INDEPENDENT AUDITOR'S REPORT

To the Members of Hindustan Zinc Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Hindustan Zinc Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its profits including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

(e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;

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

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

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

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

    iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

    iv. As per books of accounts of the Company and as represented by the management of the Company, the Company did not have cash balance as on November 8, 2016 and December 30, 2016 and has no cash dealings during this period.

Other Matter

The comparative financial information of the company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 prepared in accordance with Ind AS, included in these Ind AS financial statements, have been audited by the predecessor auditor who had audited the financial statements for the relevant periods. The report of the predecessor auditor on the comparative financial information and the opening balance sheet dated April 20, 2017 expressed an unmodified opinion.

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

per Raj Agrawal
Partner
Membership Number: 82028

Place: Mumbai
Date: April 20, 2017

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

Re: Hindustan Zinc 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 which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

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

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) (a) The Company had granted loan to one company 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 loan was not prejudicial to the company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated for the loan granted and the repayment/receipts were regular.

(c) There are no amounts of loan granted to the company listed in the register maintained under section 189 of the Act, which were overdue for more than ninety days.

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

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

(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 products 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) Undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. The provisions relating to employees' state insurance 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, income-tax, , service tax, sales-tax, duty of custom, duty of excise, value added 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 employees' state insurance are not applicable to the Company.

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

Name of the statute	Nature of the dues	Amount * (Rs in Crore)	Period (Financial year) to which amount relates	Forum where the dispute is pending
Income tax act, 1961	Income tax	2,558	1995-96, 1996-97, 1998-99, 2007-08, 2009-10, 2011-12, 2012-13	Commissioner of Income tax (Appeals)
		1,350	1988-89 to 1990-91, 1992-93, 1995-96, 1997-98, 1999-00 to 2008-09, 2010-11	Income Tax Appellate Tribunal
		113	1989-90 to 1996-97, 1998-99, 2000-01 to 2008-09	High Court / Supreme Court
Customs Act, 1962	Customs duty	42	2008-09 to 2013-14	CESTAT
Central Excise Act, 1944	Excise duty	304	1991-92, 1995-96 to 2015-16	CESTAT
		32	1997-98 to 2002-03, 2006-07 to 2015-16	Commissioner (Appeals)
		-**	2002-03 to 2011-12	High Court
Rajasthan sales tax act, 1994	Sales tax	27	1994-95, 1996-97 to 2003-04 , 2005-06 to 2013-14	Deputy Commissioner (Appeals)
Finance Act, 1994	Service tax	20	2002-03 to 2004-05, 2007-08 to 2014-15	Commissioner (Appeals)
		38	1997-98, 1998-99, 2004-05 to 2015-16	CESTAT

* Net of amounts paid under protest/adjusted against refunds

** Amount involved is Rs. 44 Lakhs.

(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 financial institutions. The Company did not have any outstanding dues in respect of banks, government or debenture holders during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any monies by way of initial public offer / further public offer / debt instruments or term loans hence, reporting under clause 3(ix) is not applicable to the Company and hence not commented upon.

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

(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 section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

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

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

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

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

per Raj Agrawal
Partner
Membership No.: 82028

Place: Mumbai
Date: April 20, 2017

ANNEXURE 2 REFERRED TO IN PARA 2(F) UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF HINDUSTAN ZINC LIMTED

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

We have audited the internal financial controls over financial reporting of Hindustan Zinc Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the 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 under the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) ('COSO 2013 criteria'), which considers the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, 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 was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting in COSO 2013 criteria, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per Raj Agrawal
Partner
Membership Number: 82028

Place: Mumbai
Date: April 20, 2017

HINDUSTAN ZINC LIMITED
IND AS FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

HINDUSTAN ZINC LIMITED
Balance Sheet as at March 31, 2017

(Rs in Crore)

Particulars	Notes	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
ASSETS				
Non-current assets				
a) Property, Plant and Equipment	4	9,865	10,265	9,783
b) Capital work-in-progress	4	3,071	2,428	2,005
c) Intangible Assets	5	128	120	117
d) Financial assets				
i) Loans	6	19	19	24
e) Deferred tax assets (net)	32	2,748	2,498	1,140
f) Other non-current assets	7	1,315	952	849
Total Non-current assets		**17,146**	**16,282**	**13,918**
Current assets				
a) Inventories	8	1,936	1,058	1,212
b) Financial Assets				
i) Investments	9	23,783	35,221	27,314
ii) Trade receivables	10	136	107	560
iii) Cash and cash equivalents	11	189	51	50
iv) Other Bank balances	12	8,191	2	3,535
v) Loans	6	1	2	1
vi) Other	13	5	5	3
c) Other current assets	7	408	467	409
Total Current assets		**34,649**	**36,913**	**33,084**
TOTAL		**51,795**	**53,195**	**47,002**
EQUITY AND LIABILITIES				
Equity				
a) Equity share capital	14	845	845	845
b) Other equity		29,960	36,540	43,776
Total Equity		**30,805**	**37,385**	**44,621**
Liabilities				
Non-current liabilities				
a) Financial liabilities				
i) Other financial liabilities	15	93	101	96
b) Provisions	16	111	19	11
c) Other non-current liabilities	17	556	563	596
Total Non-current liabilities		**760**	**683**	**703**
Current liabilities				
a) Financial liabilities				
i) Borrowings	18	7,908	-	-
ii) Trade payables	19	1,205	931	762
iii) Other financial liabilities	15	8,603	10,548	414
b) Other current liabilities	17	2,327	3,504	385
c) Provisions	16	17	30	73
d) Current tax liabilities		170	114	44
Total Current liabilities		**20,230**	**15,127**	**1,678**
TOTAL		**51,795**	**53,195**	**47,002**

See accompanying notes to financial statements.

As per our report on even date

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

For and on behalf of the Board of Directors

per Raj Agrawal
Partner
ICAI Membership No.: 82028

Sunil Duggal
CEO & Whole-time Director
DIN: 07291685

A. R. Narayanaswamy
Director
DIN: 00818169

Date: April 20, 2017
Place: Mumbai

Amitabh Gupta
Chief Financial Officer

R. Pandwal
Company Secretary
ICSI Membership No.: A9377

HINDUSTAN ZINC LIMITED
Statement of Profit and Loss for year ended March 31, 2017

(Rs in Crore)

Particulars	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue from operations	20	18,798	15,463
Other income	21	2,474	2,763
Total Income		**21,272**	**18,226**
Expenses:			
Cost of materials consumed	22	26	51
Purchase of traded goods		336	-
Changes in inventories of finished goods and work-in-progress	23	(676)	184
Employee benefits expense	24	722	774
Finance costs	25	202	17
Depreciation and amortization expense	26	1,811	745
Power, fuel and water		1,060	1,404
Royalty		2,269	1,634
Other expenses	27	5,322	4,764
Total expenses		**11,072**	**9,573**
Profit before exceptional item and tax		**10,200**	**8,653**
Exceptional item	28	-	30
Profit before tax		**10,200**	**8,623**
Tax expense :			
Current tax	32	2,196	1,805
Deferred tax credit	32	(312)	(1,357)
Total tax expenses		**1,884**	**448**
Profit for the year		**8,316**	**8,175**
Other comprehensive income			
A) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans		(4)	(12)
(b) Tax benefit on items that will not be reclassified to profit or loss		1	4
B) Items that will be reclassified to profit or loss			
instruments in a cash flow hedge		-	11
(b) Debt instrument through other comprehensive income		78	(1)
(c) Tax expenses on items that will be reclassified to profit or loss		(20)	(4)
Total other comprehensive income		**55**	**(2)**
Total comprehensive income for the year		**8,371**	**8,173**
Earnings per share (of Rs 2 each)			
-Basic earnings per share (Rs.)	29	19.68	19.35
-Diluted earnings per share (Rs.)	29	19.68	19.35

See accompanying notes to financial statements.

As per our report on even date

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

For and on behalf of the Board of Directors

per Raj Agrawal
Partner
ICAI Membership No.: 82028

Sunil Duggal
CEO & Whole-time Director
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Date: April 20, 2017
Place: Mumbai

Amitabh Gupta
Chief Financial Officer

R. Pandwal
Company Secretary
ICSI Membership No.: A9377

HINDUSTAN ZINC LIMITED

Statement of Cash Flows for the year ended March 31, 2017

(Rs in Crore)

	Particulars	Notes	For the year ended 31 March, 2017	For the year ended 31 March, 2016
(A)	**CASH FLOW FROM OPERATING ACTIVITIES :**			
	Net profit before tax		10,200	8,623
	Adjustments to reconcile profit to net cash provided by operating activities:			
	Depreciation and amortization expense	26	1,811	745
	Interest expense		191	10
	Interest income	21	(400)	(624)
	Amortization of deferred revenue arising from government grant	21	(107)	(32)
	Net gain on investments measured at FVTPL	21	(1,552)	(1,699)
	Loss / (Gain) on sale of fixed assets (net)		(11)	12
	Net Gain on sale of financial asset investments	21	(415)	(394)
	Operating profit before working capital changes		**9,717**	**6,641**
	Changes in assets and liabilities			
	(Increase)/Decrease in Inventories	8	(878)	154
	(Increase)/Decrease in Trade receivables	10	(29)	453
	(Increase)/Decrease in Other current assets		61	(59)
	(Increase)/Decrease in Other non current assets		(11)	(23)
	Increase in Trade payables	19	274	169
	Increase in Other current liabilities		786	905
	Increase/(Decrease) in Other long term liabilities		(5)	33
	Cash generated from operations		**9,915**	**8,273**
	Income taxes paid during the year		(2,338)	(1,822)
	Net cash generated from operating activities		**7,577**	**6,451**
(B)	**CASH FLOW FROM INVESTING ACTIVITIES :**			
	Purchases of property, plant and equipment (including intangibles, CWIP and Capital Advances)		(2,008)	(1,550)
	Interest received		327	509
	Short-term deposits made		(8,296)	(410)
	Proceeds from short-term deposits		107	3,890
	Inter-corporate loans given		(500)	-
	Inter-corporate loans repaid		500	-
	Purchase of current investments		(27,173)	(44,481)
	Sale of current investments		40,838	38,789
	Proceeds from sale of property, plant and equipment		21	17
	Net cash generated from investing activities		**3,816**	**(3,236)**
(C)	**CASH FLOW FROM FINANCING ACTIVITIES :**			
	Interest paid		(183)	(10)
	Proceeds from short term borrowings		15,772	-
	Repayment of short term borrowings		(7,872)	-
	Dividend and tax paid thereon		(18,972)	(3,204)
	Net cash used in financing activities		**(11,255)**	**(3,214)**
	Net increase in Cash and cash equivalents		138	1
	Cash and cash equivalents at the beginning of the year		51	50
	Cash and cash equivalents at the end of the year (Refer Note 11)		**189**	**51**

See accompanying notes to financial statements.

As per our report on even date

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

For and on behalf of the Board of Directors

per Raj Agrawal
Partner
ICAI Membership No.: 82028

Sunil Duggal
CEO & Whole-time Director
DIN: 07291685

A.R. Narayanaswamy
Director
DIN: 00818169

Date: April 20, 2017
Place: Mumbai

Amitabh Gupta
Chief Financial Officer

R. Pandwal
Company Secretary
ICSI Membership No.: A9377

HINDUSTAN ZINC LIMITED
Statement of Changes in Equity for the year ended March 31, 2017

a. Equity share capital

Equity shares of Rs 2 each issued, subscribed and fully paid	Numbers of shares (in Crore)	Rs in Crore
As at 1 April, 2015, March 31, 2016 and March 31, 2017	423	845

b. Other equity (Rs in Crore)

Particulars	Reserve and surplus			Items of other comprehensive income		Total
	Capital Reserve	Retained earnings[1]	General reserve[2]	Effective portion of cash flow	Debt instruments through OCI	
Balance as at the beginning of the year April 01, 2015	**1**	**33,303**	**10,383**	**(7)**	**96**	**43,776**
Profit for the year	-	8,175	-	-	-	8,175
Change in fair value of debt instruments at	-	-	-	-	19	19
Reclassification to Statement of Profit and Loss	-	-	-	11	(20)	(9)
Remeasurement of net defined benefit plan	-	(12)	-	-	-	(12)
Tax effect	-	4	-	(4)	-	-
Total comprehensive income for the year	**-**	**8,167**	**-**	**7**	**(1)**	**8,173**
Dividend declared - Paid	-	(2,662)	-	-	-	(2,662)
Dividend distribution tax - Paid	-	(542)	-	-	-	(542)
Dividend declared - Unpaid	-	(10,141)	-	-	-	(10,141)
Dividend distribution tax - Unpaid	-	(2,064)	-	-	-	(2,064)
Balance as at the end of the year March 31, 2016	**1**	**26,061**	**10,383**	**-**	**95**	**36,540**
Profit for the year	-	8,316	-	-	-	8,316
Change in fair value of debt instruments at	-	-	-	-	91	91
Reclassification to Statement of Profit and Loss	-	-	-	-	(13)	(13)
Remeasurement of net defined benefit plan	-	(4)	-	-	-	(4)
Tax effect	-	1	-	-	(20)	(19)
Total comprehensive income for the year	**-**	**8,313**	**-**	**-**	**58**	**8,371**
Dividend declared - Paid	-	(4,234)	-	-	-	(4,234)
Dividend distribution tax - Paid	-	(862)	-	-	-	(862)
Dividend declared - Unpaid	-	(8,188)	-	-	-	(8,188)
Dividend distribution tax paid on unpaid dividend	-	(1,667)	-	-	-	(1,667)
Balance as at the end of the year March 31, 2017	**1**	**19,423**	**10,383**	**-**	**153**	**29,960**

[1] During the year Company had declared interim dividend of Rs 803 Crore (Rs 1.90 per share) in November 2016 and Rs 11,619 Crore (Rs 27.50 per share) special dividend in March 2017. During the previous year Company had paid final dividend of Rs 1,056 Crore (Rs 2.50 per share) in April 2015 for the year ended on March 31, 2015 and declared Interim and special dividend of Rs 1,606 Crore (Rs 3.80 per share) in October 2015 and interim dividend of Rs 10,141 Crore (Rs 24 per share) in March 2016.

[2] General reserve: Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of the Companies Act 2013, the requirement to mandatory transfer a specified percentage of the net profit to general reserve has been withdrawn. The balances in the general reserve, as determined in accordance with applicable regulations, was Rs. 10,383 Crore as at March 31, 2017, March 31, 2016 and April 1, 2015.

See accompanying notes to financial statements.

As per our report on even date

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

For and on behalf of the Board of Directors

per Raj Agrawal
Partner
ICAI Membership No.: 82028

Sunil Duggal
CEO & Whole-time Director
DIN: 07291685

A. R. Narayanaswamy
Director
DIN: 00818169

Date: April 20, 2017
Place: Mumbai

Amitabh Gupta
Chief Financial Officer

R. Pandwal
Company Secretary
ICSI Membership No.: A9377

1. COMPANY OVERVIEW

Hindustan Zinc Limited ("HZL" or "the Company") was incorporated on January 10, 1966 and has its registered office at Yashad Bhawan, Udaipur (Rajasthan). HZL's shares are listed on National Stock Exchange and Bombay Stock Exchange. The Company is engaged in exploring, extracting and processing of minerals.

HZL's operations include five zinc-lead mines, four zinc smelters, one lead smelter, one zinc-lead smelter, seven sulphuric acid plants, one silver refinery plant and six captive power plants in the state of Rajasthan. In addition, HZL also has a rock-phosphate mine in Matoon near Udaipur in Rajasthan and zinc, lead, silver processing and refining facilities in the State of Uttarakhand. The Company also has wind power plants in the States of Rajasthan, Gujarat, Karnataka, Tamil Nadu and Maharashtra and solar power plants in the State of Rajasthan.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

a) Basis of preparation
These financial statements are prepared on a going concern basis, in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for financial instruments which are measured at fair values (refer note 3(a) below), the provisions of the Companies Act , 2013 (`Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The financial statements were approved for issue by the Board of Directors on April 20, 2017.

These are Company's first financial statements prepared in accordance with Ind AS, using April 1, 2015 as the transition date.

The Company has adopted all the Ind ASs and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards . The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

An explanation of how the transition to Ind AS has affected the reported Balance sheet, Statement of Profit & loss and cash flows of the Company and the exemptions claimed by the Company on first time adoption of Ind AS are given in note 39.

b) Critical accounting estimate and judgement

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

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

Significant Estimates

(i) Mining property and Ore reserve

Ore reserves and mineral resource estimates are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body.

(ii) Restoration, rehabilitation and environmental costs:

Provision is made for costs associated with restoration and rehabilitation of mining sites as soon as the obligation to incur such costs arises. Such restoration and closure costs are typical of extractive industries and they are normally incurred at the end of the life of the mine or oil fields. The costs are estimated on the basis of mine closure plans and the estimated discounted costs of dismantling and removing these facilities and the costs of restoration are capitalized when incurred reflecting the Company's obligations at that time.
The provision for decommissioning assets is based on the current estimate of the costs for removing and decommissioning producing facilities, the forecast timing of settlement of decommissioning liabilities and the appropriate discount rate.

(iii) Stripping cost:

As part of its mining operations, the Company incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalized as part of the cost of constructing the mine and subsequently amortized over its useful life using a UOP method. The capitalization of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management.

In identifying components of the ore body, the Company works closely with the mining operations personnel for each mining operation to analyse each of the mine plans. Generally, a component will be a subset of the total ore body, and a mine may have several components. The mine plans, and therefore the identification of components, can vary between mines for a number of reasons. The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Company uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset, and is presented as part of 'Mine properties' in the statement of financial position. The stripping activity asset is subsequently depreciated using the UOP method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body. The stripping activity asset is then carried at cost less depreciation and any impairment losses.

(iv) Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Change in pattern of utilization of plant and equipment.

The Company, basis an independent technical review, has reassessed the method of charging depreciation basis actual economic benefits derived from asset and has decided to change the depreciation method for plant and equipment. Effective April 1, 2016, the method of depreciation on Plant and Equipment has been changed from Straight Line Method to Written Down Value Method on remaining useful life, resulting in higher depreciation charge and lower profits of Rs 711 Crore and Rs 465 Crore respectively for the year ended March 31, 2017. Further, the Company has also revised the useful life of plant and equipment deployed in the generation of wind energy from 22 years to 27 years based on the technical assessment undertaken by the management. The impact of the revision results in lower depreciation and higher profits of Rs 26 Crore and Rs 17 Crore respectively for the year ended March 31, 2017.

Significant Judgement
Contingencies:

In the normal course of business, contingent liabilities may arise from litigation, taxation and other claims against the Company. Where it is management's assessment that the outcome cannot be reliably quantified or is uncertain, the claims are disclosed as contingent liabilities unless the likelihood of an adverse outcome is remote. Such liabilities are disclosed in the notes but are not provided for in the financial statements.

While considering the possible, probable and remote analysis of taxation, legal and other claims, there is always a certain degree of judgement involved pertaining to the application of the legislation which in certain cases is supported by views of tax experts and/or earlier precedents in similar matters. Although there can be no assurance regarding the final outcome of the legal proceedings, the Company does not expect them to have a materially adverse impact on the Company's financial position or profitability.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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

b) Current and non-current classification

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

An asset is treated as current when it is:
- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

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

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

c) Functional and presentation currency

The financial statements are prepared in Indian Rupees (INR), which is the Company’s functional currency. All financial information presented in INR has been rounded to the nearest crores with two decimals.

d) Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefit will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenues are measured at the fair value of the consideration received or receivable, net of discounts, volume rebates, outgoing sales taxes and other indirect taxes excluding excise duty. Excise duty is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to Company on its own account, revenue includes excise duty.

(i) Sale of goods

Revenues from sales are recognized when all significant risks and rewards of ownership of the goods sold are transferred to the customer which usually is on delivery of the goods to the shipping agent/passage of title to customer and it can be reliably measured and it is reasonable to expect ultimate collection. Revenues from sale of by-products are included in revenue. Certain of the Company's sales contracts provide for provisional pricing based on the price on the London Metal Exchange ("LME"), as specified in the contract, when shipped. Final settlement of the price is based on the applicable price for a specified future period. The Company's provisionally priced sales are marked to market using the relevant forward prices for the future period specified in the contract and is adjusted in revenue. Revenue from operations comprises proceeds from sale of scrap net of disposal expenses.

(ii) Sale of wind energy

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

(iii) Dividends

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

(iv) Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that assets net carrying amount on initial recognition.

(v) Others

Revenue relating to insurance claims and interest on delayed or overdue payments from trade receivable is recognized when no significant uncertainty as to measurability or collection exists. Export benefits are accounted for in the year of export based on eligibility and when there is no significant uncertainty in receiving the same.

e) Property, plant and equipment

(i) Property, plant and equipment other than mining properties

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the Statement of Profit and Loss in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalized.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income/other expenses in the statement of profit and loss.

Asset held for sale are carried at lower of their carrying value or fair value less cost to sell. Major machinery spares parts are capitalized when they meet the definition of Property, Plant and Equipment.

The cost includes the cost of replacing part of the plant and equipment when significant part of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repairs and maintenance cost are recognized in the statement of profits or loss as incurred.

Government grant related to fixed asset is capitalized along with the asset that it relates to and depreciated over the life of the primary asset.

On transition to Ind As in respect of property, plant and equipment, the Company has applied Ind As retrospectively from the date of their acquisition.

(ii) Mining properties

The costs of mining properties, which include the costs of acquiring and developing mining properties are capitalized as Property, Plant and Equipment under the heading "Mining properties" in the year in which they are incurred. When a decision is taken that a Mining property is viable for commercial production (i.e. when the Company determines that the Mining Property will provide sufficient and sustainable return relative to the risks and the Company decided to proceed with the mine development), all further pre-production primary development expenditure other than land, buildings, plant and equipment is capitalized as developing asset until the mining property are capable of commercial production. Revenue derived during the project phase is adjusted from the cost incurred on the project from which such revenue is generated. With respect to open pit operations, waste removal costs that are incurred in the open pit operations during the operational phase of these mines which provide improved access are recognized as assets. The cost of normal on-going operational stripping activities are recognized in the statement of profit and loss as and when incurred.

When the benefit from the stripping costs are realized in the current period, the stripping costs are accounted as charge in statement of profit and loss account in deferred mining expenses head. Deferred stripping cost are included in mining properties within Property, Plant and Equipment and disclosed as a part of Mining properties. After initial recognition, the stripping activity asset is depreciated on a unit of production method over the expected useful life of the identified component of the ore body to which it improves access.

(iii) Capital work in progress (CWIP)

Assets in the course of construction are capitalized in capital work in progress account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalized in CWIP until the period of commissioning has been completed and the asset is ready for its intended use.

(iv) Depreciation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible property and other equipment has been provided on the straight-line method and written down value method of depreciation is followed for plant and machinery effective April 1, 2016.

• Depreciation has been provided over residual life of the respective property, plant and equipment in respect of additions arising on account of insurance spares, on additions or extension forming an integral part of existing plants and on the revised carrying amount of assets identified as impaired.
• Mining properties are amortized, from the date on which they are first available for use, in proportion to the annual ore raised to the remaining mineable ore reserves (on a unit-of-production basis) over the total estimated remaining commercial reserves of each property or group of properties and are subject to impairment review. Commercial reserves are proved and probable reserves and any changes affecting unit of production calculations are dealt with prospectively over the revised remaining reserves. In the year of abandonment of mine, the residual balance in mining properties are written off.
• Based on technical evaluation, the management believes that the useful lives as given below best represent the period over which the management expects to use the asset.

Assets	Useful life in years
Factory buildings	30 years
Residential buildings	60 years
Roads (included in buildings)	5-10 years
Computers and data processing equipment	3-6 years
Plant and Equipment (Including captive power plant)	8 years to 40 years
Railway sidings	15 years
Office equipment	5 years
Furniture and fixtures	10 years
Vehicles	8-10 years

The useful lives of the above assets are in line with the useful lives as prescribed under Part C of schedule II of the Companies Act, 2013, except plant and equipment pertaining to wind energy segment. The Company based on technical assessment made by technical experts and basis management estimate, depreciates these assets over estimated useful lives over which the asset is expected to be used. The management believes that these estimated useful lives are realistic and reflect fair apportionment of the period over which the assets are likely to be used.

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

f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Intangible assets are amortized over their estimated useful life . Software is amortized on straight line method over the useful life of the asset or 5 years whichever is shorter. Amounts paid for securing mining rights are amortized over the period of mining lease. The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.

g) Impairment of non-financial assets

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

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

If any such indication exists then an impairment review is undertaken, the recoverable amount is calculated, as the higher of fair value less costs of disposal and the asset's value in use.

Fair value less costs of disposal is the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the entity and not applicable to entities in general. Fair value for mineral assets is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted at an appropriate post tax discount rate to arrive at the net present value.

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

The carrying amount of the CGU is determined on a basis consistent with the way the recoverable amount of the CGU is determined.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit and loss.

Any reversal of the previously recognized impairment loss is limited to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

h) Financial instruments

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

Financial assets – recognition

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit and loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets except treasury investment that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset. Treasury investments are accounted for when the amount is settled in Bank account. For purposes of subsequent measurement, financial assets are classified in three categories:

- Debt instruments at amortized cost

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

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

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

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

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

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

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

- Debt instruments, derivatives and equity instruments at fair value through Statement of Profit or Loss (FVTPL)

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

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

Debt instruments, derivatives and equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Financial assets - derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

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

- Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits and trade receivables

- Financial assets that are debt instruments and are measured as at FVTOCI

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

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

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

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

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

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

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

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

Financial liabilities – recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

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

- Financial liabilities at fair value through profit or loss

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

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

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

- Financial Liabilities at amortized cost (Loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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

Financial liabilities - derecognition

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

Embedded derivatives

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

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

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The senior management determines change in the business model as a result of external or internal changes which are significant to the group's operations. Such changes are evident to external parties. A change in the business model occurs when the group either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The group does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

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

i) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

In order to hedge its exposure to foreign exchange, interest rate, and commodity price risks, the Company enters into forward currency contracts, commodity contracts and other derivative financial instruments. The Company does not hold derivative financial instruments for speculative purposes.

Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

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

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

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

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

(i) Fair value hedges

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

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss. When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit and loss.

(ii) Cash flow hedges

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

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

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

j) Government grants, subsidies and export incentives

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

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

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

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

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

k) Inventories

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

(i) Ore, concentrate (mined metal), work-in-progress and finished goods (including significant by-products i.e. silver) are valued at lower of cost or net realizable value on weighted average basis.

(ii) Stores and spares are valued at lower of cost or net realizable value on weighted average basis.

(iii) Immaterial by-products, aluminium scrap, chemical lead scrap, anode scrap and coke fines are valued at net realizable value.

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

l) Taxation

Current tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided, using the balance sheet method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax ('MAT') paid in a year is charged to the statement of profit and loss as current tax. MAT paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

m) Retirement and other Employee benefit schemes

i. Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short - term employee benefits. These benefits include salaries and wages, performance incentives and compensated absences which are expected to occur in next twelve months. The undiscounted amount of short—term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by employees.

ii. Post-Employment Benefits

Gratuity
In accordance with the Payment of Gratuity Act of 1972, the Company contributes to a defined benefit plan (the “Gratuity Plan”). The Gratuity Plan provides a lump sum payment to employees who have completed at least 5 years of service; at retirement, disability or termination of employment being an amount equal to 15 day's salary (based on the respective employee’s last drawn salary) for every completed year of service.

Based on actuarial valuations conducted as at year end, a provision is recognized in full for the benefit obligation over and above the funds held in the Gratuity Plan.

In respect of defined benefit schemes, the assets are held in separately administered funds. In respect of defined benefit schemes, the cost of providing benefits under the plans is determined by actuarial valuation separately each year using the projected unit credit method by independent qualified actuary as at the year end.

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

The Company recognizes the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

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

Provident Fund
The Company offers retirement benefits to its employees, under provident fund scheme which is a defined benefits plan. The Company and employees contribute at predetermined rates to ‘Hindustan Zinc Limited Employee’s Contributory Provident Fund' ('Trust') accounted on accrual basis and the conditions for grant of exemption stipulate that the employer shall make good the deficiency, if any, between the return guaranteed by the statute and actual earning of the Trust. The contribution towards provident fund is recognized as an expense in the Statement of profit and loss.

Family Pension
The Company offers its employees benefits under defined contribution plans in the form of family pension scheme. Contributions are paid during the year into the fund under statutory arrangements. The contribution to family pension fund is made at predetermined rates by the Company based on prescribed rules of family pension scheme. The contribution towards family pension is recognized as an expense in the Statement of profit and loss.

Superannuation
Certain employees of the Company, who have joined post disinvestment are members of the Superannuation plan. The Company has no further obligations to the Plan beyond its monthly contributions which are periodically contributed to a trust fund, the corpus of which is invested with the Life Insurance Corporation of India. The contribution is recognized as an expense in the Statement of Profit and Loss.

iii. Other Long-Term Employee Benefits

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

n) Provision

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

(ii) Provision for Decommissioning

The Company recognizes a provision for decommissioning costs of smelting and refining facilities. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular asset. The cash flows are discounted at pre-tax rate that reflects current market assessment of time value of money and the risks specific to the liability. The unwinding of the discount is expensed as incurred and recognized in the statement of profit and loss as a finance cost. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Company recognizes provision for discontinuing of a smelting operation which is charged to the Statement of profit and loss. Management estimates are based on third party technical estimates. The actual costs and cash outflows may differ from estimates because of changes in laws and regulations, changes in prices, analysis of site conditions and changes in restoration technology. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate.

(iii) Provision for Restoration, rehabilitation and environmental costs

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or on-going production of a mine. Such costs, discounted to net present value, are provided for and a corresponding amount is capitalized at the start of each project, as soon as the obligation to incur such costs arises. These costs are charged to the statement of profit and loss over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision (considered as finance cost). The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, changes to lives of operations, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate.

Costs for the restoration of subsequent site damage, which is caused on an on-going basis during production, are charged to the Statement of Profit and Loss as extraction progresses. Where the costs of site restoration are not anticipated to be material, they are expensed as incurred.

o) Foreign currency translation

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

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

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

p) Earnings per share

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

q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker i.e. CEO. Revenue and expenses are identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which are not allocable to segments on a reasonable basis, are included under "Unallocated revenue/ expenses/ assets/ liabilities".

r) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term

Company as a lessor

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

s) Cash and cash equivalents

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

t) Cash dividend to equity share holders of the Company

The Company recognizes a liability to make distribution to equity shareholders of the Company when the distribution is authorized and it is no longer at the discretion of the Company. Interim dividend is paid as and when declared by the Board. Final dividend is paid after obtaining shareholder's approval. Dividends are paid in Indian Rupees.

u) Investment in joint venture

Investments representing equity interest in joint ventures are carried at cost. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

v) Standards issued but not effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7:
The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash—settled share-based payment transaction are modified with the result that it becomes an equity-settled share—based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Company will adopt these amendments from their applicability date. The Company is evaluating the requirements of the amendment along with the impact on the financial statements

4. PROPERTY, PLANT AND EQUIPMENT

(Rs in Crore)

Particulars	Freehold land	Buildings	Plant and equipment (refer note 34)	Furniture and fixtures	Vehicles	Office equipment	Railway siding	Mining properties[1]	Total
At Cost									
As at April 1, 2015	230	1,268	12,852	26	28	188	60	516	**15,168**
Additions	12	63	420	2	5	15	25	681	**1,223**
Disposals/ adjustments	(16)	(8)	45	-	1	1	-	-	**23**
As at March 31, 2016	**258**	**1,339**	**13,227**	**28**	**32**	**202**	**85**	**1,197**	**16,368**
Additions	1	41	822	1	4	13	-	530	**1,412**
Disposals/ adjustments	-	46	53	-	2	2	1	(53)	**51**
As at March 31, 2017	**259**	**1,334**	**13,996**	**29**	**34**	**213**	**84**	**1,780**	**17,729**
Accumulated depreciation									
As at April 1, 2015	-	213	4,830	14	14	146	9	159	**5,385**
Depreciation charge for the year	-	39	602	2	3	15	4	69	**734**
Disposals/ adjustments	-	-	15	-	-	1	-	-	**16**
As at March 31, 2016	**-**	**252**	**5,417**	**16**	**17**	**160**	**13**	**228**	**6,103**
Depreciation charge for the year	-	56	1,433	3	1	13	5	289	**1,800**
Disposals/ adjustments	-	4	33	-	1	1	-	-	**39**
As at March 31, 2017	**-**	**304**	**6,817**	**19**	**17**	**172**	**18**	**517**	**7,864**
Net Book Value									
As at April 1, 2015	230	1,055	8,022	12	14	42	51	357	**9,783**
As at March 31, 2016	258	1,087	7,810	12	15	42	72	969	**10,265**
As at March 31, 2017	259	1,030	7,179	10	17	41	66	1,263	**9,865**

(Rs in Crore)

Carrying amount of	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital work in progress[2]	**3,071**	**2,428**	**2,005**

5. INTANGIBLE ASSETS

(Rs in Crore)

Particulars	Computer Software	Mining rights	Right to use asset (refer note 34)	Total
At Cost				
As at April 1, 2015	25	67	50	142
Additions	2	-	12	14
Disposals	-	-	-	-
As at March 31, 2016	**27**	**67**	**62**	**156**
Additions	13	-	6	19
Disposals	-	-	-	-
As at March 31, 2017	**40**	**67**	**68**	**175**
Amortization				
As at April 1, 2015	18	5	2	25
Charge for the year	4	4	3	11
As at March 31, 2016	**22**	**9**	**5**	**36**
Charge for the year	4	4	3	11
As at March 31, 2017	**26**	**13**	**8**	**47**
Net Book Value				
As at April 1, 2015	7	62	48	**117**
As at March 31, 2016	5	58	57	**120**
As at March 31, 2017	14	54	60	**128**

(1) Additions to mining property includes deferred stripping cost of Rs. 21 Crore (March 31, 2016 Rs. Nil)

(2) Capital work in progress includes employee benefits and other expense of Rs 28 Crore and Rs 133 Crore respectively. (March 31, 2016: Rs 37 Crore and Rs 277 Crore respectively.)

(Rs in Crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
6. LOANS			
(At amortized cost)			
Non-current			
Unsecured, considered good			
Loans to employees	2	3	5
Security deposits	17	16	19
Unsecured, considered doubtful			
Security deposits	23	23	23
Provision for security deposits	(23)	(23)	(23)
	-	-	-
Investment in joint ventures (Refer Note 33)	2	2	3
Provision for investment in joint ventures	(2)	(2)	(3)
	-	-	-
Total	**19**	**19**	**24**
Current			
Unsecured, considered good			
Loans to employees	1	2	1
Total	**1**	**2**	**1**
7. OTHER ASSETS			
Non-current			
Unsecured, considered good			
Capital advances	430	319	329
Claims and other receivables[(1)]	179	157	146
Security Deposits	35	41	21
Advance income tax (net)	530	289	203
Prepayments[(2)]	141	146	150
Unsecured, considered doubtful			
Claims and other receivables	34	28	28
Security deposits	5	5	5
Provision on doubtful deposits and claims	(39)	(33)	(33)
	-	-	-
Total	**1,315**	**952**	**849**
Current			
Unsecured, considered good			
Advance given to vendors for supply of goods and services	127	189	116
Prepayments	21	17	31
Balance with central excise and government authorities	195	193	194
Export incentive receivable	65	68	68
Total	**408**	**467**	**409**

[(1)] Includes Rs 101 Crore for March 31, 2017 (March 31, 2016 : Rs. 73 Crore and April 1, 2015 : Rs. 52 Crore) paid under protest as mentioned in Note 30 on account of Entry tax. Balance pertains to Indirect taxes and royalty deposited under dispute with respect to various matters currently litigated in court of law and at various levels of adjudication authorities.

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

(Rs in Crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
8. INVENTORIES *			
Lower of cost or net realizable value			
a. Raw material	-	-	47
b. Work in progress			
Ore[1]	307	48	94
Mined Metal	525	182	284
Others	334	276	295
c. Finished goods[1]	54	38	55
d. Fuel Stock	61	137	76
[Including goods in transit Nil (2016: Rs 26 Crore; 2015: Rs 52 Crore)]			
e. Stores and spare parts[2]	655	377	361
[Including goods in transit Rs. 278 Crore (2016: Rs 12 Crore; 2015: Rs 65 Crore)]			
Total	**1,936**	**1,058**	**1,212**

* For method of valuation of inventories, Refer note 3(k)

[1] Inventory held at net realizable value amounted to Rs 24 Crore (March 31, 2016 : Rs. 13 Crore and April 01, 2015 : Rs. 6 Crore).The write down on this inventory of Rs. 9 Crore (March 31, 2016 : Rs. Nil) has been taken to Statement of Profit and Loss.

[2] Net of provision of Rs 44 Crore (2016: Rs 45 Crore; 2015: Rs 54 Crore)]

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
9. INVESTMENTS			
Financial assets measured at fair value through other comprehensive income			
Investment in bonds-quoted	1,829	1,918	2,272
Investment in zero coupon bonds- quoted	2,618	1,890	1,709
Financial assets measured at fair value through profit and loss			
Investment in mutual funds-quoted	12,167	14,420	13,310
Investment in mutual funds-unquoted	7,169	16,993	10,023
Total	**23,783**	**35,221**	**27,314**
Aggregate amount of quoted investment	**16,614**	**18,228**	**17,291**
Market value of quoted investment	**16,614**	**18,228**	**17,291**
Aggregate amount of unquoted investment	**7,169**	**16,993**	**10,023**

(Rs in Crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
10. TRADE RECEIVABLES[1]			
(At amortized cost)			
Unsecured, considered good[2]	136	107	560
Unsecured, considered doubtful	1	1	1
Provision on doubtful debts	(1)	(1)	(1)
	-	-	-
Total	**136**	**107**	**560**

[1] The average credit period given to customer ranges from zero to ninety days. Interest is charged on trade receivables for the credit period, from the date of the invoice at 9.5% to 12.25% per annum on the outstanding balance.

[2]Unsecured considered good includes, Rs.124 Crore (March 31, 2016: Rs 31 Crore, April 1,2015: Rs 40 Crore) due from wind energy segment's trade receivables.

There are no other customers who represent more than 10% of the total balance of trade receivables.

For terms and condition relating to related party receivables see note 38.

(Rs in Crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
11. CASH AND CASH EQUIVALENTS			
Balances with banks			
On current accounts	189	51	28
Deposits with original maturity of less than 3 months	-	-	22
Total	**189**	**51**	**50**

Disclosure of Specified Bank Notes*

Particulars	Specified bank notes	Other denomination notes	Total
Closing cash in hand as on 8th November 2016	-	-	-
Add: Permitted receipts	-	-	-
Less: Permitted payments	-	-	-
Less: Amounts deposited in Banks	-	-	-
Closing cash in hand as on 30th December 2016	-	-	-

*During the period from November 8, 2016 to December 30, 2016, the Company did not hold or transact in any Specified Bank Notes as defined in the notification of the Government of India, the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 8, 2016.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
12. OTHER BANK BALANCES			
Fixed deposits having maturity more than 3 months but not more than 12 months	-	-	3,534
Earmarked unpaid dividend accounts	8,191	2	1
Total	**8,191**	**2**	**3,535**
13. OTHER FINANCIAL ASSETS - CURRENT			
Unsecured, Considered Good			
Interest accrued on deposits (at amortized cost)	3	3	2
Derivative assets (Refer note 36)	2	2	1
Total	**5**	**5**	**3**

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(Rs in Crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
14. EQUITY SHARE CAPITAL			
A. Authorized equity share capital			
Equity shares of Rs 2 (March 31,2016: Rs 2, April 1,2015: Rs 2) each.	1,000	1,000	1,000
No. of Shares (In Crore)	500	500	500
B. Issued, subscribed and paid up			
Equity shares of Rs 2 (March 31,2016: Rs 2, April 1,2015: Rs 2) each.	845	845	845
No. of Shares (In Crore)	423	423	423
C. Equity shares held by holding Company			
Vedanta Limited			
No. of Shares (In Crore)	274	274	274
% of Holding	64.92%	64.92%	64.92%
D. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date			
Equity shares allotted as fully paid up by way of bonus shares without payment being received in cash in financial year 2010-11	-	-	211
E. Details of shareholders holding more than 5% shares in the Company			
Vedanta Limited			
No. of Shares (In Crore)	274	274	274
% of Holding	64.92%	64.92%	64.92%
Government of India- President of India			
No. of Shares (In Crore)	125	125	125
% of Holding	29.54%	29.54%	29.54%

F. Terms/Rights attached to equity shares

The Company has one class of equity shares having a par value of Rs 2 per share. Each equity shareholder is eligible for one vote per share held. Each equity shareholder is entitled to dividend as and when declared by the Company. Interim dividend is paid as and when declared by the Board. Final dividend is paid after obtaining shareholder's approval. Dividends are paid in Indian Rupees. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount in proportion to their shareholding. The Company has a dividend policy to pay a minimum dividend of 30% of profit after tax or 5% of opening net worth which ever is higher.

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(Rs in Crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
15. OTHER FINANCIAL LIABILITIES			
Non-current			
Capital creditors	93	101	96
Total	**93**	**101**	**96**
Current			
Derivatives - Liabilities (Refer Note 36)	47	12	21
Others			
Due to related party (Refer Note 38)	25	28	17
Deposits from vendors	189	209	212
Dividend payable	8,191	10,142	1
Other liabilities (Includes employee benefits etc.)	151	157	163
Total	**8,603**	**10,548**	**414**

16. PROVISIONS

Non-current (Rs in Crore)

Particulars	Provision for mine restoration[1]	Provision for decommissioning[2]	Total
As at April 1, 2015	**4**	**7**	**11**
Addition during the year	-	8	8
Utilized	-	-	-
As at March 31, 2016	**4**	**15**	**19**
Addition during the year	83	7	90
Unwinding of discount	2	-	-
Utilized	-	-	-
As at March 31, 2017	**89**	**22**	**111**

[1] The provision for restoration, rehabilitation, and environmental cost represents the Company's best estimate of the costs which will be incurred in the future to meet the obligations under the laws of the land and the terms referred to in the Company's mining arrangements. The principal restoration, rehabilitation and environmental provisions are the costs, which are expected to be incurred in restoring at the end of life of these mines at Rampura Agucha, Rajpura Dariba, Zawar Mines, Sindesar Khurd and Matoon.

[2] Provision for decommissioning is created to meet the obligation at decommissioned smelting facility at Vizag location basis an independent technical evaluation.

Current (Rs in Crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Provision for gratuity	16	25	48
Provision for compensated absences	1	5	25
Total	**17**	**30**	**73**

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(Rs in Crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
17. OTHER LIABILITIES			
Non-Current			
Deferred government grant[3]	556	563	596
Total	**556**	**563**	**596**
Current			
Advance from customers[1]	1,515	457	92
Others			
Statutory and other liabilities[2]	698	2,950	262
Deferred government grant[3]	114	97	31
Total	**2,327**	**3,504**	**385**

[1]Advance from customers includes the amount received under short term supply agreements.

[2]Statutory and other liabilities mainly includes contribution to PF, Excise duty, VAT, service tax, amount payable to District Mineral Fund (DMF) and National Mineral Exploration Trust (NMET) etc.

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

18. BORROWINGS			
Current			
Commercial Paper (Unsecured)[1]	7,908	-	-
Total	**7,908**	**-**	**-**

[1] Commercial papers carry an effective interest rate in the range of 6.35% to 6.38%, and is repayable within 56 days to 91 days from the date of issue of commercial papers.

19. TRADE PAYABLES			
Total outstanding dues of Micro, Small and Medium enterprises	10	7	3
Total outstanding dues to creditors other than Micro, Small and Medium enterprises	1,195	924	759
Total	**1,205**	**931**	**762**

The disclosures relating to Micro, Small and Medium Enterprises have been furnished to the extent such parties have been identified on the basis of the intimation received from the suppliers regarding their status under the Micro, Small and Medium Development Act, 2006. There is no interest paid/payable as at March 31, 2017 (March 31, 2016: Nil , April 1, 2015: Nil).

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.			
i) Principal amount due to micro and small enterprise	10	7	3
ii) Interest due on above	-	-	-
iii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-	-
iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-	-
v) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-	-
vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006.	-	-	-

(Rs in Crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
20. REVENUE FROM OPERATIONS		
Sale of products (including excise duty)(1)	18,395	14,971
Income from wind energy	176	164
	18,571	15,135
Other operating income		
Sale of Scrap and Residuals	111	141
Export incentives	71	106
Others (unclaimed amount, carbon credits, liquidated damages etc.)	45	81
Total	**18,798**	**15,463**

(1) Sale of products includes excise duty collected from Customers of Rs 1,525 Crore (March 31, 2016 : Rs 1,282 Crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
21. OTHER INCOME		
Net gain on investments measured at FVTPL	1,552	1,699
Net gain on sale of investments	415	394
Net gain on foreign currency transactions and translation	-	14
Amortization of deferred revenue arising from government grant	107	32
Interest Income		
Bank deposits at amortized cost	4	262
Investments at fair value through other comprehensive income	321	322
Interest others (interest from customers, staff loans, etc.) at amortized cost	75	40
Total	**2,474**	**2,763**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
22. COST OF MATERIALS CONSUMED(1)		
Opening inventory	-	47
Add: Purchase	26	4
Less: Closing inventory	-	-
Cost of materials consumed	**26**	**51**

(1) Represents zinc and lead concentrate purchased

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
23. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Opening inventory		
Finished goods	38	55
Work in progress :-		
Ore	48	94
Mined metal	182	284
Others (includes various semi-finished goods having Zinc, Lead & Silver content)	276	295
Total	**544**	**728**
Closing inventory		
Finished goods	54	38
Work in progress :-		
Ore	307	48
Mined metal	525	182
Others (includes various semi-finished goods having Zinc, Lead & Silver content)	334	276
Total	**1,220**	**544**
Changes in Inventory	**(676)**	**184**

(Rs in Crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
24. EMPLOYEE BENEFIT EXPENSE		
Salaries, wages and bonus	576	629
Contribution to provident and other funds (Refer Note 31)	45	46
Share based compensation[1]	23	22
Staff welfare expenses[2]	78	77
Total	**722**	**774**

[1] The Company offers equity-based award plans to its employees, officers and directors through its parents, Vedanta Resources Plc. [Vedanta Resources Long-Term Incentive Plan ("LTIP"), Employee Share Ownership Plan ("ESOP") and Performance Share Plan ("PSP")] collectively referred as 'VR PLC ESOP' scheme and Vedanta Limited [Vedanta Limited - Employee Stock Option Scheme ("Vedanta Limited- ESOS")].

During the year, share- based incentives arrangement under VR PLC ESOP scheme and ESOS of Vedanta limited (introduced effective December 2016) are provided to the defined management group. The maximum value of shares that can be awarded to members of the defined management group is calculated by reference to the individual fixed salary and share-based remuneration consistent with local market practice. ESOP scheme of VR Plc. and Vedanta limited are both tenure and performance based share schemes. The awards are indexed to and settled by Parent's shares (Vedanta Resources Plc. shares or Vedanta Ltd shares as defined in the scheme). The awards have a fixed exercise price denominated in Parent's functional currency (10 US cents per share in case of Vedanta Resources Plc. and Re.1 in case of Vedanta Limited), the performance period of each award is three years and is exercisable within a period of six months from the date of vesting beyond which the option lapses.

Further, in accordance with the terms of the agreement between the Parent and the Company, the cost recognised towards ESOP scheme is recovered by the Parent from the Company.

[2] Includes Corporate social responsibility expenses of Rs. 11 Crore (March 31, 2016 : Rs. 14 Crore). Refer Note 34 for Corporate social responsibility note

25. FINANCE COSTS		
Interest expense on borrowings	192	10
Bill discounting charges	8	6
Bank charges	2	1
Total	**202**	**17**

26. DEPRECIATION AND AMORTIZATION EXPENSES		
Depreciation on property, plant and equipments	1,800	734
Amortization on intangible assets	11	11
Total	**1,811**	**745**

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(Rs in Crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
27. OTHER EXPENSES		
Consumption of stores and spare parts	1,134	1,014
Excise duty on sale of goods	1,525	1,282
Repairs and Maintenance -		
Plant and equipment	1,042	957
Building	42	40
Others	2	2
Carriage inwards	176	204
Mine expenses	476	382
Other manufacturing and operating expenses	279	250
Rates and taxes	2	4
Conveyance and travelling expenses	32	32
Directors sitting fees and commission	1	1
Payment to auditors[1]	2	2
Carriage outwards	246	269
Grass root exploration expenses	55	67
Donations	50	-
Legal and professional expenses	89	66
Research and development expenditure	7	5
Corporate social responsibility (Refer Note 34)	34	43
Miscellaneous expenses	128	144
Total	**5,322**	**4,764**
[1] Remuneration to auditors		
- Audit fees	1	1
- Other services	1	1
Total	2	2
28. EXCEPTIONAL ITEMS		
Voluntary retirement expenses	-	30
Total	**-**	**30**

The Company announced voluntary retirement to its employees under the revised Voluntary Retirement Scheme, 2000. Under the scheme, 162 employees opted for Voluntary retirement, during the year ended March 31, 2016.

29. EARNINGS PER SHARE

Basic earnings per share (Rs.)	19.68	19.35
Diluted earnings per share (Rs.)	19.68	19.35

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows:

Profit after tax attributable to owners of the Company (in Crore)	8,316	8,175
Earnings used in the calculation of basic earnings for the year (in Crore)	8,316	8,175
Weighted average number of equity shares outstanding (in Crore)	423	423
Nominal Value per share	2	2

(Rs in Crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
30. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS			
a. Contingent liabilities[1]			
Claims against the Company not acknowledged as debts			
- Suppliers and contractors	43	45	31
- Ex-employees and others	9	9	10
- Land acquisition	6	7	6
- Mining cases[2]	334	334	334
- Government : Electricity Duty	9	9	9
: Renewable Energy	-	-	180
: Road Tax	15	-	-
: Environmental Cess[3]	142	128	112
Guarantees issued by the banks (excluding Financial guarantee)	65	51	56
Sales tax demands	26	11	13
Entry tax demands[4]	199	128	122
Income tax demands[5]	4,267	2,110	1,129
Excise Duty demands[6]	424	369	465

[1] Future cash out flows in respect of the above matters are determinable only on receipt of judgments or decisions pending at various forums. Accordingly interest and penalty where applicable will be additionally payable.

[2] The Department of Mines and Geology of the State of Rajasthan issued several show cause notices in August, September and October 2006 to HZL, amounting to Rs 334 Crore. These notices alleged unlawful occupation and unauthorised mining of associated minerals other than zinc and lead at HZL's Rampura Agucha, Rajpura Dariba and Zawar mines in Rajasthan during the period from July 1968 to March 2006. HZL believes that the likelihood of this claim is not probable and thus no provision has been made in the financial statements. HZL had filed writ petitions in the High Court of Rajasthan in Jodhpur and had obtained a stay in respect of these demands. The High Court restrained the Department of Mines and Geology from undertaking any coercive measures to recover the penalty. In January 2007, the High Court issued another order granting the Department of Mines and Geology additional time to file their reply and also ordered the Department of Mines and Geology not to issue any orders cancelling the lease. The Company is currently awaiting listing of the said case in Rajasthan High Court.

[3] The State of Rajasthan issued a notification in June 2008 notifying the Rajasthan Environment and Cess Rules, 2008, imposing environment and health cess on major minerals including lead and zinc. HZL and other mine operators resisted this notification and the imposition thereunder before the High Court of Rajasthan on the ground that the imposition of such cess and all matters relating to the environment fall under the competence of the Central government as opposed to the State government. In October 2011, the High Court of Rajasthan disposed the writ petitions and held the Rajasthan Environment and Cess Rules, 2008 that imposes a levy of cess on mineral as being constitutionally valid. An amount of Rs 150 per metric ton of ore produced would be attracted under the Statute if it is held to be valid. HZL challenged this order by a special leave petition in December 2011 before the Supreme Court of India. The Supreme Court of India issued a notice for stay. Further direction was issued by the Supreme Court on March 23, 2012 not to take any coercive action against HZL for recovery of cess, during the current year the above mentioned notification has been rescinded via Notification dated January 6, 2017, with immediate effect and thus the Company is not recognising any amount after the notified date as a contingent liability.

[4] The Company challenged the constitutional validity of the local statutes and related notifications in the state of Rajasthan pertaining to the levy of entry tax on the entry of goods brought into the state from outside. Post some contradictory orders of High Courts across India adjudicating on similar challenges, the Supreme Court referred the matters to a nine judge bench. Post a detailed hearing, although the bench rejected the compensatory nature of tax as a ground of challenge, it maintained status quo with respect to all other issues which have been left open for adjudication by regular benches hearing the matters. The total claims on the Company as at March 31, 2017, March 31, 2016 and April 1, 2015 is Rs. 199 crore, Rs. 128 crore and Rs. 122 crore respectively. Post the order of the nine judge bench, the regular bench of the Supreme Court proceeded with hearing the maters. The regular bench remanded the entry tax matters relating to the issue of discrimination against domestic goods from other States to the respective High Courts for final determination but retained the issue of jurisdiction on levy on imported goods, for determination by Supreme Court. The Company is looking to file writ petition before the Rajasthan High Court.

[5] As of March 31, 2017, the Company has open tax demands of contingent nature of Rs. 4,267 crore for relevant assessment years 1989-90 through 2013-14. The demand is raised mainly on account of disallowance of certain benefits under section 80IA and 80IC of the Indian Income Tax Act and on account of depreciation disallowances and interest thereon. Although, the Company has paid an amount of Rs. 526 crore in relation to these demands, which are pending at various levels of appeals, management considers these disallowances as not tenable against the Company, and therefore no provision for tax contingencies has been established.

[6] Contingent liability towards excise duty of Rs. 424 crore include various demands raised on the Company towards CENVAT, service tax and excise for FY 1991-92 to 2015-16. These demands include an amount of Rs. 271 crore towards reverse credit on inputs used for manufacture of silver cleared without payment of duty during the period Oct 2008 to Feb 2013. The Company has paid an amount of Rs. 43 crore against these demands under protest and is confident of the liability not devolving on the Company.

b. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs 1,636 Crore (March 31, 2016: Rs 2,015 Crore, April 1, 2015: Rs 1,798 Crore).

c. Other Commitments - Export obligations

The Company had export obligations of Rs 1,244 Crore (March 31, 2016: Rs 166 Crore) on account of concessional rates of import duties paid on capital goods under the Export Promotion Capital Goods Scheme enacted by the Government of India which is to be fulfilled over the next six years from purchase. If the Company is unable to meet these obligations, its liabilities currently not provided would be Rs 207 Crore (march 31, 2016: Rs 33 Crore) reduced in proportion to actual export. This liability is backed by the bonds executed in favour of Customs department amounting to Rs 268 Crore (March 31, 2016: Rs.122 Crore). Further, bonds amounting to Rs. 346 Crore (March 31, 2016: Rs.581 Crore) will be released subject to verification of EODC (Export obligation discharge certificate) by the Customs department.

31. RETIREMENT AND OTHER EMPLOYEE BENEFIT SCHEMES

a. Defined contribution schemes

Family Pension Scheme

The contributions are based on a fixed percentage of the employee's salary, subject to a ceiling, as prescribed in the scheme. A sum of Rs 6 Crore (March 31, 2016: Rs 7 Crore) has been charged to the Statement of Profit and Loss during the year.

Superannuation fund

A sum of Rs 2 Crore (March 31, 2016: Rs 2 Crore) has been charged to the Statement of Profit and Loss in respect to contributions made to the superannuation fund. The Company has no further obligations to the plan beyond the monthly contributions.

b. Defined benefit plans

For defined benefit pension schemes, the cost of providing benefits under the plans is determined by actuarial valuation each year for the plan using the projected unit credit method by independent qualified actuaries as at the year end. Remeasurements in the year are recognized in full in other comprehensive income for the year.

Provident fund

The Company offers its employees, benefits under defined benefit plans in the form of provident fund scheme which covers all employees. Contributions are paid during the year into ‘Hindustan Zinc Limited Employee’s Contributory Provident Fund’ (‘Trust’). Both the employees and the Company pay predetermined contributions into the Trust. A sum of Rs 25 Crore (March 31, 2016: Rs 24 Crore) has been charged to the Statement of Profit and Loss in this respect during the year.

The Company’s Trust is exempted under section 17 of Employees Provident Fund Act, 1952. The conditions for grant of exemption stipulate that the employer shall make good the deficiency, if any, between the return guaranteed by the statute and actual earning of the trust having regard to the assets of the Trust and the return in the investments, the Company also does not expect any deficiency in the foreseeable future.

The details of fund and plan asset position are given below:

(Rs in Crore)

Particulars	**As at March 31, 2017**	**As at March 31, 2016**	**As at April 01, 2015**
Plan assets fair valued	1,112	991	921
Present value of benefit obligation at period end	1,110	987	886
Net Plan Assets	2	4	35
% allocation of plan assets by category			
Central government securities	23%	27%	29%
State government securities	59%	66%	66%
Private Sector Bonds, Mutual funds	18%	7%	5%
Principal actuarial assumptions			
Financial Assumptions			
Discount rate	8%	8%	8%
Expected statutory interest rate on the ledger balance	9%	9%	9%
Expected short fall in interest earnings on the fund	0%	0%	0%
Demographic Assumptions			
i) Retirement Age (Years)	58	58	58
ii) Mortality rates inclusive of provision for disability	100% of IALM (2006 - 08)		
iii) Withdrawal rates			
Up to 30 Years	3% - 9.4%	3%	3%
From 31 to 44 years	2% - 5.6%	2%	2%
Above 44 years	1% - 1.5%	1%	1%

Gratuity plan

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The Company's defined benefit plans are funded with Life Insurance Corporation of India (LIC). The Company does not have any liberty to manage the fund provided to LIC.

The following tables set out the funded status of the gratuity plans and the amounts recognized in the financial statements.

(Rs in Crore)

Particulars	**As at March 31, 2017**	**As at March 31, 2016**	**As at April 01, 2015**
Principal actuarial assumptions			
Principal actuarial assumptions used to determine the present value of the defined benefit obligation are as follows:			
Financial Assumptions			
Discount rate	7.6%	8.0%	7.8%
Expected rate of increase in compensation level of covered employees	6% - 8%	5.5%	5.5%
Demographic Assumptions			
i) Retirement Age (Years)	58	58	58
ii) Mortality rates inclusive of provision for disability	100% of IALM (2006 - 08)		
iii) Withdrawal rates			
Up to 30 Years	3% - 9.4%	3%	3%
From 31 to 44 years	2% - 5.6%	2%	2%
Above 44 years	1% - 1.5%	1%	1%
Amount recognized in the balance sheet consists of:			
Fair value of planned assets	200	183	168
Present value of defined benefit obligations	(216)	(208)	(216)
Net liability arising from defined benefit obligation	**(16)**	**(25)**	**(48)**

(Rs in Crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
The movement during the year of the present value of the defined benefit obligation was as follows:		
Opening Balance	208	216
Service cost	10	9
Benefits paid	(24)	(47)
Interest cost	17	17
Actuarial (losses) on obligation	5	13
Closing Balance	**216**	**208**
The movement during the year in the fair value of plan assets was as follow:		
Opening Balance	183	168
Employer Contributions	25	48
Benefits paid	(24)	(47)
Remeasurement gain / (loss) arising from return on plan assets	1	1
Interest income	15	13
Closing Balance	**200**	**183**

(Rs in Crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Amounts recognized in Statement of Profit and loss in respect of defined benefit plan are as follows:		
Current service cost	10	9
Net Interest cost	2	4
Total charge to Statement of Profit and Loss	**12**	**13**
Amounts recognized in Other Comprehensive Income in respect of defined benefit plan are as follows:		
Actuarial (Gain)/Loss on arising from Change in Demographic Assumption	(1)	-
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	(18)	2
Actuarial (Gain)/Loss on arising from Experience Adjustment	15	(16)
Loss on Plan assets (excluding amounts included in net interest cost)	1	1
Remeasurement of the net defined benefit liability	**(3)**	**(13)**
Expected contribution for the next Annual reporting period:		
Service Cost	11	9
Net Interest Cost	1	2
Expected Expense for the next annual reporting period	**12**	**11**

(Rs in Crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
% allocation of plan assets by category			
Government Securities	45%	45%	45%
Debentures / bonds	35%	35%	35%
Equity instruments	10%	10%	10%
Money market instruments	10%	10%	10%

Sensitivity analysis

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

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Impact of change discount rate		
Increase by 0.50%	(6)	(6)
Decrease by 0.50%	6	6
Impact of change is salary increase rate		
Increase by 0.50%	6	6
Decrease by 0.50%	(6)	(6)

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

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

Risk analysis

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

Investment risk

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

Interest risk

A decrease in the interest rate on plan assets will increase the plan liability, however this will be partially offset by increase in the return on plans debt investment.

Longevity risk/ Life expectancy

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

Salary growth risk

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

32. INCOME TAX EXPENSES

The major components of income tax expense for the year ended March 31, 2017 are indicated below:

(Rs in Crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
a. Tax charge recognised in Profit and Loss		
Current tax:		
Current tax on profit for the year	2,196	1,805
Total Current tax	**2,196**	**1,805**
Deferred tax:		
Property, plant and equipment, Exploration and evaluation and intangible assets	(172)	265
Fair valuation of assets/liabilities	(154)	(118)
MAT credit asset (recognized)/ utilisation	41	(1,410)
Adjustment in respect of earlier years	64	(129)
Others	(91)	35
Total Deferred tax	**(312)**	**(1,357)**
Tax expense for the year	**1,884**	**448**
Effective income tax rate (%)	**18.47%**	**5.20%**
b. Statement of other comprehensive income		
Deferred tax (credit) / charge on:		
Unrealized (gain) on FVTOCI debt securities	(20)	(4)
Remeasurement of defined benefit obligation	1	4
Total	**(19)**	**-**

A reconciliation of income tax expense applicable to accounting profits before tax at the statutory income tax rate to recognized income tax expense for the year are as follows:

Accounting profit before tax (after exceptional item)	**10,200**	**8,623**
Statutory income tax rate	**34.61%**	**34.61%**
Tax at statutory income tax rate	3,530	2,984
Disallowable expenses	33	67
Non-taxable capital gains	(885)	(886)
Tax holidays and similar exemptions	(744)	(1,555)
Additional depreciation under income tax reversible within tax holiday period	(44)	(4)
Investment allowance	(41)	(24)
Utilization of tax losses	(29)	(5)
Adjustments in respect of prior years	64	(129)
Total	**1,884**	**448**

There are certain income-tax related legal proceedings which are pending against the company. Potential liabilities, if any have been adequately provided for and the Company does not currently estimate any probable material incremental tax liabilities in respect of these matters. (Refer note 30)

Investment Allowance U/s.32 AC of the Income Tax Act

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

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

The location based exemption

In order to boost industrial and economic development in undeveloped regions, provided certain conditions are met, profits of newly established undertakings located in certain areas in India may benefit from a tax holiday. Such a tax holiday works to exempt 100% of the profits for the first five years from the commencement of the tax holiday, and 30% of profits for the subsequent five years. This deduction is available only for units established up to March 31, 2012. However, such undertaking would continue to be subject to the Minimum Alternative tax (‘MAT’). The company has such types of undertakings at Haridwar and Pantnagar

Sectoral Benefit - Power Plants

To encourage the establishment of certain power plants, provided certain conditions are met, tax incentives exist to exempt 100% of profits and gains for any ten consecutive years within the 15 year period following commencement of the power plant's operation. The Company currently has total operational capacity of 474 Mega Watts (MW) of thermal based power generation facilities and wind power capacity of 274 MW. However, such undertakings generating power would continue to be subject to the MAT provisions.

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

(Rs in Crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Property, plant and equipment, Exploration and evaluation and intangible assets	(1,610)	(1,782)	(1,517)
Fair valuation of other assets/liabilities	(827)	(949)	(1,066)
Fair value of derivative assets/ liabilities	16	4	7
Employee benefits	1	-	-
Voluntary retirement scheme	16	24	25
Other temporary differences	231	90	33
MAT credits entitlement	4,880	5,069	3,658
Unutilised tax losses	41	42	-
Deferred Tax Assets (net)	**2,748**	**2,498**	**1,140**

The unused long term capital losses for which no deferred tax asset is recognised amounts to Rs 935 Crore and Rs 948 Crore as at March 31, 2016 and April 1, 2015 respectively. These losses begin to expire from financial year 2018-19 to 2022-2023.

As at March 31, 2017, the Company has minimum alternate tax (MAT) credit carry forward of Rs 4,880 Crore (March 31, 2016: Rs 5,069 Crore) which will begin to expire from FY 2025-26. MAT paid can be carried forward for a period of 15 years and can be set off against the future tax liabilities. MAT is recognised as a deferred tax asset only when the asset cab be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

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33. JOINT VENTURE

The Company had access of upto 31.5 million MT of coal as a partner in the joint venture 'Madanpur South Coal Company Limited' (Madanpur JV), a Company incorporated in India, where it holds 18.05% of ownership interest. During the year 2013-14, Honourable Supreme Court had passed the judgment cancelling all the coal blocks including Madanpur JV allocated since 1993 with certain exceptions and consequently the Company does not have any business to pursue. Accordingly, the Company had created 100% provision against its investment in Madanpur JV amounting to Rs 2 Crore .

The Company's share of each of the assets, liabilities, income and expenses etc., related to its interests in Madanpur JV are:

(Rs in Crore)

Particulars	**As at March 31, 2017**	**As at March 31, 2016**	**As at April 1, 2015**
Investment in Joint venture			
Madanpur South Coal Company Limited (at cost)	2	2	3
1,52,266 equity shares of Rs 10 each			
(2016: 1,52,266 equity shares of Rs 10 each, 2015: 2,01,362 equity shares of Rs 10 each)			
Less: Aggregate amount of impairment in the value of investment	(2)	(2)	(3)
Total	-	-	-
The Company's share of each of the assets, liabilities, income and expenses etc., related to its interests in Madanpur JV are:			
Non-current assets (Includes property plant and equipment's)	1	1	1
Current assets (Includes investments and deposits)	-	-	1

(Rs in Crore)

Particulars	**For the year ended March 31, 2017**	**For the year ended March 31, 2016**
Income	-	-
Expenses	-	-

The Company has not prepared consolidated financial statements as at March 31, 2017, March 31, 2016 and April 1, 2015 as the Company does not have any investment in subsidiaries or associates apart from the above investment in Madanpur JV. The operations of Madanpur JV has been discontinued pursuant to cancelation of coal allocation by Supreme Court and the investments in Madanpur JV are completely impaired. Accordingly, the profits, equity and cash flows on consolidation of Madanpur JV with the Company would remain consistent with the standalone financial statements .

34. CORPORATE SOCIAL RESPONSIBILITY EXPENSES

The Company is required to spend a gross amount of Rs 175 Crore and Rs 170 Crore for the year ending March 31, 2017 and March 31, 2016 respectively.

(Rs in Crore)

Particulars	**For the year ended March 31, 2017**		
	In- Cash	**Yet to be Paid in Cash**	**Total**
Amount spent during the year on			
i) Depreciation and amortization[(1)]	5	-	5
ii) Other expenses including employee benefit expenses	39	6	45
Total amount spent	**44**	**6**	**50**

Particulars	**For the year ended March 31, 2016**		
	In- Cash	**Yet to be Paid in Cash**	**Total**
Amount spent during the year on			
i) Depreciation and amortization[(1)]	3	-	3
ii) Other expenses including employee benefit expenses	55	5	60
Total amount spent	**58**	**5**	**63**

[(1)] Represents depreciation on the sewage treatment plant (STP) and related assets of Rs 2 Crore and Rs 1 Crore for the year ending March 31, 2017 and March 31, 2016. The amortisation expenditure on right to use the water of STP is Rs 3 Crore and Rs 3 Crore for the year ending March 31, 2017 and March 31, 2016 respectively.

35. SEGMENT REPORTING

a. Basis of Segmentation

The Company is engaged in exploring, extracting and processing minerals. The Company produces zinc, lead, silver and commercial power. The Company has two reportable segments: i) zinc, lead and silver and ii) wind energy. The management of the Company is organized by its main products: zinc, lead and silver and wind energy. Each of the reportable segments derives its revenues from these main products and hence these have been identified as reportable segments by the Company's Chief Operating Decision Maker ("CODM"). Segment profit amounts are evaluated regularly by the CEO, who has been identified as the CODM, in deciding how to allocate resources and in assessing performance.

Zinc, Lead and Silver

The Company's operations include five lead-zinc mines, one rock phosphate mine, four hydrometallurgical zinc smelters, two lead smelters, one pyro metallurgical lead-zinc smelter, seven sulphuric acid plants, a silver refinery and six captive power plants in State of Rajasthan in Northwest India and one zinc ingot melting and casting plant at Haridwar and one silver refinery, one zinc ingot melting and casting plant and one lead ingot melting and casting plant at Pantnagar in the State of Uttarakhand in North India.

Wind energy

The Company has installed 274 MW wind power plants in Gujarat, Karnataka, Rajasthan, Maharashtra and Tamil Nadu.

The accounting policies of the reportable segments are the same as the Company's accounting policies described in Note 3. The operating segments reported are the segments of the Company for which separate financial information is available. Segment profit (Earnings before interest, depreciation and amortization, and tax) amounts are evaluated regularly by the CEO who has been identified as its CODM in deciding how to allocate resources and in assessing performance. The Company's financing (including finance costs and finance income) and income taxes are reviewed on an overall basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Revenue and expenses directly attributable to segment are reported under each reportable segment. Expenses which are not directly identifiable to each reporting segments have been allocated on the basis of appropriate cost drivers of the segment.

Asset and liabilities that are directly attributable for allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable.

The following table presents revenue and profit information and certain assets information regarding the Company's business segments for the year ended March 31, 2017.

b. Information about reportable segments

I. Information about primary segment **(Rs in Crore)**

	Year ended March 31, 2017			Year ended March 31, 2016		
Particulars	**Business Segment**	**Unallocated**	**Total**	**Business Segment**	**Unallocated**	**Total**
Revenue[1]						
Zinc, Lead and others	16,577	-	16,577	13,575	-	13,575
Silver	1,889	-	1,889	1,501	-	1,501
Wind Energy	176	-	176	165	-	165
Segment revenue	**18,642**	**-**	**18,642**	**15,241**	**-**	**15,241**
Segment Results						
Zinc, Lead and others	6,469	-	6,469	4,646	-	4,646
Silver	1,486	-	1,486	1,179	-	1,179
Wind Energy	79	-	79	130	-	130
Segment Results	**8,034**	**-**	**8,034**	**5,955**	**-**	**5,955**
Less: Finance costs	-	202	202	-	17	17
Add: Interest income	-	400	400	-	623	623
Add: Other unallocable income	-	1,968	1,968	-	2,092	2,092
Profit before tax and exceptional items	-	-	10,200	-	-	8,653
Less: Exceptional item	-	-	-	-	30	30
Profit before tax	-	-	10,200	-	-	8,623
Tax expenses	-	1,884	1,884	-	448	448
Profit for the year			**8,316**			**8,175**
Depreciation & amortisation Expense						
Zinc, Lead and others	1,732	-	1,732	705	-	705
Wind Energy	79	-	79	40	-	40
Total	**1,811**	**-**	**1,811**	**745**	**-**	**745**

[1]Includes export incentives of Rs. 71 Crore (March 31, 2016 : Rs. 106 Crore)

(Rs in Crore)

Particulars	Zinc, Lead and Silver	Wind energy	Unallocated	Total
As at March 31, 2017				
Assets and liabilities				
Assets				
Segment assets	15,559	772	23	16,354
Financial assets investments	-	-	23,783	23,783
Deferred tax asset (net)	-	-	2,748	2,748
Cash and cash equivalent	-	-	189	189
Other bank balance	-	-	8,191	8,191
Advance income tax (net of provision for tax)	-	-	530	530
Total assets	**15,559**	**772**	**35,464**	**51,795**
Liabilities				
Segment liability	4,711	12	8,190	12,913
Borrowing (Including accrued interest)	-	-	7,908	7,908
Current Tax Liabilities (Net)	-	-	170	170
Total liabilities	**4,711**	**12**	**16,268**	**20,991**
As at March 31, 2016				
Assets and liabilities				
Assets				
Segment assets	14,296	815	23	15,134
Financial assets investments	-	-	35,221	35,221
Deferred tax asset (net)	-	-	2,498	2,498
Cash and cash equivalent	-	-	51	51
Other bank balance	-	-	2	2
Advance income tax (net of provision for tax)	-	-	289	289
Total assets	**14,296**	**815**	**38,084**	**53,195**
Liabilities				
Segment liability	3,442	7	12,247	15,696
Current Tax Liabilities (Net)	-	-	114	114
Total liabilities	**3,442**	**7**	**12,361**	**15,810**
As at April 1, 2015				
Assets and liabilities				
Assets				
Segment assets	13,934	805	21	14,760
Financial assets investments	-	-	27,314	27,314
Deferred tax asset (net)	-	-	1,140	1,140
Cash and cash equivalent	-	-	50	50
Other bank balance	-	-	3,535	3,535
Advance income tax (net of provision for tax)	-	-	203	203
Total assets	**13,934**	**805**	**32,263**	**47,002**
Liabilities				
Segment liability	2,285	30	22	2,337
Current Tax Liabilities (Net)			44	44
Total liabilities	**2,285**	**30**	**66**	**2,381**

Other Segment Information

Segment capital expenditure

The below expenditure includes additions to property, plant and equipment, intangible, capital work in progress and capital advances:

(Rs in Crore)

Particulars	Zinc, Lead and Silver	Wind energy	Total
As at March 31, 2017	2,185	-	**2,185**
As at March 31, 2016	1,650	-	**1,650**

II. Information based on Geography

(Rs in Crore)

Geographical Segments	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue by geographical segment		
India	14,004	11,742
Asia	3,901	3,006
Rest of the World	737	493
Total	**18,642**	**15,241**

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current assets[1]			
India	14,398	13,385	12,493
Asia	-	-	-
Rest of the World	-	-	-
Total	**14,398**	**13,385**	**12,493**

[1] The above assets excludes financial instruments and deferred tax assets.

	For the year ended March 31, 2017	For the year ended March 31, 2016
Segment capital expenditure		
India	2,185	1,650
Asia	-	-
Rest of the World	-	-
Total	**2,185**	**1,650**

Information about major customer

No single customer accounted for 10% or more of the revenue during the year.

Reconciliation between segment revenue and enterprise revenue

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Segment Revenue		
Zinc, Lead and others	16,577	13,575
Silver	1,889	1,501
Wind Energy	176	165
Total Segment Revenue	**18,642**	**15,241**
Enterprise Revenue		
Revenue from operations	18,798	15,463
Less: Other operating revenues	(227)	(328)
Add: Export Incentives	71	106
Total Segment Revenue	**18,642**	**15,241**

36. FINANCIAL INSTRUMENTS

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

Financial assets and liabilities:

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

(Rs in Crore)

Particulars	Fair Value through profit and loss	Fair Value through other comprehensive income	Amortized Cost	Total carrying value	Total fair value
As at March 31, 2017					
Financial assets					
Cash and cash equivalents	-	-	189	189	189
Other bank balances	-	-	8,191	8,191	8,191
Current investments	19,336	4,447	-	23,783	23,783
Trade receivables	-	-	136	136	136
Other Current financial asset and loans	2	-	4	6	6
Other Non-current financial asset	-	-	19	19	19
Total	**19,338**	**4,447**	**8,539**	**32,324**	**32,324**
Financial liabilities					
Short term borrowings	-	-	7,908	7,908	7,908
Trade payables	-	-	1,205	1,205	1,205
Other Current financial liabilities	47	-	8,556	8,603	8,603
Other Non-current financial liabilities	-	-	93	93	93
Total	**47**	**-**	**17,762**	**17,809**	**17,809**
As at March 31, 2016					
Financial assets					
Cash and cash equivalents	-	-	51	51	51
Other bank balances	-	-	2	2	2
Current investments	31,413	3,808	-	35,221	35,221
Trade receivables	-	-	107	107	107
Other Current financial asset and loans	2	-	5	7	7
Other Non-current financial asset	-	-	19	19	19
Total	**31,415**	**3,808**	**184**	**35,407**	**35,407**
Financial liabilities					
Trade payables	-	-	931	931	931
Other Current financial liabilities	12	-	10,536	10,548	10,548
Other Non-current financial liabilities	-	-	101	101	101
Total	**12**	**-**	**11,568**	**11,580**	**11,580**
As at April 1, 2015					
Financial assets					
Cash and cash equivalents	-	-	50	50	50
Other bank balances	-	-	3,535	3,535	3,535
Current investments	23,332	3,982	-	27,314	27,314
Trade receivables	-	-	560	560	560
Other Current financial asset and loans	0	0	4	4	4
Other Non-current financial asset	-	-	24	24	24
Total	**23,332**	**3,982**	**4,173**	**31,487**	**31,487**
Financial liabilities					
Trade payables	-	-	762	762	762
Other Current financial liabilities	10	11	393	414	414
Other Non-current financial liabilities	-	-	96	96	96
Total	**10**	**11**	**1,251**	**1,272**	**1,272**

The management assessed that Cash and cash equivalents, Other bank balances, Trade receivables, Trade payables, other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The Fair value of the Company's interest bearing borrowings are determined using amortised cost basis using discount rate that reflect the issuers borrowing rate as at the end of the reporting period. The own non performance risk as at March 31, 2017 was assessed to be insignificant [a level 2 technique].

Fair value of the current instrument in bonds and zero coupon bonds are based on the price quotations at the reporting date. Fair value of current investments that are in the nature of 'close ended' mutual funds are based on market observable inputs [a level 2 technique].

Fair value of current investments that are in the nature of 'open ended' mutual funds are derived from quoted market prices in active markets [a level 1 technique].

The Fair value of Non current financial assets and liabilities are estimated by discounting the expected future cash flows using a discount rate equivalent to the risk free rate of return adjusted for the appropriate credit spread.

The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Commodity derivative contracts are valued using the forward LME rates of commodities actively traded in the listed metal exchanges (i.e. London Metal Exchange). Forward foreign currency contracts are valued using valuation technique with market observable inputs. The most frequently applied valuation techniques for such derivatives include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity. Commodity contracts are valued using the forward LME rates of commodities actively traded on the listed metal exchange i.e. London Metal Exchange, United Kingdom (U.K.) [a level 2 technique].

Fair value hierarchy

The table shown below analyses financial instruments carried at fair value, by measurement hierarchy. The different levels have been defined below:

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

(Rs in Crore)

Financial Assets	**Level-1**	**Level-2**	**Level-3**
As at March 31, 2017			
At fair value through profit and loss			
Short term investment	7,169	12,167	-
Derivatives financial Assets*			
Commodity Contracts	-	1	-
At fair value through Other Comprehensive Income			
Short term investment	-	4,447	-
Total	**7,169**	**16,615**	**-**
Financial Liabilities			
At fair value through profit and loss			
Derivatives financial Liabilities*			
Forward foreign currency contracts	-	47	-
Fair value of liabilities carried at amortised cost			
Borrowings	-	7,908	-
Total	**-**	**7,955**	**-**
As at March 31, 2016			
Financial Assets			
At fair value through profit and loss			
Short term investment	16,993	14,420	-
Derivatives financial Assets*			
Commodity Contracts	-	2	-
At fair value through Other Comprehensive Income			
Short term investment	-	3,808	-
Total	**16,993**	**18,230**	**-**
Financial Liabilities			
At fair value through profit and loss			
Derivatives financial Liabilities*			
Forward foreign currency contracts	-	12	-
Total	**-**	**12**	**-**

			(Rs in Crore)
Financial Assets	**Level-1**	**Level-2**	**Level-3**
As at April 1, 2015			
At fair value through profit and loss			
Short term investment	10,023	13,309	-
At fair value through Other Comprehensive Income			
Short term investment	-	3,982	-
Derivatives financial Assets*			
Commodity Contracts	-	1	-
Total	**10,023**	**17,292**	**-**
Financial Liabilities			
At fair value through profit and loss			
Derivatives financial Liabilities*			
Forward foreign currency contracts	-	10	-
At fair value through Other Comprehensive Income			
Derivatives financial Liabilities*			
Commodity Contracts	-	11	-
Total	**-**	**21**	**-**

* Refer section-"Derivative financial instruments"

There is no financial instrument which is classified as level 3 during the year. There were no transfers between Level 1, Level 2 and Level 3 during the year.

Risk management framework

Risk management

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

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

The risk management framework aims to:

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

Treasury management

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

Treasury management focuses on capital protection, liquidity maintenance and yield maximization. The treasury policies are approved by the Board and adherence to these policies is strictly monitored at the Executive Committee meetings. Day-to-day treasury operations of the Company are managed by the finance team within the framework of the overall Company's treasury policies. A monthly reporting system exists to inform senior management about investments, currency and, commodity derivatives. The Company has a strong system of internal control which enables effective monitoring of adherence to Company's policies. The internal control measures are effectively supplemented by regular internal audits.

The investment portfolio at the Company is independently reviewed by CRISIL Limited and it has been rated as “Very Good” meaning highest safety.

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

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk, currency risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTOCI investments and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2017, 31 March 2016 and April 1, 2015. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant. The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations.

Commodity price risk

The Company is exposed to the movement of base metal commodity prices on the London Metal Exchange. Any decline in the prices of the base metals that the Company produces and sells will have an immediate and direct impact on the profitability of the businesses. As a general policy, the Company aim to achieve the monthly average of the commodity prices for sales realization. Hedging is used primarily as a risk management tool and, in some cases, to secure future cash flows in cases of high volatility by entering into forward contracts or similar instruments. The hedging activities are subject to strict limits set out by the Board and to a strictly defined internal control and monitoring mechanism. Decisions relating to hedging of commodities are taken at the Executive Committee level and with clearly laid down guidelines for their implementation by the Company.

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

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

• economic hedging of prices realized on commodity contracts

• cash flow hedging on account of forecasted highly probable transactions (for the year ended March 31, 2016)

The sales prices of zinc and lead are linked to the LME prices. The Company also enters into hedging arrangements for its Zinc and Lead sales to realize month of sale LME prices.

Total exposure on provisionally priced Zinc and lead contracts as at March 31, 2017 were Rs. 38 crore (March 31, 2016 Rs. 17 crore) and Rs. 31 crore (March 31, 2016 Rs. 19 crore). The impact on net profits for a 10% movement in LME prices of zinc and 5% movement in LME price of lead that were provisionally priced as at March 31, 2017 and March 31, 2016 are Rs 4 crore and Rs 2 crore for zinc and Rs 2 crore and Rs 1 crore for lead respectively.

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Financial risk

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

a. Liquidity risk

The Company requires funds both for short-term operational needs as well as for long-term investment programme mainly in growth projects. The Company generates sufficient cash flows from the current operations which together with the available cash and cash equivalents and short-term investments provide liquidity both in the short-term as well as in the long-term.

The Company has been rated as 'AAA'/Stable for long term and A1+ for short term by CRISIL Limited during the current and previous financial years.

The Company remains committed to maintaining a healthy liquidity, gearing ratio and strengthening the balance sheet. The maturity profile of the Company's financial liabilities based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Company.

(Rs in Crore)

Payment due by years	<1 year	1-2 Years	2-5 Years	> 5 Years	Total
As at March 31, 2017					
Trade and other payables	9,761	93	-	-	9,854
Derivative financial liabilities	47	-	-	-	47
Borrowings	8,000	-	-	-	8,000
Total	**17,808**	**93**	**-**	**-**	**17,901**
As at March 31, 2016					
Trade and other payables	11,467	80	19	2	11,568
Derivative financial liabilities	12	-	-	-	12
Total	**11,479**	**80**	**19**	**2**	**11,580**
As at April 1, 2015					
Trade and other payables	1,155	79	17	0	1,251
Derivative financial liabilities	21	-	-	-	21
Total	**1,176**	**79**	**17**	**-**	**1,272**

The company had access to following funding facilities.

(Rs in Crore)

Funding facility	Total facility	Drawn	Undrawn
As at March 31, 2017			
Less than 1 year	2,400	1,095	1,305
More than 1 year	-	-	-
Total	**2,400**	**1,095**	**1,305**
As at March 31, 2016			
Less than 1 year	1,980	717	1,263
More than 1 year	-	-	-
Total	**1,980**	**717**	**1,263**
As at April 1, 2015			
Less than 1 year	1,910	579	1,331
More than 1 year	-	-	-
Total	**1,910**	**579**	**1,331**

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b. Foreign exchange risk

Fluctuations in foreign currency exchange rates may have an impact on the Statement of Profit and Loss, where any transaction references more than one currency other than the functional currency of the Company.

The Company uses forward exchange contracts, to hedge the effects of movements in exchange rates on foreign currency denominated assets and liabilities. The sources of foreign exchange risk are outstanding amounts payable for imported raw materials, capital goods and other supplies dominated in foreign currency . The Company is also exposed to foreign exchange risk on its exports. Most of these transactions are denominated in US dollars. The policy of the Company is to determine on a regular basis what portion of the foreign exchange risk on financing transactions are to be hedged through forward exchange contracts and other instruments. Short-term net exposures are hedged progressively based on their maturity. A more conservative approach has been adopted for project expenditures to avoid budget overruns. Longer term exposures, are normally unhedged. The hedge mechanisms are reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed. The following analysis is based on the gross exposure as at the reporting date which could affect the Statement of Profit and Loss. The below table summarises the foreign currency risk from financial instrument and is partly mitigated by some of the derivative contracts entered into by the Company as disclosed under the section on “Derivative financial instruments.”

(Rs in Crore)

	As at March 31,2017		As at March 31, 2016		As at April 1, 2015	
Currency exposure	**Financial Asset**	**Financial Liability**	**Financial Asset**	**Financial Liability**	**Financial Asset**	**Financial Liability**
US Dollar	58	170	79	70	158	52
Australian Dollar	-	1	-	1	-	1
SEK	-	4	-	-	-	-
Euro	-	82	-	37	-	4

The Company exposure to foreign currency arises where a Company holds monetary assets and liabilities denominated in a currency different to the functional currency of the Company, with US dollar and Euro being the major non-functional currency. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rate, liquidity and other market changes.

The results of Company operations may be affected largely by fluctuations in the exchange rates between the Indian Rupee, against the US dollar. The foreign exchange rate sensitivity is calculated by the aggregation of the net foreign exchange rate exposure with a simultaneous parallel foreign exchange rates shift in the currencies by 5% against the functional currency of the respective entities.

Set out below is the impact of a 5% strengthening in the INR on pre-tax profit/(loss) arising as a result of the revaluation of the Company’s foreign currenc financial assets/liabilities:

	Total exposure		Effect of 5% strengthening of INR on pre-tax profit/(loss)	
Particulars	**For the year ended March 31, 2017**	**For the year ended March 31, 2016**	**For the year ended March 31, 2017**	**For the year ended March 31, 2016**
US Dollar	112	(9)	6	(1)
Euro	82	37	4	2

c. Interest rate risk

Floating rate financial assets are largely mutual fund investments which have debt securities as underlying assets. The returns from these financial assets are linked to market interest rate movements; however the counterparty invests in the agreed securities with known maturity tenure and return and hence has manageable risk. Additionally, the investments portfolio is independently reviewed by CRISIL Limited, and it has been rated as “Very Good” meaning highest safety.

The exposure of the Company’s financial assets to interest rate risk is as follows:

(Rs in Crore)

Particulars	**Total**	**Floating rate**	**Fixed rate**	**Non-interest bearing**
As at March 31, 2017				
Financials assets	32,324	19,336	4,447	8,541
Financial liabilities	17,809	-	7,908	9,901
As at March 31, 2016				
Financials assets	35,407	31,413	3,808	186
Financial liabilities	11,580	-	-	11,580
As at April 1, 2015				
Financials assets	31,487	23,332	7,807	348
Financial liabilities	1,272	-	-	1,272

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rate. The Company does not have floating interest rate borrowing during the year ended March 31, 2017, March 31, 2016, and April 01, 2015, and it is not significantly exposed to interest rate risk.

Considering the net investment position as at 31 March 2017 and the investment in bank deposits, bonds and debt mutual funds, any increase in interest rates would result in a net increase and any decrease in interest rates would result in a net decrease. The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance sheet date.

The below table illustrates the impact of a 0.5% to 2.0% change in interest rate of floating investment on profit/(loss) and equity and represents management's assessment of the possible change in interest rates.

The impact of change (increase/(decrease)) in interest rate of 0.5%, 1.0% and 2.0% on profits for year ended March 31, 2017 is Rs 97 crore, Rs 193 crore and Rs 387 crore and for year ended March 31, 2016 is Rs 157 crore, Rs 314 crore and Rs 628 crore respectively.

d. Counterparty and concentration of credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company is exposed to credit risk for receivables, cash and cash equivalents, short-term investments and derivative financial instruments. Credit risk on receivables is limited as almost all credit sales are against letters of credit and guarantees of banks good financial repute.

Moreover, given the nature of the Company's business, trade receivables are spread over a number of customers with no significant concentration of credit risk. No single customer accounted for 10% or more of revenue on a % basis in any of the years indicated. The history of trade receivables shows a negligible provision for bad and doubtful debts. Therefore, the Company does not expect any material risk on account of non-performance by any of the Company's counterparties.

For short-term investments, counterparty limits are in place to limit the amount of credit exposure to any one counterparty. For derivative and financial instruments, the Company attempts to limit the credit risk by only dealing with reputable banks and financial institutions having high credit-ratings assigned by international credit-rating agencies. Defined limits are in place for exposure to individual counterparties in case of mutual funds schemes and bonds.

The carrying value of the financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at March 31, 2017, March 31, 2016 and April 01, 2015 are Rs. 32,324 Crore, Rs. 35,407 Crore and Rs. 31,487 Crore respectively.

None of the Company's cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade and other receivables, and other non-current assets, there were no indications as at March 31, 2017, that defaults in payment obligations will occur.

Of the year end trade receivables, loans and other financial assets, following balances were past due but not impaired as at March 31, 2017, March 31, 2016 and April 1, 2015:

(Rs in Crore)

Particulars	**As at March 31, 2017**	**As at March 31, 2016**	**As at April 01, 2015**
Neither impaired nor past due	30	8	429
Past due but not impaired			
Less than 1 month	17	19	56
Between 1-3 months	6	40	32
Between 3-12 months	82	39	43
Greater than 12 months	1	1	-
Total	**136**	**107**	**560**

Receivables are deemed to be past due or impaired with reference to the Company's normal terms and conditions of business. These terms and conditions are determined on a case to case basis with reference to the customer's credit quality and prevailing market conditions. Receivables that are classified as 'past due' in the above tables are those that have not been settled within the terms and conditions that have been agreed with that customer.

The credit quality of the Company's customers is monitored on an on-going basis and assessed for impairment where indicators of such impairment exist. The solvency of the debtor and their ability to repay the receivable is considered in assessing receivables for impairment. Where receivables have been impaired, the Company actively seeks to recover the amounts in question and enforce compliance with credit terms.

Derivative financial instruments

The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. The Company does not enter into complex derivative transactions to manage the treasury and commodity risks. Both treasury and commodities derivative transactions are normally in the form of forward contracts and these are subject to the Company guidelines and policies.

All derivative financial instruments are recognized as assets or liabilities on the balance sheet and measured at fair value based on quotations obtained from financial institutions or brokers. The accounting for changes in the fair value of a derivative instrument depends on the intended use of the derivative and th resulting designation.

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

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

Embedded derivatives

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

Cash flow hedges

The Company also enters into commodity price contracts for hedging highly probable forecast transaction and account for them as cash flow hedges and states them at fair value. Subsequent changes in fair value are recognized in equity until the hedged transaction occurs, at which time, the respective gain or losses are reclassified to the Statement of Profit and Loss. These hedges have been effective for the year ended March 31, 2016. There were no cash flow hedges for the year ended March 31, 2017.

Fair value hedges

The fair value hedges relate to commodity price risks and foreign currency exposure. The Company's sales are on a quotational period basis, generally one month to three months after the date of delivery at a customer's facility. The Company enters into forward contracts for the respective quotational period to hedge its commodity price risk based on average LME prices. Gains and losses on these hedge transactions are substantially offset by the amount of gains or losses on the underlying sales. These hedges have been effective for the year ended March 31, 2016. There were no fair value hedges for the year ended March 31, 2017.

Non-qualifying/economic hedges

Non-qualifying hedges related to commodity price risks and foreign currency exposure. The Company's sales are on a quotational period basis, generally one month after the date of delivery at a customer's facility. The Company enters into forward contracts for the respective quotational period to hedge its commodity price risk based on average LME prices. The Company enters into forward foreign currency contracts and commodity contract (for the year ended March 31, 2017) which are not designated as hedges for accounting purposes, but provide an economic hedge of a particular transaction risk or a risk component of a transaction. Fair value changes on such forward contracts are recognized in the Statement of Profit and Loss.

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

(Rs in Crore)

Derivative financial instruments	**As at March 31, 2017**		**As at March 31, 2016**		**As at April 1, 2015**	
	Assets	**Liabilities**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Current						
Cash flow hedges*						
Commodity contracts	-	-	-	-	1	11
Non - qualifying hedges						
Commodity contracts	2	-	2	-	-	-
Forward foreign currency contracts	-	47	-	12	-	10
Total	**2**	**47**	**2**	**12**	**1**	**21**

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

36. A. The following are the outstanding forward exchange contracts entered into by the Company and outstanding as at year end

(In Crore)

Currency	**Foreign currency**	**Indian Rupees**	**Buy / Sell**	**Cross Currency**
As at March 31, 2017				
EUR	2	164	Buy	INR
USD	22	1,431	Buy	INR
AUD	1	33	Buy	USD
EUR	3	203	Buy	USD
GBP	0	3	Buy	USD
SEK	1	7	Buy	USD

(In Crore)

Currency	Foreign currency	Indian Rupees	Buy / Sell	Cross Currency
As at March 31, 2016				
AUD	0	1	Buy	INR
EUR	1	74	Buy	INR
USD	14	929	Buy	INR
AUD	0	3	Buy	USD
EUR	1	62	Buy	USD
JPY	26	15	Buy	USD
SEK	1	6	Buy	USD
As at April 1, 2015				
AUD	0	2	Buy	INR
EUR	1	38	Buy	INR
USD	8	505	Buy	INR
USD	1	70	Sell	INR
AUD	0	4	Buy	USD
EUR	3	217	Buy	USD
JPY	4	2	Buy	USD

B. The following are the outstanding position of commodity hedging open contracts as at March 31, 2017 :-

Zinc forwards/futures sale/buy for 1,700 MT (2016: 1,775 MT, 2015: 3,000 MT)
Lead forwards/futures sale/buy for 2,775 MT (2016: 5,750 MT, 2015: 1,500 MT)
Silver forwards / futures sale/buy for 126,684 Oz (2016: 132,460 Oz, 2015: 387,459 Oz)

C. All derivative and financial instruments acquired by the Company are for hedging purposes.

D. Unhedged foreign currency exposure

(Rs in Crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Debtors	58	74	157
Creditors	257	25	32

37. CAPITAL MANAGEMENT

The Company's objectives when managing capital is to safeguard, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth. The Company's overall strategy remains unchanged from previous year. The Company sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. The funding requirements are met through a mixture of internal accruals, equity and short term borrowing. The Company has short term borrowings in the form of Commercial Paper at the end of the year. There are no long term borrowings outstanding as at end of the year. The Company monitors capital on the basis of net debt to equity. Equity comprises all components including other components of equity. The Company is not subject to any externally imposed capital requirement.

(Rs in Crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity	**30,805**	**37,385**	**44,621**
Cash and cash equivalents (See Note 11)	189	51	50
Short term investments (See Note 9)	23,783	35,221	27,314
Total cash (a)	**23,972**	**35,272**	**27,364**
Total debt (b)	7,908	-	-
Net debt (c = (b-a))	-	-	-
Total equity (equity + net debt) (See Statement of changes in Equity)	**30,805**	**37,385**	**44,621**
Net debt to equity ratio	-	-	-

38. Related party

a. List of related parties:

Particulars

(i) Holding Companies:

Vedanta Limited (Immediate Holding Company)
Vedanta Resources Plc. (Intermediate Holding Company)
Volcan Investments Limited (Ultimate Holding Company)

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

Bharat Aluminium Company Limited
Sterlite Technologies Limited
Sterlite Power Transmission Limited
Malco Energy Limited
Talwandi Sabo Power Limited
Copper Mines of Tasmania Pty Limited
Konkola Copper Mines Plc.
Fujairah Gold FZC
Skorpion Zinc (Pty) Limited
Namzinc (Pty) Limited
Black Mountain Mining (Pty) Limited
Lisheen Milling Limited

(iii) Related Party having a Significant Influence

Government of India - President of India

(iv) Other related party

Vedanta Foundation
Madanpur South Coal Company Limited (jointly controlled entity)
Hindustan Zinc Limited Employee’s Contributory Provident Fund Trust

b. Transactions with Key management Personnel:

Compensation of key management personnel of the Company recognised as expense during the reporting period

(Rs in Crore)

Nature of transactions	**For the year ended March 31, 2017**	**For the year ended March 31, 2016**
Short-term employee benefits[1]	7	6
Share-based payment transactions	1	1
Total compensation paid to key management personnel	**8**	**7**

[1] Excludes gratuity and compensated absences as these are recorded in the books of accounts on the basis of actuarial valuation for the Company as a whole and hence individual amount cannot be determined

c. Transactions with Government having significant influence:

Central government divested its 64.92% share in Hindustan Zinc Limited in the year 2002-03. Since then, HZL is under significant influence of Government of India. Company has been allotted the biggest Zinc Mines of India, on which Royalty is paid basis the extraction done during the period. During the year, Company has availed incentives in the form of export incentive under Export promotion and credit guarantee scheme announced by the Government of India. Also, HZL has transactions with other government related entities (Public sector undertaking's) including but not limited to sales and purchase of goods and ancillary materials, rendering and receiving services and use of public utilities.

d. Transactions with Related Parties[1]:

The details of the related party transactions entered into by the Company, for the year ended March 31, 2017 and March 31, 2016 are as follows

(Rs in Crore)

Nature of transactions	**For the year ended March 31, 2017**	**For the year ended March 31, 2016**
Sale of Goods		
Vedanta Limited	1	-
Sterlite Technologies Ltd	5	16
Sterlite Power Transmission Ltd	10	-
Namzinc (PTY) Ltd	2	2
Fujairah Gold FZC	18	-
Total	**36**	**18**
Sale of property, plant and equipment		
Vedanta Limited	1	-
Bharat Aluminium Company Limited	0	-
Total	**1**	**-**

(Rs in Crore)

Nature of transactions	For the year ended March 31, 2017	For the year ended March 31, 2016
Purchase of property, plant and equipment		
Vedanta Limited	0	-
Total	**-**	**-**
Interest Income[1]		
Bharat Aluminium Company Limited	18	-
Total	**18**	**-**
Purchase of Goods		
Vedanta Ltd	28	52
Bharat Aluminium Company Limited	17	13
Sterlite Technologies Ltd	4	1
Sterlite Power Transmission Ltd	3	-
Total	**52**	**66**
Dividend		
Vedanta Limited (Paid)	521	1,728
Vedanta Limited (Unpaid)	7,544	6,584
Government of India (Paid)	3,669	786
Government of India (Unpaid)	-	2,995
Total	**11,734**	**12,093**
Other Expenses and other reimbursements		
Vedanta Limited	139	137
Fellow Subsidiaries	(5)	-
	134	**137**
Loan given and repaid during the year[2]		
Bharat Aluminium Company Limited('BALCO')	500	-
Total	**500**	**-**
Donations		
Vedanta Foundation	50	2
Total	**50**	**2**
Contribution to Provident Fund		
Hindustan Zinc Limited Employee's Contributory Provident Fund Trust	31	33
Total	**31**	**33**

[1] All the transactions entered by the company with the related parties are at arm's length price.

[2] The Company had given a loan to BALCO of Rs 500 Crore carrying an interest of 10.3% for meeting short term commitments. The loan amount has been repaid by BALCO along with interest thereon of Rs. 18 Crore.

The balances receivable/payable as at year end:

(Rs in Crore)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Receivable From			
Konkola Copper Mines Plc.	4	-	-
Vedanta Ltd	-	3	-
Fujairah Gold FZC	5	-	-
Total	**9**	**3**	**-**
Payable To			
Bharat Aluminium Company Limited	4	2	2
Vedanta Ltd	21	44	16
Sterlite Technologies Limited	1	-	-
Hindustan Zinc Limited Employee's Contributory Provident Fund Trust	3	4	4
Vedanta Ltd (Dividend payable)	7,544	6,584	686
Government of India (Dividend Payable)	-	2,995	312
Total	**7,573**	**9,629**	**1,020**

39. FIRST TIME ADOPTION OF IND AS

These are the Company's financial statements prepared in accordance with Ind AS. For all periods upto and including the year ended March 31, 2015, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014, hereafter referred as 'Previous GAAP'.

Ind AS 101 First-time Adoption of Indian Accounting Standards allows first-time adopters to certain exemptions from retrospective application of certain requirements under Ind AS. The Company has in accordance with the exemptions provided, opted to capitalize stripping cost of a surface mine (incurred during the production phase) from the date of transition to Ind AS.

I. Reconciliation of Equity between IND-AS and previous GAAP

The transition from previous GAAP to Ind AS did not have any impact on total equity presented in the balance sheet of the Company. Accordingly, its total equity remained consistent at Rs. 37,385 Crore.

II. Reconciliation of Profit after tax between IND-AS and previous GAAP

(Rs in Crore)

Particulars	**For the year ended March 31, 2016**
a) Net profit as per previous GAAP	8,166
i) Remeasurements of the defined benefit plans recognized in other comprehensive income [1]	8
ii) Debt instrument through other comprehensive income [2]	(1)
b) Net profit as per Ind AS	**8,173**
c) Add:	
i) Remeasurement of defined benefit plans (net of tax) [1]	(8)
ii) Debt instrument through other comprehensive income [2]	1
iii) Effective portion of gains and loss on cash flow hedge [3]	7
d) Total Comprehensive Income as per Ind AS	**8,173**

Notes on adjustments:

[1] Re-measurement gains or losses: Ind AS 19 Employee Benefits requires the impact of re-measurement in net defined benefit liability (asset) to be recognized in Other Comprehensive Income (OCI). Re-measurement of net defined benefit liability (asset) comprises actuarial gains and losses, return on plan assets (excluding interest on net defined benefit asset/liability). However, under IGAAP this was beings recognized in the Statement of Profit and Loss. Accordingly, the net effect of actuarial gain/loss on employee defined benefit liability and related tax effect is recognized in OCI amounting to Rs 3 Crore (Rs. 8 Crore).

[2] Fair valuation of financial assets: Under IGAAP, current investments were being measured at fair value in accordance with provisions of erstwhile AS 30 'Financial Instruments-Measurement and Recognition'. Accordingly, there are no changes with regard to fair valuation of the Company's investments in mutual funds except for corporate and zero coupon bonds which have been classified as at FVTOCI as required under Ind AS 109 'Financial Instruments'. Consequently changes in fair value of such debt instruments during the year, which were earlier accounted in the Statement of Profit and Loss under the Indian GAAP, have now been accounted for under the Other Comprehensive Income.

[3] Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in 'other comprehensive income' this includes effective portion of gains and losses on cash flow hedging instruments. The concept of other comprehensive income did not exist under previous GAAP.

III. Reconciliation of cash flows for the year ended March 31, 2016

The transition from previous GAAP to Ind AS did not have any impact on the statement of cash flows.

In terms of our report attached

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

per Raj Agrawal
Partner
ICAI Membership No.: 82028

Date: April 20, 2017
Place: Mumbai

For and on behalf of the Board of Directors

Sunil Duggal
CEO & Whole-time Director
DIN: 07291685

A. R. Narayanaswamy
Director
DIN: 00818169

Amitabh Gupta
Chief Financial Officer

R. Pandwal
Company Secretary
ICSI Membership
No.: A9377