NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

1. PRESENTATION OF FINANCIAL STATEMENTS

GENERAL INFORMATION

Vedanta Resources plc ('Company' or 'VRplc') is a company incorporated and domiciled in the United Kingdom and is a London listed diversified global natural resources major. The group produces aluminium, copper, zinc, lead, silver, iron ore, oil & gas and commercial energy. Vedanta has operations in India, Zambia, Namibia, South Africa, Ireland, Liberia, UAE and Australia. These financial statements are presented in US dollars being the functional currency of the Company and all values are rounded to one decimal of the nearest million except where otherwise indicated.

COMPLIANCE WITH APPLICABLE LAW AND IFRS

The financial statements have been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under International Financial Reporting Standards (IFRS), Article 4 of the IAS Regulation and IFRS as adopted by the European Union and related interpretations.

BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments, available-for-sale financial assets, liquid investments and defined benefit pension obligations that have been measured at fair value as per the principles of Fair value measurement under IFRS 13 or IAS 19, as applicable.

The following Standards have been issued but are not yet effective up to the date of authorisation of these financial statements (and in some cases had not yet been adopted by EU):

Amendments resulting from Annual Improvements 2014-2016 Cycle: The amendments are effective for annual periods beginning on or after 1 January 2018, although entities are permitted to apply them earlier.

IAS 7 Statement of Cash Flows: Narrow-scope amendments: The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The Group will be required to provide information on movements in gross liabilities arising from financing activities in addition to the net debt reconciliation currently provided. The amendments are effective for annual periods beginning on or after 1 January 2017, although entities are permitted to apply them earlier.

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses. These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments are effective for annual periods beginning on or after 1 January 2017, although entities are permitted to apply them earlier.

IFRIC 22: Foreign Currency Transactions and Advance Consideration: not yet endorsed by the EU : The Interpretation, which was issued on 8 December 2016, addresses how to determine the date of a transaction for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income (or part of it) when a related non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency is derecognised. The amendments are effective for annual periods beginning on or after 1 January 2018, although entities are permitted to apply them earlier.

IAS 40 Investment Property: Paragraph 57 has been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The list of evidence in paragraph 57(a) – (d) was designated as non-exhaustive list of examples instead of the previous exhaustive list. The amendments are effective for periods beginning on or after 1 January 2018. Earlier application is permitted.

IFRS 2 Share-based Payment: Few amendments to clarify the classification and measurement of share-based payment transactions have been issued. The amendments are effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The amendments are to be applied prospectively. However, retrospective application is allowed if this is possible without the use of hindsight.

IFRS 4 Insurance Contracts: Amendments regarding the interaction of IFRS 4 and IFRS 9 has been issued. An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 January 2018.

IFRS 9 – FINANCIAL INSTRUMENTS

In July 2014,the International Accounting Standards Board issued the final version of IFRS 9, Financial Instruments. The standard reduces the complexity of the current rules on financial instruments as mandated in IAS 39. IFRS 9 has fewer classification and measurement categories as compared to IAS 39 and has eliminated the categories of held to maturity, available for sale and loans and receivables. Further it eliminates the rule based requirement of segregating embedded derivatives and tainting rules pertaining to held to maturity investments. For an investment in an equity instrument which is not held for trading, IFRS 9 permits an

1. PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

irrevocable election, on initial recognition, on an individual share-by- share basis,to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss. It requires the entity, which chooses to measure a liability at fair value,to present the portion of the fair value change attributable to the entity's own credit risk in the other comprehensive income. IFRS 9 replaces the 'incurred loss model' in IAS 39 with an 'expected credit loss' model. The measurement uses a dual measurement approach, under which the loss allowance is measured as either 12 month expected credit losses or lifetime expected credit losses. The standard also introduces new presentation and disclosure requirements. The effective date for adoption of IFRS 9 is annual periods beginning on or after 1 January 2018,though early adoption is permitted.

The indicative impacts of adopting IFRS 9 on the Group are as follows. The work is ongoing and additional impacts may be identified later in the implemenatation process.

› Classification and measurement: IFRS 9 establishes a principle based approach for classification of financial assets based on cash flow characteristics of the asset and the business model in which an asset is held. The Group anticipates no significant changes in the classification of financial assets and liabilities under this model.
› Impairment: Based on Group's initial assessment, the impairment of financial assets held at amortised cost is not expected to have material impact on the Group's results, given the low exposure to counterparty default risk as a result of the credit risk management processes that are in place.
› Hedge accounting: The adoption of the new standard would not materially change the amounts recognised in relation to existing hedging arrangements.

IFRS 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 – Revenue from contracts with Customers outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The standard replaces most current revenue recognition guidance. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively including service revenues and contract modifications and improve guidance for multiple-element arrangements. The new Standard will come into effect for the annual reporting periods beginning on or after 1 January 2018 with early application permitted.

The indicative impacts of implementing IFRS 15 on the Group results are detailed below. The work is ongoing and additional impacts may be identified later in the implementation process.

› The timing of the recognition of revenue- The new standard introduces the concept of 'control' for revenue recognition, in contrast to the "risk and rewards" approach in IAS 18. Accordingly, the revenue recognition model will change from one based on the transfer of risk and reward of ownership to the transfer of control of ownership. The Group's revenue is predominantly derived from commodity sales, where the point of recognition is dependent on the contract sales terms, known as the International Commercial terms (Incoterms). As the transfer of risks and rewards generally coincides with the transfer of control at a point in time for the Incoterms as part of the Group's commodity sales arrangements, the timing and amount of revenue recognised for the sale of commodities is unlikely to be materially affected for the majority of sales.

IFRS 16 – LEASES

IFRS 16- Leases, specifies recognition, measurement and disclosure criteria for leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The new Standard will come into effect for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted if IFRS 15 Revenue from Contracts with Customers has also been applied.

The Group is currently in the process of determining the potential impact of adopting the above standard.

ADOPTION OF NEW AND REVISED STANDARDS AND PRONOUNCEMENTS:

The Group has adopted with effect from 1 April 2016, the following new amendment and pronouncements. Their adoption has not had any significant impact on the amounts reported in the financial statements.

› Amendments to IAS 1: Disclosure Initiative
› Annual Improvements to IFRSs: 2012-2014 Cycle
› Amendments to IAS 27: Equity method in separate financial statements
› Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
› Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
› Amendment to IFRS 10, IFRS 12 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
› Amendments to IFRS 10, IFRS 12 and IAS 28: Investment entities : Applying the Consolidation Exemption

The Group has not early adopted any other amendments, standards or interpretations that have been issued but are not yet effective.

1. PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

PARENT COMPANY FINANCIAL STATEMENTS

The financial statements of the parent company, Vedanta Resources plc, incorporated in the United Kingdom, have been prepared in accordance with FRS 101 and UK company law. The Company financial statements and associated notes are presented in note 46 to 59.

2 (A) ACCOUNTING POLICIES

(I) BASIS OF CONSOLIDATION

SUBSIDIARIES:

The consolidated financial information incorporates the results of the Company and all its subsidiaries (the "Group"), being the companies that it controls. Control is evidenced where the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns.

The financial statements of subsidiaries are prepared for the same reporting year as the parent Company. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with accounting policies used by the Group.

For non-wholly owned subsidiaries, a share of the profit for the financial year and net assets is attributed to the non-controlling interests as shown in the consolidated income statement, consolidated statement of comprehensive income and consolidated balance sheet.

For acquisitions of additional interests in subsidiaries, where there is no change in control, the Group recognises a reduction to the non-controlling interest of the respective subsidiary with the difference between this figure and the cash paid, inclusive of transaction fees, being recognised in equity. In addition, upon dilution of controlling interests the difference between the cash received from sale or listing of the subsidiary shares and the increase to non-controlling interest is also recognised in equity. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intercompany balances and transactions, including unrealised profits arising from intra-Group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

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.

- The Group has Joint operations within its Oil & Gas segment, the Group participates in several unincorporated joint operations which involve the joint control of assets used in oil and gas exploration and producing activities. The Group accounts for its share of assets, liabilities, income and expenditure of joint ventures in which the Group holds an interest, classified in the appropriate balance sheet and income statement headings. In addition, where the Group acts as operator to the joint venture, the gross liabilities and receivables (including amounts due to or from non-operating partners) of the joint operations are included in the Group balance sheet.

(II) REVENUE RECOGNITION

Revenues are measured at the fair value of the consideration received or receivable , net of discounts, volume rebates, outgoing sales taxes excise duty and other indirect taxes. Revenues from sales are recognised when all significant risks and rewards of ownership of the commodity sold are transferred to the customer and the commodity has been delivered to the shipping agent. Revenues from sale of by-products are included in revenue.

Certain of the Group's sales contracts provide for provisional pricing based on the price on The London Metal Exchange ("LME"), as specified in the contract, when shipped. Final settlement of the price is based on the applicable price for a specified future period. The Group'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 Group's share of oil, gas and condensate production, recognised on a direct entitlement basis, and tolling income received for third party use of operating facilities and pipelines in accordance with agreements.
- Revenue from sale of power is recognised when delivered and measured based on rates as per bilateral contractual agreements with buyers and at rate arrived at based on the principles laid down under the relevant Tariff Regulations as notified by the regulatory bodies, as applicable.
- Where the Group acts as a port operator, revenues and costs relating to each construction contract of service concession arrangements are recognised over the period of each arrangement only to the extent of costs incurred that are probable of recovery. Revenues and costs relating to operating phase of the port contract are measured at the fair value of the consideration received or receivable for the services provided.
- Revenue from rendering of services is recognised on the basis of work performed.

2 (A) ACCOUNTING POLICIES (CONTINUED)

- Dividend income recognised when the right to receive payment is established is accounted for as investment income in consolidated income statement.
- Interest income is recognised using the effective interest rate method, accounted for as investment income in consolidated income statement.
- The fair value gain/(loss) in relation to financial assets held for trading is accounted for as investment income in consolidated income statement.

(III) SPECIAL ITEMS

Special items are those items that management considers, by virtue of their size or incidence (including but not limited 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 Special items and certain one-time tax effects are considered Special. Such items are material by nature or amount to the year's result and require separate disclosure in accordance with IFRS. The determination as to which items should be disclosed separately requires a degree of judgement.

(IV) BUSINESS COMBINATIONS

The results of subsidiaries acquired or sold during the year are consolidated for the periods from, or to, the date on which control passed. Acquisitions are accounted for under the acquisition method. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair value at the acquisition date, except certain assets and liabilities required to be measured as per the applicable standards.

The identifiable assets, liabilities and contingent liabilities of a subsidiary, which can be measured reliably, are recorded at their provisional fair values at the date of acquisition. The difference between the fair value of the consideration transferred (including contingent consideration and previously held non-controlling interests) and Group's share of the fair value of the identifiable net assets on acquisition is recognised as Goodwill. Goodwill arising on acquisitions is reviewed for impairment at least annually.

Where the fair values of the identifiable assets and liabilities exceed the cost of acquisition, the surplus is credited to the income statement in the Year of acquisition. If the fair value of the identifiable net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in statement of profit or loss and other comprehensive income.

Where it is not possible to complete the determination of fair values by the date on which the first post-acquisition financial statements are approved, a provisional assessment of fair values is made and any adjustments required to those provisional fair values, and the corresponding adjustments to purchased goodwill, are finalised within 12 months of the acquisition date.

Any non-controlling interest in an acquiree is measured at fair value or as the non-controlling interest's proportionate share of the acquiree's identifiable net assets, excluding goodwill. This accounting choice is made on a transaction-by-transaction basis.

Acquisition expenses are charged to the income statement.

If the Group acquires a group of assets or equity in a company that does not constitute a business combination in accordance with IFRS 3 Business Combinations (2008 revised), the cost of the acquired group of assets or equity is allocated to the individual identifiable assets acquired based on their relative fair value.

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 scoped out of IFRS 3 and there is no authoritative literature for these transactions under IFRS. As a result, the Group adopted accounting principles similar to the pooling-of-interest method based on the predecessor values. The assets and liabilities of the acquired entity are recognised at the book values recorded in the ultimate parent entity's consolidated financial statements with the exception of certain income tax and deferred tax benefits arising on account of the common control transaction but relating to previous years, which are recognised retrospectively. The components of equity of the acquired companies are added to the same components within Group equity except that any share capital and investments in the books of the acquiring entity is cancelled and the differences, if any, is adjusted in the opening retained earnings. 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 would be combined, retrospectively, as if the transaction had occurred at the beginning of the earliest reporting period presented. However, the prior years' comparative information is only adjusted for periods during which the entities were under common control.

2 (A) ACCOUNTING POLICIES (CONTINUED)

(V) INTANGIBLE ASSETS

Intangibles assets are measured at cost less accumulated amortisation and accumulated impairment losses, if any. The Group determines the amortisation period as the period over which the future economic benefits will flow to the Group after taking into account all relevant facts and circumstances. Amortisation method, residual values and estimated useful life of intangible assets are reviewed annually or more frequently if events or changes in circumstances indicate a potential impairment.

Intangible assets arising out of service concession arrangements are accounted for as intangible assets where the Company has a contractual right to charge users of services when the projects are completed and is measured at the cost of such construction services completed. Such assets are amortised on straight line basis over the balance of license period, usually between 3 to 30 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 are recognised in the consolidated income statement when the asset is derecognised.

(VI) PROPERTY, PLANT AND EQUIPMENT

RELATING TO MINERAL ASSETS- MINING PROPERTIES AND LEASES

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

When a decision is taken that a mining property is viable for commercial production (i.e. when the Group determines that the mining property will provide sufficient and sustainable returns relative to the risk and decides to proceed with the development), all further pre-production primary development expenditure other than land, buildings, plant and equipment is capitalised as part of the cost of the mining property until the mining property is capable of commercial production. From that point, capitalised mining properties and lease costs are amortised on a unit-of-production basis over the total estimated remaining commercial reserves of each property or group of properties.

Exploration and evaluation assets acquired are recognised as assets at their cost of acquisition subject to meeting the commercial production criteria mentioned above and are subject to impairment review on an event of indication for impairment.

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

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 licences 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 exploratory drilling and equipping exploratory and appraisal wells.

The stripping cost incurred during the production phase of a surface mine are 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. 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 relating to the property are written off in the period in which it occurs i.e. when the group determines that the mining property will not provide sufficient and sustainable returns relative to the risks and the group decides not to proceed with the mine development.

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

RELATING TO OIL AND GAS ASSETS- EXPLORATION & EVALUATION ASSETS AND 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 income statement. Expenditure incurred on the acquisition of a licence interest is

2 (A) ACCOUNTING POLICIES (CONTINUED

initially capitalised on a licence-by-licence basis. Costs are held, are not amortised or depreciated, within exploration and evaluation assets until such time as the exploration phase on the licence area is complete or commercial reserves have been discovered.

Exploration expenditure incurred in the process of determining oil and gas exploration targets is capitalised initially within property, plant and equipment- exploration and evaluation assets and subsequently allocated to drilling activities (under oil and gas properties and/or exploration and evaluation assets as appropriate). 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 & 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 income statement.

All costs incurred after the technical feasibility and commercial viability of producing hydrocarbons has been demonstrated are capitalised within property, plant & equipment - development/producing assets (oil and gas properties) 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 an exploration asset are initially credited against the previously capitalised costs. Any surplus proceeds are credited to the income statement. 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 income statement to the extent that the net proceeds exceed or are less than the appropriate portion of the net capitalised costs of the asset.

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, including relevant borrowing costs and any expected costs of decommissioning. This policy is set out under 'Borrowings Costs'. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the income statement in the period in which the costs are incurred. Major shut-down and overhaul expenditure is capitalised as the activities undertaken improve the economic benefits expected to arise from the asset.

(VII) ASSETS UNDER CONSTRUCTION

Assets under construction are capitalised in the assets under construction account. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences (see below). Costs associated with the commissioning of an asset and any obligatory decommissioning costs are capitalised where the asset is available for use but incapable of operating at normal levels until a period of commissioning has been completed. Revenue generated from production during the trial period is capitalised. Borrowing costs and certain foreign exchange gains or losses are in certain circumstances capitalised in the cost of the asset under construction. This policy is set out under 'Borrowing Costs'.

(VIII) DEPRECIATION AND AMORTISATION

RELATING TO MINING PROPERTIES

Mining properties and other assets in the course of development or construction, freehold land and goodwill are not depreciated or amortised. Capitalised mining properties are depreciated and lease costs are amortised once commercial production commences, as described in "Property, plant and equipment – mining properties and leases". Leasehold land and buildings are depreciated on a straight-line basis over the period of the lease or, if shorter, their useful economic life.

RELATING TO OIL AND GAS ASSETS

All expenditure carried within each field is depreciated 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 commercial 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.

Commercial reserves are proven and probable oil and gas reserves, which are defined as the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. There should be a 50 per cent statistical probability that the actual quantity of recoverable reserves will be more than the amount estimated as proven and probable reserves and a 50 per cent statistical probability that it will be less.

Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future field development costs required to access commercial reserves. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

2 (A) ACCOUNTING POLICIES (CONTINUED)

OTHERS

Other buildings, plant and equipment, office equipment and fixtures, and motor vehicles are stated at cost less accumulated depreciation and any provision for impairment. Depreciation commences when the assets are ready for their intended use. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Buildings operations and administration	30-60 years
Plant and machinery	15-40 years
Office equipment and fixtures	5–10 years
Motor vehicles	8-10 years

The Group reviews the residual value and useful life of an asset annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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

Property, plant and equipment held for sale or which is part of a disposal Group held for sale is not depreciated. Property, plant and equipment held for sale is carried at the lower of its carrying value and fair value less disposal cost and is presented separately on the face of the balance sheet.

(IX) IMPAIRMENT

FINANCIAL ASSETS

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the consolidated statements of income. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in the consolidated statements of comprehensive income is transferred to the consolidated statements of income on recognition of impairment. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognized in the consolidated statements of income. For available-for-sale financial assets that are equity securities, the change in fair value is recognized directly in the consolidated income statement.

In respect of trade and other receivables, the Group would provide for impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

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.

Formal impairment tests are carried out annually for goodwill. In addition, formal impairment tests for all assets are performed when there is an indication of impairment. The Group 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, 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 less costs of disposal and does not reflect the effects of factors that may be specific to the entity and not applicable to entities in general. Fair value for mineral and oil and gas assets is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted at an appropriate post-tax discount rate to arrive at the net present value.

2 (A) ACCOUNTING POLICIES (CONTINUED)

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 Group'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. The carrying amount is net of deferred tax liability recognised in the fair value of the assets acquired in a business combination.

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 consolidated income statement.

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 except if initially attributed to goodwill.

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

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

(X) NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when a sale is highly probable from the date of classification, management are committed to the sale and the asset is available for immediate sale in its present condition. Non-current assets are classified as held for sale from the date these conditions are met and are measured at the lower of carrying amount and fair value (less costs to sell). Any resulting impairment loss that is material is recognised in the income statement as a special item. On classification as held for sale the assets are no longer depreciated and moved to current assets.

(XI) GOVERNMENT GRANTS

Government grants related to assets, including non monetary grants at fair value, have been deducted in arriving at the carrying amount of the asset.

(XII) 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 weighted average basis; except in Oil and Gas business where stores and spares are valued on a 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 by-products and scrap are valued at net realisable value.
- Net realisable value is determined based on estimated selling price, less further costs expected to be incurred to completion and disposal.

2 (A) ACCOUNTING POLICIES (CONTINUED)

(XIII) TAXATION

Tax expense represents the sum of tax currently payable 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 balance sheet date.

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

Tax payable on the future remittance of the past earnings of subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future;

Deferred income tax is not recognised on the impairment of goodwill which is not deductible for tax purposes or on the initial recognition of an asset or liability in a transaction that is not a business combination, which at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

Deferred tax assets 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 realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Tax relating to items recognised directly in other comprehensive income is recognised in the consolidated statements of comprehensive income and not in the income statement.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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.

Deferred tax is provided on temporary differences arising on acquisitions that are categorised as Business Combinations. Deferred tax is recognised at acquisition as part of the assessment of the fair value of assets and liabilities acquired. Any deferred tax is charged or credited in the income statement/other comprehensive income as the underlying temporary difference is reversed.

(XIV) RETIREMENT BENEFIT SCHEMES

The Group operates or participates in a number of defined benefits and contribution schemes, the assets of which are (where funded) held in separately administered funds.

For defined benefit schemes the cost of providing benefits under the plans is determined each year separately for each plan using the projected unit credit method by independent qualified actuaries.

Re-measurement gains and losses arising in the year are recognised in Other Comprehensive Income and are not recycled to the income statement.

Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into current service cost, past service cost, net interest expense or income and remeasurement.

Current service cost and past service costs is recognised within cost of sales and administrative expenses. Net interest expense or income is recognised within finance costs.

For defined contribution schemes, the amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year.

(XV) SHARE-BASED PAYMENTS

Certain employees (including executive directors) of the Group 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 resultant increase in equity is recorded in share based payment reserve.

The cost of equity-settled transactions with employees is measured at fair value at the date at which they are granted. The fair value of share awards with market-related vesting conditions are determined with the assistance of an external valuer and the fair value at the grant date is expensed on a proportionate basis over the vesting period based on the Group'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.

2 (A) ACCOUNTING POLICIES (CONTINUED)

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.

(XVI) PROVISIONS FOR LIABILITIES AND CHARGES

Provisions are recognised when the Group 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 recognised in the income statement as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

(XVII) 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. Costs arising from the decommissioning of plant and other site preparation work are provided for based on their discounted net present value, with a corresponding amount being capitalised at the start of each project. The amount provided for is recognised, as soon as the obligation to incur such costs arises. These costs are charged to the income statement 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, 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 a finance cost in the income statement.

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

(XVIII) OPERATING LEASES

GROUP AS A LESSEE

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

GROUP AS A LESSOR

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. 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.

(XIX) FINANCE LEASES

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Income Statement, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs.

(XX) FOREIGN CURRENCY TRANSLATION

The functional currency for each entity in the Group is determined as the currency of the primary economic environment in which it operates. For all principal operating subsidiaries, the functional currency is the local currency of the country in which it operates with the exception of KCM and Oil and gas business which has a US Dollar functional currency as that is the currency of primary economic environment in which it operates. In the financial statements of individual Group companies, transactions in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in other currencies are translated into the functional currency at exchange rates prevailing on the balance sheet 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 income statement, except, where the monetary item is designated as an effective hedging instrument of the currency risk of designated forecast sales. These include the exchange differences recognised in equity and exchange differences on foreign currency borrowings relating to asset under construction, and for future productive use, and are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

2 (A) ACCOUNTING POLICIES (CONTINUED)

For the purposes of consolidation, the income statement items of those entities for which the US dollar is not the functional currency are translated into US dollars at the average rates of exchange during the period. The related consolidated statements of financial position are translated at the rates as at the reporting date. Exchange differences arising on translation are recognised in the consolidated statements of comprehensive income. On disposal of such entities the deferred cumulative exchange differences recognised in equity relating to that particular foreign operation are recognised in the consolidated statements of profit or loss.

(XXI) FINANCIAL ASSET INVESTMENTS

Financial asset investments are classified as available for sale under IAS 39 and are initially recorded at fair value plus transaction costs that are directly attributable to the acquisition of financial asset investments and then remeasured at subsequent reporting dates to fair value. Unrealised gains and losses on financial asset investments are recognised directly in equity. On disposal or impairment of the investments, the gains and losses in equity are recycled to the income statement.

Investments in equity instruments are recorded in non-current assets unless they are expected to be sold within one year.

Investments in unquoted equity instruments that do not have a market price and whose fair value cannot be reliably measured are measured at cost.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

(XXII) LIQUID INVESTMENTS

Liquid investments represent short-term investments that do not meet the definition of cash and cash equivalents for one or more of the following reasons:

› They have a maturity profile greater than 90 days;
› They may be subject to a greater risk of changes in value than cash;
› They are held for investment purposes.

These include Short-term marketable securities and other Bank Deposits.

Short-term marketable securities are categorized as held for trading and are initially recognised at fair value with any gains or losses arising on remeasurement recognised in the consolidated statements of profit or loss.

Other bank deposits are subsequently measured at amortised cost using the effective interest method.

The value of trading investments incorporates any dividend and interest earned on the held for trading investments.

(XXIII) CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand, short-term deposits with banks and short-term highly liquid investments that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

(XXIV) TRADE RECEIVABLES

Trade receivables are stated at their transaction value as reduced by appropriate allowances for estimated irrecoverable amounts. An allowance for impairment of trade receivables is made where there is an event, which based on previous experience, is an indication of a reduction in the recoverability of the carrying value of the trade receivables.

Trade receivables are subsequently measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised on non-current receivables on specific items by applying the effective interest rate method.

(XXV) TRADE PAYABLES

Trade and other payables are recognised at their transaction cost, which is its fair value, and subsequently measured at amortised cost.

(XXVI) BILLS OF EXCHANGE PAYABLE

The Group enters into arrangements whereby financial institutions make direct payments to suppliers for raw materials and project materials. The financial institutions are subsequently repaid by the company at a later date providing working capital timing benefits. These are normally settled up to twelve months (for raw materials) and up to 36 months (for project materials). Where these arrangements are for raw materials with a maturity of up to twelve months, the economic substance of the transaction is determined to be operating in nature and these are recognised as Bills of exchange (under Trade and other payables). Where these arrangements are for project materials with a maturity up to thirty six months, the economic substance of the transaction is determined to be financing in nature, and these are classified as projects buyers' credit within borrowings in the statement of financial position.

2 (A) ACCOUNTING POLICIES (CONTINUED)

(XXVII) EQUITY INSTRUMENTS

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(XXVIII) BORROWINGS

Interest bearing loans and overdrafts are recorded at the fair value. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis and charged to the income statement using the effective interest method. They are netted against the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

(XXIX)CONVERTIBLE BONDS

Convertible bonds denominated in the functional currency of the issuing entity are accounted for as compound instruments. The equity components and the liability components are separated out on the date of the issue. The equity component is recognised in a separate reserve and is not subsequently remeasured. The liability component (net of transaction cost) is held at amortised cost. The interest expense on the liability component is calculated by applying the effective interest rate, being the prevailing market interest rate at the date of issuance for similar non-convertible debt. The difference between this amount and interest paid is added to the carrying amount of the liability component.

Convertible bonds not denominated in the functional currency of the issuing entity or where a cash conversion option exists, are split into two components: a debt component and a component representing the embedded derivative in the convertible bond. The debt component represents a liability for future coupon payments and the redemption of the principal amount. The embedded derivative, a financial liability, represents the value of the option that bondholders have to convert into ordinary shares. At inception the embedded derivative is recorded at fair value and the remaining balance, after deducting a share of issue costs, is recorded as the debt component. Subsequently, the debt component is measured at amortised cost and the embedded derivative is measured at fair value at each balance sheet date with the change in the fair value recognised in the income statement. The embedded derivative and the debt component are disclosed together and the current/non-current classification follows the classification of the debt component which is the host contract.

(XXX) BORROWING COSTS

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 in accordance with the Group policy which is when they are capable of commercial production. Where funds are borrowed specifically to finance a qualifying capital project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available out of money borrowed specifically to finance a project, the income generated from such short-term investments is also capitalised to reduce the total capitalised borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the year.

All other borrowing costs are recognised in the income statement in the period 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.

(XXXI) AVAILABLE FOR SALE FINANCIAL ASSETS

Equity shares held by the Group that are traded in an active market are classified as being available for sale (AFS) financial assets and are stated at fair value. Unrealised gains and losses on financial asset investments are recognised directly in equity. On disposal or impairment of the investments, the gains and losses in equity are recycled to the income statement. Dividends received from investees accounted for as equity instruments are recognised in income statement when the right to receive the payment is established.

(XXXII) FINANCIAL INSTRUMENTS FAIR VALUED THROUGH PROFIT AND LOSS

HELD FOR TRADING FINANCIAL ASSETS

Financial assets are classified as held for trading if they have been acquired principally for the purpose of selling in the near term. The change in fair value of trading investments incorporates any dividend and interest earned on the held for trading investments and is accounted for in the income statement.

DERIVATIVE FINANCIAL INSTRUMENTS

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

Derivative financial instruments are initially recorded at their fair value on the date of the derivative transaction and are re-measured at their fair value at subsequent balance sheet dates. The resultant gains or losses are recognised in the income statement unless these are designated as effective hedging instruments.

2 (A) ACCOUNTING POLICIES (CONTINUED)

(XXXIII) HEDGE ACCOUNTING

The Group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement. The hedged item is recorded at fair value and any gain or loss is recorded in the income statement and is offset by the gain or loss from the change in the fair value of the derivative.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in equity. This includes certain non-derivative liabilities that are designated as hedge of the foreign currency risk on future, highly probable, forecast sales. Amounts deferred in equity are recycled to the income statement in the periods when the hedged item is recognised in the income statement.

The gain or loss on hedging instruments relating to the effective portion of a net investment hedge is recognised in equity. The ineffective portion is recognised immediately in the income statement. Gains or losses accumulated in equity are reclassified to the income statement on disposal of the foreign operations to which they relate.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not carried at fair value with unrealised gains or losses recognised in the income statement.

For derivative instruments that are designated and qualify as a hedge of a net investment in a foreign operations, the gain or loss is reported in the consolidated statements of comprehensive income as part of the exchange difference on translation of foreign operations to the extent it is effective. Any ineffective portions of net investment hedges are recognized in other income/expense in the consolidated statement of profit or loss immediately. Under a hedge of a net investment, the cumulative gain or loss remains in the consolidated statements of comprehensive income when the hedging instrument expires or is sold, terminated or exercised, or when the hedge no longer qualifies for hedge accounting or the Group revokes designation of the hedge relationship. The cumulative gain or loss is recognised in the consolidated income statement as part of the gain/loss on disposal when the net investment in the foreign operation is disposed.

Derivative financial instruments that do not qualify for hedge accounting are marked to market at the financial position date and gains or losses are recognised in the consolidated income statement immediately.

2(B) CRITICAL ACCOUNTING JUDGMENT AND ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with IFRS requires management to make judgments, 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 consolidated financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates under different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected. The Group considers the following areas as the key sources of estimation uncertainty:

(I) OIL & GAS RESERVES

Oil & Gas reserves are estimated on a proved and probable entitlement interest basis. Proven and probable reserves are estimated using standard recognised evaluation techniques. The estimate is reviewed annually. Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable, and internal engineers.

Net entitlement reserves estimates are subsequently calculated using the Group's current oil price and cost recovery assumptions, in line with the relevant agreements.

Changes in reserves as a result of factors such as production cost, recovery rates, grade of reserves or commodity prices could impact the depreciation rates, carrying value of assets and environmental and restoration provisions.

(II) CARRYING VALUE OF EXPLORATION AND EVALUATION OIL AND GAS ASSETS

The recoverability of a project is assessed under IFRS 6. Exploration assets are assessed by comparing the carrying value to higher of fair value less cost of disposal or value in use. Change to the valuation of exploration assets is an area of judgement. Further details on the Group'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 income statement as exploration costs unless commercial reserves are established or the determination process is not completed and there are no indications of

2(B) CRITICAL ACCOUNTING JUDGMENT AND ESTIMATION UNCERTAINTY (CONTINUED)

impairment. The outcome of ongoing exploration, and therefore whether the carrying value of exploration and evaluation assets will ultimately be recovered, is inherently uncertain.

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

(III) CARRYING VALUE OF DEVELOPING/PRODUCING OIL AND GAS ASSETS

Management perform impairment tests on the Group's developing/producing oil and gas assets where indicators of impairment are identified in accordance with IAS 36.

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

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

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

Details of impairment charge and the assumptions used are disclosed in note 5.

(IV) MINING PROPERTIES AND LEASES

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

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

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

Details of impairment charge are disclosed in note 5.

(V) USEFUL ECONOMIC LIVES AND IMPAIRMENT OF OTHER ASSETS

Property, plant and equipment other than mining properties, oil and gas properties, and leases are depreciated over their useful economic lives. Management reviews the useful economic lives at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values. The Group also reviews its property, plant and equipment, including mining properties and leases, for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the property, plant and equipment for impairment, factors leading to significant reduction in profits such as changes in commodity prices, the Group's business plans and changes in regulatory environment are taken into consideration. The carrying value of the assets of a cash generating unit (CGU) is compared with the recoverable amount of those assets, that is, the higher of fair value less costs of disposal and value in use. Recoverable value is based on the management estimates of commodity prices, market demand and supply, economic and regulatory climates, long-term plan, discount rates and other factors. Any subsequent changes to cash flow due to changes in the abovementioned factors could impact the carrying value of the assets.

(VI) ASSESSMENT OF IMPAIRMENT AT LANJIGARH REFINERY

During the previous year, the Group has received the necessary approvals for expansion of the Lanjigarh refinery to 4 million tonnes per annum (MTPA). Approval for expansion from 4 MTPA to 6 MTPA is dependent upon certain conditions.

2(B) CRITICAL ACCOUNTING JUDGMENT AND ESTIMATION UNCERTAINTY (CONTINUED)

Accordingly, second stream operation has commenced in Alumina refinery from April 2016 thus, taking it to the debottlenecked capacity of 1.7 - 2.0 MTPA (contingent on bauxite quality). Further ramp up to 4 MTPA will be considered after tying up the local bauxite sources. The Group has considered the delay in tying up local bauxite sources as an indication of impairment. Hence, the Group has reviewed the carrying value of its property, plant and equipments at Lanjigarh as at balance sheet date, estimated the recoverable amounts of these assets and concluded that there was no impairment because the recoverable amount (estimated based on fair value less cost of disposal) exceeded the carrying amounts.

The key assumptions and estimates used in determining the fair value less cost of disposal of these assets were:

› The State of Odisha has abundant bauxite resources and given the initiatives by the Government of Odisha, management is confident that bauxite will be made available in the short to medium term. The company has entered into agreements with various suppliers internationally and domestically to ensure the availability of bauxite to run its refinery. In the initial years, the Company has assumed that bauxite will be purchased from third party suppliers in India and other countries, till the bauxite is sourced from own mines.
› The State of Odisha has taken certain measures including reservation of areas for mining operations or undertaking prospecting and constitution of Ministerial Committee for formulation of policy for supply of ores to Odisha based industries on long term basis. GOI has amended the existing MMDR Act. The major change is in the process of grant of concessions i.e. from First come First serve basis to more transparent process of auction and to expedite the grant process.
› Management expects that the conditions for construction of the alumina refinery beyond 4 MTPA will be fulfilled and it is assumed that the final unconditional approval for the expansion of the refinery would be received for commencement of production by fiscal 2020.

The government of Odisha has cancelled all the old reservations for mine allotment and has formed a more transparent process of auction of mines under the MMDR Act, which will improve the chances of local bauxite availability.

Management expects that the mining approvals for various local bauxite mines will be received.

The Group has carried out a sensitivity analysis on the key variables including delay in obtaining bauxite mining approval, depreciation of US dollar against Rupee, discount rate and London Metal Exchange aluminium prices. The most significant variable is the estimated timeframe for obtaining regulatory approval for the mining and/or gaining access to local bauxite. The sensitivity analysis indicates that even if regulatory approvals for mines/access to local bauxite are delayed by a year, the recoverable amount is still expected to exceed the carrying value and costs. As at March 31, 2017 the carrying amount of property plant and equipment related to alumina refinery operations at Lanjigarh and related mining assets is US$1,099.4 million (31 March 2016 : US$1,079.0 million).

(VII) ASSESSMENT OF IMPAIRMENT OF KARNATAKA AND GOA IRON ORE MINES:

KARNATAKA MINING

The mining ban in Karnataka was lifted on 17 April 2013 and the mining operations resumed in December 2013. The mining operations were suspended since August 2014 pending environment clearances. On execution of Mining Lease Deed and final forest clearance, the operations were resumed towards the end of February 2015. Currently the permissible extraction capacity is fixed at 2.29 MTPA which is based on lowest of Reserves and Resources (R & R) capacity, dumping capacity and road capacity as assessed by Indian Council of Forestry Research and Education. Subsequently, based on reassessment of R & R and other factors, the modified mining plan has been submitted to Indian Bureau of Mines in March 2016 for enhancement of production to 6 MTPA. Management has estimated the recoverable amounts of these assets considering the increase in the extraction capacity in FY2018.

A delay of one year in increase in the allocated capacity would result in reduction in the recoverable amount by approximately 1% and the recoverable amount would continue to be sufficiently in excess of the carrying value.

The carrying value of assets as at 31 March 2017 is US$140.2 million (31 March 2016: US$145.6 million).

GOA MINING

The Ministry of Environment and Forest revoked its earlier order which had kept the environment clearances for iron ore mines in Goa in abeyance. The State Government has issued a mining policy and has lifted the ban on Iron ore mining in Goa. The Group has been allocated with an interim annual mining quantity of 6.9 million tonnes per annum (MTPA) (out of the total interim mining cap of 20 MTPA for FY 2016) of saleable ore.

The Expert Committee, constituted by the Supreme Court of India for conducting the Macro-Environmental Impact Assessment study on the ceiling of annual extraction of iron ore mining in Goa has recommended the enhancement of mining cap to 30 MTPA. This has been recommended to be further enhanced to 37 MTPA after the review of Macro Environment Impact Assessment and augmenting the carrying capacity. The report is pending for consideration of Supreme Court. Post the Supreme Court clearance, the State Government will allocate the limits. It has been assumed that the allocation will be made based on the proportionate share of the current EC limits.

The mining operations resumed in October, 2015. Management has estimated the recoverable amounts of these assets considering the mining cap of 30 MTPA in FY 2018 and 37 MTPA from FY 2019 and onwards.

2(B) CRITICAL ACCOUNTING JUDGMENT AND ESTIMATION UNCERTAINTY (CONTINUED)

A delay of one year in increase in the mining cap to 30 MTPA and 37 MTPA would result in a reduction in the recoverable amount by approximately 4% and the recoverable amount would continue to be sufficiently in excess of the carrying value.

The carrying value of assets as at 31 March 2017 is US$635.2 million (31 March 2016: US$643.9 million).

Management has reviewed the carrying value of Karnataka and Goa mining assets as at the balance sheet date, estimated the recoverable amounts of these assets and concluded that there was no impairment as the recoverable amount (estimated based on fair value less costs of disposal) exceeded the carrying amounts.

The Group has also carried out a sensitivity analysis on key variables including delay in increase in the mining cap, movement in iron ore prices, discount rate and appreciation of rupee against US dollar. Based on the sensitivity analysis, the recoverable amount is still expected to exceed the carrying value.

Details of impairment charge are disclosed in note 5.

(VIII) ASSESSMENT OF IMPAIRMENT AT KONKOLA COPPER MINES (KCM)

The KCM operations in Zambia have experienced, lower equipment availability, throughput constraints, and other operational challenges including production ramp up. Due to these factors, the Group has reviewed the carrying value of its property, plant and equipments at KCM as at balance sheet date, estimated the recoverable amounts of the assets and concluded that there was no impairment because the recoverable amount (estimated based on fair value less costs of disposal) exceeded the carrying amounts.

The Group has also carried out a sensitivity analysis on key variables like movement in copper prices, discount rate and production. Based on the sensitivity analysis, the recoverable amount is still expected to exceed the carrying value.

The carrying value of assets as at 31 March 2017 is US$1,663.6 million (31 March 2016: US$1,744.9 million).

(IX) RESTORATION, REHABILITATION AND ENVIRONMENTAL COSTS

Provision is made for costs associated with restoration and rehabilitation of mining sites as soon as the obligation to incur such costs arises. Such restoration and closure costs are typical of extractive industries and they are normally incurred at the end of the life of the mine or oil fields. The costs are estimated on an annual basis on the basis of mine closure plans and the estimated discounted costs of dismantling and removing these facilities and the costs of restoration are capitalised as soon as the obligation to incur such costs arises. The critical accounting judgement is associated with calculating the provision for decommissioning oil and gas assets is based on the current estimate of the costs for removing and decommissioning producing facilities, the forecast timing and currency of settlement of decommissioning liabilities and the appropriate discount rate.

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

(X) PROVISIONS AND LIABILITIES

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can be reasonably estimated. The timing of recognition requires the application of judgement to existing facts and circumstances which may be subject to change especially when taken in the context of the legal environment in India. The actual cash outflows may take place over many years in the future and hence the carrying amounts of provisions and liabilities are regularly reviewed and adjusted to take into account the changing circumstances and other factors that influence the provisions and liabilities. This is set out in note 30.

(XI) CONTINGENCIES AND COMMITMENTS

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

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

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

2(B) CRITICAL ACCOUNTING JUDGMENT AND ESTIMATION UNCERTAINTY (CONTINUED)

Although there can be no assurance regarding the final outcome of the legal proceedings, the Group does not expect them to have a materially adverse impact on the Group's financial position or profitability. These are set out in note 38.

(XII) THE HZL AND BALCO CALL OPTIONS

The Group had exercised its call option to acquire the remaining 49% interest in BALCO and 29.5% interest in HZL. The Government of India has however, contested the validity of the options and disputed their valuation performed in terms of the relevant agreements the details of which are set out in note 40. 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 Group considers the strike price of the options to be at fair value, accordingly, the value of the option would be nil, and hence, the call options have not been recognised in the financial statements.

(XIII) ASSESSMENT OF IFRIC 4 – DETERMINING WHETHER AN ARRANGEMENT CONTAINS A LEASE

The Group has ascertained that the Power Purchase Agreement (PPA) entered into between one of the Subsidiary and a State Grid qualifies to be an operating lease under IAS 17 "Leases". Accordingly, the consideration receivable under the PPA relating to recovery of capacity charges towards capital cost have been recognised as operating lease rentals and in respect of variable cost that includes fuel costs, operations and maintenance etc. is considered as revenue from sale of products/services.

Significant judgement is required in segregating the capacity charges due from State Grid, between fixed and contingent payments. The Group has determined that since the capacity charges under the PPA are based on the number of units of electricity made available by its Subsidiary which would be subject to variation on account of various factors like availability of coal and water for the plant, there are no fixed minimum payments under the PPA, which requires it to be accounted for on a straight line basis.

(XIV) REVENUE RECOGNITION AND RECEIVABLE RECOVERY IN RELATION TO THE POWER DIVISION

In certain cases, the Group'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 IAS 18 and to assess the recoverability of withheld revenue currently accounted for as receivables.

In assessing this critical judgment management considered favorable legal opinions the Group has obtained in relation to the claims and favorable court judgements in the related matter. In addition the fact that the contracts are with government owned companies implies the credit risk is low.

3. SEGMENT INFORMATION

The Group is diversified natural resources group engaged in exploring, extractive and processing minerals and oil and gas. We produce Zinc, Lead, Silver, Copper, Aluminium, Iron ore, Oil and gas and commercial power and have presence across India, Zambia, South Africa, Namibia, UAE, Ireland, Australia and Liberia. The Group is also in the business of port operations in India.

The Group's reportable segments defined in accordance with IFRS 8 are as follows:
› Zinc- India
› Zinc-International
› Oil & Gas
› Iron Ore
› Copper-India/Australia
› Copper-Zambia
› Aluminium
› Power

The components not meeting the quantitative threshold for reporting are being reported as 'Others'.

Management monitors the operating results of reportable segments for the purpose of making decisions about resources to be allocated and for assessing performance. Segment performance is evaluated based on the EBITDA of each segment. Business segment financial data includes certain corporate costs, which have been allocated on an appropriate basis. Intersegment sales are charged based on prevailing market prices.

The following tables present revenue and profit information and certain asset and liability information regarding the Group's reportable segments for the years ended 31 March 2017 and 31 March 2016. Items after operating profit are not allocated by segment.

3. SEGMENT INFORMATION (CONTINUED)

(A) REPORTABLE SEGMENTS

YEAR ENDED 31 MARCH 2017

(US$ million)	Zinc-India	Zinc-International	Oil and gas	Iron Ore	Copper-India/Australia	Copper-Zambia	Aluminium	Power	Total reportable segment	Others	Elimination	Total operations
REVENUE												
Sales to external customers	2,521.9	332.4	1,222.7	609.3	3,131.4	830.1	2,037.1	822.6	11,507.5	12.6	–	11,520.1
Inter-segment sales[3]	3.1	–	–	6.1	2.3	44.2	2.9	13.3	71.9	1.0	(72.9)	–
Segment revenue	**2,525.0**	**332.4**	**1,222.7**	**615.4**	**3,133.7**	**874.3**	**2,040.0**	**835.9**	**11,579.4**	**13.6**	**(72.9)**	**11,520.1**
Segment Result												
EBITDA[1]	1,423.2	138.3	597.2	194.2	252.2	5.9	344.2	244.8	3,200.0	(8.9)	–	3,191.1
Depreciation and amortisation[2]	(149.2)	(27.5)	(411.0)	(69.9)	(28.9)	(113.3)	(141.0)	(88.2)	(1,029.0)	(1.5)	–	(1,030.5)
Special items	–	–	12.6	–	–	–	(29.9)	–	(17.3)	–	–	(17.3)
Operating profit	**1,274.0**	**110.8**	**198.8**	**124.3**	**223.3**	**(107.4)**	**173.3**	**156.6**	**2,153.7**	**(10.4)**	**–**	**2,143.3**
Investment revenue												642.6
Finance costs												(1,382.2)
Other gains and (losses) [net]												(23.8)
PROFIT BEFORE TAXATION												**1,379.9**
Segments assets	2,422.7	553.2	2,548.9	1,409.0	1,183.5	2,006.8	7,103.5	2,837.5	20,065.1	85.6	–	20,150.7
Financial asset investments												10.7
Deferred tax assets												1,111.0
Liquid investments												8,043.0
Cash and cash equivalents												1,682.2
Tax assets												436.7
Others												69.1
TOTAL ASSETS												**31,503.4**
Segment liabilities	(615.7)	(173.7)	(716.7)	(228.2)	(1,708.1)	(570.0)	(1,561.5)	(266.0)	(5,839.9)	(25.9)	–	(5,865.8)
Short-term borrowings												(7,658.5)
Current tax liabilities												(37.8)
Medium and long-term borrowings												(10,570.2)
Deferred tax liabilities												(371.1)
Others												(985.4)
TOTAL LIABILITIES												**(25,488.8)**
Other segment information												
Additions to property, plant and equipment	324.2	72.3	151.9	10.5	24.2	28.2	285.8	79.0	976.1	–	–	976.1
Impairment losses	–	–	12.6	–	–	–	(29.9)	–	(17.3)	–		(17.3)

1 EBITDA is a non-IFRS measure and represents earnings before special items, depreciation, amortisation, other gains and losses, interest and tax.
2 Depreciation and amortisation is also provided to the chief operating decision maker on a regular basis.
3 Transfer prices for inter segment sales are on an arm's length basis in a manner similar to transactions with third parties. However, inter segment sales at BALCO amounting to US$6.2 million for the year ended 31 March 2017 (31 March 2016 US$6.6 million), is at cost

3. SEGMENT INFORMATION (CONTINUED)

YEAR ENDED 31 MARCH 2016

(US$ million)	Zinc-India	Zinc-International	Oil and gas	Iron Ore	Copper-India/Australia	Copper-Zambia	Aluminium	Power	Total reportable segment	Others	Elimination	Total operations
REVENUE												
Sales to external customers	2,111.0	391.5	1,322.3	341.8	3,196.8	966.7	1,692.3	691.7	10,714.1	23.8	–	10,737.9
Inter-segment sale[3]	–	–	–	8.2	0.4	5.8	2.0	15.8	32.2	–	(32.2)	–
Segment revenue	**2,111.0**	**391.5**	**1,322.3**	**350.0**	**3,197.2**	**972.5**	**1,694.3**	**707.5**	**10,746.3**	**23.8**	**(32.2)**	**10,737.9**
Segment Result												
EBITDA[1]	995.0	68.1	570.4	73.4	336.6	(17.9)	106.7	196.3	2,328.6	7.8	–	2,336.4
Depreciation and amortisation[2]	(119.9)	(56.4)	(826.3)	(62.5)	(32.3)	(179.5)	(101.8)	(74.1)	(1,452.8)	(2.4)	–	(1,455.2)
Special items	(4.6)	(0.3)	(4,934.2)	(252.4)	(7.6)	(0.5)	(10.5)	–	(5,210.1)	–	–	(5,210.1)
Operating profit/(loss)	**870.5**	**11.4**	**(5,190.1)**	**(241.5)**	**296.7**	**(197.9)**	**(5.6)**	**122.2**	**(4,334.3)**	**5.4**	**–**	**(4,328.9)**
Investment revenue												697.8
Finance costs												(1,280.4)
Other gains and (losses) [net]												(72.5)
LOSS BEFORE TAXATION												**(4,984.0)**
Segments assets	2,326.1	444.6	3,096.4	1,402.1	1,166.1	2,066.0	5,809.6	3,193.3	19,504.2	147.1	–	19,651.3
Financial asset investments												6.5
Deferred tax assets												1,255.4
Liquid investments												8,508.2
Cash and cash equivalents												428.3
Tax assets												397.2
Others												72.4
TOTAL ASSETS												**30,319.3**
Segment liabilities	(442.7)	(125.8)	(803.6)	(172.2)	(1,974.5)	(591.9)	(682.2)	(572.1)	(5,365.0)	(37.8)	–	(5,402.8)
Short-term borrowings												(4,313.8)
Current tax liabilities												(17.0)
Medium and long-term borrowings												(11,949.5)
Deferred tax liabilities												(620.2)
Others												(1,163.6)
TOTAL LIABILITIES												**(23,466.9)**
Other segment information												
Additions to property, plant and equipment	239.9	58.5	214.3	14.8	18.4	27.6	119.6	50.3	743.4	7.3	–	750.7
Impairment losses	–	–	(4,934.2)	(245.2)	(7.6)	–	–	–	–	–	–	(5,187.0)

* The allocation of segment assets and liabilities has been revised to more accurately reflect how these are managed. Previous Year amounts have been reclassified to ensure consistency.

3. SEGMENT INFORMATION (CONTINUED)

(B) GEOGRAPHICAL SEGMENTAL ANALYSIS

The Group's operations are located in India, Zambia, Namibia, South Africa, UAE, Liberia, Ireland, Australia and UAE. The following table provides an analysis of the Group's sales by region in which the customer is located, irrespective of the origin of the goods.

(US$ million)	Year ended 31 March 2017	Percentage	Year ended 31 March 2016	Percentage
India	6,712.1	58%	6,807.8	63%
China	1,501.9	13%	747.8	7%
Middle East	974.2	9%	1,075.1	10%
Others	2,331.9	20%	2,107.2	20%
Total	**11,520.1**	**100%**	**10,737.9**	**100%**

The following is an analysis of the carrying amount of non-current assets, and additions to property, plant and equipment, analysed by the country in which the assets are located. No material non-current assets are located in the United Kingdom and no significant additions to property, plant and equipment have been made there.

	Carrying amount of non-current assets[1]		Additions to property, plant and equipment	
(US$ million)	As at 31 March 2017	As at 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2016
Australia	3.4	4.4	–	2.6
India	15,247.1	14,752.9	875.5	651.7
Zambia	1,770.9	1,863.3	28.2	27.6
Namibia	114.7	119.7	9.0	35.4
Ireland	6.0	6.7	–	–
South Africa	331.3	254.0	63.3	23.1
Sri Lanka	–	–	–	7.3
Other	–	–	0.1	3.0
Total	**17,473.4**	**17,001.0**	**976.1**	**750.7**

1 Non-current assets do not include deferred tax assets, non-current tax assets and derivative assets.

INFORMATION ABOUT MAJOR CUSTOMER

No customer contributed 10% or more to the Group's revenue during the Year ended 31 March 2017 and 31 March 2016.

4. TOTAL REVENUE

(US$ million)	Year ended 31 March 2017	Year ended 31 March 2016
Sale of products (including excise duty)	11,998.7	11,151.5
Less: Excise duty	(588.2)	(569.9)
Sale of products (net of excise duty)	11,410.5	10,581.6
Sale of services	71.4	102.8
Export incentives	38.2	53.5
Total Revenue	**11,520.1**	**10,737.9**

5. SPECIAL ITEMS

(US$ million)	Year ended 31 March 2017 Special items	Tax effect of Special items/ Special tax items	Special items after tax	Year ended 31 March 2016 Special items	Tax effect of Special items/Special tax items	Special items after tax
Impairment of oil & gas assets(1)(a)	12.6	(4.9)	7.7	(4,934.2)	1,903.3	(3,030.9)
Impairment of mining reserves and assets						
Iron ore[1b]	–	–	–	(245.2)	–	(245.2)
Copper[1c]				(7.6)	–	(7.6)
Aluminium[1d]	(29.9)	–	(29.9)	–	–	–
Total impairment charge	**(17.3)**	**(4.9)**	**(22.2)**	**(5,187.0)**	**1,903.3**	**(3,283.7)**
Voluntary retirement schemes (redundancy costs)[2]	–	–	–	(23.1)	7.9	(15.2)
Special tax item[3]	–	–	–	–	(173.8)	(173.8)
Special items	**(17.3)**	**(4.9)**	**(22.2)**	**(5,210.1)**	**1,737.4**	**(3,472.7)**

1a. During the year ended 31 March 2017, the Group has recognized net impairment reversal of US$12.6 million relating to Rajasthan block net of the charge in relation to change in the decommissioning liability due to change in discount rate as explained in note 30. Of this net reversal, US$63.0 million charge has been recorded against oil and gas properties and US$75.6 million reversal has been recorded against exploratory and evaluation assets. During the year ended 31 March 2016, the Group had recognised impairment charge on its oil and gas assets of US$4,934.2 million mainly relating to Rajasthan block, triggered by the significant fall in the crude oil prices, prevailing discount of Rajasthan crude and adverse long term impact of revised cess. Of this charge, US$1,143.5 million had been recorded against oil and gas properties and US$3,790.7 million against exploratory and evaluation asset.
The recoverable amount of the CGU, US$2,007.0 million (March 2016: US$2,204 million), 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 our 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 or 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 current estimates of reserves and risked resources. Reserves assumptions for fair value less costs of disposal discounted cash flow 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 oil price of US$54 per barrel for FY2018 (March 2016: US$51 per barrel) and the long-term nominal price of US$68 per barrel (March 2016: US$70 per barrel) derived from a consensus of various analyst recommendations. Thereafter, these have been escalated at a rate of 2.5% per annum. The cash flows are discounted using the post-tax nominal discount rate of 10.2% (March 2016: 11.0%) derived from the post-tax weighted average cost of capital. The impairment loss relates to the Oil & Gas business reportable segments.
1b. During the year ended 31 March 2016, the Group had recognized US$227.5 million impairment charge in respect of the exploratory assets in West Africa (Western Cluster, Liberia) on account of low iron ore prices, geo-political factors and absence of plans for any substantive expenditure resulting in continued uncertainty in the project and an additional, US$17.7 million impairment charge in the carrying amount of idle assets grouped under assets under construction at Bellary, Karnataka in India.
1c. During the year ended 31 March 2016, the Group had recognised US$7.6 million impairment charge relating to its operation in the Copper Mines of Tasmania Pty Ltd, Australia on account of extended care and maintenance, lower copper prices and continued uncertainty in start-up of operations.
1d. During the year ended 31 March 2017, the Group has recognised US $ 29.9 million impairment charge relating to certain old items of capital work-in-progress at the Alumina refinery operations.
2. US$23.1 million incurred under a Group wide voluntary retirement initiative across various Group entities during the year ended March 2016.
3. As a result of amendments to the Zambian Mining Tax regime, effective from 1 January 2015, the tax rate on integrated mining operations (excluding custom smelting mineral processing activities) was reduced from 30% to 0%. The deferred tax liability in relation to mining operations was subsequently reversed during the year ended 31 March 2016, resulting in a net credit to the income statement of US$52.8 million. Consequent to the subsequent amendments to the Zambian Mining Tax regime, effective from 1 July 2015 the tax rate on mining operations has been restored from 0% to 30%. Further, the set off of carried forward losses relating to mining operations has been restricted to a maximum of 50% of the income for the year. Accordingly, a total deferred tax charge of US$173.8 million resulting from the amendments had been recognised under 'Special tax items' during the year ended 31 March 2016.

6. INVESTMENT REVENUE

(US$ million)	Year ended 31 March 2017	Year ended 31 March 2016
Fair value gain on financial assets held for trading	483.5	541.3
Interest Income:		
Interest – financial assets held for trading	87.3	69.5
Interest – bank deposits	26.5	55.1
Interest – loans and receivables	48.3	26.4
Dividend Income:		
Dividend – available for sale investments	0.1	0.1
Dividend – financial assets held for trading	–	0.3
Foreign exchange gain/(loss) (net)	(3.1)	5.1
	642.6	**697.8**

7. FINANCE COSTS

(US$ million)	Year ended 31 March 2017	Year ended 31 March 2016
Interest cost:		
Interest on bonds and other borrowings	1,210.0	1,101.3
Coupon interest on convertible bonds	15.5	62.4
Accretive Interest on convertible bonds	3.1	28.7
Unwinding of discount on provisions (note 30)	13.0	13.5
Other borrowing and finance costs (including bank charges)	186.3	160.3
Net interest on defined benefit arrangements	12.4	10.4
Loss on redemption of bonds/(Gain) on buy back of convertible bond	41.6	(20.6)
Capitalisation of finance costs/borrowing costs (note 17)	(99.7)	(75.6)
	1,382.2	**1,280.4**

All borrowing costs are capitalised using rates based on specific borrowings with the interests ranging between of 3.3% to 9.1% per annum.

8. OTHER GAINS AND (LOSSES) (NET)

(US$ million)	Year ended 31 March 2017	Year ended 31 March 2016
Gross foreign exchange (losses)	(16.4)	(103.7)
Qualifying exchange losses capitalised (note 17)	1.9	10.1
Net foreign exchange (losses)	**(14.5)**	**(93.6)**
Change in fair value of financial liabilities measured at fair value	(0.4)	(0.9)
Net (loss)/gain arising on qualifying hedges and non-qualifying hedges	(8.9)	22.0
	(23.8)	**(72.5)**

9(A). PROFIT/(LOSS) FOR THE YEAR HAS BEEN STATED AFTER CHARGING/(CREDITING):

(US$ million)	Year ended 31 March 2017	Year ended 31 March 2016
Depreciation & amortisation	1,030.5	1,455.2
Costs of inventories recognised as an expense	3,808.4	3,708.0
Auditor’s remuneration for audit services (note 11)	2.2	2.4
Research and development	1.2	0.8
Net Loss/(profit) on disposal of Property plant and equipment	5.2	1.5
Provision for receivables	3.8	–
Impairment of mining reserves and assets	29.9	252.8
(Impairment reversal)/impairment charge of oil & gas assets	(12.6)	4,934.2
Employee costs	591.1	639.7

9(B). EXCHANGE GAIN/(LOSS) RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT:

(US$ million)	Year ended 31 March 2017	Year ended 31 March 2016
Cost of sales	6.4	(7.6)
Investment revenue	(3.1)	5.1
Other gains and losses	(14.5)	(93.6)
Total	**(11.2)**	**(96.1)**

10. EMPLOYEE NUMBERS AND COSTS

AVERAGE NUMBER OF PERSONS EMPLOYED BY THE GROUP IN THE YEAR

Class of business	Year ended 31 March 2017	Year ended 31 March 2016
Zinc	6,170	6,780
– India	4,556	4,935
– International	1,614	1,845
Iron ore	2,928	3,034
Copper	7,994	8,273
– India/Australia	1,196	1,058
– Zambia	6,798	7,215
Aluminium	5,684	5,266
Power	335	334
Oil & Gas	1,763	1,527
Other	161	321
	25,035	**25,535**

COSTS INCURRED DURING THE YEAR IN RESPECT OF EMPLOYEES AND EXECUTIVE DIRECTORS

(US$ million)	Year ended 31 March 2017	Year ended 31 March 2016
Salaries and wages	531.5	575.8
Defined contribution pension scheme costs (note 33)	22.1	30.1
Defined benefit pension scheme costs (note 33)	21.2	18.2
Share- based payments charge	16.3	15.6
	591.1	**639.7**

11. AUDITOR'S REMUNERATION

The table below shows the fees payable globally to the Company's auditor, Ernst & Young LLP (for year ended 31 March 2017) and Deloitte LLP (for year ended 31 March 2016), for statutory external audit and audit related services, as well as fees paid to other accountancy firms for statutory external audit and audit related services in each of the two years ended 31 March:

(US$ million)	Year ended 31 March 2017	Year ended 31 March 2016
Fees payable to the Company's auditor for the audit of Vedanta Resources plc annual accounts	0.7	0.6
The audit of the Company's subsidiaries pursuant to legislation	1.5	1.8
Total audit fees	**2.2**	**2.4**
Fees payable to the Company's auditor and their associates for other services to the Group		
Other services pursuant to legislation[1]	1.8	1.4
Tax services[2]	0.0	0.4
Corporate finance services[3]	0.7	0.7
Other services[4]	0.2	0.2
Total non-audit fees	**2.7**	**2.7**
Total fees paid to the Company's auditor	**4.9**	**5.1**
Audit fees payable to other auditors of the Group's subsidiaries	–	0.3
Non-audit fees payable to other auditors of the Group's subsidiaries	–	0.2
Total fees paid to other auditors	**–**	**0.5**

1 Other services pursuant to legislation principally comprise assurance services, being quarterly reviews of the Group's subsidiaries results and the half year review of the Group's results.
2 Tax services principally comprise certification and assurance services as required by Indian and overseas tax regulations.
3 Corporate finance services principally comprise Group simplification and other acquisition related certifications. These assurance-related services are ordinarily provided by the auditor.
4 Includes certification related services.

12. TAX

(US$ million)	Year ended 31 March 2017	Year ended 31 March 2016
Current tax:		
Current Tax on profit for the year	589.5	553.9
Charge/(credit) in respect of current tax for earlier years	(1.5)	(17.2)
Total current tax	**588.0**	**536.7**
Deferred tax: (Note 31)		
Origination and reversal of temporary differences	(83.0)	(293.7)
Charge in respect of deferred tax for earlier years	(9.6)	12.5
Charge/(credit) in respect of Special items (note 5)	4.9	(1,911.2)
Deferred tax charge/(reversal) due to change in tax regime in Zambia	–	173.8
Total deferred tax	**(87.7)**	**(2,018.6)**
Net tax expense/(credit)	**500.3**	**(1,481.9)**
Effective tax rate	**36.2%**	**29.7%**

TAX EXPENSE

(US$ million)	Year ended 31 March 2017	Year ended 31 March 2016
Tax effect of special items (note 5)	4.9	(1,911.2)
Deferred tax charge/(reversal) due to change in tax regime in Zambia (note 5)	–	173.8
Net tax expense/(credit)	**4.9**	**(1,737.4)**
Tax expense – others	495.4	255.5
Net tax expense/(credit)	**500.3**	**(1,481.9)**

A reconciliation of income tax expense applicable to accounting profit/(loss) before tax at the Indian statutory income tax rate to income tax expense/(credit) at the Group's effective income tax rate for the year ended 31 March 2017 is as follows. Given majority of the Group's operations are located in India, the reconciliation has been carried out from Indian statutory income tax rate.

(US$ million)	Year ended 31 March 2017	Year ended 31 March 2016
Accounting profit/(loss) before tax	**1,379.9**	**(4,984.0)**
Statutory income tax rate	34.608%	34.608%
Tax at local statutory income tax rate	477.6	(1,724.9)
Disallowable expenses	58.0	18.9
Non-taxable income	(147.6)	(111.4)
Tax holidays and similar exemptions	(204.8)	(311.0)
Effect of tax rates differences of subsidiaries operating in other jurisdictions	76.1	67.5
Impact of change in tax regime*	–	201.9
Dividend distribution tax	244.5	248.5
Unutilized tax losses net of utilization due to uncertainty	149.2	224.2
Investment allowances	(74.7)	(52.7)
Charge/(credit) in respect of previous years	(11.1)	(4.7)
Others	(66.9)	(38.2)
Total	**500.3**	**(1,481.9)**

* Includes US$173.8 million due to change in tax regime in Zambia (note 5) and US$28.1 million due to change in Indian statutory rate from 33.99% to 34.61%

12. TAX (CONTINUED)

Certain businesses of the Group within India are eligible for specified tax incentives which are included in the table above as tax holidays and similar exemptions. Most of such tax exemptions are relevant for the companies operating in India. These are briefly described as under:

THE LOCATION BASED EXEMPTION

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

The Group has such types of undertakings at Haridwar and Pantnagar, which are part of Hindustan Zinc Limited (Zinc India). In the current year, Haridwar and Pantnagar units are eligible for deduction at 30% of taxable profits respectively.

SECTORAL BENEFIT – POWER PLANTS

To encourage the establishment of certain power plants, provided certain conditions are met, tax incentives exist to exempt 100% of profits and gains for any ten consecutive years within the 15 year period following commencement of the power plant's operation. The Group currently has total operational capacity of 8.4 Giga Watts (GW) of thermal based power generation facilities and wind power capacity of 274 MW. However, such undertakings generating power would continue to be subject to the MAT provisions.

The Group has power plants which benefit from such deductions, at various locations of Hindustan Zinc Limited (where such benefits has been drawn), Talwandi Sabo Power Limited, Vedanta Limited and Bharat Aluminium Company Limited (where no benefit has been drawn).

SECTORAL BENEFIT – OIL & GAS

Provided certain conditions are met, profits of newly constructed industrial undertakings engaged in the oil & gas sector may benefit from a deduction of 100% of the profits of the undertaking for a period of seven consecutive years. This deduction is only available to blocks licensed prior to 31 March 2011. However, such businesses would continue to be subject to the MAT provisions.

In the Group, Cairn India Limited benefits from such deductions. Previous year was the last year for claiming such benefit.

In addition, the subsidiaries incorporated in Mauritius are eligible for tax credit to the extent of 80% of the applicable tax rate on foreign source income.

The total effect of such tax holidays and exemptions was US$204.8 for the year ended 31 March 2017 (31 March 2016: US$311.0 million).

13. EARNINGS/(LOSS) PER SHARE

Basic earnings/loss per share amounts are calculated by dividing net profit/loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Weighted average number of treasury shares, 24,347,664 (2016 : 24,231,160) outstanding during the year are excluded from the total outstanding shares for the calculation of EPS.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options and the Group's convertible bonds). The following reflects the income and share data used in the basic and diluted earnings per share computations:

(US$ million)	Year ended 31 March 2017	Year ended 31 March 2016
Net loss attributable to equity holders of the parent	**(22.7)**	**(1,837.4)**

COMPUTATION OF WEIGHTED AVERAGE NUMBER OF SHARES

	Year ended 31 March 2017	Year ended 31 March 2016
Weighted average number of ordinary shares for basic earnings per share (million)	277.3	276.0
Effect of dilution:		
Potential ordinary shares relating to share option awards	5.0	–
Adjusted weighted average number of shares of the Company in issue (million)	**282.3**	**276.0**

13. EARNINGS/(LOSS) PER SHARE (CONTINUED)

LOSS PER SHARE BASED ON LOSS FOR THE YEAR

LOSS PER SHARE ON LOSS FOR THE YEAR

(US$ million except as stated)	Year ended 31 March 2017	Year ended 31 March 2016
Loss for the year attributable to equity holders of the parent (US$ million)	(22.7)	(1,837.4)
Weighted average number of shares of the Company in issue (million)	277.3	276.0
Loss per share on loss for the year (US cents per share)	**(8.2)**	**(665.8)**

DILUTED LOSS PER SHARE ON LOSS FOR THE YEAR

(US$ million except as stated)	Year ended 31 March 2017	Year ended 31 March 2016
Loss for the year attributable to equity holders of the parent (US$ million)	(22.7)	(1,837.4)
Adjusted weighted average number of shares of the Company in issue (million)	277.3	276.0
Diluted loss per share on loss for the year (US cents per share)	**(8.2)**	**(665.8)**

The effect of 5.0 million (2016 : 6.8 million) potential ordinary shares, which relate to share option awards under the LTIP scheme, on the attributable loss for the year was anti-dilutive and thus these shares were not considered in determining diluted loss per share.

The loss for the year would have decreased if holders of the convertible bonds in Vedanta exercised their right to convert their bond holdings into Vedanta equity. The impact on loss for the year of this conversion would be the reduction in interest payable on the convertible bond.

The adjustment in respect of convertible bonds had an anti-dilutive impact on earnings and was thus not considered in determining diluted EPS.

EARNINGS/(LOSS) PER SHARE BASED ON UNDERLYING PROFIT/(LOSS) FOR THE YEAR (NON-GAAP)

Underlying earnings is an alternative earnings measure, which the management considers to be a useful additional measure of the Group's performance. The Group's Underlying profit/loss is the loss for the year after adding back special items, other losses/(gains) [net] (note 8) and their resultant tax (including taxes classified as special items) and non-controlling interest effects. This is a Non-GAAP measure.

(US$ million)	Note	Year ended 31 March 2017	Year ended 31 March 2016
Loss for the year attributable to equity holders of the parent		(22.7)	(1,837.4)
Special items	5	17.3	5,210.1
Other (gains)/losses [net]	8	23.8	72.5
Tax and non-controlling interest effect of special items (including taxes classified as special items) and other losses/(gains)		(15.4)	(3,809.3)
Underlying attributable profit/(loss) for the year		**3.0**	**(364.1)**

BASIC EARNINGS/(LOSS) PER SHARE ON UNDERLYING PROFIT/(LOSS) FOR THE YEAR (NON-GAAP)

(US$ million except as stated)	Year ended 31 March 2017	Year ended 31 March 2016
Underlying profit/(loss) for the year (US$ million)	3.0	(364.1)
Weighted average number of shares of the Company in issue (million)	277.3	276.0
Earnings/(Loss) per share on Underlying loss for the year (US cents per share)	**1.1**	**(131.9)**

DILUTED EARNINGS/(LOSS) PER SHARE ON UNDERLYING PROFIT/(LOSS) FOR THE YEAR (NON-GAAP)

(US$ million except as stated)	Year ended 31 March 2017	Year ended 31 March 2016
Underlying profit/(loss) for the year (US$ million)	3.0	(364.1)
Adjusted weighted average number of shares of the Company in issue (million)	282.3	276.0
Diluted earnings/(Loss) per share on Underlying loss for the year (US cents per share)	**1.1**	**(131.9)**

13. EARNINGS/(LOSS) PER SHARE (CONTINUED)

The outstanding awards under the LTIP (5.0 million) are reflected in the diluted underlying earnings per share through an increased number of weighted average shares for the year ended 31 March 2017.

The effect of 6.8 million potential ordinary shares, which relate to share option awards under the LTIP scheme, on the attributable profit/(loss) for the year ended 31 March 2016 was anti-dilutive and thus these shares were not considered in determining diluted underlying loss per share.

The profit for the year would be decreased if holders of the convertible bonds in Vedanta exercised their right to convert their bond holdings into Vedanta equity. The impact on loss for the year of this conversion would be the reduction in interest payable on the convertible bond.

The adjustment in respect of convertible bonds had an anti-dilutive impact on earnings and was thus not considered in determining diluted underlying EPS for the year ended 31 March 2016.

14. DIVIDENDS

(US$ million)	**Year ended 31 March 2017**	Year ended 31 March 2016
Amounts recognised as distributions to equity holders:		
Equity dividends on ordinary shares:		
Final dividend for 2015-16: 30.0 US cents per share (2014-15: 40.0 US cents per share)	82.8	110.6
Interim dividend paid during the year: 20.0 US cents per share (2015-16: Nil)	55.6	–
Proposed for approval at AGM		
Equity dividends on ordinary shares:		
Final dividend for 2016-17: 35 US cents per share (2015-16: 30.0 US cents per share)	97.6	82.8

15. GOODWILL

(US$ million)	As at 31 March 2017	As at 31 March 2016
Cost (gross carrying amount)	16.6	16.6
Accumulated impairment losses	–	–
Net carrying amount at 31 March	**16.6**	**16.6**

Goodwill is allocated for impairment testing purposes to the following CGU's. The allocation of goodwill to CGU's is as follows:
- US$12.2 million Copper India
- US$4.4 million arising on acquisition of Goa Energy Limited.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The Company has undertaken an impairment review of goodwill of US$16.6 million as at 31 March 2017. The carrying amount of goodwill allocated to the relevant cash generating unit is considered to be insignificant in comparison with the total carrying value of the cash generating unit. The carrying amount of goodwill was evaluated using the higher of Fair value less cost of disposal ('FVLCD') or value in use based on discounted future cash flows of the cash generating unit to which the goodwill pertains and comparing this to the total carrying value of the relevant cash generating units. It was determined that the carrying amount of goodwill is not impaired and nor was impairment indicated following a reasonably possible change in a key assumption.

16. INTANGIBLE ASSETS

Intangible assets include Port concession rights to operate a general cargo berth for handling coal at the outer harbour of the Visakhapatnam port on the east coast of India, software licences and others.

(US$ million)	Port concession rights[1]	Software license	Others	Total
Cost				
As at 1 April 2015	**96.7**	**10.6**	**8.0**	**115.3**
Addition	–	1.0	1.8	2.8
Foreign exchange differences	(5.2)	(1.1)	(0.5)	(6.8)
As at 1 April 2016	**91.5**	**10.5**	**9.3**	**111.3**
Addition	0.4	7.1	0.8	8.3
Disposal	(1.0)	(0.6)	–	(1.6)
Foreign exchange differences	2.1	0.6	0.2	2.9
As at 31 March 2017	**93.0**	**17.6**	**10.3**	**120.9**
Accumulated amortisation				
As at 1 April 2015	**7.3**	**5.3**	**0.8**	**13.4**
Charge for the year	3.5	3.2	–	6.7
Foreign exchange differences	(0.4)	(0.5)	(0.1)	(1.0)
As at 1 April 2016	**10.4**	**8.0**	**0.7**	**19.1**
Charge for the year	3.4	2.4	0.4	6.2
Disposal	(0.1)	(0.6)	–	(0.7)
Foreign exchange differences	0.3	0.4	–	0.7
As at 31 March 2017	**14.0**	**10.2**	**1.1**	**25.3**
Net book value				
As at 1 April 2015	89.4	5.3	7.2	101.9
As at 1 April 2016	81.1	2.5	8.6	92.2
As at 31 March 2017	**79.0**	**7.4**	**9.2**	**95.6**

1 Vizag General Cargo Berth Private Limited (VGCB), a special purpose vehicle, was incorporated for the coal berth mechanization and upgrades at Visakhapatnam port. VGCB is wholly owned by Vedanta Limited as on 31 March 2017 (99.99% as on 31 March 2016). The project is to be carried out on a design, build, finance, operate, transfer basis and the concession agreement between Visakhapatnam Port and VGCB was signed in June 2010. In October 2010, VGCB was awarded with the concession after fulfilling conditions stipulated as a precedent to the concession agreement. Visakhapatnam Port has provided, in lieu of license fee an exclusive license to VGCB for designing, engineering, financing, constructing, equipping, operating, maintaining, and replacing the project/project facilities and services. The concession Year is 30 years from the date of the award of the concession. The capacity of upgraded berth would be 10.18 mmtpa and that the Vishakhapatnam Port would be entitled to receive 38.10% share of the gross revenue as royalty. VGCB is entitled to recover a tariff from the user(s) of the project facilities and services as per its tariff notification. The tariff rates are linked to the Wholesale Price Index (WPI) and would accordingly be adjusted as specified in the concession agreement every year. The ownership of all infrastructure assets, buildings, structures, berths, wharfs, equipment and other immovable and movable assets constructed, installed, located, created or provided by VGCB at the project site and/or in the port's assets pursuant to concession agreement would be with VGCB until expiry of this concession agreement. The cost of any repair, replacement or restoration of the project facilities and services shall be borne by VGCB during the concession period. VGCB has to transfer all its rights, titles and interest in the project facilities and services free of cost to Visakhapatnam Port at the end of the concession period.

17. PROPERTY, PLANT AND EQUIPMENT

(US$ million)	Mining property and leases	Land and buildings	Plant and equipment[1]	Assets under construction	Oil & Gas properties	Exploratory and evaluation assets	Others	Total
Cost								
At 1 April 2015	**3,125.7**	**1,458.9**	**10,715.1**	**5,112.0**	**9,635.7**	**9,907.7**	**147.1**	**40,102.2**
Additions	121.1	20.9	129.0	249.7	134.5	79.9	15.6	750.7
Transfers	11.7	329.5	1,313.0	(1,673.8)	–	–	19.6	–
Unsuccessful exploration costs	–	–	–	–	–	(4.5)	–	(4.5)
Disposals[4]	(490.4)	(7.6)	(184.1)	–	–	–	–	(682.1)
Foreign exchange differences	(152.6)	(96.7)	(551.8)	(278.7)	–	–	(32.8)	(1,112.6)
At 1 April 2016	**2,615.5**	**1,705.0**	**11,421.2**	**3,409.2**	**9,770.2**	**9,983.1**	**149.5**	**39,053.7**
Additions	141.6	24.4	226.1	419.9	151.1	–	13.0	976.1
Transfers	8.0	15.4	1,492.0	(1,382.3)	-	(140.2)	7.1	–
Reclassification	77.1	–	(43.8)	(29.3)	-	–	(33.3)	(29.3)
Unsuccessful exploration costs	–	–	-	-	-	(6.5)	–	(6.5)
Disposal	(54.8)	(8.1)	(63.6)	(18.0)	–	–	(38.6)	(183.1)
Foreign exchange differences	75.9	45.1	295.4	45.1	–	–	15.9	477.4
At 31 March 2017	**2.863.3**	**1,781.8**	**13,327.3**	**2,444.6**	**9,921.3**	**9,836.4**	**113.6**	**40,288.3**
Accumulated depreciation, amortization and impairment								
At 1 April 2015	**1,695.5**	**288.8**	**3,607.0**	**28.8**	**6,577.6**	**4,493.6**	**58.9**	**16,750.2**
Charge for the year	155.9	37.1	433.6	–	817.9	–	4.0	1,448.5
Impairment of assets (note 5)	–	–	7.6	17.6	1,143.5	4,018.3	–	5,187.0
Disposal[4]	(490.4)	(6.6)	(173.6)	–	–	–	–	(670.6)
Foreign exchange differences	(60.1)	(26.7)	(198.5)	–	–	–	(23.9)	(309.2)
At 1 April 2016	**1,300.9**	**292.6**	**3,676.1**	**46.4**	**8,539.0**	**8,511.9**	**39.0**	**22,405.9**
Charge for the year	125.4	67.0	410.9	–	409.7	–	11.3	1,024.3
Disposal	(54.8)	(7.3)	(24.2)	–	–	–	(37.9)	(124.2)
Reclassification	23.0	1.0	(30.5)	–	-	–	6.5	–
Impairment/(impairment reversal) of assets (note 5)	–	–	–	29.9	63.0	(75.6)	–	17.3
Foreign exchange differences	30.8	13.9	100.1	2.0	–	–	12.1	158.9
At 31 March 2017	**1,425.3**	**367.2**	**4,132.4**	**78.3**	**9,011.7**	**8,436.3**	**31.0**	**23,482.2**
Net book value								
At 1 April 2015	1,430.2	1,170.1	7,108.1	5,083.2	3,058.1	5,414.1	88.2	23,352.0
At 1 April 2016	1,314.6	1,412.4	7,745.1	3,362.8	1,231.2	1,471.2	110.5	16,647.8
At 31 March 2017	**1,438.0**	**1,414.6**	**9,194.9**	**2,366.3**	**909.6**	**1,400.1**	**82.6**	**16,806.1**

1 Plant and equipment include refineries, smelters, power plants and related facilities. Other tangible fixed assets include office equipment and fixtures, and light vehicles. At 31 March 2017, land with a carrying value of US$131.1 million (31 March 2016: US$132.5 million) was not depreciated.
2 During the year ended 31 March 2017, interest and foreign exchange losses capitalised was US$101.6 million (31 March 2016: US$85.7 million).
3 Certain property, plant and equipment are pledged as collateral against borrowings, the details related to which have been described in note 24 on Borrowings.
4 Subsequent to end of life of mines in Lisheen, US$585.0 million has been removed from gross block and US$580.7 million from accumulated depreciation during the year ended 31 March 2016.

18. FINANCIAL ASSET INVESTMENTS

Financial asset investments represent investments classified and accounted for as available-for-sale investments

AVAILABLE-FOR-SALE INVESTMENTS

(US$ million)	**As at 31 March 2017**	As at 31 March 2016
At 1 April	6.5	4.2
Movements in fair value	4.1	2.3
Exchange difference	0.1	–
At 31 March	**10.7**	**6.5**

Financial assets investment represents quoted investments in equity shares that present the Group with an opportunity for returns through dividend income and gains in value. These securities are held at fair value based on market prices. These are classified as non-current as on 31 March 2017.

19. OTHER NON-CURRENT ASSETS

(US$ million)	As at 31 March 2017	As at 31 March 2016
Site restoration fund	50.5	38.9
Others[1]	248.7	30.3
Financial (A)	**299.2**	**69.2**
Deposits with Government Authorities	57.5	99.8
Claims and other receivables	187.7	68.9
Non-financial (B)	**245.2**	**168.7**
Total (A+B)	**544.4**	**237.9**

1 Includes receivables in Power business transferred from current to non-current during the year.

20. INVENTORIES

(US$ million)	As at 31 March 2017	As at 31 March 2016
Raw materials and consumables	896.6	852.4
Work-in-progress	585.1	385.3
Finished goods	188.4	128.1
	1,670.1	**1,365.8**

Inventories with a carrying amount of US$790.4 million (2016: US$758.1 million) have been pledged as security against certain bank borrowings of the Group.

Inventory held at net realizable value amounted to US$71.0 million (2016: US$142.8 million). The write down of inventories amounts to US$2.2 million (2016: US$53.7 million) has been charged to income statement.

21. TRADE AND OTHER RECEIVABLES

(US$ million)	As at 31 March 2017	As at 31 March 2016
Trade receivables	387.4	406.6
Trade receivables from related parties	1.5	2.7
Cash call/receivables from joint operations	130.3	355.6
Other receivables	34.4	89.8
Financial (A)	**553.6**	**854.7**
Balance with Government authorities	231.8	264.0
Advances for supplies	183.1	113.9
Other receivables	116.3	111.7
Non Financial (B)	**531.2**	**489.6**
Total (A+B)	**1,084.8**	**1,344.3**

The credit period given to customers ranges from zero to 90 days. Other receivables, under non- financial primarily include excise balances, customs balances, advances to suppliers and claims receivables.

22. LIQUID INVESTMENTS

(US$ million)	As at 31 March 2017	As at 31 March 2016
Bank deposits[1]	882.6	530.3
Other investments	7,160.4	7,977.9
	8,043.0	**8,508.2**

1 Includes US$28.3 million of restricted bank deposits for securing banking facilities. The amount in the prior year relates to US$28.2 million of bank deposits that are restricted as directed by courts in relation to a relief claim filed by a vendor.

Bank deposits are made for periods of between three months and one year depending on the cash requirements of the companies within the Group and earn interest at the respective fixed deposit rates.

Other investments include mutual fund investments which are held for trading and recorded at fair value with changes in fair value reported through the income statement. Investments in liquid schemes of mutual funds do not qualify for recognition as cash and cash equivalents due to their maturity period and risk of change in value of the investments.

23. CASH AND CASH EQUIVALENTS

(US$ million)	As at 31 March 2017	As at 31 March 2016
Cash and cash equivalents consist of the following		
Cash at bank and in hand	1,323.7	217.2
Short-term deposits	185.3	166.3
Restricted cash and cash equivalents[1]	173.2	44.8
Total	**1,682.2**	**428.3**

1 Restricted cash and cash equivalents includes US$156.0 million (2016: US$44.8 million) kept in a specified bank account to be utilized solely for the purposes of payment of dividends to non-controlling shareholders, which is being carried as a current liability. Of the same, US$99.0 million (2016: US$Nil) has been utilized to pay dividends to the non-controlling shareholder subsequent to the Balance Sheet date. Restricted cash and cash equivalents further includes US$17.2 million (2016: US$Nil) kept in short term deposits under lien, which can be utilized by the Group for the repayment of bills of exchange facilities against which these have been pledged as security.

Short-term deposits are made for periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

24. BORROWINGS

(US$ million)	As at 31 March 2017	As at 31 March 2016
Short-term borrowings consist of:		
Banks and financial institutions	5,587.9	1,803.4
Current portion of medium and long-term borrowings	2,070.6	1,923.2
Short-term borrowings (A)	**7,658.5**	**3,726.6**
Medium and long-term borrowings consist of:		
Banks and financial institutions	6,595.5	8,139.4
Bonds	3,457.6	3,982.1
Non-convertible debentures	2,109.1	1,737.6
Preference shares (Note 42)	464.2	–
Other	14.4	13.6
Medium and Long-term borrowings	**12,640.8**	**13,872.7**
Less: Current portion of medium and long-term borrowings	(2,070.6)	(1,923.2)
Medium and Long-term borrowings, net of current portion (B)	**10,570.2**	**11,949.5**
Total (A+B)	**18,228.7**	**15,676.1**

At 31 March 2017, the Group had available US$911.0 million (2016: US$1,087.3 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. The group facilities are subject to certain financial and non-financial covenants. During the year ended 31 March 2016, the Group has agreed with the lenders for a moratorium period for testing of certain financial covenants and relaxed level for others. Certain of these financial covenants will be reset to their original levels beginning March 2019. The primary covenants which must be complied with include fixed charge cover ratio, net borrowing to EBITDA ratio, total net assets to borrowings ratio and net interest expense to EBITDA ratio.

24. BORROWINGS (CONTINUED)

DETAILS OF THE BONDS AND NON-CONVERTIBLE DEBENTURES ISSUED BY THE GROUP HAVE BEEN PROVIDED BELOW:

(US$ million)	As at 31 March 2017	As at 31 March 2016
Particulars		
Bonds:		
6.75% bonds due June, 2016	–	728.0
9.50% bonds due July, 2018	361.1	731.2
6.00% bonds due January, 2019	744.3	1,165.4
8.25% bonds due June, 2021	865.4	864.2
6.375% bonds due July, 2022	991.5	–
7.125% bonds due May, 2023	495.3	493.3
	3,457.6	**3,982.1**
Non-Convertible Debentures		
9.24% NCDs due December, 2022	77.1	75.4
9.10% NCDs due April, 2023	385.6	376.9
9.17% NCDs due July, 2023	185.1	180.9
9.70% NCDs due August, 2020	308.5	301.5
9.24% NCDs due October, 2022	77.1	75.4
9.40% NCDs due November, 2022	77.1	75.4
9.40% NCDs due December, 2022	77.1	75.4
9.36% NCDs due October, 2017	150.4	147.0
9.36% NCDs due December, 2017	81.0	79.1
8.60% NCDs due May, 2016	–	37.7
10.25% NCDs due August, 2017	77.1	75.4
9.60% NCDs due September, 2016	–	18.1
9.70% NCDs due September, 2017	27.8	27.1
9.27% NCDs due November, 2017	30.8	30.2
8.91% NCDs due April, 2018	153.9	150.8
8.20% NCDs due November, 2019	46.3	–
7.75% NCDs due September, 2019	38.6	–
9.00% NCDs due May, 2016	–	11.3
8.65% NCDs due September, 2019	23.1	–
8.70% NCDs due April, 2020	92.5	–
8.75% NCDs due April, 2021	38.6	–
8.75% NCDs due September, 2021	38.6	–
8.25% NCDs due October, 2019	46.3	–
7.95% NCDs due April, 2020	46.3	–
7.50% NCDs due November, 2019	30.2	–
	2,109.1	**1,737.6**

24. BORROWINGS (CONTINUED)

SECURITY DETAILS

The Group has taken borrowings in various countries towards funding of its acquisitions and working capital requirements. The borrowings comprise of funding arrangements from various banks and financial institutions taken by the parent and subsidiaries. Out of the total borrowings of US$18,228.7 million (2016: US$15,676.1 million) shown above total secured borrowings are US$6,037.8 million (2016: US$5,206.1 million) and unsecured borrowings are US$12,190.9 million (2016: US$10,470.0 million). The details of security provided by the Group in various countries, to various banks on the assets of Parent and subsidiaries are as follows:

(US$ million)

Facility Category	Security details	As at 31 March 2017	As at 31 March 2016
Buyers Credit	Secured by exclusive charge on the assets of Vedanta Limited's Jharsuguda Aluminium division imported under facility and first charge on Jharsuguda Aluminium's current assets on pari passu basis.	1.8	–
	Secured by first charge on pari passu basis on all the movable assets of TSPL.	110.7	85.7
	Secured by exclusive charge only on assets imported under the facility in Balco.	2.9	58.1
Cash credit	Secured by a charge on Inventory and Receivables of Vedanta Limited's copper division in India	3.7	3.3
	Secured by hypothecation of stock of raw materials, work-in-progress, semi-finished, finished products, consumable stores and spares, bills receivable, book debts and all other movables, both present and future in Balco. The charges ranks pari passu among banks under multiple banking arrangements, both for fund based and non-fund based facilities.	0.1	18.2
ECB	Secured by all present and future movable assets of Vedanta Limited's Jharsuguda Aluminium division including its movable plant and machinery, equipment, machinery spare tools and accessories.	99.9	299.2
	Secured by first pari passu charge over Fixed Assets of Balco with Minimum Security cover of 1.25 times	73.9	–
	Secured by first pari passu charges on Project assets related to 1200 MW Power Plant and 3.25 LTPA Smelter both present and future along with secured lenders in Balco.	49.8	49.6
	Secured by first pari passu charges on all the fixed assets (excluding land) of the 3.25 LTPA Aluminium Smelter along with a Thermal Power Plant of 1200 MW at Korba, both present and future along with secured lenders	133.3	200.0
NCD	The Principal together with interest (in respect of the amount so subscribed and issued) is secured by the first pari pasu charge over specific identified fixed asset of Vedanta Limited's iron ore division with the minimum security cover of 1.25 times.	231.3	226.1
	Secured by first pari passu charge over fixed assets (excluding leasehold properties) of Balco with Minimum Security cover of 1.25 times	77.1	75.4
	Secured by security cover of 1.25 times on the face value of outstanding debentures by way of charge on the assets of Vedanta Limited and/or assets of 2400 MW Thermal Power at Jharsuguda, Orissa at all times during the tenure of the debenture.	231.2	226.1
	Secured by way of first pari-passu charge on the specific movable and/or immovable Fixed Assets, as may be identified and notified by the Issuer to the Security Trustee from time to time, with minimum asset coverage of 1 time of the aggregate face value of Bonds outstanding at any point of time. The whole of the movable fixed assets of the 1.6 MTPA Aluminium Smelter along with 1215 MW captive power plant in Jharsuguda and 1 MTPA alumina refinery along with 75 MW co-generation plant in Lanjigarh are covered	1,033.1	934.7
	Secured by first pari passu charge over the fixed assets of Vedanta Limited's Lanjigarh Expansion and Lanjigarh 2 MTPA Assets with a minimum security cover of 1 times of the outstanding amount of the debenture	239.1	–
	Secured by first pari passu charge on all the movable fixed assets of TSPL both present and future, with a minimum asset cover of 1.1 times during the lifetime of the NCDs	297.3	207.7

24. BORROWINGS (CONTINUED)

Term Loans	Secured by first pari passu charge by way of hypothecation on the entire movable Fixed Assets (including WIP) of the Aluminium and Power Project, both present and future; and mortgage by deposit of documents of title of the land pertaining to the Fixed Assets. Aluminium and Power project shall mean the manufacturing facilities comprising of (i) alumina refinery having output of 1 MTPA along with co-generation captive power plant with an aggregate capacity of 75 MW at Lanjigarh, Orissa. (ii) aluminium smelter having an output of 1.6 MTPA along with a 1215 (9x135) MW CPP at Jharsuguda, Orissa.	410.1	–
	Secured by first charge on pari passu basis on all the movable assets of TSPL	561.4	351.5
	Secured by a first pari passu charge on movable & immovable fixed assets of Vedanta Limited's Refinery expansion Project (beyond 2 MTPA & upto 6 MTPA)	151.8	–
	Secured by creating first pari-passu charge by way of hypothecation of the movable fixed assets and mortgage on all the immovable fixed assets of the Aluminium Division of Vedanta Limited, both present and future, including leasehold land.	692.1	713.9
	Secured by creating first pari-passu charge by way of hypothecation of the movable fixed assets and mortgage on all the immovable fixed assets of the Aluminium Division of Vedanta Limited, both present and future, including leasehold land.	741.0	861.3
	Secured by a first pari passu charge by way of hypothecation on the entire movable fixed Assets (including CWIP) of the project at Vedanta Limited's Jharsuguda Aluminium division, both present and future; and mortgage by deposit of documents of title of the land pertaining to the fixed Assets.	299.5	296.4
	Secured by aggregate of the Net Fixed Assets of Aluminium Division and the Lanjigarh Expansion Project reduced by the outstanding amount of other borrowings having first pari passu charge on the fixed assets of Aluminium division and the Lanjigarh Expansion Project,	192.0	188.4
	Secured by creating first pari-passu charge by way of hypothecation of the movable fixed assets and mortgage on all the immovable fixed assets of the Aluminium Division of Vedanta Limited, both present and future, including leasehold land.	57.8	67.0
	Secured by 2nd pari passu charge on specific fixed assets of Vedanta Limited related to 2400 MW power project in Jharsuguda (except agricultural land)	67.4	103.4
	Secured by first pari passu charges on movable fixed assets (excluding Coal Block assets) both present and future along with secured lenders in Balco.	237.8	240.1
	Secured by collateral security of current assets of VGCB	41.7	–
	Total	**6,037.8**	**5,206.1**

25. NON-EQUITY NON-CONTROLLING INTERESTS

As at 31 March 2017, non-equity non-controlling interests amounts to US$11.9 million (2016 : US$11.9 million), being deferred shares in KCM held by ZCCM. The deferred shares have no voting rights or rights to KCM's dividends, but are entitled on a winding up to a return of up to US$0.99 per share once all of KCM's ordinary shares have received a distribution equal to their par value and any share premium created on their issue and which remains distributable to them.

The deferred shares are held at historic cost, being the fair value attributed to them at the time of initial acquisition of KCM in the year ended 31 March 2005. They are classified as non-current liabilities as they are repayable only on the winding up of KCM, for an amount different than the pro rata share of net assets upon liquidation. The shares have been valued at US$0.99 per share, which is the maximum amount payable to the deferred shareholders. These deferred shares have not been discounted as the effect would not be material.

26. MOVEMENT IN NET DEBT[1]

(US$ million)	Cash and cash equivalents	Liquid investments	Total cash and liquid investments	Debt due within one year	Debt due after one year		Total Net Debt
				Debt carrying value	Debt carrying value	Debt-related derivatives[2]	
At 1 April 2015	**353.7**	**7,856.1**	**8,209.8**	**(3,179.2)**	**(13,488.6)**	**(2.3)**	**(8,460.3)**
Cash flow	92.6	999.9	1,092.5	1,022.1	(901.6)	–	1,213.0
Other non-cash changes[3]	–	59.4	59.4	(2,280.6)	2,195.6	0.3	(25.3)
Foreign exchange differences	(18.0)	(407.2)	(425.2)	123.9	245.1	–	(56.2)
At 1 April 2016	**428.3**	**8,508.2**	**8,936.5**	**(4,313.8)**	**(11,949.5)**	**(2.0)**	**(7,328.8)**
Cash flow	1,187.2	(921.5)	265.7	74.1	(1,144.6)	–	(804.8)
Other non-cash changes[3]	–	321.0	321.0	(3,266.6)	2,643.4	2.0	(300.2)
Foreign exchange differences	66.7	135.3	202.0	(152.2)	(119.5)	–	(69.7)
At 31 March 2017	**1,682.2**	**8,043.0**	**9,725.2**	**(7,658.5)**	**(10,570.2)**	**–**	**(8,503.5)**

1 Net debt being total debt and debt related derivative reduced by cash and cash equivalents and liquid investments, as carried at fair value under IAS 32 and 39.
2 Debt related derivatives exclude derivative financial assets and liabilities relating to commodity contracts and forward foreign currency contracts.
3 Other non-cash changes comprises of mark to market of embedded derivatives, interest accretion on convertible bonds, amortisation of borrowing costs, foreign exchange difference on net debt and preference shares to be issued on merger, for which there is no cash movement and reclassification between debt due within one year and debt due after one year. It also includes US$312.1 million (2016: US$59.4 million) of fair value movement in investments.

27. TRADE AND OTHER PAYABLES

(A) CURRENT TRADE AND OTHER PAYABLES

(US$ million)	**As at 31 March 2017**	As at 31 March 2016
Bills of exchange	1,550.8	1,500.0
Dividend payable to NCI	671.6	536.3
Trade payables	1,515.8	1,268.8
Project creditors	578.8	974.8
Other payables	729.8	576.3
Financial (A)	**5,046.8**	**4,856.2**
Dividend distribution tax payable	–	311.2
Statutory liabilities	308.2	180.6
Advance from customers[1]	783.9	396.8
Other payables	84.5	131.3
Non-Financial (B)	**1,176.6**	**1,019.9**
Total (A+B)	**6,223.4**	**5,876.1**

Non-interest bearing trade payables are normally settled on 60 to 90-day terms.

Interest bearing trade and other payables amount to US$1,550.8 million (2016: US$1,500.0 million).

Bills of exchange are interest-bearing liabilities and are normally settled within a period of twelve months. These represent arrangements whereby operational suppliers of raw materials are paid by financial institutions, with the Company recognising the liability for settlement with the institutions at a later date.

The fair values of the trade and other payables are not materially different from the carrying values presented.

27. TRADE AND OTHER PAYABLES (CONTINUED)
(B) NON-CURRENT TRADE AND OTHER PAYABLES

(US$ million)	As at 31 March 2017	As at 31 March 2016
Security deposits and retentions	0.2	15.7
Project creditors	47.1	46.0
Others	21.2	3.7
Financial (A)	**68.5**	**65.4**
Advance from customers[1]	–	150.5
Others	–	7.6
Non- Financial (B)	–	158.1
Total (A+B)	**68.5**	**223.5**

1 Advance from customers include amounts received under long term supply agreements. The advance payment plus a fixed rate of return will be settled by supplying copper over a period up to twenty four months under an agreed delivery schedule as per the terms of the respective agreements. As these are contracts that the group expects, and has the ability, to fulfil through delivery of a non-financial item, these are recognised as advance from customers and will be released to the income statement as copper is delivered under the agreements. The portion of the advance that is expected to be settled within the next 12 months has been classified as a current liability.

28. CONVERTIBLE BONDS

A.

Vedanta Resource Jersey Limited ("VRJL") issued 5.5% US$1,250.0 million guaranteed convertible bonds on 13 July 2009. The bonds are first convertible into exchangeable redeemable preference shares to be issued by VRJL, which will then be automatically exchanged for ordinary shares of Vedanta Resources plc. The bondholders had the option to convert at any time from 24 August 2009 to 6 July 2016. Conversion options exercised before 15 August 2012 were convertible at US$36.5 per share. Conversion options exercised on or after 15 August 2012 were convertible at US$35.6 per share.

If the notes have not been converted, they will be redeemed at the option of the Company at any time on or after 28 July 2012 subject to certain conditions, or be redeemed at the option of the bondholders on 13 July 2014 or at the time of final maturity on 13 July 2016.

During the previous year in January 2016 and February 2016, the company bought back the convertible bonds of a face value of US$549.3 million and carrying value of US$541.6 million from market for a consideration of US$522.4 million. The buyback consideration including buy back cost of US$1.1 million has been split between the liability and equity. Accordingly, US$2.6 million has been debited to convertible bond reserve and net gain of US$20.7 million has been recognised in the income statement.

During the year the company further bought back convertible bonds of a face value of US$67.4 million and repaid the balance US$514.8 million on its due date in July 2016.

(US$ million)	Year ended 31 March 2017	Year ended 31 March 2016
Opening liability	579.9	1096.4
Effective interest cost	17.5	90.1
Conversion of Convertible bonds	–	(2.9)
Repayment of Convertible bonds	(514.8)	–
Buy back of Convertible bonds	(67.4)	(541.6)
Coupon interest paid/accrued	(15.2)	(62.1)
Closing liability	**–**	**579.9**

The interest charged for the year is calculated by applying an effective interest rate of 8.2% (March 2016: 8.2%).

The fair value of the convertible bond as at 31 March 2017 is Nil (March 2016: US$573.1 million).

B.

Vedanta Resource Jersey II Limited ("VRJL - II") issued 4.0% US$883 million guaranteed convertible bonds on 30 March 2010. The bonds were first convertible into exchangeable redeemable preference shares to be issued by VRJL-II, which will then be automatically exchanged for ordinary shares of Vedanta Resources plc. The bondholders have the option to convert at any time from 10 May 2010 to 23 March 2017. Conversion option exercised before 15 August 2012, were convertible at US$51.9 per share. Conversion Options exercised on or after 15 August 2012, are convertible at US$50.6 per share, as per the terms of offering circular.

28. CONVERTIBLE BONDS (CONTINUED)

If the notes have not been converted, they will be redeemed at the option of the Company at any time on or after 14 April 2013 subject to certain conditions, or be redeemed at the option of the bondholders on 29 April 2013 or on 30 March 2015 or at the time of final maturity on 30 March 2017.

During the year the company repaid US$8.1 million on its due date in March 2017.

(US$ million)	**Year ended 31 March 2017**	Year ended 31 March 2016
Opening liability	7.3	6.6
Effective interest cost	1.1	1.0
Repayment of Convertible Bonds	(8.1)	–
Coupon interest paid/accrued	(0.3)	(0.3)
Closing Liability	**–**	**7.3**

The interest charged for the year is calculated by applying an effective interest rate of 15.1% (2016: 15.1%).

The fair value of the convertible bond as at 31 March 2017 is Nil (March 2016: US$7.3 million).

SUMMARY OF CONVERTIBLE BOND MOVEMENTS:

(US$ million)	**Year ended 31 March 2017**	Year ended 31 March 2016
Opening Liability	587.2	1,103.0
Effective interest cost	18.6	91.1
Coupon interest paid/accrued	(15.5)	(62.4)
Repayment of bonds	(522.9)	–
Conversion of Convertible bonds	–	(2.9)
Buy back of Convertible bonds	(67.4)	(541.6)
Closing Liability	**–**	**587.2**

29. FINANCIAL INSTRUMENTS

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

(US$ million) **As at 31 March 2017**	Held for trading	Loans and receivables	Available for sale	Derivatives	**Total carrying value**	**Total fair value**
Financial Assets						
Financial instruments (derivatives)	–	–	–	2.2	**2.2**	**2.2**
Financial asset investments held at fair value	–	–	10.7	–	**10.7**	**10.7**
Liquid investments						
– Bank deposits	–	882.6	–	–	**882.6**	**882.6**
– Other investments	7,160.4	–	–	–	**7,160.4**	**7,160.4**
Cash and cash equivalents	–	1,682.2	–	–	**1,682.2**	**1,682.2**
Trade and other receivables	–	553.6	–	–	**553.6**	**553.6**
Other non-current assets	–	299.2	–	–	**299.2**	**299.2**
Total	**7,160.4**	**3,417.6**	**10.7**	**2.2**	**10,590.9**	**10,590.9**

(US$ million) **As at 31 March 2017**	Amortized cost	Derivatives	**Total carrying value**	**Total fair value**
Financial Liabilities				
Financial instruments (derivatives)	–	(135.5)	**(135.5)**	**(135.5)**
Trade and other payables	(5,115.3)	–	**(5,115.3)**	**(5,115.3)**
Borrowings	(18,228.7)	–	**(18,228.7)**	**(17,310.2)**
Total	**(23,344.0)**	**(135.5)**	**(23,479.5)**	**(22,561.0)**

29. FINANCIAL INSTRUMENTS (CONTINUED)

(US$ million) As at 31 March 2016	Held for trading	Loans and receivables	Available for sale	Derivatives	Total carrying value	Total fair value
Financial Assets						
Financial instruments (derivatives)	–	–	–	19.1	**19.1**	**19.1**
Financial asset investments held at fair value	–	–	6.5	–	**6.5**	**6.5**
Liquid investments						
– Bank deposits	–	530.3	–	–	**530.3**	**530.3**
– Other investments	7,977.9	–	–	–	**7,977.9**	**7,977.9**
Cash and cash equivalents	–	428.3	–	–	**428.3**	**428.3**
Trade and other receivables	–	854.7	–	–	**854.7**	**854.7**
Other non-current assets	–	69.2	–	–	**69.2**	**69.2**
Total	**7,977.9**	**1,882.5**	**6.5**	**19.1**	**9,886.0**	**9,886.0**

(US$ million) As at 31 March 2016	Amortized cost	Derivatives	Total carrying value	Total fair value
Financial Liabilities				
Financial instruments (derivatives)	–	(68.9)	**(68.9)**	**(68.9)**
Trade and other payables	(4,921.6)	–	**(4,921.6)**	**(4,921.6)**
Borrowings[1]	(16,263.3)	–	**(16,263.3)**	**(15,118.2)**
Total	**(21,184.9)**	**(68.9)**	**(21,253.8)**	**(20,108.7)**

1 Includes amortised cost liability portion of convertible bonds US$587.2 million.

IFRS 7 requires additional information regarding the methodologies employed to measure the fair value of financial instruments which are recognised or disclosed in the accounts. These methodologies are categorised per the standard as:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include 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 measured at fair value:

(US$ million)	As at 31 March 2017		
	Level 1	**Level 2**	**Level 3**
Financial assets			
At fair value through profit or loss			
– Held for trading	2,891.9	4,268.5	–
– Financial instruments (derivatives)	–	2.2	–
Available-for-sale investments			
– Financial asset investments held at fair value	9.2	–	1.5
Total	**2,901.1**	**4,270.7**	**1.5**
Financial liabilities			
At fair value through profit or loss/designated for hedging			
– Financial instruments (derivatives)	–	135.5	–
Total	**–**	**135.5**	**–**

29. FINANCIAL INSTRUMENTS (CONTINUED)

	As at 31 March 2016(1)	
	Level 1	Level 2
Financial assets		
At fair value through profit or loss		
– Held for trading	3,473.7	4,504.2
– Financial instruments (derivatives)	–	19.1
Available-for-sale investments		
– Financial asset investments held at fair value	6.5	–
Total	**3,480.2**	**4,523.3**
Financial liabilities		
At fair value through profit or loss/designated for hedging		
– Financial instruments (derivatives)	–	(68.9)
Total	**–**	**(68.9)**

1 Held for trading disclosure at 31 March 2016 has been restated to appropriately disclose the bonds valued using inputs other than quoted price as Level 2 rather than Level 1.

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

Short-term marketable securities 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 short term marketable securities 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).

Fair value of long-term fixed-rate and variable-rate borrowings have been determined by the Group based on parameters such as interest rates, specific country risk factors, and the risk characteristics of the financed project. Listed bonds are fair valued based on the prevailing market price. For all other long-term fixed-rate and variable-rate borrowings, either the carrying amount approximates the fair value, or fair value have been estimated by discounting the expected future cash flows using a discount rate equivalent to the risk free rate of return adjusted for the appropriate credit spread. For all other financial instruments, the carrying amount is either the fair value, or approximates the fair value.

The fair value of financial asset investments represents the market value of the quoted investments and other traded instruments. For other financials assets the carrying value is considered to approximate fair value.

The fair value of financial liabilities is the market value of the traded instruments, where applicable. Otherwise fair value is calculated using a discounted cash flow model with market assumptions, unless the carrying value is considered to approximate fair value.

The Group has no financial instruments with fair values that are determined by reference to significant unobservable inputs.

DERIVATIVE INSTRUMENTS AND RISK MANAGEMENT

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

The Group'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, credit risk and capital management (the latter covered in note 34).

Risks are identified at both the corporate and individual subsidiary level with active involvement of senior management. Each operating subsidiary in the Group has in place risk management processes which are in line with the Group's policy. Each significant risk has a designated 'owner' within the Group 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 Group's Audit Committee. The Audit Committee is aided by the CFO Committee and 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 meetings of the CFO Committee and 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.

29. FINANCIAL INSTRUMENTS (CONTINUED)

TREASURY MANAGEMENT

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

The investment portfolio is independently reviewed by CRISIL Limited and our portfolio has been rated as "Very Good" meaning highest safety. The investments are made keeping in mind safety, liquidity and yield maximisation.

The Group uses derivative instruments to manage the exposure in foreign currency exchange rates, interest rates and commodity prices. The Group does not acquire or issue derivative financial instruments for trading or speculative purposes. The Group 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 interest rate and currency swaps and these are in line with the Group policies.

COMMODITY RISK

The Group 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 Group produces and sells will have an immediate and direct impact on the profitability of the businesses. As a general policy, the Group aims to sell the products at prevailing market prices. The commodity price risk in import of Copper Concentrate & Alumina is hedged on back-to back basis ensuring no price risk for the business. Entities with integrated operations aim to achieve the monthly average of the commodity prices for sales realization. Hedging is used primarily as a risk management tool to secure future cash flows in cases of high volatility by entering into forward contracts or similar instruments. The hedging activities are subject to strict limits set out by the Board and to a strictly defined internal control and monitoring mechanism. Decisions relating to hedging of commodities are taken at the Executive Committee level and with clearly laid down guidelines for their implementation by the subsidiaries.

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

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

COPPER

The Group's custom smelting copper operations at Tuticorin is benefited by a natural hedge except to the extent of a possible mismatch in quotational periods between the purchase of concentrate and the sale of finished copper. The Group's policy on custom smelting is to generate margins from Treatment charges/Refining charges, 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 Group hedges this variability of LME prices through forward contracts and tries to make the LME price a pass-through cost between purchases of copper concentrate and sales of finished products, both of which are linked to the LME price.

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

KCM is largely an integrated copper producer and whenever hedging is done it is with an intention to protect the Group from price fluctuations in copper. KCM also engages in hedging for its custom smelting operations in line with the Group's policy on custom smelting at Tuticorin, as explained above.

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 Group on selective basis hedges the aluminium content in imported alumina to protect its margins.

The Group also enters into hedging arrangements for its aluminium sales to realise month of sale LME prices.

ZINC AND LEAD

The sales prices are linked to the LME prices. The Group also enters into hedging arrangements for its Zinc and Lead sales to realise month of sale LME prices.

29. FINANCIAL INSTRUMENTS (CONTINUED)

IRON ORE

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

OIL AND GAS

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

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

PROVISIONALLY PRICED FINANCIAL INSTRUMENTS

On 31 March 2017, the value of net financial liabilities linked to commodities (excluding derivatives) accounted for on provisional prices was a liability of US$465.5 million (2016: liability of US$416.3 million). 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 1 April 2017.

Set out below is the impact of 10% increase in LME prices on profit/(loss) for the year and total equity as a result of changes in value of the Group's commodity financial instruments as at 31 March 2017:

(US$ million except as stated) Commodity price sensitivity	**Closing LME as at 31 March 2017 US$**	**Effect on profit/(loss) of a 10% increase in the LME 31 March 2017 (US$ million)**	**Effect on total equity of a 10% increase in the LME 31 March 2017 (US$ million)**
Copper	5,849.0	(54.3)	(54.3)
Zinc	2,782.5	0.5	0.5
Lead	2,310.0	1.1	1.1

(US$ million except as stated) Commodity price sensitivity	Closing LME as at 31 March 2016 US$	Effect on profit/(loss) of a 10% increase in the LME 31 March 2016 (US$ million)	Effect on total equity of a 10% increase in the LME 31 March 2016 (US$ million)
Copper	4,855.5	(44.5)	(44.5)
Zinc	1,785.0	0.2	0.2
Lead	1,704.5	0.6	0.6

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 Group's financial instruments.

Further, the impact of a 10% increase in closing copper LME for provisionally priced copper concentrate purchased at Vedanta Limited Copper division custom smelting operations is US$48.2 million (2016: US$50.0 million), which is pass through in nature and as such will not have any impact on the profitability.

FINANCIAL RISK AND SENSITIVITIES

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

(A) LIQUIDITY

The Group requires funds both for short-term operational needs as well as for long-term investment programmes mainly in growth projects. The Group generates sufficient cash flows from the current operations which together with the available cash and cash equivalents and liquid financial asset investments provide liquidity both in the short term as well as in the long term. Anticipated future cash flows, together with undrawn fund based committed facilities of US$911.0 million, and cash and liquid investments of US$9,725.2 million as at 31 March 2017, are expected to be sufficient to meet the liquidity requirement of the Group in the near future.

The Group's current corporate family ratings from Standard & Poor's and Moody's are B+/Stable Outlook (B/Stable as on March 31, 2016) and B1/Stable Outlook (B2/Negative as on March 31, 2016), respectively. The rating upgrades during the year reflect the Group's improving financial and operating performance and improving commodity prices. The Group strives to maintain a healthy liquidity, gearing ratio and retains flexibility in the financing structure (Refer note 34).

29. FINANCIAL INSTRUMENTS (CONTINUED)

The maturity profile of the Group's financial liabilities based on the remaining period from the balance sheet date to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Group:

AT 31 MARCH 2017

(US$ million) Payment due by period	< 1 year	1-3 years	3-5 years	> 5 years	Total
Trade and other payables	5,046.8	38.3	–	30.2	5,115.3
Bank and other borrowings[1]	8,560.5	5,387.9	4,508.7	2,735.0	21,192.1
Derivative liabilities	126.9	8.6	–	–	135.5
Total	**13,734.2**	**5,434.8**	**4,508.7**	**2,765.2**	**26,442.9**

AT 31 MARCH 2016

(US$ million) Payment due by period	< 1 year	1-3 years	3-5 years	> 5 years	Total
Trade and other payables	4,856.2	–	59.2	6.2	4,921.6
Bank and other borrowings[1]	4,711.2	7,614.2	3,465.7	3,388.3	19,179.4
Convertible bonds[1]	595.5	–	–	–	595.5
Derivative liabilities	67.7	1.2	–	–	68.9
Total	**10,230.6**	**7,615.4**	**3,524.9**	**3,394.5**	**24,765.4**

1 Includes contractual interest payment based on interest rate prevailing at the end of the reporting period

At 31 March 2017, the Group had access to funding facilities (both fund based and non-fund based) of US$19,400.8 million, of which US$911.0 million fund based and US$710.8 million non-fund based, was not yet drawn, as set out below.

(US$ million) Funding facilities	Total facility	Drawn	Undrawn
Less than 1 year	8,341.6	6,786.0	1,555.6
1-2 years	3,791.7	3,791.7	–
2-5 years and above	7,267.5	7,201.3	66.2
Total	**19,400.8**	**17,779.0**	**1,621.8**

At 31 March 2016, the Group had access to funding facilities (both fund based and non-fund based) of US$18,140.7 million of which US$1,087.3 million fund based and US$716.2 million non-fund based, was not yet drawn, as set out below.

(US$ million) Funding facilities	Total facility	Drawn	Undrawn
Less than 1 year	6,104.2	4,310.0	1,794.2
1-2 years	2,642.7	2,642.7	–
2-5 years and above	9,393.8	9,384.5	9.3
Total	**18,140.7**	**16,337.2**	**1,803.5**

'Fund based' facilities represent contractual agreements for financial institutions to provide cash, such as cash credit limits and term loans, whereas 'non-fund based' facilities only give rise to an obligation to provide cash upon fulfilment of certain conditions, such as bank guarantees and letters of credit.

29. FINANCIAL INSTRUMENTS (CONTINUED)

(B) FOREIGN CURRENCY

The Group's presentation currency is the US dollar. The majority of the assets are located in India and the Indian Rupee is the functional currency for the Indian operating subsidiaries except for Oil and Gas business where the functional currency is US Dollar. Exposures on foreign currency loans are managed through the foreign exchange hedging policy, which is reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed. 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. Longer exposures beyond one year for trade and other current account transactions are reviewed and hedges taken accordingly. However, all new exposures on account of long term borrowing are being hedged.

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

(US$ million)	At 31 March 2017 Financial Assets	At 31 March 2017 Financial liabilities	At 31 March 2016 Financial Assets	At 31 March 2016 Financial liabilities
USD	1,551.9	11,624.7	1,260.9	12,519.9
INR	8,951.4	11,727.6	8,524.6	8,502.5
Kwacha	0.2	31.0	0.8	120.9
AUD	2.1	1.2	0.4	9.3
CAD	–	0.2	–	0.1
EURO	27.9	41.6	46.6	47.4
ZAR	19.0	29.3	18.3	18.6
NAD	12.1	16.0	5.0	5.0
Others	26.3	7.9	29.4	30.1
Total	**10,590.9**	**23,479.5**	**9,886.0**	**21,253.8**

The Group's exposure to foreign currency arises where a Group company holds monetary assets and liabilities denominated in a currency different to the functional currency of that entity with USD (US Dollar)being the major foreign currency exposure of the Group's main operating subsidiaries. Set out below is the impact of a 10% change in the US dollar on profit/(loss) and equity arising as a result of the revaluation of the Group's foreign currency financial instruments:

(US$ million)	31 March 2017 Closing exchange rate	Effect of 10% strengthening of US dollar on net earning	Effect of 10% strengthening of US dollar on total equity
INR	64.8386	(317.3)	(317.1)
Kwacha	9.6570	(2.2)	(2.2)

(US$ million)	31 March 2016 Closing exchange rate	Effect of 10% strengthening of US dollar on net earnings	Effect of 10% strengthening of US dollar on total equity
INR	66.3329	(191.1)	(230.2)
Kwacha	7.5811	(10.1)	(10.1)

The sensitivities are based on financial assets and liabilities held at 31 March 2017 where balances are not denominated in the functional currency of the respective subsidiaries. The sensitivities do not take into account the Group's sales and costs and the results of the sensitivities could change due to other factors such as changes in the value of financial assets and liabilities as a result of non-foreign exchange influenced factors. A 10% depreciation of the US$ would have an equal and opposite effect on the Group's financial instruments.

(C) INTEREST RATE RISK

At 31 March 2017, the Group's net debt of US$8,503.5 million (2016: US$7,328.8 million net debt) comprises cash, cash equivalents and liquid investments of US$9,725.2 million (2016: US$8,936.5 million) offset by debt of US$18,228.7 million (2016: US$16,263.3 million) and debt derivative liability of Nil (2016 : US $ 2.0 million).

The Group is exposed to interest rate risk on short-term and long-term floating rate instruments and on the refinancing of fixed rate debt. The Group'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. As at 31 March 2017, 55% (2016: 48.0%) of the total debt was at a fixed rate and the balance was at a floating rate. The USD floating rate debt is linked to US dollar LIBOR and INR Floating rate debt to Bank's base rate. The Group also aims to opt for a higher proportion of long-term debt to fund growth projects to extend its maturity profile. The Group invests cash and liquid investments in short-term deposits and debt mutual funds, some of which generate a tax-free return, to achieve the Group's goal of maintaining liquidity, carrying manageable risk and achieving satisfactory returns.

29. FINANCIAL INSTRUMENTS (CONTINUED)

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

The exposure of the Group's financial assets to interest rate risk is as follows:

(US$ million)	At 31 March 2017 Floating rate financial assets	At 31 March 2017 Fixed rate financial assets	At 31 March 2017 Non-interest bearing financial assets	At 31 March 2016 Floating rate financial assets	At 31 March 2016 Fixed rate financial assets	At 31 March 2016 Non-interest bearing financial assets
Financial assets	5,379.4	3,043.0	2,166.3	6,334.0	2,601.8	931.1
Derivative assets	–	–	2.2	–	–	19.1
Total financial assets	**5,379.4**	**3,043.0**	**2,168.5**	**6.334.0**	**2,601.8**	**950.2**

The exposure of the Group's financial liabilities to interest rate risk is as follows:

(US$ million)	At 31 March 2017 Floating rate financial liabilities	At 31 March 2017 Fixed rate financial liabilities	At 31 March 2017 Non-interest bearing financial liabilities	At 31 March 2016 Floating rate financial liabilities	At 31 March 2016 Fixed rate financial liabilities	At 31 March 2016 Non-interest bearing financial liabilities
Financial liabilities	8,253.5	11,896.7	3,193.8	8,454.3	9,294.2	3,436.4
Derivative liabilities		–	135.5	–	–	68.9
Total financial liabilities	**8,253.5**	**11,896.7**	**3.329.3**	**8,454.3**	**9,294.2**	**3,505.3**

The weighted average interest rate on the fixed rate financial liabilities is 7.5% (2016: 8.2%) and the weighted average period for which the rate is fixed is 2.4 years (2016: 2.4 years).

Considering the net debt position as at 31 March 2017 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 both derivative and non-derivative instruments at the balance sheet date.

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

AT 31 MARCH 2017

(US$ million) Change in interest rates	Effect on profit for the year	Effect on total equity
0.5%	41.3	41.3
1.0%	82.5	82.5
2.0%	165.1	165.1

AT 31 MARCH 2016

(US$ million) Change in interest rates	Effect on loss for the year	Effect on total equity
0.5%	42.3	42.3
1.0%	84.5	84.5
2.0%	169.1	169.1

(D) CREDIT RISK

The Group is exposed to credit risk from trade receivables, cash and cash equivalents, liquid investments and other financial instruments.

The Group has clearly defined policies to mitigate counterparty risks. Cash and liquid investments are held primarily in debt schemes of mutual funds, Bonds and bank deposits with good credit ratings. Defined limits are in place for exposure to individual counterparties in case of mutual fund houses and banks.

29. FINANCIAL INSTRUMENTS (CONTINUED)

The large majority of receivables due from third parties are secured. Moreover, given the diverse nature of the Group's businesses trade receivables are spread over a number of customers with no significant concentration of credit risk. During the year ended 31 March 2017 and 31 March 2016, no single customer accounted for 10% or more of the Group's net sales or for any of the Group's primary businesses. The history of trade receivables shows a negligible provision for bad and doubtful debts. Therefore, the Group does not expect any material risk on account of non-performance by any of our counterparties.

The Group's maximum gross exposure to credit risk at 31 March 2017 is US $ 10,589.3 million (2016: US$$9,886.0 million).

Of the year end trade and other receivable 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 2017:

(US$ million)	**2017**	2016
Neither past due nor impaired	181.4	581.5
Past due but not impaired		
Less than 1 month	130.6	49.8
Between 1–3 months	34.0	74.3
Between 3–12 months	199.3	92.9
Greater than 12 months	188.6	56.2
Total	**733.9**	**854.7**

DERIVATIVE FINANCIAL INSTRUMENTS

The fair value of all derivatives is separately recorded on the balance sheet within other financial assets (derivatives) and other financial liabilities (derivatives), current and non-current. Derivatives that are designated as hedges are classified as current or non-current depending on the maturity of the derivative.

EMBEDDED DERIVATIVES

Derivatives embedded in other financial instruments or other contracts are treated as separate derivative contracts, when their risks and characteristics are not closely related to those of their host contracts.

CASH FLOW HEDGES

The Group also enters into forward exchange and commodity price contracts for hedging highly probable forecast transactions and accounts for them as cash flow hedges and states them at fair value. Subsequent changes in fair value are recognised in equity until the hedged transactions occur, at which time the respective gains or losses are transferred to the income statement.

The fair value of the Group's open derivative positions at 31 March 2017, recorded within financial instruments (derivative) is as follows:

	As at 31 March 2017		As at 31 March 2016	
(US$ million)	**Liability**	**Asset**	Liability	Asset
Current				
Cash flow hedges				
– Commodity contracts	(13.2)	0.1	(0.9)	0.2
– Forward foreign currency contracts	(2.1)	0.1	(8.3)	5.5
Fair value hedges				
– Commodity contracts	(0.5)	–	–	0.1
– Forward foreign currency contracts	(82.1)	–	(37.4)	1.3
Non Qualifying hedges				
– Commodity contracts	(3.7)	1.4	(1.2)	2.9
– Forward foreign currency contracts	(25.1)	–	(19.7)	8.3
– Other (Foreign currency swap)	(0.2)	–	(0.2)	0.0
Total	**(126.9)**	**1.6**	**(67.7)**	**18.3**
Non-current				
Fair Value Hedges				
– Forward foreign currency contracts	(8.6)	0.6	(1.2)	0.8
Total	**(8.6)**	**0.6**	**(1.2)**	**0.8**
Grand Total	**(135.5)**	**2.2**	**(68.9)**	**19.1**

The majority of cash flow hedges taken out by the Group during the year comprises commodity contracts and foreign currency forward contracts for firm future commitments.

The cash flows related to the majority of cash flow hedges above are expected to occur during the year ended 31 March 2018 and consequently may impact the income statements for that year depending upon the change in the commodity prices and foreign exchange rate movements.

29. FINANCIAL INSTRUMENTS (CONTINUED)

NON-QUALIFYING HEDGES

The majority of these derivatives comprise foreign currency forward contracts which are economic hedges but which do not fulfil the requirements for hedge accounting of IAS 39 Financial Instruments: Recognition and Measurement.

FAIR VALUE HEDGES

The fair value hedges relate to foreign currency forward contracts taken to hedge currency exposure on purchase of raw materials and capital imports.

HEDGING RESERVE RECONCILIATION

(US$ million)	Hedging reserves	Non-controlling interests	Total
At 1 April 2015	**(74.7)**	**(44.7)**	**(119.4)**
Amount recognised directly in equity	(17.2)	(10.1)	(27.3)
Amount transferred to income statement	(0.8)	(0.7)	(1.5)
Exchange difference	5.0	2.9	7.9
At 1 April 2016	**(87.7)**	**(52.6)**	**(140.3)**
Amount recognised directly in equity	3.3	0.5	3.8
Amount transferred to income statement	(5.0)	(3.0)	(8.0)
Exchange difference	(1.5)	(0.9)	(2.4)
At 31 March 2017	**(90.9)**	**(56.0)**	**(146.9)**

30. PROVISIONS

(US$ million)	Restoration, rehabilitation and environmental	KCM Copper Price Participation	Other	Total
At 1 April 2015	**224.9**	**91.9**	**27.4**	**344.2**
Charged to income statement	3.4	–	1.7	5.1
Unwinding of discount (note 7)	10.3	2.5	0.7	13.5
Cash paid	(43.9)	–	(0.7)	(44.6)
Exchange differences	(3.0)	7.6	(3.3)	1.3
At 1 April 2016	**191.7**	**102.0**	**25.8**	**319.5**
Additions	4.1	–	12.5	16.6
Amounts used	(12.8)	(6.0)	(1.2)	(20.0)
Unwinding of discount (note 7)	12.6	0.4	–	13.0
Change in estimates	112.4	–	–	112.4
Reclassifications to trade payables	–	(96.3)	(4.4)	(100.7)
Exchange differences	8.8	(0.1)	(4.7)	4.0
At 31 March 2017	**316.8**	**–**	**28.0**	**344.8**
Current 2017	9.8	–	7.7	17.5
Non-current 2017	307.0	–	20.3	327.3
	316.8	**–**	**28.0**	**344.8**
Current 2016	17.5	102.0	12.6	132.1
Non-current 2016	174.2	–	13.2	187.4
	191.7	**102.0**	**25.8**	**319.5**

RESTORATION, REHABILITATION AND ENVIRONMENTAL

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 Group's obligations under existing Indian, Australian, Zambian, Namibian, South African and Irish law and the terms of the Group's mining and other licences and contractual arrangements. These amounts, calculated by considering discount rates within the range of 2% to 13%, become payable on closure of mines and are expected to be incurred over a period of one to thirty years. Within India, the principal restoration and rehabilitation provisions are recorded within Cairn India 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 Group recognises the full cost of site restoration as a liability when the obligation to rectify environmental damage arises.

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.

30. PROVISIONS (CONTINUED)

In the current period, the Group identified an adjustment to the discount rate applied to the decommissioning liability in relation to a prior year in the Group's Oil and Gas segment. The discount rate has been revised from 8% to 3.5% p.a. to reflect the risk free rate of return of the currency in which the majority of the expenses are likely to be incurred. The consequential increase in decommissioning provision and property, plant and equipment of US$125.0 million, which the Group believes is not material when comparing to the overall net assets, has been recognised in the current period.

KCM COPPER PRICE PARTICIPATION

During the year 31 March 2013, the Group and ZCCM-IH agreed a final settlement for the copper price participation liability. Pursuant to this agreement KCM had paid US$6.0 million during the first quarter of current year and subsequently KCM and ZCCM-IH had agreed to amend the scheduled dates of payment in respect of price participation through a Consent order as recorded in the English Court. Pursuant to the terms of the order, KCM agreed to an amended schedule of payment with ZCCM-IH as US$20 million by 31 January 2017, US$22 million by 28 February 2017 and US$2.55 million at the end of every month (commencing 31 March 2017) for next 24 months until the judgment sum is paid in full. Consequent to the removal of uncertainty with respect to timing and amount, US$96.3 million has been reclassified to trade payables during the current year.

OTHER

Other includes provision on post- retirement medical benefits. The expected Year of utilisation is 18 years.

31. NON-CURRENT TAX ASSETS AND DEFERRED TAX (ASSETS)/LIABILITIES

Non-current tax assets of US $ 434.6 million (2016 : 361.7 million) mainly represents income tax receivable from Indian tax authorities by Vedanta Limited relating to 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 in Group companies including tax holiday claim.

The Group has accrued significant amounts of deferred tax. The majority of the deferred tax liability represents accelerated tax relief for the depreciation of capital expenditure and the depreciation on fair value uplifts created on acquisitions, net of losses carried forward by Vedanta Limited (post the re-organisation) and MAT credits carried forward in Vedanta Limited, Cairn and Hindustan Zinc.

The amounts of deferred tax on temporary differences, recognized or not recognized, in the consolidated statement of financial position is as follows:

DEFERRED TAX (ASSETS)/LIABILITIES
FOR THE YEAR ENDED 31 MARCH 2017

(US$ million)	Opening balance as at 1 April 2016	Charged/ (credited) to income statement	Charged/ (credited) to OCI	Exchange difference transferred to translation of foreign operation	Total as at 31 March 2017
Property, plant & equipment, Exploration& Evaluation and other intangible assets	2,175.0	(42.0)	–	47.3	2,180.3
Unabsorbed depreciation/business loss	(813.9)	(94.6)	–	(22.0)	(930.5)
Voluntary retirement scheme	(8.9)	1.7	–	(0.2)	(7.4)
Employee benefits	(7.9)	(1.3)	(0.6)	(0.3)	(10.1)
Fair value of derivative assets/liabilities	2.6	19.8	1.5	0.8	24.7
Fair value of other assets/liabilities	134.2	23.4	–	4.1	161.7
MAT credits entitlement	(1,966.7)	96.4	–	(45.3)	(1,915.6)
Other temporary differences	(149.6)	(91.1)	–	(2.3)	(243.0)
Total	**(635.2)**	**(87.7)**	**0.9**	**(17.9)**	**(739.9)**

UNRECOGNISED DEFERRED TAX ASSETS
AS AT 31 MARCH 2017

(US$ million)	Within one year	Greater than one year, less than five years	Greater than five years	No expiry date	Total
Unutilised business losses	302.2	869.7.	212.3	1,520.3	2,904.5
Unabsorbed depreciation	–	–	–	261.3	261.3
Capital losses	–	-	–	–	–
Unused tax credit	–	–	–	1.3	1.3
Total	**302.2**	**869.7**	**212.3**	**1,782.9**	**3167.1**

31. NON-CURRENT TAX ASSETS AND DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

DEFERRED TAX ASSET/LIABILITIES
FOR THE YEAR ENDED 31 MARCH 2016

(US$ million)	Opening balance as at 1 April 2015	Charged/ (credited) to income statement	Charged/ (credited) to OCI	Exchange difference transferred to translation of foreign operation	Total as at 31 March 2016
Property, plant & equipment, Exploration& Evaluation and other intangible assets	3,478.3	(1,490.5)	–	187.2	2,175.0
Unabsorbed depreciation/business loss	(445.1)	(275.9)	–	(92.9)	(813.9)
Voluntary retirement scheme	(7.7)	(2.2)	–	1.0	(8.9)
Employee benefits	(10.8)	1.2	2.5	(0.8)	(7.9)
Fair value of derivative assets/liabilities	2.4	1.3	1.2	(2.3)	2.6
Fair value of other assets/liabilities	215.1	(98.3)	–	17.4	134.2
MAT credits entitlement	(1,898.0)	37.9	–	(106.6)	(1,966.7)
Other temporary differences	2.2	(192.1)	–	40.3	(149.6)
Total	**1,336.4**	**(2,018.6)**	**3.7**	**43.3**	**(635.2)**

UNRECOGNISED DEFERRED TAX ASSETS
FOR THE YEAR ENDED 31 MARCH 2016

(US$ million)	Within one year	Greater than one year, less than five years	Greater than five years	No expiry date	Total
Unutilised business losses	218.7	880.7	515.4	1,292.6	2907.4
Unabsorbed depreciation	–	–	–	587.3	587.3
Capital losses	–	40.7	143.0	–	183.7
Unused tax Credit	–	–	–	1.3	1.3
Total	**218.7**	**921.4**	**658.4**	**1,881.2**	**3,679.7**

No deferred tax asset has been recognised on these unutilized tax losses as there is no evidence that sufficient taxable profit will be available in future against which they can be utilised by the respective entities.

UNRECOGNISED MAT CREDIT

(US$ million)	**As at 31 March 2017**	As at 31 March 2016
2021	3.1	3.0
2022	16.0	15.6
2023	2.1	2.1
2024	8.0	7.8
2025	8.0	7.8
2026	16.0	15.6
2027	9.8	9.5
2028	1.2	1.2
2029	0.5	0.5
Total	**64.7**	**63.1**

Deferred tax assets in the Group have been recognised to the extent there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse.

32. SHARE-BASED PAYMENTS

EMPLOYEE SHARE SCHEMES

The Group aims to provide superior rewards for outstanding performance and a high proportion of 'at risk' remuneration for Executive Directors. Three employee share schemes were approved by shareholders on Listing in 2003. In 2014, the Board introduced a Performance Share Plan ('PSP') which is the primary arrangement under which share-based incentives are provided to the Executive Directors and the wider management group. In 2015, the Board also introduced a Deferred Share Bonus Plan (DSBP). In 2016, Vedanta Limited (subsidiary of Vedanta Resources plc) introduced an Employee Stock Option Scheme 2016 ("ESOS"), which was approved by the Vedanta Limited shareholders.

32. SHARE-BASED PAYMENTS (CONTINUED)

THE VEDANTA RESOURCES LONG-TERM INCENTIVE PLAN (THE 'LTIP') AND EMPLOYEE SHARE OWNERSHIP PLAN (THE 'ESOP') AND PERFORMANCE SHARE PLAN (THE 'PSP')

The maximum value of shares that can be conditionally awarded to an Executive Director in a year is 150% of annual salary. In respect of Mr. Navin Agarwal and Mr Tom Albanese, salary means the aggregate of their salary payable by Vedanta and their cost to company (CTC) payable by Vedanta Limited. The maximum value of shares that can be awarded to members of the wider management group is calculated by reference to the grade average CTC and individual grade of the employee. The performance conditions attaching to outstanding awards are as follows:

PSP - Dependent on the level of employee, part of these awards will be subject to a continued service condition only with the remainder measured in terms of Total Shareholder Return ('TSR') (being the movement in a company's share price plus reinvested dividends), is compared over the performance period with the performance of the companies as defined in the scheme from the grant date. The extent to which an award 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 vesting schedule is shown in the table below, with adjusted straight-line vesting in between the points shown and rounding down to the nearest whole share.

VEDANTA'S TSR PERFORMANCE AGAINST COMPARATOR GROUP

	(% of award vesting)
Below median	–
At median	30
At or above upper quintile	100

The performance condition is measured by taking the Company's TSR over the three months immediately preceding the date of grant and over the three months immediately preceding the end of the performance period, and comparing its performance with that of the comparator group or groups. The information to enable this calculation to be carried out on behalf of the Remuneration Committee ('the Committee') is provided by the Company's advisers. The Committee considers that this performance condition, which requires that the Company's total return has out-performed a group of industry peers, provides a reasonable alignment of the interests of the Executive Directors and the wider management group with those of the shareholders.

Initial awards under the PSP were granted on 17 November 2014, 1 January 2015 and subsequently on 30 December 2015 and 12 May 2016. All these plans were equity settled. The exercise price of the awards is 10 US cents per share and the performance period is three years, with no re-testing being allowed. On 2 March 2017 the Company also launched a cash based plan under the same scheme.

ESOP – measured in terms of business performance set against business plan for the financial year comprising operational deliverables, enabler parameters and sustainability performance specific to each company. The vesting schedule is graded over three years and varies from company to company with a minimum vesting of 30% triggering at either 80% or 85% business score. In another tranche, the vesting schedule is staggered over a period of three years from the date of grant, with 70% vesting based on the achievement of business performance and the remaining 30% based on continued employment with the Group until the end of the third year.

Initial awards under ESOP were granted on 24 September 2012 with further awards being made on 16 May 2013. The exercise price of the awards is 10 US cents per share and the performance period is one year.

The exercise period is six months from the date of vesting.

LTIP – measured in terms of Total Shareholder Return ('TSR') (being the movement in a company's share price plus reinvested dividends), is compared over the performance period with the performance of the companies as defined in the scheme from the grant date. The extent to which an award vests will depend on the Company's TSR rank against a group of peer companies ("Adapted Comparator Group") at the end of the performance period and as moderated by the Remuneration Committee. The vesting schedule is shown in the table below, with adjusted straight-line vesting in between the points shown and rounded down to the nearest whole share.

VEDANTA'S TSR PERFORMANCE AGAINST ADAPTED COMPARATOR GROUP

	(% of award vesting)
Below median	–
At median	40
At or above upper quartile	100

32. SHARE-BASED PAYMENTS (CONTINUED)

The performance condition is measured by taking the Company's TSR over the four weeks immediately preceding the date of grant and over the four weeks immediately preceding the end of the performance period, and comparing its performance with that of the comparator group described above. The information to enable this calculation to be carried out on behalf of the Remuneration Committee ('the Committee') is provided by the Company's advisers. The Committee considers that this performance condition, which requires that the Company's total return has out-performed a group or groups of industries peers, provides a reasonable alignment of the interests of the Executive Directors and the wider management group with those of the shareholders.

Initial awards under the LTIP were granted on 26 February 2004. As on 31 March 2016 the awards outstanding are the awards issued on 1 August 2011, 1 October 2011, 1 January 2012 and 1 April 2012. During the year, the Company further issued awards under the LTIP scheme on 11 November 2016. The exercise price of the awards is 10 US cents per share and the performance period is three years, with no re-testing being allowed.

The Vedanta Resources Deferred Share Bonus Plan (the DSBP) - In 2015, Vedanta introduced the DSBP, with initial awards being made in May 2015 & August 2015. Further in 2016, fresh awards were granted in May 2016 and September 2016. Under the plan, a portion of the annual bonus is deferred into shares and the awards granted under this scheme are not subject to any performance conditions, but only to service conditions being met. The vesting schedule is staggered over a period of one to three years. In case of DSBP, the shares are purchased from open market and allotted to employees, officers and directors. As on 31 March 2017, the options outstanding under the DSBP scheme are 417,446.

In general, the awards will be settled in equity. The awards are accounted for in accordance with the requirements applying to equity settled share-based payment transactions. The fair value of each award on the day of grant is equal to the average of the middle market quotations of its share price for 5 dealing days before the grant date.

Further details on these schemes are available in the Remuneration Report of the Annual Report.

The details of share options for the year ended 31 March 2017 and 31 March 2016 is presented below:

Year of Grant	Exercise Date	Exercise price US cents per share	Options outstanding 1 April 2016	Options granted during the year	Options lapsed during the year	Options lapsed during the year owing to performance conditions	Options exercised during the year	Options outstanding at 31 March 2017
2011	1 October 2014–1 April 2015*	10	3,200	–	–	–	(3,200)	–
2012	1 January 2015–1 July 2015*	10	2,800	–	–	–	(2,800)	–
2012	1 April 2015–1 October 2015*	10	1,760	–	(1,080)	–	(680)	–
2012	24 September 2013–24 March 2016*	10	74,750	–	(16,749)	–	(58,001)	–
2013	16 May 2014–16 November 2016	10	781,997	–	(66,227)	–	(715,770)	–
2014	17 November 2017–17 May 2018	10	4,658,329	–	(411,046)	–	–	4,247,283
2015	1 January 2018–1 July 2018	10	21,500	–	–	–	–	21,500
2015	30 December 2018–30 June 2019	10	5,418,842	–	(488,659)	–	–	4,930,183
2016	12 May 2019–12 November 2019	10	–	32,000	–	–	–	32,000
2016	11 November 2019–11 May 2020	10	–	475,000	–	–	–	475,000
2017	2 March 2020–2 September 2020 (cash based plan)	–	–	679,270	(720)	–	–	678,550
			10,963,178	**1,186,270**	**(984,481)**	**–**	**(780,451)**	**10,384,516**

Year of Grant	Exercise Date	Exercise price US cents per share	Options outstanding 1 April 2015	Options granted during the year	Options lapsed during the year	Options lapsed during the year owing to performance conditions	Options exercised during the year	Options outstanding at 31 March 2016
2011	1 July 2014–1 January 2015	10	600	–	–	–	(600)	–
2011	1 August 2014–1 February 2015	10	118,527	–	(15,120)	–	(103,407)	–
2011	1 October 2014–1 April 2015*	10	5,000	–	–	(1,800)	–	3,200
2012	1 January 2015–1 July 2015*	10	7,000	–	–	(4,200)	–	2,800
2012	1 April 2015–1 October 2015*	10	97,800	–	(37,850)	(58,190)	–	1,760
2012	24 September 2013–24 March 2016*	10	368,952	–	(19,515)	–	(274,687)	74,750
2013	16 May 2016–16 November 2016	10	1,302,785	–	(159,288)	–	(361,500)	781,997
2014	17 November 2017–17 May 2018	10	5,335,500	–	(677,171)	–	–	4,658,329
2015	1 January 2018–1 July 2018	10	–	21,500	–	–	–	21,500
2015	30 December 2018–30 June 2019	10	–	5,484,575	(65,733)	–	–	5,418,842
			7,236,164	5,506,075	(974,677)	(64,190)	(740,194)	10,963,178

* The exercise period of the schemes expiring before 31 March 2016 was extended up to June 2016.

32. SHARE-BASED PAYMENTS (CONTINUED)

In the year ended 31 March 2017, 984,481 (Year ended 31 March 2016: 1,038,867) options lapsed in total and 780,451 (Year ended 31 March 2016: 740,194) options exercised. As at 31 March 2017, 10,384,516 options remained outstanding and nil options were exercisable at the year end. The Weighted average share price for the share options exercised during the year ended 31 March 2017 was GBP 4.82 (Year ended 31 March 2016: GBP 4.1). The weighted average maturity period for the options outstanding as on 31 March 2017 is 23 months (31 March 2016: 31 months).

Most of the share-based awards of the Group are equity-settled as defined by IFRS 2 "Share-based Payment". The fair value of these awards has been determined at the date of grant of the award allowing for the effect of any market-based performance conditions. This fair value, adjusted by the Group's estimate of the number of awards that will eventually vest as a result of non-market conditions, is expensed on a straight-line basis over the vesting period. Where an award is cash-settled the fair value is recalculated at each reporting date until the liability is settled.

The fair values were calculated using the Stochastic valuation model with suitable modifications to allow for the specific performance conditions of the respective schemes. The inputs to the model include the share price at date of grant, exercise price, expected volatility, expected dividends, expected term and the risk free rate of interest. Expected volatility has been calculated using historical return indices over the period to date of grant that is commensurate with the performance period of the award. The volatilities of the industry peers have been modelled based on historical movements in the return indices over the period to date of grant which is also commensurate with the performance period for the option. The history of return indices is used to determine the volatility and correlation of share prices for the comparator companies and is needed for the Stochastic valuation model to estimate their future TSR performance relative to the Company's TSR performance. All options are assumed to be exercised immediately after vesting.

The assumptions used in the calculations of the charge in respect of the PSP/LTIP awards granted during the year ended 31 March 2017 and 31 March 2016 are set out below:

	Year ended 31 March 2017 PSP/LTIP			Period ended 31 March 2016 PSP
	March 2017	**November 2016**	**May 2016**	December 2015
Number of instruments	679,270	475,000	32,000	5,484,575
Exercise price	US$0.10	US$0.10	US$0.10	US$0.10
Share price at the date of grant	GBP8.92	GBP8.22	GBP3.45	GBP2.72
Contractual life	3 years	3 years	3 years	3 years
Expected volatility	66.3%	63.5%	61.4%	55.9%
Expected option life	3 years	3 years	3 years	3 years
Expected dividends	4.6%	4.8%	6.0%	9.9%
Risk free interest rate	0.10%	0.31%	0.38%	0.91%
Expected annual forfeitures	10%p.a.	10%p.a.	10%p.a.	10%p.a.
Fair value per option granted	GBP5.6/GBP7.8	GBP5.15	GBP1.80	GBP0.79/GBP1.95

The Group recognised total expenses of US$13.4 million (including expenses on DSBP of US$1.6 million) and US$15.6 million (including expenses on DSBP of US$1.3 million) related to equity settled share-based payment transactions in the year ended 31 March 2017 and 31 March 2016 respectively.

The total expense recognised on account of cash settled share based plan during the year ended 31 March 2017 is US$0.1 million and the carrying value of cash settled share based compensation liability as at 31 March 2017 is US$0.1 million.

THE VEDANTA LIMITED EMPLOYEE STOCK OPTION SCHEME (ESOS) 2016

During the year 2016, Vedanta Limited (subsidiary of Vedanta Resources plc) introduced an Employee Stock Option Scheme 2016 ("ESOS"), which was approved by the Vedanta Limited shareholders. The maximum value of shares that can be conditionally awarded to an Executive Committee in a year is 125% of annual salary. The maximum value of options that can be awarded to members of the wider management group is calculated by reference to the grade average CTC and individual grade of the employee. The performance conditions attached to the award is measured by comparing company's performance in terms of TSR over the performance period with the performance of the companies as defined in the scheme. The extent to which an award vests will depend on the Vedanta Limited's TSR rank against a group or groups of peer companies at the end of the performance period and as moderated by the Remuneration Committee. Dependent on the level of employee, part of these awards will be subject to a continued service condition only with the remainder measured in terms of TSR. The vesting schedule is shown in the table below, with adjusted straight-line vesting in between the points shown and rounding down to the nearest whole share.

32. SHARE-BASED PAYMENTS (CONTINUED)

VEDANTA'S TSR PERFORMANCE AGAINST COMPARATOR GROUP

	(% of award vesting)
Below median	–
At median	30
At or above upper decile	100

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

Initial awards under the ESOS were granted on 15 December 2016. The exercise price of the awards is 1 INR 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 2017 IS PRESENTED BELOW:

	ESOS December 2016
Options outstanding at 1 April 2016	–
Options granted during the year	8,000,000
Options lapsed during the year	184,450
Options exercised during the year	–
Options outstanding at 31 March 2017	7,815,550

In the year ended 31 March 2017, 184,450 options lapsed. As at 31 March 2017, 7,815,550 options remained outstanding.

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

The fair values were calculated using the Stochastic valuation model with suitable modifications to allow for the specific performance conditions of the respective schemes. The inputs to the model include the share price at date of grant, exercise price, expected volatility, expected dividends, expected term and the risk free rate of interest. Expected volatility has been calculated using historical return indices over the period to date of grant that is commensurate with the performance period of the award. The volatilities of the industry peers have been modelled based on historical movements in the return indices over the period to date of grant which is also commensurate with the performance period for the option. The history of return indices is used to determine the volatility and correlation of share prices for the comparator companies and is needed for the Stochastic valuation model to estimate their future TSR performance relative to the Vedanta Limited's TSR performance. All options are assumed to be exercised immediately after vesting.

The assumptions used in the calculations of the charge in respect of the ESOS awards granted during the period ended 31 March 2017 are set out below:

	ESOS December 2016
Number of instruments	8,000,000
Exercise price	INR 1
Share price at the date of grant	INR 235.9
Contractual life	3 years
Expected volatility	48%
Expected option life	3 years
Expected dividends	3.2%
Risk free interest rate	6.5%
Expected annual forfeitures	10%p.a.
Fair value per option granted	INR 213.6/INR 82.8

The Group recognized total expenses of US$1.0 million related to equity settled share-based plan under the above scheme in the year ended 31 March 2017.

33. RETIREMENT BENEFITS

The Group operates pension schemes for the majority of its employees in India, Australia, Africa and Ireland.

(A) DEFINED CONTRIBUTION SCHEMES

INDIAN PENSION SCHEMES

Central Recognised Provident Fund

The Central Recognised Provident Fund relates to all full-time Indian employees of the Group. The amount contributed by the Group is a designated percentage of 12% of basic salary less contributions made as part of the Pension Fund (see below), together with an additional contribution of 12% (limited to a maximum contribution of 30% in case of Iron Ore Segment) of the salary of the employee.

The benefit is paid to the employee on their retirement or resignation from the Group.

Superannuation

Superannuation, another pension scheme applicable in India, is applicable only to executives in grade M4 and above. However, in case of the Cairn India Group and Iron Ore Segment, the benefit is applicable to all executives. In Cairn India, it is applicable from the second year of employment. Certain companies hold policies with the Life Insurance Corporation of India ("LIC"), to which they contribute a fixed amount relating to superannuation, and the pension annuity is met by the LIC as required, taking into consideration the contributions made. Accordingly, this scheme has been accounted for on a defined contribution basis and contributions are charged directly to the income statement.

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. This must be provided for every permanent employee on the payroll.

At the age of superannuation, contributions cease 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 Group has no additional liability beyond the contributions that it makes, regardless of whether the central fund is in surplus or deficit.

AUSTRALIAN PENSION SCHEME

The Group also operates defined contribution pension schemes in Australia. The contribution of a proportion of an employee's salary into a superannuation fund is a compulsory legal requirement in Australia. The employer contributes 9.5% of the employee's gross remuneration where the employee is covered by the industrial agreement and 12.5% of the basic remuneration for all other employees, into the employee's fund of choice. All employees have the option to make additional voluntary contributions.

ZAMBIAN PENSION SCHEME

The KCM Pension Scheme is applicable to full-time permanent employees of KCM (subject to the fulfilment of certain eligibility criteria). The management of the scheme is vested in the trustees consisting of representatives of the employer and the members. The employer makes a monthly contribution of 5% to the KCM Pension Scheme and the member makes monthly contribution of 5%.

All contributions to the KCM Pension Scheme in respect of a member cease to be payable when the member attains normal retirement age of 55 years, or upon leaving the service of the employer, or when the member is permanently medically incapable of performing duties in the service of the employer. Upon such cessation of contribution on the grounds of normal retirement, or being rendered medically incapable of performing duties, or early voluntary retirement, the member is entitled to receive his accrued pension. The member is allowed to commute his/her accrued pension subject to certain rules and regulations.

The Group has no additional liability beyond the contributions that it makes. Accordingly, this scheme has been accounted for on a defined contribution basis and contributions are charged directly to the income statement.

SKORPION ZINC PROVIDENT FUND, NAMIBIA

The Skorpion Zinc Provident Fund is a defined contribution fund and is compulsory to all full time employees under the age of 60. Company contribution to the fund is a fixed percentage of 9% per month of pensionable salary, whilst the employee contributes 7% with the option of making additional contributions, over and above the normal contribution, up to a maximum of 12%.

Normal retirement age is 60 years and benefit payable is the member's fund credit which is equal to all employer and employee contributions plus interest. The same applies when an employee resigns from Skorpion Zinc. The Fund provides disability cover which is equal to the member's fund credit and a death cover of 2 times annual salary in the event of death before retirement. Current membership total is 908.

The Group has no additional liability beyond the contributions that it makes. Accordingly, this scheme has been accounted for on a defined contribution basis and contributions are charged directly to the income statement.

33. RETIREMENT BENEFITS (CONTINUED)

BLACK MOUNTAIN (PTY) LIMITED, SOUTH AFRICA PENSION & PROVIDENT FUNDS

Black Mountain Mining (Pty) Ltd has two retirement funds, both administered by Alexander Forbes, a registered financial service provider. Both funds form part of the Alexander Forbes umbrella fund and are defined contribution funds.

Membership of both funds is compulsory for all permanent employees under the age of 60.

LISHEEN MINE, IRELAND PENSION FUNDS

Lisheen Pension Plan is for all employees. Lisheen pays 5% and employees pays 5% with the option to make Additional Voluntary Contributions ('AVC's') if desired. Executive contributions are 15% by Lisheen and a minimum of 5% by the employee with the option to make AVC's if desired. Death benefit is three times salary for employees and four times salary for executives. Pension and Life Cover ceases at 65. On wind up of the pension schemes, the benefits will be paid out to the remaining members in accordance with the scheme rules and Irish Revenue tax regulations.

The Group has no additional liability beyond the contributions that it makes. Accordingly, this scheme has been accounted for on a defined contribution basis and contributions are charged directly to the income statement.

(B) DEFINED BENEFIT SCHEMES

INDIA

The Gratuity schemes are defined benefit schemes which are open to all Group employees in India who have a minimum of five years of service with their employing company. These schemes are funded in some subsidiaries. Based on actuarial valuation, a provision is recognised in full for the projected obligation over and above the funds held in scheme. In case where there is no funding held by the scheme, full provision is recognised in the balance sheet. Under these schemes, benefits are provided based on final pensionable pay.

The assets of the schemes are held in separate funds and a full actuarial valuation of the schemes is carried out on an annual basis.

VEDANTA LIMITED

The Iron ore, Aluminium and Copper division of Vedanta Limited contributed to the LIC Fund based on an actuarial valuation every year. Vedanta Limited's Gratuity scheme is accounted for on a defined benefit basis. The latest actuarial valuation was performed as at 31 March 2017 using the projected unit credit actuarial method.

BALCO

All employees who are scheduled to retire on or before 31 March 2017 are being paid by BALCO. The Gratuity scheme is accounted for as a defined benefit scheme for all employees scheduled to retire after 31 March 2017. A provision is recognised based on the latest actuarial valuation which was performed as at 31 March 2017 using the projected unit actuarial method. At that date the fund was in deficit.

HZL

HZL contributes to the LIC fund based on an actuarial valuation every year. HZL's Gratuity scheme is accounted for on a defined benefit basis. The latest actuarial valuation was performed as at 31 March 2017 using the projected unit actuarial method. At that date the fund was in deficit.

MEL

The MEL contributed to the LIC fund based on an actuarial valuation every year. MEL Gratuity scheme is accounted for on a defined benefit basis. The latest actuarial valuation was performed as at 31 March 2017 using the projected unit credit actuarial method.

TSPL

TSPL contributes to the LIC based on an actuarial valuation. Liabilities with regard to the Gratuity scheme are fully provided in the Balance Sheet and are determined by actuarial valuation as at the balance sheet date and as per gratuity regulations for TSPL. The latest actuarial valuation was performed as at 31 March 2017 using the projected unit actuarial method.

CAIRN

Cairn contributes to the LIC fund based on an actuarial valuation every year. Cairn India Group's Gratuity scheme is accounted for on a defined benefit basis. The latest actuarial valuation was performed as at 31 March 2017 using the projected unit actuarial method. At that date the fund was in deficit.

ZAMBIA

Specified permanent employees of KCM are entitled to receive medical and retirement severance benefits. This comprises two months' basic pay for every completed year of service with an earliest service start date of 1 July 2004. Under this scheme, benefits are provided based on final pensionable pay and a full actuarial valuation of the scheme is carried out on an annual basis. The accruals are not contributed to any fund and are in the form of provisions in KCM's accounts.

On the death of an employee during service, a lump sum amount is paid to his or her dependants. This amount is equal to sixty months' basic pay for employees who joined before 1 April 2000 and thirty months' basic pay for employees who joined on or after 1 April 2000. For fixed term contract employees, the benefit payable on death is thirty months' basic pay.

33. RETIREMENT BENEFITS (CONTINUED)

As at 31 March 2017, membership of pension schemes across Vedanta Limited, BALCO, HZL, TSPL, KCM and Cairn stood at 22,054 employees (31 March 2016: 22,534). The deficits, principal actuarial assumptions and other aspects of these schemes are disclosed in further detail in notes (d) and (e) below.

(C) PENSION SCHEME COSTS

Contributions of US$67.1 million and US$nil in respect of defined benefit schemes were outstanding and prepaid respectively as at 31 March 2017 (2016: US$66.5 million and US$nil respectively).

Contributions to all pension schemes in the year ending 31 March 2018 are expected to be around US$3.8 million. (actual contribution during the Year ended 31 March 2017 : US$7.1 million)

(US$ million)	**Year ended 31 March 2017**	Year ended 31 March 2016
Defined contribution pension schemes	22.1	30.1
Defined benefit pension schemes	21.2	18.2
Total expense	**43.3**	**48.3**

(D) PRINCIPAL ACTUARIAL ASSUMPTIONS.

Principal actuarial assumptions used to calculate the defined benefit schemes' liabilities are:

Particulars	**Year ended 31 March 2017**	Year ended 31 March 2016
Discount rate	7.6% to 22.95%	8.0% to 24.0 %
Salary increases	5.0%to 15%	5.0%to 10%

In India, the mortality tables used, assume that a person aged 60 at the end of the balance sheet date has a future life expectancy of 19 years.

Assumptions regarding mortality for Indian entities are based on mortality table of 'Indian Assured Lives Mortality (2006-2008)' published by the Institute of Actuaries of India.

Assumptions regarding mortality for KCM are based on World Health Organisation Life Tables for 1999 applicable to Zambia which has been taken as a reference point. Based on this a mortality table which is appropriate for the workers of Konkola Copper Mines plc has been derived.

(E) BALANCE SHEET RECOGNITION

(US$ million) Particulars	**Year ended 31 March 2017**	Year ended 31 March 2016
Fair value of pension scheme assets	49.1	43.5
Present value of pension scheme liabilities	(116.2)	(110.0)
Net liability arising from defined benefit obligations	(67.1)	(66.5)

(F) AMOUNTS RECOGNISED IN INCOME STATEMENT IN RESPECT OF DEFINED BENEFIT PENSION SCHEMES:

(US$ million) Particulars	**Year ended 31 March 2017**	Year ended 31 March 2016
Current service cost	8.8	7.8
Net Interest cost	12.4	10.4
Total charge to the income statement	**21.2**	**18.2**

(G) AMOUNTS RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME:

(US$ million) Particulars	**Year ended 31 March 2017**	Year ended 31 March 2016
Actuarial gains/(losses) on Defined benefit obligation-	(1.0)	(8.1)
Actuarial (gains)/losses on plan asset (excluding amount included in net interest cost)	(0.2)	(0.1)
Measurement of the net defined benefit liability/(asset)	**0.8**	**(8.0)**

33. RETIREMENT BENEFITS (CONTINUED)

(H) MOVEMENTS IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS

The movement during the Year ended 31 March 2017 of the present value of the defined benefit obligation was as follows:

(US$ million) Particulars	Year ended 31 March 2017	Year ended 31 March 2016
At 1 April	**(110.0)**	**(119.6)**
Current service cost	(8.8)	(7.8)
Gratuity benefits paid	10.2	22.4
Interest cost of scheme liabilities	(16.1)	(13.8)
Remeasurement gains/(losses)	(1.0)	(8.1)
Exchange difference	9.5	16.9
At 31 March	**(116.2)**	**(110.0)**

(I) MOVEMENTS IN THE FAIR VALUE OF PLAN ASSETS

(US$ million)	As at 31 March 2017	As at 31 March 2016
At 1 April	**43.5**	**45.0**
Contributions received	7.1	9.7
Benefits paid	(5.8)	(12.2)
Remeasurement gains/(losses)	0.2	0.1
Interest income	3.7	3.4
Foreign exchange differences	0.4	(2.5)
At 31 March	**49.1**	**43.5**

(J) DEFINED BENEFIT PENSION PLAN

(US$ million)	As at 31 March 2017	As at 31 March 2016
Experience losses arising on scheme liabilities	1.0	(8.1)
Difference between expected and actual return on plan assets	(0.2)	0.1
Fair value of pension scheme assets	49.1	43.5
Present value of pension scheme liabilities	(116.2)	(110.0)
Deficits in the schemes	**(67.1)**	**(66.5)**

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 reporting Year while holding all other assumptions constant.

(US$ million)	Increase/ (Decrease) in defined benefit obligation
Discount rate	
Increase by 0.50%	(4.1)
Decrease by 0.50%	2.3
Salary increase	
Increase by 0.50 %	1.9
Decrease by 0.50%	(3.8)

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.

(L) RISK ANALYSIS

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

INVESTMENT RISK

The most of the Indian defined benefit plans are funded with Life Insurance Corporation of India. Group does not have any liberty to manage the fund provided to Life Insurance Corporation of India.

33. RETIREMENT BENEFITS (CONTINUED)

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

INTEREST RISK

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

LONGEVITY RISK/LIFE EXPECTANCY

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

SALARY GROWTH RISK

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

34. CAPITAL MANAGEMENT

The Group's objectives when managing capital are 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 Group 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 requirement is met through a mixture of equity, internal accruals, convertible bonds and other long-term and short-term borrowings.

The Group monitors capital using a gearing ratio, being the ratio of net debt as a percentage of total capital.

(US$ million)	**As at 31 March 2017**	As at 31 March 2016
Total equity	6,014.6	6,852.4
Net debt	8,503.5	7,328.8
Total capital	**14,518.1**	**14,181.2**
Gearing	58.6%	51.7%

The increase in the gearing ratio compared to 2017 ratio is primarily due to decrease in total equity pursuant to special dividend paid by subsidiary of company & issue of preference shares on account of merger of Cairn India Limited with Vedanta Limited (refer to note 42).

35. SHARE CAPITAL

	Year ended 31 March 2017		Year ended 31 March 2016	
Shares in issue	**Number**	**Paid up amount (US$ million)**	Number	Paid up amount (US$ million)
Ordinary shares of 10 US cents each	301,300,825	30.1	300,522,798	30.1
Deferred shares of £1 each	50,000	–	50,000	–
	301,350,825	**30.1**	**300,572,798**	**30.1**

During the year ended 31 March 2017, the Company issued 778,027 shares at par value of 10 US cents per share to the employees pursuant to the Vedanta LTIP and ESOP schemes (2016: 561,277 shares).

The holders of deferred shares do not have the right to receive notice of any general meeting of the Company nor the right to attend, speak or vote at any such general meeting. The deferred shares have no rights to dividends and, on a winding-up or other return of capital, entitle the holder only to the payment of the amounts paid on such shares after repayment to the holders of Ordinary Shares of the nominal amount paid up on the Ordinary Shares plus the payment of £100,000 per Ordinary Share. Of the 50,000 deferred shares, one deferred share was issued at par and has been fully paid, and 49,999 deferred shares were each paid up as to one-quarter of their nominal value.

As on 31 March 2017, 6,904,995 Ordinary shares which were issued on the conversion of certain convertible bonds issued by one of the Group's subsidiaries are held through a Global Depositary Receipts and carry no voting rights.

At 31 March 2017, the total number of treasury shares held was 24,370,066 (2016: 24,309,230).

36. NON-CONTROLLING INTERESTS ('NCI')

The Group consists of a parent Company, Vedanta Resources Plc, incorporated in UK and a number of subsidiaries held directly and indirectly by the Group which operate and are incorporated around the world. Note 44 to the financial statements lists details of the interests in the subsidiaries.

Non-controlling interests that are material to the Group relate to Hindustan Zinc Limited (HZL), Cairn India Limited and Vedanta Limited.

As at 31 March 2017, NCIs hold an economic interest of 67.46% and 49.87% respectively in HZL and Vedanta Limited. The respective NCI holdings in 2016 were 59.20%and 37.15% in HZL and Vedanta Limited respectively.

Pursuant to merger of Cairn India Limited with Vedanta Limited, the NCI holding in erstwhile Cairn India Limited as at 31 March 2017 is 49.87% (2016 : 62.36%)

Principal place of business of HZL, Cairn India Limited and Vedanta Limited is in India (refer note 44).

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

	Year ended 31 March 2017					Year ended 31 March 2016				
(US$ million) Particulars	HZL	Cairn	Vedanta Limited	Others[1]	Total	HZL	Cairn	Vedanta Limited[2]	Others[1]	Total
Profit/(loss) Attributable to NCI	771.6	284.3	454.0	(607.6)	902.3	706.8	(1,982.9)	342.6	(731.2)	(1,664.7)
Equity Attributable to NCI	3,254.7	4,018.7	3,189.0	(4,039.3)	6,423.1	3,344.9	4,756.3	2,257.0	(2,793.0)	7,565.2
Dividends paid/ payable to NCI	(781.7)	(40.5)	(517.9)	–	(1,340.1)	(825.7)	(55.3)	(98.5)	–	(979.5)

1 Others consist of Investment subsidiaries of Vedanta Limited and other Individual non-material subsidiaries.
2 For principal activities, country of incorporation and immediate holding company of the above subsidiaries refer note 44.

Summarised financial information in respect of Group's subsidiaries that have material non-controlling interests is set out below. The summarized financial information below is on a 100% basis and before inter-company eliminations:

	Year ended 31 March 2017					Year ended 31 March 2016				
(US$ million) Particulars	HZL	Cairn	Vedanta Limited	Others	Total	HZL	Cairn	Vedanta Limited	Others	Total
Non-current assets	2,621.5	4,582.1	14,161.2	(2,345.2)	19,019.6	2,346.8	3,516.9	11,541.6	1,213.6	18,618.9
Current assets	5,337.6	4,516.9	2,988.8	(359.5)	12,483.8	5,591.8	5,128.4	3,586.3	(2,606.1)	11,700.4
Current liabilities	(3,102.8)	(634.5)	(7,375.1)	(2,959.2)	(14,071.6)	(2,266.8)	(746.2)	(5,238.0)	(2,160.6)	(10,411.6)
Non-current liabilities	(31.5)	(406.7)	(3,380.7)	(7,598.3)	(11,417.2)	(21.6)	(272.0)	(3,814.6)	(8,947.1)	(13,055.3)
Net assets	**4,824.8**	**8,057.8**	**6,394.2**	**(13,262.2)**	**6,014.6**	**5,650.2**	**7,627.1**	**6,075.3**	**(12,500.2)**	**6,852.4**

	Year ended 31 March 2017					Year ended 31 March 2016				
Particulars	HZL	Cairn	Vedanta Limited	Others	Total	HZL	Cairn	Vedanta Limited	Others	Total
Revenue	2,551.3	1,222.7	4,786.2	2,959.9	11,520.1	2,132.4	1,322.3	4,541.0	2,742.2	10,737.9
Profit/(loss) for the year	1,305.4	456.3	1,226.3	(2,108.4)	879.6	1,193.9	(3,179.8)	922.1	(2,438.3)	(3,502.1)
Other comprehensive income/(loss)	(0.6)	1.0	1.8	(1.7)	0.5	1.9	0.1	(27.5)	8.3	(17.2)

The effect of changes in ownership interests in subsidiaries that did not result in a loss of control is as follows:

	As at 31 March 2017				
(US$ million)	HZL	Cairn	Vedanta Limited	Others	Total
Changes in NCI due to merger (note 42)	403.7	(1,001.7)	813.4	(1,032.5)	(817.1)
Other changes in non-controlling interests	–	0.9	(16.9)	–	(16.0)

37. JOINT ARRANGEMENTS

JOINT OPERATIONS

The Group's principal licence interests in oil and gas business are joint operations. The principal licence interests are as follows:

Oil & Gas blocks/fields	Area	Participating Interest
Operated blocks		
Ravva block	Krishna Godavari	22.50%
CB-OS/2 – Exploration	Cambay Offshore	60.00%
CB-OS/2 – Development & production	Cambay Offshore	40.00%
RJ-ON-90/1 – Exploration	Rajasthan Onshore	100.00%
RJ-ON-90/1 – Development & production	Rajasthan Onshore	70.00%
PR-OSN-2004/1	Palar Basin Offshore	35.00%
KG-OSN-2009/3	Krishna Godavari Offshore	100.00%
South Africa Block 1	Orange Basin South Africa Offshore	60.00%

38. COMMITMENTS, GUARANTEES AND CONTINGENCIES

COMMITMENTS

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

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

(US$ million)	As at 31 March 2017	As at 31 March 2016
Capital commitments contracted but not provided	1,351.5	1,231.0

Commitments primarily related to the expansion projects:

	As at 31 March 2017	As at 31 March 2016
Oil & Gas sector		
Cairn India	22.0	41.5
Aluminium sector		
BALCO- Korba II 325 KTPA smelter and 1200 MW power plant (4 x 300 MW)	50.2	47.8
Lanjigarh Refinery (Phase II) 5.0 MTPA	249.0	243.4
Jharsuguda 1.25 MTPA smelter	332.9	226.8
Power sector		
Jharsuguda 2400 MW Power Plant	32.8	32.3
Talwandi 1,980MW IPP	–	71.8
Zinc sector		
Zinc India (mines expansion)	239.7	296.7
Gamsberg mining & milling project	206.0	58.1
Copper sector		
Tuticorin Smelter 400 KTPA	217.6	207.1
Others	1.3	5.5
Total	**1,351.5**	**1,231.0**

GUARANTEES

Companies within the Group provide guarantees within the normal course of business. Guarantees have also been provided in respect of certain short-term and long-term borrowings.

A summary of the most significant guarantees is set out below:

As at 31 March 2017, US$351.6 million of guarantees were advanced to banks, suppliers etc. in the normal course of business (2016: US$384.6 million). The Group has also entered into guarantees and bonds advanced to the customs authorities in India of US$326.3 million relating to the export and payment of import duties on purchases of raw material and capital goods including export obligations (2016: US$154.8 million).

38. COMMITMENTS, GUARANTEES AND CONTINGENCIES (CONTINUED)

CAIRN PSC GUARANTEE TO GOVERNMENT

The Group has provided Parent company guarantee for the Cairn India Group's obligation under the Production Sharing Contract ('PSC').

Cairn India have provided various other guarantees under the Cairn India Group's bank facilities for the Cairn India Group's share of minimum work programme commitments of US$19.9 million outstanding as of 31 March 2017 (2016: US$13.1 million).

EXPORT OBLIGATIONS

The Indian entities of the Group have export obligations of US$2,016.7 million (2016: US$2,200.5 million) 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 import of raw material laid down by the Government of India.

In the event of the Group's inability to meet its obligations, the Group's liability would be US$261.7 million (2016: US$349.1 million), reduced in proportion to actual exports, plus applicable interest.

CONTINGENCIES

The Group discloses the following legal and tax cases as contingent liabilities.

HZL: DEPARTMENT OF MINES AND GEOLOGY

The Department of Mines and Geology of the State of Rajasthan issued several show cause notices in August, September and October 2006 to HZL, totalling US$51.5 million. These notices alleged unlawful occupation and unauthorised mining of associated minerals other than zinc and lead at HZL's Rampura Agucha, Rajpura Dariba and Zawar mines in Rajasthan during the period from July 1968 to March 2006.

HZL believes it is unlikely the claim will lead to a future obligation to the company and therefore no provision has been made in the financial statements. HZL has filed appeals (writ petitions) in the High Court of Rajasthan in Jodhpur and has obtained a stay in respect of these demands.

RICHTER AND WESTGLOBE : INCOME TAX

The Group through its subsidiaries Richter Holdings Limited and Westglobe Limited in 2007 acquired the entire stake in Finsider International Company Limited (FICL) based in the United Kingdom which was holding 51 percent shares of Sesa Goa Ltd, an Indian Company. In October 2013, the Indian Tax Authorities (Tax Authorities) have served an order on Richter and Westglobe for alleged failure to deduct withholding tax on capital gain on the indirect acquisition of shares in April 2007.

The Tax Authorities determined the liability for such non-deduction of tax as US$135.0 million in the case of Richter and US$90.0 million in the case of Westglobe, comprising tax and interest. Richter and Westglobe filed appeals before the first appellate authority. Appeals (writ petitions) were filed in the High Court of Karnataka challenging the constitutional validity of retrospective amendments made by the Finance Act 2012 and in particular the imposition of obligations to deduct tax on payments made against an already concluded transaction. The Karnataka High Court passed interim orders and directed that the adjudication of liability (TDS quantum and interest) shall no more remain in force since tax department passed the orders on merits travelling beyond the limited issue of jurisdiction. The high court will hear on jurisdiction issue. The next hearing date is awaited.

CAIRN INDIA: INCOME TAX

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

After hearings, the Income Tax Authority, during March 2015, have issued an order by holding Cairn India as 'assessee in default' and asked to pay such demand totalling US$3,161 million (including interest of US$1,581 million). Cairn India has filed its appeal before the Appellate Authority CIT (Appeals) and filed a fresh Appeal (Writ petition) before Delhi High Court wherein it raised several points for assailing the aforementioned order. The hearing of the Appeal is due on 17 August 2017.

The Company has issued a Notice of arbitration to Government of India by invoking Bilateral Investment Promotion Treaty between the UK and India.

VEDANTA LIMITED: CONTRACTOR CLAIM

Shenzhen Shandong Nuclear Power Construction Co. Limited ('SSNP') subsequent to terminating the EPC contract invoked arbitration as per the contract alleging non-payment of their dues towards construction of a 210 MW co-generation power plant for 6 MTPA expansion project, and filed a claim of US$243.7 million. SSNP also filed a petition under Section 9 of the Arbitration and Conciliation Act, 1996 before the Bombay High Court praying for interim relief. The Bombay High Court initially dismissed their petition, but on a further appeal by SSNP, the Division Bench of the Bombay High Court directed Jharsuguda Aluminium to deposit a bank guarantee for an amount of US$27.6 million as a security, being a prima facie representation of the claim, until arbitration

38. COMMITMENTS, GUARANTEES AND CONTINGENCIES (CONTINUED)

proceedings are completed. Jharsuguda Aluminium has deposited a bank guarantee of equivalent amount. Management is of the opinion that this claim is not valid under the terms of the contract with SSNP and it is unlikely that SSNP can legally sustain the claim and accordingly, no provision is considered necessary. The arbitration proceedings have concluded and the Tribunal may hold a clarificatory hearing before passing the final award.

RAVVA JOINT VENTURE ARBITRATION PROCEEDINGS: ONGC CARRY

Cairn is involved in a dispute against GOI relating to the recovery of contractual costs in terms of calculation of payments that contractor party were required to make in connection with the Ravva field.

The Ravva production sharing contract obliges the contractor party to pay proportionate share of ONGC's exploration, development, production and contract costs in consideration for ONGC's payment of costs related to construction and other activities it conducted in Ravva prior to the effective date of the Ravva production sharing contract (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 favor of the contractor party whereas four other issues were decided in favor of GOI in October 2004 ("Partial Award").

The GOI then proceeded to challenge the ONGC Carry decision before the Malaysian courts, as Kuala Lumpur was the seat of the arbitration. The Federal Court of Malaysia which adjudicated the matter on October 11, 2011, upheld the partial award. Per the decision of the Arbitral Tribunal in the partial award, the contractor party and GOI were required to arrive at a quantification of the sums relatable to each of the issues under the Partial Award. Also, the arbitral Tribunal retained the jurisdiction for determination of any remaining issues in the matter.

Pursuant to the decision of the Federal Court, the contractor party approached the Ministry of Petroleum and Natural Gas ("MoPNG") to implement the partial award while reconciling the statement of accounts as outlined in partial award in 2004. GOI failed to implement the partial award by way of reconciling accounts as provided in the partial award ever since the Federal Court of Malaysia adjudicated in Cairn and other joint operator partners' favor.

However, the MoPNG on July 10, 2014 proceeded to issue a show cause notice alleging that since the partial award has not been enforced profit petroleum share of GOI has been short-paid. MoPNG threatened to recover that amount from the sale proceeds payable by the oil marketing companies to the contractor party. The contractor party replied to the show cause notice taking various legal contentions. On March 9, 2015 personal hearing took place between MoPNG and contractor party whereby, the contractor party expressed their concerns against such alleged unilateral recoveries and filed further written submissions on March 12, 2015.

As partial award did not quantify the sums, therefore, contractor party approached the same arbitral Tribunal to pass a final award in the subject matter since it had retained the jurisdiction to do so. The Arbitral Tribunal was reconstituted and the final award has been passed in Cairn's favour. While the Cairn does not believe the GOI will be successful in its challenge, if the arbitral award is reversed and such reversal is binding, Cairn could be liable for approximately US$116.7 million including interest thereon. Cairn has secured a final award in its favour in October, 2016. Parallely, GOI has challenged the final award in the Malaysian courts.

PROCEEDINGS RELATED TO THE IMPOSITION OF ENTRY TAX

Vedanta Limited and other group companies i.e. Balco, HZL and Cairn (now merged with Vedanta Limited) challenged the constitutional validity of the local statutes and related notifications in the states of Chhattisgarh, Odisha and Rajasthan pertaining to the levy of entry tax on the entry of goods brought into the 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. The total claims from Vedanta Limited and its subsidiaries is US$165.0 million (2016: US$151.3 million).

Post the order of the nine judge bench, the regular bench of the Supreme Court proceeded with hearing the matters. The regular bench remanded the entry tax matters relating to the issue of discrimination against domestic goods from other States to the respective High Courts for final determination but retained the issue of jurisdiction on levy on imported goods, for determination by Supreme Court.

The argument pertaining to imported goods are currently pending before a regular bench of the Supreme Court. The issue of discrimination has been remanded back to the High Courts for final adjudication. Vedanta has filed an Appeal (Writ petition) before the Odisha High Court and is also looking to Appeals (Writ petitions) before the Rajasthan and Chhattisgarh High Courts.

Whereas, the issue pertaining to levy of entry tax on movement of goods into a Special Economic Zone (SEZ) remains pending before the Odisha High Court. We have challenged the levy of entry tax on any movement of goods into an SEZ basis the definition of local area under the Odisha Entry Tax Act which is very clear and does not include an SEZ. In addition, the Govt of Odisha further through its SEZ Policy 2015 and the operational guidelines for administration of this policy dated 22.08.2016, exempted entry tax levy on SEZ operations.

38. COMMITMENTS, GUARANTEES AND CONTINGENCIES (CONTINUED)

TSPL: PROCEEDINGS RELATED TO CLAIM FOR LIQUIDATED DAMAGES

TSPL has entered into a long term Power Purchase Agreement (PPA) with Punjab State Power Corporation Limited (PSPCL) for supply of power. Due to delay in fulfilment of certain obligations by PSPCL as per the PPA, other related reasons and force majeure events, there has been a delay in implementation/completion of the project as compared to the PPA timelines. TSPL has received notices of claims from PSPCL seeking payment of Liquidated Damages (LD) maximum of US$50.9 million each for delay in commissioning of Unit I, II and III totalling to US$147.0 million.

PSPCL invoked the Performance Bank Guarantee of US$24.1 million to recover the LD on account of delay in COD of 1st Unit. TSPL filed a petition at Punjab State Electricity Regulatory Commission (PSERC) for adjudication of above dispute. TSPL had also filed an Appeal (Civil Writ petition) before the High Court of Punjab and Haryana against the bank guarantee invocation, which was disposed with a direction to refer the matter to PSERC for adjudication while granting stay. Further, the PSERC order dated October 22, 2014 directed the matter to be settled through arbitration and allowed the stay on encashment of the bank guarantee until further orders. PSPCL has preferred an appeal in Appellate Tribunal for Electricity (APTEL) against the PSERC order and APTEL had on May 12, 2015, disposed the matter with a direction that the matter will be heard by way of arbitration. The arbitration proceedings have concluded and the order has been reserved. The Group has been legally advised by its advisors who have opined that such claims for LD from PSPCL are unsustainable. Recently, Appellate Tribunal for Electricity has, in a separate petition, before it by TSPL has adjudicated that coal is an absolute obligation of PSPCL and it needs to enter into a Fuel Supply Agreement and assign to TSPL. In light of the delay by PSPCL in entering into the Fuel Supply Agreement, the claims of PSPCL are further unsustainable.

BALCO: CHALLENGE AGAINST IMPOSITION OF ENERGY DEVELOPMENT CESS

Balco challenged the imposition of Energy Development Cess levied on generators and distributors of electrical energy @ 10 paise per unit on the electrical energy sold or supplied before the High Court on the grounds that the Cess is effectively on production and not on consumption or sale since the figures of consumption are not taken into account and the Cess is discriminatory since CPPs are required to pay @ 10 paise while the State Electricity Board is required to pay @ 5 paise. The High Court of Chhattisgarh by order dated December 15, 2006 declared the provisions imposing ED Cess on CPPs as discriminatory and therefore ultra vires the Constitution. The Company has sought refund of ED Cess paid till March 2006 amounting to US$5.3 mn.

The State of Chhattisgarh moved an SLP in the Supreme Court and whilst issuing notice has stayed the refund of the Cess already deposited. The matter is to be heard by a larger bench of the Supreme Court and will be listed in due course for final hearing. In case the Supreme Court overturns the decision of the High Court, Balco would be liable to pay an amount of US$88.8 mn.

MISCELLANEOUS DISPUTES – VEDANTA LIMITED, HZL, MEL, BALCO, CAIRN, LISHEEN, VRJL AND VRJII

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

The approximate value of claims against the Group companies excluding claims shown above total US$1,738.4 million (2016: US$1,182.3 million), of which US$148.7 million (2016: US$14.9 million) is included as a provision in the Balance Sheet as at 31 March 2017 (including claims of US$989.6 million in respect of Income tax assessments out of which US$23.3 million is included as a provision in the Balance sheet as at 31 March 2017).

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

OPERATING LEASE COMMITMENTS: AS LESSEE

Operating leases are in relation to the office premises, office equipment and other assets, some of which are cancellable and some are non-cancellable. There is an escalation clause in the lease agreements during the primary lease period. There are no restrictions imposed by lease arrangements and there are no sub leases. There are no contingent rents. The total of the future minimum lease payments under non cancellable leases are as under:

(US$ million) Particulars	As at 31 March 2017	As at 31 March 2016
Within one year of the balance sheet date	0.4	3.9
Within two to five years from the balance sheet date	0.4	0.4
Total	**0.8**	**4.3**

Lease payments recognised as expenses during the year ended 31 March 2017, on non cancellable leases, is US$1.1 million (31 March 2016: US$8.1 million).

39. RELATED PARTY TRANSACTIONS

The information below sets out transactions and balances between the Group and various related parties in the normal course of business for the year ended 31 March 2017.

STERLITE TECHNOLOGIES LIMITED ('STL')

(US$ million)	**Year ended 31 March 2017**	Year ended 31 March 2016
Sales to STL	127.8	140.4
Recovery of expenses	0.0	0.2
Purchases	2.6	1.1
Net Interest Income	1.3	0.2
Net amounts receivable at year end	4.0	0.2
Net amounts payable at year end	0.2	1.4
Outstanding advance received at year end	2.1	0.0
Dividend Income	0.1	0.0
Investment in Equity Share	9.2	6.5

Sterlite Technologies Limited is related by virtue of having the same controlling party as the Group, namely Volcan. Pursuant to the terms of the Shared Services Agreement dated 5 December 2003 entered into by the Company and STL, the Company provides various commercial services in relation to STL's businesses on an arm's length basis and at normal commercial terms. For the year ended 31 March 2017, the commercial services provided to STL were performed by certain senior employees of the Group on terms set out in the Shared Services Agreement. The services provided to STL in this year amounted to US$0.03 million (2016: US$0.02 million).

STERLITE POWER TRANSMISSION LIMITED ('SPTL').

(US$ million)	**Year ended 31 March 2017**	Year ended 31 March 2016
Sales to SPTL	2.6	–
Purchases	0.4	–
Investment in Equity Share	1.5	–

Sterlite Power Transmission limited ('SPTL') is related by virtue of having the same controlling party as the Group, namely Volcan.

VEDANTA FOUNDATION

During the year US$10.2 million was paid to the Vedanta Foundation including the value of land and a flat given as donation. (2016: US$0.5 million).

The Vedanta Foundation is a registered not-for-profit entity with a broad focus mainly on education, nutrition and livelihood. The Vedanta Foundation is a related party as it is controlled by members of the Agarwal family who control Volcan. Volcan is also the majority shareholder of Vedanta Resources plc.

SESA GOA COMMUNITY FOUNDATION LIMITED

Following the acquisition of erstwhile Sea Goa Limited, the Sesa Goa Community Foundation Limited, a charitable institution, became a related party of the Group on the basis that key management personnel of the Group have significant influence on the Sesa Goa Community Foundation Limited. During the year ended 31 March 2017, US$0.3 million (2016: US$0.4 million) was paid to the Sesa Goa Community Foundation Limited.

STERLITE IRON AND STEEL LIMITED

(US$ million)	**Year ended 31 March 2017**	Year ended 31 March 2016
Loan balance receivable	0.7	0.7
Net amount receivable at year end (including interest)	1.9	1.8
Net Interest Income	0.1	0.1

Sterlite Iron and Steel Limited is a related party by virtue of having the same controlling party as the Group, namely Volcan.

39. RELATED PARTY TRANSACTIONS (CONTINUED)

VEDANTA MEDICAL RESEARCH FOUNDATION

(US$ million)	Year ended 31 March 2017	Year ended 31 March 2016
Donation	5.2	2.7

Vedanta Medical Research Foundation is a related party of the Group on the basis that key management personnel of the Group exercise significant influence.

VOLCAN INVESTMENTS LIMITED

(US$ million)	Year ended 31 March 2017	Year ended 31 March 2016
Net amount receivable at the year end	0.4	0.2
Recovery of expenses	0.2	0.3
Dividend paid	93.7	75.0

Volcan Investments Limited is a related party of the Group by virtue of being an ultimate controlling party of the Group.

Bank guarantee has been provided by the Group on behalf of Volcan in favour of Income tax department, India as collateral in respect of certain tax disputes of Volcan. The guarantee amount is US$17.7 million (2016 : US$17.3 million).

ASHURST LLP

(US$ million)	Year ended 31 March 2017	Year ended 31 March 2016
Services received during the year	–	0.1

Ashurst LLP, is a related party of the Group on the basis that an independent director of the Group was a partner in the legal firm Ashurst LLP during the year ended 31 March 2016. It ceased to be a related party from May 1st 2015 onwards.

EMPLOYEES PROVIDENT FUND TRUST.

Details of transactions during the year with post retirement trusts. The below mentioned trusts are related parties because these are employee trusts.

(US$ million)	Year ended 31 March 2017	Year ended 31 March 2016
Balco Employees Provident Fund Trust	0.7	1.7
Hindustan Zinc Ltd. Employee Contributory provident fund trust	4.6	5.0
Sesa Group Employees Provident Fund	3.6	2.4
Sesa Resources Limited Employees Provident Fund	0.2	0.3
Sesa Mining Corporate Limited Employees Provident Fund	0.3	0.3

REMUNERATION OF KEY MANAGEMENT PERSONNEL

(US$ million)	Year ended 31 March 2017	Year ended 31 March 2016
Short-term employee benefits	20.0	20.0
Post-employment benefits	1.0	0.9
Share-based payments	3.9	3.6
	24.9	**24.5**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise).

39. RELATED PARTY TRANSACTIONS (CONTINUED)

OTHER RELATED PARTY#

(US$ million)	**Year ended 31 March 2017**	Year ended 31 March 2016
Salary paid	1.2	1.1

\# close relative of the executive chairman

In addition to above sitting fees & commission of US$34,726 (previous year US$34,371) was also paid.

40. SHARE TRANSACTIONS CALL OPTIONS

A. HZL

Pursuant to the Government of India's policy of disinvestment, the Company in April 2002 acquired 26% equity interest in Hindustan Zinc Limited (HZL) from the Government of India. Under the terms of the Shareholder's Agreement ('SHA'), the Company had two call options to purchase all of the Government of India's shares in HZL at fair market value. The Company exercised the first call option on August 29, 2003 and acquired an additional 18.9% of HZL's issued share capital. The Company also acquired an additional 20% of the equity capital in HZL through an open offer, increasing its shareholding to 64.9%. The second call option provided the Company the right to acquire the Government of India's remaining 29.5% share in HZL. This call option was subject to the right of the Government of India to sell 3.5% of HZL shares to HZL employees. The Company exercised the second call option on July 21, 2009. The Government of India disputed the validity of the call option and refused to act upon the second call option. Consequently the Company invoked arbitration which is in the early stages. The next date of hearing is scheduled for July 15, 2017. Meanwhile, the Government of India without prejudice to the position on the Put/Call option issue has received approval from the Cabinet for disinvestment and the Government is looking to divest through the auction route.

B. BALCO

Pursuant to the Government of India's policy of divestment, the Company in March 2001 acquired 51% equity interest in BALCO from the Government of India. Under the terms of the SHA, the Company had a call option to purchase the Government of India's remaining ownership interest in BALCO at any point from March 2, 2004. The Company exercised this option on March 19, 2004. However, the Government of India contested the valuation and validity of the option and contended that the clauses of the SHA violate the erstwhile Companies Act, 1956 by restricting the rights of the Government of India to transfer its shares and that as a result such provisions of the SHA were null and void. In the arbitration filed by the Company, the arbitral tribunal by a majority award rejected the claims of the Company on the ground that the clauses relating to the call option, the right of first refusal, the "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 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 on July 10, 2017. 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 January 9, 2012, the Company offered to acquire the Government of India's interests in HZL and BALCO for the INR equivalent of US$2,389.3 million and US$274.8 million 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.

The Group continues to include the shareholding in the two companies HZL and BALCO, in respect of which the Group has a call option as non-controlling interest.

41. KONKOLA COPPER MINES: VALUE ADDED TAX

As of March 31, 2017, backlog Value Added Tax (falling under older VAT rule 18 regime) on inputs amounting to US$71 Million (previous year US$114 million) for ten month's period between October 2013 to December 2014 was pending to be recovered from the Zambian Government. During FY 17, KCM has received US$56 million out of the backlog VAT receivables post the favourable decision in the matter of Output VAT demand of US$600 million.

Following the amendment to VAT (General) (Amendment) No.2, Rules 2015, in February 2015, a notification was issued that exporting organizations will only be required to provide either copies of import documents for the goods, bearing a certificate of importation into the country of destination provided by the country of destination or copies of transit documents for the goods bearing a certificate of transit provided by the customs authority of the country of transit. KCM is in full compliance with the old VAT rule 18 & the amended rule and all the earlier audits were concluded to the satisfaction of ZRA.

The company believes that it will receive a refund of the entire amount and there is no objective evidence of uncertainty around collectability post set aside of assessment demand by ZRA and satisfactory VAT audits under old VAT regime. Accordingly, the company has not recognized any provision against the carrying amount of this receivable.

42. GROUP RESTRUCTURING

Consequent to the receipt of all substantive approvals for merger of Cairn India Limited with Vedanta Limited on 27 March 2017, the merger has been accounted for in the current financial year ending 31 March 2017. As per the terms of the scheme, upon the merger becoming effective, non-controlling i.e. public shareholders of Cairn India Limited received, one equity share in Vedanta Limited of face value Re 1 each (US$0.0) and four 7.5% Redeemable Preference Shares in Vedanta Limited with a face value of INR10 each (US$0.2) for each equity share held in Cairn India Limited. No shares were issued to Vedanta Limited or any of its subsidiaries for their shareholding in Cairn India Limited. Cairn India Limited ceased to be a separate legal entity with effect from 11 April 2017.

The above has resulted in a decrease in the shareholding of the Company in Vedanta Limited (merged entity) from 62.85% to 50.13% and an increase in the shareholdings of erstwhile Cairn India Limited's subsidiaries from 37.64% to 50.13%. Given the Company continues to control Vedanta Limited, this has been accounted for as an equity transaction with no gain or loss recognised in the income statement.

43. SUBSEQUENT EVENTS

Subsequent to the Balance Sheet date,

a) 525,000 tonnes Jharsuguda-I smelter suffered an pot outage incident wherein 228 pots out of the total 608 pots were damaged and taken out of production.
b) a fire took place in the coal handling facility at the 1,980 MW TSPL power plant in Punjab state. This has resulted in a shut-down of all three units of the power plant estimated for around 65 to 75 days.
c) the Company early redeemed all the outstanding 9.5% bonds due July, 2018 of face value US$361.1 million at a premium of US$34.0 million.

44. LIST OF SUBSIDIARIES

The financial statements comprise the financial statements of the following subsidiaries:

Subsidiaries	Principal activities	Registered Address	The Company's economic percentage holding 31-Mar-2017	The Company's economic percentage holding 31-Mar-2016	Country of incorporation	Immediate holding company	Immediate percentage holding 31-Mar-2017	Immediate percentage holding 31-Mar-2016
Direct Subsidiaries of the Parent Company								
Vedanta Resources Holding Limited ('VRHL')	Holding company	5th Floor, 6 St Andrew Street, London EC4A 3AE	100.00%	100.00%	United Kingdom	VR plc	100.00%	100.00%
Vedanta Resources Jersey Limited ('VRJL')	Investment company	47 Esplanade, St Helier JE1 0BD	100.00%	100.00%	Jersey(CI)	VR plc	100.00%	100.00%
Vedanta Resources Jersey II Limited ('VRJL-II')	Investment company	47 Esplanade, St Helier JE1 0BD	100.00%	100.00%	Jersey(CI)	VR plc	100.00%	100.00%
Vedanta Finance (Jersey) Limited ('VFJL')	Investment company	47 Esplanade, St Helier JE1 0BD	100.00%	100.00%	Jersey(CI)	VR plc	100.00%	100.00%
Vedanta Jersey Investments Limited ('VJIL')	Investment company	13 Castle Street, St. Helier, Jersey JE4 5UT, Channel Islands	100.00%	100.00%	Jersey(CI)	VR plc	100.00%	100.00%
Indirect Subsidiaries of the Parent Company								
Vedanta Limited[1]	Copper smelting, Iron ore mining, Aluminium mining, refining and smelting, Power generation, Oil and Gas exploration, and production	Vedanta Limited 1st Floor, 'C' wing, Unit 103, Corporate Avenue, Atul Projects, Chakala, Andheri (East), Mumbai–400093, Maharashtra, India	50.13%	62.85%	India	Twin Star	37.11%	46.53%
Bharat Aluminium Company Limited ('BALCO')	Aluminium mining and smelting	Aluminium Sadan, 2nd Floor, Core-6-Scope Complex, 7 Lodi Road, New Delhi-110 003	25.56%	32.05%	India	Vedanta Limited	51.00%	51.00%
Copper Mines Of Tasmania Pty Limited ('CMT')	Copper mining	C/O Henry Davis York, 44 Martin Place, Sydney, New South Wales	50.13%	62.85%	Australia	MCBV	100.00%	100.00%
Fujairah Gold FZC[2]	Gold & Silver processing	P.O. Box 3992, Fujairah, United Arab Emirates	50.13%	62.85%	UAE	MEL	100.00%	97.96%

44. LIST OF SUBSIDIARIES (CONTINUED)

Subsidiaries	Principal activities	Registered Address	The Company's economic percentage holding 31-Mar-2017	The Company's economic percentage holding 31-Mar-2016	Country of incorporation	Immediate holding company	Immediate percentage holding 31-Mar-2017	Immediate percentage holding 31-Mar-2016
Hindustan Zinc Limited ('HZL')	Zinc and mining and smelting	Yashad Bhawan, Udaipur (Rajasthan) – 313004	32.54%	40.80%	India	Vedanta Limited	64.92%	64.92%
Monte Cello BV ('MCBV')	Holding company	WTC Schipol Airport, Tower B, 5th Floor, Schipol Boulevard 231, 1118 BH Schipol, The Netherlands	50.13%	62.85%	Netherlands	Vedanta Limited	100.00%	100.00%
Monte Cello Corporation NV (MCNV')	Holding company	Kaya Flamboyan 3c, Curacao, Netherlands Antilles	100.00%	100.00%	Curacao	Twin Star	100.00%	100.00%
Konkola Copper Mines PLC ('KCM')	Copper mining and smelting	Private Bag KCM (C) 2000, Stand M 1408, Fern Avenue, Chingola	79.42%	79.42%	Zambia	VRHL	79.42%	79.42%
Sesa Resources Limited ('SRL')	Iron Ore	Sesa Ghor, 20 EDC Complex, Patto, Panaji (Goa)- 403001	50.13%	62.85%	India	Vedanta Limited	100.00%	100.00%
Sesa Mining Corporation Limited	Iron Ore	Sesa Ghor, 20 EDC Complex, Patto, Panaji (Goa)- 403001	50.13%	62.85%	India	SRL	100.00%	100.00%
Thalanga Copper Mines Pty Limited ('TCM')	Copper mining	C/O Henry Davis York, 44 Martin Place, Sydney, New South Wales	50.13%	62.85%	Australia	MCBV	100.00%	100.00%
Twin Star Holdings Limited ('Twin Star')	Holding company	C/o CIM Corporate Services LTD Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius	100.00%	100.00%	Mauritius	VRHL	100.00%	100.00%
MALCO Energy Limited ('MEL')	Power generation	SIPCOT Industrial Complex, Madurai Bypass Road, Thoothukudi (Tamil Nadu) - 628 002	50.13%	62.85%	India	Vedanta Limited	100.00%	100.00%
Richter Holding Limited('Richter')	Investment company	66, Ippocratous Street. 1015 Nicosia, Cyprus	100.00%	100.00%	Cyprus	VRCL	100.00%	100.00%
Westglobe Limited	Investment company	C/o CIM Corporate Services LTD Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius	100.00%	100.00%	Mauritius	Richter	100.00%	100.00%
Finsider International Company Limited	Investment company	5th Floor, 6 St Andrew Street, London, EC4A 3AE	100.00%	100.00%	United Kingdom	Richter	60.00%	60.00%
Vedanta Resources Finance Limited ('VRFL')	Investment company	5th Floor, 6 St Andrew Street, London, EC4A 3AE	100.00%	100.00%	United Kingdom	VRHL	100.00%	100.00%
Vedanta Resources Cyprus Limited ('VRCL')	Investment company	66, Ippocratous Street. 1015 Nicosia, Cyprus	100.00%	100.00%	Cyprus	VRFL	100.00%	100.00%
Welter Trading Limited ('Welter')	Investment company	28th Oktovriou Street, 205 Louloupis Court, 1st Floor P.C. 3035, Limassol, Cyprus	100.00%	100.00%	Cyprus	VRCL	100.00%	100.00%
Lakomasko B.V.	Investment company	Herengracht 458, 1017 CA Amsterdam, the Netherlands	50.13%	62.85%	Netherlands	THL Zinc Holding B.V.	100.00%	100.00%
THL Zinc Ventures Limited	Investment company	C/o CIM Corporate Services LTD Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius	50.13%	62.85%	Mauritius	Vedanta Limited	100.00%	100.00%
Twin Star Energy Holdings Limited ('TEHL')	Holding company	C/o CIM Corporate Services LTD Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius	50.13%	62.85%	Mauritius	BFL	100.00%	100.00%
THL Zinc Limited	Investment company	C/o CIM Corporate Services LTD Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius	50.13%	62.85%	Mauritius	THL Zinc Holding B.V.	100.00%	100.00%
Sterlite (USA) Inc.	Investment company	Corporation Service Company, 2711 Centerville Road, Suite 400, City of Wilmington, Country of New Castle, Delaware, 19808	50.13%	62.85%	USA	Vedanta Limited	100.00%	100.00%
Talwandi Sabo Power Limited	Power generation	Vill. Banawala, Mansa - Talwandi Sabo Road, Distt. Mansa, Punjab – 151302	50.13%	62.85%	India	Vedanta Limited	100.00%	100.00%

44. LIST OF SUBSIDIARIES (CONTINUED)

Subsidiaries	Principal activities	Registered Address	The Company's economic percentage holding 31-Mar-2017	The Company's economic percentage holding 31-Mar-2016	Country of incorporation	Immediate holding company	Immediate percentage holding 31-Mar-2017	Immediate percentage holding 31-Mar-2016
Twin Star Mauritius Holdings Limited ('TMHL')	Holding company	C/o CIM Corporate Services LTD Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius	50.13%	62.85%	Mauritius	TEHL	100.00%	100.00%
THL Zinc Namibia Holdings (Pty) Limited ('VNHL)	Mining and Exploration	24 Orban Street, Klein Windhoek, Windhoek	50.13%	62.85%	Namibia	THL Zinc Ltd	100.00%	100.00%
Skorpion Zinc (Pty) Limited ('SZPL')	Acquisition of immovable and movable properties	24 Orban Street, Klein Windhoek, Windhoek	50.13%	62.85%	Namibia	VNHL	100.00%	100.00%
Namzinc (Pty) Limited ('SZ')	Mining	24 Orban Street, Klein Windhoek, Windhoek	50.13%	62.85%	Namibia	SZPL	100.00%	100.00%
Skorpion Mining Company (Pty) Limited ('NZ')	Mining	24 Orban Street, Klein Windhoek, Windhoek	50.13%	62.85%	Namibia	SZPL	100.00%	100.00%
Amica Guesthouse (Pty) Ltd	Accomodation and catering services	24 Orban Street, Klein Windhoek, Windhoek	50.13%	62.85%	Namibia	SZPL	100.00%	100.00%
Rosh Pinah Healthcare (Pty) Ltd	Leasing out of medical equipment and building and conducting services related thereto	24 Ondye Drive, Rosh Pinah	34.59%	43.37%	Namibia	SZPL	69.00%	69.00%
Black Mountain Mining (Pty) Ltd	Mining	24 Orban Street, Klein Windhoek, Windhoek	37.10%	46.51%	South Africa	THL Zinc Ltd	74.00%	74.00%
THL Zinc Holding BV	Investment company	Penge Road, Aggeneys	50.13%	62.85%	Netherlands	Vedanta Limited	100.00%	100.00%
Lisheen Mine Partnership	Mining Partnership Firm	Killoran, Moyne, Thurles, Co. Tipperay	50.13%	62.85%	Ireland	VLML	50.00%	50.00%
Pecvest 17 Proprietary Ltd.	Investment Company	Penge Road, Aggeneys	50.13%	62.85%	South Africa	THL Zinc Ltd	100.00%	100.00%
Vedanta Lisheen Holdings Limited('VLHL')	Investment Company	Killoran, Moyne, Thurles, Co. Tipperay	50.13%	62.85%	Ireland	THL Zinc Holding BV	100.00%	100.00%
Vedanta Exploration Ireland Limited	Exploration Company	Killoran, Moyne, Thurles, Co. Tipperay	50.13%	62.85%	Ireland	VLHL	100.00%	100.00%
Vedanta Lisheen Mining Limited ('VLML')	Mining	Killoran, Moyne, Thurles, Co. Tipperay	50.13%	62.85%	Ireland	VLHL	100.00%	100.00%
Killoran Lisheen Mining Limited	Mining	Killoran, Moyne, Thurles, Co. Tipperay	50.13%	62.85%	Ireland	VLHL	100.00%	100.00%
Killoran Lisheen Finance Limited	Investment Company	Killoran, Moyne, Thurles, Co. Tipperay	50.13%	62.85%	Ireland	VLHL	100.00%	100.00%
Lisheen Milling Limited	Manufacturing	Killoran, Moyne, Thurles, Co. Tipperay	50.13%	62.85%	Ireland	VLHL	100.00%	100.00%
Vizag General Cargo Berth Private Limited	Infrastructure	Sterlite Industries(I) Limited, SIPCOT Industrial Complex, Madurai Bypass Road, T.V. Puram P.O Tuticorin – 628002, Tamil Nadu, India	50.13%	62.85%	India	Vedanta Limited	100.00%	99.99%
Paradip Multi Cargo Berth Private Limited[(3)]	Infrastructure	Sterlite Industries(I) Limited, SIPCOT Industrial Complex, Madurai Bypass Road, T.V. Puram P.O Tuticorin – 628002, Tamil Nadu, India	50.13%	46.51%	India	Vedanta Limited	100.00%	74.00%

44. LIST OF SUBSIDIARIES (CONTINUED)

Subsidiaries	Principal activities	Registered Address	The Company's economic percentage holding 31-Mar-2017	The Company's economic percentage holding 31-Mar-2016	Country of incorporation	Immediate holding company	Immediate percentage holding 31-Mar-2017	Immediate percentage holding 31-Mar-2016
Sterlite Ports Limited ('SPL')	Infrastructure	Sterlite Industries(I) Limited, SIPCOT Industrial Complex, Madurai Bypass Road, T.V. Puram P.O Tuticorin – 628002, Tamil Nadu, India	50.13%	62.85%	India	Vedanta Limited	100.00%	100.00%
Maritime Ventures Private Limited	Infrastructure	Sterlite Industries(I) Limited, SIPCOT Industrial Complex, Madurai Bypass Road, T.V. Puram P.O Tuticorin – 628002, Tamil Nadu, India	50.13%	62.85%	India	SPL	100.00%	100.00%
Sterlite Infraventures Limited(4)	Infrastructure	Sterlite Industries(I) Limited, SIPCOT Industrial Complex, Madurai Bypass Road, T.V. Puram P.O Tuticorin – 628002, Tamil Nadu, India	–	62.85%	India	Vedanta Limited	–	100.00%
Goa Sea Ports Private Limited(5)	Infrastructure	Sterlite Industries(I) Limited, SIPCOT Industrial Complex, Madurai Bypass Road, T.V. Puram P.O Tuticorin – 628002, Tamil Nadu, India	50.13%	–	India	SPL	100.00%	–
Bloom Fountain Limited ('BFL')	Operating (Iron ore) and Investment Company	C/O Cim Corporate Services Limited, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius	50.13%	62.85%	Mauritius	Vedanta Limited	100.00%	100.00%
Western Cluster Limited	Mining Company	Amir Building, 18th Street, Sinkor, Tubman Boulevard, Sinkor, Monrovia, Liberia, West Africa	50.13%	62.85%	Liberia	BFL	100.00%	100.00%
Sesa Sterlite Mauritius Holdings Limited	Investment company	C/o CIM Corporate Services LTD Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius	100.00%	100.00%	Mauritius	BFL	100.00%	100.00%
Vedanta Finance UK Limited	Investment company	5th Floor, 6 St Andrew Street, London, EC4A 3AE	100.00%	100.00%	United Kingdom	Welter	100.00%	100.00%
Valliant (Jersey) Limited	Investment Company	47 Esplanade, St Helier JE1 0BD	100.00%	100.00%	Jersey(CI)	VRJL-II	100.00%	100.00%
Cairn India Limited(1)	Oil and gas exploration, and production	101, First Floor, C Wing, Business Square, Andheri Kurla Road, Andheri (E), Mumbai – 400 059	–	37.64%	India	TMHL	–	34.43%
Cairn India Holdings Limited	Investment company	4th Floor, 22-24 New Street, St. Paul's Gate, St. Helier, Jersey, JE1 4TR	50.13%	37.64%	Jersey	Vedanta Limited(7)	100.00%	100.00%
Cairn Energy Holdings Limited(6)	Investment company	Summit House, 4-5 Mitchell Street, Edinburgh, EH6 7BD, Scotland	–	37.64%	Scotland	Cairn India Holdings Limited	–	100.00%
Cairn Energy Hydrocarbons Ltd	Exploration & production	Summit House, 4-5 Mitchell Street, Edinburgh, EH6 7BD, Scotland	50.13%	37.64%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Exploration (No. 7) Limited(6)	Exploration & production	Summit House, 4-5 Mitchell Street, Edinburgh, EH6 7BD, Scotland	–	37.64%	Scotland	Cairn India Holdings Limited	–	100.00%
Cairn Exploration (No. 2) Limited	Exploration & production	Summit House, 4-5 Mitchell Street, Edinburgh, EH6 7BD, Scotland	50.13%	37.64%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Energy Gujarat Block 1 Limited	Exploration & production	Summit House, 4-5 Mitchell Street, Edinburgh, EH6 7BD, Scotland	50.13%	37.64%	Scotland	Cairn India Holdings Limited	100.00%	100.00%

44. LIST OF SUBSIDIARIES (CONTINUED)

Subsidiaries	Principal activities	Registered Address	The Company's economic percentage holding 31-Mar-2017	The Company's economic percentage holding 31-Mar-2016	Country of incorporation	Immediate holding company	Immediate percentage holding 31-Mar-2017	Immediate percentage holding 31-Mar-2016
Cairn Energy Discovery Limited	Exploration & production	Summit House, 4-5 Mitchell Street, Edinburgh, EH6 7BD, Scotland	50.13%	37.64%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Energy Australia Pty Limited(6)	Investment company	Level 12, 680 George Street, Sydney NSW 2000, Australia	–	37.64%	Australia	Cairn India Holdings Limited	–	100.00%
Cairn Energy India Pty Limited	Exploration & production	Level 12, 680 George Street, Sydney NSW 2000, Australia	50.13%	37.64%	Australia	Cairn India Holdings Limited	100.00%	100.00%
CIG Mauritius Holdings Private Limited	Investment company	Abax Corporate Services Ltd. 6th Floor, Tower A, 1 CyberCity, Ebene, Mauritius	50.13%	37.64%	Mauritius	Vedanta Limited (7)	100.00%	100.00%
CIG Mauritius Private Limited	Investment company	Abax Corporate Services Ltd. 6th Floor, Tower A, 1 CyberCity, Ebene, Mauritius	50.13%	37.64%	Mauritius	CIG Mauritius Holding Private Limited	100.00%	100.00%
Cairn Lanka Private Limited	Exploration & production	Level 27, West Tower, World Trade Centre, Echelon Square, Colombo 1, Sri Lanka	50.13%	37.64%	Sri Lanka	CIG Mauritius Pvt Ltd	100.00%	100.00%
Cairn South Africa Pty Limited	Exploration & production	22 Bree Street, Cape Town, 8001, South Africa	50.13%	37.64%	South Africa	Cairn India Holdings Limited	100.00%	100.00%

(1) Cairn India Limited merged with Vedanta Limited w.e.f. 27th March 2017. (Refer note 42)
(2) Pursuant to transfer of holding in Fujairah Gold from TCM & CMT to MEL in July 2016
(3) Pursuant to change in holding in PMCB from 74% to 100% in May 2016
(4) Sold to Sterlite Power Transmission Limited (SPTL) in September 2016
(5) M/s Goa Sea Port Private Limited incorporated on 5th July, 2016 as a 100% subsidiary of Sterlite Ports Limited (SPL)
(6) Dissolved during the year
(7) Vedanta Limited subsequent to merger of Cairn India Limited with Vedanta Limited

The Group owns directly or indirectly through subsidiaries, more than half of the voting power of all of its subsidiaries as mentioned in the list above, and has power over the subsidiaries, is exposed or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries.

45. ULTIMATE CONTROLLING PARTY

At 31 March 2017, the ultimate controlling party of the Group was Volcan, which is controlled by persons related to the Executive Chairman, Mr Anil Agarwal. Volcan is incorporated in the Bahamas, and does not produce Group accounts.

46. COMPANY BALANCE SHEET

(US$ million)	Note	31 March 2017	31 March 2016
Fixed assets			
Tangible assets	48	0.1	0.2
Investments in subsidiaries	49	1,226.3	1,226.3
Investment in preference shares of subsidiaries	50	4.7	4.7
Financial asset investment	51	0.3	0.1
		1,231.4	**1,231.3**
Current assets			
Debtors due within one year	52	2,151.4	505.5
Debtors due after one year	52	2,358.8	4,683.9
Investments	53	14.6	28.1
Cash at bank and in hand		0.9	0.6
		4,525.7	**5,218.1**
Creditors: amounts falling due within one year			
Trade and other creditors	54	(88.4)	(104.3)
External borrowings	54	(173.8)	(742.7)
Loan from subsidiary	54	(176.5)	(600.3)
		(438.7)	**(1,447.3)**
Net current assets		**4,087.0**	**3,770.8**
Total assets less current liabilities		**5,318.4**	**5,002.1**
Creditors: amounts falling due after one year			
Loan from subsidiary	55	–	(278.0)
External borrowings	55	(4,250.8)	(4,220.0)
		(4,250.8)	**(4,498.0)**
Net assets		**1,067.6**	**504.1**
Capital and reserves			
Called up share capital	56	30.1	30.1
Share premium account	56	201.5	201.5
Share-based payment reserve	56	28.2	29.9
Convertible bond reserve	56	–	10.8
Other reserves	56	(2.0)	(2.2)
Treasury shares	56	(490.6)	(490.6)
Profit and loss account	56	1,300.4	724.6
Equity shareholders' funds	56	**1,067.6**	**504.1**

The separate Financial Statements of Vedanta Resources plc, registration number 4740415 were approved by the Board of Directors on 23 May 2017 and signed on its behalf by

Tom Albanese
Chief Executive Officer

47. COMPANY ACCOUNTING POLICIES

BASIS OF ACCOUNTING

Vedanta Resources plc ('the Company') has transitioned from UK Generally Accepted Accounting Practice (UK GAAP) to Financial Reporting Standard 101 "Reduced disclosure framework", for all periods presented. The Company meets the definition of a qualifying entity under Financial Reporting Standard (FRS 101) 'Reduced Disclosure Framework' issued by the Financial Reporting Council. Accordingly, in the year ended 31 March 2016 the Company has changed its accounting framework from pre-2015 UK GAAP to FRS 101 and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices.

These financial statements have been prepared in accordance with FRS 101 Reduced Disclosure Framework.

The Company balance sheet and related notes have been prepared under the historical cost convention and in accordance with Financial Reporting Standards 100 Application of Financial Reporting Requirements (FRS 100) and 101 Reduced Disclosure Framework (FRS 101).

47. COMPANY ACCOUNTING POLICIES (CONTINUED)
As permitted by section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these financial statements. The profit after tax for the year of the Company amounted to US$690.2 million (2016: Loss US$8.0 million).

These financial statements are presented in US dollars being the functional currency of the Company.

SIGNIFICANT ACCOUNTING POLICIES

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries represent equity holdings in subsidiaries except preference shares, valued at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

INVESTMENT IN PREFERENCE SHARES OF SUBSIDIARIES

Investments in preference shares of subsidiaries are stated at fair value. The fair value is represented by the face value of the preference shares as the investments are redeemable at any time for their face value at the option of the Company.

CASH AND CASH EQUIVALENTS

Cash in the balance sheet comprise of cash at bank and cash in hand.

FINANCIAL ASSET INVESTMENTS

Financial asset investments are classified as available for sale under IAS 39 and are initially recorded at cost and then remeasured at subsequent reporting dates to fair value. Unrealized gains and losses on financial asset investments are recognized directly in equity. On disposal or impairment of the investments, the gains and losses in equity are recycled to the income statement.

CURRENCY TRANSLATION

Transactions in currencies other than the functional currency of the Company, being US dollars, are translated into US Dollars at the spot exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in other currencies at the balance sheet date are translated into US dollars at year end exchange rates, or at a contractual rate if applicable.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation and provision for impairment.

DEFERRED TAXATION

Deferred taxation is provided in full on all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, subject to the recoverability of deferred tax assets. Deferred tax assets and liabilities are not discounted.

SHARE-BASED PAYMENTS

The cost of equity-settled transactions with employees is measured at fair value at the date at which they are granted. The fair value of share awards with market-related vesting conditions are determined by an external valuer and the fair value at the grant date is expensed on a straight-line 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. No adjustment is made to the fair value after the vesting date even if the awards are forfeited or not exercised. Amounts recharged to subsidiaries in respect of awards granted to employees of subsidiaries are recognised as intercompany debtors until repaid.

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.

BORROWINGS

Interest bearing loans are recorded at the net proceeds received i.e. net of direct transaction costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on accruals basis and charged to the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

CONVERTIBLE BONDS

The Convertible bond issued by VRJL and VRJL-II (note 54) are accounted for as a compound instrument. The gross proceeds (net of issue costs) were lent to the Company by VRJL and VRJL-II. The equity component has been recognised in a separate reserve of the company and is not subsequently re measured. The recognition of the equity component by the company acts to reduce the payable to VRJL and VRJL-II which arises once the gross proceeds are borrowed. The liability component is held at amortised cost. The interest expensed on the liability component is calculated by applying an effective interest rate. The difference between interest expensed and interest paid is added to the carrying amount of the liability component.

47. COMPANY ACCOUNTING POLICIES (CONTINUED)

The bonds are first convertible into preference shares of the issuer having a principal value of $100,000 per Preference share, which are exchanged immediately for ordinary shares of the Company.

FINANCIAL INSTRUMENTS

The Company has elected to take the exemption provided in paragraph 8 of FRS 101 in respect of these parent company financial statements. Full disclosures are provided in note 29 to the financial statements of the Group for the year ended 31 March 2017.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are initially recorded at their fair value on the date of the derivative transaction and are re-measured at their fair value at subsequent balance sheet dates.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss account. The hedged item is recorded at fair value and any gain or loss is recorded in the profit and loss account and is offset by the gain or loss from the change in the fair value of the derivative.

Derivative financial instruments that do not qualify for hedge accounting are marked to market at the balance sheet date and gains or losses are recognised in the profit and loss account immediately.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

CASH FLOW STATEMENT

The company financial statements are prepared under FRS 101, which does not require application of IAS 7. Accordingly, the Company does not present the individual company cash flow statement.

FINANCIAL GUARANTEES

Guarantees issued by the Company on behalf of other Group companies are designated as 'Insurance Contracts'. Accordingly these are shown as contingent liabilities. (note 57)

DEBTORS

Debtors are stated at their nominal value as reduced by appropriate allowance for estimated irrecoverable amounts. An allowance for impairment for debtors is made where there is an indication of a reduction in the recoverability of the carrying value of the debtor.

CREDITORS

Creditors are stated at their nominal value.

48. COMPANY TANGIBLE FIXED ASSETS

(US$ million)	
Cost	
At 1 April 2015	**2.3**
Additions	0.0
At 31 March 2016	**2.3**
Additions	0.0
At 31 March 2017	**2.3**
Accumulated depreciation	
At 1 April 2015	**2.0**
Charge for the period	0.1
At 31 March 2016	2.1
Charge for the period	0.1
At 31 March 2017	**2.2**
Net book value	
At 1 April 2015	0.3
At 31 March 2016	0.2
At 31 March 2017	**0.1**

49. INVESTMENTS IN SUBSIDIARIES

(US$ million)	
Cost	
At 1 April 2015	1,226.3
At 1 April 2016	**1,226.3**
At 31 March 2017	**1,226.3**

At 31 March 2017, the Company held 157,538,524 shares in Vedanta Resources Holdings Limited ('VRHL') (March 2016: 157,538,524 shares), being 100% of VRHL's issued equity share capital. The Company also held one deferred share in VRHL (March 2016: one). At 31 March 2017, the Company held two shares in Vedanta Finance Jersey Limited ('VFJL') (March 2016: two), two shares in Vedanta Resources Jersey Limited ('VRJL') (March 2016: two), two shares in Vedanta Resources Jersey II Limited ('VRJL-II') (March 2016: two), two shares in Vedanta Jersey Investment Limited ('VJIL') (March 2016: two), being 100% of its issued equity share capital.

VRHL is an intermediary holding company incorporated in the United Kingdom (note 44) and registered in England and Wales. VFJL, VRJL, VJIL and VRJL-II are companies, registered and incorporated in Jersey, established to raise funds for the Vedanta Group.

50. INVESTMENT IN PREFERENCE SHARES OF SUBSIDIARIES

(US$ million)	
Fair value	
At 1 April 2016	**4.7**
Additions	–
Disposal	–
At 31 March 2017	**4.7**
At 1 April 2015	**1.7**
Additions	3.0
Disposal	–
At 31 March 2016	**4.7**

As at 31 March 2017, the Company held 47 preference shares in Vedanta Resources Jersey Limited ("VRJL") (31 March 2016: 47 preference shares).

During the previous year, VRJL received notice from the bondholders to exercise the option to convert US$3,000,000 bonds into equity shares of the Company in accordance with the provisions of the Offer circular and accordingly 30 preference shares with a nominal value of US$100,000 each were issued by VRJL to the Company.

51. FINANCIAL ASSET INVESTMENT

(US$ million)	
Fair value	
At 1 April 2016	**0.1**
Fair value movement	0.2
At 31 March 2017	**0.3**
At 1 April 2015	**0.1**
Fair value movement	–
At 31 March 2016	**0.1**

The investment relates to an equity investment in the shares of Victoria Gold Corporation. At 31 March 2017, the investment in Victoria Gold Corporation was revalued and gain of US$0.2 million (2016: no gain/loss) was recognised in equity.

52. COMPANY DEBTORS

(US$ million)	31 March 2017	31 March 2016
Amounts due from subsidiary undertakings	4,509.4	5,188.4
Prepayments and accrued income	0.5	0.5
Other taxes	0.3	0.5
Total	**4,510.2**	5,189.4
Debtors due within one year	2,151.4	505.5
Debtors due after one year	2,358.8	4,683.9
Total	**4,510.2**	5,189.4

AMOUNTS DUE FROM SUBSIDIARY UNDERTAKINGS

At 31 March 2017, the Company had loans due from VRHL of US$1,790.3 million (2016: US$1,737.4 million) which represented the funds being loaned to other group companies for funding the subsidiaries. Out of the total loan, US$579.3 million bears interest at six month US$LIBOR plus 350 basis points, US$500.0 million at 5.8%, US$31.2 million at 5.9%, US$47.0 million at 9.7%, and US$632.8 million at US$LIBOR plus 367 basis points.

At 31 March 2017, the Company had loan of US$1,757.1 million (2016: US$3,069.6 million) due from Vedanta Resources Jersey II Limited. Out of the total loan US$41.4 million bears interest at US$LIBOR plus 357 basis points, US$1,200.0 million at 6.50%, US$121.4 million at LIBOR plus 300 basis points US$60.0 million at 3.15%, US$68.4 million at 6.75% and US$265.8 million at six month US$LIBOR plus 430 basis points.

The Company was owed US$344.9 million (2016: US$372.1 million) of accrued interest from VRHL and Vedanta Resources Jersey II Limited.

During the year, the company gave a loan to Vedanta Resources Jersey Limited of facility amount US$400.0 million at an interest rate of 6.75%. The outstanding amount as at 31 March 2017 was US$125.0 million and accrued interest thereon US$0.1 million.

As at 31 March 2017, the company was owed dividend receivable from Vedanta Resources Holdings limited of US$475.0 million. In addition to the loans, the company was also owed US$17.0 million (2016: US$9.3 million) other receivables from Group companies.

53. COMPANY CURRENT ASSET INVESTMENTS

(US$ million)	31 March 2017	31 March 2016
Bank term deposits	14.6	28.1
Total	**14.6**	**28.1**

54. COMPANY CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

(US$ million)	31 March 2017	31 March 2016
Accruals	(88.4)	(104.3)
External borrowings	(173.8)	(742.7)
Loan from Subsidiary	(176.5)	(600.3)
Total	**(438.7)**	**(1,447.3)**

In April 2013, the Company entered into a Standby Letter of Credit agreement arranged by Axis Bank for an amount of US$150.0 million at a commission of 1% per annum payable quarterly. The facility is funded by Bank of India to the extent of US$148.5 million and bears interest rate at three month US$LIBOR plus 290 basis points. The facility is repayable in two equal annual instalments starting April 2017. As at 31 March 2017, the outstanding amount under this facility amounting to US$74.2 million has been shown under creditors falling due within one year and balance US$74.3 million in creditors falling due after one year.

In December 2013, the Company entered into a facility agreement with Bank of India for borrowing up to US$100.0 million at an interest rate of US$LIBOR plus 357 basis points repayable to the extent of 50% in October 2017 and balance in January 2018. As at 31 March 2017, the outstanding amount under this facility is US$100.0 million.

As at 31 March 2016, loans from subsidiaries included a loan of US$1,140.3 million from VRJL relating to its issue of US$1,250.0 million convertible bonds (bond issued in July 2009). During the previous year, the Company bought from the market the bonds of face value of US$549.3 million for a consideration of US$522.4 million. Accordingly, the carrying value of the bond bought along with accrued interest i.e. US$540.0 million had been reduced from the inter-co loan outstanding amount of US$1,140.3 million from the subsidiary, VRJL.

54. COMPANY CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (CONTINUED)

During the year, the Company further bought from the market, the bonds of face value US$67.4 million and repaid the balance amount of US$514.8 million on its maturity in July 2016 along with accrued interest. Both these amounts were adjusted against the intercompany payable to VRJL. During the year ended 31 March 2017, interest was charged at the effective interest rate of 8.2% (March 2016: 8.2 %).

As at 31 March, 2017 loan from subsidiary includes a loan of US$176.5 million due to Vedanta Finance UK Limited at an interest rate of one year US$LIBOR plus 382 basis points.

55. COMPANY CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

(US$ million)	**31 March 2017**	31 March 2016
Loan from subsidiary	–	(278.0)
External borrowings	(4,250.8)	(4,220.0)
Total	**(4,250.8)**	**(4,498.0)**

Loans from Subsidiaries as at 31 March 2016 include a loan of US$22.2 million due to Richter Holdings Limited and US$255.8 million due to Vedanta Finance UK Limited. During the year, the outstanding amount of US$22.2 million due to Richter Holdings Limited was prepaid. Further out of US$255.8 million due to Vedanta Finance UK Limited , US$79.3 million was prepaid and the balance US$176.5 million was shown under creditors falling due within one year.

In December 2013, the Company entered into a facility agreement with Bank of India for borrowing up to US$100.0 million at an interest rate of US$LIBOR plus 357 basis points repayable to the extent of 50% in October 2017 and balance in January 2018. As at 31 March 2017, the outstanding amount under this facility is US$100.0 million. The same has been shown under creditors falling due within one year.

The external borrowings represent US$1,250.0 million non-convertible bond issued during 2008, out of which US$500.0 million was repaid in January 2014 and the remaining US$750.0 million 9.5% bonds are due for repayment in July 2018. During the year, the company had bought back US$370.9 million. As at 31 March 2017, the outstanding amount under this facility is US$379.1 million. Post the balance sheet date, the Company early redeemed all the outstanding 9.5% bonds due July, 2018 of face value US$379.1 million at a premium of US$35.5 million.

In July 2011, the Company issued US$750.0 million, 6.75% bonds due June 2016, and US$900.0 million, 8.25% bonds due June 2021. During the previous year, the Company bought back US$7.0 million 6.75% bonds due June 2016 from the open market and further during the current year US$62.6 million was bought back. The balance outstanding amount of US$680.4 million was duly repaid in June 2016. As at 31 March 2017, the outstanding amount under this facility was US$900.0 million.

In April 2013, the Company entered into a Standby Letter of Credit agreement arranged by Axis Bank for an amount of US$150.0 million at a commission of 1% per annum payable quarterly. The facility is funded by Bank of India to the extent of US$148.5 million and bears interest rate at three month US$LIBOR plus 290 basis points. The facility is repayable in two equal annual instalments starting April 2017. As at 31 March 2017, the outstanding amount under this facility amounting to US$74.2 million has been shown under creditors falling due within one year and balance US$74.3 million in creditors falling due after one year.

In June 2013, the Company issued US$1,200.0 million, 6.00% bonds due January 2019, and US$500.0 million, 7.125% bonds due May 2023. During the year, the company bought back US$425.0 million out of the US$1,200.0 million bond due in January 2019. As at 31 March 2017, the outstanding amount under this facility is US$1275.0 million.

In March 2015, the Company entered into a facility agreement with State Bank of India for borrowing up to US$350.0 million. US$100.0 million is repayable in March 2020 and bears interest at a rate of US$LIBOR plus 370 basis points. US$250.0 million bears interest at a rate of US$LIBOR plus 403 basis points repayable in two instalments being US$100.0 million due in June 2021 and US$150.0 million in June 2022. As at 31 March 2017, the outstanding amount under this facility is US$350.0 million.

In January 2016, the Company entered into a facility agreement with State Bank of India for borrowing up to US$300.0 million. US$120.0 million is repayable in February 2022 and bears interest at a rate of US$LIBOR plus 450 basis points. US$180.0 million is repayable in February 2023 and bears interest at a rate of US$LIBOR plus 453 basis points. As at 31 March 2017, the outstanding amount under this facility is US$300.0 million.

In January 2017, the Company issued US$1,000.0 million, 6.375% bonds due in July 2022. As at 31 March 2017, the outstanding amount under this facility is US$1,000.0 million.

56. COMPANY RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

(US$ million)	Share capital (note 35)	Share premium	Share-based payment reserve	Convertible bond reserve	Treasury Shares	Retained earnings	Other Reserves	Total
Equity shareholders' funds at 1 April 2016	**30.1**	**201.5**	**29.9**	**10.8**	**(490.6)**	**724.6**	**(2.2)**	**504.1**
Profit for the year	–	–	–		–	690.2	–	690.2
Dividends paid (note 14)	–	–	–	–	–	(138.4)*	–	(138.4)*
Exercise of LTIP awards (note 32)	0.0	–	(15.1)	–	–	15.1	–	0.0
Recognition of share based payments (note 32)	–	–	13.4	–	–	–	–	13.4
Gift to Employees Benefit Trust	–	–	–	–	–	(1.9)	–	(1.9)
Convertible bond transfer (note 28)	–	–	–	(10.8)	–	10.8	–	–
Movement in fair value of Financial Investment	–	–	–	–	–	–	0.2	0.2
Equity shareholders' funds at 31 March 2017	**30.1**	**201.5**	**28.2**	**–**	**(490.6)**	**1,300.4**	**(2.0)**	**1,067.6**

* Total dividends of US$138.4 million (2016:US$111.3 million) includes dividend of US$0.9 million (2016: US$0.7 million) paid to a separate investment trust which is consolidated in the Group's financial statements with that element of dividends paid by the company being eliminated (Refer note 14).

(US$ million)	Share capital (note 35)	Share premium	Share-based payment reserve	Convertible bond reserve	Treasury Shares	Retained earnings	Other Reserves	Total
Equity shareholders' funds at 1 April 2015	**30.0**	**198.5**	**27.4**	**38.4**	**(490.6)**	**804.2**	**(2.2)**	**605.7**
Loss for the year	–	–	–	–	–	(8.0)	–	(8.0)
Dividends paid (note 14)	–	–	–	–	–	(111.3)*	–	(111.3)*
Exercise of LTIP awards (note 32)	0.1	–	(13.1)	–		13.1	–	0.1
Recognition of share based payments (note 32)	–	–	15.6	–	–	–	–	15.6
Gift to Employees	–	–	–	–	–	(0.9)	–	(0.9)
Benefit Trust	0.0	3.0	–	(0.1)	–	–	–	2.9
Exercise of conversion of bonds	–	–	–	–	–	–	–	–
Convertible bond transfer (note 28)	–	–	–	(27.5)	–	27.5	–	–
Equity shareholders' funds at 31 March 2016	**30.1**	**201.5**	**29.9**	**10.8**	**(490.6)**	**724.6**	**(2.2)**	**504.1**

57. COMPANY CONTINGENT LIABILITIES

The Company has given a corporate guarantee to Konkola Copper Mines for an amount of US$709.0 million.

The Company has guaranteed US$170.0 million for a loan facility entered by Valliant Jersey Limited with ICICI bank and US$180.0 million (out of which, US$59.2 million has been repaid during the year) for loan facility entered by Vedanta Finance Jersey Limited with ICICI bank.

The Company has guaranteed US$500.0 million for a syndicated facility agreement entered by Welter Trading Limited with Standard Chartered Bank as facility agent.

The Company has guaranteed US$500.0 million for loan facility entered by Monte Cello NV with ICICI bank.

The Company has guaranteed US$80.0 million for revolving credit facility entered by Twin Star Holdings Limited with Emirates NBD PJSC and Standard Chartered Bank as lead arrangers and National Bank of Abu Dhabi PJSC as facility agent.

The Company has guaranteed US$500.0 million for a syndicated facility entered by Twin Star Holdings Limited with Axis Bank as lead arranger and facility agent.

The Company has guaranteed US$1,200.0 million for a syndicated facility entered by Twin Star Mauritius Holdings Limited with Standard Chartered Bank as facility agent. During the previous year , US$300.0 million has been repaid and during the year another US$300.0 million has been repaid. Post balance sheet date, the facility has been prepaid.

The Company has guaranteed US$500.0 million for a loan facility entered by Twin Star Mauritius Holdings Limited with Standard Chartered Bank and First Gulf Bank PJSC of which $250.0 million is under a commodity murabaha structure (Islamic financing) and balance $250.0 million is under a conventional loan structure. During the previous year, US$25.0 million has been repaid and during the year another US$25.0 million has been repaid. Post balance sheet date, the facility has been prepaid.

The Company has guaranteed US$1,250.0 million for a loan facility entered by its subsidiaries THL Zinc Limited with Cairn India Holdings Limited (Intercompany loan). Post balance sheet date, this guarantee has been withdrawn.

57. COMPANY CONTINGENT LIABILITIES (CONTINUED)

The Company has guaranteed US$900.0 million for a loan facility entered by its subsidiaries Twin Star Mauritius Holdings Limited with Fujairah Gold FZC (Intercompany loan). Post balance sheet date, this guarantee has been withdrawn.

The Company has provided a guarantee for the Cairn India Group's (now merged with Vedanta Limited) obligation under the Production Sharing Contract ('PSC').

The Company has provided guarantee for the redeemable preference shares issued by its subsidiary Twinstar Mauritius Holdings Limited to its intermediate parent Bloom Fountain Limited amounting to US$2,200.0 million. Post balance sheet date, this guarantee has been withdrawn.

During the year, the Company has provided guarantee on behalf of Vedanta Ltd. to SBI for US$192.8 million (INR 12,500 million) on account of Term Loan Facility and US$450.0 million on account of EPBG facility availed by Vedanta Limited.

58. RELATED PARTY TRANSACTIONS

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with wholly owned subsidiaries. Transactions entered into and trading balances outstanding at 31 March with other related parties, are as follows:

Name of Company (US$ millions)	Relationship	Nature of transaction	**2017**	2016
Vedanta Limited	Subsidiary	Management Fees charged	5.0	5.0
Konkola Copper Mines Plc	Subsidiary	Management & Guarantee Fees charged	2.9	2.8
Cairn India Limited	Subsidiary	Management Fees charged	3.8	6.5
Sterlite Technologies Limited	Related Party	Management Fees charged	0.0	0.0
Volcan Investments Limited	Holding Company	Dividend paid	93.7	75.0
Vedanta Limited	Subsidiary	Receipt of Service	(0.5)	(0.4)
Vedanta Limited	Subsidiary	Payment of Expenses	0.1	0.1
Vedanta Limited	Subsidiary	Recovery against share option expense	9.4	11.3
Konkola Copper Mines Plc	Subsidiary	Recovery against share option expense	1.7	1.5
Copper Mines of Tasmania Pty Limited	Subsidiary	Recovery against share option expense	0.0	0.1
Fujariah Gold FZC	Subsidiary	Recovery against share option expense	0.1	0.4
Vedanta Lisheen Holdings Limited	Subsidiary	Recovery against share option expense	(0.0)	0.0
Namzinc Pty Limited	Subsidiary	Recovery against share option expense	(0.2)	0.0
Black Mountain Mining (Pty) Limited	Subsidiary	Recovery against share option expense	0.1	0.7
Western Cluster Limited	Subsidiary	Recovery against share option expense	0.0	0.0
Twin Star Mauritius Holdings Limited	Subsidiary	Reimbursement of Expenses	0.1	0.0
Twin Star Energy Holdings Limited	Subsidiary	Reimbursement of Expenses	0.0	0.0
THL Zinc Limited	Subsidiary	Reimbursement of Expenses	0.0	0.0
THL Zinc Ventures Limited	Subsidiary	Reimbursement of Expenses	0.0	0.0
Konkola Copper Mines Plc	Subsidiary	Reimbursement of Expenses	0.7	0.0
Ashurst LLP (was related up to 30 April 2015)	Related Party	Receipt of service	(0.0)	(0.1)

OUTSTANDING BALANCES

Name of Company (US$ millions)	Relationship	Nature of transaction	**2017**	2016
Vedanta Limited	Subsidiary	Receivable/(Payable)	1.9	(3.9)
Konkola Copper Mines Plc	Subsidiary	Receivable	7.7	2.3
Cairn India Limited*	Subsidiary	Receivable	1.3	1.2
Sterlite Technologies Limited	Related Party	Receivable	0.1	0.0
Copper Mines of Tasmania Pty Limited	Subsidiary	Receivable	0.0	0.7
Fujariah Gold FZC	Subsidiary	Receivable	0.1	0.6
Vedanta Lisheen Holdings Limited	Subsidiary	(Payable)	(0.0)	(0.0)
Namzinc Pty Limited	Subsidiary	(Payable)/Receivable	(0.1)	0.0
Black Mountain Mining (Pty) Limited	Subsidiary	(Payable)/Receivable	(0.0)	1.0
Western Cluster Limited	Subsidiary	Receivable	0.1	0.2
Twin Star Mauritius Holdings Limited	Subsidiary	Receivable	0.1	0.0
Twin Star Energy Holdings Limited	Subsidiary	Receivable	0.1	0.0
THL Zinc Limited	Subsidiary	Receivable	0.0	0.0
THL Zinc Ventures Limited	Subsidiary	Receivable	0.0	0.0
Monte Cello BV	Subsidiary	(Payable)	(1.0)	(1.0)

* Merged with Vedanta Limited w.e.f.27 March 2017 (Refer Note 42).

59. COMPANY SHARE-BASED PAYMENT

The Company had certain LTIP awards outstanding as at 31 March 2017. See note 32 to the financial statements for further details on these share-based payments.