INDEPENDENT AUDITOR'S REPORT

To the Members of Hindustan Zinc Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Hindustan Zinc Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profits including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

(e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

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

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

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

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

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

per Raj Agrawal
Partner
Membership Number: 82028

Place: Gurugram
Date: April 30, 2018

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

Re: Hindustan Zinc Limited ('the Company')

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

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

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

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

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

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

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

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

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

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

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

Name of the statute	Nature of the dues	Amount (Rs in Crore)*	Period (Financial year) to which amount relates	Forum where the dispute is pending
Income tax act, 1961	Income tax	1,657	1997-98, 1998-99, 1999-00, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2013-14	Commissioner of Income tax (Appeals)
		1,489	1988-89, 1989-90, 1990-91, 1992-93, 1997-98, 2007-08, 2012-13	Income tax appellate Tribunal
		1,324	1989-90, 1990-91, 1991-92, 1992-93, 1993-94, 1994-95, 1995-96, 1996-97, 1998-99, 1999-00, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12	High Court / Supreme Court
Customs Act, 1962	Customs duty	42	2008-09 to 2013-14	CESTAT
Central Excise Act, 1944	Excise duty	11	1991-92, 1995-96 to 2015-16	CESTAT
		11	1991-92 , 1999-00 to 2003-04, 2005-06 to 2017-18	Commissioner (Appeals)
		1	1989-90 to 1992-93, 2002-03 to 2011-12	High Court
Rajasthan sales tax act, 1994	Sales tax	27	1985-86, 1990-91 to 1991-92,1994-95 to 2003-04,2005-06 to 2014-15, 2017-18	Deputy Commissioner (Appeals)
		4	2007-08	High Court
Finance Act, 1994	Service tax	17	2006-07 to 2016-17	Commissioner (Appeals)
		25	1997-98 , 2004-05 to 2015-16	CESTAT

*Net of amount paid under protest / adjusted against refunds

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to financial institutions. The Company did not have any outstanding dues in respect of banks, government or debenture holders during the year.

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

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

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

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

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

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

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

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

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

per Raj Agrawal
Partner
Membership No.: 82028

Place: Gurugram
Date: April 30, 2018

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF HINDUSTAN ZINC LIMTED

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

We have audited, the internal financial controls over financial reporting of Hindustan Zinc Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established under the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) ('COSO 2013 criteria'), which considers the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting in COSO 2013 criteria, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per Raj Agrawal
Partner
Membership Number: 82028

Place: Gurugram
Date: April 30, 2018

HINDUSTAN ZINC LIMITED
IND AS FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

HINDUSTAN ZINC LIMITED
Balance Sheet as at March 31, 2018

(Rs in Crore)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
a) Property, Plant and Equipment	4	11,181	9,865
b) Capital work-in-progress	4	3,220	3,071
c) Intangible Assets	5	121	128
d) Investments in joint venture	33	-	-
e) Financial assets			
i) Loans	6	15	19
f) Deferred tax assets (net)	32	2,208	2,748
g) Other non-current assets	7	1,137	785
h) Income tax assets		907	530
Total Non-current assets		**18,789**	**17,146**
Current assets			
a) Inventories	8	1,379	1,936
b) Financial Assets			
i) Investments	9	20,222	23,783
ii) Trade receivables	10	184	136
iii) Cash and cash equivalents	11	173	189
iv) Other Bank balances	12	1,791	8,191
v) Loans	6	1	1
vi) Other	13	11	5
c) Other current assets	7	382	408
Total Current assets		**24,143**	**34,649**
TOTAL		**42,932**	**51,795**
EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	14	845	845
b) Other equity		35,087	29,960
Total Equity		**35,932**	**30,805**
Liabilities			
Non-current liabilities			
a) Financial liabilities			
i) Other financial liabilities	15	69	93
b) Other non-current liabilities	17	792	556
c) Provisions	16	134	111
Total Non-current liabilities		**995**	**760**
Current liabilities			
a) Financial liabilities			
i) Borrowings	18	-	7,908
ii) Trade payables	19	947	824
iii) Other financial liabilities	15	3,094	8,984
b) Other current liabilities	17	1,713	2,327
c) Provisions	16	86	17
d) Current tax liabilities		165	170
Total Current liabilities		**6,005**	**20,230**
TOTAL		**42,932**	**51,795**

See accompanying notes to financial statements.

As per our report on even date

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

per Raj Agrawal
Partner
ICAI Membership No.: 82028

Date: April 30, 2018
Place: Gurugram

For and on behalf of the Board of Directors

Sunil Duggal
CEO & Whole-time Director
DIN: 07291685

A. R. Narayanaswamy
Director
DIN: 00818169

Amitabh Gupta
Chief Financial Officer

R. Pandwal
Company Secretary
ICSI Membership No.: A9377

Date: April 30, 2018
Place: Mumbai

HINDUSTAN ZINC LIMITED
Statement of Profit and Loss for year ended March 31, 2018

(Rs in Crore)

Particulars	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from operations		22,084	17,273
Add: Excise duty		437	1,525
Revenue from operations	20	22,521	18,798
Other income	21	1,751	2,474
Total Income		**24,272**	**21,272**
Expenses:			
Cost of materials consumed	22	-	26
Purchase of traded goods		-	336
Changes in inventories of finished goods and work-in-progress	23	498	(676)
Employee benefits expense	24	776	722
Finance costs	25	283	202
Depreciation and amortization expense	26	1,483	1,811
Power and fuel		1,653	1,060
Mining Royalty		2,647	2,269
Excise duty		437	1,525
Other expenses	27	4,238	3,797
Total expenses		**12,015**	**11,072**
Profit before exceptional item and tax		**12,257**	**10,200**
Exceptional Items	28	240	-
Profit before tax		**12,497**	**10,200**
Tax expense :			
Current tax	32	2,647	2,196
Deferred tax (credit)/charge	32	574	(312)
Total tax expenses		**3,221**	**1,884**
Profit for the year		**9,276**	**8,316**
Other comprehensive income			
A) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans		3	(4)
(b) Tax benefit on items that will not be reclassified to profit or loss		(1)	1
B) Items that will be reclassified to profit or loss			
(a) Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge		(95)	-
(b) Debt instrument through other comprehensive income		(23)	78
(c) Tax expenses on items that will be reclassified to profit or loss		36	(20)
Total other comprehensive income		**(80)**	**55**
Total comprehensive income for the year		**9,196**	**8,371**
Earnings per share (nominal value of shares Rs 2)			
-Basic earnings per share (Rs)	29	21.95	19.68
-Diluted earnings per share (Rs)	29	21.95	19.68

See accompanying notes to financial statements.

As per our report on even date

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

per Raj Agrawal
Partner
ICAI Membership No.: 82028

Date: April 30, 2018
Place: Gurugram

For and on behalf of the Board of Directors

Sunil Duggal
CEO & Whole-time Director
DIN: 07291685

A. R. Narayanaswamy
Director
DIN: 00818169

Amitabh Gupta
Chief Financial Officer

R. Pandwal
Company Secretary
ICSI Membership No.: A9377

Date: April 30, 2018
Place: Mumbai

HINDUSTAN ZINC LIMITED
Statement of Changes in Equity for the year ended March 31, 2018

a. Equity share capital

Equity shares of Rs 2 each issued, subscribed and fully paid	Numbers of shares (in Crore)	Rs in Crore
As at March 31, 2018 and March 31, 2017	423	845

b. Other equity **(Rs in Crore)**

Particulars	Reserve and surplus			Items of other comprehensive income		Total
	Capital Reserve	Retained earnings[1]	General reserve[2]	Effective portion of cash flow hedge	Debt instruments through OCI	
Balance as at the end of the year March 31, 2016	**1**	**26,061**	**10,383**	**-**	**95**	**36,540**
Profit for the year	-	8,316	-	-	-	8,316
Other comprehensive income net of tax		(3)	-	-	58	55
Total comprehensive income for the year	**-**	**8,313**	**-**	**-**	**58**	**8,371**
Dividend declared - Paid	-	(4,234)	-	-	-	(4,234)
Dividend distribution tax - Paid	-	(862)	-	-	-	(862)
Dividend declared - Unpaid	-	(8,188)	-	-	-	(8,188)
Dividend distribution tax paid on unpaid dividend	-	(1,667)	-	-	-	(1,667)
Balance as at the beginning of the year April 01, 2017	**1**	**19,423**	**10,383**	**-**	**153**	**29,960**
Profit for the year	-	9,276	-	-	-	9,276
Other comprehensive income net of tax		2	-	(62)	(20)	(80)
Total comprehensive income for the year	**-**	**9,278**	**-**	**(62)**	**(20)**	**9,196**
Dividend declared - Paid	-	(1,595)	-	-	-	(1,595)
Dividend distribution tax - Paid	-	(324)	-	-	-	(324)
Dividend declared - Unpaid	-	(1,786)	-	-	-	(1,786)
Dividend distribution tax paid on unpaid dividend	-	(364)	-	-	-	(364)
Balance as at the end of the year March 31, 2018	**1**	**24,632**	**10,383**	**(62)**	**133**	**35,087**

(1) During the year Company has declared interim dividend of Rs 845 Crore (Rs 2.00 per share) in October 2017 and Rs 2,535 Crore (Rs 6.00 per share) in March 2018. During the previous year Company had declared interim dividend of Rs 803 Crore (Rs 1.90 per share) in November 2016 and Rs 11,619 Crore (Rs 27.50 per share) special dividend in March 2017.

(2) General reserve: Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of the Companies Act 2013, the requirement to mandatory transfer a specified percentage of the net profit to general reserve has been withdrawn. The balances in the general reserve, as determined in accordance with applicable regulations, was Rs 10,383 Crore as at March 31, 2018 and March 31, 2017.

See accompanying notes to financial statements.

As per our report on even date

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

For and on behalf of the Board of Directors

per Raj Agrawal
Partner
ICAI Membership No.: 82028

Sunil Duggal
CEO & Whole-time Director
DIN: 07291685

A. R. Narayanaswamy
Director
DIN: 00818169

Amitabh Gupta
Chief Financial Officer

R. Pandwal
Company Secretary
ICSI Membership No.: A9377

Date: April 30, 2018
Place: Gurugram

Date: April 30, 2018
Place: Mumbai

HINDUSTAN ZINC LIMITED
Statement of Cash Flow for the year ended March 31, 2018

(Rs in Crore)

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(A)	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	Net profit before tax	12,497	10,200
	Adjustments to reconcile profit to net cash provided by operating activities:		
	Depreciation and amortization expense	1,483	1,811
	Interest expense	283	202
	Interest income	(460)	(400)
	Amortization of deferred revenue arising from government grant	(48)	(107)
	Net gain on investments measured at FVTPL	(774)	(1,552)
	Net Loss/(Gain) on sale of PPE	(2)	(11)
	Net Loss/(Gain) on sale of financial asset investments	(340)	(415)
	Reversal of DMF provision	(291)	-
	Provision for mine restoration/decommissioning	23	90
	Operating profit before working capital changes	**12,371**	**9,818**
	Changes in assets and liabilities		
	(Increase)/Decrease in Inventories	557	(878)
	(Increase)/Decrease in Trade receivables	(48)	(29)
	(Increase)/Decrease in Other current assets	20	61
	(Increase)/Decrease in Other non current assets	(11)	(11)
	Increase/ (Decrease) in Trade payables	124	274
	Increase/(Decrease) in Other current liabilities	(173)	786
	Increase/(Decrease) in non current liabilities	25	(95)
	Cash generated from operations	**12,865**	**9,926**
	Income taxes paid during the year	(3,028)	(2,338)
	Net cash generated from operating activities	**9,837**	**7,588**
(B)	**CASH FLOW FROM INVESTING ACTIVITIES :**		
	Purchases of Property, Plant and Equipment (including intangibles, CWIP and Capital Advances)	(2,733)	(2,008)
	Interest received	499	327
	Proceeds from short term deposits	-	2
	Inter-corporate loans given	-	(500)
	Inter-corporate loans repaid	-	500
	Purchase of current investments	(33,938)	(27,173)
	Proceeds from sale of current investments	38,558	40,838
	Proceeds from sale of Property, Plant and Equipment	10	21
	Net cash generated from investing activities	**2,396**	**12,007**
(C)	**CASH FLOW FROM FINANCING ACTIVITIES :**		
	Interest and other finance charges paid	(280)	(194)
	Proceeds from short term borrowings	12,325	15,772
	Repayment of short term borrowings	(20,225)	(7,872)
	Dividend and tax paid thereon	(10,469)	(18,972)
	Net cash used in financing activities	**(18,649)**	**(11,266)**
	Net increase /(Decrease) in Cash and cash equivalents	(6,416)	8,329
	Cash and cash equivalents at the beginning of the year	8,380	51
	Cash and cash equivalents at the end of the year (Refer Note 11)	**1,964**	**8,380**

Note:-

1. The figures in brackets indicates outflows.
2. The above cash flow has been prepared under "Indirect method" as set out in Indian Accounting Standard (Ind AS -7) Statement of Cash Flows.
3. There are no non cash changes in liabilities arising from financing activities.

See accompanying notes to financial statements.

As per our report on even date

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

per Raj Agrawal
Partner
ICAI Membership No.: 82028

Date: April 30, 2018
Place: Gurugram

For and on behalf of the Board of Directors

Sunil Duggal
CEO & Whole-time Director
DIN: 07291685

A.R. Narayanaswamy
Director
DIN: 00818169

Amitabh Gupta
Chief Financial Officer

R. Pandwal
Company Secretary
ICSI Membership No.: A9377

Date: April 30, 2018
Place: Mumbai

1. COMPANY OVERVIEW

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

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

a) Basis of preparation

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

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements were approved for issue by the Board of Directors on April 30, 2018.

b) Critical accounting estimate and judgement

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

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

Significant Estimates

(i) Mining property and Ore reserve

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

(ii) Restoration, rehabilitation and environmental costs:

Provision is made for costs associated with restoration and rehabilitation of mining sites as soon as the obligation to incur such costs arises. Such restoration and closure costs are typical of extractive industries and they are normally incurred at the end of the life of the mine or oil fields. The costs are estimated on the basis of mine closure plans and the estimated discounted costs of dismantling and removing these facilities and the costs of restoration are capitalized when incurred reflecting the Company's obligations at that time.
The provision for decommissioning liabilities (Refer note 16) is based on the current estimate of the costs for removing and decommissioning producing facilities, the forecast timing of settlement of decommissioning liabilities and the appropriate discount rate.

(iii) Assessment of Useful lives and consumption pattern of Property, Plant and Equipments:

The Company reviews the useful lives and consumption pattern of Property, Plant and Equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods (Refer note 2(c) and 3(e)) .

Significant Judgement

Contingencies:

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

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

c) Changes in significant estimates

Change in pattern of utilisation of plant and equipment.

The Company, basis an independent technical review and review of method of depreciation adopted by peer companies in the industry reassessed the method of charging depreciation basis actual economic benefits derived from asset and has decided to change the depreciation method for plant and equipment. Effective April 1, 2017, the method of depreciation on Plant and Equipment has been changed from Written Down Value Method to Straight Line Method on remaining useful life, resulting in lower depreciation charge of Rs 690 Crore during the current year. Further, the Company has also re-evaluated some of the other parameters associated for depletion computation including reassessing life of certain components and cost to complete, which has resulted in an additional amortisation of Rs 369 crore and has adjusted the same in depletion calculation. The impact of the above changes in the estimates have resulted in a net decrease in depreciation charge of Rs 321 crore and lower profits after tax of Rs 238 Crore for the year ended March 31, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Fair value measurement

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

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

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

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

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

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

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

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

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

b) Current and non-current classification

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

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

All other assets are classified as non-current.

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

The Company classifies all other liabilities as non-current.

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

c) Functional and presentation currency

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

d) Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefit will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenues are measured at the fair value of the consideration received or receivable, net of discounts, volume rebates, sales taxes, Goods and Service Tax and other indirect taxes excluding excise duty. Based on the Educational Material on Ind AS 18 issued by the ICAI, the Group has assumed that recovery of excise duty (applicable through June 30, 2017) flows to the group on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to Company on its own account, revenue includes excise duty. However, sales tax/ value added tax (VAT) / Goods and Service Tax (GST) is not received by the Company on its own account. Accordingly, it is excluded from revenue.

(i) Sale of goods

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

(ii) Sale of wind energy

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

(iii) Dividends

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

(iv) Interest income

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

(v) Others
Revenue relating to insurance claims and interest on delayed or overdue payments from trade receivable is recognized when no significant uncertainty as to measurability or collection exists.

e) Property, plant and equipment

(i) Property, plant and equipment other than mining properties
The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use. The present value of the expected cost for the decommissioning of an asset and mine restoration after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the Statement of Profit and Loss in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalized.

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

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

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

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

(ii) Mining properties
The costs of mining properties, which include the costs of acquiring and developing mining properties are capitalized as Property, Plant and Equipment under the heading "Mining properties" in the year in which they are incurred. When a decision is taken that a Mining property is viable for commercial production (i.e. when the Company determines that the Mining Property will provide sufficient and sustainable return relative to the risks and the Company decided to proceed with the mine development), all further pre-production primary development expenditure other than land, buildings, plant and equipment is capitalized as developing asset until the mining property are capable of commercial production. Revenue derived during the project phase is adjusted from the cost incurred on the project from which such revenue is generated. With respect to open pit operations, waste removal costs that are incurred in the open pit operations during the operational phase of these mines which provide improved access are recognized as assets. The cost of normal on-going operational stripping activities are recognized in the Statement of Profit and Loss as and when incurred.
When the benefit from the stripping costs are realized in the current period, the stripping costs are accounted as charge in statement of profit and loss account in deferred mining expenses head. Deferred stripping cost are included in mining properties within Property, Plant and Equipment and disclosed as a part of Mining properties. After initial recognition, the stripping activity asset is depreciated on a unit of production method over the expected useful life of the identified component of the ore body to which it improves access.

(iii) Capital work in progress (CWIP)

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

(iv) Depreciation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible property and other equipment has been provided on the straight-line method.

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

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

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

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

f) Intangible assets

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

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

g) Impairment of non-financial assets

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

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

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

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

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

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

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

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

h) Financial instruments

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

Financial assets – recognition

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

- Debt instruments at amortized cost

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

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

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

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

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

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

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

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

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

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

Debt instrument included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Financial assets - derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:
• The rights to receive cash flows from the asset have expired, or
• The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

Financial liabilities – recognition and measurement

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

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

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

Subsequent measurement

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

- Financial liabilities at fair value through profit or loss

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

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

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

- Financial Liabilities at amortized cost (Loans and borrowings)

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

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

Financial liabilities - derecognition

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

Embedded derivatives

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

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

Reclassification of financial assets

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

Offsetting of financial instruments

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

i) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

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

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

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

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

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment

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

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

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

(i) Fair value hedges

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

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

(ii) Cash flow hedges

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

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

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

j) Government grants, subsidies and export incentives

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

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

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

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

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

k) Inventories

Inventories are valued at the lower of cost and net realizable value, less any provision for obsolescence.

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

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

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

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

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

l) Taxation

Current tax

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

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

Deferred tax

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

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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

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

Tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

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

m) Retirement and other Employee benefit schemes

i. Short-term employee benefits

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

ii. Post-Employment Benefits

Gratuity

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

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

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

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

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

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

Provident Fund

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

Family Pension

The Company offers its employees benefits under defined contribution plans in the form of family pension scheme. Contributions are paid during the year into the fund under statutory arrangements. The contribution to family pension fund is made at predetermined rates by the Company based on prescribed rules of family pension scheme. The contribution towards family pension is recognized as an expense in the Statement of Profit and Loss. The Company has no further obligation other than the contribution made.

Superannuation

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

iii. Other Long-Term Employee Benefits

Compensated absences

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

n) Provision

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

(i) Provision for Decommissioning

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

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

(ii) Provision for Restoration, rehabilitation and environmental costs

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

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

o) Foreign currency translation

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

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

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

p) Earnings per share

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

q) Segment reporting

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

r) Leases

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

Company as a lessee

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

Company as a lessor

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

s) Cash and cash equivalents

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above and additionally includes unpaid dividend account.

t) Investment in joint venture

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

Standards issued but not effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 introducing/amending the following standards:

Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 was issued on 29 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 April 2018. The Company plans to adopt the new standard on the required effective date using the modified retrospective method. During 2017-18, the Company performed a detailed assessment of Ind AS 115 to determine the impact on its financial statement. On the basis of the analysis conducted, the new standard would result in identification of freight and insurance services as a separate performance obligation implying segregation of revenue on account of sale of goods and sale of services. The revenue on account of these services is required to be deferred and recognised over time as this obligation is fulfilled along with associated costs.

The overall effect of implementation of Ind AS 115 is not expected to be material on the recognition and measurement of revenues, though there would be additional disclosure requirements to comply with.

Amendments to Ind AS 12 - Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the Company as the Company has no deductible temporary differences or assets that are in the scope of the amendments.

Amendments to Ind AS 40 - Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the Company as the Company does not have assets that are in the scope of the amendments.

Appendix B to Ind AS 21 - Foreign Currency Transactions and Advance Consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the Appendix, or

(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after 1 April 2018. The Company's current accounting practice is already in line with the aforesaid clarification.

4. PROPERTY, PLANT AND EQUIPMENT

(Rs in Crore)

Particulars	Freehold land	Buildings	Plant and equipment (1)	Furniture and fixtures	Vehicles	Office equipment	Railway siding	Mining properties(2)	Total
At Cost									
As at April 1, 2016	**258**	**1,339**	**13,227**	**28**	**32**	**202**	**85**	**1,197**	**16,368**
Additions	1	41	822	1	4	13	-	530	**1,412**
Disposals/ adjustments	-	46	53	-	2	2	1	(53)	**51**
As at March 31, 2017	**259**	**1,334**	**13,996**	**29**	**34**	**213**	**84**	**1,780**	**17,729**
Additions	37	59	1,567	2	7	24	9	1,097	**2,802**
Disposals/ adjustments	-	1	50	-	3	2	(1)	-	**55**
As at March 31, 2018	**296**	**1,392**	**15,513**	**31**	**38**	**235**	**94**	**2,877**	**20,476**
Accumulated depreciation									
As at April 1, 2016	**-**	**252**	**5,417**	**16**	**17**	**160**	**13**	**228**	**6,103**
Depreciation charge for the year	-	56	1,433	3	1	13	5	289	**1,800**
Disposals/ adjustments	-	4	33	-	1	1	-	-	**39**
As at March 31, 2017	**-**	**304**	**6,817**	**19**	**17**	**172**	**18**	**517**	**7,864**
Depreciation charge for the year(4)	-	54	674	2	4	15	5	726	**1,480**
Disposals/ adjustments	-	-	45	-	1	2	1	-	**49**
As at March 31, 2018	**-**	**358**	**7,446**	**21**	**20**	**185**	**22**	**1,243**	**9,295**
Net Book Value									
As at March 31, 2018	**296**	**1,034**	**8,067**	**10**	**18**	**50**	**72**	**1,634**	**11,181**
As at March 31, 2017	**259**	**1,030**	**7,179**	**10**	**17**	**41**	**66**	**1,263**	**9,865**

Capital work in progress(3)

(Rs in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Carrying amount of Capital work in progress	**3,220**	**3,071**

(1)The Company has revised certain estimates relating to depreciation of property, plant and equipment leading to a net reduction in depreciation of Rs 321 Crore, Refer note 2 (c).

(2) Additions to mining properties includes deferred stripping cost of Rs 44 Crore (March 31, 2017: Rs 21 Crore).

(3) During the year, the Company has transferred the following expenses which are attributable to the construction activity and are included in the cost of capital work in progress (CWIP). Consequently, expenses disclosed under the respective notes are net of such amounts.

(Rs in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Cost of Material Consumed	1,204	1,352
Power & fuel charges	29	32
Repairs & Others	75	51
Consumption of stores & Spare parts	76	42
Employee Benefit Expenses	43	28
General Expenses	3	4
Insurance	2	2
Conveyance & travelling expenses	1	1
Finance Cost	1	1
Total	**1,435**	**1,512**

(4) During the year, the Company has capitalised depreciation attributable to certain asset development of Rs 10 Crore. Accordingly, depreciation reported in note 26 is Rs 1,470 Crore.

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5. INTANGIBLE ASSETS

(Rs in Crore)

Particulars	Computer software	Mining rights	Right to use asset (Refer note 34)	Total
At Cost				
As at April 1, 2016	**27**	**67**	**62**	**156**
Additions	13	-	6	19
Disposals	-	-	-	-
As at March 31, 2017	**40**	**67**	**68**	**175**
Additions	5	-	1	6
Disposals	-	-	-	-
As at March 31, 2018	**45**	**67**	**69**	**181**
Amortization				
As at April 1, 2016	**22**	**9**	**5**	**36**
Charge for the year	4	4	3	11
As at March 31, 2017	**26**	**13**	**8**	**47**
Charge for the year	6	4	3	13
As at March 31, 2018	**32**	**17**	**11**	**60**
Net Book Value				
As at March 31, 2018	**13**	**50**	**58**	**121**
As at March 31, 2017	**14**	**54**	**60**	**128**

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6. LOANS

(Rs in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
Unsecured, considered good		
Loans to employees	1	2
Security deposits	14	17
Total	**15**	**19**
Current		
Unsecured, considered good		
Loans to employees	1	1
Total	**1**	**1**

7. OTHER ASSETS

(Rs in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
Unsecured, considered good		
Capital advances	767	430
Claims and other receivables[1]	197	179
Security Deposits	35	35
Prepayments[2]	138	141
Total	**1,137**	**785**
Unsecured, considered doubtful		
Claims and other receivables	11	34
Security deposits	28	28
Provision on doubtful deposits and claims	(39)	(62)
	-	-
Total	**1,137**	**785**
Current		
Unsecured, considered good		
Advance given to vendors for supply of goods and services	251	127
Prepayments [2]	25	21
Balance with government authorities	30	195
Export incentive receivable	76	65
Total	**382**	**408**

[1] Includes Rs 101 Crore as at March 31, 2018 (March 31, 2017 : Rs 101 Crore) paid under protest on account of Entry tax dispute (see note 30). Balance pertains to Indirect taxes and royalty deposited under dispute with respect to various matters currently litigated in court of law and at various levels of adjudication.

[2] Includes Rs 138 Crore (Non current) and Rs 4.5 Crore (Current) prepayments in respect of land taken under operating leases, being amortised equally over the period of the lease.

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8. INVENTORIES *

(Rs in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
a. Raw material	1	-
b. Work in progress		
Ore[1]	141	307
Mined Metal	270	525
Others	288	334
c. Finished goods[1]	23	54
d. Fuel Stock	175	61
[Including goods in transit Rs 108 Crore (March 31, 2017: Nil)]		
e. Stores and spare parts	481	655
[Including goods in transit Rs 6 Crore (March 31, 2017: Rs 278 Crore)]		
Total	**1,379**	**1,936**

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

[1] Inventory held at net realizable value amounted to Rs 18 Crore (March 31, 2017 : Rs 24 Crore). The write down on this inventory Nil (March 31, 2017 : Rs 9 Crore) has been taken to Statement of Profit and Loss.

9. INVESTMENTS

(Rs in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Investment in bonds-quoted	1,580	1,829
Investment in zero coupon bonds- quoted	3,496	2,618
Investment in mutual funds-quoted	9,775	12,167
Investment in mutual funds-unquoted	5,371	7,169
Total	**20,222**	**23,783**
Measured at fair value through other comprehensive income	**2,803**	**4,447**
Measured at fair value through profit and loss	**17,419**	**19,336**
Aggregate amount of quoted investment at market value thereof	**14,851**	**16,614**
Aggregate amount of unquoted investment	**5,371**	**7,169**

10. TRADE RECEIVABLES[1][3]

(Rs in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good[2]	184	136
Unsecured, considered doubtful	1	1
Provision on doubtful debts	(1)	(1)
Total	**184**	**136**

[1] The average credit period given to customer ranges from zero to ninety days. Interest is charged on trade receivables for the credit period, from the date of the invoice at 8.5% to 14.50% per annum on the outstanding balance.

[2] Unsecured considered good includes, Rs 69 Crore (March 31, 2017: Rs 124 Crore) due from wind energy segment's trade receivables. Unsecured trade receivable of Rs 82 Crore (March 31, 2017: Rs 12 Crore) are covered against Letter of credit and Bank Guarantees.

[3]Refer note 38 for details of related party balances and terms and conditions.

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11. CASH AND CASH EQUIVALENTS

(Rs in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with banks		
On current accounts	173	189
Total	**173**	**189**

For the purpose of statement of cash flows, cash and cash equivalents comprises the following:

Cash and cash equivalents as above	173	189
Earmarked unpaid dividend account (Refer note 12)	1,791	8,191
Total	**1,964**	**8,380**

12. OTHER BANK BALANCES

(Rs in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Earmarked unpaid dividend accounts	1,791	8,191
Total	**1,791**	**8,191**

13. OTHER FINANCIAL ASSETS - CURRENT

(Rs in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured, Considered Good		
Interest accrued on deposits	3	3
Derivative assets (Refer note 36)	8	2
Total	**11**	**5**

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14. EQUITY SHARE CAPITAL

(Rs in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
A. Authorized equity share capital		
Equity shares of Rs 2 (March 31, 2017: Rs 2) each.	1,000	1,000
No. of Shares (In Crore)	500	500
B. Issued, subscribed and paid up		
Equity shares of Rs 2 (March 31, 2017: Rs 2) each.	845	845
No. of Shares (In Crore)	423	423
C. Equity shares held by Holding Company		
Vedanta Limited		
No. of Shares (In Crore)	274	274
% of Holding	64.92%	64.92%

D. No shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

Particulars	As at March 31, 2018	As at March 31, 2017
E. Details of shareholders holding more than 5% shares in the Company		
Vedanta Limited		
No. of Shares (In Crore)	274	274
% of Holding	64.92%	64.92%
Government of India - President of India		
No. of Shares (In Crore)	125	125
% of Holding	29.54%	29.54%

F. Terms/Rights attached to equity shares

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

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15. OTHER FINANCIAL LIABILITIES

(Rs in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
Security deposits	10	-
Capital creditors	59	93
Total	**69**	**93**
Current		
Derivatives - Liabilities (Refer Note 36)	96	47
Capital Creditors [(1)]	765	381
Others		
Due to related party (Refer Note 38)	27	25
Deposits from vendors	160	189
Dividend payable	1,786	8,188
Unclaimed dividend [(2)]	4	3
Other liabilities (Includes employee benefits etc.)	256	151
Total	**3,094**	**8,984**

[(1)] Includes Rs 3 Crore (March 31, 2017 : Nil) to related parties (Refer note 38).

[(2)] Represents the unclaimed dividend for a period less than 7 years.

16. PROVISIONS

Non-current

(Rs in Crore)

Particulars	Provision for mine restoration[(1)]	Provision for decommissioning[(2)]	Total
As at April 1, 2016	**4**	**15**	**19**
Addition during the year	83	7	90
Unwinding of discount	2	-	2
Utilized	-	-	-
As at March 31, 2017	**89**	**22**	**111**
Addition during the year/(revision during the year)	25	(6)	**19**
Unwinding of discount	4	-	**4**
Utilized	-	-	**-**
As at March 31, 2018	**118**	**16**	**134**

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

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

Current

(Rs in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for Gratuity (Refer note 28 & 31)	62	16
Provision for compensated absenses (Refer note 31)	20	1
Provision for mine restoration	4	-
Total	**86**	**17**

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17. OTHER LIABILITIES

(Rs in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Non-Current		
Deferred government grant[3]	792	556
Total	**792**	**556**
Current		
Advance from customers[1]	1,125	1,515
Statutory and other liabilities[2]	519	698
Deferred government grant[3]	69	114
Total	**1,713**	**2,327**

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

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

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

18. BORROWINGS

(Rs in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Commercial Paper (Unsecured)[1]	-	7,908
Total	**-**	**7,908**

[1]Commercial Papers carry an effective interest rate in the range of 6.1% to 6.5%, and repayable within 7-91 days from the date of issue of commercial papers.

19. TRADE PAYABLES

(Rs in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Total outstanding dues of Micro, Small and Medium Enterprises	18	10
Total outstanding dues to creditors other than Micro, Small and Medium Enterprises	929	814
Total	**947**	**824**

The disclosures relating to Micro, Small and Medium Enterprises have been furnished to the extent such parties have been identified on the basis of the intimation received from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. There is no interest paid/payable as at March 31, 2018 (March 31, 2017: Nil)

(Rs in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.		
i) Principal amount due to micro and small enterprises	18	10
ii) Interest due on above	-	-
iii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
v) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

20. REVENUE FROM OPERATIONS

(Rs in Crore)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of products (including excise duty)[1]	22,051	18,395
Income from wind energy	162	176
	22,213	18,571
Other operating income		
Sale of scrap and residuals	155	111
Export incentives	97	71
Others (unclaimed amount, carbon credits, liquidated damages etc.)	56	45
Total	**22,521**	**18,798**

(1) Sale of products includes excise duty collected from Customers of Rs 437 Crore (March 31, 2017 : Rs 1,525 Crore)

Revenue is shown exclusive of GST and other indirect taxes other than excise, as these collections are not an inflow on entity's own account, rather it is collected on behalf of government authorities.

21. OTHER INCOME

(Rs in Crore)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Net gain on investments measured at FVTPL	774	1,552
Net gain on sale of current investments	340	415
Net gain on foreign currency transactions and translation	130	-
Amortization of deferred revenue arising from government grant	47	107
Interest Income on		
Bank deposits measured at amortized cost	3	4
Investments measured at FVOCI	258	321
Investments measured at FVTPL	101	-
Other financial assets measured at amortised cost	98	75
Total	**1,751**	**2,474**

22. COST OF MATERIALS CONSUMED

(Rs in Crore)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening inventory	-	-
Add: Purchase [1]	-	26
Less: Closing inventory	-	-
Cost of materials consumed	**-**	**26**

(1) Represents zinc and lead concentrate purchased.

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23. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

(Rs in Crore)

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
Opening inventory			
Finished goods		54	38
Work in progress :-			
Ore		307	48
Mined metal		525	182
Others (includes various semi-finished goods having Zinc, Lead & Silver content)		334	276
Total	**(A)**	**1,220**	**544**
Closing inventory			
Finished goods		23	54
Work in progress :-			
Ore		141	307
Mined metal		270	525
Others (includes various semi-finished goods having Zinc, Lead & Silver content)		288	334
Total	**(B)**	**722**	**1,220**
Changes in Inventory	**(B - A)**	**498**	**(676)**

24. EMPLOYEE BENEFIT EXPENSE

(Rs in Crore)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, wages and bonus (1)	625	576
Contribution to provident and other funds (Refer Note 31)	45	45
Share based compensation(2)	25	23
Staff welfare expenses (1)	81	78
Total	**776**	**722**

(1) Includes Corporate social responsibility expenditure of Rs 3 Crore and Rs 10 Crore (March 31,2017: Rs 2 Crore and Rs 9 Crore) towards salaries,wages and bonus and Staff welfare expenses respectively. Also, Refer note 34.

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

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

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

25. FINANCE COSTS

(Rs in Crore)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest on financial liabilities at amortised cost	268	191
Bill discounting charges	13	8
Bank charges	2	3
Total	**283**	**202**

26. DEPRECIATION AND AMORTIZATION EXPENSES

(Rs in Crore)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation on Property, Plant and Equipments	1,470	1,800
Amortization on intangible assets	13	11
Total	**1,483**	**1,811**

27. OTHER EXPENSES

(Rs in Crore)

Particulars	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
Consumption of stores and spare parts	1,310	1,134
Repairs and Maintenance:		
- Plant and equipment	1,044	1,042
- Building	57	42
Others	1	2
Carriage inwards	207	176
Mine expenses	538	476
Other manufacturing and operating expenses	417	279
Rates and taxes	2	2
Conveyance and travelling expenses	41	32
Directors sitting fees and commission	1	1
Payment to auditors[1]	2	2
Carriage outwards	265	246
Grass root exploration expenses	80	55
Donations	-	50
Legal and professional expenses	55	89
Research and development expenditure	7	7
Corporate social responsibility (Refer Note 34)	71	34
Miscellaneous expenses	140	128
Total	**4,238**	**3,797**

[1] Remuneration to auditors:		
- Audit fees	1	1
- Other services	1	1
Total	2	2

28. EXCEPTIONAL ITEMS

(Rs in Crore)

Particulars	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
Reversal of District Mineral Foundation Provision [1]	291	-
Gratuity expense [2]	(51)	-
Total	**240**	-

[1] During the year ended March 31, 2018, the Company has recognised the reversal of provisions of Rs 291 Crore relating to contribution to the District Mineral Foundation.Effective 12 January 2015, the Mine and Minerals Development and Regulation Act, 1957 prescribed the establishment of the District Mineral Foundation(DMF) in any district affected by mining related operations. The provisions required contribution of an amount equivalent to a percentage of royalty not exceeding one-third thereof, as may prescribed by the Central Government of India. The rates were prescribed on September 17, 2015 for minerals other than coal, lignite and sand. The Supreme Court order dated October 13, 2017 has determined the prospective applicability of the contributions from the date of the notification fixing such rate of contribution and hence DMF would be effective from the date when the rates were prescribed by the central Government and Pursuant to the aforesaid order, the Company has recognised a reversal of DMF provision for the period for which DMF is no longer leviable.

[2] The Company Contributes to a defined benefit plan(the "Gratuity Plan") covering certain categories of employee and the maximum liability was capped at statutory prescribed limit of Rs 10 Lakh. Consequent to the increase in the statutory limit to Rs 20 Lakh, the increase in provision has been recognised as exceptional items.

29. EARNINGS PER SHARE

Particulars	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
Basic earnings per share (Rs)	21.95	19.68
Diluted earnings per share (Rs)	21.95	19.68

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

Profit after tax attributable to owners of the Company (in Rs Crore)	9,276	8,316
Weighted average number of equity shares outstanding (Number in Crore)	423	423
Nominal Value per share (in Rs)	2	2

30. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

(Rs in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
a. Contingent liabilities[(1)]		
Claims against the Company not acknowledged as debts		
- Suppliers and contractors	19	43
- Ex-employees and others	8	9
- Land acquisition	6	6
- Mining cases[(2)]	334	334
- Government : Electricity Duty	9	9
: Road Tax	15	15
: Environmental Cess[(3)]	142	142
Guarantees issued by the banks (excluding Financial guarantee)	170	65
Sales tax demands	38	26
Entry tax demands[(4)]	204	199
Income tax demands[(5)]	4,537	4,267
Excise Duty demands[(6)]	106	424

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

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

[(3)] The State of Rajasthan issued a notification in June 2008 notifying the Rajasthan Environment and Health Cess Rules, 2008, imposing environment and health cess on major minerals including lead and zinc. HZL and other mine operators resisted this notification and the imposition thereunder before the High Court of Rajasthan on the ground that the imposition of such cess and all matters relating to the environment fall under the jurisdiction of the Central government as opposed to the State government. In October 2011, the High Court of Rajasthan disposed the writ petitions and held the Rajasthan Environment and Cess Rules, 2008 that impose a levy of cess on minerals, as being constitutionally valid. An amount of Rs 150 per metric ton of ore produced would be attracted under the Statute if it is held to be valid. HZL challenged this order by a special leave petition in December 2011 before the Supreme Court of India. The Supreme Court of India issued a notice for stay. Further direction was issued by the Supreme Court on March 23, 2012 not to take any coercive action against HZL for recovery of cess. The afore mentioned notification was rescinded via notification dated January 6, 2017, and hence no further obligation exists after that date.

[(4)] The Company challenged the constitutional validity of the local statutes and related notifications in the state of Rajasthan pertaining to the levy of entry tax on the entry of goods brought into the state from outside.Nine judge constitution bench of the Supreme court of India in 2016 while upholding the constitutional validity of the levy maintained status quo with respect to all other issues which have been left open for adjudication by regular benches hearing the matters.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 Company has filed writ petition before the Rajasthan High Court.

[(5)] Tax demands have been raised mainly on account of disallowance of certain benefits under section 80IA and 80IC of the Indian Income Tax Act and on account of depreciation disallowances and interest thereon. Although, the Company has paid certain amounts in relation to these demands, which are pending at various levels of appeals, management considers these disallowances as not tenable against the Company, and therefore no provision for tax has been created.

[(6)]Various demands raised on the Company towards CENVAT, service tax and excise for FY 1991-92 to 2015-16.The Company has paid an amount of Rs 40 Crore (March 31,2017: Rs 43 Crore)against these demands under protest and is confident of the liability not devolving on the Company.

b. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs 2,203 Crore (March 31, 2017: Rs 1,636 Crore).

c. Other Commitments - Export obligations

The Company had export obligations of Rs 1,416 Crore (March 31, 2017: Rs 1,244 Crore) on account of concessional rates of import duties paid on capital goods under the Export Promotion Capital Goods Scheme enacted by the Government of India which is to be fulfilled over the next six years from purchase. If the Company is unable to meet these obligations, its liabilities currently not provided would be Rs 236 Crore (March 31, 2017: Rs 207 Crore) reduced in proportion to actual export. This liability is backed by the bonds executed in favour of Customs department amounting to Rs 168 Crore (March 31, 2017: Rs 268 Crore). Further, bonds amounting to Rs 1,178 Crore (March 31, 2017: Rs 346 Crore) will be released subject to verification of EODC (Export obligation discharge certificate) by the Customs department.

31. RETIREMENT AND OTHER EMPLOYEE BENEFIT SCHEMES

a. Defined contribution schemes

Family Pension Scheme

The contributions are based on a fixed percentage of the employee's salary, subject to a ceiling, as prescribed in the scheme. A sum of Rs 6 Crore (March 31, 2017: Rs 6 Crore) has been charged to the Statement of Profit and Loss during the year. There are no further obligations on the Company.

Superannuation fund

A sum of Rs 2 Crore (March 31, 2017: Rs 2 Crore) has been charged to the Statement of Profit and Loss in respect to contributions made to the superannuation fund. The Company has no further obligations to the plan beyond the monthly contributions.

b. Defined benefit plans

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

Provident fund

The Company offers its employees, benefits under defined benefit plans in the form of provident fund scheme which covers all employees. Contributions are paid during the year into 'Hindustan Zinc Limited Employee's Contributory Provident Fund' ('Trust'). Both the employees and the Company pay predetermined contributions into the Trust. A sum of Rs 24 Crore (March 31, 2017: Rs 25 Crore) has been charged to the Statement of Profit and Loss in this respect during the year.

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

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

(Rs in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Plan assets fair valued	1,244	1,112
Present value of benefit obligation at period end	1,241	1,110
Net Plan Assets*	**3**	**2**

* Therefore, the net obligation is Nil in the current and previous year

% allocation of plan assets by category		
Central government securities	21%	23%
State government securities(including PSU Bond)	54%	59%
Private Sector Bonds, Mutual funds	25%	18%
Principal actuarial assumptions		
Financial Assumptions		
Discount rate	7.7%	7.6%
Expected statutory interest rate on the ledger balance	8.55%	8.65%
Expected short fall in interest earnings on the fund	0.05%	0.05%
Demographic Assumptions		
i) Retirement Age (Years)	58	58
ii) Mortality rates inclusive of provision for disability	100% of IALM (2006 - 08)	
iii) Withdrawal rates		
Up to 30 Years	3% - 10.1%	3% - 9.4%
From 31 to 44 years	2% - 4.9%	2% - 5.6%
Above 44 years	1.0%	1% - 1.5%

Gratuity plan

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

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

Principal actuarial assumptions

(Rs in Crore)

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Principal actuarial assumptions used to determine the present value of the defined benefit obligation are as follows:		
Financial Assumptions		
Discount rate	7.7%	7.6%
Expected rate of increase in compensation level of covered employees	6% - 9.5%	6% - 8%
Demographic Assumptions		
i) Retirement Age (Years)	58	58
ii) Mortality rates inclusive of provision for disability	100% of IALM (2006 - 08)	
iii) Withdrawal rates		
Up to 30 Years	3% - 10.1%	3% - 9.4%
From 31 to 44 years	2% - 4.9%	2% - 5.6%
Above 44 years	1.0%	1% - 1.5%
Amount recognized in the balance sheet consists of:		
Fair value of planned assets	208	200
Present value of defined benefit obligations	(270)	(216)
Net assets/(Net unfunded liability)	**(62)**	**(16)**

The movement during the year of the present value of the defined benefit obligation was as follows:

(Rs in Crore)

Particulars	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
Opening Balance	216	208
Service cost	12	10
Benefits paid	(23)	(24)
Interest cost	17	17
Acturial (Gain)/Loss on obligation	(3)	5
Past Service Cost (Refer note 28)	51	-
Closing Balance	**270**	**216**

The movement during the year in the fair value of plan assets was as follow:

(Rs in Crore)

Particulars	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
Opening Balance	200	183
Employer Contributions	16	25
Benefits paid	(23)	(24)
Actual return on plan assets	15	16
Closing Balance	**208**	**200**

Amounts recognized in Statement of Profit and loss in respect of defined benefit plan are as follows:

(Rs in Crore)

Particulars	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
Current service cost (including Rs 51 Crore (March 31, 2017: Nil) recorded as an exceptional item)	63	10
Net Interest cost	2	2
Total charge to Statement of Profit and Loss	**65**	**12**

Amounts recognized in Other Comprehensive Income in respect of defined benefit plan are as follows:

(Rs in Crore)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Remeasurement (Gain) / Loss arising from Change in Demographic Assumption	-	(1)
Remeasurement (Gain) / Loss arising from Change in Financial Assumption	(4)	(18)
Remeasurement (Gain) / Loss arising from Experience Adjustment	7	14
Remeasurement of the net defined benefit liability	**3**	**(5)**

Expected contribution for the next annual reporting period:

(Rs in Crore)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Service Cost	13	11
Net Interest Cost	5	1
Expected Expense for the next annual reporting period	**18**	**12**

% allocation of plan assets by category

(Rs in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Government Securities	45%	45%
Debentures / bonds	35%	35%
Equity instruments	10%	10%
Money market instruments	10%	10%

Sensitivity analysis

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

(Rs in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Impact of change discount rate		
Increase by 0.50%	(7)	(6)
Decrease by 0.50%	7	6
Impact of change in salary increase rate		
Increase by 0.50%	5	6
Decrease by 0.50%	(5)	(6)

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

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

Risk analysis

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

Investment risk

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

Interest risk

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

Longevity risk/ Life expectancy

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

Salary growth risk

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

32. INCOME TAX EXPENSES

The major components of income tax expense for the year ended March 31, 2018 are indicated below:

(Rs in Crore)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a. Tax charge recognised in Profit and Loss		
Current tax:		
Current tax on profit for the year	2,647	2,196
Total Current tax	**2,647**	**2,196**
Deferred tax:		
Reversal and origination of temporary differences	(178)	(262)
MAT credit asset (recognized)/ utilisation	686	41
Adjustment in respect of earlier years	66	(91)
Total Deferred tax	**574**	**(312)**
Tax expense for the year	**3,221**	**1,884**
Effective income tax rate (%)	**25.77%**	**18.47%**
b. Statement of other comprehensive income		
Deferred tax (credit) / charge on:		
Unrealized (gain)/loss on FVTOCI of financial instruments	(35)	(20)
Remeasurement of defined benefit obligation	1	1
Total	**(34)**	**(19)**

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

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Accounting profit before tax (after exceptional item)	12,497	10,200
Statutory income tax rate	34.61%	34.61%
Tax at statutory income tax rate	4,325	3,530
Disallowable expenses	32	33
Non-taxable capital gains	(271)	(885)
Tax holidays and similar exemptions	(964)	(744)
Additional depreciation under income tax reversible within tax holiday period	33	(44)
Investment allowance	-	(41)
Utilization of tax losses	-	(29)
Adjustments in respect of prior years	66	64
Total	**3,221**	**1,884**

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

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

The location based exemption

In order to boost industrial and economic development in undeveloped regions, provided certain conditions are met, profits of newly established undertakings located in certain areas in India may benefit from a tax holiday. Such a tax holiday works to exempt 100% of the profits for the first five years from the commencement of the tax holiday, and 30% of profits for the subsequent five years. This deduction is available only for units established up to March 31, 2012. However, such undertaking would continue to be subject to the Minimum Alternative tax ('MAT'). The Company has such types of undertakings at Haridwar and Pantnagar.The tax holiday benefit at Haridwar expired at March 2018 while in Pantnagar the Company would continue to avail 30% tax holiday till March 2021.

Sectoral Benefit - Power Plants

To encourage the establishment of certain power plants, provided certain conditions are met, tax incentives exist to exempt 100% of profits and gains for any ten consecutive years within the 15 year period following commencement of the power plant's operation. The Company currently has total operational capacity of 474 Mega Watts (MW) of thermal based power generation facilities , wind power capacity of 274 Mega Watts(MW) and solar power plants of 16 MW . However, such undertakings generating power would continue to be subject to the MAT provisions.

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

(Rs in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Property, plant and equipment, Exploration and evaluation and intangible assets	(1,727)	(1,610)
Fair valuation of financial assets/liabilities	(372)	(811)
Voluntary retirement scheme	10	16
Other temporary differences	103	232
MAT credits entitlement	4,194	4,880
Unutilised tax losses	-	41
Deferred Tax Assets (net)	**2,208**	**2,748**

The reduction in deferred tax asset of Rs 540 Crore (March 2017: Rs 331 Crore) is represented as follows:

(Rs in Crore)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Through Other Comprehensive Income		
Fair value of financial instruments	(35)	(20)
Others	1	1
	(34)	**(19)**
Through Profit and Loss		
All other charges	574	(312)
Total	**540**	**(331)**

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33. JOINT VENTURE

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

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

(Rs in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Investment in Joint venture		
Madanpur South Coal Company Limited (at cost)	2	2
1,14,391 equity shares of Rs 10 each [1] (March 31, 2017: 1,52,266 equity shares of Rs 10 each)		
Less: Aggregate amount of impairment in the value of investment	(2)	(2)
Total	-	-

[1] The board of directors of Madanpur South Coal Company Limited have approved buy back of equity shares at a price of Rs 96 per share. Accordingly HZL has exercised buy back option on 37,875 shares on August 12, 2017.

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

Non-current assets (Includes Property, Plant and Equipment)	1	1
Current assets (Includes investments and deposits)	-	-

(Rs in Crore)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Income	-	-
Expenses	-	-

The Company has not prepared consolidated financial statements as at March 31, 2018 & March 31, 2017 as the Company does not have any investment in subsidiaries or associates apart from the above investment in Madanpur JV. The operations of Madanpur JV has been discontinued pursuant to cancellation of coal allocation by Supreme Court and the investments in Madanpur JV are completely impaired. Accordingly, the profits, equity and cash flows on consolidation of Madanpur JV with the Company would remain consistent with the standalone financial statements.

34. CORPORATE SOCIAL RESPONSIBILITY EXPENSES

The Company is required to spend a gross amount of Rs 189 Crore and Rs 175 Crore for the year ended March 31, 2018 and March 31, 2017 respectively.

(Rs in Crore)

Particulars	For the year ended March 31, 2018		
	In- Cash	**Yet to be Paid in Cash**	**Total**
Amount spent during the year on			
i) Depreciation and amortization[1]	7	-	7
ii) Other expenses (including employee benefit expenses of Rs 13 Crore)	73	11	84
Total amount spent	**80**	**11**	**91**

(Rs in Crore)

Particulars	For the year ended March 31, 2017		
	In- Cash	**Yet to be Paid in Cash**	**Total**
Amount spent during the year on			
i) Depreciation and amortization[1]	5	-	5
ii) Other expenses (including employee benefit expenses of Rs 11 Crore)	39	6	45
Total amount spent	**44**	**6**	**50**

[1] Represents depreciation on the sewage treatment plant (STP) and related assets of Rs 1 Crore and Rs 2 Crore for the period ended March 31, 2018 and March 31, 2017 respectively and the amortisation expenditure on right to use the water of STP is Rs 3 Crore and Rs 3 Crore for the period ended March 31, 2018 and March 31, 2017 respectively.

35. SEGMENT REPORTING

a. Basis of Segmentation

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

Zinc, Lead and Silver

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

Wind energy

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

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

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

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

The following table presents revenue and profit information and certain assets information regarding the Company's business segments for the period ended March 31, 2018.

b. Information about reportable segments

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

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue [1]		
Zinc, Lead and others	20,000	16,578
Silver	2,148	1,888
Wind Energy	162	176
Segment revenue	**22,310**	**18,642**
Segment Results		
Zinc, Lead and others	8,999	6,469
Silver	1,822	1,486
Wind Energy	120	79
Segment Results	**10,941**	**8,034**
Less: Finance costs	283	202
Add: Interest income	460	400
Add: Other unallocable income net of unallocable expenditure	1,139	1,968
Profit before tax and exceptional items	**12,257**	**10,200**
Exceptional item	240	-
Profit before tax	**12,497**	**10,200**
Tax expenses	3,221	1,884
Profit for the year	**9,276**	**8,316**
Depreciation & amortisation Expense		
Zinc, Lead ,Silver and others	1,455	1,732
Wind Energy	28	79
Total	**1,483**	**1,811**

[1] Includes Export incentive Rs 97 Crore (March 31, 2017 : Rs 71 Crore)

(Rs in Crore)

Particulars	Zinc, Lead and Silver	Wind energy	Unallocated	Total
As at March 31, 2018				
Assets and liabilities				
Assets				
Segment assets	16,911	698	22	17,631
Financial assets investments	-	-	20,222	20,222
Deferred tax asset (net)	-	-	2,208	2,208
Cash and cash equivalent	-	-	173	173
Other bank balance	-	-	1,791	1,791
Advance income tax (net of provision for tax)	-	-	907	907
Total assets	**16,911**	**698**	**25,323**	**42,932**
Liabilities				
Segment liability	5,034	11	1,790	6,835
Current Tax Liabilities (Net)	-	-	165	165
Total liabilities	**5,034**	**11**	**1,955**	**7,000**
As at March 31, 2017				
Assets and liabilities				
Assets				
Segment assets	15,559	772	23	16,354
Financial assets investments	-	-	23,783	23,783
Deferred tax asset (net)	-	-	2,748	2,748
Cash and cash equivalent	-	-	189	189
Other bank balance	-	-	8,191	8,191
Advance income tax (net of provision for tax)	-	-	530	530
Total assets	**15,559**	**772**	**35,464**	**51,795**
Liabilities				
Segment liability	4,711	11	8,190	12,912
Borrowings (including accrued interest)	-	-	7,908	7,908
Current Tax Liabilities (Net)	-	-	170	170
Total liabilities	**4,711**	**11**	**16,268**	**20,990**

Other Segment Information

Segment capital expenditure

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

(Rs in Crore)

Particulars	Zinc, Lead and Silver	Wind energy	Total
As at March 31, 2018	3,285	-	**3,285**
As at March 31, 2017	2,185	-	**2,185**

II. Information based on Geography

(Rs in Crore)

Geographical Segments	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue by geographical segment		
India	16,059	14,004
Asia	5,556	3,901
Rest of the World	695	737
Total	**22,310**	**18,642**

Non-current assets(1)	As at March 31, 2018	As at March 31, 2017
India	16,566	14,379
Asia	-	-
Rest of the World	-	-
Total	**16,566**	**14,379**

(1) Excluding financial instruments and deferred tax assets.

(Rs in Crore)

Segment capital expenditure	For the year ended March 31, 2018	For the year ended March 31, 2017
India	3,285	2,185
Asia	-	-
Rest of the World	-	-
Total	**3,285**	**2,185**

Information about major customer

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

Reconciliation between segment revenue and enterprise revenue

(Rs in Crore)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Segment Revenue		
Zinc, Lead and others	20,000	16,578
Silver	2,148	1,888
Wind Energy	162	176
Total Segment Revenue	**22,310**	**18,642**
Enterprise Revenue		
Revenue from operations	22,521	18,798
Less: Other operating revenues (excluding export incentives)	(211)	(156)
Total Segment Revenue	**22,310**	**18,642**

36. FINANCIAL INSTRUMENTS

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

Financial assets and liabilities:

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

(Rs in Crore)

Particulars	Fair Value through profit and loss	Fair Value through other comprehensive income	Amortized Cost	Total carrying value	Total fair value
As at March 31, 2018					
Financial assets					
Cash and cash equivalents	-	-	173	173	173
Other bank balances	-	-	1,791	1,791	1,791
Current investments	17,419	2,803	-	20,222	20,222
Trade receivables	-	-	184	184	184
Other Current financial assets and loans	8	-	4	12	12
Other Non-current financial assets	-	-	15	15	15
Total	**17,427**	**2,803**	**2,167**	**22,397**	**22,397**
Financial liabilities					
Trade payables	-	-	947	947	947
Other Current financial liabilities	1	95	2,998	3,094	3,094
Other Non-current financial liabilities	-	-	69	69	69
Total	**1**	**95**	**4,014**	**4,110**	**4,110**
As at March 31, 2017					
Financial assets					
Cash and cash equivalents	-	-	189	189	189
Other bank balances	-	-	8,191	8,191	8,191
Current investments	19,336	4,447	-	23,783	23,783
Trade receivables	-	-	136	136	136
Other Current financial assets and loans	2	-	4	6	6
Other Non-current financial assets	-	-	19	19	19
Total	**19,338**	**4,447**	**8,539**	**32,324**	**32,324**
Financial liabilities					
Short term borrowings	-	-	7,908	7,908	7,908
Trade payables	-	-	1,205	1,205	1,205
Other Current financial liabilities	47	-	8,556	8,603	8,603
Other Non-current financial liabilities	-	-	93	93	93
Total	**47**	**-**	**17,762**	**17,809**	**17,809**

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

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

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

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

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

Fair value hierarchy

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

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

(Rs in Crore)

Particulars	Level-1	Level-2	Level-3
Financial Assets			
As at March 31, 2018			
At fair value through profit and loss			
Short term investment	5,371	12,048	-
Derivatives financial Assets*			
Forward foreign currency contracts	-	4	-
Commodity contracts	-	4	-
At fair value through Other Comprehensive Income			
Short term investment	-	2,803	-
Total	**5,371**	**14,859**	**-**
Financial Liabilities			
At fair value through profit and loss			
Derivatives financial Liabilities*			
Commodity contracts	-	1	-
At fair value through Other Comprehensive Income			
Derivatives financial Liabilities*			
Commodity contracts	-	95	-
Total	**-**	**96**	**-**
As at March 31, 2017			
At fair value through profit and loss			
Short term investment	7,169	12,167	-
Derivatives financial Assets*			
Commodity Contracts	-	1	-
At fair value through Other Comprehensive Income			
Short term investment	-	4,447	-
Total	**7,169**	**16,615**	**-**
Financial Liabilities			
At fair value through profit and loss			
Derivatives financial Liabilities*			
Forward foreign currency contracts	-	47	-
Fair value of liabilities carried at amortised cost			
Borrowings	-	7,908	-
Total	**-**	**7,955**	**-**

* Refer section - "Derivative financial instruments"

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

Risk management framework

Risk management

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

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

The risk management framework aims to:

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

Treasury management

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

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

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

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

Market risk

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

The sensitivity analyses in the following sections relate to the position as at March 31, 2018 & March 31, 2017. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant. The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations, provisions, and the non-financial assets and liabilities of foreign operations.

Commodity price risk

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

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

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

• economic hedging of prices realized on commodity contracts.

• cash flow hedging on account of forecasted highly probable transactions.

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

Total exposure on provisionally priced Zinc, Lead & Silver contracts as at March 31, 2018 were Rs 334 Crore (March 31, 2017 Rs 38 Crore), Rs 46 Crore (March 31, 2017 Rs 31 Crore) and Rs 2 Crore (March 31, 2017 Nil) respectively. The impact on net profits for a 10% movement in LME prices of zinc, 5% movement in LME price of lead and 5% movement in LME price of silver that were provisionally priced as at March 31, 2018 is Rs 33 Crore, Rs 2 Crore, Nil respectively and as at March 31, 2017 is Rs 4 Crore, Rs 2 Crore and Nil respectively.

Financial risk

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

a. Liquidity risk

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

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

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

(Rs in Crore)

Payment due by years	<1 year	1-2 Years	2-5 Years	> 5 Years	Total
As at March 31, 2018					
Trade and other payables	3,945	69	-	-	4,014
Derivative financial liabilities	96	-	-	-	96
Total	**4,041**	**69**	**-**	**-**	**4,110**
As at March 31, 2017					
Trade and other payables	9,761	93	-	-	9,854
Derivative financial liabilities	47	-	-	-	47
Borrowings	8,000	-	-	-	8,000
Total	**17,808**	**93**	**-**	**-**	**17,901**

The Company had access to following funding facilities.

(Rs in Crore)

Funding facility	Total facility	Drawn	Undrawn
As at March 31, 2018			
Less than 1 year	2,250	623	1,627
More than 1 year	-	-	-
Total	**2,250**	**623**	**1,627**
As at March 31, 2017			
Less than 1 year	2,400	1,095	1,305
More than 1 year	-	-	-
Total	**2,400**	**1,095**	**1,305**

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b. Foreign exchange risk

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

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

(Rs in Crore)

Particulars	**As at March 31,2018**		**As at March 31,2017**	
Currency exposure	**Financial Asset**	**Financial Liability**	**Financial Asset**	**Financial Liability**
US Dollar	54	277	58	170
Australian Dollar	-	12	-	1
SEK	-	-	-	4
JPY	-	2	-	-
Euro	-	194	-	82
Others	-	4	-	-

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

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

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

	Total exposure		**Effect of 5% strengthening/weakening of INR on pre-tax profit/(loss)**	
Particulars	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
US Dollar	222	112	11	6
Australian Dollar	12	-	1	-
Euro	194	82	10	4

c. Interest rate risk

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

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

(Rs in Crore)

Particulars	**Total**	**Floating rate**	**Fixed rate**	**Non-interest bearing**
As at March 31, 2018				
Financials assets	22,397	15,146	5,076	2,175
Financial liabilities	4,110	-	-	4,110
As at March 31, 2017				
Financials assets	32,324	19,336	4,447	8,541
Financial liabilities	17,809	-	7,908	9,901

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rate. The Company does not have floating interest rate borrowing during the year ended March 31, 2018 & March 31, 2017 and it is not significantly exposed to interest rate risk.

Considering the net investment position as at March 31, 2018 and the investment in bank deposits, bonds and debt mutual funds, any increase in interest rates would result in a net increase and any decrease in interest rates would result in a net decrease. The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance sheet date.

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

The impact of change (increase/(decrease)) in interest rate of 0.5%, 1.0% and 2.0% on profits for the period ended March 31, 2018 is Rs 76 Crore, Rs 151 Crore and Rs 303 Crore and for year ended March 31, 2017 is Rs 97 Crore, Rs 193 Crore and Rs 387 Crore respectively.

d. Counterparty and concentration of credit risk

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

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

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

The carrying value of the financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk as at March 31, 2018 and March 31, 2017 are Rs 22,397 Crore and Rs 32,324 Crore respectively.

None of the Company's cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade and other receivables, and other non-current assets, there were no indications as at March 31, 2018, that defaults in payment obligations will occur.

Of the year end trade receivables, loans and other financial assets, following balances were past due but not impaired as at March 31, 2018 and March 31, 2017:

(Rs in Crore)

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Neither impaired nor past due	68	30
Past due but not impaired		
Less than 1 month	76	17
Between 1-3 months	5	6
Between 3-12 months	49	82
Greater than 12 months	5	1
Total	**203**	**136**

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

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

Derivative financial instruments

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

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

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

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

Embedded derivatives

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

Cash flow hedges

The Company also enters into commodity price contracts for hedging highly probable future forecast transaction and account for them as cash flow hedges and states them at fair value. Subsequent changes in fair value are recognized in equity until the hedged transaction occurs, at which time, the respective gains or losses are reclassified to the Statement of Profit and Loss.

Fair value hedges

The fair value hedges relate to commodity price risks and foreign currency exposure. The Company's sales are on a quotational period basis, generally one month to three months after the date of delivery at a customer's facility. The Company enters into forward contracts for the respective quotational period to hedge its commodity price risk based on average LME prices. Gains and losses on these hedge transactions are substantially offset by the amount of gains or losses on the underlying sales.There were no fair value hedges for the period ended March 31, 2018.

Non-qualifying/economic hedges

Non-qualifying hedges related to commodity price risks and foreign currency exposure. The Company's sales are on a quotational period basis, generally one month after the date of delivery at a customer's facility. The Company enters into forward contracts for the respective quotational period to hedge its commodity price risk based on average LME prices. The Company enters into forward foreign currency contracts and commodity contracts (for the period ended March 31, 2018) which are not designated as hedges for accounting purposes, but provide an economic hedge of a particular transaction risk or a risk component of a transaction. Fair value changes on such forward contracts are recognized in the Statement of Profit and Loss.

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

(Rs in Crore)

Derivative financial instruments	**As at March 31, 2018**		**As at March 31, 2017**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Current				
Cash flow hedges*				
Commodity contracts	-	95	-	-
Non - qualifying hedges				
Commodity contracts	4	-	2	-
Forward foreign currency contracts	4	1	-	47
Total	**8**	**96**	**2**	**47**

*Refer Statement of Profit and Loss and Statement of Changes in Equity for the change in the fair value of cash flow hedges.

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

(In Crore)

Currency	**Foreign currency**	**Indian Rupees**	**Buy / Sell**	**Cross Currency**
As at March 31, 2018				
AUD	0	9	Buy	INR
EUR	3	221	Buy	INR
USD	5	296	Buy	INR
AUD	0	19	Buy	USD
EUR	3	227	Buy	USD
JPY	8	5	Buy	USD
SEK	2	19	Buy	USD

(In Crore)

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

B. The following are the outstanding position of commodity hedging open contracts as at March 31, 2018 :-

Zinc forwards/futures sale / buy for 83,125 MT (2017: 1,700 MT)
Lead forwards/futures sale/buy for 17,275 MT (2017: 2,775 MT)
Silver forwards/futures sale/buy for 9,06,652 Oz (2017: 126,684 Oz)

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

D. Unhedged foreign currency exposure

(Rs in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Debtors	54	58
Creditors	484	257

37. CAPITAL MANAGEMENT

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

(Rs in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Equity	**35,932**	**30,805**
Cash and cash equivalents (See Note 11)	173	189
Short term investments (See Note 9)	20,222	23,783
Total cash (a)	**20,395**	**23,972**
Total debt (b)	-	7,908
Net debt (c = (b-a))	-	-
Total equity (equity + net debt) (See Statement of changes in Equity)	**35,932**	**30,805**
Net debt to equity ratio (gearing ratio)	-	-

38. Related party

a. List of related parties:

Particulars
(i) Holding Companies:
Vedanta Limited (Immediate Holding Company)
Vedanta Resources Plc. (Intermediate Holding Company)
Volcan Investments Limited (Ultimate Holding Company)

(ii) Fellow Subsidiaries (with whom transactions have taken place):
Bharat Aluminium Company Limited
Sterlite Technologies Limited
Sterlite Power Transmission Limited
Malco Energy Limited
Talwandi Sabo Power Limited
Copper Mines of Tasmania Pty Limited
Konkola Copper Mines Plc.
Fujairah Gold FZC
Black Mountain Mining (Pty) Limited
Namzinc (Pty) Limited
Vizag General Cargo Berth Private Limited

(iii) Related Party having a Significant Influence
Government of India - President of India

(iv) Other related party
Vedanta Foundation
Madanpur South Coal Company Limited (jointly controlled entity)
Hindustan Zinc Limited Employee's Contributory Provident Fund Trust
Hindustan Zinc Limited Employee's Group Gratuity Trust
Hindustan Zinc Limited Superannuation Trust

b. Transactions with Key management Personnel:

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

(Rs in Crore)

Nature of transactions	For the year ended March 31, 2018	For the year ended March 31, 2017
Short-term employee benefits [1]	8	6
Sitting fee and commission to directors	1	1
Share-based payment transactions	2	1
Total compensation paid to key management personnel	**11**	**8**

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

c. Transactions with Government having significant influence:

Central government of India holds 29.35% shares in HZL. During the year, Company has availed incentives in the form of export incentive under Export promotion and credit guarantee scheme announced by the Government of India. Also, HZL has transactions with other government related entities (Public sector undertakings) including but not limited to sales and purchase of goods and ancillary materials, rendering and receiving services and use of public utilities.

d. Transactions with Related Parties:

The details of the related party transactions entered into by the Company, for the period ended March 31, 2018 and March 31, 2017 are as follows

(Rs in Crore)

Nature of transactions	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of Goods		
Vedanta Limited	16	1
Sterlite Technologies Ltd	-	5
Sterlite Power Transmission Ltd	-	10
Namzinc (PTY) Ltd	-	2
Fujairah Gold FZC	13	18
Total	**29**	**36**

(Rs in Crore)

Nature of transactions	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of property, plant and equipment		
Vedanta Limited	1	1
Bharat Aluminium Company Limited	-	0
Total	**1**	**1**

(Rs in Crore)

Nature of transactions	For the year ended March 31, 2018	For the year ended March 31, 2017
Purchase of property, plant and equipment		
Vedanta Limited	-	0
Bharat Aluminium Company Limited	0	-
Total	0	**0**
Interest Income		
Bharat Aluminium Company Limited	-	18
Total	**-**	**18**
Purchase of Goods		
Vedanta Ltd	11	28
Bharat Aluminium Company Limited	25	17
Sterlite Technologies Ltd	1	4
Sterlite Power Transmission Ltd	10	3
Total	**47**	**52**
Dividend		
Vedanta Limited	2,195	8,065
Government of India	998	3,669
Total	**3,193**	**11,734**
Other Expenses and other reimbursements		
Vedanta Limited	104	139
Fellow Subsidiaries	0	(5)
	104	**134**
Loan given and repaid during the year (1)		
Bharat Aluminium Company Limited ('BALCO')	-	500
Total	**-**	**500**
Donations		
Vedanta Foundation	0	50
Total	**0**	**50**
Contribution to :		
Hindustan Zinc Limited Employee's Contributory Provident Fund Trust	30	31
Hindustan Zinc Limited Employee's Group Gratuity Trust	16	25
Hindustan Zinc Limited Superannuation Trust	2	2
Total	**48**	**58**

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

All the transactions entered by the Company with the related parties are at arm's length price.

The balances receivable/payable as at year end:

(Rs in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Receivable From		
Konkola Copper Mines Plc.	1	4
Vedanta Ltd.	10	-
Fujairah Gold FZC	13	5
Total	**24**	**9**
Payable To		
Bharat Aluminium Company Limited	5	4
Vedanta Ltd.	22	21
Sterlite Power Transmission Limited	3	
Sterlite Technologies Limited	-	1
Hindustan Zinc Limited Employee's Contributory Provident Fund Trust	9	3
Hindustan Zinc Limited Employee's Group Gratuity Trust	62	16
Hindustan Zinc Limited Superannuation Trust	0	0
Vedanta Ltd (Dividend payable)	1,646	7,544
Total	**1,747**	**7,589**

39. No significant events have occurred subsequent to the balance sheet date which may require additional disclosures on any adjustments to the financial statements.

40. Previous year figures have been regrouped/reclassified where ever necessary, to conform to those of the current year presentation

See accompanying notes to financial statements.

As per our report on even date

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

per Raj Agrawal
Partner
ICAI Membership No.: 82028

Date: April 30, 2018
Place: Gurugram

For and on behalf of the Board of Directors

Sunil Duggal
CEO & Whole-time Director
DIN: 07291685

A. R. Narayanaswamy
Director
DIN: 00818169

Amitabh Gupta
Chief Financial Officer

R. Pandwal
Company Secretary
ICSI Membership No.: A9377

Date: April 30, 2018
Place: Mumbai