Examined the relevant state regulatory commission, appellate tribunal and court rulings. ▪ Examined external legal opinions in respect of the merits of the case and assessed management's position through discussions with the management's in-house legal team to determine the basis of their conclusion. ▪ Examined management's assessment of recoverability of receivables. ▪ Obtained external lawyer confirmation from Legal Counsel of the Group who is contesting the cases. ▪ Assessed the competence and objectivity of the Group's experts, to satisfy ourselves that these parties are suitable in their roles. ▪ Assessed the disclosures made by the Group in this regard.
Claims and exposures relating to taxation and litigation (as described in notes 3a(Q), 3c(B)(ii), 34 and 37 of the consolidated Ind AS financial statements)	
The Group is subject to a large number of tax and legal disputes, including audit objections in the oil and gas segment, which have been disclosed / provided for in the financial statements based on the facts and circumstances of each case. Taxation and litigation exposures have been identified as a key audit matter due to the complexities involved in these matters, timescales involved for resolution and the potential financial impact of these on the financial statements. Further, significant management judgement is involved in assessing the exposure of each case and thus a risk that such cases may not be adequately provided for or disclosed.	Our audit procedures included the following: ▪ Gained an understanding of the process of identification of claims, litigations and contingent liabilities and identified key controls in the process. For selected controls we have performed tests of controls. ▪ Obtained the summary of Group's legal and tax cases and critically assessed management's position through discussions with the Legal Counsel, Head of Tax and operational management, on both the probability of success in significant cases, and the magnitude of any potential loss. ▪ Examined external legal opinions (where considered necessary) and other evidence to corroborate management's assessment of the risk profile in respect of legal claims. ▪ Engaged tax specialists to technically appraise the tax positions taken by management with respect to local tax issues. ▪ Assessed whether management assessment of similar cases is consistent across the divisions or that differences in positions are adequately justified. ▪ Assessed the relevant disclosures made within the financial statements to address whether they reflect the facts and circumstances of the respective tax and legal exposures and the requirements of relevant accounting standards. ▪ Assessed the competence and objectivity of the Group's experts, to satisfy ourselves that these parties are suitable in their roles.

Key audit matters	How our audit addressed the key audit matter
Recoverability of unutilized Minimum Alternate Tax (MAT) credits included under deferred tax assets (as described in notes 3a(N),3c(A)(vi) and 34 of the consolidated Ind AS financial statements)	
Deferred tax assets as at March 31, 2020 includes MAT credits of ₹ 9,122 crore which is available for utilization against future tax liabilities. Of the same, we focused our effort on MAT assets of ₹ 3,600 crore which belong to the Holding company and are expected to be utilized during the last two years of the stipulated fifteen year carry forward period from the year in which, the same arose. The analysis of the recoverability of such deferred tax assets has been identified as a key audit matter because the assessment process involves judgement regarding the future profitability and likelihood of the realization of these assets, in particular whether there will be taxable profits in future periods that support the recognition of these assets. This requires assumptions regarding future profitability, which is inherently uncertain. Accordingly, the same is considered as a key audit matter.	Our audit procedures included the following: ▪ Gained an understanding of the process and identified key controls in the process. For selected controls we have performed tests of controls. ▪ Obtained and analysed the future projections of taxable profits estimated by management, assessing the key assumptions used, including the analysis of the consistency of the actual results obtained by the various segments with those projected in the previous year. We further obtained evidence of the approval of the budgeted results included in the current year's projections, and the reasonableness of the future cash flow projections and the consistency of those projections with those used in other areas of estimation such as those used for assessing the recoverability of assets. ▪ Tested the completeness and accuracy of the MAT credits recognized as deferred tax assets. ▪ Assessed the disclosures made by the Group in this regard.
Recoverability of advance given to Konkola Copper Mines ('KCM') (as described in notes 33 and 38 of the consolidated Ind AS financial statements)	
As of March 31, 2020, the Group has given an advance of ₹ 644 crore to Konkola Copper Mines (KCM), for the supplies of raw material. KCM has not supplied the material during the contracted period. Judgement is involved in assessing the recoverability of advance on account of below reasons: ▪ The parent company has lost control over KCM and a provisional liquidator has been appointed for running the operations. ▪ The provisional liquidator is not responding to the communications sent by the Group regarding these advances. Accordingly, recoverability of the aforesaid advance is considered as a key audit matter.	Our audit procedures included the following: ▪ Examined the agreements as per which these advances were given by the Group to KCM and verified its terms and conditions ▪ Examined the various communication made by Group with provisional liquidator with regard to these advances. ▪ Examined management's assessment of recoverability of advances. ▪ Assessed management's position through discussions with the management's in-house legal team to determine the basis of their conclusion. ▪ Examined the legal opinion obtained by the Company and also the valuation report for KCM, obtained by the Company's parent company and communications received from the parent company in this regard. ▪ Assessed the disclosures made by the group in this regard.

We have determined that there are no other key audit matters to communicate in our report.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

RESPONSIBILITIES OF MANAGEMENT FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the

Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates and joint controlled entities and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associates and Joint ventures are also responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and joint ventures of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

(a) We did not audit the financial statements and other financial information, in respect of 14 subsidiaries, whose Ind AS financial statements include total assets of ₹ 17,206 crore as at March 31, 2020, and total revenues of ₹ 7,531 crore and net cash outflows of ₹ 427 crore for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net profit of ₹ Nil for the year ended March 31, 2020, as considered in the consolidated Ind AS financial statements, in respect of 1 associate whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, and associate, is based solely on the report(s) of such other auditors.

Certain of these subsidiaries and associates are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries and associate located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries and associates located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

(b) The accompanying consolidated Ind AS financial statements include unaudited financial statements and other unaudited financial information in respect of 3 subsidiaries whose financial statements and other financial information reflect total assets of ₹ 2,294 crore as at March 31, 2020, and total revenues of ₹ 293 crore and net cash outflows of ₹ 76 crore for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net loss of ₹ Nil for the year ended March 31, 2020, as considered in the consolidated Ind AS financial statements, in respect of 1 associate and 3 joint ventures , whose financial statements other financial information have not been audited and whose unaudited financial statements and other unaudited financial information have been furnished to us by the Management. The consolidated Ind AS financial statements also include the Group's share of total assets of ₹ 154 crore as at March 31, 2020 in respect of an unincorporated joint venture not operated by the Group. The Ind AS financial statements and other financial information of the said unincorporated joint venture have not been audited and such unaudited financial statements and other unaudited financial information have been furnished to us by the management.

Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries, unincorporated joint venture, associate and joint ventures, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, unincorporated joint venture, associate and joint ventures, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the unaudited financial statements and unaudited other financial information certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associates and joint ventures, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

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

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associate companies and joint ventures, none of the directors of the Group's companies, its associates and joint controlled entities, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, associate companies and joint ventures , incorporated in India, refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, associates and joint ventures in India, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company, its subsidiaries, associates and joint ventures incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act. As indicated in note 38 of the accompanying standalone Ind AS financial statements, the Holding Company proposes to seek the approval of its shareholders at its ensuing annual general meeting for remuneration paid to one of its whole-time directors;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associates and joint ventures , as noted in the 'Other matter' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and joint ventures in its consolidated Ind AS financial statements – Refer Notes 3c(A)(viii), 34 and 37 to the consolidated Ind AS financial statements;

ii. The Group, its associates and joint ventures did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2020;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associates and joint ventures, incorporated in India during the year ended March 31, 2020.

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

per **Sudhir Soni**
Partner
Membership Number: 41870
UDIN: 20041870AAAAAQ9715

Place: Mumbai
Date: June 06, 2020

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF VEDANTA LIMTED

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

1. In conjunction with our audit of the consolidated Ind AS financial statements of Vedanta Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Vedanta Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

2. The respective Board of Directors of the Holding Company, its 12 subsidiary companies, its 1 associate company and 3 joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Committee of Sponsoring Organisations of the Treadway Commission (2013 Framework) ("COSO 2013 Criteria"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITOR'S RESPONSIBILITY

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

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

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE CONSOLIDATED IND AS FINANCIAL STATEMENTS

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE CONSOLIDATED FINANCIAL STATEMENTS

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

OPINION

8. In our opinion, the Holding Company, its subsidiary companies, its associate company and joint ventures, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31,2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the COSO 2013 criterion.

OTHER MATTERS

9. Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, insofar as it relates to one subsidiary company, which is a company incorporated in India, is based on the corresponding reports of the auditors of such subsidiary.

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

per **Sudhir Soni**
Partner
Membership Number: 41870
UDIN: 20041870AAAAAQ9715

Place: Mumbai
Date: June 06, 2020