

INDEPENDENT AUDITOR'S REPORT

To the Members of Vedanta Limited

REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

OPINION

We have audited the accompanying standalone Ind AS financial statements of Vedanta Limited ("the Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 state of affairs of the Company as at March 31, 2020, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the standalone 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 Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

EMPHASIS OF MATTER

We draw attention to:

a) Note 3c(A)(viii) of the accompanying Ind AS financial statements which describes the uncertainty arising out of the demands that have been raised on the Company, 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 Company, 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 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 standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone 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 standalone 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 standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone 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, exploration intangible assets under development and investments being carried at cost (as described in notes 3a(F),3c(A)(iii), (iv),(vii) & (x), 5, 6A and 31 of the standalone Ind AS financial statements)

As at March 31, 2020, the Company had significant amounts of property, plant and equipment, capital work in progress, exploration intangible assets under development and investments being carried at cost. 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 & gas segment; and (c) assets in the aluminum segment and investment in subsidiaries holding such assets; as they had impairment indicators.

Recoverability of property plant and equipment, capital work in progress, exploration intangible assets and investment being carried at cost has been identified as a key audit matter due to:

- The significance of the carrying value of assets being assessed.
- Reduction in market prices of oil prices and metal and future uncertainty caused due to Covid-19.
- The withdrawal of the Company’s license to operate the copper plant and conditional renewal of the production sharing contract for Rajasthan oil block.
- 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 Company’s CGUs and investments 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 ₹ 12,335 Crore recognised are given in note 31 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 the 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 sales 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 plants. 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.
 - Engaged valuation experts to assist in performance of the above procedures.
 - Assessed the competence and objectivity of the Company’s experts and experts engaged by us, to satisfy ourselves that these parties are suitable in their roles.
 - Assessed the disclosures made by the Company in this regard.
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Key audit matters**How our audit addressed the key audit matter**

Evaluation of Going Concern assumption of accounting (as described in note 3c(A)(xi) of the standalone 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 Company is identified as a key audit matter because as at March 31, 2020, the Company had net current liabilities of ₹ 25,069 Crore.

The Company 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 Company 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 Company'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.
- Performed sensitivity analysis on key assumptions like input prices and selling prices to determine their impact on the projections of future cash flows and also on any possible cash outgo for securing the extension of the Rajasthan oil and gas block.
- Compared the details of the company's long-term credit facilities to the supporting documentation.
- Assessed the disclosures made by the Company in this regard.

Revenue recognition (as described in notes 3a(A), 3c(B)(ii) and 26A of the standalone Ind AS financial statements)

For the year ended March 31, 2020 the Company has recognized revenue from operations of ₹ 35,417 Crore.

Revenue recognition has been recognized as a key audit matter due to diverse and complex revenue streams across the Company.

We have identified following key areas for consideration:

- Complexity associated with the determination of items which are cost recoverable within the Oil & Gas segment.
- The variety of terms in the copper, iron ore and aluminum 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 the evaluation of the Company'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 items considered for cost recovery. Also, inspected external legal opinions (where considered necessary) to evaluate the merits of the claims made by the Company in computing its own share of revenue. We also assessed the disclosures made by the Company 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 past oil and gas exploration costs. Assessed the management judgement and supporting documents around timing of recovery of such 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 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 Company
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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)(ii) and 7 of the standalone Ind AS financial statements)

As of March 31, 2020, the value of disputed receivables in the power segment aggregated to ₹ 1,349 Crore.

Due to disagreements over the quantification or timing of the receivable, the recovery of receivables from GRIDCO are subject to increased risk. Some of these balances are also subject to litigation. The risk is specifically related to receivables from GRIDCO. 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.
- Sought external lawyer confirmation from Legal Counsel representing the Company in these cases.
- Assessed the competence and objectivity of the Company's experts, to satisfy ourselves that these parties are suitable in their roles.
- Assessed the disclosures made by the Company in this regard.

Claims and exposures relating to taxation and litigation (as described in notes 3a(O), 3c(B)(i) and 35 of the standalone Ind AS financial statements)

The Company 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 Company's legal and tax cases and 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 Company's experts, to satisfy ourselves that these parties are suitable in their roles.
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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(L),3c(A)(vi) and 32 of the standalone Ind AS financial statements)

Deferred tax assets as at March 31, 2020 includes MAT credits of ₹ 3,600 Crore relating to the Company which is available for utilization against future tax liabilities. The same 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 the 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 management in this regard.

Recoverability of advance given to Konkola Copper Mines ('KCM') (as described in notes 31(c) and 36 of the standalone Ind AS financial statements)

As of March 31, 2020, the Company had given an advance equivalent to ₹ 158 Crore to Konkola Copper Mines (KCM), Zambia, for the supplies of raw material. KCM has not supplied the material during the contracted period

Judgment is involved in assessing the recoverability of advance on account of below reasons:

- The Company's 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 Company 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 Company to KCM and verified its terms and conditions
- Examined the various communication made by Company with provisional liquidator with regard to these 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 and provisions made by the Company 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 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 standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone 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 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 STANDALONE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting

records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 Company has

adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone 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

We did not audit the financial statements and other financial information, in respect of an unincorporated joint venture not operated by the Company, whose Ind AS financial statements include total assets of ₹ 154 Crore as at March 31, 2020. The Ind AS financial statements and other financial information

of the said unincorporated joint venture not operated by the Company have not been audited and such unaudited financial statements and other unaudited financial information have been furnished to us by the management and our report on the Ind AS financial statements of the Company, in so far as it relates to the amounts and disclosures included in respect of the said unincorporated joint venture, is based solely on such unaudited information furnished to us by the management. Our opinion is not modified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

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

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

(d) In our opinion, the aforesaid standalone 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 as on March 31, 2020 taken on record by the Board of Directors, none of the directors 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 of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid/ provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act. As indicated in note 36 of the accompanying standalone Ind AS financial statements, the Company proposes to seek the approval of its shareholders at the 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:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 35 and 3c(A)(viii) to the standalone Ind AS financial statements;

ii. The Company 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 Company.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Sudhir Soni**

Partner

Membership Number: 41870

UDIN: 20041870AAAAAP3193

Place: Mumbai
Date: June 06, 2020

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

Re: Vedanta Limited (‘the Company’)

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

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification in our opinion is reasonable having regard to the size of the Company and the nature of its assets except for fixed assets aggregating to ₹ 1,473 Crore at Tuticorin plant where due to suspension of operations (refer note 3(c)(A)(vii)). management has been unable to perform physical verification which was due in current year. No material discrepancies were noticed wherever such verification was performed.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company except for the title deeds of immovable properties in oil and gas blocks, jointly owned with other joint venture partners, which are held in the name of the licensee of the block. The written down value of such immovable properties in the accompanying financial statement aggregates to ₹ 60 Crore.

(ii) The management has conducted physical verification of inventories at reasonable intervals during the year except for inventories aggregating of ₹ 517 Crore lying at Tuticorin plant which is under suspension (refer note 3 (c)(A)(vii)). No material discrepancies were noticed on physical verification of inventories, wherever such verifications were carried out. Inventories lying with third parties have been confirmed by them as at March 31, 2020 and no material discrepancies were noticed in respect of such confirmations.

(iii) (a) The Company has granted loans to 7 companies covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the Company's interest.

(b) The Company has granted loans that are either repayable on demand or have a schedule for repayment of interest and principal, to companies covered in the register maintained under section 189 of the Act. We are informed that (a) repayment of loan was received as and when the demands were raised, during the year; and (b) loans which had a schedule for repayment were not due during the current year; and thus, there has been no default on the part of the parties to whom the monies have been lent. The payment of interest has been regular in all cases.

(c) There is no amounts of loans granted to companies listed in the register maintained under section 189 of the Act which are overdue for more than ninety days.

(iv) In our opinion and according to the information and explanations given to us, provisions of sections 185 and 186 of the Act in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and guarantees given have been complied with by the Company. The Company has not granted any security in terms of sections 185 and 186 of the Act.

(v) In our opinion and according to information and explanations given to us, the Company has not accepted any deposit from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended).

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

(vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, sales tax, value added tax, goods and service tax, cess and other statutory dues applicable to it, except for in case of payment of electricity duty where there have been significant delays. The provisions relating to excise duty and service tax are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, value added tax, duty of custom, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to excise duty and service tax are not applicable to the Company.

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

Name of the Statute	Nature of the dues	Platform	Period to Which amount relates	Amount (In ₹ Crore)*
Central Excise Act, 1944	Education cess and secondary higher education cess on Oil cess demand	CESTAT/Supreme Court	2003-04, December 2013 to February 2015	49.49
Central Excise Act, 1944	Excise Duty	Assistant Commissioner	2013-14 to 2017-18	0.07
Central Excise Act, 1944	Excise Duty	CESTAT	1997-98 to 2012-13, 2014-15, 2016	132.16
Central Excise Act, 1944	Excise Duty	Commissioner	1997-2013	23.41
Central Excise Act, 1944	Excise Duty	Commissioner Appeals	October 2013 to July 2014, 2015-16	0.71
Central Excise Act, 1944	Excise Duty	High Court	2000-2006, 2017-18	98.29
Central Excise Act, 1944	Excise Duty	Additional Commissioner	November 07 to July 08	0.40
Central Sales Tax 1956	Sales Tax	Additional Commissioner	2004-13, FY 2013-14 to FY 2019-20	15.62
Central Sales Tax 1956	Sales Tax	High Court	1998-1999, 2009-10, 2010-11, 2012-13, 2016-17	21.43
Central Sales Tax 1956	Sales Tax	Joint Commissioner	2018-19	0.83
Central Sales Tax 1956	Sales Tax	Tribunal	2009-10	0.45
Customs Act, 1962	Customs Duty	CESTAT	2004-05 to 2013-14, 2016-17 to 2018-19	40.13
Customs Act, 1962	Customs Duty	Commissioner	2004-05 to 2009-10 and 2012-13 to 2013-14 and 2016-17 and 2019-20	19.06
Customs Act, 1962	Customs Duty	Commissioner Appeals	2012-13, 2014-15	8.86
Customs Act, 1962	Customs Duty	Deputy Commissioner	2012-13	7.99
Customs Act, 1962	Customs Duty	High Court	2005-06 to 2006-07	12.26
Customs Act, 1962	Customs Duty	Supreme Court	1996-97, 2005-10, 2015	0.18
Customs Act, 1962	Customs Duty	Assistant Commissioner	2015-16, 2017-18, 2018-19	110.83
Finance Act, 1994	Service Tax	Additional Commissioner	2009-10	0.10
Finance Act, 1994	Service Tax	Assistant Commissioner	FY 2015-2016, FY 2016-2017	27.84
Finance Act, 1994	Service Tax	CESTAT	2004-05 to 2015-2016	198.46
Finance Act, 1994	Service Tax	Commissioner	2014-15, 2016-17 to 2017-18	5.83
Finance Act, 1994	Service Tax	Commissioner Appeals	2010-11, 2012-13 to 2015-16	1.85
Finance Act, 1994	Service Tax	High Court	2006-07, 2007-08, 2016-17	23.82
Finance Act, 1994	Service Tax	Joint Commissioner	2007-13	4.33
The Goods and Service tax, 2017	GST	CESTAT	2018-19	0.18
Income tax Act, 1961	Income Tax	Assessing Officer	1999-00, 2008-09, 2009-10	30.35
Income tax Act, 1961	Income Tax	CIT Appeals	2006-07 to 2013-14	556.67
Income tax Act, 1961	Income Tax	High Court	2006-07 to 2013-14	1,889.34
Income tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2002-03, 2004-05 to 2009-10, 2011-12, 2013-14, 2014-15	1,441.24
Income tax Act, 1961	Withholding Tax demand	Income Tax Appellate Tribunal	2006-07	18,773.89
Sales Tax	Sales Tax	Joint Commissioner	2014-15 and 2015-16	0.12
Sales Tax	Sales Tax	Commissioner	2007-08 to 2014-15	19.52
Sales Tax	Sales Tax	High Court	1998-99 to 2016-17	319.82
Sales Tax	Sales Tax	Additional Commissioner	2014-15	5.64
Sales Tax	Sales Tax	Deputy Commissioner	2012 to 2015	0.11
Sales Tax	Sales Tax	Tribunal	2008-12	1.40

* Net of amounts paid under protest/ adjusted against refunds.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to bank or government or dues to debenture holders, based on the revised repayment schedules, for some such loans, which has been drawn after taking effects of the moratorium granted by the banks and availed by

the Company, in view of the Covid-19 pandemic. The Company did not have any outstanding dues to financial institutions.

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of debt

instruments in the nature of debentures and term loans for the purposes for which they were raised. According to the information and explanations given to us, the Company has not raised monies by way of initial public offer or further public offer.

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

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act. As indicated in note 36 of the accompanying standalone Ind AS financial statements, the Company proposes to seek the approval of its shareholders at the ensuing annual general meeting for remuneration paid to one of its whole-time directors.

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

(xiii) According to the information and explanations given by the management, transactions with the related

parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

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

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

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

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

per **Sudhir Soni**
Partner

Place: Mumbai
Date: June 06, 2020

Membership Number: 41870
UDIN: 20041870AAAAAP3193

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS STANDALONE FINANCIAL STATEMENTS OF VEDANTA LIMITED

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

We have audited the internal financial controls over financial reporting of Vedanta Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the 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 Company's policies, the safeguarding of its assets, the prevention

and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

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

reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

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

A company's internal financial control over financial reporting with reference to these standalone 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 standalone 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 STANDALONE FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone 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 standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2020 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in COSO 2013 criteria.

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

per **Sudhir Soni**
Partner

Place: Mumbai
Date: June 06, 2020

Membership Number: 41870
UDIN: 20041870AAAAAP3193