INDEPENDENT AUDITOR'S REPORT

To the Members of MALCO Energy Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of MALCO Energy Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, 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 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 state of affairs (financial position), profit or loss (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 Rule 7 of the Companies (Accounts) Rules, 2014 and 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 control 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its profit 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 of accounts;

   (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;

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 Companies (Indian Accounting Standards) Rules, 2015, as amended;

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

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

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 28 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Other Matter

The comparative financial information of the company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 01, 2015 prepared in accordance with Ind AS, included in these Ind AS financial statements, have been audited by the predecessor auditor who had audited the financial statements for the relevant periods. The report of the predecessor auditor on the comparative financial information and the opening balance sheet dated May 12, 2017 expressed an unmodified opinion.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vikram Mehta
Partner
Membership Number: 105938
Place: Mumbai
Date: May 12, 2017

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

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

(b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years 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, there are no immovable properties, included in property, plant and equipment of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to 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 Companies Act, 2013. 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, the Company has not advanced loans to directors / to a company in which the Director is interested to which provisions of section 185 of the Companies Act, 2013 apply and hence not commented upon. In our opinion and according to the information and explanations given to us, provisions of section 186 of the Companies Act, 2013 in respect of investment made have been complied with by the Company.

(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 Companies Act, 2013, related to the generation and supply of power, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities.

(vii) (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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

Name of the Statue	Nature of the dues	Amount (Rs. In crores)	Period to which amount relates	Forum where dispute is pending
Customs act, 1962	Custom Duty	23.44	March 2012 to January 2013	Customs Excise and Service Tax Appellate Tribunal

(viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.

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

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or 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 Companies Act, 2013.

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

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

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

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

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vikram Mehta
Partner
Membership Number: 105938
Place: Mumbai
Date: May 12, 2017

Annexure 2 referred to in paragraph 2 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

We have audited the internal financial controls over financial reporting of MALCO Energy Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the 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 Organisations 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 Companies Act, 2013.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vikram Mehta
Partner
Membership Number: 105938
Place: Mumbai
Date: May 12, 2017

MALCO Energy Limited

Balance Sheet as at 31 March 2017

	Notes	As at 31 March 2017 Rs. crores	As at 31 March 2016 Rs. crores	As at 01 April 2015 Rs. crores
ASSETS				
Non-current assets				
(a) Property, Plant and Equipment	3	106.36	109.98	112.97
(b) Capital Work-in-progress	3	2.57	0.79	0.13
(c) Intangible assets	4	0.33	-	-
(d) Financial assets				
(i) Investments	5	232.12	6,011.18	-
(ii) Other financial assets	6	1.08	0.49	0.33
(e) Non current tax assets (net)		0.27	0.17	0.37
(f) Other non-current assets	7	12.57	12.15	13.58
Total Non-current assets		**355.30**	**6,134.76**	**127.38**
Current assets				
(a) Inventories	8	24.84	14.43	33.03
(b) Financial Assets				
(i) Investments	5	-	25.78	12.85
(ii) Trade receivables	9	206.13	190.44	234.13
(iii) Cash and cash equivalents	10	0.08	0.07	0.04
(iv) Loans	11	-	0.02	0.07
(v) Other financial assets	6	0.25	0.13	0.33
(c) Other Current Assets	12	5.48	1.09	2.29
Total Current assets		**236.78**	**231.96**	**282.74**
Total assets		**592.08**	**6,366.72**	**410.12**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	13	4.67	4.67	4.67
(b) Other equity	14	459.62	232.22	195.21
Total Equity		**464.29**	**236.89**	**199.88**
Liabilities				
Non-current Liabilities				
(a) Financial liabilities				
(i) Borrowings	15	-	6,011.23	-
(ii) Other financial liabilities	16	-	-	0.28
Total Non-current liabilities		**-**	**6,011.23**	**0.28**
Current Liabilities				
(a) Financial liabilities				
(i) Trade payables	17	23.77	35.14	23.26
(ii) Other financial liabilities	16	50.77	30.57	135.33
(b) Other current liabilities	18	53.25	52.89	51.37
Total Current Liabilities		**127.79**	**118.60**	**209.96**
Total Equity and Liabilities		**592.08**	**6,366.72**	**410.12**

The accompanying notes are forming part of the financial statements.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No : 324982E/E300003

per Vikram Mehta
Partner
Membership No. - 105938

Place : Mumbai
Date : May 12, 2017

For and on behalf of Board of Directors

P Ramnath
Director
DIN 03625336

C Murugeswaran
Director
DIN 05195128

Kamal Jain
Chief Financial Officer

Prerna Halwasiya
Company Secretary
ICSI Membership No
A20856

Place : Mumbai
Date : May 12, 2017

MALCO Energy Limited

Statement of Profit and Loss for the year ended 31 March 2017

	Notes	For the year ended 31 March 2017 Rs. crores	For the year ended 31 March 2016 Rs. crores
Revenue from operations	19	161.20	281.39
Other income	20	1.88	2.67
Total Income (I)		**163.08**	**284.06**
Expenses:			
Purchases of traded goods		40.21	31.51
Power & fuel		73.60	145.88
Employee benefits expense	21	8.29	8.96
Finance costs	22	1.30	34.94
Depreciation and amortization expense	23	4.11	4.52
Other expenses	24	21.81	21.08
Total expenses (II)		**149.32**	**246.89**
Profit before tax (I-II)		**13.76**	**37.17**
Tax expense	25	**-**	**-**
Profit for the year		**13.76**	**37.17**
Other Comprehensive income	29		
Items not to be reclassified to profit and loss			
- Remeasurement gains/(losses) on defined benefit plans		(0.29)	(0.16)
- Income tax effect		-	-
Other comprehensive income for the year		**(0.29)**	**(0.16)**
Total comprehensive income for the year		**13.47**	**37.01**
Earnings per equity share of Rs.2 each	32		
- Basic		5.89	15.91
- Diluted		0.90	9.98

The accompanying notes are forming part of the financial statements.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No : 324982E/E300003

per Vikram Mehta
Partner
Membership No. - 105938

Place : Mumbai
Date : May 12, 2017

For and on behalf of Board of Directors

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Kamal Jain
Chief Financial Officer

Prerna Halwasiya
Company Secretary
ICSI Membership No A20856

Place : Mumbai
Date : May 12, 2017

MALCO Energy Limited

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

		For the year ended 31 March 2017 Rs. crores	For the year ended 31 March 2016 Rs. crores
Cash flows from operating activities			
Profit before tax		13.76	37.17
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation and amortization expenses		4.11	4.52
Gain on sale of current investments (including fair value changes)		(0.52)	(2.40)
Provision for doubtful debts/advances		-	1.06
Loss/(profit) on sale of Property, Plant and Equipments (net)		-	0.01
Interest income		(0.05)	(0.25)
Finance Cost		1.30	34.94
Unrealised exchange (loss)/gain (net)		(0.70)	-
		17.90	75.05
Movement in working capital			
(Increase)/Decrease in inventories		(10.41)	18.60
(Increase)/Decrease in trade receivables		(15.69)	42.63
(Increase)/Decrease in Financial Assets - Loans		0.02	0.05
(Increase)/Decrease in Financial assets - Others Non Current		(0.59)	(0.16)
(Increase)/Decrease in Financial Assets - Others Current		(0.12)	0.20
(Increase)/Decrease in Other Current Assets		(4.68)	1.04
(Increase)/Decrease in Other Non Current Assets		(0.42)	1.43
Increase/(Decrease) in trade payable		(11.26)	11.88
Increase/(Decrease) in other financial liabilities - current		3.05	0.37
Increase/(Decrease) in other current liabilities		0.36	1.52
Increase/(Decrease) in other financial liabilities - non current		-	(0.28)
Cash generation from operation		**(21.84)**	**152.33**
Income tax paid (net)		(0.10)	0.20
Net cash from operating activities	**(A)**	**(21.94)**	**152.53**
Cash flows from investing activities			
Purchases of Property, Plant and equipment		(2.22)	(2.20)
Purchase of intangible assets		(0.39)	-
Purchase of current investments		(161.92)	(650.75)
Proceeds from sale of current investments		188.22	640.22
Investment in subsidiary company		(107.67)	(6,011.18)
Interest received		0.05	0.25
Net cash from / (used in) investing activities	**(B)**	**(83.93)**	**(6,023.66)**
Cash flows from financing activities			
Proceeds from Issue of Compulsory Convertible Debentures		107.18	6,011.23
Payment of Foreclosure cost		-	(135.00)
Interest paid		(1.30)	(5.07)
Net cash from / (used in) financing activities	**(C)**	**105.88**	**5,871.16**
Net (decrease)/increase in cash and cash equivalents	**(A+B+C)**	0.01	0.03
Cash and cash equivalents at the beginning of the year		0.07	0.04
Cash and cash equivalents at the end of the year		**0.08**	**0.07**

The accompanying notes are forming part of the financial statements.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No : 324982E/E300003

per Vikram Mehta
Partner
Membership No. - 105938

Place : Mumbai
Date : May 12, 2017

For and on behalf of Board of Directors

P Ramnath
Director
DIN 03625336

C Murugeswaran
Director
DIN 05195128

Kamal Jain
Chief Financial Officer

Prerna Halwasiya
Company Secretary
ICSI Membership No
A20856

Place : Mumbai
Date : May 12, 2017

MALCO Energy Limited
Statement of changes in equity for the year ended 31 March 2017

Rs. crores

	Equity Share Capital	Other equity					Total equity
		Instruments entirely equity in nature - compulsorily convertible debentures	Reserves and surplus			Total other equity	
			Securities premium	Debenture redemption reserve	Retained earnings		
As at 01 April 2015	4.67	-	99.92	139.85	(44.56)	195.21	199.88
Profit for the year	-	-	-	-	37.17	37.17	37.17
Other comprehensive income	-	-	-	-	(0.16)	(0.16)	(0.16)
Total comprehensive income	-	-	-	-	**37.01**	**37.01**	**37.01**
As at 31 March 2016	**4.67**	**-**	**99.92**	**139.85**	**(7.55)**	**232.22**	**236.89**
Profit for the year	-	-	-	-	13.76	13.76	13.76
Other comprehensive income	-	-	-	-	(0.29)	(0.29)	(0.29)
Total comprehensive income	-	-	-	-	**13.47**	**13.47**	**13.47**
Compulsory convertible debentures classified as equity (Refer note 15(a))	-	6,011.23	-	-	-	6,011.23	6,011.23
Compulsory convertible debentures issued during the year classified as equity	-	107.18	-	-	-	107.18	107.18
Provision for impairment of investment in Fujairah Gold FZC (Refer note 37)	-	-	-	-	(5,904.48)	(5,904.48)	(5,904.48)
Transfer from debentures redemption reserve to retained earnings	-	-	-	(139.85)	139.85	-	-
As at 31 March 2017	**4.67**	**6,118.41**	**99.92**	-	**(5,758.71)**	**459.62**	**464.29**

The accompanying notes are forming part of the financial statements.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No : 324982E/E300003

per Vikram Mehta
Partner
Membership No. - 105938

Place : Mumbai
Date : May 12, 2017

For and on behalf of Board of Directors

P Ramnath
Director
DIN 03625336

C Murugeswaran
Director
DIN 05195128

Kamal Jain
Chief Financial Officer

Prerna Halwasiya
Company Secretary
ICSI Membership No
A20856

Place : Mumbai
Date : May 12, 2017

1. Company overview:

MALCO Energy Limited ('the Company') is a public limited company domiciled in India and is incorporated under the provisions of Companies Act, 1956. The Company is engaged in the business of generation and supply of power.

2. Significant accounting policies:

(a) Basis of preparation:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31 March 2017 are the Company's first financial statements prepared in accordance with Ind AS. The transition to IND AS was carried out in accordance with IND AS 101 'First-time Adoption of Indian Accounting Standards'. Refer note 38 for description of the effect of the transition and reconciliation required as per IND AS 101.

The financial statements have been prepared on a historic cost basis except for certain financial instruments which have been measured at fair value as explained in the accounting policies below. The financial statements are presented in INR and all values are rounded to the nearest crore, except when otherwise indicated.

(b) Revenue Recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

<u>Sale of Power:</u>

Revenue from sale of power is recognised when delivered and measured based on rates as per contractual agreements with buyers.

<u>Dividend Income:</u>

Dividend income is recognised when the right to receive payment is established.

<u>Interest income:</u>

Interest income from a financial assets is recognised using the Effective Interest Rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial assets to the carrying amount of the financial asset on initial recognition.

(c) Foreign Currency:

The Company's financial statements are presented in INR, which is also the company's functional currency. Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of Profit or Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(d) Income Tax:

<u>Current and deferred tax for the year:</u>

Income tax expense comprises of current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in the Statement of Profit or Loss , except when they relate to items that are recognised in other comprehensive income or directly in equity , in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

<u>Current Tax:</u>

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted, by the end of the reporting period.

<u>Deferred Tax:</u>

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised 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 in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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.

(e) Property, Plant and Equipment:

Property, plant and equipment is stated at cost net of accumulated depreciation and accumulated impairment loss, if any. 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. 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 or Loss in the period in which the costs are incurred. Major shut-down and overhaul expenditure is capitalised as the activities undertaken improve the economic benefits expected to arise from the asset.

Assets in the course of construction are stated at cost less impairment loss, if any. Such assets are classified to the appropriate category of property, plant and equipment when completed and ready for intended use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit & loss when the asset is derecognised.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Plant and equipment	15-40 years
Furniture and fixtures	5-10 years
Vehicles	5-10 years
Office equipment	5-10 years

The management has estimated the above useful life and the same is supported by technical expert.

Major overhaul costs are depreciated over the estimated life of the economic benefit to be derived from the overhaul.

(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 amortisation and accumulated impairment losses, if any. Intangible assets are amortised over their estimated useful lives. The estimated useful life are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets representing cost of software capitalised is amortised over its useful life which is estimated to be a period of four years.

(g) Inventories:

Inventories are valued at the lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

(h) Purchase of traded goods:

The Company generates revenue from sale of surplus raw material i.e. coal. Cost of such surplus raw material, which includes cost of purchase and other costs incurred in bringing the material to their present location and condition, is disclosed separately in the statement of profit and loss as 'Purchase of traded goods'.

(i) Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(j) Impairment of non-financial assets:

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit or Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(k) Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(l) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

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

(m) Retirement and other employee benefits:

Retirement benefit in the form of provident fund and superannuation fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the respective funds. The Company recognizes contribution payable to the provident fund and superannuation scheme as an expense, when an employee renders the related service.

The Company operates a defined benefit gratuity plan, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the scheme is determined on the basis of actuarial valuation using Projected Unit Credit Method at the date of Balance Sheet.

Remeasurements, 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 recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the Statement of Profit or Loss in subsequent periods.

Compensated absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit and this is shown under current provision in the Balance Sheet. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes and this is shown under long term provisions in the Balance Sheet. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the leave as a current liability in the Balance Sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

(n) Financial Instrument:

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

(i) Financial assets:

Initial recognition and measurement:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement:

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

- **Financial assets at amortised cost:**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit or Loss. The losses arising from impairment are recognised in the Statement of Profit or Loss. This category generally applies to trade and other receivables, loans and other financial assets.

- **Financial assets at fair value through other comprehensive income:**

Financial assets are subsequently measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets and the asset's contractual cash flow represents SPPI.

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

FVTPL is a residual category for financial assets. Any financial assets, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit & loss.

Derecognition:

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired and 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.

(ii) Investment in subsidiary:

Investment in subsidiary is measured at cost as per Ind AS- 27 'Separate Financial Statement'.

(iii) Impairment of financial assets:

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets. 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 recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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

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

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

ECL impairment loss allowance (or reversal) recognized during the year is recognized as expense/income in statement of profit or loss.

Impairment of investment in subsidiary, if any, is determined based on fair value les cost of disposal approach.

(iv) Financial Liabilities:

Initial 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 recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement:

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition:

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

(v) Offsetting of financial instruments

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

(o) Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company designate hedging instrument i.e. forward contract as fair value hedge. Changes in the fair value of derivatives designated and qualify as fair value hedges are recorded in the statement of profit & loss.

(p) Buyers Credit

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

(q) Earnings Per Share (EPS):

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.

(r) Share Based payments:

Vedanta Resources Plc ("VRPLC"), the ultimate holding company, offers certain share based incentives under the Long-Term Incentive Plan ("LTIP") to employees and directors of the Company. VRPLC recovers the proportionate cost (calculated based on the grant date fair value of the options granted) from the Company, which is charged to the Statement of Profit or Loss.

(s) Cash and cash equivalents:

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(t) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

(i) Impairment of Investment in subsidiary:

Impairment of investment in subsidiary has been determined based on fair value les cost of disposal approach, a level-3 valuation technique in the fair value hierarchy. Discounted cash flow analysis used to calculate fair value less cost of disposal considers free cash over the period of five years and thereafter these cash flows has been escalated at a rate of 2% p.a. The cash flow are discounted using the post-tax nominal discount rate. The fair value is sensitive to the discount rate used as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the investment in subsidiary are disclosed and explained in Note 37.

(ii) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Company has Rs.1968.09 crores (31 March 2016: INR 1,974.35 crores, 1 April 2015: INR 2,003.89 crores) of tax losses carried forward. The Company neither have any major taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Company has recognised the deferred tax assets only to the extent of deferred tax liabilities on the taxable temporary differences. Further details on taxes are disclosed in Note 25.

(iii) Defined benefit plans

The Company's obligation on account of gratuity is determined based on actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in Note 31 to the financial statements.

(iv) Contingencies and commitments:

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. These are set out in Note 28 to the financial statements.

(u) Standards issued but not yet effective

The Guidance note and amendment to standards 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 when it becomes effective.

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Company is evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

3 Property, Plant and Equipment

Rs. crores

	Plant and equipment	Furniture and Fixtures	Vehicles	Office equipment	Total	Capital work in progress
Cost						
At 01 April 2015	**141.32**	**0.25**	**0.10**	**0.80**	**142.47**	**0.13**
Additions	1.44	0.01	-	0.09	**1.54**	2.20
Disposals	(0.02)	-	-	-	**(0.02)**	(1.54)
At 31 March 2016	**142.74**	**0.26**	**0.10**	**0.89**	**143.99**	**0.79**
Additions	0.43	0.01	-	-	**0.44**	2.22
Disposals	-	-	-	(0.01)	**(0.01)**	(0.44)
At 31 March 2017	**143.17**	**0.27**	**0.10**	**0.88**	**144.42**	**2.57**
Depreciation						
At 01 April 2015	**28.59**	**0.22**	**0.06**	**0.63**	**29.50**	-
Depreciation charge for the year	4.37	-	0.04	0.11	**4.52**	-
Disposals	(0.01)	-	-	-	**(0.01)**	-
At 31 March 2016	**32.95**	**0.22**	**0.10**	**0.74**	**34.01**	-
Depreciation charge for the year	3.96	0.01	-	0.08	**4.05**	-
Disposals	-	-	-	(0.00)	**(0.00)**	-
At 31 March 2017	**36.91**	**0.23**	**0.10**	**0.82**	**38.06**	-
Net book value						
At 01 April 2015	112.73	0.03	0.04	0.17	**112.97**	0.13
At 31 March 2016	109.79	0.04	0.00	0.15	**109.98**	0.79
At 31 March 2017	106.26	0.04	0.00	0.06	**106.36**	2.57

4 Intangible assets

Rs. crores

	Computer Software	Total
Cost		
At 01 April 2015	-	-
Additions	-	-
Disposals	-	-
At 31 March 2016	-	-
Additions	0.39	0.39
Disposals	-	-
At 31 March 2017	**0.39**	**0.39**
Amortisation		
At 01 April 2015	-	-
Amortisation	-	-
At 31 March 2016	-	-
Amortisation	0.06	0.06
At 31 March 2017	**0.06**	**0.06**
Net book value		
At 01 April 2015	-	-
At 31 March 2016	-	-
At 31 March 2017	0.33	0.33

5 Financial assets - Investments

	As at 31 March 2017 Rs. crores	As at 31 March 2016 Rs. crores	As at 01 April 2015 Rs. crores
Non current			
Unquoted equity shares			
Investments in subsidiaries (At cost less impairment, if any)			
33,590,300 (31 March 2016: 32,906,700; 01 April 2015: NIL) equity shares of Fujairah Gold FZC	6,136.60	6,011.18	-
Less : Provision for impairment of investments (Refer note 37)	(5,904.48)	-	-
Total	**232.12**	**6,011.18**	**-**
Current			
Investment carried at fair value through Statement of Profit and Loss			
Unquoted			
Investment in mutual funds	-	25.78	12.85
Total	**-**	**25.78**	**12.85**
Aggregate value of unquoted investments	232.12	6,036.96	12.85
Aggregate amount of impairment in value of investment	5,904.48	-	-

6 Financial assets - Others

	As at 31 March 2017 Rs. crores	As at 31 March 2016 Rs. crores	As at 01 April 2015 Rs. crores
Non current			
Security Deposits	1.08	0.49	0.33
Total	**1.08**	**0.49**	**0.33**
Current			
Security Deposits	0.20	-	-
Advance to Related Parties (Refer note 30)	0.05	-	-
Unbilled Revenue	-	0.13	0.33
Total	**0.25**	**0.13**	**0.33**

7 Other non-current assets

	As at 31 March 2017 Rs. crores	As at 31 March 2016 Rs. crores	As at 01 April 2015 Rs. crores
Claims and Other Receivables	12.55	12.13	13.56
Balance with central excise and government authorities	0.02	0.02	0.02
Total	**12.57**	**12.15**	**13.58**

8 Inventories

	As at 31 March 2017 Rs. crores	As at 31 March 2016 Rs. crores	As at 01 April 2015 Rs. crores
Raw Materials - Fuel Stock	20.02	9.89	14.90
Goods-in transit	-	-	12.26
Stores and Spares	4.82	4.54	5.87
Total	**24.84**	**14.43**	**33.03**

9 Financial assets - Trade receivables

	As at 31 March 2017 Rs. crores	As at 31 March 2016 Rs. crores	As at 01 April 2015 Rs. crores
Trade receivables	192.57	190.44	234.13
Receivables from related parties (Refer Note 30)	13.56	-	-
Total	**206.13**	**190.44**	**234.13**
Break-up for security details:			
Unsecured, considered good	206.13	190.44	234.13
Unsecured, considered doubtful	3.52	3.52	2.46
Total	**209.65**	**193.96**	**236.59**
Impairment Allowance (allowance for bad and doubtful debts)			
Doubtful	(3.52)	(3.52)	(2.46)
Total	**206.13**	**190.44**	**234.13**

Note :
- The credit period given to customers is upto 30 days.
- No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

10 Financial assets - Cash and cash equivalents

	As at 31 March 2017 Rs. crores	As at 31 March 2016 Rs. crores	As at 01 April 2015 Rs. crores
Balances with banks			
- on current account	0.08	0.07	0.04
Total	**0.08**	**0.07**	**0.04**

11 Financial Assets : Loans

	As at 31 March 2017 Rs. crores	As at 31 March 2016 Rs. crores	As at 01 April 2015 Rs. crores
Unsecured considered good (unless otherwise stated)			
Loans to employees	-	0.02	0.07
Total	**-**	**0.02**	**0.07**

12 Other Current Assets

	As at 31 March 2017 Rs. crores	As at 31 March 2016 Rs. crores	As at 01 April 2015 Rs. crores
Balance with central excise and government authorities	2.22	0.24	0.24
Advance to suppliers	2.47	0.08	1.11
Gratuity receivable (Refer note 31)	0.17	0.16	0.29
Prepaid expenses	0.37	0.32	0.41
Other receivables	0.25	0.29	0.24
Total	**5.48**	**1.09**	**2.29**

13 Share capital

	As at 31 March 2017 Rs. crores	As at 31 March 2016 Rs. crores	As at 01 April 2015 Rs. crores
(a) Authorised shares			
880,000,000 (March 31, 2016: 880,000,000 , April 01, 2015: 880,000,000) Equity Shares of Rs. 2 each	176.00	176.00	176.00
1,250,000 (March 31, 2016: 1,250,000 , April 01, 2015: 1,250,000) Preference Shares of Rs. 1000 each	125.00	125.00	125.00
(b) Issued, Subscribed and Fully Paid up Shares :			
23,366,406 (March 31, 2016: 23,366,406 , April 01, 2015: 23,366,406) Equity Shares of Rs. 2 each	4.67	4.67	4.67
	4.67	**4.67**	**4.67**

(c) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

	31 March 2017		31 March 2016		01 April 2015	
	No. of shares	Amount Rs.crores	No. of shares	Amount Rs.crores	No. of shares	Amount Rs.crores
Balance as at the beginning of the year	23,366,406	4.67	23,366,406	4.67	23,366,406	4.67
Balance as at the end of the year	**23,366,406**	**4.67**	**23,366,406**	**4.67**	**23,366,406**	**4.67**

(d) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates

Out of equity shares issued by the company, shares held by its holding company is as follows:

	31 March 2017		31 March 2016		01 April 2015	
	No. of shares	Amount Rs.crores	No. of shares	Amount Rs.crores	No. of shares	Amount Rs.crores
Vedanta Limited, the holding company	23,366,406	4.67	23,366,406	4.67	23,366,406	4.67

(e) Shareholders holding more than 5% shares in the company

	31 March 2017		31 March 2016		01 April 2015	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
Vedanta Limited	23,366,406	100%	23,366,406	100%	23,366,406	100%

(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 shareholder is entitled for one vote per share held. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend which is paid as and when declared by the Board of Directors. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

(g) Equity component of compulsory convertible debentures of Rs. 1000 each issued and fully paid

	As at 31 March 2017 Rs. crores	As at 31 March 2016 Rs. crores	As at 01 April 2015 Rs. crores
As at beginning of the year	-	-	-
Changes during the period (Refer note 15(a))	6,011.23	-	-
Issued during the year	107.18	-	-
As at end of the year	**6,118.41**	-	-

14 Other Equity

		As at 31 March 2017 Rs. crores	As at 31 March 2016 Rs. crores
(a)	**Securities Premium Account**		
	Balance as at the beginning of the year	99.92	99.92
	Balance as at the end of the year	**99.92**	**99.92**
(b)	**Debenture Redemption Reserve**		
	Balance as at the beginning of the year	139.85	139.85
	Less: Transfer to Retained Earnings	(139.85)	-
	Balance as at the end of the year	-	**139.85**
(c)	**Retained Earning**		
	Balance as at the beginning of the year	(7.55)	(44.56)
	Add: Profit for the year	13.76	37.17
	Add: Transfer from Debenture Redemption Reserve	139.85	-
	Less: Provision for impairment of investment (Refer note 37)	(5,904.48)	-
	Acturial remeasurement (loss)/gain for the year through OCI	(0.29)	(0.16)
	Balance as at the end of the year	**(5,758.71)**	**(7.55)**
(d)	**Instruments entirely equity in nature - compulsorily convertible debentures**		
	As at beginning of the year	-	-
	Changes during the period (Refer note 15(a))	6,011.23	-
	Issued during the year	107.18	-
	Balance as at the end of the year	**6,118.41**	-
	Total Other Equity (a+b+c+d)	**459.62**	**232.22**

15 Financial liabilities : Borrowings

	As at 31 March 2017 Rs. crores	As at 31 March 2016 Rs. crores	As at 01 April 2015 Rs. crores
Non-current Borrowings			
Liability component of compounded financial instrument			
Compulsory Convertible Debentures - unsecured (Refer note (a) below)	-	6,011.23	-
Total non-current Borrowings	**-**	**6,011.23**	**-**

(a) During the previous year, the Company issued 60,112,280 Unsecured Compulsory Convertible Debentures (CCDs) at Rs. 1000 each (including premium of Rs 900 each) carrying a coupon rate of 2% per annum on the entire value of such CCDs amounting to Rs.6,011.23 crore to Vedanta Limited (the Holding Company). The CCDs were compulsorily convertible into equity shares of the Company at the end of 10 years from the date of issue of CCDs by the Company, or at such other dates as may be mutually agreed between the parties, at the fair value prevailing at the date of conversion.
During the year, the terms of CCDs have been revised, wherein coupon rate has been reduced from 2% p.a. to 0% p.a. w.e.f. April 01, 2016 and the conversion price has been fixed at Rs. 466 per share of the Company based on an independent valuation report of a Registered Category 1 Merchant Banker. The changes in terms of CCDs resulted into de-recognition of liability component of CCDs recognised earlier and the same has been classified as equity w.e.f. 1 April 2016.

16 Financial liabilities : Others

	As at 31 March 2017 Rs. crores	As at 31 March 2016 Rs. crores	As at 01 April 2015 Rs. crores
Non current			
Creditors for Capital Expenditure	-	-	0.28
Total	**-**	**-**	**0.28**
Current			
Liabilities to Related Parties (Refer note 30)	49.69	29.87	135.00
Financial Instruments Derivatives	0.42	0.39	-
Deposits from Vendors	0.21	0.31	0.33
Other Liabilities	0.45	-	-
Total	**50.77**	**30.57**	**135.33**

17 Financial liabilities : Trade payables

	As at 31 March 2017 Rs. crores	As at 31 March 2016 Rs. crores	As at 01 April 2015 Rs. crores
Trade Payables (Refer note 35)	23.77	16.32	23.26
Operational Buyers Credit*	-	18.82	-
Total	**23.77**	**35.14**	**23.26**

* Operational Buyer's Credit is availed from banks at an interest rate ranging from 1% to 2% per annum and are repayable within one year from the date of draw down, based on the letter of comfort issued under working capital facilities sanctioned by domestic banks.

18 Other current liabilities

	As at 31 March 2017 Rs. crores	As at 31 March 2016 Rs. crores	As at 01 April 2015 Rs. crores
Claims and other payables	52.49	51.61	50.76
Statutory Liabilities	0.71	1.28	0.57
Advance from customers	0.05	-	0.04
Total	**53.25**	**52.89**	**51.37**

19 Revenue from operations

	Year ended 31 March 2017 Rs. crores	Year ended 31 March 2016 Rs. crores
Sale of Products		
Sale of power	112.91	248.87
Sale of raw materials	43.34	31.85
Total sale of products	**156.25**	**280.72**
Other operating revenues		
Service charges	3.87	-
Unclaimed liabilities written back	0.65	0.29
Sale of fly ash	0.42	0.36
Scrap sales	0.01	0.02
Total	**161.20**	**281.39**

20 Other income

	Year ended 31 March 2017 Rs. crores	Year ended 31 March 2016 Rs. crores
Gain on sale of current investment measured at FVTPL	0.52	2.40
Interest Income		
- on bank deposits	0.05	0.06
- others	-	0.19
Exchange gain (net)	1.12	-
Other non Operating Income	0.19	0.02
Total	**1.88**	**2.67**

21 Employee benefits expense

	Year ended 31 March 2017 Rs. crores	Year ended 31 March 2016 Rs. crores
Salaries, wages and bonus	7.50	7.34
Contributions to provident and other funds	0.15	0.44
Staff welfare expenses	0.64	1.18
Total	**8.29**	**8.96**

22 Finance costs

	Year ended 31 March 2017 Rs. crores	Year ended 31 March 2016 Rs. crores
Interest expense		
- on convertible compulsory debentures	-	33.24
- on others	0.10	0.09
Other borrowing costs (including forward premium)	1.20	1.61
Total	**1.30**	**34.94**

23 Depreciation and amortization expense

	Year ended 31 March 2017 Rs. crores	Year ended 31 March 2016 Rs. crores
Depreciation on tangible assets	4.05	4.52
Amortization on intangible assets	0.06	-
Total	**4.11**	**4.52**

MALCO Energy Limited

Notes to the Financial Statements for the year ended 31 March 2017

24 Other expenses

	Year ended 31 March 2017 Rs. crores	Year ended 31 March 2016 Rs. crores
Consumption of stores and spares	3.28	3.80
Open access charges	5.49	0.09
Repairs and maintenance		
Plant and Machinery	6.87	10.37
Building	0.04	0.13
Insurance	0.36	0.42
Travelling and conveyance	0.54	0.70
Loss on sale of property, plant and equipment	-	0.01
Directors sitting fees	0.08	0.09
Provision for doubtful debts	-	1.06
Payment to Auditors (Refer details below)	0.14	0.12
Legal and professional fees	0.84	1.26
CSR expenditure (Refer details below)	0.09	0.14
Miscellaneous expenses	4.08	2.89
Total	**21.81**	**21.08**

Payment to auditors (inclusive of service tax)

	Year ended 31 March 2017 Rs. crores	Year ended 31 March 2016 Rs. crores
For Statutory Audit fee	0.10	0.11
Other services - certification fees	0.04	0.01
Total	**0.14**	**0.12**

Details of CSR expenditure

	Year ended 31 March 2017 Rs. crores	Year ended 31 March 2016 Rs. crores
(a) Gross amount required to be spent by the company during the year	0.04	-
(b) Amount spent :		
(i) Construction/acquisition of any asset		
- in cash	-	-
- yet to be paid in cash	-	-
(ii) On purposes other than (i) above		
- in cash	0.09	0.14
- yet to be paid in cash	-	-
Total	**0.09**	**0.14**

25 Tax expenses

(a) Tax charge / (credit) recognised in profit or loss

Particulars	Year ended 31 March 2017 Rs. crores	Year ended 31 March 2016 Rs. crores
Current Tax	-	-
Deferred Tax	-	-
Income tax expense reported in the statement of profit or loss	-	-

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

Particulars	Year ended 31 March 2017 Rs. crores	Year ended 31 March 2016 Rs. crores
Accounting profit before tax	13.76	37.17
Statutory income tax rate	34.61%	34.61%
Tax at statutory income tax rate	4.76	12.86
Disallowable expenses	0.03	0.05
Utilisation of tax losses	(4.79)	(12.91)
Income tax charge for the year	**-**	**-**

(c) Deferred tax assets / liabilities

Deferred tax relates to the following:

For the year ended 31 March 2017 — **Rs. crores**

Significant components of Deferred tax (assets) & liabilities	**Opening balance as at April1, 2016**	**Charged / (credited) to statement of profit or loss**	**Closing balance as at March 31,2017**
Property, plant and equipment	12.48	2.53	15.01
Timing difference of disallowance made us 43B	(0.19)	0.19	-
Impairment loss recognized on trade receivable	(0.37)	-	(0.37)
Effect of measuring investments at fair value through profit and loss	(0.06)	0.06	-
Unabsorbed depreciation/business loss	(11.86)	(2.78)	(14.64)
Net Deferred Tax (assets) / liabilities	-	-	-

For the year ended 31 March 2016 — **Rs. crores**

Significant components of Deferred tax (assets) & liabilities	**Opening balance as at April1, 2015**	**Charged / (credited) to statement of profit or loss**	**Closing balance as at March 31,2016**
Property, plant and equipment	9.46	3.02	12.48
Timing difference of disallowance made us 43B	(0.07)	(0.12)	(0.19)
Impairment loss recognized on trade receivable	-	(0.37)	(0.37)
Effect of measuring investments at fair value through profit and loss	-	(0.06)	(0.06)
Unabsorbed depreciation/business loss	(9.39)	(2.47)	(11.86)
Net Deferred Tax (assets) / liabilities	-	-	-

Deferred tax assets on carry forward unused tax losses have been recognised to the extent of deferred tax liabilities on taxable temporary differences available in the absence of reasonable certainty of future taxable profits against which the carry forward unused tax losses can be utilised.

Unused tax losses for which no deferred tax asset is recognized amount to Rs. 666.52 crore, Rs. 671.46 crore and Rs. 684.16 crore as at March 31, 2017, March 31, 2016, April 01, 2015 respectively. The unused tax losses expire as detailed below:

Year ended	**Nature of unrecognised deferred tax assets**	**Within One Year**	**Greater than one year, less than five years**	**No Expiry Date**	**Total**
March 31, 2017	Unabsorbed Depreciation	-	-	666.52	**666.52**
	Capital Losses	-	-	-	**-**
March 31, 2016	Unabsorbed Depreciation	-	-	671.42	**671.42**
	Capital Losses	0.04	-	-	**0.04**
April 01,2015	Unabsorbed Depreciation	-	-	684.12	**684.12**
	Capital Losses	-	0.04	-	**0.04**

26 Financial Instruments

A. Financial assets and liabilities

The accounting classification of each category of financial instruments, their carrying amounts and the categories of financial assets and liabilities measured at fair value, are set out below:

Rs. crores

	Carrying amount				Fair value			
As at 31 March 2017	**FVTPL$**	**FVTOCI$$**	**Amortised Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets*								
Cash and cash equivalents	-	-	0.08	0.08	-	-	-	-
Trade receivables	-	-	206.13	206.13	-	-	-	-
Other non-current financial asset	-	-	1.08	1.08	-	-	-	-
Other current financial asset	-	-	0.25	0.25	-	-	-	-
Total	**-**	**-**	**207.54**	**207.54**	**-**	**-**	**-**	**-**
Financial liabilities								
Trade payables	-	-	23.77	23.77	-	-	-	-
Other current financial liabilities	0.42	-	50.35	50.77	-	0.42	-	0.42
Total	**0.42**	**-**	**74.12**	**74.54**	-	**0.42**	-	**0.42**

	Carrying amount				Fair value			
As at 31 March 2016	**FVTPL$**	**FVTOCI$$**	**Amortised Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets *								
Cash and cash equivalents	-	-	0.07	0.07	-	-	-	-
Current investments	25.78	-	-	25.78	25.78	-	-	25.78
Trade receivables	-	-	190.44	190.44	-	-	-	-
Loans – current	-	-	0.02	0.02	-	-	-	-
Other non-current financial asset	-	-	0.49	0.49	-	-	-	-
Other current financial asset	-	-	0.13	0.13	-	-	-	-
Total	**25.78**	**-**	**191.15**	**216.93**	**25.78**	**-**	**-**	**25.78**
Financial liabilities								
Long term borrowings	-	-	6,011.23	6,011.23	-	-	-	-
Trade payables	-	-	35.14	35.14	-	-	-	-
Other current financial liabilities	0.39	-	30.18	30.57	-	0.39	-	0.39
Total	**0.39**	**-**	**6,076.55**	**6,076.94**	**-**	**0.39**	**-**	**0.39**

	Carrying amount				Fair value			
As at 01 April 2015	**FVTPL$**	**FVTOCI$$**	**Amortised Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets								
Cash and cash equivalents	-	-	0.04	0.04	-	-	-	-
Current investments	12.85	-	-	12.85	12.85	-	-	12.85
Trade receivables	-	-	234.13	234.13	-	-	-	-
Loans – current	-	-	0.07	0.07	-	-	-	-
Other non-current financial asset	-	-	0.33	0.33	-	-	-	-
Other current financial asset	-	-	0.33	0.33	-	-	-	-
Total	**12.85**	**-**	**234.90**	**247.75**	**12.85**	**-**	**-**	**12.85**
Financial liabilities								
Trade payables	-	-	23.26	23.26	-	-	-	-
Other non current financial liabilities	-	-	0.28	0.28	-	-	-	-
Other current financial liabilities	-	-	135.33	135.33	-	-	-	-
Total	**-**	**-**	**158.87**	**158.87**	**-**	**-**	**-**	**-**

$ - Fair value through profit and loss
$$ - Fair value through other comprehensive income

* Other than investment in subsidiary accounted for in accordance with Ind AS 27 - 'Separate Financial Statements'

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

Level 1: Fair value measurement are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.

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

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

There were no transfers between Level 1 and Level 2 during the year. No financial assets/ liabilities that are measured at fair value were Level 3 fair value measured.

B. Financial risk management

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

(a) Liquidity

The company requires funds for short-term operational needs. 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. The table below summaries the maturity profile of the company's financial liabilities based on contractual undiscounted cash obligations.

As at 31 March 2017 Rs. crores

Financial liabilities	<1 year	1-2 Years	2-5 Years	> 5 Years	Total
Trade payables	23.77	-	-	-	**23.77**
Derivative financial liabilities	0.42	-	-	-	**0.42**
Other financial liabilities - Current	50.35	-	-	-	**50.35**
Total	**74.54**	**-**	**-**	**-**	**74.54**

As at 31 March 2016 Rs. crores

Financial liabilities	<1 year	1-2 Years	2-5 Years	> 5 Years	Total
Borrowings - Non current*	-	-	-	6,011.23	**6,011.23**
Trade payables	35.14	-	-	-	**35.14**
Derivative financial liabilities	0.39	-	-	-	**0.39**
Other financial liabilities - Current	30.18	-	-	-	**30.18**
Total	**65.71**	**-**	**-**	**6,011.23**	**6,076.94**

*Compulsory convertible into equity shares of the company

As at 01 April 2015 Rs. crores

Financial liabilities	<1 year	1-2 Years	2-5 Years	> 5 Years	Total
Other financial liabilities - Non current	0.28	-	-	-	**0.28**
Trade payables	23.26	-	-	-	**23.26**
Other financial liabilities - Current	135.33	-	-	-	**135.33**
Total	**158.87**	**-**	**-**	**-**	**158.87**

(b) Interest rate risk

The company is exposed to interest rate risk on financial assets, liabilities and long term fixed rate borrowings. Floating rate financial assets are mutual fund investments which have debt securities as underlying assets. The return from the financial assets are linked to market interest rate movement; However the counterparty invests in the agreed securities with known maturity tenure and return and hence has managable risk.

The exposure of company's financial assets to interest rate risk as follows:

As at 31 March 2017 Rs. crores

	Floating Rate Financial Assets	Fixed Rate Financial Assets	Non Interest Bearing Financial Assets	Total Financial Assets
Other Financial Assets - Non current	-	-	1.08	1.08
Total Financial Assets - Non Current*	-	-	**1.08**	**1.08**
Trade Receivables	-	-	206.13	**206.13**
Cash and Cash Equivalents	-	-	0.08	**0.08**
Other Financial Assets - Current	-	-	0.25	**0.25**
Total Financial Assets - Current	**-**	**-**	**206.46**	**206.46**

Rs. crores

	Floating Rate Financial Liabilities	Fixed Rate Financial Liabilities	Non Interest Bearing Financial Liabilities	Total Financial Liabilities
Trade Payables	-	-	23.77	**23.77**
Other Financial Liabilities - Current	-	-	50.35	**50.35**
Derivative Financial Liabilities	-	-	0.42	**0.42**
Total Financial Liabilities - Current	**-**	**-**	**74.54**	**74.54**

As at 31 March 2016 Rs. crores

	Floating Rate Financial Assets	Fixed Rate Financial Assets	Non Interest Bearing Financial Assets	Total Financial Assets
Other Financial Assets - Non current			0.49	**0.49**
Total Financial Assets - Non Current*	**-**	**-**	**0.49**	**0.49**
Current Investments	25.78	-	-	**25.78**
Trade Receivables	-	-	190.44	**190.44**
Cash and Cash Equivalents	-	-	0.07	**0.07**
Loans	-	-	0.02	**0.02**
Other Financial Assets - Current	-	-	0.13	**0.13**
Total Financial Assets - Current	**25.78**	**-**	**190.66**	**216.44**

*Other than investment in subsidiary company

Rs. crores

	Floating Rate Financial Liabilities	Fixed Rate Financial Liabilities	Non Interest Bearing Financial Liabilities	Total Financial Liabilities
Borrowings	-	6,011.23	-	**6,011.23**
Total Financial Liabilities - Non Current	-	**6,011.23**	-	**6,011.23**
Trade Payables	-	18.82	16.32	**35.14**
Other Financial Liabilities	-	-	30.18	**30.18**
Derivative Financial Liabilities	-	-	0.39	**0.39**
Total Financial Liabilities - Current	-	**18.82**	**46.89**	**65.71**

As at 01 April 2015

Rs. crores

	Floating Rate Financial Assets	Fixed Rate Financial Assets	Non Interest Bearing Financial Assets	Total Financial Assets
Other Financial Assets - Non current	-	-	0.33	**0.33**
Total Financial Assets - Non Current	-	-	**0.33**	**0.33**
Investments	12.85	-	-	**12.85**
Trade Receivables	-	-	234.13	**234.13**
Cash and Cash Equivalents	-	-	0.04	**0.04**
Loans	-	-	0.07	**0.07**
Other Financial Assets - Current	-	-	0.33	**0.33**
Total Financial Assets - Current	**12.85**	-	**234.57**	**247.42**

Rs. crores

	Floating Rate Financial Liabilities	Fixed Rate Financial Liabilities	Non Interest Bearing Financial Liabilities	Total Financial Liabilities
Other Financial Liabilities	-	-	0.28	**0.28**
Total Financial Assets - Non Current	-	-	**0.28**	**0.28**
Financial Liabilities - Current				
Trade Payables	-	-	23.26	**23.26**
Other Financial Liabilities	-	-	135.33	**135.33**
Total Financial Assets - Current	-	-	**158.59**	**158.59**

(c) Counterparty credit risk

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

The company is exposed to credit risk from trade receivables, cash and cash equivalents, liquid investments and other financial instruments. For current investments, counter party limits are in place to limit the amount of credit exposure to any one counter party. This, therefore, results in diversification of credit risk for company's mutual fund. For derivatives and financial instruments, the company attempts to limit the credit risk by only dealing with reputable banks and financial institutions.

None of the company's cash or cash equivalents are past due or impaired. Regarding trade receivables, loans and other financial assets(both current and non current), there were no indications as at March 31, 2017 that defaults in payment obligation will occur except as described in Note 9 for impairment of trade receivables.

Of the year end trade receivables, loans and other financial assets balances, the following, though overdue, are not considered impaired as at 31 March 2017, 31 March 2016 and 1 April 2015;

Rs. Crores

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Not past Due	13.52	49.28	80.62
Due Less than 1 month	8.53	26.27	46.72
Due Between 1-3 months	19.85	48.49	86.35
Due Between 3-12 months	91.52	66.70	20.92
More than 12 months	74.04	0.34	0.25
Total	**207.46**	**191.08**	**234.86**

(d) Foreign currency risk
The company is exposed to the risk of changes in foreign exchange rates, primarily to the company's operating activities (purchase of raw materials in foreign currency and the investment consideration outstanding in foreign currency. Exposure on foreign currency is managed through the foreign exchange hedging policy, which is reviewed periodically to ensure that the result from fluctuating currency exchange rates are appropriately managed.

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

Rs. crores

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Financial Assets*	Financial Liabilities	Financial Assets*	Financial Liabilities	Financial Assets	Financial Liabilities
USD	-	28.39	-	25.59	-	16.35
INR	207.54	46.15	216.94	6,051.34	247.74	142.52
Total	**207.54**	**74.54**	**216.94**	**6,076.93**	**247.74**	**158.87**

*Other than investment in subsidiary company

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

Rs. crores

	Change in USD Rate	Effect on profit before tax	Effect on pre-tax equity
31 March 2017	5%	(0.89)	463.40
	-5%	0.89	465.18
31 March 2016	5%	-	236.87
	-5%	-	236.91

C. **Derivative financial instruments**
The company uses derivative instruments as part of its management of exposure to fluctuations in foreign currency exchange rates. The fair value of all derivatives is separately recorded on the balance sheet within other financial assets (derivatives) and other financial liabilities (derivatives), current and non-current. Derivatives that are designated as hedges are classified as current or non-current depending on the maturity of the derivative.

Fair value hedge
The fair value hedges relate to foreign currency forward contracts taken to hedge currency exposure on purchase of raw materials. The fair value of company's derivative positions recorded under derivatives - financial assets and derivatives - financial liabilities are as follows:

Rs. crores

Derivative Financial Instrument	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
- Forward foreign currency contracts	-	0.42	-	0.39	-	-
Total	**-**	**0.42**	**-**	**0.39**	**-**	**-**

27 Capital Management

The Company’s objectives when managing capital is to safeguard continuity and maintain a healthy capital ratios in order to support its business and provide adequate return to shareholders through continuous growth. The Company sets the amount of capital required on the basis of annual business. The funding requirements are met through a mixture of equity, internal accruals.
The Company monitors capital using gearing ratio; being the ratio of net debt as a percentage of total capital employed. The Company is not subject to any externally imposed capital requirements.
Net debt are long term and short term debts as reduced by cash and cash equivalents, other bank balances and short term investments. Equity comprises all components including other comprehensive income.
The following table summarizes the capital of the Company:

Rs. crores

Particulars	31 March 2017	31 March 2016	1 April 2015
Cash and cash equivalents	0.08	0.07	0.04
Short term investments	-	25.78	12.85
Total cash (a)	**0.08**	**25.85**	**12.89**
Short-term borrowings	-	-	-
Long-term borrowings	-	6,011.23	-
Total debt (b)	-	**6,011.23**	-
Equity	464.29	236.89	199.88
Net debt (c= b-a)	-	5,985.38	-
Total capital (equity + net debt)	464.29	6,222.27	199.88
Gearing Ratio	-	0.96	-

28 Contingent liabilities and Commitments

(a) Contingent Liabilities

Rs. crores

(I) Claims not acknowledged by the company	31 March 2017	31 March 2016	1 April 2015
(i) Electricity tax on self generated power (Refer Note 1 below)	93.51	93.51	93.51
(ii) Electricity duty, tax and additional duty on the surplus power wheeled (Refer Note 2 below)	8.76	8.76	8.76
(iii) Electricity tax on sale of electricity to TNEB (Refer Note 3 below)	28.80	28.80	28.80
(iv) Remitting the excess claim for the period from Oct,2014 to May, 2015 for the excess units (Refer Note 4 below)	8.58	8.58	-
(v) Water charges	9.80	9.80	9.80
(vi) Railway Land License fees Demand	2.71	2.71	2.71
(vii) Customs duty	7.17	7.09	7.09
	159.33	159.25	150.67

Note :

1 In an earlier year, Tamil Nadu Electricity Board (‘TNEB’) issued a demand of Rs. 93.51 crore towards electricity tax on consumption of self-generated power for the period May 1999 to June 2003. The Company had filed a writ petition in Honorable High Court of Madras stating that the Industry in which the Company operates should also be considered, being power intensive industry, for exemption from payment of electricity tax as other power intensive industries were considered for exemption and a stay was granted by Honorable High Court in this matter in April 2013. Pending disposal of said writ petition and based on the advice of external counsel, the Company believes that it has good grounds for a successful appeal.

2 TNEB has also demanded Rs 8.76 Crores (2016: 8.76 Crores) towards electricity duty, tax and additional duty on the surplus power wheeled to an associate company (now holding Company), which is being contested by the company.
The Company's representation to the Tamil Nadu Government that no duty, tax or additional duty is leviable as the Company is not a licencee has been denied. Aggrieved by the same, the Company filed a writ petition and a stay has been obtained from Honorable High Court, Chennai. Pending disposal of said writ petition and based on the advice of external counsel, the Company believes that it has good grounds for a successful appeal.

3 The office of Electrical Inspectorate, Salem, Government of Tamil Nadu, raised a demand towards electricity tax of Rs. 28.80 crores (31 March 2016: 28.80 crores) on sale of electricity to TNEB through Power Trading Corporation ('PTC') during June 2009 and May 2011 on the ground that the company has sold the power to PTC and not to TNEB. The company had filed an writ petition in the Honorable High Court of Madras and stay was granted in this matter. Pending disposal of said writ petition and based on the advice of external counsel, the Company believes that it has good grounds for a successful appeal.

4 The company has received a demand from Tamilnadu Generation and Distribution Corporation Limited ('TANGDECO') for Rs. 8.58 crores towards excess amount paid by it in respect of electricity units supplied by the company in excess of the requirements of TANGDECO. The company has filed an writ petition before Honorable High Court of Madras and stay was granted in this matter. Pending disposal of said writ petition and based on the advice of external counsel, the Company believes that it has good grounds for a successful appeal.

(II) Bank Guarantees

Rs. Crores

	31 March 2017	31 March 2016	1 April 2015
Bank Guarantees	0.77	0.86	0.97
	0.77	0.86	0.97

(b) Commitments
Estimated amounts of contracts net of advances, remaining to be executed on capital account and not provided for is Rs. 0.65 crore (31 March 2016: Rs. 0.63 crore).

29 Components of Other Comprehensive Income (OCI)

Rs. Crores

	31 March 2017	31 March 2016
Remeasurement gains/(losses) on defined benefit plans	(0.45)	(0.16)
Total	**(0.45)**	**(0.16)**

30 Related party disclosures

(a) Details of Related parties

Description of Relationship	Name of the Related Parties
(i) where control exists	
Holding Company	Vedanta Limited
Intermediate Holding Company	Volcan Investments Limited Vedanta Resources Holdings Limited
Ultimate Holding Company	Vedanta Resources Plc
Subsidiary Company	Fujairah Gold FZC (w.e.f. 11 December 2015)
(ii) others with whom transactions have taken place during the year	
Fellow Subsidiary Companies	Bharat Aluminium Co Limited Copper Mines of Tasmania Pty Limited Thalanga Copper Mines Pty Limited
Key Management Personnel	Mr. P Ramnath - Director Mr. C Murugeswaran - Whole Time Director Ms. A Sumathi - Whole Time Director Mr. Kamal Jain - Chief Financial Officer Mr. Arun Lalchand Todarwal - Independent Director Mr. A R Narayanaswamy - Independent Director

(b) Transactions with related parties during the year Rs. Crores

Particulars	31 March 2017	31 March 2016
Vedanta Limited		
Sale of Fuel Stock	39.45	31.86
Purchase of Fuel Stock	4.27	2.30
Reimbursement of expenses paid	1.02	1.29
Reimbursement of expenses received	1.56	4.91
Interest Expenses	-	33.24
Issue of Compulsory Convertible Debentures	107.18	6,011.23
Fujairah Gold FZC		
Investment in Equity Shares	125.42	6,011.18
Bharat Aluminium Co Ltd		
Sale of Fuel Stock	8.39	-
Copper Mines of Tasmania Pty Limited		
Purchase of share of Fujairah Gold FZC	122.91	-
Thalanga Copper Mines Pty Limited		
Purchase of share of Fujairah Gold FZC	2.51	-

(c) Transactions with Key Managerial Personnel during the year

Rs. Crores

Particulars	31 March 2017	31 March 2016
Remuneration	1.44	1.45
Director Sitting Fee	0.08	0.09
Sale of computer	0.00	-

(d) Outstanding balances at period end

		Rs. Crores
Particulars	**31 March 2017**	**31 March 2016**
Vedanta Limited		
Long-term borrowings	-	6,011.23
Other financial liabilities - current	32.53	29.87
Trade Receivables	13.56	-
Advance to Related Parties	0.05	-
Copper Mines of Tasmania		
Other financial liabilities - current	17.16	-

31 Employee Benefit

i. Defined Contribution Plan

The Company contributed a total of Rs. 0.35 crore for the year ended March 31, 2017 and Rs.0.42 crore for the year ended March 31, 2016 to the following defined contribution plans:

a. Provident Fund

In accordance with The Employees Provident Funds Act, 1952 employees are entitled to receive benefits under the provident fund. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (12% for fiscal year 2017 and 2016) of an employee's basic salary. All employees have an option to make additional voluntary contributions. These contributions are made to the fund administered and managed by the Government of India (GOI). The Company has no further obligations under the fund managed by the GOI beyond its monthly contributions which are charged to the statement of profit and loss in the period they are incurred.

b. Superannuation

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

ii. Defined Benefit Plan

The company has defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Every employee who has completed five years of more services are eligible for gratuity. The level of benefit provided depends on the member's length of service and salary at retirement date. The Plan is funded with Life Insurance Corporation of India (LIC) in the form of a qualifying insurance policy.

The following tables summaries the component of net benefit expenses recognised in the Statement of Profit and Loss, other comprehensive income, the funded status and the amount recognised in the balance sheet for the gratuity plan:

Changes in the defined benefit obligation and fair value of plan assets:

	Defined benefit obligations	Fair value of plan assets	Funded Status
At 01 April 2015	**(0.81)**	**1.10**	**0.29**
Current Service Cost	(0.06)	-	(0.06)
Net interest expense	(0.06)	0.09	0.03
Included in Statement of Profit and Loss	**(0.12)**	**0.09**	**(0.03)**
Return on plan assets (excluding amounts included in net interest expense)	-	-	-
Actuarial changes arising from changes in demographic assumptions	-	-	-
Actuarial changes arising from changes in financial assumptions	(0.00)	-	(0.00)
Experience adjustments	(0.16)	-	(0.16)
Included in OCI	**(0.16)**	**-**	**(0.16)**
Benefits paid	0.34	(0.34)	-
Contribution by employer	-	0.06	0.06
At 31 March 2016	**(0.75)**	**0.91**	**0.16**
Current Service Cost	(0.06)	-	(0.06)
Net interest expense	(0.06)	0.07	0.01
Included in Statement of Profit and Loss	**(0.12)**	**0.07**	**(0.05)**
Return on plan assets (excluding amounts included in net interest expense)	-	0.02	0.02
Actuarial changes arising from changes in demographic assumptions	-	-	-
Actuarial changes arising from changes in financial assumptions	(0.02)	-	(0.02)
Experience adjustments	0.00	-	0.00
Included in OCI	**(0.02)**	**0.02**	**(0.00)**
Benefits paid	0.28	(0.28)	-
Contribution by employer	-	0.06	0.06
At 31 March 2017	**(0.61)**	**0.78**	**0.17**

The principal assumptions used in determining gratuity obligation for the company plans are shown below:

	31 March 2017	31 March 2016	01 April 2015
Discount Rate	7.60%	8.00%	7.80%
Future Salary increase	5.50%	5.50%	5.25%
Withdrawal Rate			
Ages: Up to 30 years	3.00%	3.00%	3.00%
From 31 to 44 years	2.00%	2.00%	2.00%
above 44 years	1.00%	1.00%	1.00%
Retirement age	58	58	58
Mortality Rate	IALM (2006 - 08)	IALM (2006 - 08)	IALM (2006 - 08)

A quantitative sensitivity analysis for significant assumption is as shown below:

	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Assumptions	**Discount Rate**		**Future Salary increase**	
Sensitivity Level	0.5% increase Rs. Crores	0.5% decrease Rs. Crores	0.5% increase Rs. Crores	0.5% decrease Rs. Crores
Impact on defined benefit obligations	(0.03)	0.03	0.03	(0.03)

The average duration of the defined benefit obligation is 18.58 years and 18.72 years as on March 31, 2017 and March 31, 2016 respectively.
The company expects to contribute Rs. 0.05 crores to the funded benefit plan in next financial year.

32 Earnings per share

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	31 March 2017 Rs. Crores	31 March 2016 Rs. Crores
Profit attributable to the equity shareholders for Basic EPS	13.76	37.17
Add: Interest expense on convertible debentures	-	21.74
Profit attributable to equity holders adjusted for Diluted EPS	**13.76**	**58.91**
Weighted average number of Equity Shares for basic EPS	23,366,406	23,366,406
Effect of Dilution of Convertible debentures	130,126,681	35,668,725
Weighted average number of Equity shares adjusted for the effect of dilution	**153,493,087**	**59,035,131**
Earning per share - Basic (Rs.)	**5.89**	**15.91**
Earning per share - Dilutive (Rs.)	**0.90**	**9.98**

33 Employee share option plan of Vedanta Resources Plc

The value of shares that are awarded to the employees of the company by Vedanta Resources Plc is calculated by reference to the individual fixed salary and share-based remuneration consistent with local market practice. ESOP scheme of VRPLC is both tenure and performance based share scheme. The awards are indexed to and settled by ultimate parent's shares (Vedanta Resources Plc shares as defined in the scheme). The awards have a fixed exercise price denominated in ultimate parent's functional currency (10 US cents per share), 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. Amount recovered by Vedanta Limited which in turn paid to Vedanta Resources Plc and recognized by the Company in the Statement of Profit and Loss for year ended March 31, 2017 is Rs. 0.55 crore (March 31, 2016: Rs. 0.93 crore).

34 Segment Information

The company primarily engaged in the business of generation and sale of electricity in India. As per the company's chief operating decision maker ("CODM"), the risks and returns from its sales do not materially vary geographically. Accordingly, there are no other reportable segments as required to be reported under Ind AS 108 - 'Operating Segments'.

A. Revenue from major products

Particulars	31 March 2017	31 March 2016 (Rs. Crore)
Power	112.91	248.87
Coal	43.34	31.85
Others	4.95	0.67
	161.20	**281.39**

Revenue from three customers accounted for Rs.148.24 crore for the year ended March 31, 2017 and from two customers accounted for Rs.280.72 crore for the year ended March 31, 2016 wherein each customer's revenue represents more than 10% of total revenue.

B. Information about geographical areas

(i) Revenue from external customers

	31 March 2017	31 March 2016 (Rs. Crore)
India	161.20	281.39
Outside India	-	-
	161.20	**281.39**

(ii) Non-Current Operating Assets

The following is an analysis of the carrying amount of non-current assets, which do not include income tax assets and financial assets analysed by the geographical area in which the assets are located:

	31 March 2017	31 March 2016	1 April 2015 (Rs. Crore)
India	121.83	122.92	126.68
Outside India	-	-	-
	121.83	**122.92**	**126.68**

35 Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at 31 March 2017 Rs. crores	As at 31 March 2016 Rs. crores
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	0.41	0.04
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

36 Specified Bank Notes (SBN) Disclosure

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	-	-	-
Add: Permitted receipts	-	-	-
Less: Permitted payments	-	-	-
Less: Amount deposited in Banks	-	-	-
Closing cash in hand as on December 30, 2016	-	-	-

The company does not have any cash transactions during the year and hence does not have any cash in the form of 'Specified Bank Notes' (SBNs) which are defined in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

37 During the financial year 2015-16, the Company had invested Rs. 6,011.17 crore (USD 900 million) in Fujairah Gold FZC, Dubai ('Fujairah'), by way of subscribing to the 31,906,700 equity share capital of Fujairah. Accordingly, Fujairah became subsidiary of the Company with a holding of 97.96%.

Fujairah had in turn advanced loans of USD 900 million to Twinstar Mauritius Holdings Limited (TSMHL), a fellow subsidiary of the Company. TSMHL held investment in Cairn India Limited ('Cairn India').

In addition, during the current year the Company acquired balance stake of 2.04% from the existing shareholders of Fujairah at a consideration of Rs.125.42 crores (USD 18.69 million) making Fujairah as its wholly owned subsidiary with total investment in Fujairah being Rs 6136.60 crore (USD 918.69 million).

During the current year, the merger of Cairn India into the Company's parent company, Vedanta Limited, was substantially completed and was implemented in the month of April 2017 by allotment of shares of Vedanta to the shareholders of Cairn India. As per the terms of the Scheme of merger, Vedanta and its subsidiaries (including TSMHL) did not receive any consideration in lieu of their holding in Cairn India which stood extinguished upon the merger being implemented. Consequentially, Fujairah recognised a provision for impairment against the loan it had extended to TSMHL. Accordingly, the net book value of Fujairah was significantly eroded and hence the same was assessed for impairment provision based on the fair value less costs of disposal approach, a level-3 valuation technique in the fair value hierarchy. Since Vedanta Limited, the Company's parent company, has received all the assets of Cairn India pursuant to the Scheme of merger, in accordance with Ind AS, the impairment provision in the value of investment of Rs.5,904.48 crores (USD 882.89 million) has been recognised directly in the statement of changes in equity.

The cash flow assumptions for fair value less cost of disposal test consider all the cash flows that a market participant would consider when valuing the investment. Discounted cash flow analysis used to calculate fair value less cost of disposal considers free cash over the period of five years and thereafter these cash flows has been escalated at a rate of 2% p.a. The cash flow are discounted using the post-tax nominal discount rate of 12.11% derived from the post-tax weighted average cost of capital of Fujairah.

38 First Time Adoption of IND AS
These are the Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2017 and the comparative period information.

For all periods upto and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP' or 'IGAAP').

The transition to Ind AS was carried out in accordance with Ind AS 101, with April 1, 2015 being the date of transition. This note explains the exemptions on the first time adoption of Ind AS availed in accordance with Ind AS 101 and an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Exemptions availed and mandatory exceptions
Ind AS 101 First-time Adoption of Indian Accounting Standards allows first-time adopters certain exemptions from retrospective application of certain requirements under Ind AS. Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A) Ind AS optional exemptions
The Company has not availed any optional exemptions as given under Ind AS 101.

B) Ind AS mandatory exceptions

i) Accounting estimates
An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

ii) Hedge accounting
Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in Ind AS 109, at that date. Hedging relationships cannot be designated retrospectively, and the supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria as of April 1, 2015, are reflected as hedges in the Company's results under Ind AS.

The Company had designated various hedging relationships as fair value hedges under the previous GAAP. On date of transition to Ind AS, the Company had assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the Company continues to apply hedge accounting on and after the date of transition to Ind AS.

iii) Classification and measurement of financial assets
Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets bases on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

C) Reconciliations

i) Reconciliation of Equity as per erstwhile Indian GAAP as previously reported and IND AS is as follows:

Particulars	**Note**	**31 March 2016 Rs. Crores**	**1 April 2015 Rs. Crores**
Equity as per erstwhile Indian GAAP		236.72	199.88
Ind AS Adjustments :			
Effect of measuring current investments at fair value	(i)	0.17	-
Equity as per Ind AS		**236.89**	**199.88**

ii) Reconciliation of net profit as per erstwhile Indian GAAP as previously reported and IND AS is as follows:

Particulars	**Note**	**31 March 2016 Rs. Crores**
Net profit as per erstwhile Indian GAAP		36.84
Ind AS Adjustments :		
Effect of measuring current investments at fair value	(i)	0.17
Remeasurement of defined benefit obligation recognised in other comprehensive income under Ind AS	(ii)	0.16
Net profit as per Ind AS		**37.17**
Other Comprehensive Income for the year		(0.16)
Total Comprehensive Income as per Ind AS		**37.01**

Notes

(i) Current investments: Under the Previous GAAP, investments were measured at lower of cost or fair value. Under Ind AS, these investments are required to be measured at fair value through profit or loss or through Other Comprehensive Income. The resulting fair value changes of these investments is recognised in retained earnings/equity as at the date of transition and subsequently in profit or loss/other comprehensive income for the year ended March 31, 2016.

(ii) Re-measurement gains or losses: Ind AS 19 Employee Benefits requires the impact of re-measurement in net defined benefit liability (asset) to be recognized in other comprehensive income (OCI). Re-measurement of net defined benefit liability (asset) comprises actuarial gains and losses, return on plan assets (excluding interest on net defined benefit asset/liability). However, under previous GAAP this is recognised in the statement of profit and loss.

iii) Reconciliation of cash flows for the year ended March 31, 2016

The adjustments as explained above, are of non-cash nature and accordingly, there are no material differences in cash flows from operating, investing and financing activities as per the Previous GAAP and as per Ind AS.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No : 324982E/E300003

per Vikram Mehta
Partner
Membership No. - 105938

Place : Mumbai
Date : May 12, 2017

For and on behalf of Board of Directors

P Ramnath
Director
DIN 03625336

C Murugeswaran
Director
DIN 05195128

Kamal Jain
Chief Financial Officer

Prerna Halwasiya
Company Secretary
ICSI Membership No
A20856

Place : Mumbai
Date : May 12, 2017