



FINANCIAL STATEMENTS

Standalone

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INDEPENDENT AUDITOR'S REPORT

To the Members of Vedanta Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Vedanta Limited ("the Company"), which comprise the Balance sheet as at 31 March 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended 31 March 2023. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

| Key audit matters | How our audit addressed the key audit matter |
|--|--|
| <p>Accounting and disclosure of related party transactions (as described in note 39 of the Standalone Ind AS financial statements)</p> <p>The Company has undertaken transactions with related party, Vedanta Resources Limited ('VRL'), its intermediated holding company and its affiliates including among others payment of brand and strategic management fee, agency commission, obtaining guarantees and payment of consideration thereof.</p> <p>Accounting and disclosure of such related party transactions has been identified as a key audit matter due to a) Significance of such related party transactions; b) Risk of such transactions being executed without proper authorizations; and c) Risk of material information relating to aforesaid transactions not getting disclosed in the financial statements.</p> | <p>Our procedures included the following:</p> <ul style="list-style-type: none"> • Obtained and read the Company's policies, processes and procedures in respect of identification of such related parties in accordance with relevant laws and standards, obtaining approval, recording and disclosure of related party transactions and identified key controls. For selected controls we have performed tests of controls. • Tested such related party transactions and balances with the underlying contracts, confirmation letters and other supporting documents provided by the Company. • Examined the approvals of the board and/or audit committee of these transactions. • Obtained and assessed the legal and accounting opinion issued by experts engaged by the management for the accounting of agency commission with the parent company. • Obtained and assessed the benchmarking report issued by the experts engaged by the management for the brand and strategic management fee. • Assessed the competence and objectivity of the external experts • Engaged transfer pricing experts to assist us in corroborating the arms-length assessment carried out by the management for brand and strategic fee. • Held discussions and obtained representations from the management in relation to such transactions. • Read the disclosures made in this regard in the financial statements and assessed whether relevant and material information have been disclosed. |



| Key audit matters | How our audit addressed the key audit matter |
|--|--|
| <p>Recoverability of carrying value of property plant and equipment capital work in progress and exploration intangible assets under development and Non-current Investments (as described in note 3(a)(F), 3(a)(G)(iii), 3(c)(A)(i), 3(c)(A)(iii), 3(c)(A)(v), 5 and 34 of the Standalone Ind AS financial statements)</p> <p>As at 31 March 2023, the Company had significant amounts of property, plant and equipment, capital work in progress and exploration intangible assets under development which were carried at historical cost less depreciation.</p> <p>We focused our efforts on the Cash Generating Unit ("CGU") at (a) Tuticorin within the copper segment; (b) Rajasthan block within the oil & gas segment; (c) Investments made in Western Cluster Limited (WCL) in Liberia within the Iron Ore segment through the wholly owned subsidiary Bloom Fountain Limited and d) Investments made in Optionally Convertible Redeemable Preference Shares (OCRPS) of THL Zinc Ventures Limited (THLZVL), a wholly owned subsidiary within the Zinc International segment; as it had identified impairment (charge) / reversal indicators.</p> <p>Recoverability of property plant and equipment, capital work in progress and exploration intangible assets being carried at cost has been identified as a key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of the carrying value of assets being assessed. • The fact that the assessment of the recoverable amount of the Company's CGU involves significant judgements about the future cash flow forecasts, start date of the plant and the discount rate that is applied. • The withdrawal of the Company's licenses to operate the copper plant. • The revision to Brent oil assumptions up to 2040 due to increased demand. • Changes in production forecasts due to adjustments in the future reserve estimates • Levy of Special Additional Excise Duty ('SAED') on oil producers due to significant increase in crude prices resulting windfall gains to domestic crude producers. • The fact that the Company's subsidiary WCL obtained the mining license and has started the mining activity at Bomi mine in Liberia, which were suspended since 2015 due to outbreak of Ebola. • The fact that THLZVL has generated profitability owing to increase in reserves and production at Zinc International. <p>The key judgements and estimates centered on the likely outcome of the litigations with respect to withdrawal of license to operate the Copper plant, cash flow forecasts, likelihood of license extension, interpretations on mechanism of levy of SAED, discount rate assumptions and related disclosures as given in note 5 (Property, plant and equipment) / 34 (Exceptional items) of the accompanying financial statements.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Obtained and read the Company's policies, processes and procedures in respect of identification of impairment indicators, recording and disclosure of impairment charge / (reversal) and identified key controls. For selected controls we have performed tests of controls. • Assessed through an analysis of internal and external factors impacting the Company, whether there were any indicators of impairment in line with Ind AS 36 and Ind AS 109. • In relation to the CGU at (a) Tuticorin within the copper segment; (b) Rajasthan block within the oil & gas segment; (c) Investment made in WCL through wholly owned subsidiary Bloom Fountain Limited within the Iron Ore segment and d) Investments made in Optionally Convertible Redeemable Preference Shares (OCRPS) of THL Zinc Ventures Limited (THLZVL), a wholly owned subsidiary within the Zinc International segment where impairment (charge) / reversal indicators were identified, obtained and evaluated the valuation models used to determine the recoverable amount by assessing the key assumptions used by management, which included: <ul style="list-style-type: none"> – Assessed the implications of withdrawal of Company's license to operate the copper plant at Tuticorin. Read the external legal opinions in respect of the merits of the case and assessed management's position through discussions with the legal counsel to determine the basis of their conclusion and its consequential impact on the reopening of the plant. – Evaluated the valuation methodology adopted by the management i.e. determination of Value In Use in light of the facts and circumstances of the matter. – Assessed management's forecasting accuracy by comparing prior year forecasts to actual results and assessed the potential impact of any variances. – Corroborated the sales price assumptions used in the models against analyst consensus and assessing the reasonableness of costs. – Compared the production forecasts used in the impairment tests with management's approved reserves and resources estimates, – Compared the SAED forecast used in the impairment tests with actual levy of current year and obtained external legal opinion for the interpretations made over the determination of amount due to the levy of SAED. – Tested the weighted average cost of capital used to discount the impairment models. – Tested the integrity of the models together with their clerical accuracy. – Tested the classification of expenses incurred in respect of the Bomi mines in Liberia to evaluate whether these are eligible for reversal. – Tested arithmetical accuracy of bifurcation of expenses between the 3 mines in Western cluster. – Compared assumptions used by management in respect of price forecast and ore grade against the consensus report and reserve and resource report. – Assessed the production and profitability trend in the Zinc International segment and compared the same with the projected cash flows for reasonableness. – Assessed reserves and resources estimation methods and policies and reading reports provided by management's external reserves experts for the oil and gas assets of the Company and the assets located in the subsidiary companies i.e. WCL and THLZBVL and assessed the scope of work and findings of these third parties; – Assessed the competence, capability and objectivity of experts engaged by management; through understanding their relevant professional qualifications and experience. – Engaged valuation experts to assist in performance of the above procedures. • Assessed the disclosures made by the Company in this regard and evaluated the considerations leading to disclosure of above impairment (charge) / reversal as exceptional items. |

| Key audit matters | How our audit addressed the key audit matter |
|--|--|
| <p>Recoverability of disputed trade receivables in Power segment (as described in note 3(c)(B)(ii) and 7 of the Standalone Ind AS financial statements)</p> <p>As of 31 March 2023 the value of disputed receivables in the power segment aggregated to ₹ 878 crore.</p> <p>Due to short supply or non-supply of power due to transmission line constraints, order received from Orissa State Electricity Regulatory Commission (OERC) and disagreements over the quantification relating to aforementioned disputes or timing of the recovery of receivables, the recovery of said receivables are subject to increased risk. Some of these balances are also subject to litigation. The risk is specifically related to receivables from GRIDCO. These receivables include long outstanding balances as well and are also subject to counter party credit risk and hence considered as a key audit matter.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Examined the underlying power purchase agreements. • Examined the relevant state regulatory commission, appellate tribunal and court rulings. • Obtained and assessed the model prepared by the management for computation of Expected credit loss on the disputed receivables, including testing of key assumptions. • Engaged valuation experts to assist in performing above procedures. • Tested arithmetical accuracy of the models prepared by the management. • Obtained independent external lawyer confirmation from Legal Counsel of the Company who is contesting the cases. • Examined external legal opinions in respect of the merits of the case and assessed management's position through discussions with the management's in-house legal team to determine the basis of their conclusion. • Assessed the competence and objectivity of the Company's experts. • Assessed the disclosures made by the Company in this regard. |
| <p>Claims and exposures relating to taxation and litigation (as described in note 3(c)(B)(i), 38D and 44 of the Standalone Ind AS financial statements)</p> <p>The Company is subject to a large number of tax and legal disputes, including objections raised by auditors appointed by the Director General Hydrocarbons in the oil and gas segment, vendor arbitrations, income tax disallowances and various indirect tax disputes which have been disclosed / provided for in the financial statements based on the facts and circumstances of each case. Taxation and litigation exposures have been identified as a key audit matter due to the complexities involved in these matters, timescales involved for resolution and the potential financial impact of these on the financial statements. Further, significant management judgement is involved in assessing the exposure of each case and thus a risk that such cases and thus a higher risk involved on adequacy of provision or disclosure of such cases.</p> | <p>Our audit procedures included the following:-</p> <ul style="list-style-type: none"> • Obtained an understanding of the process of identification of claims, litigations and its classification as probable, possible or remote and identified key controls in the process. For selected controls we have performed tests of controls. • Obtained the summary of Company's legal and tax cases and critically assessed management's position through discussions with the Legal Counsel, Head of Tax and operational management, on both the probability of success in significant cases, and the magnitude of any potential loss. • Obtained independent external lawyer confirmation from Legal Counsel of the Company who is contesting the cases. • Examined external legal opinions (where considered necessary) and other evidence to corroborate management's assessment of the risk profile in respect of legal claims. • Assessed the competence and objectivity of the Company's experts. • Engaged tax specialists to technically appraise the tax positions taken by management with respect to local tax issues. • Assessed whether management assessment of similar cases is consistent across the divisions and subsidiaries or that differences in positions are adequately justified. • Assessed whether management assessment of similar cases is consistent with the positions taken in earlier periods or that difference in positions are adequately justified. • Assessed the relevant disclosures made within the financial statements to address accuracy of the amounts and whether they reflect the facts and circumstances of the respective tax and legal exposures and the requirements of relevant accounting standards. |
| <p>Recognition and measurement of Deferred Tax Assets including Minimum Alternate Tax (MAT) (as described in note 3(c)(A)(ii) and 35 of the Standalone Ind AS financial statements)</p> <p>Deferred tax assets as at 31 March 2023 includes MAT credits of ₹ 9,184 crore which is available for utilization against future tax liabilities. Of the aforesaid, we focused our effort on MAT assets of ₹ 2,689 Crore which is expected to be utilised in the fourteenth year and fifteenth year, fifteen years being the maximum permissible time period to utilize the same.</p> <p>The analysis of the recoverability of such deferred tax assets has been identified as a key audit matter because the assessment process involves judgement regarding the future profitability, allowability of tax positions / deductions claimed by the management in the tax computations and likelihood of the realization of these assets, in particular whether there will be taxable profits in future periods that support the recognition of these assets. This requires assumptions regarding future profitability, which is inherently uncertain. Accordingly, the same is considered as a key audit matter.</p> | <p>Our audit procedures included the following:-</p> <ul style="list-style-type: none"> • Obtained an understanding of the management's process for estimating the recoverability of the deferred tax assets and identified key controls in the process. For selected controls we have performed tests of controls. • Obtained and analysed the future projections of taxable profits estimated by management, assessing the key assumptions used, including the analysis of the consistency of the actual results obtained by the various segments with those projected in the previous year. We further obtained evidence of the approval of the budgeted results included in the current year's projections, and the reasonableness of the future cash flow projections. • Assessed management's forecasting accuracy by comparing prior year forecasts to actual results and assessed the potential impact of any variances. • Tested the accuracy of the deductions availed under the Income Tax Act included in the tax computation. • Tested the computation of the amounts recognized as deferred tax assets. • Engaged valuation experts to assist in performance of the above procedures. • Assessed the competence and objectivity of the experts engaged by us. • Assessed the disclosures made by the Company in this regard. |



Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

Responsibilities of Management for the Standalone Ind AS Financial Statements

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

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

Those Charged with Governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

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

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

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

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended 31 March 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and other financial information, in respect of an unincorporated joint venture, whose financial statements include total assets of ₹ 149 as at 31 March 2023, and total revenues of ₹ 100 Crore, total net profit after tax of ₹ 32 Crore, total comprehensive income of ₹ 32 Crore for the year ended 31 March 2023, and net cash inflows of ₹ 0 Crore for the year ended 31 March 2023. These financial statements and other financial information of the said unincorporated joint venture have not been audited by other auditors, whose unaudited financial statements and other unaudited financial information have been furnished to us by the management. Our opinion on the standalone Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the said unincorporated joint venture and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid unincorporated joint venture, is based solely on the unaudited information furnished to us by the management. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended 31 March 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 38 and Note 44 to the standalone Ind AS 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. a) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 39 (H) to the standalone Ind AS financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 39(H) to the standalone Ind AS financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with section 123 of the Act.
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable only w.e.f. 01 April 2023 for the company, hence the reporting under this clause is not applicable.

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

ICAI Firm Registration Number: 301003E/E300005

per **Vikas Pansari**
Partner

Place of Signature: Mumbai
Date: 12 May 2023

Membership Number: 093649
UDIN: 23093649BGXPQ3436

ANNEXURE-1

referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

Re: Vedanta Limited

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangibles assets.
- (b) Property, Plant and Equipment have been physically verified by the management in accordance with a planned programme of verifying them once in three years which is reasonable having regard to the size of the Company and the nature of its assets, except for Property, Plant and Equipment located at Tuticorin Plant amounting to ₹ 1,033 Crore due to suspension of operations since April 2018 (refer Note 3(c)(A)(iii)). No material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company except for the title deeds of immovable properties as per table below:

| Particulars | Gross carrying value | Held in the name of | Whether promoter, director or their relative or employee | Period held since | Reason for not being held in name of company |
|-----------------|----------------------|---|--|-------------------|---|
| Land | 53 | Erstwhile Company Sterlite Industries (India) Limited that merged with the Company | No | 1965-2012 | The title deeds are in the names of erstwhile Companies that merged with the Company under Section 391 to 394 of the Companies Act, 1956 pursuant to Schemes of Amalgamation and Arrangement as approved by the Honourable High Courts. |
| ROU Land | 50 | Erstwhile Company Sterlite Industries (India) Limited that merged with the Company | No | 1993-2009 | |
| Land | 20 | Erstwhile Company Vedanta Aluminium Limited that merged with the Company | No | 2008-2012 | |
| Land & Building | 1,749 | Oil and Natural Gas Corporation Limited & Cairn India Limited (now a division of the company) | No | 10 April 2009 | The title deeds of Oil & Gas exploration blocks are jointly owned by the JV partners and are in the name of ONGC the licensee of these exploration blocks |

The original title deeds amounting to ₹ 68 Crore pertaining to immovable properties have been pledged with lenders, which have been confirmed by the lenders/trustees.

- (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended 31 March 2023
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory has been physically verified by the management during the year except for inventories aggregating ₹ 269 Crore lying at Tuticorin plant which is under suspension (refer note 3(c)(A)(iii)) and inventories lying with third parties amounting to ₹ 623 Crore. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Inventories lying with third parties have been confirmed by them as at 31 March 2023 and no discrepancies were noticed in respect of such confirmations. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed in respect of such verification.



- (b) As disclosed in note 17B to the financial statements, the Company has been sanctioned working capital limits in excess of ₹ five Crores in aggregate from banks and financial institutions during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the audited books of accounts of the Company.

- (iii) (a) During the year the Company has provided loans and stood guarantee to companies as follows:

| Particulars (₹ In Crores) | Guarantees | Loans |
|--|------------|-------|
| Aggregate amount granted/ provided during the year | | |
| - Subsidiaries | 1,174 | 543 |
| Balance outstanding as at balance sheet date (including opening balances) | | |
| - Subsidiaries | 9,541 | 630 |
| - Ultimate parent company | 115 | - |
| - Other Parties | - | 53 |

The Company has not provided any security and advances in the nature of loans during the year.

- (b) During the year the investments made, guarantees provided, and the terms and conditions of the grant of all loans and guarantees provided to companies or any other party are not prejudicial to the Company's interest. The Company has not given any security and has not granted any advances in nature of loans during the year.
- (c) The Company has granted loans during the year to its wholly owned subsidiaries where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular. The Company has not granted any advances in nature of loans during the year.
- (d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days.
- (e) During the year, the Company had renewed loans to its wholly owned subsidiaries to settle the loans which had fallen due during the year.

The aggregate amount of such dues renewed by fresh loans and the percentage of the aggregate to the total loans or advances in the nature of loans granted during the year are as follows:

| Name of the parties | Aggregate amount of loans or advances in the nature of loans granted during the year (in INR Crore)* | Aggregate overdue amount settled by renewal or extension or by fresh loans granted to same parties (INR Crore) | Percentage of the aggregate to the total loans or advances in the nature of loans granted during the year |
|--|--|--|---|
| Malco Energy Limited (MEL) | 503 | 147 | 29% |
| Sesa Mining Corporation Limited (SMCL) | 4 | 4 | 100% |
| Vizag General Cargo Berth Private limited (VGCB) | 19 | 19 | 100% |

* loan renewed/ extended is considered as new loan granted during the year for the purpose of reporting under this clause

- (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

- (iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 of the Companies Act, 2013 are applicable. and hence not commented upon. Loans, investments, guarantees and security in respect of which provisions of Section 186 of the Companies Act, 2013 are applicable have been complied with by the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits during the year. However, in regard to the unclaimed deposits the Company has complied with the provisions of Sections 73 to 76 of the Act and the rules made thereunder, to the extent applicable. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
- (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 Companies Act, 2013, related to the manufacture of goods and generation of electricity, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed dues in respect of goods and services tax, provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (vii) (b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute as listed in Appendix-1 at the end of this report.
- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) Term loans were applied for the purpose for which the loans were obtained
- (d) On an overall examination of the financial statements of the Company, the Company has used funds raised on short-term basis in the form of working capital and short term borrowings from banks aggregating to ₹ 4,645 Crore for long-term purposes representing acquisition of property plant and equipment.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor and secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.



- (xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b) & (c) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a), (b), (c) & (d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 42 to the financial statements, ageing and expected dates of realization of financial assets and payment of

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

- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 41 (a) to the financial statements.
- (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 41 (a) to the financial statements.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Vikas Pansari**

Partner

Place of Signature: Mumbai

Date: 12 May 2023

Membership Number: 093649

UDIN: 23093649BGXPQ3436

APPENDIX-1

Dues not deposited on account of dispute
(Amount in INR Crore)

| Name of the statute | Nature of the dues | 31 March 2023 | Period to which the amount relates | Forum where the dispute is pending |
|--|--|---------------|---|---|
| Income Tax Act, 1961 | Income tax | 729.11 | AY 2006-07 ; 2008-09 to 2013-14 | Commissioner of Income Tax (Appeals) |
| Income Tax Act, 1961 | Income tax | 30.35 | 1999-00, 2008-09, 2009-10 | Not applicable as application filed for rectification |
| Income Tax Act, 1961 | Income tax | 2,014.30 | 2002-03; 2004-05 to 2009-10; 2014-15, 2015-16 | Income Tax Appellate Tribunal |
| Income Tax Act, 1961 | Income tax | 1,493.06 | 2007-08 to 2013-14; 2019-20 | High Court |
| Income Tax Act, 1961 | Income tax | 205.82 | 2007-08 | Supreme Court |
| Custom Act, 1962 | Customs duty on exports | 47.99 | FY 2017-18; FY 2018; 2004-05 to 2009-10 and 2013-14 and 2019-20 | Commissioner of Customs |
| Custom Act, 1962 | Customs duty on exports | 116.99 | FY 2004-05 to 2013-14 | CESTAT |
| Custom Act, 1962 | Customs duty on exports | 89.4 | FY 2015-16 to FY 2019-20 | Assistant Commissioner |
| Custom Act, 1962 | Customs Duty | 0.18 | 1996-97, 2005-10, 2015 | Supreme Court |
| Custom Act, 1962 | Customs Duty | 47.34 | 2005-06 to 2006-07 | High Court |
| Custom Act, 1962 | Customs Duty | - | 2012-13 | Deputy Commissioner, Customs |
| Custom Act, 1962 | Customs Duty | - | 2012-13 to 2016-17; 2018-19; 2019-20 | CESTAT |
| Custom Act, 1962 | Customs Duty | 7.67 | 2012-13 | Commissioner, Appeals |
| Central Excise Act, 1944 | Cess Demand - Excess quantity of Crude Oil | 0.04 | 02 June to 03 August | CESTAT |
| Central Excise Act, 1944 | Demand of Edu.Cess & Hr. Sec. Cess on Oil Cess | 49.5 | December 2013 to February 2015 | CESTAT |
| Central Excise Act, 1944 | Excise duty | 142 | 1997-98 to 2012-13; FY 2014-15; 2017-18 and 2018-19 | CESTAT |
| Central Excise Act, 1944 | Excise Duty | 21.73 | 2017-18 | Assistant Commissioner |
| Central Excise Act, 1944 | Penalty for Non payment of NCCD in time | 0.4 | November 2007 to July 2008 | Additional Commissioner |
| Central Excise Act, 1944 | Excise duty | 8.34 | FY 1997-2013 | Commissioner of Central Excise /Jt. Commissioner |
| Central Excise Act, 1944 | Excise duty | - | FY 2020-21 | Commissioner Appeals |
| Central Excise Act, 1944 | Excise duty | 4.53 | 2000-2006 | High Court |
| Central Sales Tax, 1956 | Sales tax | 13.56 | FY 2004-17; 2019-20 | Additional Commissioner |
| Central Sales Tax, 1956 | Sales Tax | 1.69 | 2012-2020 | Assistant Commissioner |
| Central Sales Tax, 1956 | Sales Tax | 0.02 | 2019-20 | Assistant CTO |
| Central Sales Tax Act / Gujarat VAT Act | Sales Tax | 0.03 | FY 14-15 & 15-16 | Joint Commissioner of Commercial Tax |
| Central Sales Tax Act / Andhra Pradesh VAT Act | Sales Tax | 0.11 | 2012-2015 | Dy. Commissioner Appeals/Tribunal |
| Central Sales Tax, 1956 | Sales tax | 1.84 | FY 2008-12 | VAT Tribunal |
| Central Sales Tax, 1956 | Sales tax | 18.39 | 98-99(CST); FY 2009-10; FY 2010-11 | High Court |
| Central Sales Tax, 1956 | Sales tax | 16.15 | 2007-08 to 2014-15 | Tamil Nadu Sales tax Tribunal |



| Name of the statute | Nature of the dues | 31 March 2023 | Period to which the amount relates | Forum where the dispute is pending |
|--|-----------------------------|-----------------|---|--|
| Central Sales Tax, 1956 | Sales Tax | 5.35 | October 2015 to June 2017 | Dy. Commissioner |
| Central Sales Tax, 1956 | Sales Tax | - | 2014-15 | Commercial tax board, Rajasthan |
| Electricity Duty | Electricity Duty | - | 2017-18 to 2020-21 | High Court |
| Entry Tax Act, 1976 | Entry Tax | 475.32 | April 2007 to June 2017 | High Court |
| Entry Tax Act, 1976 | Entry Tax | 0.93 | 18 August 2013-31 March 2015 | Additional commissioner of commercial taxes |
| Entry Tax Act, 1976 | Entry Tax | - | October 2015 to June 2017 | Dy. Commissioner |
| Entry Tax Act, 1976 | Entry Tax | - | FY 2008-12 | Joint Commissioner of Commercial Tax |
| Energy Cess | Energy Cess | 38.28 | 2014-19 | High Court |
| Finance Act, 1994 | Service tax | 27.84 | FY 2015-2016 to FY 2016-18 | Assistant Commissioner (Central Tax) Audit |
| Finance Act, 1994 | Service tax | 209.22 | 2006-2017 and 2017-18 (Till 30 June 2017) | CESTAT |
| Finance Act, 1994 | Service tax | 18.55 | FY 2016-17 | Directorate General of Goods & Service Tax Intelligence |
| Finance Act, 1994 | Service Tax | - | 2007-13 | Commissioner of Central Excise/Jt. Commissioner |
| Finance Act, 1994 | Service Tax | 23.51 | FY 2006-07, 2007-08; FY 2016-17 | High Court |
| Foreign Development Tax & Foreign Development Fund | Forest Development tax | 394.75 | FY 2008 to till date | Supreme Court |
| Goa Rural Improvement & Welfare Cess Act, 2000 | Cess | 126.52 | FY 2010 to till date | High court |
| Goods and Service tax, 2017 | GST | 0.51 | 2018-19 | Appellate authority |
| Goods and Service tax, 2017 | GST | - | 2017-18 | Additional Commissioner of Central Tax, GST & CX Commissionarate |
| MMRDA | Royalty | 110.16 | FY 2013-14 | High Court |
| MMRDA | Forest lease rent | - | FY 2009 | High Court |
| Railways Act 1971 and wagon investment scheme | Stacking and Warfare charge | 4.09 | FY 2010 | High Court |
| Value Added Tax Act, 2006 | Value Added Tax | 52.87 | 2007-08 to 2014-15 | Commissioner |
| Value Added Tax Act, 2006 | Value Added Tax | 0.34 | October 2015 to June 2017 | Dy. Commissioner |
| Value Added Tax Act, 2006 | Value Added Tax | 321.92 | 1998-99 to 2014-15; 2015-16, 2016-17 | High Court |
| | Total | 6,870.70 | | |

ANNEXURE 2

to the Independent Auditor's Report of even date on the Ind As Standalone Financial Statements of Vedanta Limited

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

We have audited the internal financial controls over financial reporting of Vedanta Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Committee of Sponsoring Organisations of the Treadway Commission (2013 Framework) ("COSO 2013 Criteria"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone financial statements and their operating

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

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

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone financial statements, including the possibility



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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and

such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at 31 March 2023 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in COSO 2013 criteria.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Vikas Pansari**

Partner

Place of Signature: Mumbai

Date: 12 May 2023

Membership Number: 093649

UDIN: 23093649BGXPKQ3436

BALANCE SHEET

As at 31 March 2023

| Particulars | Note | (₹ in Crore) | |
|--|------|------------------------|------------------------|
| | | As at 31 March 2023 | As at 31 March 2022 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, Plant and Equipment | 5 | 40,488 | 39,490 |
| Capital work-in-progress | 5 | 10,090 | 9,226 |
| Intangible assets | 5 | 834 | 26 |
| Exploration intangible assets under development | 5 | 2,094 | 1,488 |
| Financial assets | | | |
| Investments | 6A | 59,872 | 60,881 |
| Trade receivables | 7 | 847 | 1,075 |
| Loans | 8 | 126 | 154 |
| Others | 9 | 2,679 | 1,677 |
| Deferred tax assets (net) | 35 | 5,295 | 1,118 |
| Income tax assets (net) | 35 | 1,311 | 1,800 |
| Other non-current assets | 10 | 2,046 | 2,214 |
| Total non-current assets | | 1,25,682 | 1,19,149 |
| Current assets | | | |
| Inventories | 11 | 8,217 | 8,563 |
| Financial assets | | | |
| Investments | 6B | 4,973 | 585 |
| Trade receivables | 7 | 1,694 | 2,328 |
| Cash and cash equivalents | 12 | 5,147 | 5,518 |
| Other bank balances | 13 | 318 | 1,393 |
| Loans | 8 | 507 | 365 |
| Derivatives | 22 | 98 | 249 |
| Others | 9 | 7,240 | 7,394 |
| Income tax assets (net) | | 190 | - |
| Other current assets | 10 | 4,717 | 3,197 |
| Total current assets | | 33,101 | 29,592 |
| Total Assets | | 1,58,783 | 1,48,741 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity Share Capital | 14 | 372 | 372 |
| Other Equity | 15 | 67,440 | 77,277 |
| Total Equity | | 67,812 | 77,649 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 17A | 32,606 | 23,421 |
| Lease liabilities | 21 | 51 | 57 |
| Derivatives | 22 | 20 | 6 |
| Other financial liabilities | 20 | - | 192 |
| Provisions | 24 | 1,373 | 1,268 |
| Other non-current liabilities | 23 | 2,364 | 2,751 |
| Total non-current liabilities | | 36,414 | 27,695 |
| Current Liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 17B | 9,417 | 13,275 |
| Lease liabilities | 21 | 46 | 25 |
| Operational buyers' credit / suppliers' credit | 19 | 10,485 | 9,261 |
| Trade payables | 18 | | |
| (a) Total outstanding dues of micro, small and medium enterprises | | 218 | 195 |
| (b) Total outstanding dues of creditors other than micro, small and medium enterprises | | 5,436 | 5,329 |
| Derivatives | 22 | 151 | 277 |
| Other financial liabilities | 20 | 18,425 | 9,802 |
| Provisions | 24 | 129 | 158 |
| Income tax liabilities (net) | | 1,025 | 601 |
| Other current liabilities | 23 | 9,225 | 4,474 |
| Total current liabilities | | 54,557 | 43,397 |
| Total Equity and Liabilities | | 1,58,783 | 1,48,741 |

See accompanying notes to the financial statements

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

per **Vikas Pansari**

Partner

Membership No:093649

Place: Mumbai

Date: 12 May 2023

For and on behalf of the Board of Directors

Navin Agarwal

Executive Vice-Chairman and

Whole-Time Director

DIN 00006303

Sunil Duggal

Whole-Time Director and Group

Chief Executive Officer

DIN 07291685

Prema Halwasiya

Company Secretary and Compliance Officer

ICSI Membership No. A20856

Place: Mumbai

Date: 12 May 2023



STATEMENT OF PROFIT AND LOSS

For the year ended 31 March 2023

| Particulars | Note | ₹ in Crore | |
|---|------|-----------------------------|-----------------------------|
| | | Year ended 31 March 2023 | Year ended 31 March 2022 |
| Revenue from operations | 28 | 67,193 | 62,801 |
| Other operating income | 29 | 887 | 476 |
| Other income | 30 | 21,262 | 8,347 |
| Total Income | | 89,342 | 71,624 |
| Expenses: | | | |
| Cost of materials consumed | | 27,619 | 23,976 |
| Purchases of stock-in-trade | | 173 | 228 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 31 | 581 | (1,172) |
| Power and fuel charges | | 17,019 | 11,649 |
| Employee benefits expense | 26 | 926 | 867 |
| Finance costs | 32 | 4,384 | 3,146 |
| Depreciation, depletion and amortisation expense | 5 | 3,661 | 2,945 |
| Other expenses | 33 | 12,322 | 10,051 |
| Total expenses | | 66,685 | 51,690 |
| Profit before exceptional items and tax | | 22,657 | 19,934 |
| Net exceptional gain/ (loss) | 34 | 4,353 | (318) |
| Profit before tax | | 27,010 | 19,616 |
| Tax (benefit)/ expense: | 35 | | |
| On other than exceptional items | | | |
| Net current tax expense | | 3,790 | 3,505 |
| Net deferred tax benefit, including tax credits | | (4,033) | (1,023) |
| On exceptional items | | | |
| Net current tax benefit | | (50) | (281) |
| Net deferred tax (benefit)/ expense | | (53) | 170 |
| Net tax (benefit)/expense | | (346) | 2,371 |
| Net Profit after tax (A) | | 27,356 | 17,245 |
| Net Profit after tax before exceptional items (net of tax) | | 22,900 | 17,452 |
| Other Comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Re-measurements loss of defined benefit plans | | (15) | (23) |
| Tax benefit | | 6 | 8 |
| (Loss)/ Gain on FVOCI equity investment | | (37) | 15 |
| | | (46) | 0 |
| Items that will be reclassified to profit or loss | | | |
| Net gain/ (loss) on cash flow hedges recognised during the year | | 2,418 | (142) |
| Tax (expense)/ benefit | | (846) | 51 |
| Net (loss)/ gain on cash flow hedges recycled to statement of profit and loss | | (2,554) | 375 |
| Tax benefit/ (expense) | | 893 | (131) |
| Exchange differences on translation | | 518 | 174 |
| Tax benefit | | 36 | 6 |
| | | 465 | 333 |
| Total Other Comprehensive Income for the year (B) | | 419 | 333 |
| Total Comprehensive Income for the year (A+B) | | 27,775 | 17,578 |
| Earnings per share (in ₹) | | | |
| - Basic & Diluted | 36 | 73.54 | 46.36 |

See accompanying notes to the financial statements

As per our report of even date

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

per **Vikas Pansari**
Partner
Membership No:093649

Place: Mumbai
Date: 12 May 2023

For and on behalf of the Board of Directors

Navin Agarwal
Executive Vice-Chairman and
Whole-Time Director
DIN 00006303

Sunil Duggal
Whole-Time Director and Group
Chief Executive Officer
DIN 07291685

Prerna Halwasiya
Company Secretary and Compliance Officer
ICSI Membership No. A20856

Place: Mumbai
Date: 12 May 2023

STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

| Particulars | (₹ in Crore) | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2023 | Year ended 31 March 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 27,010 | 19,616 |
| Adjustments for: | | |
| Depreciation, depletion and amortisation | 3,703 | 2,968 |
| Reversal of impairment on assets/ capital work-in-progress written off (net) | (18) | (1,346) |
| Reversal of impairment on investments | (4,694) | - |
| Provision for doubtful debts/ advance/ bad debts written off | 436 | 239 |
| Liabilities written back | (62) | - |
| Exploration costs written off | 315 | 1,412 |
| Other exceptional items | - | 252 |
| Fair Value gain on financial assets held at fair value through profit or loss | (44) | (1) |
| Net gain on sale of long term investments in subsidiary (Refer Note 34(b)) | (183) | (16) |
| Loss/ (Profit) on sale/ discard of property, plant and equipment (net) | 21 | (129) |
| Foreign exchange loss (net) | 251 | 146 |
| Unwinding of discount on decommissioning liability | 30 | 24 |
| Share based payment expense | 48 | 29 |
| Interest income | (348) | (221) |
| Dividend income | (20,711) | (7,829) |
| Interest expense | 4,354 | 3,123 |
| Deferred government grant | (81) | (78) |
| Changes in assets and liabilities | | |
| Decrease/ (Increase) in trade and other receivables | 204 | (4,996) |
| Decrease/ (Increase) in inventories | 377 | (3,008) |
| Increase in trade and other payable | 4,911 | 5,064 |
| Cash generated from operations | 15,519 | 15,249 |
| Income taxes paid (net) | (3,028) | (2,685) |
| Net cash generated from operating activities | 12,491 | 12,564 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of property, plant and equipment (including intangibles) | (6,080) | (3,674) |
| Proceeds from sale of property, plant and equipment | 41 | 268 |
| Loans given to related parties (Refer Note 39) | (543) | (383) |
| Loans repaid by related parties (Refer Note 39) | 475 | 567 |
| Deposits made | (889) | (1,067) |
| Proceeds from redemption of deposits | 1,439 | 1,285 |
| Short term investments made | (50,153) | (25,777) |
| Proceeds from sale of short-term investments | 48,995 | 27,230 |
| Interest received | 346 | 206 |
| Dividends received | 20,711 | 7,829 |
| Payment made to site restoration fund | (60) | (76) |
| Advance given for acquisition (Refer Note 3(d) and 39) | (565) | - |
| Purchase of long term investments (Refer Note 39) | (70) | (0) |
| Sale of long term investments in subsidiary (Refer Note 34(b)) | 2,665 | - |
| Net cash generated from investing activities | 16,312 | 6,408 |



STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

(₹ in Crore)

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|-----------------------------|-----------------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| (Repayment)/ proceeds from short-term borrowings (net) | (900) | 816 |
| Proceeds from current borrowings | 9,583 | 8,868 |
| Repayment of current borrowings | (12,247) | (4,066) |
| Proceeds from long-term borrowings | 15,333 | 18,942 |
| Repayment of long-term borrowings | (6,593) | (20,250) |
| Interest paid | (4,369) | (3,872) |
| Payment of dividends to equity holders of the Company (net of tax) | (29,959) | (16,689) |
| Payment of lease liabilities | (22) | (64) |
| Net cash used in financing activities | (29,174) | (16,315) |
| Net (decrease)/ increase in cash and cash equivalents | (371) | 2,657 |
| Cash and cash equivalents at the beginning of the year | 5,518 | 2,861 |
| Cash and cash equivalents at the end of the year (Refer note 12) | 5,147 | 5,518 |

Notes :

- The figures in parentheses indicate outflow.
- The above cash flow has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS) 7 - statement of cash flows

See accompanying notes to the financial statements

As per our report of even date

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

per **Vikas Pansari**
Partner
Membership No:093649

Place: Mumbai
Date: 12 May 2023

For and on behalf of the Board of Directors

Navin Agarwal
Executive Vice-Chairman and
Whole-Time Director
DIN 00006303

Place: Mumbai
Date: 12 May 2023

Sunil Duggal
Whole-Time Director and Group
Chief Executive Officer
DIN 07291685

Prerna Halwasiya
Company Secretary and Compliance Officer
ICSI Membership No. A20856

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

A. Equity Share Capital

| Equity shares of ₹ 1/- each issued, subscribed and fully paid up | Number of shares (in Crore) | Amount (₹ in Crore) |
|--|--------------------------------|------------------------|
| As at 31 March 2023, 31 March 2022 and 31 March 2021* | 372 | 372 |

*There are no prior period errors for the years ended 31 March 2022 and 31 March 2021.

B. Other Equity

| Particulars | Reserves and Surplus | | | | Items of Other comprehensive income | | | Total other equity |
|---|----------------------|--------------------|-------------------|------------------------------|-------------------------------------|-----------------|--------------------------------------|--------------------|
| | Capital reserve | Securities premium | Retained earnings | Other reserves (Refer below) | Equity instruments through OCI | Hedging reserve | Foreign currency translation reserve | |
| Balance as at 01 April 2021 | 26,027 | 19,009 | 13,038 | 16,443 | 93 | (39) | 1,847 | 76,418 |
| Profit for the year | - | - | 17,245 | - | - | - | - | 17,245 |
| Other comprehensive income for the year, net of tax | - | - | (15) | - | 15 | 153 | 180 | 333 |
| Total Comprehensive Income for the year | - | - | 17,230 | - | 15 | 153 | 180 | 17,578 |
| Transfer from debenture redemption reserve | - | - | 557 | (557) | - | - | - | - |
| Recognition of share based payment | - | - | - | 43 | - | - | - | 43 |
| Stock options cancelled during the year | - | - | 24 | (34) | - | - | - | (10) |
| Exercise of stock options | - | - | (20) | (43) | - | - | - | (63) |
| Dividends (Refer note 37) | - | - | (16,689) | - | - | - | - | (16,689) |
| Balance as at 31 March 2022 | 26,027 | 19,009 | 14,140 | 15,852 | 108 | 114 | 2,027 | 77,277 |
| Profit for the year | - | - | 27,356 | - | - | - | - | 27,356 |
| Other comprehensive income for the year, net of tax | - | - | (9) | - | (37) | (89) | 554 | 419 |
| Total Comprehensive Income for the year | - | - | 27,347 | - | (37) | (89) | 554 | 27,775 |
| Recognition of share based payment | - | - | - | 85 | - | - | - | 85 |
| Stock options cancelled during the year | - | - | 8 | (15) | - | - | - | (7) |
| Exercise of stock options | - | - | (80) | (38) | - | - | - | (118) |
| Dividends (net of tax) (Refer note 37) | - | - | (37,572) | - | - | - | - | (37,572) |
| Balance as at 31 March 2023 | 26,027 | 19,009 | 3,843 | 15,884 | 71 | 25 | 2,581 | 67,440 |



STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

Other reserves comprises:

(₹ in Crore)

| Particulars | Capital redemption reserve | Debenture redemption reserve | Preference share redemption reserve | Amalgamation Reserve | General reserve | Share Based Payment Reserve | Total |
|---|----------------------------|------------------------------|-------------------------------------|----------------------|-----------------|-----------------------------|---------------|
| Balance as at 01 April 2021 | 38 | 557 | 3,087 | 3 | 12,587 | 171 | 16,443 |
| Transfer to retained earnings | - | (557) | - | - | - | - | (557) |
| Recognition of share based payment | - | - | - | - | - | 43 | 43 |
| Stock options cancelled during the year | - | - | - | - | - | (34) | (34) |
| Exercise of stock options | - | - | - | - | - | (43) | (43) |
| Balance as at 31 March 2022 | 38 | - | 3,087 | 3 | 12,587 | 137 | 15,852 |
| Recognition of share based payment | - | - | - | - | - | 85 | 85 |
| Stock options cancelled during the year | - | - | - | - | - | (15) | (15) |
| Exercise of stock options | - | - | - | - | - | (38) | (38) |
| Balance as at 31 March 2023 | 38 | - | 3,087 | 3 | 12,587 | 169 | 15,884 |

See accompanying notes to the financial statements

As per our report of even date

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

per **Vikas Pansari**
Partner
Membership No:093649

Place: Mumbai
Date: 12 May 2023

For and on behalf of the Board of Directors

Navin Agarwal
Executive Vice-Chairman and
Whole-Time Director
DIN 00006303

Place: Mumbai
Date: 12 May 2023

Sunil Duggal
Whole-Time Director and Group
Chief Executive Officer
DIN 07291685

Prerna Halwasiya
Company Secretary and Compliance Officer
ICSI Membership No. A20856

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forming part of the financial statements as at and for the year ended 31 March 2023

1 Company overview:

Vedanta Limited ("the Company") is a diversified natural resource company engaged in exploring, extracting and processing minerals and oil and gas. The Company engages in the exploration, production and sale of oil and gas, aluminium, copper, iron ore and power.

The Company was incorporated on 08 September 1975 under the laws of the Republic of India. The registered office of the Company is situated at 1st Floor, 'C' wing, Unit 103, Corporate Avenue, Atul Projects, Chakala, Andheri (East), Mumbai-400093, Maharashtra. The Company's shares are listed on National Stock Exchange ("NSE") and Bombay Stock Exchange ("BSE") in India. In June 2007, the Company completed its initial public offering of American Depositary Shares, or ADS, each representing four equity shares, and listed its ADSs on the New York Stock Exchange ("NYSE").

The ADSs of the Company have been delisted from NYSE effective close of trading on NYSE on 08 November 2021. The Company has been deregistered from SEC under the Exchange Act effective 01 March 2023.

The Company is majority owned by Twin Star Holdings Limited ("Twin Star"), Finsider International Company Limited ("Finsider"), Vedanta Holdings Mauritius II Limited ("VHM2L"), Vedanta Holdings Mauritius Limited ("VHML"), Welter Trading Limited ("Welter") and Vedanta Netherlands Investments BV ("VNIBV") which are in turn wholly-owned subsidiaries of Vedanta Resources Limited ("VRL"), a company incorporated in the United Kingdom. VRL, through its subsidiaries, held 68.11% (31 March 2022: 69.69%) of the Company's equity as at 31 March 2023.

Details of Company's various businesses are as follows:

- The Company's oil and gas business consists of business of exploration and development and production of oil and gas.
- The Company's iron ore business consists of iron ore exploration, mining and processing of iron ore, pig iron and metallurgical coke. The Company has iron ore mining operations in the States of Goa and Karnataka. Pursuant to Honourable Supreme Court of India order, mining operations in the state of Goa were suspended. During the current year, the Government of Goa has initiated auction of mines in which the Company has participated. The Company has been declared as the principal bidder for the

Bicholim mine and has received the Letter of Intent (LOI) from the Government of Goa.

- The Company's copper business is principally one of custom smelting and includes captive power plants at Tuticorin in Southern India. The Company's copper business in Tamil Nadu, India has received an order from the Tamil Nadu Pollution Control Board ("TNPCB") on 09 April 2018, rejecting the Company's application for renewal of consent to operate under the Air and Water Acts for the 400,000 tpa copper smelter plant in Tuticorin for want of further clarification and consequently the operations were suspended. The Company has filed an appeal with TNPCB Appellate authority against the said order. During the pendency of the appeal, TNPCB through its order dated 23 May 2018 ordered for disconnection of electricity supply and closure of copper smelter plant. Post such order, the state government on 28 May 2018 ordered the permanent closure of the plant. We continue to engage with the Government of India and relevant authorities to enable the restart of operations at Copper India.

Further, the Company's copper business includes refinery and rod plant Silvassa consisting of a 133,000 MT of blister/ secondary material processing plant, a 216,000 tpa copper refinery plant and a copper rod mill with an installed capacity of 258,000 tpa. The plant continues to operate as usual, catering to the domestic market. (Refer note 3(c)(A)(iii)).

- The Company's aluminium business include a refinery and captive power plant at Lanjigarh and a smelter and captive power plants at Jharsuguda both situated in the State of Odisha in Eastern India.
- The Company's power operations include a thermal coal-based commercial power facility of 600 MW at Jharsuguda in the State of Odisha in Eastern India.

Besides the above, the Company has business interest in zinc, lead, silver, iron ore, steel, ferro alloys and other products and services through its subsidiaries in India and overseas.

These are the Company's separate financial statements.

2 Basis of preparation and basis of measurement of financial statements

(a) Basis of preparation

- i) These financial statements have been prepared in accordance with Indian Accounting Standards



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forming part of the financial statements as at and for the year ended 31 March 2023

(Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Companies Act, 2013 (the Act) (as amended from time to time), guidelines issued by the Securities and Exchange Board of India ("SEBI") and Guidance Note on Accounting for Oil and Gas Producing Activities issued by the Institute of Chartered Accountants of India.

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

These financial statements are approved for issue by the Board of Directors on 12 May 2023. The revision to these financial statements is permitted by the Board of Directors after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Act.

All financial information presented in Indian Rupee has been rounded off to the nearest Crore except when indicated otherwise. Amounts less than ₹ 0.50 Crore have been presented as "0".

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

(b) Basis of measurement

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

3 a) Significant accounting policies

(A) Revenue recognition

- **Sale of goods/rendering of services (including revenue from contracts with customers)**

The Company's revenue from contracts with customers is mainly from the sale of oil and gas, aluminium, copper, iron ore and power. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer as per terms of contract, which usually is on delivery of the goods to the shipping agent at an amount that reflects the consideration to which the Company expects

to be entitled in exchange for those goods or services. Revenue is recognised net of discounts, volume rebates, outgoing sales taxes/ goods and service tax and other indirect taxes. 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) and crude index, as specified in the contract. Revenue in respect of such contracts is recognised when control passes to the customer and is measured at the amount the entity expects to be entitled – being the estimate of the price expected to be received at the end of the measurement period. Post transfer of control of goods, provisional pricing features are accounted in accordance with Ind AS 109 'Financial Instruments' rather than Ind AS 115 'Revenue from contracts with customers' and therefore the Ind AS 115 rules on variable consideration do not apply. These 'provisional pricing' adjustments, i.e., the consideration adjusted post transfer of control are included in total revenue from operations on the face of the statement of profit and loss and disclosed by way of note to the financial statements. Final settlement of the price is based on the applicable price for a specified future period. The Company's provisionally priced sales are marked to market using the relevant forward prices for the future period specified in the contract and is adjusted in revenue.

Revenue from oil, gas and condensate sales represent the Company's share in the revenue from sale of such products, by the joint operations, and is recognised as and when control in these products gets transferred to the customers. In computing its share of revenue, the Company excludes government's share of profit oil which gets accounted for when the obligation in respect of the same arises.

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

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs part of its obligation by transferring goods or services to a

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forming part of the financial statements as at and for the year ended 31 March 2023

customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration when that right is conditional on the Company's future performance.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is received. The advance payments received plus a specified rate of return/ discount, at the prevailing market rates, is settled by supplying respective goods over a period of up to twenty four months under an agreed delivery schedule as per the terms of the respective agreements. As these are contracts that the Company expects, and has the ability, to fulfil through delivery of a non-financial item, these are presented as advance from customers and are recognised as revenue as and when control of respective commodities is transferred to customers under the agreements. The fixed rate of return/ discount is treated as finance cost. The portion of the advance where either the Company does not have a unilateral right to defer settlement beyond 12 months or expects settlement within 12 months from the balance sheet date is classified as a current liability.

- **Interest income**

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

- **Dividends**

Dividend income is recognised in the statement of profit and loss only when the right to receive payment is established, provided it is probable that the economic benefits associated with the

dividend will flow to the Company, and the amount of the dividend can be measured reliably.

(B) Property, plant and equipment

i) Mining properties and leases

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 that on land, buildings, plant, equipment and capital work in progress is capitalised as property, plant and equipment under the heading "Mining properties and leases" together with any amount transferred from "Exploration and evaluation" assets. The costs of mining properties and leases, include the costs of acquiring and developing mining properties and mineral rights.

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

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

In circumstances where a mining property is abandoned, the cumulative capitalised costs



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forming part of the financial statements as at and for the year ended 31 March 2023

relating to the property are written off in the period in which it occurs i.e. when the Company determines that the mining property will not provide sufficient and sustainable returns relative to the risks and the Company decides not to proceed with the mine development.

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

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

For oil and gas assets, a "successful efforts" based accounting policy is followed. Costs incurred prior to obtaining the legal rights to explore an area are expensed immediately to the statement of profit and loss.

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

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

iii) Other property, plant and equipment

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposal of an item of property, plant and equipment computed as the difference between the net disposal proceeds and the carrying amount of the asset is included in the statement of profit and loss when the asset is derecognised. Major inspection and overhaul expenditure is capitalised, if the recognition criteria are met.

iv) Assets under construction

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

v) Depreciation, depletion and amortisation expense

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

• Mining properties

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

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forming part of the financial statements as at and for the year ended 31 March 2023

- **Oil and gas producing facilities**

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

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

- **Other assets**

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

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

Estimated useful lives of assets are as follows:

| Asset | Useful Life (in years) |
|---------------------------------------|---------------------------|
| Buildings (Residential, factory etc.) | 3-60 |
| Plant and equipment | 15-40 |
| Railway siding | 15 |
| Office equipment | 3-6 |
| Furniture and fixture | 8-10 |
| Vehicles | 8-10 |

Major inspection and overhaul costs are depreciated over the estimated life of the economic benefit to be derived from such costs. The carrying amount of the remaining previous

overhaul cost is charged to the statement of profit and loss if the next overhaul is undertaken earlier than the previously estimated life of the economic benefit.

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

(C) Intangible assets

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

Intangible assets are amortised over their estimated useful life on a straight line basis. Software is amortised over the estimated useful life ranging from 2-5 years. Amounts paid for securing mining rights are amortised over the period of the mining lease ranging from 16-25 years.

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 recognised in the statement of profit and loss when the asset is derecognised.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is different from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

(D) Exploration and evaluation intangible assets

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

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



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forming part of the financial statements as at and for the year ended 31 March 2023

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

- Acquisition costs - costs associated with acquisition of licenses and rights to explore, including related professional fees.
- General exploration costs - costs of surveys and studies, rights of access to properties to conduct those studies (e.g., costs incurred for environment clearance, defence clearance, etc.), and salaries and other expenses of geologists, geophysical crews and other personnel conducting those studies.
- Costs of exploration drilling and equipping exploration and appraisal wells.

Exploration expenditure incurred in the process of determining oil and gas exploration targets is capitalised within "Exploration and evaluation assets" (intangible assets) and subsequently allocated to drilling activities. Exploration drilling costs are initially capitalised on a well-by-well basis until the success or otherwise of the well has been established. The success or failure of each exploration effort is judged on a well-by-well basis. Drilling costs are written off on completion of a well unless the results indicate that hydrocarbon reserves exist and there is a reasonable prospect that these reserves are commercial.

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

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

Net proceeds from any disposal of an exploration asset are initially credited against the previously

capitalised costs. Any surplus/ deficit is recognised in the statement of profit and loss.

(E) Non-current assets held for sale

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

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

(F) Impairment of non-financial assets

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

The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. The Company conducts an internal review of asset values annually, which is used as a source of information to assess for any indications of impairment or reversal of previously recognised impairment losses. Internal and external factors, such as worse economic performance than expected, changes in expected future prices, costs and other market factors are also monitored to assess for indications of impairment or reversal of previously recognised impairment losses.

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

Fair value less costs of disposal is the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the company and not applicable to entities in general. Fair value for mineral and oil and gas assets is generally determined as the present value of the estimated future cash flows

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forming part of the financial statements as at and for the year ended 31 March 2023

expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted at an appropriate post tax discount rate to arrive at the net present value.

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

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

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

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

Exploration and evaluation assets:

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

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources

and the Company has decided to discontinue such activities in the specific area;

- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale; and
- reserve information prepared annually by external experts.

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

(G) Financial instruments

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

(i) Financial assets – recognition and subsequent measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Trade receivables that do not contain a significant financing component are measured at transaction price as per Ind AS 115.

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

- **Financial assets at amortised cost**
A financial asset is measured at amortised cost if both the following conditions are met:



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

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

- **Financial assets at fair value through other comprehensive income (FVOCI)**

A financial asset is classified as at FVOCI if both of the following criteria are met:

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

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

For equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis. If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is

no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

- **Financial assets at fair value through profit or loss (FVTPL)**

FVTPL is a residual category for debt instruments and default category for equity instruments.

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

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

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

Any equity instrument in the scope of Ind AS 109 is measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL.

For equity instruments which are classified as FVTPL all subsequent fair value changes are recognised in the statement of profit and loss.

Further, the provisionally priced trade receivables are marked to market using the relevant forward prices for the future period specified in the contract and is adjusted in revenue.

- (ii) **Financial Assets - derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

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(iii) Impairment of financial assets

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

- a) Financial assets that are debt instruments, and are measured at amortised cost, e.g., loans, debt securities and deposits;
- b) Financial assets that are debt instruments and are measured as at FVOCI;
- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables, contract assets and lease receivables.

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

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

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

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

ECL impairment loss allowance (or reversal) recognised during the year is recognized as income/ expense in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

- a) Financial assets measured at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets. The Company does not reduce impairment allowance from the gross carrying amount.
- b) Debt instruments measured at FVOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

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

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

(iv) Financial liabilities – Recognition and Subsequent measurement

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

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

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

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



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

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

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/losses 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 recognised in the statement of profit and loss. The Company has not designated any financial liability at fair value through profit or loss.

Further, the provisionally priced trade payables are marked to market using the relevant forward prices for the future period specified in the contract and is adjusted in costs.

- **Financial liabilities at amortised cost (Loans, Borrowings and Trade and Other payables)**

After initial recognition, interest-bearing loans, borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the

EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

- (v) **Financial liabilities - Derecognition**

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

- (vi) **Embedded derivatives**

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

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

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(vii) Equity instruments

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

The Company recognises a liability to pay dividend to equity holders of the Company when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution with respect to interim dividend is authorised when it is approved by the board of directors of the Company and final dividend is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

(viii) Offsetting of financial instruments

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

(H) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

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

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

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

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

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

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

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

i) Fair value hedges

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

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the statement of profit and loss. Hedge accounting is discontinued when the Company revokes the hedge relationship, the hedging instrument or



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hedged item expires or is sold, terminated, or exercised or no longer meets the criteria for hedge accounting.

ii) Cash flow hedges

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

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

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

(I) Leases

The Company assesses at contract inception, all arrangements to determine whether they are, or contain, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) Company as a lessor

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

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

(b) Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities towards future lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date when the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are also subject to impairment.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as described in 'B' above.

(ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (and, in some instances, in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase

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option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

The Company's lease liabilities are disclosed on the face of Balance sheet.

(iii) Short-term leases and leases of low-value assets

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

(J) Inventories

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

- purchased copper concentrate is recorded at cost on a first-in, first-out ("FIFO") basis; all other materials including stores and spares are valued

on a weighted average basis except in Oil and Gas business where stores and spares are valued on FIFO basis;

- Finished products are valued at raw material cost plus costs of conversion, comprising labour costs and an attributable proportion of manufacturing overheads based on normal levels of activity and are moved out of inventory on a weighted average basis (except in copper business where FIFO basis is followed); and
- By-products and scrap are valued at net realisable value.

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

Inventories of 'Fuel Stock' mainly consist of coal which is used for generating power. On consumption, the cost is charged off to 'Power and Fuel' charges in the statement of profit and loss.

(K) Government grants

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

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

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

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

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 recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.



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(L) Taxation

Tax expense represents the sum of current tax and deferred tax.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date and includes any adjustment to tax payable in respect of previous years.

Subject to the exceptions below, deferred tax is provided, using the balance sheet method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes and on carry forward of unused tax credits and unused tax losses;

- deferred income tax is not recognised on 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 (tax loss); and
- deferred tax assets (including MAT credit entitlement) are recognised only to the extent that it is more likely than not that they will be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Tax relating to items recognized outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or equity).

The carrying amount of deferred tax assets (including MAT credit entitlement) is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

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

Further, management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using

either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

(M) Retirement benefit schemes

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

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

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

- the date of the plan amendment or curtailment, and
- the date that the Company recognises related restructuring costs

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

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

(N) Share-based payments

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

The cost of equity-settled transactions with employees is measured at fair value of share awards at the date at which they are granted. The fair value of share awards is determined with the assistance of an external valuer

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and the fair value at the grant date is expensed on a proportionate basis over the vesting period based on the Company's estimate of shares that will eventually vest. The estimate of the number of awards likely to vest is reviewed at each balance sheet date up to the vesting date at which point the estimate is adjusted to reflect the current expectations.

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

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

(O) Provisions, contingent liabilities and contingent assets

The assessments undertaken in recognising provisions and contingencies have been made in accordance with the applicable Ind AS.

Provisions represent liabilities for which the amount or timing is uncertain. Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in the statement of profit and loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases

where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the Balance Sheet.

Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefit is probable.

The Company has significant capital commitments in relation to various capital projects which are not recognised in the balance sheet.

(P) Restoration, rehabilitation and environmental costs

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

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

(Q) Accounting for foreign currency transactions

The functional currency of the Company is determined as the currency of the primary economic environment in which it operates. For all principal businesses of the Company, the functional currency is Indian rupee (₹) with an exception of oil and gas business operations which has a US dollar functional currency as that is the currency of the primary economic environment



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in which it operates. The financial statements are presented in 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 those where the monetary item designated as an effective hedging instrument of the currency risk of designated forecasted sales or purchases, which are recognized in the other comprehensive income.

Exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings, are capitalized as part of borrowing costs in qualifying assets.

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

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

asset are amortised over the remaining useful lives of the assets.

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

(R) Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the 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.

(S) Buyers' Credit/ Suppliers' Credit and vendor financing

The Company enters into arrangements whereby banks and financial institutions make direct payments to suppliers for raw materials and project materials. The banks and financial institutions are subsequently repaid by the Company at a later date providing working capital timing benefits. These are normally settled between twelve months (for raw materials) to thirty-six months (for project materials). Where these arrangements are with a maturity of up to twelve months, the economic substance of the transaction is determined to be operating in nature and these are recognised as operational buyers' credit/ suppliers' credit and disclosed on the face of the balance sheet. Where these arrangements are with a maturity beyond twelve months and up to thirty six months, the economic substance of the transaction is determined to be financing in nature, and these are presented within borrowings in the balance sheet. Interest expense on these are recognised in the finance cost. Payments made by banks and financial institutions to the operating vendors are treated as a non cash item and settlement of due to operational buyer's credit/ suppliers' credit by the Company is treated as an operating cash outflow reflecting the substance of the payment.

(T) Current and non-current classification

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

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

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

All other assets are classified as non-current.

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

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

All other liabilities are classified as non-current.

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

(U) Borrowing costs

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

Borrowing costs directly relating to the acquisition, construction or production of a qualifying capital project under construction are capitalised and added to the project cost during construction until such time that the assets are substantially ready for their intended use, i.e., when they are capable of commercial production.

Where funds are borrowed specifically to finance a qualifying capital project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available out of money borrowed

specifically to finance a qualifying capital project, the income generated from such short-term investments is deducted from the total capitalized borrowing cost. If any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing then becomes part of general borrowing. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the year.

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

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

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial liability or a shorter period, where appropriate, to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options).

(V) Cash and cash equivalents

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

(W) Equity investment in subsidiaries, associates and joint ventures

Investments representing equity interest in subsidiaries, associates and joint ventures are carried at cost. A subsidiary is an entity that is controlled by the Company. Control is evidenced where the Company has the power over the investee or exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those



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returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns. An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Joint Arrangements

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

Joint Operations

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

(X) Common Control transactions

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory. The transactions between entities under common control are specifically covered

by Ind AS 103. Such transactions are accounted for using the pooling-of-interest method. The assets and liabilities of the acquired entity are recognised at their carrying amounts recorded in the parent entity's consolidated financial statements with the exception of certain income tax and deferred tax assets. No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies. The components of equity of the acquired companies are added to the same components within the Company's equity. The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve. The Company's shares issued in consideration for the acquired companies are recognized from the moment the acquired companies are included in these financial statements and the financial statements of the commonly controlled entities are combined, retrospectively, as if the transaction had occurred at the beginning of the earliest reporting period presented. However, the prior year comparative information is only adjusted for periods during which entities were under common control.

(Y) Exceptional items

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

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

3(b) Application of new and amended standards

(A) The Company has adopted, with effect from 01 April 2022, the following new and revised standards and interpretations. Their adoption has not had any significant impact on the amounts reported in the financial statements.

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1. Amendment to Ind AS 37 regarding costs that an entity needs to include when assessing whether a contract is onerous or loss-making.
2. Amendment to Ind AS 109 Financial Instrument regarding inclusion of fees in the '10 per cent' test for derecognition of financial liabilities.
3. Amendment to Ind AS 103 Business Combination, Reference to the Conceptual Framework for Financial Reporting.

(B) Standards notified but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023, effective from 01 April 2023, resulting in certain amendments as mentioned below:

1. Ind AS 1 Presentation of financial statements: The amendment requires disclosure of material accounting policies rather than significant accounting policies;
2. Ind AS 12 Income Taxes: The amendment clarifies application of initial recognition exemption to transactions such as leases and decommissioning obligations;
3. Ind AS 8 Accounting Policies, Change in Accounting Estimates and Errors: The amendment replaces definition of 'change in accounting estimates' with the definition of 'accounting estimates'

These amendments are not expected to have any impact in the financial statements of the Company.

3(c) Significant accounting estimates and judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. These judgments and estimates are based on management's best knowledge of the relevant

facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the financial statements.

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

The information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as given below:

(A) Significant Estimates

(i) Carrying value of exploration and evaluation assets

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

Details of carrying values are disclosed in note 5.

(ii) Recoverability of deferred tax and other income tax assets

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



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uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in respect of deferred tax assets and consequential impact in the statement of profit and loss.

The total deferred tax assets recognised in these financial statements (Refer note 35) includes MAT credit entitlements of ₹ 9,184 Crore (31 March 2022: ₹ 4,839 Crore), of which ₹ 2,689 Crore (31 March 2022: ₹ 208 Crore) is expected to be utilised in the fourteenth and fifteenth year, the maximum permissible time period to utilise the MAT credits.

(iii) Copper operations in Tamil Nadu, India

Tamil Nadu Pollution Control Board ("TNPCB") had issued a closure order of the Tuticorin Copper smelter, against which the Company had filed an appeal with the National Green Tribunal ("NGT"). NGT had, on 08 August 2013, ruled that the Copper smelter could continue its operations subject to implementation of recommendations of the Expert Committee appointed by the NGT. The TNPCB has filed an appeal against the order of the NGT before the Supreme Court of India.

In the meanwhile, the application for renewal of Consent to Operate ("CTO") for existing copper smelter was rejected by TNPCB in April 2018. The Company has filed an appeal before the TNPCB Appellate Authority challenging the Rejection Order. During the pendency of the appeal, the TNPCB vide its order dated 23 May 2018 ordered closure of existing copper smelter plant with immediate effect. Further, the Government of Tamil Nadu issued orders on the same date with a direction to seal the existing copper smelter plant permanently. The Company believes these actions were not taken in accordance with the procedure prescribed under applicable laws. Subsequently, the Directorate of Industrial Safety and Health passed orders dated 30 May 2018, directing the immediate suspension and revocation of the Factory License and the Registration Certificate for the existing smelter plant.

The Company appealed this before the NGT. NGT vide its order on 15 December 2018 has set aside the impugned orders and directed the TNPCB to pass fresh orders for renewal of consent and authorization to handle hazardous substances, subject to appropriate conditions for protection of environment in accordance with law.

The State of Tamil Nadu and TNPCB approached Supreme Court in Civil Appeals on 02 January 2019 challenging the judgement of NGT dated 15 December 2018 and the previously passed judgement of NGT dated 08 August 2013. The Supreme Court vide its judgement dated 18 February 2019 set aside the judgements of NGT dated 15 December 2018 and 08 August 2013 solely on the basis of maintainability and directed the Company to file an appeal in High court.

The Company has filed a writ petition before the Madras High Court challenging the various orders passed against the Company in FY 2018 and FY 2013. On 18 August 2020, the Madras High Court delivered the judgement wherein it dismissed all the Writ Petitions filed by the Company. Thereafter, the Company has approached the Supreme Court and challenged the said High Court order by way of a Special Leave Petition ("SLP").

The Interlocutory Applications filed by the Company seeking essential care and maintenance of the plant and removal of materials from the plant premises were heard on 10 April 2023 where the Supreme Court allowed certain activities such as gypsum evacuation, operation of secured landfill ("SLF") leachate sump pump, bund rectification of SLF and green-belt maintenance.

On 04 May 2023, Honourable Supreme Court further directed the State of Tamil Nadu to conclude on any further supplementary directions to be issued with regard to the care and maintenance of the plant by 01 June 2023. The SLP is now listed for hearing and final disposal at the top of the TNPCB on 22 August 2023 and 23 August 2023.

As per the Company's assessment, it is in compliance with the applicable regulations and expects to get the necessary approvals in relation to the existing operations and hence the Company does not expect any material adjustments to these financial statements as a consequence of above actions.

The Company has carried out an impairment analysis for existing plant assets during the year ended 31 March 2023 considering various scenarios and possibilities, and concluded on balance of probabilities that there exists no impairment.

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The carrying value of the assets as at 31 March 2023 is ₹ 1,913 Crore (31 March 2022: ₹ 1,982 Crore).

Expansion Project:

Separately, the Company has filed a fresh application for renewal of the Environmental Clearance for the proposed Copper Smelter Plant 2 ("Expansion Project") dated 12 March 2018 before the Expert Appraisal Committee of the Ministry of Environment, Forests and Climate Change ("the MoEFCC") wherein a sub-committee was directed to visit the Expansion Project site prior to prescribing the Terms of Reference.

In the meantime, the Madurai Bench of Madras High Court in a Public Interest Litigation held vide its order dated 23 May 2018 that the application for renewal of the Environmental Clearance for the Expansion Project shall be processed after a mandatory public hearing and in the interim, ordered the Company to cease construction and all other activities on site for the proposed Expansion Project with immediate effect. The MoEFCC has delisted the Expansion Project since the matter is sub-judice. Separately, SIPCOT vide its letter dated 29 May 2018, cancelled 342.22 acres of the land allotted for the proposed Expansion Project. Further, the TNPCB issued orders on 07 June 2018 directing the withdrawal of the Consent to Establish ("CTE") which was valid till 31 March 2023.

The Company has also appealed this action before the TNPCB Appellate Authority. The matter has been adjourned until the conclusion of special leave petition filed before the Supreme Court.

The Company has approached Madras High Court by way of writ petition challenging the cancellation of lease deeds by SIPCOT pursuant to which an interim stay has been granted. The Company has also appealed this action before the TNPCB Appellate Authority. The matter has been adjourned until the conclusion of special leave petition filed before the Supreme Court.

Considering the delay in existing plant matter and accordingly delay in getting the required approval for Expansion Project, management considered to make provision for impairment for Expansion Project basis fair value less cost of disposal. The net carrying value of ₹ 17 Crore as at 31 March 2023 (31 March 2022: ₹ 41 Crore) approximates its recoverable value.

Property, plant and equipment of ₹ 1,033 Crore (31 March 2022: ₹ 1,213 Crore) and inventories of ₹ 269 Crore (31 March 2022: ₹ 301 Crore), pertaining to existing and expansion plant, could not be physically verified, anytime during the year, as the access to the plant is presently restricted. However, any difference between book and physical quantities is unlikely to be material.

(iv) Oil and Gas reserves

Significant technical and commercial judgements are required to determine the Company's estimated oil and natural gas reserves. Reserves considered for computing depletion are proved reserves for acquisition costs and proved and developed reserves for successful exploratory wells, development wells, processing facilities, distribution assets, estimated future abandonment cost and all other related costs. Reserves for this purpose are considered on working interest basis which are reassessed at least annually. Details of such reserves are given in note 43. Changes in reserves as a result of change in management assumptions could impact the depreciation rates and the carrying value of assets (refer note 5).

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

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

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

| Estimates/assumptions | Basis |
|-----------------------|--|
| Future production | proved and probable reserves, production facilities, resource estimates and expansion projects |
| Commodity prices | management's best estimate benchmarked with external sources of information, to ensure they are within the range of available analyst forecast |
| Discount to price | management's best estimate based on historical prevailing discount and updated sales contracts |
| Period | for Rajasthan block, cash flows are considered based on economic life of the field |
| Discount rates | cost of capital risk-adjusted for the risk specific to the asset/ CGU |



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

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

(vi) Climate Change

The Company aims to achieve net carbon neutrality by 2050, has committed reduction in emission by 25% by 2030 from 2021 baseline, net water positivity by 2030 as part of its climate risk assessment and has outlined its climate risk assessment and opportunities in the ESG strategy. Climate change may have various impacts on the Company in the medium to long term. These impacts include the risks and opportunities related to the demand of products and services, impact due to transition to a low-carbon economy, disruption to the supply chain, risk of physical harm to the assets due to extreme weather conditions, regulatory changes etc. The accounting related measurement and disclosure items that are most impacted by our commitments, and climate change risk more generally, relate to those areas of the financial statements that are prepared under the historical cost convention and are subject to estimation uncertainties in the medium to long term.

The potential effects of climate change may be on assets and liabilities that are measured based on an estimate of future cash flows. The main ways in which potential climate change impacts have been considered in the preparation of the financial statements, pertain to (a) inclusion of capex in cash flow projections, (b) review of estimates of useful lives of property, plant and equipment, (c) recoverable amounts of existing assets, (d) assets and liabilities carried at fair value.

The Company's strategy consists of mitigation and adaptation measures. The Company is committed to reduce its carbon footprint by limiting its exposure to coal-based projects and reducing its GHG emissions through high impact initiatives such as investment in Renewable Energy (1,826 MW on a group captive basis), fuel switch, electrification of vehicles and mining fleet and energy efficiency opportunities. Renewable sources have limitations in supplying round the clock power, so existing power plants would

support transition and fleet replacement is part of normal lifecycle renewal. The Company has also taken certain measures towards water management such as commissioning of sewage treatment plants, rainwater harvesting, and reducing fresh water consumption. These initiatives are aligned with the group's ESG strategy and no material changes were identified to the financial statements as a result.

As the Company's assessment of the potential impacts of climate change and the transition to a low-carbon economy continues to mature, any future changes in the Company's climate change strategy, changes in environmental laws and regulations and global decarbonisation measures may impact the Group's significant judgments and key estimates and result in changes to financial statements and carrying values of certain assets and liabilities in future reporting periods. However, as of the balance sheet date, the Group believes that there is no material impact on carrying values of its assets or liabilities.

(B) Significant Judgement

(i) Contingencies:

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

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

When considering the classification of legal or tax cases as probable, possible or remote, there is judgement involved. This pertains to the application of the legislation, which in certain cases is based upon management's interpretation of country specific applicable law, in particular India, and the likelihood of settlement. Management uses in-house and external legal professionals to make informed decision.

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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. These are set out in Note 38.

For other significant litigations where the possibility of an outflow of resources embodying economic benefits is remote, refer note 44.

(ii) Revenue recognition and receivable recovery in relation to the power division:

In certain cases, the Company's power customers are disputing various contractual provisions of Power Purchase Agreements ("PPA"). Significant judgement is required in both assessing the tariff to be charged under the PPA in accordance with Ind AS 115 and to assess the recoverability of withheld revenue currently accounted for as receivables.

In assessing this critical judgment, management considered favourable external legal opinions that the Company has obtained in relation to the claims. In addition, the fact that the contracts are with government owned companies implies that the credit risk is low [refer note 7 (c)].

3(d) Business combinations/ Acquisitions/ Restructuring:

Athena Chhattisgarh Power Limited

On 21 July 2022, the Company acquired Athena Chhattisgarh Power Limited ("ACPL"), an unrelated party, under the liquidation proceedings of the Insolvency and Bankruptcy Code, 2016 for a consideration of ₹ 565 Crore, subject to National Company Law Tribunal ("NCLT") approval. ACPL is building a 1,200 MW (600 MW X 2) coal-based power plant located at Jhanjgir Champa district, Chhattisgarh. The plant is expected to fulfil the power requirements for the Company's aluminium business. The Company had filed its application with the NCLT in July 2022 and further amended the application in November 2022 praying for merger of ACPL with itself. The Company has requested various reliefs from the applicable legal and regulatory provisions as part of the above applications. The NCLT approval of the Company's resolution application is pending as on the balance sheet date.

Amalgamation of Facor Power Limited into Ferro Alloys Corporation Limited

During the current year, Hon'ble National Company Law Tribunal, Cuttack Bench vide its Order dated 15 November 2022 approved the Scheme of Amalgamation of Facor Power Limited ("FPL") into Ferro Alloys Corporation Limited ("FACOR"). FPL is a subsidiary of FACOR which in turn is a subsidiary of the Company. Post the amalgamation becoming effective on 21 November 2022, the Company directly holds 99.99% in FACOR.



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4 Segment Information

A) Description of segment and principal activities

The Company is a diversified natural resource company engaged in exploring, extracting and processing minerals and oil and gas. The Company produces oil and gas, aluminium, copper, iron ore and power. The Company has five reportable segments: oil and gas, aluminium, copper, iron ore and power. The management of the Company is organized by its main products: oil and gas, aluminium, copper, iron ore and power. Each of the reportable segments derives its revenues from these main products and hence these have been identified as reportable segments by the Company's Chief Operating Decision Maker ("CODM").

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

The accounting policies of the reportable segments are the same as the Company's accounting policies described in Note 3. Earnings before Interest, Tax and Depreciation & Amortisation (EBITDA) are evaluated regularly by the CODM, in deciding how to allocate resources and in assessing performance. The operating segments reported are the segments of the Company for which separate financial information is available. 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.

Pricing between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The following table presents revenue and profit information and certain assets and liabilities information regarding the Company's business segments as at and for the year ended 31 March 2023 and 31 March 2022 respectively.

For the year ended 31 March 2023

(₹ in Crore)

| Particulars | Business Segments | | | | | | |
|---|-------------------|---------------|---------------|--------------|--------------|--------------|---------------|
| | Oil and Gas | Aluminium | Copper | Iron Ore | Power | Eliminations | Total |
| Revenue | | | | | | | |
| External revenue | 8,137 | 39,950 | 12,351 | 5,928 | 827 | - | 67,193 |
| Inter segment revenue | - | - | - | - | - | - | - |
| Segment revenue | 8,137 | 39,950 | 12,351 | 5,928 | 827 | - | 67,193 |
| Results | | | | | | | |
| Segment Results (EBITDA) ^a | 4,221 | 5,160 | (9) | 930 | (297) | - | 10,005 |
| Less: Depreciation, depletion and amortisation expense | 1,491 | 1,751 | 176 | 114 | 129 | - | 3,661 |
| Add: Other income, net of expenses ^{b,c} | (315) | 61 | 2 | 7 | 11 | - | (234) |
| Add: Other unallocable income, net of expenses | | | | | | | 20,931 |
| Less: Finance costs | | | | | | | 4,384 |
| Add: Net exceptional gain | | | | | | | 4,353 |
| Net profit before tax | | | | | | | 27,010 |
| Other information | | | | | | | |
| Segment Assets | 16,785 | 50,312 | 4,500 | 3,998 | 2,647 | | 78,242 |
| Financial asset investments | | | | | | | 64,845 |
| Deferred tax assets (net) | | | | | | | 5,295 |
| Income tax assets (net of provisions) | | | | | | | 1,501 |
| Cash and cash equivalents (including other bank balances and bank deposits) | | | | | | | 5,986 |

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(₹ in Crore)

| Particulars | Business Segments | | | | | | Total |
|---|-------------------|---------------|--------------|--------------|------------|--------------|-----------------|
| | Oil and Gas | Aluminium | Copper | Iron Ore | Power | Eliminations | |
| Others | | | | | | | 2,914 |
| Total Assets | | | | | | | 1,58,783 |
| Segment Liabilities | 10,645 | 21,579 | 4,753 | 2,064 | 241 | | 39,282 |
| Borrowings | | | | | | | 42,023 |
| Income tax liabilities (net) | | | | | | | 1,025 |
| Others | | | | | | | 8,641 |
| Total Liabilities | | | | | | | 90,971 |
| Capital Expenditure ^d | 2,436 | 4,541 | 87 | 225 | - | - | 7,311 |
| Net impairment reversal relating to assets ^e | 18 | - | - | - | - | - | 5,525 |

- EBITDA is a non-GAAP measure.
- Other income includes amortisation of duty benefits relating to assets recognised as government grant.
- Includes cost of exploration wells written off.
- Total capital expenditure includes capital expenditure of ₹ 22 Crore not allocable to any segment.
- Total net impairment reversal includes impairment reversal on investments of ₹ 5,507 Crore, which is not allocable to any segment (Refer Note 34).

For the year ended 31 March 2022

(₹ in Crore)

| Particulars | Business Segments | | | | | | Total |
|---|-------------------|---------------|---------------|--------------|--------------|--------------|-----------------|
| | Oil and Gas | Aluminium | Copper | Iron Ore | Power | Eliminations | |
| Revenue | | | | | | | |
| External revenue | 6,622 | 38,371 | 11,096 | 6,143 | 569 | - | 62,801 |
| Inter segment revenue | - | - | - | - | 218 | (218) | - |
| Segment revenue | 6,622 | 38,371 | 11,096 | 6,143 | 787 | (218) | 62,801 |
| Results | | | | | | | |
| Segment Results (EBIDTA) ^a | 3,137 | 13,024 | (150) | 2,187 | (172) | - | 18,026 |
| Less: Depreciation, depletion and amortisation expense | 936 | 1,591 | 188 | 101 | 129 | - | 2,945 |
| Add: Other income ^b | - | 58 | 2 | 7 | 11 | - | 78 |
| Add: Other unallocable income, net of expenses | | | | | | | 7,921 |
| Less: Finance costs | | | | | | | 3,146 |
| Less: Net exceptional loss | | | | | | | 318 |
| Net profit before tax | | | | | | | 19,616 |
| Other information | | | | | | | |
| Segment Assets | 16,420 | 47,307 | 5,383 | 3,590 | 2,826 | | 75,526 |
| Financial asset investments | | | | | | | 61,466 |
| Deferred tax asset | | | | | | | 1,118 |
| Income tax assets (net of provisions) | | | | | | | 1,800 |
| Cash and cash equivalents (including other bank balances and bank deposits) | | | | | | | 7,209 |
| Others | | | | | | | 1,622 |
| Total Assets | | | | | | | 1,48,741 |



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forming part of the financial statements as at and for the year ended 31 March 2023

(₹ in Crore)

| Particulars | Business Segments | | | | | Eliminations | Total |
|--|-------------------|---------------|--------------|--------------|------------|--------------|---------------|
| | Oil and Gas | Aluminium | Copper | Iron Ore | Power | | |
| Segment Liabilities | 10,178 | 15,630 | 4,638 | 2,321 | 152 | | 32,919 |
| Borrowings | | | | | | | 36,696 |
| Income tax liabilities (net) | | | | | | | 601 |
| Others | | | | | | | 876 |
| Total Liabilities | | | | | | | 71,092 |
| Capital Expenditure ^c | 1,378 | 2,731 | 4 | 80 | - | | 4,213 |
| Net (Impairment)/ reversal or write off/ (write back) relating to assets ^d | (42) | (125) | - | - | - | | (191) |

- EBITDA is a non-GAAP measure.
- Amortisation of duty benefits relating to assets recognised as government grant.
- Total capital expenditure includes capital expenditure of ₹ 20 Crore not allocable to any segment.
- Includes write off of ₹ 24 Crore which is not allocable to any segment.

B) Geographical segment analysis

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

(₹ in Crore)

| Geographical Segment | Year ended 31 March 2023 | Year ended 31 March 2022 |
|--|-----------------------------|-----------------------------|
| Revenue by geographical segment | | |
| India | 33,714 | 28,142 |
| Europe | 11,631 | 14,847 |
| Mexico | 3,817 | 2,089 |
| The United States of America | 3,426 | 3,231 |
| China | 2,535 | 5,055 |
| Others | 12,070 | 9,437 |
| Total | 67,193 | 62,801 |

The following is an analysis of the carrying amount of non-current assets, excluding deferred tax assets and financial assets, analysed by the geographical area in which the assets are located:

(₹ in Crore)

| Carrying Amount of Segment Assets | As at 31 March 2023 | As at 31 March 2022 |
|-----------------------------------|------------------------|------------------------|
| India | 56,863 | 54,244 |
| Total | 56,863 | 54,244 |

C) Information about major customers

No single customer has accounted for more than 10% of the Company's revenue for the year ended 31 March 2023 and 31 March 2022.

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forming part of the financial statements as at and for the year ended 31 March 2023

D) Disaggregation of revenue

Below table summarises the disaggregated revenue from contract with customers:

| Particulars | ₹ in Crore) | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2023 | Year ended 31 March 2022 |
| Oil | 6,718 | 5,480 |
| Gas | 1,546 | 892 |
| Aluminium products | 39,189 | 37,696 |
| Copper Cathode | 11,950 | 10,267 |
| Iron Ore | 2,212 | 2,354 |
| Metallurgical coke | 447 | 314 |
| Pig Iron | 3,198 | 3,348 |
| Power | 827 | 570 |
| Others | 1,691 | 1,860 |
| Revenue from contracts with customers* | 67,778 | 62,781 |
| (Loss)/ Gain from provisionally priced contracts under Ind AS 109 | (585) | 20 |
| Total Revenue | 67,193 | 62,801 |

*includes revenues from sale of services aggregating to ₹ 88 Crore (31 March 2022: ₹ 109 Crore) which is recorded over a period of time and the balance revenue is recognised at a point in time.



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forming part of the financial statements as at and for the year ended 31 March 2023

Property, Plant and equipment, Intangible assets, Capital work-in-progress and Exploration intangible assets under development

| Particulars | Property, Plant and equipment | | | | | | | | | | Total | Exploration intangible assets under development | Total including capital work in progress and exploration intangible assets under development | | |
|--|-------------------------------|--------------|---------------------|--------------------------------|------------------------|------------|------------------|-----------------------------|-----------------|---------------------------------|--------------|---|--|--|--|
| | Freehold Land | Buildings | Plant and equipment | Oil & gas producing facilities | Furniture and fixtures | Vehicles | Office equipment | Use assets (see note below) | Right of | Capital Work in progress (CWIP) | | | | | |
| Gross Block | | | | | | | | | | | | | | | |
| As at 01 April 2021 | 841 | 7,074 | 45,297 | 48,166 | 221 | 313 | 443 | 667 | 1,03,022 | 24,896 | 3,144 | 1,31,062 | | | |
| Additions | 3 | 65 | 863 | 132 | 4 | 10 | 25 | 12 | 1,114 | 2,257 | 833 | 4,204 | | | |
| Transfers/ Reclassifications* | 11 | 60 | 2,584 | 332 | 9 | 2 | 2 | (346) | 2,654 | (2,658) | - | (4) | | | |
| Disposals/ Adjustments | (1) | (5) | (392) | - | (1) | (3) | (3) | (8) | (413) | (1) | - | (414) | | | |
| Exploration costs written off (Refer note 34) | - | - | - | - | - | - | - | - | - | - | (1,412) | (1,412) | | | |
| Exchange differences | 5 | 40 | 253 | 1,512 | 4 | - | 8 | 7 | 1,829 | 500 | 89 | 2,418 | | | |
| As at 31 March 2022 | 859 | 7,234 | 48,605 | 50,142 | 237 | 322 | 475 | 332 | 1,08,206 | 24,994 | 2,654 | 1,35,854 | | | |
| Additions | 13 | 36 | 1,482 | - | 4 | 11 | 50 | 50 | 1,646 | 3,832 | 1,090 | 6,568 | | | |
| Transfers/ Reclassifications* | 2 | 129 | 1,371 | 1,413 | 4 | 1 | (2) | - | 2,918 | (2,922) | - | (4) | | | |
| Disposals/ Adjustments | - | (3) | (780) | (156) | (51) | (5) | (66) | - | (1,061) | - | - | (1,061) | | | |
| Exploration costs written off (Refer note 33) | - | - | - | - | - | - | - | - | - | - | (315) | (315) | | | |
| Exchange differences | 15 | 125 | 827 | 4,610 | (3) | - | (7) | 3 | 5,570 | 959 | 248 | 6,777 | | | |
| As at 31 March 2023 | 889 | 7,521 | 51,505 | 56,009 | 191 | 329 | 450 | 385 | 1,17,279 | 26,863 | 3,677 | 1,47,819 | | | |
| Accumulated depreciation, depletion, amortisation and impairment | | | | | | | | | | | | | | | |
| As at 01 April 2021 | 146 | 2,970 | 14,181 | 46,685 | 152 | 113 | 404 | 149 | 64,800 | 15,800 | 1,539 | 82,139 | | | |
| Charge for the year | 5 | 190 | 2,139 | 536 | 12 | 24 | 29 | 19 | 2,954 | - | - | 2,954 | | | |
| Disposals/ Adjustments | - | (1) | (316) | - | - | (2) | (3) | (8) | (330) | 29 | - | (301) | | | |
| Capital work-in-progress written off/ Impairment charge/ (reversal) for the year (Refer Note 34) | - | - | - | (955) | - | - | - | - | (955) | 24 | (415) | (1,346) | | | |
| Transfers/ Reclassifications* | - | - | 490 | 117 | - | - | - | (81) | 526 | (526) | - | - | | | |
| Exchange differences | 4 | 38 | 212 | 1,454 | 3 | - | 8 | 2 | 1,721 | 441 | 42 | 2,204 | | | |
| As at 31 March 2022 | 155 | 3,197 | 16,706 | 47,837 | 167 | 135 | 438 | 81 | 68,716 | 15,768 | 1,166 | 85,650 | | | |
| Charge for the year | 5 | 270 | 2,361 | 958 | 11 | 25 | 36 | 18 | 3,684 | - | - | 3,684 | | | |
| Disposals/ Adjustments | - | (2) | (346) | - | (50) | (3) | (64) | - | (465) | - | - | (465) | | | |
| Impairment charge/ (reversal) for the year (Refer Note (g)) | - | - | (220) | (103) | - | - | - | - | (323) | - | 305 | (18) | | | |
| Transfers/ Reclassifications* | - | - | - | 76 | 3 | - | (3) | - | 233 | (233) | - | - | | | |
| Exchange differences | 12 | 113 | 646 | 4,186 | (7) | - | (6) | 2 | 4,946 | 1,238 | 112 | 6,296 | | | |
| As at 31 March 2023 | 172 | 3,578 | 19,223 | 53,035 | 124 | 157 | 401 | 101 | 76,791 | 16,773 | 1,583 | 95,147 | | | |
| Net Book Value/Carrying amount | | | | | | | | | | | | | | | |
| As at 01 April 2021 | 695 | 4,104 | 31,116 | 1,481 | 69 | 200 | 39 | 518 | 38,222 | 9,096 | 1,605 | 48,923 | | | |
| As at 31 March 2022 | 704 | 4,037 | 31,899 | 2,305 | 70 | 187 | 37 | 251 | 39,490 | 9,226 | 1,488 | 50,204 | | | |
| As at 31 March 2023 | 717 | 3,943 | 32,282 | 2,974 | 67 | 172 | 49 | 284 | 40,488 | 10,090 | 2,094 | 52,672 | | | |

* Transfers/reclassification majorly includes capitalisation of CWIP to respective class of assets

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forming part of the financial statements as at and for the year ended 31 March 2023

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

Right of Use (ROU) assets

| (₹ in Crore) | | | | |
|--|------------|--------------|-------------------------|------------|
| Particulars | ROU Land | ROU Building | ROU Plant and Equipment | Total |
| Gross Block | | | | |
| As at 01 April 2021 | 284 | 42 | 341 | 667 |
| Additions | 12 | - | - | 12 |
| Transfers/ Reclassifications | - | - | (346) | (346) |
| Disposals/ Adjustments | (8) | - | - | (8) |
| Exchange differences | - | 1 | 6 | 7 |
| As at 31 March 2022 | 288 | 43 | 1 | 332 |
| Additions | 50 | - | - | 50 |
| Exchange differences | - | 3 | - | 3 |
| As at 31 March 2023 | 338 | 46 | 1 | 385 |
| Accumulated depreciation and impairment | | | | |
| As at 01 April 2021 | 54 | 15 | 80 | 149 |
| Charge for the year | 10 | 9 | - | 19 |
| Transfers/ Reclassifications | - | - | (81) | (81) |
| Disposals/ Adjustments | (8) | - | - | (8) |
| Exchange differences | - | - | 2 | 2 |
| As at 31 March 2022 | 56 | 24 | 1 | 81 |
| Charge for the year | 10 | 8 | - | 18 |
| Exchange differences | - | 2 | - | 2 |
| As at 31 March 2023 | 66 | 34 | 1 | 101 |
| Net Book Value/Carrying amount | | | | |
| As at 01 April 2021 | 230 | 27 | 261 | 518 |
| As at 31 March 2022 | 232 | 19 | - | 251 |
| As at 31 March 2023 | 272 | 12 | - | 284 |

Intangible Assets

| (₹ in Crore) | | | |
|------------------------------|------------------|---------------|--------------|
| Particulars | Software License | Mining Rights | Total |
| Gross Block | | | |
| As at 01 April 2021 | 298 | 227 | 525 |
| Additions | 10 | - | 10 |
| Transfers/ Reclassifications | 4 | - | 4 |
| Exchange differences | 7 | - | 7 |
| As at 31 March 2022 | 319 | 227 | 546 |
| Additions | 7 | 815 | 822 |
| Transfers/ Reclassifications | 4 | - | 4 |
| Disposals/ Adjustments | (154) | - | (154) |
| Exchange differences | (66) | - | (66) |
| As at 31 March 2023 | 110 | 1,042 | 1,152 |



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forming part of the financial statements as at and for the year ended 31 March 2023

(₹ in Crore)

| Particulars | Software License | Mining Rights | Total |
|--|------------------|---------------|------------|
| Accumulated amortisation and impairment | | | |
| As at 01 April 2021 | 279 | 219 | 498 |
| Charge for the year | 15 | - | 15 |
| Exchange differences | 7 | - | 7 |
| As at 31 March 2022 | 301 | 219 | 520 |
| Charge for the year | 14 | 5 | 19 |
| Disposals/ Adjustments | (154) | - | (154) |
| Exchange differences | (67) | - | (67) |
| As at 31 March 2023 | 94 | 224 | 318 |
| Net Book Value/Carrying amount | | | |
| As at 01 April 2021 | 19 | 8 | 27 |
| As at 31 March 2022 | 18 | 8 | 26 |
| As at 31 March 2023 | 16 | 818 | 834 |

Capital Work-In-Progress (CWIP) Ageing Schedule

(₹ in Crore)

| CWIP | As at 31 March 2023 | | | As at 31 March 2022 | | |
|-------------------|----------------------|--------------------------------|---------------|----------------------|--------------------------------|--------------|
| | Projects in progress | Projects temporarily suspended | Total | Projects in progress | Projects temporarily suspended | Total |
| Less than 1 year | 3,620 | 3 | 3,623 | 2,358 | 2 | 2,360 |
| 1-2 years | 1,167 | 3 | 1,170 | 464 | 6 | 470 |
| 2-3 years | 250 | 5 | 255 | 1,098 | 33 | 1,131 |
| More than 3 years | 4,399 | 643 | 5,042 | 4,645 | 620 | 5,265 |
| Total | 9,436 | 654 | 10,090 | 8,565 | 661 | 9,226 |

CWIP completion schedule for projects whose completion is overdue or has exceeded its cost compared to its original plan:

(₹ in Crore)

| CWIP | As at 31 March 2023 | | | | As at 31 March 2022 | | | |
|--|---------------------|-----------|-----------|-------------------|---------------------|-----------|-----------|-------------------|
| | To be completed in | | | | To be completed in | | | |
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Less than 1 year | 1-2 years | 2-3 years | More than 3 years |
| Projects in Progress | | | | | | | | |
| Jharsuguda 1.25 MTPA aluminium smelter Project | 457 | - | - | - | 545 | 234 | - | - |
| Lanjigarh alumina 2-5 MTPA expansion Project | 6,666 | 21 | - | - | 4,146 | 863 | - | - |
| RDG gas Project | 336 | - | - | - | 58 | 155 | - | - |
| Oil & Gas development CWIP | 226 | 121 | - | - | 1,032 | 286 | - | - |
| Projects temporarily suspended | | | | | | | | |
| Lanjigarh alumina 5-6 MTPA expansion Project | - | - | - | 371 | - | - | - | 371 |
| Other iron ore business Projects | 11 | - | - | - | 11 | - | - | - |
| Copper 4LTPA expansion Project | * | * | * | * | * | * | * | * |

* Excludes ageing for Copper 4 LTPA Expansion project which is on hold due to restrictions imposed by the State government. Refer Note 3(c)(A)(iii)

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forming part of the financial statements as at and for the year ended 31 March 2023

Exploration intangible assets under development Ageing Schedule

| Intangible assets under development | As at | |
|-------------------------------------|---------------------------------------|---------------------------------------|
| | 31 March 2023 Projects in progress | 31 March 2022 Projects in progress |
| Less than 1 year | 610 | 547 |
| 1-2 years | 565 | 533 |
| 2-3 years | 535 | 340 |
| More than 3 years | 384 | 68 |
| Total | 2,094 | 1,488 |

(₹ in Crore)

Title deeds of immovable properties not held in the name of Company

| Relevant line item in the Balance sheet | Description of item of property | Gross block as at 31 March 2023 | Gross block as at 31 March 2022 | Title deeds held in the name of | Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director | Property held since which date | Reason for not being held in the name of the company |
|---|---------------------------------|---------------------------------|---------------------------------|--|---|--------------------------------|---|
| Property, Plant and Equipment | Land & Building | 1,749 | 1,533 | Oil and Natural Gas Corporation Limited (ONGC) and Cairn India Limited (now a division of the Company) | No | 10 April 2009 | The title deeds of Oil & Gas exploration blocks jointly owned by the JV partners are in the name of ONGC, being the licensee of these exploration blocks. |
| | Land | 53 | 53 | Erstwhile company Sterlite Industries (India) Limited, that merged with the Company | No | 1965-2012* | The title deeds are in the names of erstwhile companies that merged with the Company under Section 391 to 394 of the erstwhile Companies Act, 1956 pursuant to Schemes of Amalgamation and Arrangement as approved by the Honourable High Courts. |
| | ROU Land | 50 | 50 | | No | 1993-2009* | |
| | Land | 20 | 20 | Erstwhile company Vedanta Aluminium Limited, that merged with the Company | No | 2008-2012* | |

(₹ in Crore)

* Multiple dates of acquisitions during the period disclosed.

Notes

- Plant and equipment include refineries, smelters, power plants, railway sidings, ships, river fleet and related facilities.
- During the year ended 31 March 2023, interest capitalised was ₹ 331 Crore (31 March 2022: ₹ 267 Crore).
- Certain property, plant and equipment are pledged as security against borrowings, the details related to which have been described in Note 17 on "Borrowings".
- In accordance with the exemption given under Ind AS 101, which has been exercised by the Company, a first time adopter can continue its previous GAAP policy for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the previous GAAP financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period, i.e., 01 April 2016.

Accordingly, foreign currency exchange differences arising on translation/settlement of long-term foreign currency monetary items acquired before 01 April 2016 pertaining to the acquisition of a depreciable asset amounting to ₹ 11 Crore loss (31 March 2022: ₹ 16 Crore loss) is adjusted to the cost of respective item of property, plant and equipment.



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forming part of the financial statements as at and for the year ended 31 March 2023

- e) Property, Plant and Equipment, Capital work-in-progress and exploration and evaluation assets net block includes share of jointly owned assets with the joint venture partners ₹ 5,776 Crore (31 March 2022: ₹ 5,801 Crore).
- f) Reconciliation of depreciation, depletion and amortisation expense

| Particulars | (₹ in crore) | |
|--|-------------------------------------|-------------------------------------|
| | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
| Depreciation/Depletion/Amortisation expense on: | | |
| Property, Plant and Equipment (Including ROU assets) | 3,684 | 2,954 |
| Intangible assets | 19 | 15 |
| As per Property, Plant and Equipment and Intangible assets schedule | 3,703 | 2,969 |
| Less: Cost allocated to joint ventures and other adjustments | (42) | (24) |
| As per Statement of Profit and Loss | 3,661 | 2,945 |

- g) (i) During the year ended 31 March 2023, the Company has recognised a net impairment reversal of ₹ 323 Crore (after considering impairment reversal of ₹ 618 Crore on account of ONGC partial arbitration award (Refer note (ii) for details)) on its assets in the oil and gas producing facilities and impairment charge of ₹ 305 Crore on its assets in the oil and gas exploration intangible assets under development mainly due to revision of Reserve and Capex estimates. The recoverable amount of the Company's share in Rajasthan Oil and Gas cash generating unit "RJ CGU" was determined to be ₹ 5,324 Crore (US\$ 648 million) as at 31 March 2023. The recoverable amount of the RJ CGU was determined based on the fair value less costs of disposal approach, a level-3 valuation technique in the fair value hierarchy, as it more accurately reflects the recoverable amount based on the Company's view of the assumptions that would be used by a market participant. This is based on the cash flows expected to be generated by the projected oil and natural gas production profiles up to 2040, the expected dates of cessation of production sharing contract ("PSC")/ cessation of production from each producing field based on the current estimates of reserves and risked resources. Reserves assumptions for fair value less costs of disposal tests consider all reserves that a market participant would consider when valuing the asset, which are usually broader in scope than the reserves used in a value-in-use test. Discounted cash flow analysis used to calculate fair value less costs of disposal uses assumption for short-term oil price of US\$ 84 per barrel for the next one year and tapers down to long-term nominal price of US\$ 73 per barrel three years thereafter derived from a consensus of various analyst recommendations. Thereafter, these have been escalated at a rate of 2.4% per annum. The cash flows are discounted using the post-tax nominal discount rate of 10.99% derived from the post-tax weighted average cost of capital after factoring in the risks ascribed to PSC extension including successful implementation of key growth projects. Based on the sensitivities carried out by the Company, change in crude price assumptions by US \$ 1/bbl and changes to discount rate by 1% would lead to a change in recoverable value by ₹ 41 Crore (US\$5 million) and ₹ 205 Crore (US\$ 25 million) respectively.
- (ii) In the Oil and Gas business, the Company operates the Rajasthan Block under a joint venture model with ONGC. As the operator of the block, the Company raises cash calls to ensure the smooth functioning of the petroleum operations.

During the current year ended 31 March 2023, the Company received a favourable partial arbitration award on cash call claims made from ONGC, pursuant to which, reversal of previously recorded impairment of ₹ 618 Crore (US\$ 78 million) has been recognised against capitalised development costs. The Company had a liability towards ONGC of ₹ 750 Crore (US\$ 99 million) as of 31 March 2022 on account of revenue received in excess of entitlement. Based on the partial arbitration award, the Company has adjusted the claims received in the favour of the Company against the liability towards ONGC and the net payable as of 31 March 2023 amounts to ₹ 135 Crore (US\$ 16 million).

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forming part of the financial statements as at and for the year ended 31 March 2023

6 Financial Assets : Investments

A) Non Current Investments

| Particulars | As at 31 March 2023 | | | As at 31 March 2022 | |
|--|---------------------|----------|------------------------|---------------------|------------------------|
| | No. | | Amount (₹ in Crore) | No. | Amount (₹ in Crore) |
| (a) Investment in equity shares - at cost/ deemed cost^a (fully paid up unless otherwise stated) | | | | | |
| Subsidiary companies | | | | | |
| Quoted | | | | | |
| - Hindustan Zinc Limited, of ₹ 2/-each ^b (Refer Note 17) | 2,74,31,54,310 | | 44,398 | 2,74,31,54,310 | 44,398 |
| Unquoted | | | | | |
| - Bharat Aluminium Company Limited, of ₹ 10/- each (including 5 shares held jointly with nominees) ^b | 11,25,18,495 | | 553 | 11,25,18,495 | 553 |
| - Monte Cello BV, The Netherlands, of Euro 453.78 each | 40 | 204 | | 40 | 204 |
| Less: Reduction pursuant to merger ^c | | (204) | - | | (204) |
| - Cairn India Holdings Limited (CIHL) of GBP 1 each (Refer Note 34) | 31,83,40,911 | 25,512 | | 42,08,10,062 | 28,873 |
| Less: Reduction pursuant to merger ^c | | (15,067) | 10,445 | | (15,067) |
| - Vizag General Cargo Berth Private Limited, of ₹ 10 each (including 6 shares held jointly with nominees) | 4,71,08,000 | | 182 | 4,71,08,000 | 182 |
| - Talwandi Sabo Power Limited, of ₹ 10 each (including 6 shares held jointly with nominees) | 3,20,66,09,692 | | 3,207 | 3,20,66,09,692 | 3,207 |
| - Sesa Resources Limited, of ₹ 10 each (including 6 shares held jointly with nominees) | 12,50,000 | | 757 | 12,50,000 | 757 |
| - Bloom Fountain Limited, of US\$ 1 each | 2,20,10,00,001 | 14,734 | | 2,20,10,00,001 | 14,734 |
| Less: Reduction pursuant to merger ^c | | (14,320) | 414 | | (14,320) |
| - MALCO Energy Limited, of ₹ 2 each (including 6 shares held jointly with nominees) | 2,33,66,406 | 116 | | 2,33,66,406 | 116 |
| Less: Reduction pursuant to merger ^c | | (23) | 93 | | (23) |
| - THL Zinc Ventures Limited, of 1 ordinary share of US\$ 1 and 1,00,000 Ordinary Shares of US\$ 100 each | 1,00,001 | 46 | | 1,00,001 | 46 |
| Less: Reduction pursuant to merger ^c | | (46) | - | | (46) |
| - THL Zinc Holdings BV, of EURO 1 each | 37,38,000 | 23 | | 37,38,000 | 23 |
| Less: Reduction pursuant to merger ^c | | (23) | - | | (23) |
| - ESL Steel Limited, of ₹ 10 each (including 6 shares held jointly with nominees) | 1,76,55,53,040 | | 1,770 | 1,76,55,53,040 | 1,770 |
| - Ferro Alloys Corporation Limited, of ₹ 1 each (including 6 shares held jointly with nominees) (Refer Note 3(d)) | 34,00,00,000 | | 37 | 34,00,00,000 | 37 |



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| Particulars | As at 31 March 2023 | | | As at 31 March 2022 | |
|---|---------------------|---------|------------------------|---------------------|------------------------|
| | No. | | Amount (₹ in Crore) | No. | Amount (₹ in Crore) |
| Associate companies - unquoted | | | | | |
| - Gaurav Overseas Private Limited, of ₹ 10 each | 14,23,000 | | 1 | 4,23,000 | 0 |
| Investment in equity shares at fair value through other comprehensive income | | | | | |
| Quoted | | | | | |
| - Sterlite Technologies Limited, of ₹ 2 each | 47,64,295 | | 70 | 47,64,295 | 107 |
| Unquoted | | | | | |
| - Sterlite Power Transmission Limited, of ₹ 2 each | 19,05,718 | | 11 | 9,52,859 | 11 |
| - Goa Shipyard Limited of ₹ 5 each | 2,50,828 | | 0 | 2,50,828 | 0 |
| (b) Investment in preference shares of subsidiary companies - at cost | | | | | |
| Unquoted | | | | | |
| - Bloom Fountain Limited, 0.25% Optionally Convertible Redeemable Preference shares of US\$ 1 each | 18,59,900 | | 907 | 18,59,900 | 907 |
| - Bloom Fountain Limited, 0.25% Optionally Convertible Redeemable Preference shares of US\$ 100 each | 3,60,500 | | 215 | 3,60,500 | 215 |
| - THL Zinc Ventures Limited, 0.25% Optionally Convertible Redeemable Preference shares of US\$ 1 each (Refer Note 34) | - | - | - | 70,00,000 | 3,187 |
| Less: Reduction pursuant to merger ^c | | | - | (3,187) | - |
| - THL Zinc Holdings BV, 0.25% Optionally Convertible Redeemable Preference shares of EURO 1 each | 55,00,000 | 2,495 | - | 55,00,000 | 2,495 |
| Less: Reduction pursuant to merger ^c | | (2,495) | - | (2,495) | - |
| (c) Investment in Preference shares - Unquoted at fair value through profit and loss | | | | | |
| - Serentica Renewables Power Companies, Optionally Convertible Redeemable Preference shares of ₹ 10 each (Refer Note 38 and 39) | 6,90,00,000 | | 69 | - | - |
| (d) Investment in Government or Trust securities at cost / amortised cost | | | | | |
| - 7 Years National Savings Certificates (31 March 2023: ₹ 35,450; 31 March 2022: ₹ 35,450) (Deposit with Sales Tax Authority) | NA | | 0 | NA | 0 |
| - UTI Master gain of ₹ 10 each (31 March 2023: ₹ 4,072; 31 March 2022: ₹ 4,072) | 100 | | 0 | 100 | 0 |
| - Vedanta Limited ESOS Trust (31 March 2023: ₹ 5,000; 31 March 2022: ₹ 5,000) | NA | | 0 | NA | 0 |
| (e) Investments in debentures of subsidiary companies at cost / amortised cost | | | | | |
| - MALCO Energy Limited, compulsorily convertible debentures of ₹ 1,000 each | 6,13,54,483 | 6,136 | | 6,13,54,483 | 6,136 |
| Less: Reduction pursuant to merger ^c | | (6,118) | 18 | (6,118) | 18 |

NOTES

forming part of the financial statements as at and for the year ended 31 March 2023

| Particulars | As at 31 March 2023 | | | As at 31 March 2022 | |
|---|---------------------|--|------------------------|---------------------|------------------------|
| | No. | | Amount (₹ in Crore) | No. | Amount (₹ in Crore) |
| (f) Investments in Co-operative societies at fair value through profit and loss | | | | | |
| - Sesa Ghor Premises Holders Maintenance Society Limited, of ₹ 200 each (31 March 2023: ₹ 8,000; 31 March 2022: ₹ 8,000) | 40 | | 0 | 40 | 0 |
| - Sesa Goa Sirsaim Employees Consumers Co- operative Society Limited, of ₹ 10 each (31 March 2023: ₹ 2,000; 31 March 2022: ₹ 2,000) | 200 | | 0 | 200 | 0 |
| - Sesa Goa Sanquelim Employees Consumers Co- operative Society Limited, of ₹ 10 each (31 March 2023: ₹ 2,300; 31 March 2022: ₹ 2,300) | 230 | | 0 | 230 | 0 |
| - Sesa Goa Sonshi Employees Consumers Co- operative Society Limited, of ₹ 10 each (31 March 2023: ₹ 4,680; 31 March 2022: ₹ 4,680) | 468 | | 0 | 468 | 0 |
| - Sesa Goa Codli Employees Consumers Co- operative Society Limited, of ₹ 10 each (31 March 2023: ₹ 4,500; 31 March 2022: ₹ 4,500) | 450 | | 0 | 450 | 0 |
| - Sesa Goa Shipyard Employees Consumers Co-operative Society Limited, of ₹ 10 each (31 March 2023: ₹ 5,000; 31 March 2022: ₹ 5,000) | 500 | | 0 | 500 | 0 |
| - The Mapusa Urban Cooperative Bank Limited, of ₹ 25 each (31 March 2023: ₹ 1,000; 31 March 2022: ₹ 1,000) | 40 | | 0 | 40 | 0 |
| (g) Investment in Bonds/ Debentures - Unquoted at fair value through profit and loss | | | | | |
| - Infrastructure Leasing & Financial Services Limited | | | 30 | | 30 |
| Less: Provision for diminution in value of investments in: | | | | | |
| Bloom Fountain Limited (Refer Note 34) | | | (756) | | (1,536) |
| Sesa Resources Limited | | | (750) | | (750) |
| Cairn India Holdings Limited (Refer Note 34) | | | (1,799) | | (3,339) |
| Total | | | 59,872 | | 60,881 |
| Aggregate amount of impairment | | | (3,305) | | (5,625) |
| Aggregate amount of quoted investments | | | 44,468 | | 44,505 |
| Market value of quoted investments | | | 80,554 | | 85,062 |
| Aggregate carrying amount of unquoted investments | | | 15,404 | | 16,376 |



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forming part of the financial statements as at and for the year ended 31 March 2023

- a. Carrying value of investment in equity shares of Hindustan Zinc Limited ("HZL") is at deemed cost and for all other subsidiaries, it is at the cost of acquisition.
- b. Pursuant to the Government of India's policy of disinvestment, the Company in April 2002 acquired 26% equity interest in HZL from the Government of India. Under the terms of the Shareholder's Agreement ('SHA'), the Company had two call options to purchase all of the Government of India's shares in HZL at fair market value. The Company also acquired an additional 20% of the equity capital in HZL through an open offer. The Company exercised the first call option on 29 August 2003 and acquired an additional 18.9% of HZL's issued share capital, increasing its shareholding to 64.9%. The second call option provides the Company the right to acquire the Government of India's remaining 29.5% share in HZL. This call option is subject to the right of the Government of India to sell 3.5% of HZL shares to HZL employees. The Company exercised the second call option on 21 July 2009. The Government of India disputed the validity of the call option and has refused to act upon the second call option. Consequently, the Company invoked arbitration. The Government of India without prejudice to the position on the Put / Call option issue has received approval from the Cabinet for divestment and the Government is looking to divest through the auction route. Meanwhile, the Supreme Court has, in January 2016, directed status quo pertaining to disinvestment of Government of India's residual shareholding while hearing the public interest petition filed.

On 13 August 2020, the Supreme Court passed an order partially removing the status quo order in place and has allowed the arbitration proceedings to continue via its order passed on 18 November 2021, the Supreme Court of India allowed the GOI's proposal to divest its entire stake in HZL in the open market in accordance with the rules and regulations of SEBI and also directed the Central Bureau of India to register a regular case in relation to the process followed for the disinvestment of HZL in the year 2002 by the GOI. In line with the said order, the Company has withdrawn its arbitration proceedings.

Pursuant to the Government of India's policy of divestment, the Company in March 2001 acquired 51% equity interest in BALCO from the Government of India. Under the terms of the SHA, the Company has a call option to purchase the Government of India's remaining ownership interest in BALCO at any point from 02 March 2004. The Company exercised this option on 19 March 2004. However, the Government of India has contested the valuation and validity of the option and contended that the clauses of the SHA violate the (Indian) Companies Act, 1956 by restricting the rights of the Government of India to transfer its shares and that as a result such provisions of the SHA were null and void. In the arbitration filed by the Company, the arbitral tribunal by a majority award rejected the claims of the Company on the grounds that the clauses relating to the call option, the right of first refusal, the "tag-along" rights and the restriction on the transfer of shares violate the erstwhile Companies Act, 1956 and are not enforceable. The Company has challenged the validity of the majority award in the Hon'ble High Court of Delhi and sought for setting aside the arbitration award to the extent that it holds these clauses ineffective and inoperative. The Government of India also filed an application before the High Court of Delhi to partially set aside the arbitral award in respect of certain matters involving valuation. The matter is currently scheduled for hearing by the Delhi High Court. Meanwhile, the Government of India without prejudice to its position on the Put / Call option issue has received approval from the Cabinet for divestment and the Government is looking to divest through the auction route.

On 09 January 2012, the Company offered to acquire the Government of India's interests in HZL and BALCO for ₹ 15,492 Crore and ₹ 1,782 Crore respectively. This offer was separate from the contested exercise of the call options, and Company proposed to withdraw the ongoing litigations in relation to the contested exercise of the options should the offer be accepted. To date, the offer has not been accepted by the Government of India and therefore, there is no certainty that the acquisition will proceed.

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

- c. Reduction pursuant to merger of Cairn India Limited with Vedanta Limited accounted for in the year ended 31 March 2017.
- d. The Company has not recognised any deferred tax asset on impairment of investments, including amount reduced pursuant to merger (refer note c above) as the realisation of the same is not reasonably certain.

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forming part of the financial statements as at and for the year ended 31 March 2023

B) Current Investment

(₹ in Crore)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|------------------------|------------------------|
| Investment in preference shares of subsidiary companies - at cost | | |
| THL Zinc Ventures Limited, 70,00,000 - 0.25% Optionally Convertible Redeemable Preference shares of US\$ 1 each (Refer Note 34) | 3,187 | - |
| Investments carried at fair value through profit and loss | | |
| Investment in mutual funds- unquoted | 1,786 | 585 |
| Investment in India Grid Trust - quoted | - | 0 |
| Total | 4,973 | 585 |
| Aggregate amount of quoted investments, and market value thereof | - | 0 |
| Aggregate amount of unquoted investments | 4,973 | 585 |

7 Financial assets - Trade receivables

(₹ in Crore)

| Particulars | As at 31 March 2023 | | | As at 31 March 2022 | | |
|--|---------------------|--------------|--------------|---------------------|--------------|--------------|
| | Non-current | Current | Total | Non-current | Current | Total |
| Secured, Undisputed | | | | | | |
| Unbilled dues | - | - | - | - | - | - |
| Not due | - | 143 | 143 | - | 121 | 121 |
| Less than 6 months | - | 162 | 162 | - | 53 | 53 |
| 6 months -1 year | - | 6 | 6 | - | - | - |
| 1-2 Years | - | - | - | - | 0 | 0 |
| 2-3 years | - | - | - | - | - | - |
| More than 3 years | - | 3 | 3 | - | 3 | 3 |
| sub-total | - | 314 | 314 | - | 177 | 177 |
| Unsecured, disputed | | | | | | |
| Unbilled dues | - | - | - | 9 | - | 9 |
| Not due | - | - | - | - | - | - |
| Less than 6 months | 58 | 14 | 72 | 123 | - | 123 |
| 6 months -1 year | 78 | - | 78 | 67 | - | 67 |
| 1-2 Years | 190 | - | 190 | 106 | - | 106 |
| 2-3 years | 106 | - | 106 | 153 | - | 153 |
| More than 3 years | 1,754 | 6 | 1,760 | 1,601 | 8 | 1,609 |
| sub-total | 2,186 | 20 | 2,206 | 2,059 | 8 | 2,067 |
| Unsecured, Undisputed | | | | | | |
| Unbilled dues | - | 98 | 98 | - | - | - |
| Not due | - | 472 | 472 | - | 571 | 571 |
| Less than 6 months | - | 672 | 672 | - | 1,560 | 1,560 |
| 6 months -1 year | - | 120 | 120 | - | 17 | 17 |
| 1-2 Years | - | 10 | 10 | - | 3 | 3 |
| 2-3 years | - | - | - | - | - | - |
| More than 3 years | - | 5 | 5 | - | 9 | 9 |
| sub-total | - | 1,377 | 1,377 | - | 2,160 | 2,160 |
| Less: Provision for expected credit loss | (1,339) | (17) | (1,356) | (984) | (17) | (1,001) |
| Total | 847 | 1,694 | 2,541 | 1,075 | 2,328 | 3,403 |



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forming part of the financial statements as at and for the year ended 31 March 2023

- (a) The credit period given to customers ranges from zero to 90 days. Also refer note 22(C)(d).
- (b) For amounts due and terms and conditions relating to related party receivables, see note 39.
- (c) Trade receivables includes ₹ 878 Crore (net of Provision for expected credit loss ("ECL") of ₹ 157 Crore recognised during the year on account of time value of money) as at 31 March 2023 (31 March 2022: ₹ 1,097 Crore) withheld by GRIDCO Limited ("GRIDCO") primarily on account of reconciliation and disputes relating to computation of power tariffs and alleged short-supply of power by the Company under the terms of long term power supply agreement.

Out of the above, ₹ 374 Crore (net of ECL of ₹ 74 Crore recognised during the year on account of time value of money) relates to the amounts withheld by GRIDCO due to tariff adjustments on account of transmission line constraints in respect of which GRIDCO's appeal against order of APTEL is pending before the Hon'ble Supreme Court of India and ₹ 234 crores (net of ECL of ₹ 47 Crore) relates to alleged short supply of power for which the Company's appeal on certain grounds are pending before APTEL.

- (d) The total trade receivables as at 01 April 2021 were ₹ 2,241 Crore (net of provision for expected credit loss).

8 Financial assets - Loans

(₹ in Crore)

| Particulars | As at 31 March 2023 | | | As at 31 March 2022 | | |
|--|---------------------|------------|------------|---------------------|------------|------------|
| | Non-current | Current | Total | Non-current | Current | Total |
| Unsecured, considered good | | | | | | |
| Loans to related parties (Refer note 39 and 41(c)) | 126 | 504 | 630 | 154 | 364 | 518 |
| Loans and advances to employees | - | 3 | 3 | - | 1 | 1 |
| Unsecured, considered credit impaired | | | | | | |
| Loans to related parties (Refer note 39) | - | 5 | 5 | - | 5 | 5 |
| Less: Provision for expected credit loss | - | (5) | (5) | - | (5) | (5) |
| Total | 126 | 507 | 633 | 154 | 365 | 519 |

9 Financial assets - Others

(₹ in Crore)

| Particulars | As at 31 March 2023 | | | As at 31 March 2022 | | |
|---|---------------------|--------------|--------------|---------------------|--------------|--------------|
| | Non-current | Current | Total | Non-current | Current | Total |
| Bank deposits ^{a,b} | 521 | - | 521 | 298 | - | 298 |
| Site restoration asset ^b | 701 | - | 701 | 589 | - | 589 |
| Unsecured, considered good | | | | | | |
| Security deposits | 144 | 11 | 155 | 74 | 18 | 92 |
| Advance recoverable (Oil and Gas Business) | - | 6,658 | 6,658 | - | 7,068 | 7,068 |
| Others ^c | 748 | 70 | 818 | 716 | 82 | 798 |
| Long term advance to related party (Refer note 3(d) and 39) | 565 | - | 565 | - | - | - |
| Receivable from related parties (Refer note 39) | - | 501 | 501 | - | 226 | 226 |
| Unsecured, considered credit impaired | | | | | | |
| Security deposits | 15 | 1 | 16 | 15 | 1 | 16 |
| Others ^c | 467 | 199 | 666 | 458 | 273 | 731 |
| Less: Provision for expected credit loss | (482) | (200) | (682) | (473) | (274) | (747) |
| Total | 2,679 | 7,240 | 9,919 | 1,677 | 7,394 | 9,071 |

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forming part of the financial statements as at and for the year ended 31 March 2023

- (a) Bank deposits includes fixed deposits with maturity more than 12 months of ₹ 107 Crore (31 March 2022: ₹ Nil Crore) under lien with bank, ₹ 208 Crore (31 March 2022: ₹ 81 Crore) held as reserve created against principal payment on loans from banks, ₹ 146 Crore (31 March 2022: ₹ 156 Crore) held as interest reserve created against interest payment on loans from banks, ₹ 58 Crore (31 March 2022: ₹ 61 Crore) held as margin money created against bank guarantee and ₹ 2 Crore (31 March 2022: ₹ Nil Crore) held as fixed deposit for closure cost.
- (b) Bank deposits and site restoration asset earns interest at fixed rate based on respective deposit rate.
- (c) Government of India (GoI) vide Office Memorandum ("OM") No. O-19025/10/2005-ONG-DV dated 01 February 2013 allowed for Exploration in the Mining Lease Area after expiry of Exploration period and prescribed the mechanism for recovery of such Exploration Cost incurred. Vide another Memorandum dated 24 October 2019, GoI clarified that all approved Exploration costs incurred on Exploration activities, both successful and unsuccessful, are recoverable in the manner as prescribed in the OM and as per the provisions of PSC. Accordingly, the Company has started recognizing revenue, for past exploration costs, through increased share in the joint operations revenue as the Company believes that cost recovery mechanism prescribed under OM for profit petroleum payable to GoI is not applicable to its Joint operation partner, a view which is also supported by an independent legal opinion. At year end, an amount of ₹ 859 Crore (US\$ 105 million) (31 March 2022: ₹ 790 Crore (US\$ 105 million)) is receivable from its joint operation partner on account of this. However, the Joint operation partner carries a different understanding and the matter is pending resolution.

10 Other assets

(₹ in Crore)

| Particulars | As at 31 March 2023 | | | As at 31 March 2022 | | |
|---|---------------------|--------------|--------------|---------------------|--------------|--------------|
| | Non-current | Current | Total | Non-current | Current | Total |
| Capital advances | 687 | - | 687 | 766 | - | 766 |
| Advances for related party supplies (Refer note 39) | 25 | 1,569 | 1,594 | 61 | 84 | 145 |
| Advances for supplies | - | 1,480 | 1,480 | - | 1,658 | 1,658 |
| Others | | | | | | |
| Balance with government authorities ^a | 631 | 1,006 | 1,637 | 607 | 619 | 1,226 |
| Loan to employee benefit trust | 53 | - | 53 | 178 | - | 178 |
| Others ^b | 650 | 662 | 1,312 | 602 | 836 | 1,438 |
| Unsecured, considered doubtful | | | | | | |
| Capital advances | 176 | - | 176 | 173 | - | 173 |
| Balance with government authorities | 3 | 106 | 109 | 3 | 9 | 12 |
| Advance for supplies | - | 58 | 58 | - | 58 | 58 |
| Others ^b | 380 | 4 | 384 | 366 | 4 | 370 |
| Less : Provision for doubtful advances | (559) | (168) | (727) | (542) | (71) | (613) |
| Total | 2,046 | 4,717 | 6,763 | 2,214 | 3,197 | 5,411 |

- (a) Includes ₹ 34 Crore (31 March 2022: ₹ 30 Crore), being Company's share of gross amount of ₹ 97 Crore (31 March 2022: ₹ 86 Crore) paid under protest on account of Education Cess and Secondary Higher Education Cess for the financial year 2013-14.
- (b) Others include claim receivables, advance recoverable (oil and gas business), prepaid expenses and export incentive receivables.



NOTES

forming part of the financial statements as at and for the year ended 31 March 2023

11 Inventories

| Particulars | (₹ in Crore) | |
|-------------------|------------------------|------------------------|
| | As at 31 March 2023 | As at 31 March 2022 |
| Raw Materials | 1,706 | 1,908 |
| Goods-in transit | 1,816 | 1,208 |
| Work-in-progress | 2,503 | 3,018 |
| Finished goods | 336 | 385 |
| Fuel Stock | 1,151 | 1,084 |
| Goods-in transit | 32 | 357 |
| Stores and Spares | 671 | 600 |
| Goods-in transit | 2 | 3 |
| Total | 8,217 | 8,563 |

- (a) For method of valuation for each class of inventories, refer note 3(a)(J).
- (b) Inventory held at net realisable value amounted to ₹ 1,824 Crore (31 March 2022: ₹ 2,632 Crore).
- (c) Write down of inventories amounting to ₹ 43 Crore has been charged to the Statement of Profit and Loss during the year (31 March 2022: ₹ 42 Crore).

12 Current financial assets - Cash and cash equivalents

| Particulars | (₹ in Crore) | |
|---|------------------------|------------------------|
| | As at 31 March 2023 | As at 31 March 2022 |
| Balances with banks ^a | 5,088 | 3,817 |
| Deposits with original maturity of less than 3 months (including interest accrued thereon) ^b | 59 | 1,701 |
| Cash on hand | 0 | 0 |
| Total | 5,147 | 5,518 |

- (a) Including foreign inward remittances aggregating ₹ 223 Crore (US\$ 27 million) (31 March 2022: ₹ 3,319 Crore (US\$ 439 million)) held by banks in their nostro accounts on behalf of the Company.
- (b) Bank deposits earn interest at fixed rate based on respective deposit rates.

13 Current financial assets - Other bank balances

| Particulars | (₹ in Crore) | |
|--|------------------------|------------------------|
| | As at 31 March 2023 | As at 31 March 2022 |
| Bank deposits with original maturity of more than 3 months but less than 12 months (including interest accrued thereon) ^{a, b, d} | 202 | 934 |
| Bank deposits with original maturity of more than 12 months (including interest accrued thereon) ^{c, d} | 0 | 18 |
| Earmarked unpaid dividend accounts ^e | 114 | 439 |
| Earmarked escrow account ^f | 2 | 2 |
| Total | 318 | 1,393 |

- (a) Includes ₹ 66 Crore (31 March 2022: ₹ 439 Crore) on lien with banks and margin money of ₹ 41 Crore (31 March 2022: ₹ 40 Crore).
- (b) Restricted funds of ₹ 22 Crore (31 March 2022: ₹ 7 Crore) on lien with others and ₹ 64 Crore (31 March 2022: ₹ 57 Crore) held as margin money created against bank guarantee.

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forming part of the financial statements as at and for the year ended 31 March 2023

- (c) Includes ₹ 0 Crore (31 March 2022: ₹ 3 Crore) of margin money with banks and fixed deposit under lien with others of ₹ 0 Crore (31 March 2022: ₹ 15 Crore).
- (d) Bank deposits earn interest at fixed rate based on respective deposit rates.
- (e) Earmarked unpaid dividend accounts are restricted in use as it relates to unclaimed or unpaid dividend, as per the provisions of the Act.
- (f) Earmarked escrow account is restricted in use as it relates to unclaimed redeemable preference shares.

14 Share capital

| Particulars | As at 31 March 2023 | | As at 31 March 2022 | |
|--|---------------------|---------------------|---------------------|---------------------|
| | Number (in Crore) | Amount (₹ in Crore) | Number (in Crore) | Amount (₹ in Crore) |
| A. Authorised equity share capital | | | | |
| Opening and Closing balance [equity shares of ₹ 1/- each with voting rights] | 4,402 | 4,402 | 4,402 | 4,402 |
| Authorised preference share capital | | | | |
| Opening and Closing balance [preference shares of ₹ 10/- each] | 301 | 3,010 | 301 | 3,010 |
| B. Issued, subscribed and paid up | | | | |
| Equity shares of ₹ 1/- each with voting rights ^{a, b} | 372 | 372 | 372 | 372 |
| | 372 | 372 | 372 | 372 |

- (a) Includes 3,05,832 (31 March 2022: 3,05,832) equity shares kept in abeyance. These shares are not part of listed equity capital and pending allotment as they are sub-judice.
- (b) Includes 40,05,075 (31 March 2022: 86,93,406) equity shares held by Vedanta Limited ESOS Trust (Refer note 27).

C. Shares held by the Ultimate holding company and its subsidiaries*

| Particulars | As at 31 March 2023 | | As at 31 March 2022 | |
|--|----------------------------------|--------------|----------------------------------|--------------|
| | Number of Shares held (in Crore) | % of holding | Number of Shares held (in Crore) | % of holding |
| Twin Star Holdings Limited | 172.48 | 46.40 | 172.48 | 46.40 |
| Finsider International Company Limited | 16.35 | 4.40 | 16.35 | 4.40 |
| Welter Trading Limited | 3.82 | 1.03 | 3.82 | 1.03 |
| Vedanta Holdings Mauritius Limited | 10.73 | 2.89 | 10.73 | 2.89 |
| Vedanta Netherland Investment BV | 0.50 | 0.13 | 6.35 | 1.71 |
| Vedanta Holdings Mauritius II Limited | 49.28 | 13.26 | 49.28 | 13.26 |
| Total | 253.16 | 68.11 | 259.01 | 69.69 |

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

All the above entities are subsidiaries of Volcan Investments Limited, the ultimate holding Company.



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forming part of the financial statements as at and for the year ended 31 March 2023

D. Details of shareholders holding more than 5% shares in the Company *

| Particulars | As at 31 March 2023 | | As at 31 March 2022 | |
|---------------------------------------|----------------------------------|--------------|----------------------------------|--------------|
| | Number of Shares held (in Crore) | % of holding | Number of Shares held (in Crore) | % of holding |
| Twin Star Holdings Limited | 172.48 | 46.40 | 172.48 | 46.40 |
| Vedanta Holdings Mauritius II Limited | 49.28 | 13.26 | 49.28 | 13.26 |
| Life Insurance Corporation of India | 33.54 | 9.02 | 32.11 | 8.64 |

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

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

E. Disclosure of Shareholding of Promoters and Promoter Group

| Promoter name | As at 31 March 2023 | | | As at 31 March 2022 | |
|--|----------------------------------|--------------|--------------------------|----------------------------------|--------------|
| | Number of Shares held (in Crore) | % of holding | % Change during the year | Number of Shares held (in Crore) | % of holding |
| Twin Star Holdings Limited | 172.48 | 46.40 | - | 172.48 | 46.40 |
| Finsider International Company Limited | 16.35 | 4.40 | - | 16.35 | 4.40 |
| Welter Trading Limited | 3.82 | 1.03 | - | 3.82 | 1.03 |
| Vedanta Holdings Mauritius II Limited | 49.28 | 13.26 | - | 49.28 | 13.26 |
| Vedanta Holdings Mauritius Limited | 10.73 | 2.89 | - | 10.73 | 2.89 |
| Vedanta Netherland Investment BV | 0.50 | 0.13 | (1.58) | 6.35 | 1.71 |
| Mr. Pravin Agarwal | 0.00 | 0.00 | - | 0.00 | 0.00 |
| Ms. Suman Didwania | 0.01 | 0.00 | - | 0.01 | 0.00 |
| Mr. Ankit Agarwal | 0.00 | 0.00 | - | 0.00 | 0.00 |
| Ms. Sakshi Mody | 0.00 | 0.00 | - | 0.00 | 0.00 |
| Total | 253.17 | 68.11 | (1.58) | 259.02 | 69.69 |

F. Other disclosures

- (i) The Company has one class of equity shares having a par value of ₹ 1 per share. Each shareholder is eligible for one vote per share held and dividend as and when declared by the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend which is paid as and when declared by the Board of Directors. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.
- (ii) In terms of Scheme of Arrangement as approved by the Hon'ble High Court of Judicature at Mumbai, vide its order dated 19 April 2002, the erstwhile Sterlite Industries (India) Limited (merged with the Company during FY 2013-14) during FY 2002-2003 reduced its paid up share capital by ₹ 10 Crore. There are 2,00,038 equity shares (31 March 2022: 1,99,373 equity shares) of ₹ 1 each pending clearance from NSDL. The Company has filed an application in Hon'ble High Court of Mumbai to cancel these shares, the final decision on which is pending. Hon'ble High Court of Judicature at Mumbai, vide its interim order dated 06 September 2002 restrained any transaction with respect to subject shares.

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15 Other equity (Refer statement of changes in equity)

- a) **General reserve:** Under the erstwhile Companies Act, 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable reserves for that year. Consequent to introduction of Companies Act, 2013 ("Act"), the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn.

The Board of Directors of the Company, on 29 October 2021, approved the Scheme of Arrangement between the Company and its shareholders under Section 230 and other applicable provisions of the Act ("Scheme"). The Scheme provides for capital reorganisation of the Company, inter alia, providing for transfer of amounts standing to the credit of the General Reserves to the Retained Earnings of the Company with effect from the Appointed Date.

Post the requisite approvals obtained from Stock Exchanges and pursuant to the National Company Law Tribunal ("NCLT"), Mumbai Bench Order dated 26 August 2022 ("NCLT Order"), the proposed scheme was approved by the shareholders with requisite majority on 11 October 2022.

The Company is in the process of complying with the further requirements specified in the NCLT Order.

- b) **Debenture redemption reserve:** As per the earlier provisions under the Act, companies that issue debentures were required to create debenture redemption reserve from annual profits until such debentures are redeemed. Companies are required to maintain 25% as a reserve of outstanding redeemable debentures. The amounts credited to the debenture redemption reserve may be utilized only to redeem debentures. The MCA vide its Notification dated 16 August 2019, had amended the Companies (Share Capital and Debenture) Rules, 2014, wherein the requirement of creation of debenture redemption reserve has been exempted for certain class of companies. Accordingly, the Company is now not required to create debenture redemption reserve.
- c) **Preference share redemption reserve:** The Act provides that companies that issue preference shares may redeem those shares from profits of the Company which otherwise would be available for dividends, or from proceeds of a new issue of shares made for the purpose of redemption of the preference shares. If there is a premium payable on redemption, the premium must be provided for, either by reducing the additional paid in capital (securities premium account) or net income, before the shares are redeemed. If profits are used to redeem preference shares, the value of the nominal amount of shares redeemed should be transferred from profits (retained earnings) to the preference share redemption reserve. This amount should then be utilised for the purpose of redemption of redeemable preference shares. This reserve can be used to issue fully paid-up bonus shares to the shareholders of the Company.
- d) **Capital reserve:** The balance in capital reserve has mainly arisen consequent to merger of Cairn India Limited with the Company.

16 Capital management

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

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

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

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

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



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forming part of the financial statements as at and for the year ended 31 March 2023

The following table summarizes the capital of the Company:

| Particulars | (` in crore, except otherwise stated) | |
|---|---------------------------------------|------------------------|
| | As at 31 March 2023 | As at 31 March 2022 |
| Cash and cash equivalents (Refer note 12) | 5,147 | 5,518 |
| Other bank balances ^a (Refer note 13) | 116 | 873 |
| Non-current bank deposits ^a (Refer note 9) | 315 | 81 |
| Short term investments (Refer note 6B) | 1,786 | 585 |
| Total cash (a) | 7,364 | 7,057 |
| Non-current borrowings (Refer note 17A) | 32,606 | 23,421 |
| Current borrowings (Refer note 17B) | 9,417 | 13,275 |
| Total borrowings (b) | 42,023 | 36,696 |
| Net debt c=(b-a) | 34,659 | 29,639 |
| Total equity | 67,812 | 77,649 |
| Total capital (equity + net debt) (d) | 1,02,471 | 1,07,288 |
| Gearing ratio (times) (c/d) | 0.34 | 0.28 |

- (a) The constituents of 'total cash' for the purpose of capital management disclosure include only those amounts of restricted funds that are corresponding to liabilities (e.g. margin money deposits). Consequently, restricted funds amounting to ₹ 408 Crore (31 March 2022: ₹ 737 Crore) have been excluded from 'total cash' in the capital management disclosures.

17 Financial liabilities - Borrowings

A) Non- current borrowings

| Particulars | (` in Crore) | |
|---|------------------------|------------------------|
| | As at 31 March 2023 | As at 31 March 2022 |
| At amortised cost | | |
| Secured | | |
| Non-convertible debentures | 7,087 | 5,016 |
| Term loans from banks | | |
| - Rupee term loans | 25,126 | 22,557 |
| - Foreign currency term loans | - | 623 |
| External commercial borrowings | 3,261 | 1,119 |
| Unsecured | | |
| Non-convertible debentures | 800 | - |
| Deferred sales tax liability | 28 | 54 |
| Rupee term loans from banks | 1,295 | 500 |
| Loan from Related parties (Refer Note 39) | 1,109 | - |
| Redeemable preference shares | 2 | 2 |
| Non current borrowings | 38,708 | 29,871 |
| Less: Current maturities of long term borrowings ^a | (6,102) | (6,450) |
| Total Non current borrowings (Net) (A) | 32,606 | 23,421 |
| Current borrowings (Refer note 17B) (B) | 9,417 | 13,275 |
| Total borrowings (A+B) | 42,023 | 36,696 |

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B) Current borrowings

| Particulars | (₹ in Crore) | |
|---|------------------------|------------------------|
| | As at 31 March 2023 | As at 31 March 2022 |
| At amortised cost | | |
| Secured | | |
| Working Capital Loan | 70 | - |
| Current maturities of long term borrowings ^a | 4,213 | 5,921 |
| Unsecured | | |
| Loans repayable on demand from banks | 2,256 | 1,000 |
| Commercial paper | 489 | 4,986 |
| Rupee term loans from banks | 500 | 700 |
| Amounts due on factoring | - | 139 |
| Current maturities of long term borrowings ^a | 1,889 | 529 |
| Total | 9,417 | 13,275 |

(a) Current Maturities of long term borrowings consists of:

| Particulars | (₹ in Crore) | |
|--------------------------------|------------------------|------------------------|
| | As at 31 March 2023 | As at 31 March 2022 |
| Secured | | |
| Non-convertible debentures | - | 2,018 |
| Term loans from banks | | |
| - Rupee term loans | 3,828 | 3,280 |
| - Foreign currency term loans | - | 623 |
| External commercial borrowings | 385 | - |
| Unsecured | | |
| Deferred sales tax liability | 18 | 27 |
| Redeemable preference shares | 2 | 2 |
| Non-convertible debentures | 800 | - |
| Rupee term loans from banks | 1,069 | 500 |
| Total | 6,102 | 6,450 |

b) Details of Non-convertible debentures issued by the Company have been provided below (Carrying Value):

| Particulars | (₹ in Crore) | |
|--|------------------------|------------------------|
| | As at 31 March 2023 | As at 31 March 2022 |
| 8.74% due June 2032 | 4,089 | - |
| 9.20% due February 2030 | 2,000 | 2,000 |
| 7.68% due December 2024 | 998 | 997 |
| 3m T-bill rate + 240 bp due March 2024 * | 800 | - |
| 9.20% due December 2022 | - | 749 |
| 8.75% due June 2022 | - | 1,270 |
| Total | 7,887 | 5,016 |

* 3 month treasury bill rate as at 31 March 2023 is 6.34%.



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- c) The Company has taken borrowings towards funding of its acquisitions, capital expenditure and working capital requirements. The borrowings comprise funding arrangements from various banks and financial institutions. The details of security provided by the Company to various lenders on the assets of the Company are as follows:

| Particulars | (₹ in Crore) | |
|---------------------------------|------------------------|------------------------|
| | As at 31 March 2023 | As at 31 March 2022 |
| Secured non-current borrowings | 31,261 | 23,394 |
| Secured current borrowings | 4,283 | 5,921 |
| Total secured borrowings | 35,544 | 29,315 |

| Facility Category | Security details | (in Crore) | |
|---------------------------------------|--|------------------------|------------------------|
| | | As at 31 March 2023 | As at 31 March 2022 |
| Working capital loans | <p>First Pari passu charge by way of mortgage/hypothecation over the specified immovable and movable fixed assets of the Company with a minimum fixed asset cover of 1.1 times of the outstanding term loan during the period of the facility. Security comprise of assets of the aluminium and power division of the Company, comprising:</p> <p>(i) 1.6 MTPA aluminium smelter along with 1,215 MW Captive power plant ("CPP") at Jharsuguda and,</p> <p>(ii) 1 MTPA alumina refinery along with 90 MW CPP at Lanjigarh, Odisha.</p> | 70 | - |
| External Commercial Borrowings | <p>A first pari passu charge by way of hypothecation on the specified movable fixed assets of the Company pertaining to its manufacturing facilities comprising:</p> <p>(i) alumina refinery having output of 6 MTPA along with co-generation captive power plant with an aggregate capacity of 90 MW at Lanjigarh, Odisha and</p> <p>(ii) aluminium smelter having output of 1.6 MTPA along with a 1,215 (9*135) MW CPP at Jharsuguda, Odisha.</p> | 2,037 | 1,119 |
| | <p>First pari passu charge by way of hypothecation on all present and future movable assets of the Company with a minimum fixed asset cover of 1.10 times of the outstanding facility during the period of the facility comprising:</p> <p>(i) 1.6 MTPA (proposed capacity of 1.8 MTPA) aluminium smelter along with 1,215 MW CPP at Jharsuguda;</p> <p>(ii) 1 MTPA (proposed capacity of 6 MTPA) alumina refinery along with 90 MW CPP at Lanjigarh, Odisha</p> <p>(iii) 2,400 MW Power plant (1,800 MW CPP and 600 MW Independent Power Plant ("IPP")) located at Jharsuguda, Odisha and</p> <p>(iv) Oil and Gas division comprising RJ-ON-90/1 Oil and Gas Block (Rajasthan), Cambay oil fields, Ravva Oil and Gas fields (under PKGM-1 block) and OALP blocks.</p> | 1,224 | - |
| Non-Convertible Debentures | <p>Secured by way of first pari passu charge on whole of the movable fixed assets of:</p> <p>(i) alumina refinery having output of 1 MTPA along with co-generation captive power plant with an aggregate capacity of 90 MW at Lanjigarh, Odisha; and</p> <p>(ii) aluminum smelter having output of 1.6 MTPA along with a 1,215 (9*135) MW CPP at Jharsuguda, Odisha.</p> <p>Additionally, secured by way of mortgage on the freehold land comprising 18.92 acres situated at Jharsuguda, Odisha.</p> | 2,000 | 2,000 |

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forming part of the financial statements as at and for the year ended 31 March 2023

| | | (in Crore) | |
|--|--|------------------------|------------------------|
| Facility Category | Security details | As at 31 March 2023 | As at 31 March 2022 |
| Non-Convertible Debentures | First ranking pari passu charge by way of mortgage over 18.92 acres freehold land in Jharsuguda, Odisha together with the building and structures/ erections constructed/ to be constructed thereon and all the plant and machinery and other furniture and fixtures erected/ installed or to be erected/installed thereon and hypothecation over movable fixed assets excluding capital work in progress in relation to the aluminium division comprising 6 MTPA alumina refinery along with 90 MW co-generation captive power plant in Lanjigarh, Odisha; and 1.6 MTPA aluminium smelter plant along with 1,215 MW (9x135 MW) power plant and 2400 MW power plant in Jharsuguda, Odisha including its movable plant and machinery, machinery spares, tools and accessories and other movable fixed assets. | 4,089 | - |
| | Secured by way of first pari-passu charge on the specific movable fixed assets. The whole of the movable fixed assets both present and future, of the Company in relation to the aluminium division, comprising the following facilities: (i) 1 MTPA alumina refinery along with 90 MW co-generation captive power plant in Lanjigarh, Odisha; and (ii) 1.6 MTPA aluminium smelter plant along with 1,215 MW (9x135 MW) power plant in Jharsuguda, Odisha including its movable plant and machinery, capital work in progress, machinery spares, tools and accessories, and other movable fixed assets. | 998 | 997 |
| | Other secured non-convertible debentures | - | 2,019 |
| Term loans from banks (includes rupee term loans and foreign currency term loans) | Secured by a pari passu charge by way of hypothecation of all the movable fixed assets of the Company pertaining to its aluminium division project consisting: (i) alumina refinery having output of 1 MTPA (Refinery) along with co-generation captive power plant with an aggregate capacity of 90 MW at Lanjigarh, Orissa (Power Plant); and (ii) aluminium smelter having output of 1.6 MTPA along with a 1,215 (9x135) MW CPP at Jharsuguda, Orissa (Smelter) (the Refinery, Power Plant and Smelter). Also, a first pari passu charge by way of equitable mortgage on the land pertaining to the mentioned project of aluminium division. | 1,605 | 1,776 |
| | Secured by a pari passu charge by way of hypothecation on the movable fixed assets of the Lanjigarh Refinery Expansion Project including 210 MW Power Project. Lanjigarh Refinery Expansion Project shall specifically exclude the 1 MTPA alumina refinery of the Company along with 90 MW power plant in Lanjigarh and all its related expansions. | 359 | 402 |
| | Secured by a pari passu charge by way of hypothecation on the movable fixed assets of the the Company pertaining to its aluminium division comprising 1 MTPA alumina refinery plant with 90 MW captive power plant at Lanjigarh, Odisha and 1.6 MTPA aluminium smelter plant with 1,215 MW captive power plant at Jharsuguda, Odisha. | 3,394 | 3,434 |
| | Secured by a pari passu charge by way of hypothecation/ equitable mortgage of the movable/ immovable fixed assets of the Company pertaining to its aluminium division comprising 1 MTPA alumina refinery plant with 90 MW captive power plant at Lanjigarh, Odisha and 1.6 MTPA aluminium smelter plant with 1,215 MW captive power plant at Jharsuguda, Odisha. | 5,873 | 6,623 |
| | First pari passu charge by way of hypothecation/ equitable mortgage on the movable/ immovable assets of the aluminium Division of the Company comprising alumina refinery having output of 1 MTPA along with co-generation captive power plant with an aggregate capacity of 90 MW at Lanjigarh, Orissa; aluminium smelter having output of 1.6 MTPA along with a 1,215 (9x135) MW CPP at Jharsuguda, Orissa and additional charge on Lanjigarh Expansion project, both present and future. | 780 | 999 |



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(in Crore)

| Facility Category | Security details | As at 31 March 2023 | As at 31 March 2022 |
|--|--|------------------------|------------------------|
| Term loans from banks (includes rupee term loans and foreign currency term loans) | Secured by a first pari passu charge on the identified fixed assets of the Company both present and future, pertaining to its aluminium business (Jharsuguda Plant, Lanjigarh Plant), 2,400 MW power plant assets at Jharsuguda, copper plant assets at Silvassa, iron ore business in the states of Karnataka and Goa, dividends receivable from Hindustan Zinc Limited ("HZL"), a subsidiary of the Company, and the debt service reserve account to be opened for the facility along with the amount lying to the credit thereof ^h . | 7,221 | 7,821 |
| | A first pari passu first charge by way of hypothecation on the Specified movable fixed assets of the Company pertaining to its Manufacturing facilities comprising: <ul style="list-style-type: none"> (i) alumina refinery having output of 1 MTPA along with co-generation captive power plant with an aggregate capacity of 90 MW at Lanjigarh, Orissa (ii) aluminium smelter having output of 1.6 MTPA along with a 1,215 (9x135) MW CPP at Jharsuguda, Orissa. | 1,137 | - |
| | A first pari passu charged by way of hypothecation on the specified movable fixed assets (present and future) including movable plant and machinery, machinery spares, tools and accessories, furniture and fixtures, vehicle, capital work-in progress, etc of the Company pertaining to aluminium business (Jharsuguda, Lanjigarh) and 2,400 MW power plant at Jharsuguda as more particularity described as below : <ul style="list-style-type: none"> (i) alumina refinery upto 6 MTPA along with cogeneration captive power plant with aggregate capacity of 90 MW located in Lanjigarh, Odisha (ii) alumina smelter output of 1.6 MTPA aluminium smelter including 1,215 (9x135) MW power plant in Jharsuguda, Odisha (iii) 2,400 MW power plant (1,800 MW CPP and 600 MW IPP) located at Jharsuguda, Odisha. | 473 | - |
| | A first pari passu charge by way of mortgage/ hypothecation over the specified movable fixed assets of the Company. Security shall comprise of assets of the aluminum and power division of the Company, comprising: <ul style="list-style-type: none"> (i) 1.6 MTPA aluminium smelter along with 1,215 MW CPP at Jharsuguda and (ii) 1 MTPA alumina refinery along with 90 MW CPP at Lanjigarh, Odisha. | 1,191 | - |
| | Secured by first pari passu charge by way of movable fixed assets of the aluminium division of the Company comprising: <ul style="list-style-type: none"> (i) 6 MTPA aluminium refinery along with 90 MW Co-generation captive power plant in Lanjigarh, Orissa; (ii) 1.6 MTPA aluminium smelter along with 1,215 MW CPP at Jharsuguda, (iii) 2,400 MW power plant (1,800 MW CPP and 600 MW IPP) located at Jharsuguda, Odisha and (iv) Oil and gas division comprising RJ-ON-90/91 Oil and Gas Block (Rajasthan), Cambay Oil Fields, Ravva Oil and gas Fields under (PKMGH-1 block) and OALP blocks | 743 | - |
| | A first pari passu first charge by way of hypothecation on the specified movable fixed assets of the Company pertaining to its Manufacturing facilities comprising: <ul style="list-style-type: none"> (i) 1.6 MTPA aluminium smelter along with 1,215 MW CPP at Jharsuguda and (ii) 1 MTPA alumina refinery along with CPP of 90 MW at Lanjigarh, Odisha | 490 | - |
| | A first pari passu charge by way of mortgage/ hypothecation over the specified immovable and movable fixed assets of the Company. Security shall comprise of assets of the aluminum and power division of the Company, comprising: <ul style="list-style-type: none"> (i) 1.6 MTPA Aluminium Smelter along with 1,215 MW CPP at Jharsuguda and (ii) 1 MTPA Alumina refinery along with CPP of 90 MW CPP at Lanjigarh, Odisha | 927 | - |

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(in Crore)

| Facility Category | Security details | As at 31 March 2023 | As at 31 March 2022 |
|--|--|------------------------|------------------------|
| Term loans from banks (includes rupee term loans and foreign currency term loans) | A first pari passu charge by way of hypothecation on all present and future movable Fixed Assets including movable plant and machinery, machinery spares, tools and accessories, furniture and fixtures, vehicles, Capital Work-in-Progress etc of the Company with a minimum fixed asset cover of 1.10 times as more particularly described as below: (i) alumina refinery upto 6 MTPA along with co-generation CPP with an aggregate capacity of 90 MW located at Lanjigarh, Orissa; (ii) aluminium smelter having output of 1.6 MTPA along with a 1,215 (9x135) MW CPP located at Jharsuguda, Orissa. (iii) 2,400 MW Power Plant (1,800 MW CPP and 600 MW IPP) located at Jharsuguda, Odisha; and (iv) Oil and Gas division comprising of RJ-ON-90/1 Oil and Gas Block (Rajasthan), Cambay Oil Fields and Ravva Oil and Gas Fields (under PKGM-1 block) | 250 | - |
| | First pari passu charge by way of hypothecation on all present and future movable fixed assets of the Company including but not limited to plant and machinery, spares, tools and accessories of 1.6 MTPA aluminium smelter along with 1,215 MW CPP at Jharsuguda, Odisha and 1 MTPA alumina refinery along with 90 MW CPP at Lanjigarh, Odisha | 683 | 880 |
| | Other Secured term loans | - | 1,245 |
| Total | | 35,544 | 29,315 |

- d) The loan facilities are subject to certain financial and non-financial covenants. The primary covenants which must be complied with include interest service coverage ratio, current ratio, debt service coverage ratio, total outside liabilities to total net worth, fixed assets coverage ratio, ratio of total term liabilities to net worth and debt/EBITDA. The Company has complied with the covenants as per the terms of the loan agreement.

Further, in case of borrowings having current assets as security, the quarterly statements of current assets filed by the Company with its lenders are in agreement with the books of accounts.

- e) **Terms of repayment of total borrowings outstanding as at 31 March 2023 are provided below -**

(₹ in Crore)

| Borrowings | Weighted average interest rate as at 31 March 2023 | Total carrying value | <1 year | 1-3 years | 3-5 years | >5 years | Remarks |
|-------------------------------|--|----------------------|--------------|---------------|---------------|--------------|--|
| Rupee term loan | 8.39% | 26,921 | 5,436 | 10,589 | 9,832 | 1,168 | Repayable in 466 quarterly payments 2 half yearly payments |
| Commercial paper | 7.80% | 489 | 489 | - | - | - | Repayable in 1 bullet payment |
| Non-convertible debentures | 8.77% | 7,887 | 800 | 1,000 | - | 6,089 | Repayable in 4 bullet payments |
| Working capital loan | 7.58% | 2,326 | 2,326 | - | - | - | This includes loans repayable on demand from banks for ₹ 2,256 Crore. |
| Deferred sales tax liability | NA | 28 | 18 | 10 | 0 | - | Repayable in 43 monthly installments |
| External commercial borrowing | 7.42% | 3,261 | 394 | 1,923 | 970 | - | Repayable in 35 half yearly payments |
| Redeemable preference shares | NA | 2 | 2 | - | - | - | The redemption and dividend paid to the preference shares unclaimed if any, is payable on claim. |
| Loan from Related party | 8.90% | 1,109 | - | - | - | 1,109 | Repayable in 1 bullet payment |
| Total | | 42,023 | 9,465 | 13,522 | 10,802 | 8,366 | |

The above maturity is based on the total principal outstanding gross of issue expenses and discounting impact of deferred sales tax liability.



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f) Terms of repayment of total borrowings outstanding as at 31 March 2022 are provided below -

(₹ in Crore)

| Borrowings | Weighted average interest rate as at 31 March 2022 | Total carrying value | <1 year | 1-3 years | 3-5 years | >5 years | Remarks |
|-------------------------------|--|----------------------|---------------|--------------|--------------|--------------|---|
| Foreign currency term loan | 3.92% | 623 | 623 | - | - | - | Repayable in 7 quarterly installments and 1 monthly installment |
| Rupee term loan | 7.80% | 23,757 | 4,504 | 7,033 | 8,336 | 3,969 | Repayable in 671 quarterly installments |
| Commercial paper | 5.90% | 4,986 | 4,986 | - | - | - | Repayable in 12 bullet payments |
| Non convertible debentures | 8.78% | 5,016 | 2,020 | 1,000 | - | 2,000 | Repayable in 4 bullet payments |
| Working capital loan* | 4.98% | 1,000 | 1,000 | - | - | - | Export packing credit, working capital loan and loan repayable on demand are repayable within one year from the date of drawl |
| Amounts due on factoring | 1.23% | 139 | 139 | - | - | - | Repayable within one month |
| Deferred sales tax liability | NA | 54 | 27 | 27 | 0 | - | Repayable in 55 monthly installments |
| External commercial borrowing | 3.50% | 1,119 | - | 680 | 454 | - | Repayable in 5 half yearly payments |
| Redeemable preference shares | NA | 2 | 2 | - | - | - | The redemption and dividend paid to the preference shares unclaimed if any, is payable on claim. |
| Total | | 36,696 | 13,301 | 8,740 | 8,790 | 5,969 | |

The above maturity is based on the total principal outstanding gross of issue expenses and discounting impact of deferred sales tax liability.

* Includes loans repayable on demand from banks for ₹ 1,000 Crore.

g) Movement in borrowings during the year is provided below-

(₹ in Crore)

| Particulars | Short-term borrowings | Long-term borrowings* | Total debt |
|---|-----------------------|-----------------------|---------------|
| Opening balance at 01 April 2021 | 1,140 | 31,026 | 32,166 |
| Cash flow | 5,618 | (1,308) | 4,310 |
| Other non-cash changes | 67 | 153 | 220 |
| As at 31 March 2022 | 6,825 | 29,871 | 36,696 |
| Opening balance at 01 April 2022 | 6,825 | 29,871 | 36,696 |
| Cash flow | (3,565) | 8,740 | 5,175 |
| Other non cash changes | 55 | 97 | 152 |
| As at 31 March 2023 | 3,315 | 38,708 | 42,023 |

*including Current maturities of Long term borrowings.

Other non-cash changes comprised of amortisation of borrowing costs and foreign exchange difference on borrowings.

- h) In December 2021, the Company executed a ₹ 8,000 Crore facility agreement with Union Bank of India Limited to take over a long term syndicated facility of ₹ 10,000 Crore. This loan is secured by the way of pledge over the shares held by the Company in Hindustan Zinc Limited ("HZL") equal to minimum 1x outstanding loan value (calculated quarterly at Value Weighted Average Price), currently representing 6.77% (31 March 2022: 5.77%) of the paid-up shares of HZL. Further, the Company has also signed a Non-Disposal Undertaking ("NDU") in respect of its shareholding in HZL to the extent of 50.10% of the paid-up share capital of HZL. As at 31 March 2023, the outstanding loan amount under the facility is ₹ 7,240 Crore (31 March 2022: ₹ 7,840 Crore).

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18 Financial liabilities - Trade payables

| Particulars | (₹ in Crore) | |
|---------------------------------|------------------------|------------------------|
| | As at 31 March 2023 | As at 31 March 2022 |
| Undisputed dues – MSME | | |
| Not due | 82 | 70 |
| Less than 1 year | 130 | 115 |
| 1-2 years | 4 | 4 |
| 2-3 years | 2 | 2 |
| More than 3 years | - | 4 |
| Sub-total | 218 | 195 |
| Undisputed dues - Others | | |
| Unbilled dues | 1,316 | 1,173 |
| Not due | 2,893 | 2,817 |
| Less than 1 year | 1,056 | 1,193 |
| 1-2 Years | 90 | 23 |
| 2-3 years | 23 | 72 |
| More than 3 years | 57 | 50 |
| Sub-total | 5,435 | 5,328 |
| Disputed dues - Others | | |
| 1-2 Years | - | 1 |
| More than 3 years | 1 | - |
| Sub-total | 1 | 1 |
| Total | 5,654 | 5,524 |

- (a) Trade payables are non-interest bearing and are normally settled upto 180 days terms.
 (b) For amount due and terms and conditions relating to related party payables. Refer note 39.

19 Operational Buyers'/ Suppliers' Credit is availed in foreign currency from offshore branches of Indian banks or foreign banks at an interest rate ranging from 0.69% to 7.38% (31 March 2022: 0.29% to 3.16%) per annum and in rupee from domestic banks at interest rate ranging from 4.35% to 8.80% (31 March 2022: 4.00% to 6.65%) per annum. These trade credits are largely repayable within 180 days from the date of draw down. Operational Buyers' credit availed in foreign currency is backed by Standby Letter of Credit issued under working capital facilities sanctioned by domestic banks. Part of these facilities are secured by first pari passu charge over the present and future current assets of the Company.

20 Financial liabilities - Others

| Particulars | As at 31 March 2023 | | | As at 31 March 2022 | | |
|---|---------------------|---------------|---------------|---------------------|--------------|--------------|
| | Non-current | Current | Total | Non-current | Current | Total |
| Liability for capital expenditure | - | 7,082 | 7,082 | 192 | 6,427 | 6,619 |
| Security deposits and retentions | - | 39 | 39 | - | 29 | 29 |
| Interest accrued but not due | - | 445 | 445 | - | 180 | 180 |
| Unpaid/unclaimed dividend ^a | - | 114 | 114 | - | 96 | 96 |
| Dividend payable | - | 7,613 | 7,613 | - | - | - |
| Unpaid matured deposits and interest accrued thereon ^b | - | 0 | 0 | - | 0 | 0 |
| Profit petroleum payable | - | 1,849 | 1,849 | - | 1,413 | 1,413 |
| Dues to related parties (Refer note 39) | - | 287 | 287 | - | 155 | 155 |
| Other liabilities ^c | - | 996 | 996 | - | 1,502 | 1,502 |
| Total | - | 18,425 | 18,425 | 192 | 9,802 | 9,994 |



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- (a) Does not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund except ₹ 0.23 Crore (31 March 2022: ₹ 0.13 Crore) which is held in abeyance due to a pending legal case.
- (b) Matured deposits of ₹ 0.01 Crore (31 March 2022: ₹ 0.01 Crore) due for transfer to Investor Education and Protection Fund have not been transferred in view of pending litigation between the beneficiaries.
- (c) Includes revenue received in excess of entitlement interest of ₹ 239 Crore (31 March 2022: ₹ 750 Crore) of which ₹ 135 Crore is payable to ONGC, reimbursement of expenses, provision for expenses, liabilities related to compensation/ claim etc.

21 The movement in lease liabilities is as follows :

| | (₹ in Crore) |
|-------------------------------|--------------|
| At 01 April 2021 | 133 |
| Additions during the year | 12 |
| Interest on lease liabilities | 7 |
| Payments made | (64) |
| FCTR and other adjustments | (6) |
| At 01 April 2022 | 82 |
| Additions during the year | 29 |
| Interest on lease liabilities | 6 |
| Payments made | (22) |
| FCTR and other adjustments | 2 |
| At 31 March 2023 | 97 |

22 Financial instruments

A. Financial assets and liabilities:

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

As at 31 March 2023

(₹ in Crore)

| Financial Assets | Fair value through profit or loss | Fair value through other comprehensive income | Derivatives designated as hedging instruments | Amortised cost | Total carrying value | Total fair value |
|---------------------------|-----------------------------------|---|---|----------------|----------------------|------------------|
| Investments* | 1,885 | 81 | - | - | 1,966 | 1,966 |
| Trade receivables | 171 | - | - | 2,370 | 2,541 | 2,541 |
| Cash and cash equivalents | - | - | - | 5,147 | 5,147 | 5,147 |
| Other bank balances | - | - | - | 318 | 318 | 318 |
| Loans | - | - | - | 633 | 633 | 633 |
| Derivatives | 19 | - | 79 | - | 98 | 98 |
| Other financial assets | - | - | - | 9,919 | 9,919 | 9,919 |
| Total | 2,075 | 81 | 79 | 18,387 | 20,622 | 20,622 |

(₹ in Crore)

| Financial Liabilities | Fair value through profit or loss | Derivatives designated as hedging instruments | Amortised cost | Total carrying value | Total fair value |
|--|-----------------------------------|---|----------------|----------------------|------------------|
| Borrowings | - | - | 42,023 | 42,023 | 41,974 |
| Trade payables | 899 | - | 4,755 | 5,654 | 5,654 |
| Operational buyers' credit / suppliers' credit | - | - | 10,485 | 10,485 | 10,485 |
| Derivatives | 67 | 104 | - | 171 | 171 |
| Other financial liabilities** | - | - | 18,522 | 18,522 | 18,522 |
| Total | 966 | 104 | 75,785 | 76,855 | 76,806 |

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As at 31 March 2022

(₹ in Crore)

| Financial Assets | Fair value through profit or loss | Fair value through other comprehensive income | Derivatives designated as hedging instruments | Amortised cost | Total carrying value | Total fair value |
|---------------------------|-----------------------------------|---|---|----------------|----------------------|------------------|
| Investments* | 615 | 118 | - | - | 733 | 733 |
| Trade receivables | 248 | - | - | 3,155 | 3,403 | 3,403 |
| Cash and cash equivalents | - | - | - | 5,518 | 5,518 | 5,518 |
| Other bank balances | - | - | - | 1,393 | 1,393 | 1,393 |
| Loans | - | - | - | 519 | 519 | 519 |
| Derivatives | 3 | - | 246 | - | 249 | 249 |
| Other financial assets | - | - | - | 9,071 | 9,071 | 9,071 |
| Total | 866 | 118 | 246 | 19,656 | 20,886 | 20,886 |

(₹ in Crore)

| Financial Liabilities | Fair value through profit or loss | Derivatives designated as hedging instruments | Amortised cost | Total carrying value | Total fair value |
|--|-----------------------------------|---|----------------|----------------------|------------------|
| Borrowings | - | - | 36,696 | 36,696 | 36,789 |
| Trade payables | 990 | - | 4,534 | 5,524 | 5,524 |
| Operational buyers' credit / suppliers' credit | - | - | 9,261 | 9,261 | 9,261 |
| Derivatives | 67 | 216 | - | 283 | 283 |
| Other financial liabilities** | - | - | 10,076 | 10,076 | 10,076 |
| Total | 1,057 | 216 | 60,567 | 61,840 | 61,933 |

* Excludes investments (in equity shares, preference shares and debentures) in subsidiaries, associates and joint ventures which are carried at cost and hence are not required to be disclosed as per Ind AS 107 "Financial Instruments Disclosures".

**Includes lease liabilities of ₹ 97 Crore (31 March 2022: ₹ 82 Crore).

B. Fair value hierarchy

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

- (i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) 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).
- (iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The below table summarises the categories of financial assets and liabilities as at 31 March 2023 and 31 March 2022 measured at fair value:

As at 31 March 2023

(₹ in Crore)

| Financial Assets | Level 1 | Level 2 | Level 3 |
|---|--------------|------------|------------|
| At fair value through profit or loss | | | |
| - Investments | 1,786 | - | 99 |
| - Derivative financial assets* | - | 19 | - |
| - Trade receivables | - | 171 | - |
| At fair value through other comprehensive income | | | |
| - Investments | 70 | - | 11 |
| Derivatives designated as hedging instruments | | | |
| - Derivative financial assets* | - | 79 | - |
| Total | 1,856 | 269 | 110 |



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| (₹ in Crore) | | | |
|--|---------|--------------|---------|
| Financial liabilities | Level 1 | Level 2 | Level 3 |
| At fair value through profit or loss | | | |
| - Derivative financial liabilities* | - | 67 | - |
| - Trade payables | - | 899 | - |
| Derivatives designated as hedging instruments | | | |
| - Derivative financial liabilities* | - | 104 | - |
| Total | - | 1,070 | - |

As at 31 March 2022

| (₹ in Crore) | | | |
|---|------------|------------|-----------|
| Financial Assets | Level 1 | Level 2 | Level 3 |
| At fair value through profit or loss | | | |
| - Investments | 585 | - | 30 |
| - Derivative financial assets* | - | 3 | - |
| - Trade receivables | - | 248 | - |
| At fair value through other comprehensive income | | | |
| - Investments | 107 | - | 11 |
| Derivatives designated as hedging instruments | | | |
| - Derivative financial assets* | - | 246 | - |
| Total | 692 | 497 | 41 |

| (₹ in Crore) | | | |
|--|---------|--------------|---------|
| Financial liabilities | Level 1 | Level 2 | Level 3 |
| At fair value through profit or loss | | | |
| - Derivative financial liabilities* | - | 67 | - |
| - Trade payables | - | 990 | - |
| Derivatives designated as hedging instruments | | | |
| - Derivative financial liabilities* | - | 216 | - |
| Total | - | 1,273 | - |

* Refer "D" below.

The below table summarises the fair value of borrowings which are carried at amortised cost as at 31 March 2023 and 31 March 2022:

As at 31 March 2023

| (₹ in Crore) | | | |
|-----------------------|---------|---------------|---------|
| Financial Liabilities | Level 1 | Level 2 | Level 3 |
| Borrowings | - | 41,974 | - |
| Total | - | 41,974 | - |

As at 31 March 2022

| (₹ in Crore) | | | |
|-----------------------|---------|---------------|---------|
| Financial Liabilities | Level 1 | Level 2 | Level 3 |
| Borrowings | - | 36,789 | - |
| Total | - | 36,789 | - |

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

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

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

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

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

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

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

The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and the value of other financial instruments recognised at fair value.

The estimated fair value amounts as at 31 March 2023 and 31 March 2022 have been measured as at that date. As such, the fair values of these financial instruments subsequent to reporting date may be different than the amounts reported at each year-end.

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

C. Risk management framework

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

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

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



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The risk management framework aims to:

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

Treasury management

Treasury management focuses on liability management, capital protection, liquidity maintenance and yield maximisation. The treasury policies are approved by the Committee of the Board. Daily treasury operations of the business units are managed by their respective finance teams within the framework of the overall Group treasury policies. Long-term fund raising including strategic treasury initiatives are managed jointly by the business treasury team and the central team at corporate treasury while short-term funding for routine working capital requirements is delegated to business units. A monthly reporting system exists to inform senior management of the Company's investments and debt position, exposure to currency, commodity and interest rate risk and their mitigants including the derivative position. The Company has a strong system of internal control which enables effective monitoring of adherence to Company's policies. The internal control measures are effectively supplemented by regular internal audits.

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

Commodity price risk

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

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

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

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

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

Aluminium

The requirement of the primary raw material, alumina, is partly met from own sources and the rest is purchased primarily on negotiated price terms. Sales prices are linked to the LME prices. At present, the Company, on selective

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basis hedges the aluminium content in outsourced alumina to protect its margins. The Company also executes hedging arrangements for its aluminium sales to realise average month of sale LME prices.

Copper

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

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

Iron ore

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

Oil and Gas

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

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

Provisionally priced financial instruments

On 31 March 2023, the value of net financial liabilities linked to commodities (excluding derivatives) accounted for on provisional prices was ₹ 728 Crore (31 March 2022: liabilities of ₹ 742 Crore). These instruments are subject to price movements at the time of final settlement and the final price of these instruments will be determined in the financial year beginning 01 April 2023.

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

For the year ended 31 March 2023

| | Total Exposure | Effect on profit/ (loss) of a 10% increase in the LME | Effect on total equity of a 10% increase in the LME |
|--------|----------------|---|---|
| Copper | (967) | (97) | - |

(₹ in Crore)



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For the year ended 31 March 2022

| | Total Exposure | Effect on profit/ (loss) of a 10% increase in the LME | Effect on total equity of a 10% increase in the LME |
|--------|----------------|--|--|
| Copper | (891) | (89) | - |

(₹ in Crore)

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

The impact on pre-tax profit/ (loss) mentioned above includes the impact of a 10% increase in closing copper LME for provisionally priced copper concentrate purchased at Copper division custom smelting operations in India of ₹ 129 Crore loss (31 March 2022: ₹ 122 Crore loss), which is pass through in nature and as such will not have any impact on the profitability.

Financial risk

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

(a) Liquidity

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

CRISIL ratings on the long-term bank facilities and debt instruments of the Company was maintained at 'CRISIL AA' during FY 2023 after upgrade to 'CRISIL AA' from 'CRISIL AA-' in February 2022. However, Outlook has been revised to negative in March 2023.

The short-term rating on bank facilities and commercial paper has been reaffirmed at 'CRISIL A1+' India Ratings, after upgrading the Company's long-term issuer ratings to "IND AA" from "IND AA-" with stable outlook in March 2022, reaffirmed its ratings at "IND AA" with stable outlook in May 2022. Outlook was revised to "negative" in March 2023.

The ratings affirmation factors in robust operating profitability significantly higher than pre-pandemic levels. Further, consolidated EBITDA is expected to increase driven by healthy commodity prices that are expected to remain stable around current levels, robust operating rates across key businesses, increased volume growth in Aluminium business supported by commissioning of new capacity during fiscal 2024 along with expected reduction in cost of production for Aluminium business on the back of alumina refinery expansion and commissioning of captive coal mines. The revision in outlook reflects possibility of higher-than-expected financial leverage and lower financial flexibility.

Anticipated future cash flows, together with undrawn fund based committed facilities of ₹ 579 Crore, and cash, bank and short term investments of ₹ 7,364 Crore as at 31 March 2023, are expected to be sufficient to meet the liquidity requirement of the Company in the near future.

The Company remains committed to maintaining a healthy liquidity, a low gearing ratio, deleveraging and strengthening its balance sheet. The maturity profile of the Company's financial liabilities based on the remaining

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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.

As at 31 March 2023

| (₹ in Crore) | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|
| Payments due by year | <1 year | 1-3 years | 3-5 years | >5 years | Total |
| Borrowings * | 12,955 | 17,650 | 13,063 | 10,690 | 54,358 |
| Derivative financial liabilities | 151 | 20 | - | - | 171 |
| Lease liabilities | 46 | 19 | 3 | 29 | 97 |
| Trade Payables and other financial liabilities ** | 34,266 | - | - | - | 34,266 |
| Total | 47,418 | 17,689 | 13,066 | 10,719 | 88,892 |

As at 31 March 2022

| (₹ in Crore) | | | | | |
|---|---------------|---------------|---------------|--------------|---------------|
| Payments due by year | <1 year | 1-3 years | 3-5 years | >5 years | Total |
| Borrowings * | 15,502 | 11,897 | 10,457 | 6,773 | 44,629 |
| Derivative financial liabilities | 277 | 6 | - | - | 283 |
| Lease liabilities | 25 | 27 | 3 | 27 | 82 |
| Trade Payables and other financial liabilities ** | 24,478 | 192 | - | - | 24,670 |
| Total | 40,282 | 12,122 | 10,460 | 6,800 | 69,664 |

*Includes Non-current borrowings, current borrowings, committed interest payments on borrowings and interest accrued on borrowings.

**Includes both Non-current and current financial liabilities and committed interest payment, as applicable. Excludes interest accrued on borrowings.

The Company had access to following funding facilities :

As at 31 March 2023

| (₹ in Crore) | | | |
|---------------------|----------------|--------|---------|
| Funding facilities | Total Facility | Drawn | Undrawn |
| Fund/non-fund based | 58,039 | 52,754 | 5,285 |

As at 31 March 2022

| (₹ in Crore) | | | |
|---------------------|----------------|--------|---------|
| Funding facilities | Total Facility | Drawn | Undrawn |
| Fund/non-fund based | 46,341 | 44,183 | 2,158 |

(b) Foreign exchange risk

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

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

The Company's presentation currency is the Indian Rupee (INR). The assets are located in India and the Indian Rupee is the functional currency except for Oil and Gas business operations which have a dual functional currency. Natural hedges available in the business are identified at each entity level and hedges are placed only for the net exposure. Short-term net exposures are hedged progressively based on their maturity. A more conservative approach has been adopted for project expenditures to avoid budget overruns, where cost of the project is



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calculated taking into account the hedge cost. 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 exposure is mitigated by some of the derivative contracts entered into by the Company as disclosed under the section on "Derivative financial instruments".

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

| Currency | (₹ in Crore) | | | |
|--------------|---------------------|-----------------------|---------------------|-----------------------|
| | As at 31 March 2023 | | As at 31 March 2022 | |
| | Financial Assets | Financial liabilities | Financial Assets | Financial liabilities |
| INR | 16,304 | 53,560 | 12,975 | 43,582 |
| USD | 4,033 | 22,876 | 7,656 | 17,882 |
| Others | 285 | 419 | 255 | 376 |
| Total | 20,622 | 76,855 | 20,886 | 61,840 |

The Company's exposure to foreign currency arises where an entity holds monetary assets and liabilities denominated in a currency different to the functional currency of the respective business, with US dollar being the major non-functional currency.

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

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

For the year ended 31 March 2023

| | (₹ in Crore) | |
|-----|--|---|
| | Effect of 10% strengthening of functional currency on pre-tax profit/ (loss) | Effect of 10% strengthening of foreign currency on equity |
| USD | 1,438 | - |
| INR | (456) | - |

For the year ended 31 March 2022

| | (₹ in Crore) | |
|-----|--|---|
| | Effect of 10% strengthening of functional currency on pre-tax profit/ (loss) | Effect of 10% strengthening of foreign currency on equity |
| USD | 666 | - |
| INR | (384) | - |

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

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(c) Interest rate risk

At 31 March 2023, the Company's net debt of ₹ 34,659 Crore (31 March 2022: ₹ 29,639 Crore) comprises debt of ₹ 42,023 Crore (31 March 2022: ₹ 36,696 Crore) offset by cash, bank and short term investments of ₹ 7,364 Crore (31 March 2022: ₹ 7,057 Crore).

The Company is exposed to interest rate risk on short-term and long-term floating rate instruments and on the refinancing of fixed rate debt. The Company's policy is to maintain a balance of fixed and floating interest rate borrowings and the proportion of fixed and floating rate debt is determined by current market interest rates. The borrowings of the Company are principally denominated in Indian Rupees and US dollars with mix of fixed and floating rates of interest. The USD floating rate debt is linked to US dollar LIBOR and INR Floating rate debt to Bank's base rate. The Company has a policy of selectively using interest rate swaps, option contracts and other derivative instruments to manage its exposure to interest rate movements. These exposures are reviewed by appropriate levels of management on a monthly basis. The Company invests cash and liquid investments in short-term deposits and debt mutual funds, some of which generate a tax-free return, to achieve the Company's goal of maintaining liquidity, carrying manageable risk and achieving satisfactory returns.

Floating rate financial assets are largely mutual fund investments which have debt securities as underlying assets. The returns from these financial assets are linked to market interest rate movements; however the counterparty invests in the agreed securities with known maturity tenure and return and hence has manageable risk.

The exposure of the Company's financial assets as at 31 March 2023 to interest rate risk is as follows:

| (₹ in Crore) | | | | |
|---------------------|--------|-----------------------------------|--------------------------------|---|
| As at 31 March 2023 | Total | Floating rate Financial assets | Fixed rate financial assets | Non-interest bearing financial assets |
| Financial Assets | 20,622 | 1,786 | 2,317 | 16,519 |

The exposure of the Company's financial liabilities as at 31 March 2023 to interest rate risk is as follows:

| (₹ in Crore) | | | | |
|-----------------------|--------|---|--|--|
| As at 31 March 2023 | Total | Floating rate Financial liabilities | Fixed rate financial liabilities | Non-interest bearing financial liabilities |
| Financial Liabilities | 76,855 | 30,982 | 21,568 | 24,305 |

The exposure of the Company's financial assets as at 31 March 2022 to interest rate risk is as follows:

| (₹ in Crore) | | | | |
|---------------------|--------|-----------------------------------|--------------------------------|---|
| As at 31 March 2022 | Total | Floating rate Financial assets | Fixed rate financial assets | Non-interest bearing financial assets |
| Financial Assets | 20,886 | 585 | 4,314 | 15,987 |

The exposure of the Company's financial liabilities as at 31 March 2022 to interest rate risk is as follows:

| (₹ in Crore) | | | | |
|-----------------------|--------|---|--|--|
| As at 31 March 2022 | Total | Floating rate Financial liabilities | Fixed rate financial liabilities | Non-interest bearing financial liabilities |
| Financial Liabilities | 61,840 | 24,876 | 21,628 | 15,336 |

Considering the net debt position as at 31 March 2023 and the investment in bank deposits, corporate bonds and debt mutual funds, any increase in interest rates would result in a net loss and any decrease in interest rates would result in a net gain. The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the balance sheet date.



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The table below illustrates the impact of a 0.5% to 2.0% movement in interest rates on floating rate financial assets/ liabilities (net) on profit/ (loss) and equity assuming that the changes occur at the reporting date and has been calculated based on risk exposure outstanding as of that date. The year-end balances are not necessarily representative of the average debt outstanding during the year. This analysis also assumes that all other variables, in particular foreign currency rates, remain constant.

| | (₹ in Crore) | |
|----------------------------|---|---|
| Increase in interest rates | Effect on pre-tax profit/(loss) during the year ended 31 March 2023 | Effect on pre-tax profit/(loss) during the year ended 31 March 2022 |
| 0.50% | (146) | (121) |
| 1.00% | (292) | (243) |
| 2.00% | (584) | (486) |

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

(d) Counterparty and concentration of credit risk

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

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

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

Moreover, given the diverse nature of the Company's businesses trade receivables are spread over a number of customers with no significant concentration of credit risk. The history of trade receivables shows a negligible provision for bad and doubtful debts. Therefore, the Company does not expect any material risk on account of non-performance by any of the Company's counterparties.

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

The carrying value of the financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk is ₹ 20,622 Crore and ₹ 20,886 Crore as at 31 March 2023 and 31 March 2022 respectively.

The maximum credit exposure on financial guarantees given by the Company for various financial facilities is described in Note 38 on "Commitments, contingencies, and guarantees".

None of the Company's cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade receivables, loans and other financial assets (both current and non-current), there were no indications as at the year end, that defaults in payment obligations will occur except as described in Notes 7 and 9 on allowance for impairment of trade receivables and other financial assets.

Of the year end trade receivables, loans and other financial assets (excluding bank deposits, site restoration fund and derivatives) balance the following, though overdue, are expected to be realised in the normal course of business and hence, are not considered impaired as at 31 March 2023 and 31 March 2022:

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| Particulars | (₹ in Crore) | |
|----------------------------------|------------------------|------------------------|
| | As at 31 March 2023 | As at 31 March 2022 |
| Neither impaired nor past due | 8,847 | 8,134 |
| Past due but not impaired | | |
| - Less than 1 month | 627 | 1,692 |
| - Between 1–3 months | 135 | 66 |
| - Between 3–12 months | 80 | 121 |
| - Greater than 12 months | 2,182 | 2,093 |
| Total | 11,871 | 12,106 |

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

The credit quality of the Company's customers is monitored on an ongoing basis. Where receivables have been impaired, the Company actively seeks to recover the amounts in question and enforce compliance with credit terms.

Movement in allowances for Financial Assets (Trade receivables and financial assets - others)

The changes in the allowance for financial assets (current and non-current) is as follows:

| Particulars | (₹ in Crore) | | |
|--------------------------------------|----------------------|------------------------------|-----------------------------|
| | Trade receivables | Financial assets - others | Financial assets - loans |
| As at 01 April 2021 | 803 | 730 | 5 |
| Allowance made during the year | 198 | 7 | - |
| Exchange differences | - | 10 | - |
| As at 31 March 2022 | 1,001 | 747 | 5 |
| Allowance made during the year | 355 | - | - |
| Reversals/ write-off during the year | - | (95) | - |
| Exchange differences | - | 30 | - |
| As at 31 March 2023 | 1,356 | 682 | 5 |

D. Derivative financial instruments

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

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

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



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(i) Cash flow hedges

The Company enters into forward exchange and commodity price contracts for hedging highly probable forecast transaction and account for them as cash flow hedges and states them at fair value. Subsequent changes in fair value are recognized in equity through OCI until the hedged transaction occurs, at which time, the respective gain or losses are reclassified to profit or loss. These hedges have been effective for the year ended 31 March 2023.

The Company uses foreign exchange contracts from time to time to optimize currency risk exposure on its foreign currency transactions. The Company hedged part of its foreign currency exposure on capital commitments during the year ended 2022. Fair value changes on such forward contracts are recognized in other comprehensive income.

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

The cash flows related to above are expected to occur during the year ended 31 March 2024 and consequently may impact profit or loss for that year depending upon the change in the commodity prices and foreign exchange rates movements. For cash flow hedges regarded as basis adjustments to initial carrying value of the property, plant and equipment, the depreciation on the basis adjustments made is expected to affect profit or loss over the expected useful life of the property, plant and equipment.

(ii) Fair value hedge

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

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

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

(iii) Non- designated economic hedge

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

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

| Derivative Financial Instruments | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---------------------|-------------|---------------------|-------------|
| | Assets | Liabilities | Assets | Liabilities |
| Current | | | | |
| Cash flow hedge* | | | | |
| - Commodity contracts | 30 | - | 231 | 62 |
| - Interest rate swap | - | - | 1 | - |
| Fair Value hedge | | | | |
| - Commodity contracts | 45 | 69 | 10 | 57 |
| - Forward foreign currency contracts | 4 | 15 | 4 | 91 |
| Non - qualifying hedges/economic hedge | | | | |
| - Forward foreign currency contracts | 19 | 67 | 3 | 67 |
| Sub-total (A) | 98 | 151 | 249 | 277 |

(₹ in Crore)

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(₹ in Crore)

| Derivative Financial Instruments | As at 31 March 2023 | | As at 31 March 2022 | |
|--------------------------------------|---------------------|-------------|---------------------|-------------|
| | Assets | Liabilities | Assets | Liabilities |
| Non-current | | | | |
| Fair value hedge | | | | |
| - Forward foreign currency contracts | - | 20 | - | 6 |
| Sub-total (B) | - | 20 | - | 6 |
| Total (A+B) | 98 | 171 | 249 | 283 |

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

E. Derivative contracts executed by the Company and outstanding as at Balance Sheet date :

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

(₹ in Crore)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|----------------------------|---------------------|---------------------|
| Forex forward cover (buy) | 9,679 | 12,558 |
| Forex forward cover (sell) | 0 | 161 |
| Interest rate swap | 3,261 | 1,735 |
| Total | 12,940 | 14,454 |

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

| Particulars | As at 31 March 2023 | | As at 31 March 2022 | |
|--------------------------|---------------------|--------|---------------------|-----------|
| | Purchases | Sales | Purchases | Sales |
| Forwards/ Futures | | | | |
| Crude (BBL) | - | - | - | 1,680,000 |
| Copper (MT) | 5,550 | 11,775 | 7,425 | 24,800 |
| Gold (Oz) | - | 16,940 | - | 17,625 |
| Silver (Oz) | 13,987 | 68,455 | 16,091 | 66,770 |
| Aluminium (MT) | 63,100 | 2,750 | 12,750 | 78,425 |

23 Other liabilities

(₹ in Crore)

| Particulars | As at 31 March 2023 | | | As at 31 March 2022 | | |
|---|---------------------|--------------|---------------|---------------------|--------------|--------------|
| | Non-current | Current | Total | Non-current | Current | Total |
| Amount payable to owned post-employment benefit trust | - | 14 | 14 | - | 14 | 14 |
| Other statutory liabilities ^a | - | 931 | 931 | - | 1,097 | 1,097 |
| Deferred government grant ^b | 2,364 | 83 | 2,447 | 2,346 | 80 | 2,426 |
| Advance from customers ^c | - | 8,074 | 8,074 | 404 | 3,159 | 3,563 |
| Advance from related party (Refer note 39) ^c | - | 3 | 3 | - | 2 | 2 |
| Other liabilities | - | 120 | 120 | 1 | 122 | 123 |
| Total | 2,364 | 9,225 | 11,589 | 2,751 | 4,474 | 7,225 |

- (a) Other statutory liabilities mainly include payable for PF, ESIC, withholding taxes, goods and service tax, VAT, etc.
- (b) Represents government assistance in the form of the duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme and Special Economic Zone (SEZ) scheme on purchase of property, plant and equipment accounted for as government grant and being amortised over the useful life of such assets.



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- (c) Advance from customers are contract liabilities to be settled through delivery of goods. The amount of such balances as on 01 April 2021 was ₹ 4,496 Crore. During the current year, the Company has recognised revenue of ₹ 3,511 Crore (31 March 2022: ₹ 4,481 Crore) out of opening balances. All other changes are either due to receipt of fresh advances or exchange differences.

24 Provisions

(₹ in Crore)

| Particulars | As at 31 March 2023 | | | As at 31 March 2022 | | |
|--|---------------------|------------|--------------|---------------------|------------|--------------|
| | Non-current | Current | Total | Non-current | Current | Total |
| Provision for employee benefits (Refer note 25) ^a | | | | | | |
| - Retirement Benefit | 61 | 32 | 93 | - | 77 | 77 |
| - Others | - | 93 | 93 | - | 79 | 79 |
| Provision for restoration, rehabilitation and environmental costs ^{b,c} | 1,312 | 4 | 1,316 | 1,268 | 2 | 1,270 |
| Total | 1,373 | 129 | 1,502 | 1,268 | 158 | 1,426 |

- a) Provision for employee benefits includes gratuity, compensated absences, deferred cash bonus, etc.
- b) The movement in provisions for restoration, rehabilitation and environmental costs is as follows [Refer note 3(a)(P)]:

(₹ in Crore)

| Particulars | Restoration, rehabilitation and environmental costs (Refer c) |
|---------------------------------------|---|
| At 01 April 2021 | 1,169 |
| Unwinding of discount (Refer note 32) | 24 |
| Revision in estimates | 40 |
| Exchange differences | 37 |
| At 31 March 2022 | 1,270 |
| Additions | 41 |
| Amounts used | (1) |
| Unwinding of discount (Refer note 32) | 30 |
| Revision in estimates | (131) |
| Exchange differences | 107 |
| At 31 March 2023 | 1,316 |

c) Restoration, rehabilitation and environmental costs

The provisions for restoration, rehabilitation and environmental liabilities represent the management's best estimate of the costs which will be incurred in the future to meet the Company's obligations under existing Indian law and the terms of the Company's exploration and other licences and contractual arrangements.

The principal restoration and rehabilitation provisions are recorded within oil and gas business where a legal obligation exists relating to the oil and gas fields, where costs are expected to be incurred in restoring the site of production facilities at the end of the producing life of an oil field. The Company recognises the full cost of site restoration as a liability when the obligation to rectify environmental damage arises.

These amounts are calculated by considering discount rates within the range of 2% to 3%, and become payable at the end of the producing life of an oil field and are expected to be incurred over a period of twenty one years.

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production from a producing field.

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25 Employee Benefit Plans

The Company participates in defined contribution and benefit plans, the assets of which are held (where funded) in separately administered funds.

For defined contribution plans, the amount charged to the statement of profit and loss is the total amount of contributions payable in the year.

For defined benefit plans, the cost of providing benefits under the plans is determined by actuarial valuation separately each year for each plan using the projected unit credit method by independent qualified actuaries as at the year end. Remeasurement gains and losses arising in the year are recognised in full in other comprehensive income for the year.

i) Defined contribution plans

The Company contributed a total of ₹ 66 Crore for the year ended 31 March 2023 and ₹ 60 Crore for the year ended 31 March 2022 to the following defined contribution plans.

| Particulars | (₹ in Crore) | |
|--|-----------------------------|-----------------------------|
| | Year ended 31 March 2023 | Year ended 31 March 2022 |
| Employer's contribution to recognised provident fund and family pension fund | 49 | 40 |
| Employer's contribution to superannuation | 13 | 17 |
| Employer's contribution to National Pension Scheme (NPS) | 4 | 3 |
| Total | 66 | 60 |

Central recognised provident fund

In accordance with the 'The Employee's Provident Funds and Miscellaneous Provisions Act, 1952', employees are entitled to receive benefits under the Provident Fund. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (12% for the year ended 31 March 2023 and 12% for the year ended 31 March 2022) of an employee's basic salary, and includes contribution made to Family Pension fund as explained below. All employees have an option to make additional voluntary contributions. These contributions are made to the fund administered and managed by the Government of India (GOI) or to independently managed and approved funds. The Company has no further obligations under the fund managed by the GOI beyond its monthly contributions which are charged to the statement of profit and loss in the year they are incurred.

Family pension fund

The Pension Fund was established in 1995 and is managed by the Government of India. The employee makes no contribution to this fund but the employer makes a contribution of 8.33% of salary each month subject to a specified ceiling per employee (included in the 12% rate specified above). This is provided for every permanent employee on the payroll.

At the age of superannuation, contributions ceases and the individual receives a monthly payment based on the level of contributions through the years, and on their salary scale at the time they retire, subject to a maximum ceiling of salary level. The Government funds these payments, thus the Company has no additional liability beyond the contributions that it makes, regardless of whether the central fund is in surplus or deficit.

Superannuation

Superannuation, another pension scheme applicable in India, is applicable only to senior executives. The Company holds a policy with Life Insurance Corporation of India ("LIC"), to which it contributes a fixed amount relating to superannuation and the pension annuity is met by LIC as required, taking into consideration the contributions made. The Company has no further obligations under the scheme beyond its monthly contributions which are charged to the statement of profit and loss in the year they are incurred.



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National Pension Scheme

National Pension Scheme is a retirement savings account for social security and welfare applicable for executives covered under the superannuation benefit of Vedanta Limited, on a choice basis. It was introduced to enable employees to select the treatment of superannuation component of their fixed salaries and avail the benefits offered by National Pension Scheme launched by Government of India. Vedanta Limited holds a corporate account with one of the pension fund managers authorized by the Government of India to which the Company contributes a fixed amount relating to superannuation and the pension annuity will be met by the fund manager as per rules of National Pension Scheme. The Company has no further obligations under the scheme beyond its monthly contributions which are charged to the statement of profit and loss in the year they are incurred.

ii) Defined benefit plans

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

The provident fund of the Iron Ore division is exempted under Section 17 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. Conditions for grant of exemption stipulates that the employer shall make good deficiency, if any, between the return guaranteed by the statute and actual earning of the Fund. Based on actuarial valuation in accordance with Ind AS 19 and the Guidance note issued by the Institute of Actuaries of India for interest rate guarantee of exempted provident fund liability of employees, there is no interest shortfall in the funds managed by the trust as at 31 March 2023 and 31 March 2022. Having regard to the assets of the Fund and the return on the investments, the Company does not expect any deficiencies in the foreseeable future.

The Company contributed a total of ₹ 8 Crore for the year ended 31 March 2023 and ₹ 7 Crore for the year ended 31 March 2022. The present value of obligation and the fair value of plan assets of the trust are summarized below.

| Particulars | (₹ in Crore) | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2023 | Year ended 31 March 2022 |
| Fair value of plan assets | 283 | 262 |
| Present value of defined benefit obligations | (282) | (257) |
| Net liability arising from defined benefit obligation of trust | Nil | Nil |

Percentage allocation of plan assets of trust

| Assets by category | Year ended | |
|-----------------------|---------------|---------------|
| | 31 March 2023 | 31 March 2022 |
| Government Securities | 53% | 43% |
| Debentures/ bonds | 41% | 45% |
| Equity | 6% | 12% |
| Fixed deposits | 0% | 0% |

(b) Gratuity plan

In accordance with the Payment of Gratuity Act, 1972, the Company contributes to a defined benefit plan (the "Gratuity Plan") covering certain categories of employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, disability or termination of employment being an amount based on the respective employee's last drawn salary and the number of years of employment with the Company. The Gratuity plan is a funded plan and the Company makes contribution to recognised funds in India.

Based on actuarial valuations conducted as at year end using the projected unit credit method, a provision is recognised in full for the benefit obligation over and above the funds held in the Gratuity Plan.

The iron ore and oil & gas division of the Company have constituted a trust recognised by Indian Income Tax Authorities for gratuity to employees, contributions to the trust are funded with the Life Insurance Corporation of India (LIC) and ICICI Prudential Life Insurance Company Limited (ICICI).

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Principal actuarial assumptions

Principal actuarial assumptions used to determine the present value of the Gratuity plan obligation are as follows:

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|--|-----------------------------|-----------------------------|
| Discount rate | 7.39% | 7.16% |
| Expected rate of increase in compensation level of covered employees | 2%-10% | 2%-10% |
| In service mortality | IALM (2012-14) | IALM (2012-14) |
| Post retirement mortality | LIC(1996-98) Ultimate | LIC(1996-98) Ultimate |

Amount recognised in the balance sheet consists of:

| Particulars | (₹ in Crore) | |
|--|-----------------------------|-----------------------------|
| | Year ended 31 March 2023 | Year ended 31 March 2022 |
| Fair value of plan assets | 159 | 151 |
| Present value of defined benefit obligations | (252) | (228) |
| Net liability arising from defined benefit obligation | (93) | (77) |

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

| Particulars | (₹ in Crore) | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2023 | Year ended 31 March 2022 |
| Current service cost | 23 | 21 |
| Net interest cost | 5 | 3 |
| Components of defined benefit costs recognised in profit or loss | 28 | 24 |

Amount recognised in the other comprehensive income in respect of the Gratuity plan are as follows:

| Particulars | (₹ in Crore) | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2023 | Year ended 31 March 2022 |
| Re-measurement of the net defined benefit obligation:- | | |
| Actuarial losses arising from demographic adjustments | 0 | 1 |
| Actuarial losses/ (gains) arising from experience adjustments | 15 | (1) |
| Actuarial (gains)/ losses arising from changes in financial assumptions | (2) | 22 |
| Losses on plan assets | 2 | 1 |
| Components of defined benefit costs recognised in other comprehensive income | 15 | 23 |

Movement in present value of the Gratuity plan:

| Particulars | (₹ in Crore) | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2023 | Year ended 31 March 2022 |
| Opening balance | 228 | 188 |
| Current service cost | 21 | 21 |
| Benefits paid | (29) | (16) |
| Interest cost | 16 | 13 |
| Actuarial losses/ (gains) arising from changes in assumptions | 16 | 22 |
| Closing balance | 252 | 228 |



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

| Particulars | (₹ in Crore) | |
|--|-----------------------------|-----------------------------|
| | Year ended 31 March 2023 | Year ended 31 March 2022 |
| Opening balance | 151 | 146 |
| Contributions received | 24 | 12 |
| Benefits paid | (25) | (16) |
| Re-measurement loss arising from return on plan assets | (2) | (1) |
| Interest income | 11 | 10 |
| Closing balance | 159 | 151 |

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

The actual return on plan assets was ₹ 9 Crore for the year ended 31 March 2023 and ₹ 9 Crore for the year ended 31 March 2022.

The weighted average duration of the defined benefit obligation is 14.03 years and 15.67 years as at 31 March 2023 and 31 March 2022 respectively.

The Company expects to contribute ₹ 17 Crore to the funded defined benefit plans in during the year ended 31 March 2024.

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.

| Increase/ (Decrease) in defined benefit obligation | (₹ in Crore) | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2023 | Year ended 31 March 2022 |
| Discount rate | | |
| Increase by 0.50% | (13) | (11) |
| Decrease by 0.50% | 13 | 11 |
| Expected rate of increase in compensation level of covered employees | | |
| Increase by 0.50% | 13 | 11 |
| Decrease by 0.50% | (13) | (11) |

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

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

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Risk analysis

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

Investment risk

The Gratuity plan is funded with the LIC and ICICI. The Company does not have any liberty to manage the fund provided to LIC and ICICI.

The present value of the defined benefit plan obligation is calculated using a discount rate determined by reference to Government of India bonds. If the return on plan asset is below this rate, it will create a plan deficit.

Interest risk

A decrease in the interest rate on plan assets will increase the net plan obligation.

Longevity risk / Life expectancy

The present value of the defined benefit plan obligation 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 obligation.

Salary growth risk

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

Code on Social Security, 2020

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

26 Employee benefits expense ^{a, b}

| Particulars | (₹ in Crore) | |
|--|-----------------------------|-----------------------------|
| | Year ended 31 March 2023 | Year ended 31 March 2022 |
| Salaries and Wages | 1,244 | 1,216 |
| Share based payments (Refer note 27) | 48 | 29 |
| Contributions to provident and other funds (Refer Note 25) | 97 | 88 |
| Staff welfare expenses | 106 | 90 |
| Less: Cost allocated/ directly booked in Joint ventures | (569) | (556) |
| Total | 926 | 867 |

a. Net of recoveries of ₹ 49 Crore (31 March 2022: ₹ 52 Crore) from subsidiaries.

b. Net of capitalisation of ₹ 34 Crore (31 March 2022: ₹ 35 Crore).



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27 Share based payments

The Company offers equity based and cash based option plans to its employees, officers and directors through the Company's stock option plan introduced in 2016 and Cairn India's stock option plan now administered by the Company pursuant to its merger with the Company.

The Vedanta Limited Employee Stock Option Scheme (ESOS) 2016

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

Options granted during the year ended 31 March 2023 and year ended 31 March 2022 includes business performance based, sustained individual performance based, management discretion and fatality multiplier based stock options. Business performances will be measured using Volume, Cost, Net Sales Realisation, EBITDA, Free Cash Flows, ESG and Carbon footprint or a combination of these for the respective business/ SBU entities.

The exercise price of the options is ₹ 1 per share and the performance period is three years, with no re-testing being allowed.

The details of share options for the year ended 31 March 2023 is presented below:

| Financial Year of Grant | Exercise Period | Options outstanding 01 April 2022 | Options granted during the year | Options transferred (to)/ from Parent/ fellow subsidiaries | Options forfeited/ lapsed during the year | Options exercised during the year | Options outstanding 31 March 2023 | Options exercisable 31 March 2023 |
|-------------------------|----------------------------------|-----------------------------------|---------------------------------|--|---|-----------------------------------|-----------------------------------|-----------------------------------|
| 2018-19 | 01 November 2021 - 30 April 2022 | 3,23,015 | - | - | - | 2,81,565 | 41,450 | 41,450* |
| 2019-20 | 29 November 2022 - 28 May 2023 | 1,14,81,718 | - | - | 61,53,328 | 41,76,303 | 11,52,087 | 11,52,087 |
| 2019-20 | Cash settled | 18,350 | - | - | 9,740 | 8,610 | - | - |
| 2020-21 | 06 November 2023 - 05 May 2024 | 1,08,07,521 | - | - | 24,81,770 | - | 83,25,751 | - |
| 2020-21 | Cash settled | 19,164 | - | - | 19,164 | - | - | - |
| 2021-22 | 01 November 2024 - 30 April 2025 | 1,13,04,599 | - | - | 17,83,209 | - | 95,21,390 | - |
| 2021-22 | Cash settled | 16,907 | - | - | 16,907 | - | - | - |
| 2022-23 | 01 November 2025 - 30 April 2026 | - | 1,44,37,268 | - | 9,10,824 | - | 1,35,26,444 | - |
| 2022-23 | Cash settled | - | 24,888 | - | - | - | 24,888 | - |
| | | 3,39,71,274 | 1,44,62,156 | - | 1,13,74,942 | 44,66,478 | 3,25,92,010 | 11,93,537 |

*Options for some employees could not be exercised within exercise period due to technical issues.

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The details of share options for the year ended 31 March 2022 is presented below:

| Financial Year of Grant | Exercise Period | Options outstanding 01 April 2021 | Options granted during the year | Options transferred (to)/ from Parent/ fellow subsidiaries | Options forfeited/ lapsed during the year | Options exercised during the year | Options outstanding 31 March 2022 | Options exercisable 31 March 2022 |
|-------------------------|--------------------------------------|-----------------------------------|---------------------------------|--|---|-----------------------------------|-----------------------------------|-----------------------------------|
| 2017-18 | 01 September 2020 - 28 February 2021 | 3,76,940 | - | - | 23,457 | 3,53,483 | - | - |
| 2018-19 | 01 November 2021 - 30 April 2022 | 99,12,240 | - | - | 69,06,444 | 26,82,781 | 3,23,015 | 3,23,015 |
| 2018-19 | Cash settled | 99,086 | - | - | - | 99,086 | - | - |
| 2019-20 | 29 November 2022 - 28 May 2023 | 1,35,72,278 | - | - | 20,90,560 | - | 1,14,81,718 | - |
| 2019-20 | Cash settled | 80,050 | - | - | 61,700 | - | 18,350 | - |
| 2020-21 | 06 November 2023 - 05 May 2024 | 1,27,11,112 | - | - | 19,03,591 | - | 1,08,07,521 | - |
| 2020-21 | Cash settled | 87,609 | - | - | 68,445 | - | 19,164 | - |
| 2021-22 | 01 November 2024 - 30 April 2025 | - | 1,20,83,636 | - | 7,79,037 | - | 1,13,04,599 | - |
| 2021-22 | Cash settled | - | 16,907 | - | - | - | 16,907 | - |
| | | 3,68,39,315 | 1,21,00,543 | - | 1,18,33,234 | 31,35,350 | 3,39,71,274 | 3,23,015 |

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

Business Performance-Based and Sustained Individual Performance-Based Options:

The fair values of stock options following these types of vesting conditions have been estimating using the Black-Scholes-Merton Option Pricing model. The value arrived at under this model has been then multiplied by the expected % vesting based on business performance conditions (only for business performance-based options) and the expected multiplier on account of sustained individual performance (for both type of options). The inputs used in the Black-Scholes-Merton Option Pricing model include the share price considered as of the valuation date, exercise price as per the scheme/ plan of the options, expected dividend yield (estimated based on actual/ expected dividend trend of the company), expected tenure (estimated as the remaining vesting period of the options), the risk-free rate (considered as the zero coupon yield as of the valuation date for a term commensurate with the expected tenure of the options) and expected volatility (estimated based on the historical volatility of the return in company's share prices for a term commensurate with the expected tenure of the options). The exercise period of 6 months post vesting period has not been considered as the options are expected to be exercised immediately post the completion of the vesting period.

Total Shareholder Returns-Based Options:

The fair values of stock options following this type of vesting condition has been estimated using the Monte Carlo Simulation method. This method has been used to simulate the expected share prices for Vedanta Limited and the companies of the comparator group over the vesting period of the options. Based on the simulated prices, the expected pay-off at the end of the vesting period has been estimated and present valued to the valuation date. Further, based on the simulated share prices and expected dividends the relative rank of Vedanta Limited's share price return has been estimated vis-à-vis the Indian and Global Group of the comparator group. This rank has been used to estimate expected % vesting of the options under this type of vesting condition. The inputs to the monte carlo simulation method include expected tenure (estimated as the remaining vesting period of the options), the risk-free rate (considered as the zero coupon yield as of the valuation date for a term commensurate with the expected tenure of the options), expected dividend yield (estimated based on the actual dividend trend of the companies), expected volatility (estimated based on the historical volatility of the return in the company's share prices for a term commensurate with the expected tenure of the options). The exercise period of 6 months post the vesting period has not been considered as the options are expected to be exercised immediately post the completion of the vesting period.



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The assumptions used in the calculations of the charge in respect of the ESOS options granted during the year ended 31 March 2023 and 31 March 2022 are set out below:

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|--|---|---|
| | ESOS 2022 | ESOS 2021 |
| Number of Options | Cash settled - 24,888 Equity settled - 1,44,37,268 | Cash settled - 16,907 Equity settled - 1,20,83,636 |
| Exercise Price | ₹ 1 | ₹ 1 |
| Share Price at the date of grant | ₹ 286.90 | ₹ 302.15 |
| Contractual Life | 3 years | 3 years |
| Expected Volatility | 50.95% | 49.67% |
| Expected option life | 3 years | 3 years |
| Expected dividends | 7.11% | 6.80% |
| Risk free interest rate | 7.07% | 5.02% |
| Expected annual forfeitures | 10% p.a | 10% p.a |
| Fair value per option granted (Non-market performance based) | ₹ 182.46 | ₹ 193.97 |

Weighted average share price at the date of exercise of stock options was ₹ 303.80 (31 March 2022: ₹ 339.32)

The weighted average remaining contractual life for the share options outstanding was 1.76 years (31 March 2022: 1.62 years).

The Company recognised total expenses of ₹ 85 Crore (31 March 2022: ₹ 43 Crore) related to equity settled share based payment transactions for the year ended 31 March 2023 out of which ₹ 33 Crore (31 March 2022: ₹ 15 Crore) was recovered from group companies. The total (reversal)/ charge recognised on account of cash settled share based plan during the year ended 31 March 2023 is ₹ (2) Crore (31 March 2022: ₹ 2 Crore) and the carrying value of cash settled share based compensation liability as at 31 March 2023 is ₹ 2 Crore (31 March 2022: ₹ 4 Crore).

Employee stock option plans of erstwhile Cairn India Limited:

The Company has provided CIESOP share based payment scheme to its employees.

CIESOP plan

There are no specific vesting conditions under CIESOP plan other than completion of the minimum service period of 3 years from the date of grant. Phantom options are exercisable proportionate to the period of service rendered by the employee subject to completion of one year. The exercise period is 7 years from the vesting date.

Details of employees stock option plans is presented below

| CIESOP Plan | Year ended 31 March 2023 | | Year ended 31 March 2022 | |
|---|--------------------------|--------------------------------------|--------------------------|--------------------------------------|
| | Number of options | Weighted average exercise price in ₹ | Number of options | Weighted average exercise price in ₹ |
| Outstanding at the beginning of the year | 10,37,641 | 286.85 | 33,15,174 | 287.31 |
| Granted during the year | Nil | NA | Nil | NA |
| Expired during the year | Nil | NA | Nil | NA |
| Exercised during the year | 2,66,914 | 286.85 | 4,83,085 | 286.85 |
| Forfeited/ cancelled during the year | 7,70,727 | 286.85 | 17,94,448 | 287.70 |
| Outstanding at the end of the year | - | - | 10,37,641 | 286.85 |
| Exercisable at the end of the year | - | - | 10,37,641 | 286.85 |

Weighted average share price at the date of exercise of stock options was ₹ 411.80 (31 March 2022: ₹ 375.89)

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| Scheme | Range of exercise price in ₹ | Weighted average remaining contractual life of options (in years) | Weighted average exercise price in ₹ |
|--|------------------------------|---|--------------------------------------|
| The details of exercise price for stock options outstanding as at 31 March 2023 are: | | | |
| CIESOP Plan | 286.85 | - | 286.85 |
| The details of exercise price for stock options outstanding as at 31 March 2022 are: | | | |
| CIESOP Plan | 286.85 | 0.31 | 286.85 |

Out of the total expense of ₹ 50 Crore (31 March 2022: ₹ 30 Crore) pertaining to above options for the year ended 31 March 2023, the Company has capitalised ₹ 2 Crore (31 March 2022: ₹ 1 Crore) expense for the year ended 31 March 2023.

28 Revenue from operations

| Particulars | ₹ in Crore) | |
|------------------|--------------------------|--------------------------|
| | Year ended 31 March 2023 | Year ended 31 March 2022 |
| Sale of products | 67,105 | 62,692 |
| Sale of services | 88 | 109 |
| Total | 67,193 | 62,801 |

- a) Revenue from sale of products and from sale of services for the year ended 31 March 2023 includes revenue from contracts with customers of ₹ 67,778 Crore (31 March 2022: ₹ 62,781 Crore) and a net loss on mark-to-market of ₹ 585 Crore (31 March 2022: gain of ₹ 20 Crore) on account of gains/ losses relating to sales that were provisionally priced as at the beginning of the year with the final price settled in the current year, gains/ losses relating to sales fully priced during the year, and marked to market gains/ losses relating to sales that were provisionally priced as at the end of the year.
- b) Majority of the Company's sales are against advance or are against letters of credit/ cash against documents/ guarantees of banks of national standing. Where sales are made on credit, the amount of consideration does not contain any significant financing component as payment terms are within three months. As per the terms of the contract with its customers, either all performance obligations are to be completed within one year from the date of such contracts or the Company has a right to receive consideration from its customers for all completed performance obligations. Accordingly, the Company has availed the practical expedient available under paragraph 121 of Ind AS 115 and dispensed with the additional disclosures with respect to performance obligations that remained unsatisfied (or partially unsatisfied) at the balance sheet date. Further, since the terms of the contracts directly identify the transaction price for each of the completed performance obligations there are no elements of transaction price which have not been included in the revenue recognised in the financial statements. Further, there is no material difference between the contract price and the revenue from contract with customers.

29 Other operating income

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|--------------------------|--------------------------|
| Export incentives | 194 | 244 |
| Scrap sales | 182 | 130 |
| Miscellaneous income (Refer Note 39(M)) | 511 | 102 |
| Total | 887 | 476 |



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30 Other Income

| Particulars | (₹ in Crore) | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2023 | Year ended 31 March 2022 |
| Net gain on investments measured at FVTPL | 44 | 1 |
| Net gain on sale of long term investments (Refer Note 39) | - | 16 |
| Interest income from financial assets at amortised cost | | |
| - Bank deposits | 103 | 78 |
| - Loans | 64 | 73 |
| - Others | 140 | 69 |
| Interest on income tax refund | 42 | - |
| Dividend income from | | |
| - financial assets at FVOCI | 0 | 1 |
| - investment in subsidiaries | 20,711 | 7,828 |
| Profit on sale of assets | - | 129 |
| Deferred government grant income | 81 | 78 |
| Miscellaneous income | 77 | 74 |
| Total | 21,262 | 8,347 |

31 Changes in inventories of finished goods and work-in-progress

| Particulars | (₹ in Crore) | |
|-----------------------------------|-----------------------------|-----------------------------|
| | Year ended 31 March 2023 | Year ended 31 March 2022 |
| Opening Stock: | | |
| Finished Goods | 385 | 548 |
| Work in progress | 3,018 | 1,681 |
| Total | 3,403 | 2,229 |
| Add: Foreign exchange translation | 17 | 2 |
| Less: Closing Stock | | |
| Finished Goods | 336 | 385 |
| Work in progress | 2,503 | 3,018 |
| Total | 2,839 | 3,403 |
| Changes in Inventory | 581 | (1,172) |

32 Finance Cost

| Particulars | (₹ in Crore) | |
|--|-----------------------------|-----------------------------|
| | Year ended 31 March 2023 | Year ended 31 March 2022 |
| Interest expense on financial liabilities at amortised cost ^a | 4,405 | 3,123 |
| Other finance costs | 276 | 265 |
| Net interest on defined benefit arrangement | 5 | 3 |
| Unwinding of discount on provisions (Refer note 23) | 30 | 24 |
| Less: Allocated to Joint venture | (1) | (2) |
| Less: Capitalisation of finance costs ^b (Refer note 5) | (331) | (267) |
| Total | 4,384 | 3,146 |

- a) Includes interest expense on lease liabilities for the year ended 31 March 2023 is ₹ 6 Crore (31 March 2022: ₹ 7 Crore).
- b) Interest rate of 6.75% (31 March 2022: 7.39%) was used to determine the amount of general borrowing costs eligible for capitalization in respect of qualifying asset for the year ended 31 March 2023.
- c) Interest expense on income taxes is ₹ 48 Crore (31 March 2022: ₹ NIL Crore).

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33 Other Expenses *

| Particulars | ₹ in Crore) | |
|--|-----------------------------|-----------------------------|
| | Year ended 31 March 2023 | Year ended 31 March 2022 |
| Cess on crude oil | 1,675 | 1,568 |
| Royalty | 335 | 375 |
| Consumption of stores and spare parts | 1,032 | 908 |
| Repairs to plant and equipment | 597 | 512 |
| Carriage | 1,342 | 1,359 |
| Mine expenses | 231 | 257 |
| Net loss on foreign currency transactions and translations | 352 | 134 |
| Repairs to building | 90 | 67 |
| Insurance | 110 | 98 |
| Repairs others | 93 | 88 |
| Loss on sale/ discard of property, plant and equipment (net) | 21 | - |
| Rent ^d | 18 | 17 |
| Rates and taxes | 13 | 8 |
| Exploration costs written off (Refer note 5) | 315 | - |
| Directors sitting fees and commission | 3 | 4 |
| Remuneration to auditors ^a | 9 | 11 |
| Provision for doubtful advances/ expected credit loss | 435 | 233 |
| Bad debts written off | 1 | 6 |
| Share of expenses in producing oil & gas | 1,884 | 1,472 |
| Donation ^b | 160 | 130 |
| Miscellaneous expenses ^c | 4,024 | 3,135 |
| Less: Cost allocated/directly booked in Joint ventures | (418) | (331) |
| Total | 12,322 | 10,051 |

* Net of recoveries of ₹ 66 Crore (31 March 2022: ₹ 79 Crore) from subsidiaries

(a) Remuneration to auditors comprises:

| Particulars | ₹ in Crore) | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2023 | Year ended 31 March 2022 |
| Payment to auditors | | |
| For statutory audit (including quarterly reviews) | 7 | 6 |
| For overseas reporting | 1 | 4 |
| For certification and other attest services | 0 | 0 |
| For other services | 1 | 1 |
| For reimbursement of expenses | 0 | 0 |
| Total | 9 | 11 |

(b) Includes contributions through electoral bonds of ₹ 155 Crore (31 March 2022: ₹ 123 Crore).

(c) Includes Corporate social responsibility expenses of ₹ 112 Crore (31 March 2022: ₹ 37 Crore) as detailed in note 41(a).

(d) Rent represents expense on short term/ low value leases.



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34 Exceptional Items

(₹ in Crore)

| Particulars | Year ended 31 March 2023 | | | Year ended 31 March 2022 | | |
|---|--------------------------|---------------------------------|-----------------------------|--------------------------|---------------------------------|-----------------------------|
| | Exceptional Items | Tax effect of exceptional items | Exceptional items after tax | Exceptional Items | Tax effect of exceptional items | Exceptional items after tax |
| Property, plant and equipment, exploration intangible assets under development, capital work-in-progress and other assets (impaired)/ reversal or (written off)/ written back in: | | | | | | |
| - Oil and Gas | | | | | | |
| 1) Exploration wells written off ^a | - | - | - | (1,412) | 493 | (919) |
| 2) Reversal of previously recorded impairment ^{b,c} | 910 | - | 910 | 1,370 | (479) | 891 |
| - Aluminium ^d | - | - | - | (125) | 44 | (81) |
| - Unallocated | | | | | | |
| 1) Reversal of previously recorded impairment on investments in BFL ^e | 780 | - | 780 | - | - | - |
| 2) Capital work-in-progress written off ^f | - | - | - | (24) | 8 | (16) |
| 3) Impairment reversal on investments in OCRPS ^g | 3,187 | | 3,187 | - | - | - |
| SAED on Oil and Gas sector ^h | (524) | 103 | (421) | - | - | - |
| Provision for legal disputes (including change in law), force majeure and similar incidences in: | | | | | | |
| - Copper ⁱ | - | - | - | (54) | 19 | (35) |
| - Aluminium ^j | - | - | - | (73) | 26 | (47) |
| Total | 4,353 | 103 | 4,456 | (318) | 111 | (207) |

- a. During the year ended 31 March 2022, based on the outcome of exploration and appraisal activities in its PSC block RJON-90/1 block and RSC blocks awarded under OALP (Open Acreage Licensing Policy), an amount of ₹ 1,412 Crore towards unsuccessful exploration cost had been charged off to the statement of profit and loss during the previous year, as these had proven to be either technically or commercially unviable.
- b. During the year ended 31 March 2023, the Board of Cairn India Holdings Limited ("CIHL"), a wholly owned subsidiary of the Company, approved the scheme of buyback upto US\$ 500 mn @ approximately US\$ 3.3 per share. Pursuant to the same, CIHL has bought back 10,24,69,151 shares for ₹ 2,665 Crore (US\$ 332 mn). Consequently, the Company has recorded a net gain of ₹ 910 Crore, on account of:
- Realised loss of ₹ 630 Crore on account of buy back of investment set off by reversal of previously recorded impairment of ₹ 813 Crore on investment bought back.
 - An earlier impairment charge of ₹ 727 Crore has been reversed during the year on remaining investment in CIHL.
- c. During the year ended 31 March 2022, the Company had recognized an impairment reversal of ₹ 1,370 Crore on its assets in the oil and gas segment comprising:
- Impairment reversal of ₹ 1,254 Crore relating to Rajasthan oil and gas block ("CGU") mainly due to increase in crude price forecast. Of this reversal, ₹ 850 Crore impairment reversal had been recorded against oil and gas producing facilities and ₹ 404 Crore impairment charge had been recorded against exploration intangible assets under development.

The recoverable amount of the Company's share in Rajasthan Oil and Gas cash generating unit "RJ CGU" was determined to be ₹ 5,406 Crore (US\$ 715 million) as at 31 March 2022.

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The recoverable amount of the RJ CGU was determined based on the fair value less costs of disposal approach, a level-3 valuation technique in the fair value hierarchy, as it more accurately reflects the recoverable amount based on the Company's view of the assumptions that would be used by a market participant. This was based on the cash flows expected to be generated by the projected oil and natural gas production profiles up to the expected dates of cessation of production sharing contract (PSC)/cessation of production from each producing field based on the current estimates of reserves and risked resources. Reserves assumptions for fair value less costs of disposal tests consider all reserves that a market participant would consider when valuing the asset, which are usually broader in scope than the reserves used in a value-in-use test. Discounted cash flow analysis used to calculate fair value less costs of disposal uses assumption for short-term oil price of US\$ 86 per barrel for the next one year (and tapers down to long-term nominal price of US\$ 68 per barrel three years thereafter derived from a consensus of various analyst recommendations. Thereafter, these have been escalated at a rate of 2% per annum. The cash flows are discounted using the post-tax nominal discount rate of 9.88% derived from the post-tax weighted average cost of capital after factoring in the risks ascribed to PSC extension including successful implementation of key growth projects. Based on the sensitivities carried out by the Company, change in crude price assumptions by US\$ 1/bbl and changes to discount rate by 1% would lead to a change in recoverable value by ₹ 102 Crore (US\$ 13 million) and ₹ 159 Crore (US\$ 21 million) respectively.

- ii. Impairment reversal of ₹ 116 Crore relating to KG-ONN-2003/1 CGU mainly due to increase in crude price forecast and increase in recoverable reserves.

The recoverable amount of the Company's share in this CGU was determined to be ₹ 208 Crore (US\$ 27 million) based on fair value less cost of disposal approach as described in above paragraph. Discounted cash flow analysis used to calculate fair value less costs of disposal uses assumption for short-term oil price of US\$ 86 per barrel for the next one year and tapers down to long-term nominal price of US\$ 68 per barrel three years thereafter derived from a consensus of various analyst recommendations. Thereafter, these have been escalated at a rate of 2% per annum. The cash flows are discounted using the post-tax nominal discount rate of 10.63%. The sensitivities around change in crude price assumptions and discount rate are not material to the financial statements.

- d. In relation to a mine in aluminium business of the Company, the Company had deposited ₹ 125 Crore with the Government of India. Thereafter, the MoEF&CC and the Supreme Court declared the mining project inoperable on environmental grounds. Later, in 2017, the mining license lapsed. Accordingly, the deposit was fully provided for during the previous year.
- e. During the year, the Company has recognised an impairment reversal of ₹ 780 Crore on its investments in Bloom Fountain Limited ("BFL"), a wholly owned subsidiary of the Company, mainly due to restart of commercial mining operations at Western Cluster Limited, Liberia ("WCL"), a wholly owned subsidiary of BFL.

During the current year, WCL has signed a Memorandum of Understanding with the Government of Liberia to restart its mining operations and commenced commercial production at its Bomi Mines from July 2022.

Consequently, the net recoverable value of assets and liabilities of WCL has been assessed at ₹ 891 Crore based on the value-in-use approach, using the Discounted Cash Flow Method, a level 3 valuation technique in the fair value hierarchy as it more accurately reflects the recoverable amount. The impairment assessment is based on a range of estimates and assumptions, including long-term selling price as per the consensus report, volumes based on the mine planning and concentrate plant setup and a post-tax nominal discount rate of 14.45%. Any subsequent changes to cash flows due to changes in the above-mentioned factors could impact the carrying value of the assets.

Based on the sensitivities carried out by the Company, a decrease in the long-term selling price by 1% would lead to a decrease in the recoverable value by ₹ 50 Crore and an increase in the discount rate by 1% would lead to a decrease in the recoverable value by ₹ 74 Crore.

- f. During the previous year ended 31 March 2022, the Company had recognised a loss of ₹ 24 Crore relating to certain items of capital work-in-progress at one of its closed unit in Gujarat, which were no longer expected to be used.



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- g. During the current year ended 31 March 2023, the Company has recognised an impairment reversal of ₹ 3,187 Crore on the investments in OCRPS ("Optionally Convertible Redeemable Preference Shares") of THL Zinc Ventures Limited ("THLZVL"), a wholly owned subsidiary of the Company.

Recoverable amount of the OCRPS has been determined based on the valuation of Zinc International business ("VZI") which is an indirect subsidiary of THLZVL. The recoverable amount of VZI has been determined based on the fair value less cost of disposal approach, using the discounted cash flow method ("DCF method"), a level 3 valuation technique in the fair value hierarchy. This is based on the cash generated by the extraction and sale of proved and probable reserves/ natural estimated resources which are yet to be exploited during the estimated predetermined life of mine ("LOM") after deducting costs of closure and rehabilitation after expiry of LOM. The cash flows are discounted using the post tax weighted average cost of capital ranging 8.40% to 10.44%. Based on the sensitivities carried out by the Company using the risk adjustment factor of 5%, the recoverable amount is higher than the carrying value, resulting in impairment reversal.

These investments has been reclassified from Non-current investments to current investments during the current year (Refer Note 6).

- h. The Government of India ("GoI") vide its notification dated 30 June 2022 levied Special Additional Excise Duty ("SAED") on production of crude oil, i.e., cess on windfall gain triggered by increase in crude oil prices which is effective from 01 July 2022. The consequential net impact of the said duty has been presented as an exceptional item.
- i. A provisional liquidator ('PL') was appointed to manage the affairs of Konkola Copper Mines plc (KCM) on 21 May 2019, after ZCCM Investments Holdings Plc (ZCCM-IH), an entity majority owned by the Government of Zambia and a 20.6% shareholder in KCM, filed a winding up petition against KCM. KCM's majority shareholder, Vedanta Resources Holdings Limited (VRHL), and its parent company, Vedanta Resources Limited (VRL), are contesting the winding up petition in the Zambian courts and have also commenced arbitration against ZCCM-IH, consistent with their position that arbitration is the agreed dispute resolution process, together with an application to the South African courts to stay the winding up proceedings consistent with the agreement to arbitrate.

Meanwhile, KCM has not been supplying goods to the Company and/ or its subsidiaries, which it was supposed to as per the terms of the advance. During the previous year, the Company recognised provisions for expected credit losses of ₹ 54 Crore. As of 31 March 2023, the Company carries provisions of ₹ 105 Crore (31 March 2022: ₹ 105 Crore). Consequently, receivables from KCM as at 31 March 2023 is ₹ Nil Crore (31 March 2022: ₹ Nil Crore).

- j. In December 2021, MoEF&CC notified guidelines for thermal power plants for disposal of fly ash and bottom ash produced during power generation process. Effective 01 April 2022, the notification introduced a three-year cycle to achieve average ash utilisation of 100 per cent. The first three-year cycle is extendable by another one year or two years where ash utilisation percentage is in the range of 60-80 per cent or less than 60 per cent, respectively. Further, unutilised accumulated ash, i.e., legacy fly ash stored with such power plants prior to the date of this notification is required to be utilized fully over a ten year period with minimum twenty percent, thirty percent and fifty percent utilisation of annual ash generation in year 1, year 2 and years 3-10 respectively. Such provisions are not applicable where ash pond or dyke has stabilised and the reclamation has taken place with greenbelt or plantation. The Company had performed detailed evaluations for its obligations under this notification and had recorded ₹ 73 Crore as an exceptional item for the year ended 31 March 2022, towards estimated costs of legacy fly ash utilization including reclamation costs.

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35 Tax expense

(a) Tax (benefit)/ charge recognised in profit or loss (including on exceptional items)

| | (₹ in Crore) | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2023 | Year ended 31 March 2022 |
| Current tax: | | |
| Current tax expense on profit for the year | 3,790 | 3,505 |
| Current tax benefit - exceptional items (Refer Note 34) | (50) | (281) |
| Total Current Tax (a) | 3,740 | 3,224 |
| Deferred tax: | | |
| Origination and reversal of temporary differences | (4,033) | (1,023) |
| (Benefit)/ Charge in respect of exceptional items (Refer Note 34) | (53) | 170 |
| Total Deferred Tax (b) | (4,086) | (853) |
| Net tax (benefit)/ charge (a+b) | (346) | 2,371 |
| Profit before tax | 27,010 | 19,616 |
| Effective income tax rate (%) | (1%) | 12% |

Tax expense

| | (₹ in Crore) | |
|----------------------------------|-----------------------------|-----------------------------|
| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
| Tax benefit on exceptional items | (103) | (111) |
| Tax (benefit)/ expense - others | (243) | 2,482 |
| Net tax (benefit)/ charge | (346) | 2,371 |

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

| | (₹ in Crore) | |
|---|-----------------------------|-----------------------------|
| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
| Profit before tax | 27,010 | 19,616 |
| Indian statutory income tax rate | 34.944% | 34.944% |
| Tax at statutory income tax rate | 9,438 | 6,855 |
| Non-taxable income | - | (4) |
| Deduction u/s 80M | (7,254) | (2,736) |
| Tax holidays | (355) | (1,702) |
| Unrecognised tax assets in respect of earlier years (net) | (1,707) | - |
| Change in deferred tax balances due to change in tax law | 16 | (71) |
| Capital gains/ Other income subject to lower tax rate* | (505) | - |
| Other permanent differences | 21 | 29 |
| Total | (346) | 2,371 |

*On account of dividend received from foreign subsidiary taxable at lower rate of 17.472%.

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

Sectoral Benefit - Power Plants

To encourage the establishment of certain power plants, provided certain conditions are met, tax incentives exist to exempt 100% of profits and gains for any ten consecutive years within the 15 years period following commencement of



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the power plant's operation subject to certain conditions under section 80IA of the Income tax Act, 1961. However, such undertakings generating power would continue to be subject to the MAT provisions.

The Company has set up 80IA operations at aluminium division and iron ore division where such benefit has been drawn.

(c) Deferred tax assets/ liabilities

The Company has accrued significant amounts of deferred tax. The majority of the deferred tax assets represents unused tax credit in the form of MAT credits carried forward, net of deferred tax liability representing accelerated tax relief for the depreciation of property, plant and equipment. Significant components of deferred tax (assets) and liabilities recognised in the balance sheet are as follows :

For the year ended 31 March 2023

(₹ in Crore)

| Significant components of Deferred tax (assets) and liabilities | Opening balance as at 01 April 2022 | Charged/ (credited) to statement of profit and loss | Charged/ (credited) to other comprehensive income | Exchange difference transferred to translation of foreign operation | Charged/ (credited) to equity | Closing balance as at 31 March 2023 |
|---|-------------------------------------|---|---|---|-------------------------------|-------------------------------------|
| Property, Plant and Equipment | 4,327 | 410 | - | (9) | - | 4,728 |
| Voluntary retirement scheme | 1 | - | - | - | - | 1 |
| Employee benefits | 8 | (4) | (6) | - | 7 | 5 |
| Fair valuation of derivative asset/ liability | (23) | - | (52) | - | - | (75) |
| Fair valuation of other asset/ liability | (36) | - | - | - | - | (36) |
| MAT credit entitlement | (4,839) | (4,345) | - | - | - | (9,184) |
| Other temporary differences | (556) | (147) | (31) | - | - | (734) |
| Total | (1,118) | (4,086) | (89) | (9) | 7 | (5,295) |

For the year ended 31 March 2022

(₹ in Crore)

| Significant components of Deferred tax (assets) and liabilities | Opening balance as at 01 April 2021 | Charged/ (credited) to statement of profit and loss | Charged/ (credited) to other comprehensive income | Exchange difference transferred to translation of foreign operation | Charged/ (credited) to equity | Closing balance as at 31 March 2022 |
|---|-------------------------------------|---|---|---|-------------------------------|-------------------------------------|
| Property, Plant and Equipment | 3,848 | 471 | - | 8 | - | 4,327 |
| Voluntary retirement scheme | - | 1 | - | - | - | 1 |
| Employee benefits | 15 | (9) | (8) | - | 10 | 8 |
| Fair valuation of derivative asset/liability | (23) | - | 0 | - | - | (23) |
| Fair valuation of other asset/liability | (36) | (0) | - | - | - | (36) |
| MAT credit entitlement | (3,701) | (1,122) | - | - | (16) | (4,839) |
| Other temporary differences | (436) | (194) | 74 | - | - | (556) |
| Total | (333) | (853) | 66 | 8 | (6) | (1,118) |

Recognition of deferred tax assets on MAT credit entitlement is based on the Company's present estimates and business plans as per which the same is expected to be utilised within the stipulated fifteen year period from the date of origination. (Refer Note 3(c)(A)(ii))

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(d) Non- current tax assets

Non- current tax assets of ₹ 1,311 Crore (31 March 2022: ₹ 1,800 Crore) mainly represents income tax receivable from Indian tax authorities by the Company relating to the refund arising consequent to the Scheme of Amalgamation & Arrangement made effective in August 2013 pursuant to approval by the jurisdiction High Court and receivables relating to matters in tax disputes including tax holiday claim.

36 Earnings per equity share (EPS)

| Particulars | (₹ in Crore, except otherwise stated) | |
|---|---------------------------------------|-----------------------------|
| | Year ended 31 March 2023 | Year ended 31 March 2022 |
| Profit after tax attributable to equity share holders for Basic and Diluted EPS | 27,356 | 17,245 |
| Weighted Average no. of equity shares outstanding during the year for Basic and Dilutive EPS (in Crore) | 372 | 372 |
| Basic and Diluted Earnings per share (in ₹) | 73.54 | 46.36 |
| Nominal value per share (in ₹) | 1.00 | 1.00 |

37 Dividends

| Particulars | (₹ in Crore) | |
|--|-----------------------------|-----------------------------|
| | Year ended 31 March 2023 | Year ended 31 March 2022 |
| Amounts recognised as distributions to equity shareholders: | | |
| Interim dividends: ₹101.50/- per share (31 March 2022: ₹ 45/- per share) | 37,658 | 16,689 |
| Refund of Dividend distribution tax | (86) | - |
| Total | 37,572 | 16,689 |

38 Commitments, contingencies and guarantees

A) Commitments

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

- Exploratory mining commitments;
- Oil & gas commitments;
- Mining commitments arising under production sharing agreements; and
- Completion of the construction of certain assets.

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

| Particulars | (₹ in Crore) | |
|-------------------------------|------------------------|------------------------|
| | As at 31 March 2023 | As at 31 March 2022 |
| Oil and Gas sector | | |
| Cairn | 750 | 1,211 |
| Aluminium sector | | |
| Lanjigarh Refinery (Phase II) | 2,439 | 2,861 |
| Jharsuguda 1.25 MTPA smelter | 1,266 | 1,577 |
| Copper sector | | |
| Tuticorin Smelter 400 KTPA* | 3,066 | 3,051 |
| Others | 721 | 929 |
| Total | 8,242 | 9,629 |

*currently contracts are under suspension under the force majeure clause as per the contract



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Committed work programme (Other than capital commitment)

| Particulars | (₹ in Crore) | |
|---------------------------------------|------------------------|------------------------|
| | As at 31 March 2023 | As at 31 March 2022 |
| Oil and Gas sector | | |
| Cairn (OALP - New Oil and Gas blocks) | 5,184 | 5,615 |

Other Commitments

- (i) The Power division of the Company has signed a long term power purchase agreement (PPA) with GRIDCO Limited for supply of 25% of power generated from the power station with additional right to purchase power (5%/7%) at variable cost as per the conditions referred to in PPA. The PPA has a tenure of twenty five years, expiring in FY 2037. The Company received favourable order from OERC dated 05 October 2021 for conversion of Independent Power Plant ("IPP") to Captive Power Plant ("CPP") w.e.f from 01 January 2022 subject to certain terms and conditions. However, OERC vide order dated 19 February 2022 directed the Company to supply power to GRIDCO from 19 February 2022 onwards. Thereafter, the Company has resumed supplying power to GRIDCO from 01 April 2022 as per GRIDCO's requisition. The OERC vide its order dated 03 May 2023 has reviewed its previous order dated 05 October 2021 and directed the Company to operate Unit 2 as an IPP. The Company is in process of filing an appeal against the said order.
- (ii) During the current year ended 31 March 2023, the Company has executed new Power Delivery Agreements ("PDA") with Serentica group companies (Serentica Renewables India 3 Private Limited, Serentica Renewables India 6 Private Limited and Serentica Renewables India 9 Private Limited), which are associates of Volcan, for procuring renewable power over twenty five years from date of commissioning of the combined renewable energy power projects ("the Projects") on a group captive basis. These Serentica group companies were incorporated for building the Projects of approximately 691 MW (31 March 2022: 180 MW). During the current year, the Company has invested ₹ 69 Crore in Optionally Convertible Redeemable Preference shares ("OCRPS") of ₹ 10 each, of Serentica group companies. These OCRPS will be converted into equity basis conversion terms of the PDA, resulting in the Company holding twenty six percent stake in its equity. As at 31 March 2023, total outstanding commitments related to PDA with Serentica group companies are ₹ 605 Crore (31 March 2022: ₹ 230 Crore).

B) Guarantees

The aggregate amount of indemnities and other guarantees on which the Company does not expect any material losses was ₹ 16,899 Crore (31 March 2022: ₹ 17,046 Crore). The Company has given guarantees in the normal course of business as stated below:

- Guarantees and bonds advanced to the customs authorities in India of ₹ 1,304 Crore relating to the export and payment of import duties on purchases of raw material and capital goods (31 March 2022: ₹ 470 Crore).
- Guarantees issued for the Company's share of minimum work programme commitments of ₹ 2,742 Crore (31 March 2022: ₹ 2,881 Crore).
- Guarantees of ₹ 65 Crore (31 March 2022: ₹ 61 Crore) issued under bid bond.
- Bank guarantees of ₹ 115 Crore (31 March 2022: ₹ 115 Crore) has been provided by the Company on behalf of Volcan Investments Limited to Income tax department, India as a collateral in respect of certain tax disputes.
- The Company has given corporate guarantees, bank guarantees and also assigned its bank limits to other group companies primarily in respect of certain short-term and long-term borrowings amounting to ₹ 9,603 Crore (31 March 2022: ₹ 11,631 Crore) (Refer Note 39).
- Other guarantees worth ₹ 3,070 Crore (31 March 2022: ₹ 1,888 Crore) issued for securing supplies of materials and services, in lieu of advances received from customers, litigation, for provisional valuation of custom duty and also to various agencies, suppliers and government authorities for various purposes. The Company does not anticipate any liability on these guarantees.

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C) Export Obligations

The Company has export obligations of ₹ 1,262 Crore (31 March 2022: ₹ 831 Crore) on account of concessional rates of import duty paid on capital goods under the Export Promotion Capital Goods Scheme and under the Advance Licence Scheme for the import of raw material laid down by the Government of India.

In the event of the Company's inability to meet its obligations, the Company's liability would be ₹ 307 Crore (31 March 2022: ₹ 192 Crore) reduced in proportion to actual exports, plus applicable interest.

The Company has given bonds of ₹ 367 Crore (31 March 2022: ₹ 224 Crore) to custom authorities against these export obligations.

D) Contingent Liabilities

The Company discloses the following legal and tax cases as contingent liabilities:

a) Ravva Joint Operations arbitration proceedings

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

The GOI then proceeded to challenge the ONGC Carry decision before the Malaysian courts, as Kuala Lumpur was the seat of the arbitration. The Federal Court of Malaysia upheld the Partial Award. As the Partial Award did not quantify the sums, therefore, contractor parties approached the same Arbitration Tribunal to pass a Final Award in the subject matter since it had retained the jurisdiction to do so. The Arbitral Tribunal was reconstituted and the Final Award was passed in October 2016 in the Company's favour. GOI's challenge of the Final Award has been dismissed by the Malaysian High Court and the next appellate court in Malaysia i.e. Malaysian Court of Appeal. GOI then filed an appeal at Federal Court of Malaysia. The matter was heard on 28 February 2019 and the Federal Court also dismissed GOI's leave to appeal. Company has also filed for the enforcement of the Partial Award and Final Award before the Hon'ble Delhi High Court. The matter is currently being heard.

While the Company does not believe the GOI will be successful in its challenge, if the Arbitral Awards in above matters are reversed and such reversals are binding, the Company would be liable for approximately ₹ 526 Crore (US\$ 64 million) plus interest (31 March 2022: ₹ 484 Crore (US\$ 64 million) plus interest).

b) Proceedings related to the imposition of entry tax

The Company challenged the constitutional validity of the local statutes and related notifications in the states of Odisha and Rajasthan pertaining to the levy of entry tax on the entry of goods brought into the respective states from outside. Post some contradictory orders of High Courts across India adjudicating on similar challenges, the Supreme Court referred the matters to a nine judge bench. Post a detailed hearing, although the bench rejected the compensatory nature of tax as a ground of challenge, it maintained status quo with respect to all other issues which have been left open for adjudication by regular benches hearing the matters.

Following the order of the nine judge bench, the regular bench of the Supreme Court heard the matters and remanded the entry tax matters relating to the issue of discrimination against domestic goods bought from other States to the respective High Courts for final determination but retained the issue of jurisdiction for levy on imported goods, for determination by the regular bench of the Supreme Court. Following the order of the Supreme Court, the Company filed writ petitions in respective High Courts.

On 09 October 2017, the Supreme Court has held that states have the jurisdiction to levy entry tax on imported goods. With this Supreme Court judgement, imported goods will rank pari-passu with domestic goods for the



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purpose of levy of Entry tax. The Company has amended its appeal (writ petitions) in Odisha to include imported goods as well.

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

The total claims against the Company (net of provisions made) are ₹ 774 Crore (31 March 2022: ₹ 774 Crore) including interest and penalty till the date of order. Further, interest and penalty if any, would be additional.

c) Miscellaneous disputes- Income tax

The Company is involved in various tax disputes amounting to ₹ 543 Crore (31 March 2022: ₹ 543 Crore) relating to income tax for the periods for which initial assessments have been completed. These mainly relate to the disallowance of tax holiday for 100% Export Oriented Undertaking under section 10B of the Income Tax Act, 1961, disallowance of tax holiday benefit on production of gas under section 80IB of the Income Tax Act, 1961, on account of depreciation disallowances under the Income Tax Act and interest thereon which are pending at various appellate levels.

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

d) Miscellaneous disputes- Others

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

The approximate value of claims (excluding the items as set out separately above) against the Company totals to ₹ 2,733 Crore (31 March 2022: ₹ 2,500 Crore).

Based on evaluations of the matters and legal advice obtained, the Company believes that it has strong merits in its favor. Accordingly, no provision is considered at this stage.

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

39 RELATED PARTY DISCLOSURES

List of related parties and relationships

A) Entities controlling the Company (Holding Companies)

Volcan Investments Limited

Volcan Investments Cyprus Limited

Intermediate Holding Companies

Vedanta Resources Limited

Finsider International Company Limited ^(a)

Richter Holdings Limited ^(a)

Twin Star Holdings Limited ^(a)

Vedanta Resources Cyprus Limited ^(a)

Vedanta Resources Finance Limited ^(a)

Vedanta Resources Holdings Limited ^(a)

Welter Trading Limited ^(a)

Westglobe Limited ^(a)

Vedanta Holdings Mauritius II Limited ^(a)

Vedanta Holdings Mauritius Limited ^(a)

Vedanta Holdings Jersey Limited ^(a)

Vedanta Netherlands Investments BV ^(a)

Vedanta UK Investments Limited ^(a)

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B) Fellow Subsidiaries (with whom transactions have taken place)

Sterlite Grid 16 Limited
Sterlite Iron and Steel Company Limited
Sterlite Power Transmission Limited
Sterlite Technologies Limited
STL Digital Limited
Twin Star Technologies Limited

C) Associates of ultimate parent (with whom transactions have taken place)

Serentica Renewables India 3 Private Limited ^(f)
Serentica Renewables India 6 Private Limited ^(f)
Serentica Renewables India 9 Private Limited ^(f)

D) Associates and Joint ventures (With whom transaction have taken place)

Gaurav Overseas Private Limited

E) Subsidiaries

Amica Guesthouse (Proprietary) Limited
Athena Chhattisgarh Power Limited ^(d)
AvanStrate Inc, Japan
AvanStrate Korea Inc, Korea
AvanStrate Taiwan Inc, Taiwan
Bharat Aluminium Company Limited
Black Mountain Mining (Proprietary) Limited
Bloom Fountain Limited
Cairn Energy Gujarat Block 1 Limited ^(b)
Cairn Energy Hydrocarbons Limited
Cairn India Holdings Limited
Cairn Lanka (Private) Limited
CIG Mauritius Private Limited ^(b)
CIG Mauritius Holdings Private Limited ^(b)
Copper Mines of Tasmania (Proprietary) Limited
Desai Cement Company Private Limited
ESL Steel Limited
Facor Realty and Infrastructure Limited ^(b)
Ferro Alloys Corporation Limited ^(e)
Facor Power Limited ^(e)
Fujairah Gold FZC
Goa Sea Port Private Limited ^(g)
Hindustan Zinc Alloys Private Limited
Hindustan Zinc Fertilisers Private Limited ^(c)
Hindustan Zinc Limited
Killoran Lisheen Mining Limited

Lakomasko BV ^(b)

Lisheen Milling Limited
Lisheen Mine Partnership
Malco Energy Limited
Maritime Ventures Private Limited ^(g)
Monte Cello BV
Namzinc (Proprietary) Limited
Paradip Multi Cargo Berth Private Limited ^(g)
Sesa Mining Corporation Limited ^(g)
Sesa Resources Limited
Skorpion Mining Company (Proprietary) Limited
Skorpion Zinc (Proprietary) Limited
Sterlite Ports Limited ^(g)
Talwandi Sabo Power Limited
Thalanga Copper Mines (Proprietary) Limited
THL Zinc Holding BV
THL Zinc Limited
THL Zinc Namibia Holdings (Proprietary) Limited
THL Zinc Ventures Limited
Vedanta Lisheen Holdings Limited
Vedanta Lisheen Mining Limited
Vedanta Zinc Football & Sports Foundation
Vizag General Cargo Berth Private Limited
Western Cluster Limited
Zinc India Foundation ^(e)

F) Post retirement benefit plans (with whom transactions have taken place)

Sesa Group Employees Provident Fund
Sesa Group Employees Gratuity Fund and Sesa Group Executives Gratuity Fund
Sesa Group Executives Superannuation Scheme Fund

G) Others (with whom transactions have taken place) Enterprises over which key management personnel/ their relatives have control or significant influence.

Anil Agarwal Foundation Trust
Cairn Foundation
Caitlyn India Private Limited
Janhit Electoral Trust
Radha Madhav Investments Private Limited
Runaya Refining LLP
Sesa Community Development Foundation
Vedanta Foundation
Vedanta Medical Research Foundation
Vedanta Limited ESOS Trust



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- a. These entities are subsidiary companies of VRL and VRL through its subsidiaries holds 68.11% in the Company.
- b. Liquidated during the current year.
- c. Incorporated during the current year.
- d. Acquired during the current year (Refer note 3(d)).
- e. Facor Power Limited ("FPL") merged into Ferro Alloys Corporation Limited ("FACOR"), effective 21 November 2022 (Refer Note 3(d)).
- f. During the current year, due to change in shareholding of the intermediate holding company of Serentica group companies, the relationship of Vedanta group with these companies has changed from fellow subsidiaries to associates of Volcan.
- g. Refer Note 41(c)

Ultimate Controlling party

Vedanta Limited is a majority-owned and controlled subsidiary of Vedanta Resources Limited ("VRL"). Volcan Investments Limited ("Volcan") and its wholly owned subsidiary together hold 100 % of the share capital and 100 % of the voting rights of VRL. Volcan is 100 % beneficially owned and controlled by the Anil Agarwal Discretionary Trust ("Trust"). Volcan Investments Limited, Volcan Investments Cyprus Limited and other intermediate holding companies except VRL do not produce Group financial statements.

- H) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

I) For the year ended 31 March 2023

(₹ in Crore)

| Particulars | Entities controlling the company/ Fellow Subsidiaries | Associates | Subsidiaries | Others | Total |
|--|---|------------|--------------|--------|--------|
| Income : | | | | | |
| (i) Revenue from operations | 1,602 | - | 1,432 | 6 | 3,040 |
| (ii) Other Income | | | | | |
| a) Interest and guarantee commission | 28 | - | 100 | - | 128 |
| b) Dividend income | 0 | - | 20,711 | - | 20,711 |
| c) Brand License and Strategic Service Fees ^M | - | - | 318 | - | 318 |
| d) Outsourcing service fees | 5 | - | - | - | 5 |
| e) Miscellaneous income | - | - | 0 | 1 | 1 |
| Expenditure and other transactions : | | | | | |
| (i) Purchase of goods/ services ^P | 11 | - | 656 | 72 | 739 |
| (ii) Stock options expenses/ (recovery) | - | - | 33 | - | 33 |
| (iii) Allocation of Corporate Expenses | - | - | 115 | - | 115 |
| (iv) Management and Brand Fees ^M | 1,701 | - | - | - | 1,701 |
| (v) Reimbursement for other expenses (net of recovery) | (2) | - | (75) | (2) | (79) |
| (vi) Corporate Social Responsibility expenditure/ Donation | - | - | - | 64 | 64 |

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(₹ in Crore)

| Particulars | Entities controlling the company/ Fellow Subsidiaries | Associates | Subsidiaries | Others | Total |
|---|---|------------|--------------|--------|---------|
| (vii) Contribution to Post retirement employee benefit trust | - | - | - | 8 | 8 |
| (viii) (Purchase)/ Sale of fixed assets | (18) | - | 14 | - | (4) |
| (ix) Dividend paid | | | | | |
| - To Holding companies | 26,170 | - | - | 0 | 26,170 |
| - To key management personnel and their relatives | - | - | - | 2 | 2 |
| - To Non executive directors and their relatives | - | - | - | 0 | 0 |
| (x) Commission/ Sitting Fees | | | | | |
| - To Non executive directors | - | - | - | 5 | 5 |
| - To other key management personnel | - | - | - | 0 | 0 |
| - To relatives of key management personnel | - | - | - | 0 | 0 |
| (xi) Interest and guarantee commission expense ^o | 157 | - | 46 | - | 203 |
| (xii) Miscellaneous expenses | - | - | 9 | - | 9 |
| Transactions during the year : | | | | | |
| (i) Financial guarantees given | - | - | 1,174 | - | 1,174 |
| (ii) Financial guarantees relinquished | - | - | (3,298) | - | (3,298) |
| (iii) Loans given during the year | - | - | 543 | - | 543 |
| (iv) Loans repaid during the year ^k | - | - | 431 | 125 | 556 |
| (v) Investments made during the year (refer note 38) | - | 1 | - | 69 | 70 |
| (vi) Buy back made by subsidiary during the year (refer note 34(b)) | - | - | 2,665 | - | 2,665 |
| (vii) Long term borrowings taken during the year | - | - | 1,084 | - | 1,084 |
| Balances as at year end : | | | | | |
| (i) Trade Receivables | 11 | - | 220 | - | 231 |
| (ii) Loans given ^o | - | - | 630 | 53 | 683 |
| (iii) Long term borrowings | - | - | 1,109 | - | 1,109 |
| (iv) Other receivables and advances (including brand fee prepaid) ^{M, o} | 1,488 | 9 | 1,139 | 33 | 2,669 |
| (v) Trade Payables | 21 | - | 33 | 15 | 69 |
| (vi) Other payables (including brand fee payable) ^{M, N} | 244 | - | 46 | 18 | 308 |
| (vii) Financial guarantee given | - | - | 9,541 | - | 9,541 |
| (viii) Banking Limits assigned/utilised to/for group companies ^L | 115 | - | 62 | - | 177 |
| (ix) Sitting fee, commission and consultancy fees payable | | | | | |
| - To Non executive directors | - | - | - | 3 | 3 |
| - To key management personnel | - | - | - | 0 | 0 |
| (x) Dividend payable | | | | | |
| - To Holding companies | 4,887 | - | - | 0 | 4,887 |
| - To key management personnel and their relatives | - | - | - | 1 | 1 |
| - To Non executive directors and their relatives | - | - | - | 0 | 0 |



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Remuneration of key management personnel

(₹ in Crore)

| Particulars | For the Year ended 31 March 2023 |
|------------------------------|-------------------------------------|
| Short-term employee benefits | 36 |
| Post employment benefits * | 1 |
| Share based payments | 4 |
| Total | 41 |

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

J) For the period ended 31 March 2022

(₹ in Crore)

| Particulars | Entities controlling the company/ Fellow Subsidiaries | Associates | Subsidiaries | Others | Total |
|--|--|------------|--------------|--------|---------------|
| Income : | | | | | |
| (i) Revenue from operations | 1,176 | - | 1,831 | 2 | 3,009 |
| (ii) Other Income | | | | | |
| a) Interest and guarantee commission | 11 | - | 103 | - | 114 |
| b) Dividend income | 1 | - | 7,828 | - | 7,829 |
| c) Outsourcing service fees | 4 | - | - | - | 4 |
| d) Miscellaneous income | - | - | 16 | 1 | 17 |
| Expenditure and other transactions : | | | | | |
| (i) Purchase of goods/ services | 75 | - | 682 | 46 | 803 |
| (ii) Stock options expenses/ (recovery) | - | - | (15) | - | (15) |
| (iii) Allocation of Corporate Expenses | - | - | 131 | - | 131 |
| (iv) Management and Brand Fees ^M | 1,294 | - | - | - | 1,294 |
| (v) Reimbursement for other expenses (net of recovery) | (0) | - | (45) | (0) | (45) |
| (vi) Corporate Social Responsibility expenditure/ Donation | - | - | - | 15 | 15 |
| (vii) Contribution to Post retirement employee benefit trust | - | - | - | 8 | 8 |
| (viii) Sale/ (Purchase) of fixed assets | - | - | (96) | - | (96) |
| (ix) Dividend paid | | | | | |
| - To Holding companies | 11,346 | - | - | 6 | 11,352 |
| - To key management personnel | - | - | - | 0 | 0 |
| - To relatives of key management personnel | - | - | - | 1 | 1 |
| (x) - To Non executive directors and their relatives | | | | | |
| - To Non executive directors | - | - | - | 4 | 4 |
| - To other key management personnel | - | - | - | 1 | 1 |
| (xi) Interest and guarantee commission expense ^Q | 127 | - | 51 | - | 178 |
| (xii) Miscellaneous expenses | - | - | 7 | - | 7 |
| Transactions during the year : | | | | | |
| (i) Financial guarantees given | - | - | 5,106 | - | 5,106 |
| (ii) Financial guarantees relinquished | 1 | - | 4,524 | - | 4,525 |
| (iii) Loans given during the year | 0 | - | 383 | - | 383 |
| (iv) Loans repaid during the year ^K | - | - | 567 | 99 | 666 |
| (v) Investments made/ (redeemed) during the year | - | 0 | (0) | - | 0 |
| (vi) Short-term borrowings taken/ (repaid) during the year | - | - | (200) | - | (200) |

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(₹ in Crore)

| Particulars | Entities controlling the company/ Fellow Subsidiaries | Associates | Subsidiaries | Others | Total |
|--|---|------------|--------------|--------|---------------|
| Balances as at year end : | | | | | |
| (i) Trade Receivables | 10 | - | 27 | - | 37 |
| (ii) Loans given ^o | - | - | 518 | 178 | 696 |
| (iii) Other receivables and advances (including brand fee prepaid) ^{M, o} | 145 | 9 | 224 | 2 | 380 |
| (iv) Trade Payables | 48 | - | 9 | 17 | 74 |
| (v) Other payables | 123 | - | 34 | 20 | 177 |
| (vi) Financial guarantee given | - | - | 11,569 | - | 11,569 |
| (vii) Banking Limits assigned/utilised to/for group companies ^L | 115 | - | 62 | - | 177 |
| (viii) Sitting fee, commission and consultancy fees payable | | | | | |
| - To Independent directors | - | - | - | 3 | 3 |
| - To key management personnel | - | - | - | 0 | 0 |

Remuneration of key management personnel

(₹ in Crore)

| Particulars | For the Year ended 31 March 2022 |
|------------------------------|----------------------------------|
| Short-term employee benefits | 34 |
| Post employment benefits * | 1 |
| Share based payments | 1 |
| Total | 36 |

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

- K)** The Company reduced its loan receivable from Vedanta Limited ESOS Trust by ₹ 125 Crore (31 March 2022: ₹ 99 Crore) on exercise of stock options by employees.
- L)** Bank guarantee given by the Company on behalf of Volcan Investments Limited in favour of Income Tax department, India as collateral in respect of certain tax disputes of Volcan Investments Limited.
- M)** The Company has a Brand license and strategic service fee agreement ("the Agreement") with Vedanta Resources Limited ("VRL") for the use of brand 'Vedanta' and providing strategic services which envisaged payment to VRL at 2% of turnover of the Company. During the previous year, the Agreement was extended for a further period of fifteen years. The Company has recorded an expense of ₹ 1,344 Crore (31 March 2022: ₹ 1,236 Crore) for the year ended 31 March 2023. Further, during the current year, based on updated benchmarking analysis conducted by independent experts, the brand license and strategic service fee has been re-negotiated at 3% of the turnover of the Company with effect from 01 April 2023. The Company generally pays such fee in advance, based on its estimated annual turnover. During the current year, the Company executed a sub-licensing agreement for its existing Brand License and Strategic Services Fee agreement with VRL consequent to which it has sub-licensed the brand license and strategic services to its subsidiary HZL with effect from 01 October 2022. Based on independent benchmarking analysis, an annual fee of 2% of HZL's annual consolidated turnover has been agreed, of which 1.70% would be passed on as a sub-licensing fee to VRL. Consequently, the Company has recognised an income of ₹ 318 Crore and an expense of ₹ 270 Crore for the year ended 31 March 2023.
- N)** During the year ended 31 March 2021, the Directorate General of Foreign Trade ("DGFT") has issued scrips worth ₹ 216 Crore to the Company under the Target Plus Scheme ("TPS") that must be utilised by February 2023. Out of these, scrips amounting to ₹ 48 Crore and ₹ 3 Crore has been allocated to HZL and BALCO, respectively and corresponding



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liabilities to HZL and BALCO has been recorded in the books of the Company. As at 31 March 2023, scrips of ₹ 28 Crore and ₹ 3 Crore are yet to be utilised with respect to HZL and BALCO, respectively. As the TPS license has expired, the Company has created a provision against these scrips and written back its payable to HZL and BALCO.

- O) During the current year ended 31 March 2023, the Company has renewed loan provided to Sterlite Iron and Steel Company Limited for a further period of 12 months. The loan balance as at 31 March 2023 is ₹ 5 Crore (31 March 2022: ₹ 5 Crore). The loan is unsecured in nature and carries an interest rate of 11.13% per annum. The loan including accrued interest thereon have been fully provided for in the books of the Company.
- P) During the current year ended 31 March 2023, the Company executed an agency contract with VRL pursuant to which, the Company procured calcined alumina amounting to ₹ 735 Crore on which an agency commission of ₹ 4 Crore was paid to VRL.
- Q) Vedanta Resources Limited ("VRL"), as a parent company, has provided financial and performance guarantee to the Government of India for erstwhile Cairn India group's ("Cairn") obligations under the Production Sharing Contract ('PSC') provided for onshore block RJ-ON-90/1, for making available financial resources equivalent to Cairn's share for its obligations under the PSC, personnel and technical services in accordance with industry practices and any other resources in case Cairn is unable to fulfil its obligations under the PSC.

Similarly, VRL has also provided financial and performance guarantee to the Government of India for the Company's obligations under the Revenue Sharing Contract ("RSC") in respect of 51 Blocks awarded under the Open Acreage Licensing Policy ("OALP") by the Government of India.

As a consideration for the guarantee with respect to the PSC, the Company pays an annual charge of 1.2% of net exploration and development spend, subject to a minimum annual fee of ₹ 41 Crore (US\$ 5 million), in ratio of participating interests held equally by the Company and its step-down subsidiary, Cairn Energy Hydrocarbons Ltd ("CEHL"). As regards the RSC, the Company paid a one-time charge of ₹ 183 crore (US\$ 25 million), i.e., 2.5% of the total estimated cost of initial exploration phase of approx. ₹ 7,330 Crore (US\$ 1 billion), in the year ended 31 March 2021, and pays an annual charge of 1% of spend, subject to a minimum fee of ₹ 80 Crore (US\$ 10 million) and maximum fee of ₹ 160 Crore (US\$ 20 million) per annum.

Accordingly, the Company has recorded a guarantee commission expense of ₹ 157 Crore (US\$ 20 million) (31 March 2022: ₹ 127 Crore (US\$ 17 million)) for the year ended 31 March 2023 and ₹ 75 Crore (US\$ 9 million) (31 March 2022: ₹ 126 Crore (US\$ 17 million)) is outstanding as a pre-payment as at 31 March 2023.

40 Subsequent events

There are no other material adjusting or non-adjusting subsequent events, except as already disclosed.

- 41 (a) The Company has incurred gross amount of ₹ 227 Crore (31 March 2022: ₹ 138 Crore) towards Corporate Social Responsibility (CSR) as per Section 135 of the Companies Act, 2013:

| Particulars | (₹ in Crore) | | | |
|--|--------------------------|------------------------|--------------------------|------------------------|
| | Year ended 31 March 2023 | | Year ended 31 March 2022 | |
| | In- Cash | Yet to be Paid in Cash | In- Cash | Yet to be Paid in Cash |
| (a) Gross amount required to be spend by the Company during the year | 112 | | 37 | |
| (b) Amount approved by the Board to be spent during the year | 142 | | 138 | |
| (c) Amount spent on: * | | | | |
| i) Construction/acquisition of assets | - | - | - | - |
| ii) On purposes other than (i) above (for CSR projects) | 94 | 32 | 126 | 12 |
| Total | 94 | 32 | 126 | 12 |

* includes ₹ 64 Crore (31 March 2022: ₹ 15 Crore) paid to related party (Refer note 39)

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Amount of expense excess spent

| Particulars | (₹ in Crore) | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2023 | Year ended 31 March 2022 |
| Opening Balance | 101 | - |
| Amount spent during the year | 126 | 138 |
| Amount required to be spent during the year | (112) | (37) |
| Closing Balance* | 115 | 101 |

*Excess spent at the end of the year is recognised as asset in the balance sheet which is proposed to be offset against future spend obligations

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

| Particulars | (₹ in Crore) | |
|--------------------------------|-----------------------------|-----------------------------|
| | Year ended 31 March 2023 | Year ended 31 March 2022 |
| Opening Balance | 12 | 18 |
| Provision made during the year | 126 | 138 |
| Payments made during the year | (106) | (144) |
| Closing Balance | 32 | 12 |

Nature of CSR Expenses

| Particulars | (₹ in Crore) | |
|-------------------------------------|-----------------------------|-----------------------------|
| | Year ended 31 March 2023 | Year ended 31 March 2022 |
| Health and sanitation | 19 | 14 |
| Infrastructure development | 55 | 7 |
| Education sports and culture | 33 | 17 |
| Covid support and others | 19 | 100 |
| Utilisation of opening excess spent | 101 | - |
| Total | 227 | 138 |

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

| Particulars | (₹ in Crore) | |
|--|-----------------------------|-----------------------------|
| | Year ended 31 March 2023 | Year ended 31 March 2022 |
| (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year | 203 | 186 |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year | 15 | 9 |
| (iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day | - | - |
| (iv) The amount of interest due and payable for the year | - | - |
| (v) The amount of interest accrued and remaining unpaid at the end of the accounting year | - | - |
| (vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | - | - |



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(c) Loans and Advance(s) in the nature of Loan (Regulations 34 (3) and 53 (f) read together with Para A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements), 2015 and Section 186(4) of the Companies Act, 2013):

(₹ in Crore)

| Name of the Company | Relationship | Balance as at 31 March 2023 | Maximum Amount Outstanding during the year | Balance as at 31 March 2022 |
|---|------------------------------|-----------------------------|--|-----------------------------|
| Sesa Resources Limited ("SRL") | Wholly owned Subsidiary | - | 85 | 74 |
| Sterlite Ports Limited ("SPL") ² | Wholly owned Subsidiary | - | 4 | 4 |
| Sesa Mining Corporation Limited (SMCL) ² | Wholly owned Subsidiary | 8 | 27 | 20 |
| ESL Steel Limited ("ESL") | Subsidiary | 132 | 258 | 158 |
| Talwandi Sabo Power Limited ("TSPL") | Wholly owned Subsidiary | - | 75 | 75 |
| Ferro Alloys Corporation Limited | Subsidiary (Refer Note 3(d)) | 22 | 22 | 22 |
| Malco Energy Limited | Wholly owned Subsidiary | 449 | 455 | 147 |
| Vizag General Cargo Berth Private Limited ("VGCB") | Wholly owned Subsidiary | 19 | 19 | 19 |
| Paradip Multi Cargo Berth Private Limited ("PMCB") ² | Wholly owned Subsidiary | - | 0 | 0 |

- None of the loanee have made, per se, investment in the shares of the Company.
- The Mumbai NCLT and Chennai NCLT has passed orders dated 06 June 2022 and 22 March 2023 respectively sanctioning the scheme of amalgamation of SPL, PMCB, Maritime Ventures Private Limited ("MVPL"), Goa Sea Port Private Limited ("GSPL"), wholly owned subsidiaries/step down subsidiaries of SRL, with SMCL. Statutory filing with MCA is in progress.

Pre merger, investments made by SPL in MVPL - 10,000 equity shares and GSPL - 50,000 equity shares
Investments made by SRL in SMCL - 11,50,000 equity shares, Goa Maritime Private Limited - 5,000 Shares, SPL - 2,50,000 shares and PMCB - 10,000 shares

Investment made by SMCL in Desai Cement Company Private Limited - 18,52,646 shares
- The above loans have been given for business purpose.
- Details of investments made and guarantees provided are given in Note 6 and Note 38B, respectively.

- (d)** The Company does not have any material transactions with companies struck off as per the Companies Act, 2013.
- (e)** The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (f)** The Company has not been declared wilful defaulter by any bank or financial institution or other lender.
- (g)** The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (h)** The Company has not traded or invested in Crypto currency or Virtual currency during the financial year.
- (i)** The Company has no any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

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42 Financial ratios are as follows:

| Ratio | As at 31 March 2023 | As at 31 March 2022 | % Variance |
|---|------------------------|------------------------|------------|
| 1 Current Ratio (in times) | 0.68 | 0.80 | -15% |
| 2 Debt-Equity Ratio (in times) ^a | 0.62 | 0.47 | 31% |
| 3 Debt Service Coverage Ratio (in times) ^b | 2.76 | 1.93 | 43% |
| 4 Return on Equity Ratio (%) ^c | 31% | 23% | 38% |
| 5 Inventory turnover Ratio (in times) | 6.92 | 6.41 | 8% |
| 6 Trade Receivables turnover Ratio (in times) | 22.90 | 22.42 | 2% |
| 7 Trade payables turnover Ratio (in times) | 10.33 | 10.35 | 0% |
| 8 Net capital turnover Ratio (in times) | * | * | * |
| 9 Net profit Ratio (%) | 34% | 28% | 20% |
| 10 Return on Capital employed (%) ^d | 6% | 14% | -57% |
| 11 Return on investment (%) ^e | 3.71% | 0.06% | 6041% |

*Net working capital is negative

Formulae for computation of ratios is as follows:

| Ratio | Formula |
|---|--|
| 1 Current Ratio (in times) | Current Assets/ Current Liabilities (excluding current maturities of long-term borrowing) |
| 2 Debt-Equity Ratio (in times) | Gross Debt/ Total Equity |
| 3 Debt Service Coverage Ratio (in times) | Income available for debt service/ (interest expense and principal payments of long term loans), where income available for debt service = Profit before exceptional items and tax + Depreciation, depletion and amortization expense + Interest expense |
| 4 Return on Equity Ratio (%) | Net Profit after tax before exceptional items (net of tax)/ Average Equity |
| 5 Inventory turnover Ratio (in times) | Revenue from operations less EBITDA/ Average Inventory |
| 6 Trade Receivables turnover Ratio (in times) | Revenue from operations/ Average Trade Receivables |
| 7 Trade payables turnover Ratio (in times) | Total Purchases/ Average Trade Payables |
| 8 Net capital turnover Ratio (in times) | Revenue from operations/ Working capital (WC), where WC = Current Assets - Current Liabilities (excluding current maturities of long-term borrowing) |
| 9 Net profit Ratio (%) | Net Profit after tax before exceptional items (net of tax)/ Revenue from operations |
| 10 Return on Capital employed (in times) | Earnings before interest and tax/ Average Capital Employed, where capital employed = Net Debt + Total Equity |
| 11 Return on investment (%) | Income from investments carried at FVTPL/ Average current investments |

Notes:

- The Debt Equity ratio has increased due to increase in debt during the current year.
- The Debt Service Coverage Ratio has increased due to increase in net profits during the current year.
- The Return on Equity Ratio has increased due to increase in net profits during the current year.
- The Return on Capital employed has decreased due to decrease in earnings from operations during the current year.
- The Return on investment has increased as there has been increase in current investments during the year.



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43 Oil & gas reserves and resources

The Company's gross reserve estimates are updated at least annually based on the forecast of production profiles, determined on an asset-by-asset basis, using appropriate petroleum engineering techniques. The estimates of reserves and resources have been derived in accordance with the Society for Petroleum Engineers "Petroleum Resources Management System (2018)". The changes to the reserves are generally on account of future development projects, application of technologies such as enhanced oil recovery techniques and true up of the estimates. The management's internal estimates of hydrocarbon reserves and resources at the year end, are as follows:

| Particulars | Country | Gross proved and probable hydrocarbons initially in place | | Gross proved and probable reserves and resources | | Net working interest proved and probable reserves and resources | |
|------------------|---------|---|---------------------|--|---------------------|---|---------------------|
| | | (mmboe) | | (mmboe) | | (mmboe) | |
| | | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 |
| Rajasthan Fields | India | 4,806 | 5,910 | 933 | 1,006 | 327 | 352 |
| Ravva Fields | India | 704 | 704 | 18 | 23 | 4 | 5 |
| KG-ONN fields | India | 292 | 292 | 36 | 36 | 20 | 20 |
| CBOS/2 Fields | India | 298 | 298 | 22 | 25 | 9 | 10 |
| Other fields | India | 561 | 535 | 146 | 61 | 146 | 62 |
| Total | | 6,661 | 7,739 | 1,155 | 1,151 | 506 | 449 |

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

| Particulars | Proved and probable reserves | | Proved and probable reserves (developed) | |
|--|------------------------------|------------|--|------------|
| | Oil (mmstb) | Gas (bscf) | Oil (mmstb) | Gas (bscf) |
| Reserves as of 31 March 2021* | 134 | 133 | 84 | 87 |
| Revisions/ additions during the year | (8) | (8) | 2 | (3) |
| Production during the year | (18) | (19) | (17) | (20) |
| Reserves as of 31 March 2022** | 108 | 106 | 69 | 64 |
| Revisions/ additions during the year | (5) | 7 | 9 | 16 |
| Production during the year | (15) | (19) | (15) | (19) |
| Reserves as of 31 March 2023*** | 88 | 94 | 63 | 61 |

* Includes probable oil reserves of 56.83 mmstb (of which 12.80 mmstb is developed) and probable gas reserves of 65.39 bscf (of which 27.22 bscf is developed)

** Includes probable oil reserves of 40.86 mmstb (of which 9.82 mmstb is developed) and probable gas reserves of 45.90 bscf (of which 14.15 bscf is developed)

*** Includes probable oil reserves of 29.91 mmstb (of which 10.59 mmstb is developed) and probable gas reserves of 33.40 bscf (of which 11.01 bscf is developed)

mmboe = million barrels of oil equivalent

mmstb = million stock tank barrels

bscf = billion standard cubic feet

1 million metric tonnes = 7.4 mmstb

1 standard cubic meter = 35.315 standard cubic feet

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44 Other matters

- a) The Company purchases bauxite under long term linkage arrangement with Orissa Mining Corporation Ltd (hereafter referred as "OMC") at provisional price of ₹ 1,000/MT from October 2020 onwards based on interim order dated 08 October 2020 of the Hon'ble High Court of Odisha, which is subject to final outcome of the writ petition filed by the Company.

The last successful e-auction based price discovery was done by OMC in April 2019 at ₹ 673/MT and supplied bauxite at this rate from September 2019 to September 2020 against an undertaking furnished by the Company to compensate any differential price discovered through future successful national e-auctions. Though OMC conducted the next e-auction on 31 August 2020 with floor price of ₹ 1,707/MT determined on the basis of Rule 45 of Minerals Concession Rules, 2016 (hereafter referred as the 'Rules'), no bidder participated at that floor price and hence the auction was not successful. However, OMC raised demand of ₹ 281 Crore on the Company towards differential pricing and interest for bauxite supplied till September 2020 considering the auction base price of ₹ 1,707/MT.

The Company had then filed a writ petition before Hon'ble High Court of Odisha in September 2020, which issued an interim Order dated 08 October 2020 directing that the petitioner shall be permitted to lift the quantity of bauxite mutually agreed on payment of ₹ 1,000/MT and furnishing an undertaking for the differential amount, subject to final outcome of the writ petition.

OMC re-conducted e-auction on 09 March 2021 with floor price of ₹ 2,011/MT, which again was not successful. On 18 March 2021, Cuttack HC issued an order that the current arrangement of bauxite price @ ₹ 1000/MT will continue for the FY 2021-22. Further, on 06 April 2022, the honourable Cuttack HC directed that the current arrangement will continue for the FY 2022-23 also.

Supported by legal opinions, management believes that the provisions of Rule 45 of the Rules are not applicable to commercial sale of bauxite ore and hence, it is not probable that the Company will have any financial obligation towards the aforesaid commitments over and above the price of ₹ 673/MT discovered vide last successful e-auction.

However, as an abundant precaution, the Company has recognised purchase of Bauxite from September 2019 onwards at the aforesaid rate of ₹ 1,000/MT.

- (b) The Ministry of Environment, Forest and Climate Change ("MOEF&CC") has revised emission norms for coal-based power plants in India. Accordingly, both captive and independent coal-based power plants in India are required to comply with these revised norms for reduction of sulphur oxide (SO_x) emissions for which the current plant infrastructure is to be modified or new equipments have to be installed. The Company is required to comply with the norms by 31 December 2026 via MoEF&CC's notification dated 05 September 2022.
- (c) On 26 October 2018, the Government of India (GoI), acting through the Directorate General of Hydrocarbons (DGH) granted its approval for a ten-year extension of the Production Sharing Contract (PSC) for the Rajasthan Block (RJ), with effect from 15 May 2020 subject to certain conditions and pay additional 10% profit petroleum. Pending the outcome of arbitration and petition filed with Supreme court on applicability of policy, MoPNG vide letter dated 21 October 2022 has conveyed the grant of approval of extension of PSC for 10 years from 15 May 2020 to 14 May 2030 and the PSC addendum has been executed by the parties on 27 October 2022.

DGH, in September 2022, has trued up the earlier demand raised till 31 March 2018 up to 14 May 2020 for Government's additional share of Profit oil based on its computation of disallowance of cost incurred over retrospective re-allocation of certain common costs between Development Areas (DAs) of Rajasthan Block and certain other matters aggregating to ₹ 9,545 Crore (US\$ 1,162 million) applicable interest thereon representing share of the Company and its subsidiary.



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The Company has disputed the aforesaid demand and the other audit exceptions, notified till date, as in the Company's view the audit notings are not in accordance with the PSC and are entirely unsustainable. Further, as per PSC provisions, disputed notings do not prevail and accordingly do not result in creation of any liability. The Company believes it has reasonable grounds to defend itself which are supported by independent legal opinions. In accordance with PSC terms, the Company had commenced arbitration proceedings. The final hearing and arguments were concluded in September 2022. Post hearing briefs was filed by both the parties and award is awaited.

For reasons aforesaid, the Company is not expecting any material liability to devolve on account of these matters.

See accompanying notes to the financial statements

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

per **Vikas Pansari**

Partner

Membership No:093649

Place: Mumbai

Date: 12 May 2023

For and on behalf of the Board of Directors

Navin Agarwal

Executive Vice-Chairman and

Whole-Time Director

DIN 00006303

Place: Mumbai

Date: 12 May 2023

Sunil Duggal

Whole-Time Director and Group

Chief Executive Officer

DIN 07291685

Perna Halwasiya

Company Secretary and Compliance Officer

ICSI Membership No. A20856