

Directors' Report

Dear Shareholders,

The Board of Directors presents the Company's Annual Report, together with the audited financial statements for the financial year ended March 31, 2018.

During the year, your company focused on generating cash flows across all businesses, deleveraging the balance sheet and delivering superior shareholder return through disciplined capital allocation. The profitability improvement has been driven by production ramp-up and complemented by the strong commodity market. There was record production at Zinc India, aluminium and copper business.

We expect FY 2019 to be another productive year for your company with ramp-ups across Zinc, Oil & Gas and Aluminium businesses continuing. The next phase of growth projects announced during the year, set a strong base for the future. With a strong balance sheet and a clear capital allocation strategy, we are confident about Vedanta's prospects for the coming years and are optimistic about the long-term outlook for the global resources sector.

Financial Highlights for FY 2017-18

- Revenue increased by 22% to ₹ 92,922 crore (FY 2017: ₹ 76,168 crore) driven by firm commodity prices and volume ramp up
- EBITDA increased by 19% to ₹ 25,470 crore (FY 2017: EBITDA: ₹ 21,437 crore)
- Robust EBITDA margin¹ of 36% (FY 2017 39%)
- Free cash flow (FCF) post capex for the year at ₹ 7,870 crore (FY 2017: ₹ 13,312 crore)
- Gross debt at ₹ 58,159 crore, reduced by ₹ 13,410 crore during the last 12 months (including repayment of ₹ 7,908 crore of temporary borrowing at Zinc India offset by issuance of preference shares)
- Net debt at ₹ 21,958 crore (FY 2017: ₹ 8,099 crore) higher on account of special dividends paid and acquisition of AvanStrate Inc. (ASI)
- Attributable PAT (before exceptional items and DDT) increased by 10 % to ₹ 8,026 crore (FY 2017: ₹ 7,323 crore)
- Crisil upgraded the Company's Rating from AA/Stable to AA/Positive
- Contribution of Exchequer of ₹ 33,000 crore including dividends.
- Strong financial position with cash and liquid investments of ₹ 36,201 crore
- Record interim dividend of ₹ 7,881 billion by Vedanta Ltd in March 2018

Financial Performance Summary

Your Company's financial highlights in accordance with IND AS are provided below:

Particulars	Standalone		Consolidated	
	Year Ended March 31, 2018	Year Ended March 31, 2017	Year Ended March 31, 2018	Year Ended March 31, 2017
Net Sales/Income from Operations	45,974	38,540	92,923	76,171
Profit from operations before other income, finance costs and exceptional items	3,851	3,665	18,881	15,040
Other Income	3,866	9,705	3,574	4,581
Finance costs	3,900	3,896	5,783	5,855
Net exceptional items gain/(loss)	5,407	1,324	2,897	(114)
Profit/(loss) before tax	9,224	10,798	19,569	13,652
Tax expense/(credit)	1,968	(271)	5,877	2,333
Net Profit/(loss) after tax	7,256	11,069	13,692	11,316
Share of profit/(loss) of associate	NA	NA	0	(3)
Minority Interest	NA	NA	3,350	4,358
Net Profit after taxes, minority interest and consolidated share in profit/(loss) of associate and before other comprehensive income	7,256	11,069	10,342	6,958
Paid-up equity share capital (Face value of ₹1 each)	372	297	372	297
Reserves excluding revaluation reserves as per balance sheet	78,941	79,396	63,136	60,128
Basic EPS after exceptional items	19.47	29.04	28.3	23.47
Transferred to General Reserve	Nil	NIL	NIL	NIL
Interim Dividend	7,881	7,099	7,881	7,099

Consolidated Financial Statement

The Company announces its Consolidated Financial Results on a quarterly basis. As required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (SEBI Listing Regulations), the Consolidated Financial Statement of the Company and its subsidiaries, prepared in accordance with Ind AS 110 issued by the Institute of Chartered Accountants of India, form part of the Annual Report and are reflected in the Consolidated Financial Statement of the Company. Pursuant to Section 129(3) of the Companies Act 2013 (the Act), a statement containing the salient features of the financial statement of the subsidiary companies is attached to the financial statement in Form AOC-1.

Pursuant to the provisions of Section 136 of the Act, the Standalone and Consolidated financial statements of the Company along with

relevant notes and separate audited accounts of subsidiaries are available on the website of the Company. A copy of the financial statements of the Company and of the subsidiary companies shall be made available upon request by any member of the Company. Additionally these financial statements shall be available for inspection by members at the Registered Office of the Company.

Operational Highlights for FY 2017-18

In line with Vedanta's stated strategic priority of production growth through continued ramp up at Aluminium and Zinc India business, we delivered strong operational performance driven by record production at Aluminium (exit capacity c.2.0 MT), Zinc India and Copper India. During the year, we also announced next phase of growth projects in Oil & Gas and Copper India and continued to work on the Gamsberg project for commencement of production in mid CY2018.

Some of the key operational highlights for FY 2018 are:

- Record annual production at Zinc India and Aluminium business
- Oil & Gas: Mar 18 Exit run rate of 200,000 boepd; Growth projects on track to enable significant volume growth in FY 19
- Zinc International : Gamsberg project on track with production expected by mid CY 2018
- Aluminum: Record annual production at 1.7mt; with an exit run rate of c.2.0 mtpa
- Iron Ore: Increase in company-wise mining cap allocation in Karnataka expected in Q1 FY2019
- Power: 1,980 MW Talwandi Sabo Power Plant operating at 93% availability in Q4FY 18

Capital Expenditure

We continue to take a disciplined approach to growth through prudent capital allocation. During the year FY 2018, we commenced the next phase of growth in our Oil & Gas business with a near term target of about 300kboepd. With positive fundamentals in place, we have also commenced the expansion of the 400kt copper smelter at Tuticorin in Southern India to 800kt. Completion of this project will place Tuticorin as one of the largest single-location copper smelting complexes in the world. Both these projects are having robust returns. The Zinc projects both at Zinc India & Zinc International are progressing well. We are geared up for commencement of production at the Gamsberg project from Mid Calendar Year 2018 (CY 2018).

During FY 2018, we have spent ₹ 5,306 Cr on Growth projects and it is likely to be higher around ₹ 9,700 Cr in FY 2019 primarily driven by higher capex at Oil & Gas.

Dividend

The Board of Directors approved the payment of 1st interim dividend @2120% of INR 21.20 per equity share of ₹ 1 each on March 13, 2018. In view of the record interim dividend declared in March, 2018, no final dividend is recommended.

The Board of Directors further approved a Dividend @7.5% p.a. on the Redeemable Non-Convertible Preference Shares (Preference Shares) of face value ₹ 10/- each as per the terms of issuance. These preference shares were issued and allotted on April 28, 2017 pursuant to the Scheme of Arrangement between shareholders and creditors of Vedanta Limited and Cairn India Limited ("Scheme") and the dividend was payable until the end of the Financial Year March 31, 2018.

Transfer to General Reserve

The Company proposes NIL transfer to General Reserve out of its total profit of ₹ 7256 Crore for the financial year.

Share Capital

The Authorised Share Capital of the Company is ₹ 74,12,01,00,000 divided into 44,020,100,000 (Four Thousand Four Hundred and Two Crores and One Lakh only) number of equity shares of ₹ 1/- (Rupee One) each and 3,010,000,000 (Three Hundred and One Crore) Preference Shares of ₹ 10/- (Rupees Ten) each.

Bidding under Insolvency and Bankruptcy Code 2016

Under the Insolvency and Bankruptcy Code 2016, the Reserve Bank of India (RBI) mandated banks to refer their defaulting customers/ NPA accounts to National Company Law Tribunal (NCLT). The companies referred to the NCLT for initiating insolvency proceedings, included few steel companies with significant production capacity.

Whilst globally, following two decades of significant steel expansion in China, global steel capacity is high, India remains a significant exception to this. Given India's size of economy, population and existing steel capacity it is expected that the steel sector in India will grow rapidly over the coming few years. In view of this and the synergies from its Iron ore business, your Company bid for two of

the steel assets up for auction. The companies under consideration own state of the art and technologically advanced steel plants. These acquisitions will provide your Company ready operating capacities instead of investing time and effort in a greenfield project.

On March 31, 2018, your Company was declared as the successful resolution applicant by the Committee of Creditors for Electrosteel Steels Limited ("ESL") under the Corporate Insolvency Resolution Process of the Bankruptcy Code, and received a letter of intent from the Committee of Creditors. The Company has accepted the terms of the letter of intent and the closing of the transaction will be subject to compliance with applicable regulatory requirements and the final terms approved by the NCLT.

The Company's other bid is for a steel asset in Gujarat, India. The auction process and evaluation of bids for this asset is on-going.

Credit Rating

Your Company is rated by CRISIL Limited (CRISIL) and India Ratings and Research Private Limited (India Rating) for its banking facilities in line with Basel II norms.

During the year, CRISIL changed the outlook on Company's long-term bank facilities and its Non-Convertible Debentures (NCDs) programme to CRISIL AA / Positive Outlook from CRISIL AA / Stable. The Company has the highest short-term rating on its working capital and Commercial Paper programme at CRISIL A1+. The agency expects that the structural improvement in cost structure along with continued focus on deleveraging shall help improve the credit profile of your Company. The agency shall be guided by extent of gross debt and structural improvements in business driving the lower leverage levels for further positive rating action.

India Ratings changed the Company's ratings on long-term scale to IND AA / Positive from IND AA / Negative during the year and short-term rating are maintained at IND A1+. The agency is monitoring the improvement in leverage along with ramp-up of operations to upgrade the ratings while resolving the outlook.

Sustainability

Your Company's Sustainable Development is integral to the core business strategy. We continue to be a transparent and responsible corporate citizen; committed to a 'social license to operate' and partner with communities, local governments and academic institutions to help catalyse socio-economic development in the areas where we operate.

The Company reaffirms its Core Values of Trust, Entrepreneurship, Innovation, Excellence, Integrity, Respect and Care, which are the basis of Company's Sustainable Development Model. The model continues to be centered on the four strategic pillars: Responsible Stewardship; Building Strong Relationships; Adding and Sharing Value; and Strategic Communications.

With the Sustainable Development model, we built the Sustainable Development framework, which is aligned to global best practices and standards, including the United Nations Global Compact's (UNGC) 10 principles; the International Finance Corporation (IFC) performance standards; the International Council on Mining and Metals (ICMM) principles; UN Sustainable Development Goals (SDGs); and the Organisation for Economic Cooperation and Development (OECD) promoted Multinational Guidelines.

This robust framework provides the business and the leadership teams the parameters on which to assess, monitor, review key sustainability priorities, such as safety, health, environment, stakeholder engagement and community development activities, as per the Company's approach on 'social license to operate'.

Directors' Report continued

The Vedanta Sustainability Assurance Programme (VSAP) has been the bedrock in promoting transparency and compliance of all our businesses with the Group's Sustainable Development Framework. In continuation with last year, the big focus areas have been on implementation of six key safety performance standards across the Group; VSAP process has categorically focused on compliance level to these standards and highlighted areas of improvement.

During the year, we focused heavily on safety performance of your businesses under the overarching umbrella of Health, Safety and Environment (HSE) best practices. Community engagement and development programmes were geared with emphasis on need assessments and longevity of the project and related outcomes/benefits.

Our resolve is strong and we continue to work towards achieving zero harm.

Vedanta's teams across businesses are driving various capacity-building and behavioural programmes. Our awareness campaigns aim to entrench a culture of safety and risk awareness. Training programmes on 'Making Better Risk decisions' is one such programme rolled out across the businesses to improve safety decision making of leaders at all levels, particularly those on the front line. Similarly, 'Experience Based Quantification' (EBQ) using Bow Tie Risk Assessment methodologies were utilised to identify critical risks from safety and environmental perspective for key businesses. In FY 2017-18, over 874,296 hours of safety training were delivered to employees and contractors.

After an encouraging COP21 conference in Paris, which resulted in more than 174 countries ratify the agreement, the global climate agenda continues to push ahead, despite the United States withdrawing from the agreement. India, which had set ambitious targets of reducing its carbon intensity by 33-35% by 2030 and to source 40% of its electric power from non-fossil fuel based sources, continues to move forward to meet those targets.

Our Company remains committed to decreasing its carbon footprint. Last year we stated our expectation to reduce our GHG intensity by 16% from a 2012 baseline by 2020. This expectation emerged from the Carbon Forum that was constituted to develop our carbon strategy and provide governance on the risk to business from climate change.

Our businesses have made significant progress on our GHG reduction commitment. Hindustan Zinc Limited and Oil & Gas business have committed to increase their investment in solar power, while other businesses have made significant improvements in their process efficiencies, thereby reducing their GHG intensity emissions. As of March 31, 2018, we had been able to achieve about 14% reduction in our GHG intensity from our baseline number. We are confident of achieving our target by 2020.

We are also committed to develop an internal carbon price mechanism to manage our climate related financial risk. We believe that climate resilience is the best approach we can take to safeguard our climate related business risks and we are committed to work with all our stakeholders in achieving this goal.

We ensure that our Biodiversity Management Plans are in place, and our environmental footprint follows the most rigorous global standards. We have developed specific objectives and targets, particularly with regards to water and energy management.

Finding innovative ways to reduce waste is a priority for us. We remain committed to our agenda of "Zero Harm, Zero Waste, Zero Discharge". This year we are able to recycle more than 90% of the fly ash that was generated at our power plants. Large volumes of our high-calorific hazardous wastes are also sent to the cement industry to be used as clinker fuel, thereby preventing them from

being sent to secure landfills. This year, we have recycled 83% of our overall High Volume and Low Effect waste in sustainable applications and are continuing to develop new and innovative ways to increase the proportion of waste we recycle.

We are present in some of the world's most unique, remote and underdeveloped regions. We are committed to respect, learn from and create a shared understanding with our communities. Connecting with our communities is not just the right thing to do; it is a fundamental imperative of our 'license to operate'.

Our spend on our social investment and CSR programmes thereby reaffirm our commitment to ensuring the well-being of the communities who live in proximity to our operations.

Periodic meetings with Socially Responsible Investors (SRI) and lenders were undertaken and an update was provided in the Group Sustainability Committee meeting.

This year, we encountered strong opposition from the local community to our plant in Tuticorin. We are working with the communities as well as the regulatory bodies to arrive at a solution to the questions raised. We are committed to responsibly run our operations.

We remain positive that our overall sustainability journey is headed in the right direction. Our sustainability framework is robust and in line with global practices on engaging with civil society, communicating performance on community development, human rights as well as addressing legacy issues. We are confident that it will help us achieve higher levels of performance in the years to come.

A separate detailed report on Company's Sustainability Development also forms part of the Annual Report.

Digitalization & Technology

The technology landscape is continuously changing at a rapid pace. This dynamic change creates an opportunity to adopt and develop competitive advantage. Adapting cutting edge technology to create incremental value is in Company's DNA. The agility to inculcate technology as part of business has been demonstrated over the years in each sphere of business.

In the current environment, Company recognises the need to develop a comprehensive digital strategy and drive transformational change across the organisation that instils digital expertise in all facets of the business and creates value proposition for all its stakeholders.

In order to manage the complex digital transformations across business units, the Company has taken on board resources for the position of 'Chief Digital Officer' (CDO) in each of its key business unit. These resources have brought global expertise in digital transformation initiatives. This position is an integral part of the Business Executive Committee. These positions are part of the top thought leadership and shall have the critical responsibility for developing and implementing Company's digital strategy.

Your Company is committed to adopt digital technology in the organization to make data driven decisions, to generate efficiencies, improve planning, lower risk, create safer working environments while unlocking more value from the resources.

The Company is also institutionalizing 'new ways of working' through these digital-led business transformation programmes including:

- Adopting agile approaches accelerating time to business value;
- Taking a more persona-centric and design-thinking led approach on new digital business solutions design;
- Driving a Minimum Viable Product (MVP) based approach in progressively industrializing digital business solutions;

- Re-skilling and cross-skilling teams for new age technologies and skills.

A series of measures have been put in place to drive the digital transformation across business units. Some of these key initiatives include:

- Use of Drones for Pipeline monitoring & Mining Stockpile Measurement;
- Digitalization of underground mining operations at HZL (SKM & RAUG);
- Integrated Operations thru Connected Assets at Oil & Gas;
- Big Data Analytics & Decision Support for Predictive Maintenance at Oil & Gas;
- Asset Optimization using Predictive Maintenance at Sterlite Copper;
- Smart Ore Digitalization Project at Gamsberg in Zinc International;
- Integrated Mine Operations Management System at Iron Ore;
- Asset Optimization using Machine Learning at Iron Ore;
- Coal Supply Chain Digitalization at Aluminium business, Jharsuguda.

The focus for FY2019 shall be scale up the transformation efforts and reap the benefits of technology adaption.

Corporate Social Responsibility

Your Company works towards a larger goal of creating enduring value for the communities it works in. Towards that end, we undertake various need based community programmes as part of our Corporate Social Responsibility (CSR). Putting the last as first being the top most priority, the Company has committed to align its CSR activities to the evolving and dynamic priorities of Nation and State besides local needs.

For almost all our programmes, a bottom up community engagement approach is a non-negotiable. This collaborative approach ensures community ownership, suitable project design, effective delivery and post-project sustainability. Apart from communities, we also strongly believe in partnering with government agencies, development organizations, corporates, civil society organisations & community based organizations to carry our durable and meaningful initiatives.

All our CSR programmes are governed by the Vedanta CSR Policy, the Technical Standard 19, and each entity specific Standard Operating Procedures for CSR. The documents are periodically revised. Further, in order to benefit from diverse perspectives, and in keeping with a culture of collective leadership, Vedanta has formed a CSR Council. The council comprises of business leaders and CSR executives from the different Business Units. The Council is responsible for governance, synergy and cross-learning across the Group CSR efforts. It meets every month and reviews the performance, spends and outcome of CSR programmes for all Business Units. The council is instrumental in implementing improvement projects to create a seamless enabling eco-system for Business Units to carry out best-in-class community development programmes.

We have a CSR Committee comprising majority of Independent Directors. The Committee provides strategic direction for CSR activities, and approves its plans and budgets. It also reviews the programmes and guides the CSR Teams towards running well-governed and impactful community programmes.

Brief Overview on Community Development Programmes for 2017-18 is as under:

- 1. Nand Ghar and Children's Well-being Projects** – The Nand Ghar Project is the company's flagship national initiative, which aims to build new-age Anganwadis for ensuring the health and learning of young children in rural areas, and also as a platform for women's empowerment and skilling. The Project ultimately

aims to impact 85 million children and 20 million women across 1.37 million Anganwadis in the country. As on date, 101 Greenfield and 53 Brownfield Nand Ghars are operational across – states of the country. Construction is on-going at another 72 Greenfield and 200 Brownfield Nand Ghars.

Khushi is a Hindustan Zinc initiative, focusing on strengthening the functioning of the Integrated Child Development Services (ICDS) programme in 3089 Anganwadi centres of 5 Districts of Rajasthan. The programme is the largest such Public-Private-People initiative in the ICDS space covering 64,000 children in the age group of 3-6 years and aims to improve children's attendance, retention, learning levels, health status and community engagement. Children's attendance at these centres has gone up from 44% last year to 59% this year. A unique Anganwadi Grading Tool was developed and used to rate each one of the 3089 Anganwadis. 25,000 community meetings were held during the year, and community contributions equivalent to INR 5.43 million were mobilized.

- 2. Women's empowerment** – Vedanta is endeavouring to provide equal opportunities to women through multiple initiatives. Subhalaxmi Cooperative Society at Jharsuguda is one such flagship initiative of Vedanta Limited, Jharsuguda. Subhalaxmi, which started in 2008 with 10 women, has now emerged as one of the largest women's cooperative in western Odisha with 3324 members and 280 Self Help Groups across 64 villages of 3 blocks of Jharsuguda. It started with INR 1000 as working capital and today it has accumulated corpus fund of more than INR 22 million with an average net profit of INR 6-7 lacs/annum. Loans of around INR 49.2 million were provided to women entrepreneurs for setting up their own micro enterprises in FY'18. Subhalaxmi now has a special fund called "UDYAMI FUND (Start-up Fund)" to support emerging & aspiring micro-entrepreneurs in Jharsuguda.

On similar lines, the Sakhi programme at HZL now has 1299 SHGs (Self-help groups) reaching to nearly 16,620 women. During the year, 9397 women took loans amounting to INR 79 million. The main purposes for which the loans were taken were household consumption, agriculture, health & sanitation, animal husbandry, including 280 women who used the loans to become entrepreneurs (either by setting up new or expanding existing enterprises).

- 3. Health Care** – Health is another critical area of engagement for us, and we work to bring affordable healthcare within reach of our communities. Aarogya, a healthcare Initiative of the Company at Lanjigarh, is a commitment to improve the health status of less privileged community in Kalahandi region. Vedanta Hospital is a 20 bedded state of art medical facility well-equipped with doctors, physiotherapist and visiting specialists providing 24X7 ambulance service for referrals with a daily footfall of more than 150 patients. The hospital services are recognized for sickle cell detection, Rashtriya Bima Suraksha Yojana, Institutional delivery under Janani Suraksha Yojana, Cleft & Palate Surgery and Antenatal check-up under Pradhan Mantri Surakshit Matrutwa Abhiyan.

VMRF

Vedanta Medical Research Foundation (VMRF), a voluntary, non-profit organisation, has been initiated by Bharat Aluminium Company Limited, subsidiary company (BALCO), to contribute to the prevention, control and eradication of cancer and its related illnesses. VMRF's first flagship initiative has been the establishment of 'Balco Medical Centre' - a 170-bed, state-of-the-art tertiary care oncology facility in Naya Raipur, in close proximity of our Aluminium plants at Korba, Lanjigarh and Jharsuguda. The proposed hospital envisages bringing modern, comprehensive and high quality medical care within the reach of the population of Central India in general and Chhattisgarh in particular.

Directors' Report continued

Hospital at Kalahandi

With a commitment of 'Giving back to Society', Vedanta Limited has signed a Memorandum of Understanding (MoU) with Government of Odisha to establish a 500 bed hospital for Government Medical College at Bhawanipatna with an investment of ₹ 100 crores. The MoU was signed on March 27, 2018 at Odisha State Secretariat. The Hon'ble Chief Minister of Odisha congratulated Vedanta for coming forward to set up the hospital for Medical College and partner the Government in crucial areas of development for the people of Kalahandi.

4. Agriculture and Animal Husbandry – Given that most of our neighbourhood communities still depend on agriculture and animal husbandry, we follow a livelihood development approach of integrating agriculture, dairy, water management, technology, farmer's organizations and market outreach. Project Unnati, a Cairn CSR initiative, was set up to support the farmers of Barmer in enhancing their incomes through sustainable farming. As part of a MoU with Central Arid Zone Research Institute (CAZRI), Jodhpur – a unit of Indian Council for Agriculture Research (ICAR), 700 farmers were trained in high tech farming techniques. This was supported by the installation of drips for 60,000 horticulture plants in 120 acres. As a result, this year, the farmers in Barmer have harvested over 60 tonnes of Ber, Gunda, and Anar.

5. Skilling the youth – Skill development is the need of the hour, and can have a huge impact on creating livelihoods opportunities for millions of families. Our aim is to channelize the untapped potential of youth and help them become employable in the growing economy. Vedanta IL&FS Institute of Skills at BALCO, Korba imparts 'hands-on' training to youth in five different trades – Industrial Stitching, Fitter Fabrication, Welding Assistant, Electrician and Hospitality. The Institute has provided assured placements to more than 6,700 students since operationalisation. Sterlite Copper's Tamira Muthukkal project has provided skills training and employability to some 2,000 youth from the Thoothukudi district since its inception.

6. Environment protection & restoration – We understand the interdependency between our operations and the natural environment. As a natural resource company, our prime focus is on protecting and restoring nature. At Talwandi Sabo Power Limited, wholly owned subsidiary (TSPL), Mansa, Punjab, individual household level soak pits were constructed in partnership with MGNREGA and Gram Panchayat in 2 villages. Looking to the success of the project, Department of Rural Development, Punjab directed all 22 districts to replicate the same model on a pilot basis.

7. Sports & Culture – Sports and culture have the ability to attract and mobilize youth as well as foster stronger community bonding. Sesa Football Academy (SFA), an Iron Ore Business's CSR initiative, was established in 1999 on a reclaimed mine at Sanquelim with a vision to become a premier academy in India. Until now, the Academy at Sanquelim has passed out 123 boys, some of whom have represented India internationally and many are pursuing their football career with major clubs. Seven alumni of SFA have played for the Indian national team and 8 are playing in the elite Indian Super League 2017-18 seasons. Taking forward the commitment and passion to nurture girl child through sports, SFA launched the 'Vedanta Women's Football League' on November 6, 2017 with the support of Goa Football Association (GFA). Vedanta created history through this first of its kind league by providing women footballers a prominent platform to showcase their talent and skills. 137 women footballers hailing from all over Goa participated in this league through 6 teams and made it a grand success.

8. Community Infrastructure – While human development is the key, but infrastructure also plays an important role. Developing and maintaining social infrastructure are critical for rural

development and over all nation building. Company is supporting operational villages in developing basic infrastructure in villages, such as school toilets, drinking water projects, sports infra, local drains, community centres etc. as per local needs.

During the year, the Company's divisions spent INR 45.19 Crore on CSR activities, while on a consolidated basis it spent about INR 244.33 Crore on CSR.

A brief overview of CSR initiatives forms part of this Directors Report and is annexed hereto as **Annexure A'**.

Your Company's CSR Policy addresses the Company's commitment to conduct its business in a socially responsible, ethical and environmentally friendly manner; and to continuously work towards improving the quality of life of the communities in the areas where it operates.

The policy may be viewed here:

http://www.vedantalimited.com/media/85867/csr_policy_final.pdf

Business Responsibility Report

A detailed Business Responsibility Report in terms of the provisions of Regulation 34 of the SEBI Listing Regulations is available as a separate section in this annual report.

Human Resources (HR)

Human resources play a significant role in your Company's growth strategy. Your Company emphasised on talent nurturing, retention and engaging in a constructive relationship with employees with a focus on productivity and efficiency and underlining safe working practices. The significant focus areas during the year comprised the following:

V – Perform:

One Performance System for One Vedanta

V-Perform is a pan-Vedanta initiative to standardize the Performance Management System (PMS) system and process across all Vedanta Group companies by leveraging technology. This would enable the functions, teams and individuals in tracking performance, generating analytics and taking proactive decisions towards achieving Company's overall business plan and targets. The online V-perform portal delivers a consistent user experience for all ~12k professionals across Vedanta, starting from goal setting to the quarterly / mid-year appraisal and finally the year-end assessment. In addition to this, the portal facilitates open dialogue and feedback discussion between the managers and the team members to ensure transparency and efficiency in all PMS related activities.

As a next step toward enhancing our Safety performance at workplace and achieving our ultimate vision of "Zero Harm", Safety Competency Assessment process was initiated as part of V-Perform to strengthen our existing Safety Management System by means of training, skills, experience and knowledge that an employee's possess and their ability to apply them to perform a task safely which will enable to mitigate the risk and ensure that employees are well organized and safe all the time at Workplace.

Leadership Development and Talent Management

Internal Growth Workshops: Vedanta has always aspired to design an organization which is led by our "Leaders from Within". Identifying internal talent and elevating them to enhanced leadership roles has been the driving factor in our journey of rapid growth. In line with this philosophy, the Group conducts 'Chairman's Internal Growth Workshops' through which we have identified 500+ high potential New Leaders till date across various functions in the Group's businesses who have taken up significantly elevated roles and responsibilities. Meeting Growth Aspirations of the employees and ensuring Internal Mobility of High Quality Talent has been the highlight of this endeavor. The New Leaders have been empowered through various key strategic initiatives across

the Group and regular feedback sessions which have ensured they are in the right track of being the “Leaders of Tomorrow”. Our Internal Growth Workshops have also enabled us to reduce our lateral hiring significantly for critical roles across the Group in past two years.

‘V Connect’ Initiative: The V – Connect programme was launched across Vedanta Group as one of a kind anchoring/ mentoring programme covering all 12,000 professionals with regular talent stories and anchoring conversations across all the businesses. It was launched in association with AON and the key output from this initiative has been to derive enhanced engagement levels from the employees. This initiative has also ensured transparent communication of organizational growth vision and key priorities in our roadmap for being the best in class employer in the industry. To facilitate smooth functioning of the programme, a specialized app – “Aon Lead” was introduced. The App allows participants to schedule their connects; get latest business updates from around the globe; access to articles and videos that focus on effective leadership, skill-building; and participate in quizzes/learning challenges. Till date, more than 5000 conversations have been completed for the employees across Vedanta.

Right Management in Place (RMIP) - Strategic Hiring

In our endeavour to strengthen management teams across business, realigning the organisation structure and bridging the critical gaps in each of the business, we initiated recruitment drive along with the business for various leadership positions including Expats / Specialist Positions. Hiring for these positions was initiated with focus on recruitment from best practices companies / diversity.

During the year, we focused on building and strengthening HSE function and technical capability in the organization. We hired around 28 technical experts across businesses which include 10 global HSE experts to head the HSE function at each of our businesses in India and Africa and these individuals bring onboard rich and diverse experience from their past global organizations like BHP, Rio Tinto, BP, Shell, Chevron, GE, DuPont, Alcoa, Anglo etc.

Global Internship Programme (GIP)

The Programme was introduced in FY 2016-17 with the aim to hire bright students from premier global university. Vedanta attracts first year MBA students from premier B-schools with the aim to create lasting business value by bringing on board world class talent. The B-Schools include Harvard, Wharton, INSEAD & London Business School among the international campuses and the top three IIM's- Ahmedabad, Bangalore & Calcutta among the national campuses.

The interns work with top management, especially the C-suite on real-time projects impacting business directly. They work in a fast-paced dynamic team environment, and finish the internship having gained broad experience in various aspects of the natural resources industry.

The programme would help us in the following ways:

1. The Young Talent will bring in fresh insights and global benchmark practices to our business.
 2. Add value by driving projects which leverage their analytical skills.
 3. This Young Talent can potentially become Brand Ambassadors for Vedanta globally and help in building our Employer Brand.
- Approximately 39 students have been a part of the programme:

Last year we also launched a similar programme for full time hires VLDP- Vedanta Leadership Development Programme. In VLDP our focus is to hire full time employees from the top management and technology institutes which include IIM Ahmedabad, Bangalore, Calcutta and IIT Bombay, Kharagpur, Madras. The aim of VLDP is to build organizational capability for the future by bringing on board best-in-class young talent from premier institutes and developing them to be the future Leaders of Vedanta by providing them with the right induction, roles, opportunities, job rotations and anchoring.

During the first year 19 students joined and in the second year 28 students will be joining us for the programme.

“Vedanta’s unprecedented growth over the years is owing to its entrepreneurial culture and strong focus on continuous benchmarking and innovation. As part of this continuous improvement journey, Manpower Analytics forms an integral piece in the strategic decision making to embark on the next level of growth. The recent study conducted by a reputed firm on Manpower Analytics brought out some interesting facts –

- Vedanta believes in growth from within and giving enhanced roles to the High potential employees within the organization thereby maintaining the Value Systems and Culture fabric intact. The Pay for performance Culture emerged clearly during the study as the Mid Layer in the organizational pyramid came out to be higher than benchmark owing to early career growth and higher responsibilities at relatively younger experience level.
- Although Executive Diversity at Vedanta is one of the leading in the industry, the company has taken stringent targets to further bridge the gap and move upto 33% at Board & 20% at the professional employee population level. When looked at providing avenues for growth and higher compensation, the study also showcased that Vedanta is an equal opportunity employer.
- The Benchmarking exercise of comparing to the Global Best in the industry we operate in highlighted improvement Potential in Manpower Productivity.

During the year, Company has received recognitions at Forums like CII, Golden Peacock, Ek Kaam Desh Ke Naam (NGO) in fields of HR excellence, HR Tech and HR Innovation. The Company is committed to provide equal opportunities to all its employees, irrespective of gender, nationality and background.

Your Company’s, Jharsuguda unit has received special recognition towards their Commitment to Engagement. Aon Hewitt has acknowledged the efforts your organization is putting in, to be an Employer of Choice and its continued efforts on your journey towards being a Best Employer.

Employee Information and Related Disclosures

The statement of Disclosure of Remuneration under Section 197 of the Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (“Rules”) is appended as **Annexure B** to the Report.

The information, as per Rule 5(2) of the Rules, forms part of this Report. However, as per provision of Section 136 of the Act and Rule 5(2), the Report and the Financial Statements are being sent to the Members of the Company excluding the statement of particulars of employees under Rule 5(2) of the Rules. The statement shall be available for inspection at the Company’s Registered Office and any Member interested in obtaining a copy of the said statement may write to the Company Secretary.

Employees Stock Option Plan

In order to motivate, incentivize and reward employees, your Company introduced ‘Vedanta Limited Employee Stock Option Scheme 2016’ (“the Scheme”) to provide equity based incentives to the permanent employees of the Company including holding/ subsidiary companies. The Scheme is a conditional share plan for rewarding performance on pre-determined performance criteria and continued employment with the Company. The pre-determined performance criteria shall focus on rewarding employees for Company performance vis a vis competition and also for achievement of internal operational metrics. The Scheme is currently administered through Vedanta Limited ESOS Trust (ESOS Trust) which is authorized by the Shareholders to acquire the Company’s shares from secondary market from time to time, for implementation of the Scheme.

Directors' Report continued

The Company's shareholders by way of postal ballot on December 12, 2016 have approved the Scheme.

During the year under review 10,088,960 options were granted to 2806 employees including Whole Time Director and Key Managerial Personnel.

Pursuant to the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 ("Employee Benefits Regulations"), disclosure with respect to the ESOS Scheme of the Company as on March 31, 2018 is annexed as **Annexure C** to this report and has also been uploaded on the Company's website at www.Vedantalimited.com.

The stock option Scheme is in compliance with Employee Benefits Regulations and there have been no material changes to the plan during the financial year.

A certificate from M/s S.R. Batliboi & Co. LLP, Chartered Accountants, Statutory Auditors, with respect to the implementation of the Company's ESOS schemes, would be placed before the shareholders at the ensuing AGM. A copy of the same will also be available for inspection at the Company's Registered Office.

Vigil Mechanism

The Company has in place a robust vigil mechanism for reporting genuine concerns through the Company's Whistle Blower Policy. As per the Policy adopted by various businesses in the Group, all complaints are reported to the Director – Management Assurance, who is independent of operating management and the businesses. In line with global practices, dedicated email IDs, a centralised database, a 24x7 whistle blower hotline and a web-based portal have been created to facilitate receipt of complaints. All employees and stakeholders can register their integrity related concerns either by calling the toll free number or by writing on the web-based portal which is managed by an independent third party. The hotline provides multiple local language options. All cases reported as part of whistle blower mechanism are taken to their logical conclusion within a reasonable timeframe. After the investigation, established cases are brought to the Group Ethics Committee for decision-making. All Whistle Blower cases are periodically presented and reported to the Company's Audit Committee. The details of this process are also provided in the Corporate Governance Report and the Whistle Blower Policy is posted on the Company's website.

Prevention of Sexual Harassment at Workplace

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace.

As part of Vedanta Group, your Company is an equal opportunity employer and believes in providing opportunity and key positions to women professionals. The Group has endeavoured to encourage women professionals by creating proper policies to tackle issues relating to safe and proper working conditions, and create and maintain a healthy and conducive work environment that is free from discrimination. This includes discrimination on any basis, including gender, as well as any form of sexual harassment. During the period under review, 11 complaints were received and resolved. Seven employees were separated on account of complaints. Your Company has constituted Internal Complaints Committee (ICC) for various business divisions and offices, as per the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Corporate Governance Report

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance

requirements set out by the SEBI. The Company has also implemented several best Corporate Governance practices as prevalent globally. The report on Corporate Governance as stipulated under the SEBI Listing Regulations forms an integral part of this Report

The requisite certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance is attached to the report on Corporate Governance.

Internal Financial Controls

Your Board has devised systems, policies and procedures / frameworks, which are currently operational within your Company for ensuring the orderly and efficient conduct of its business, which includes adherence to policies, safeguarding its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information. In line with best practices, the Audit Committee and the Board reviews these internal control systems to ensure they remain effective and are achieving their intended purpose. Where weaknesses, if any, are identified as a result of the reviews, new procedures are put in place to strengthen controls. These controls are in turn reviewed at regular intervals.

The systems/frameworks include proper delegation of authority, operating philosophies, policies and procedures, effective IT systems aligned to business requirements, an internal audit framework, an ethics framework, a risk management framework and adequate segregation of duties to ensure an acceptable level of risk. Documented controls are in place for business processes and IT general controls. Key controls are tested by entities to assure that these are operating effectively. Besides, the Company has also adopted an SAP GRC (Governance, Risk and Compliance) framework to strengthen the internal control and segregation of duties/access. It also follows a half-yearly process of management certification through the Control Self-Assessment framework, which includes financial controls/exposures.

The Company has documented Standard Operating Procedures (SOP) for procurement, project / expansion management capital expenditure, human resources, sales and marketing, finance, treasury, compliance, safety, health, and environment (SHE), and manufacturing.

The Group's internal audit activity is managed through the Management Assurance Services ("MAS") function. It is an important element of the overall process by which the Audit Committee and the Board obtains the assurance on the effectiveness of relevant internal controls.

The scope of work, authority, and resources of MAS are regularly reviewed by the Audit Committee. Besides, its work is supported by the services of leading international accountancy firms.

The Company's system of internal audit includes: covering monthly physical verification of inventory, a monthly review of accounts and a quarterly review of critical business processes. To enhance internal controls, the internal audit follows a stringent grading mechanism, focusing on the implementation of recommendations of internal auditors. The internal auditors make periodic presentations on audit observations, including the status of follow-up to the Audit Committee.

The Company is also required to comply with the Sarbanes Oxley Act Sec 404, which pertains to Internal Controls over Financial Reporting (ICOFR). Through the SOX 404 compliance programme, which is aligned to the COSO framework, the Audit Committee and the Board also gains assurance from the management on the adequacy and effectiveness of ICOFR.

In addition, as part of their role, the Board and its Committees routinely monitor the Group's material business risks. Due to the

limitations inherent in any risk management system, the process for identifying, evaluating, and managing the material business risks is designed to manage, rather than eliminate risk. Besides it created to provide reasonable, but not absolute assurance against material misstatement or loss.

Since the Company has strong internal control systems which are further strengthened by periodic reviews as required under the SEBI Listing Regulations and SOX compliance by the Statutory Auditors, the CEO and CFO recommend to the Board continued strong internal financial controls.

Based on the information provided, nothing has come to the attention of the Directors to indicate that any material breakdown in the function of these controls, procedures or systems occurred during the year under review. There have been no significant changes in the Company's internal financial controls during the year that have materially affected, or are reasonably likely to materially affect its internal financial controls.

There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their objectives. Moreover, in the design and evaluation of the Company's disclosure controls and procedures, the management was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Further, the Audit Committee annually evaluates the internal financial controls for ensuring that the Company has implemented robust systems/ framework of internal financial controls viz. the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to 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.

Risk Management

Your businesses are exposed to a variety of risks, which are inherent to a global mining and resources organisation. The effective management of risk is critical to support the delivery of the Group's strategic objectives. Risk management is embedded in the organization's processes and the risk framework helps the organisation meet its objectives by aligning operating controls with the mission and vision of the Group set by the Board.

As part of our governance philosophy, the Board has a Risk Management Committee to ensure a robust risk management system. The details of Committee and its terms of reference are set out in the Corporate Governance Report, which is part of the Board's Report and is available as a separate section in this Annual Report.

Our risk-management framework is designed to be simple, consistent and clear for managing and reporting risks from the Group's businesses to the Board. Our management systems, organisational structures, processes, standards and code of conduct together form the system of internal controls that govern how we conduct business and manage associated risks. We have a multi-layered risk management framework to effectively mitigate the various risks, which our businesses are exposed to in the course of their operations.

The Risk Management Committee supports the Audit Committee and the Board in developing the group-wide risk-management framework. Risks are identified through a consistently applied methodology. The Company has put in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives.

Major risks identified by businesses and functions are systematically addressed through mitigating actions. Risk officers have also been formally nominated at operating businesses, as well as at Group level, to develop the risk-management culture within the businesses.

For a detailed risk analysis, you may like to refer to the risk section in the Management Discussion Analysis Report which forms part of this Annual Report.

Management Discussion and Analysis

A detailed report on the Management Discussion and Analysis in terms of the provisions of Regulation 34 of the SEBI Listing Regulations is provided as a separate chapter in this Annual Report.

Significant & Material Orders passed by the Regulators or Courts or Tribunals

Provided below are the significant and material orders which have been passed by any regulators or courts or tribunals against the Company impacting the going concern status and Company's operations in future:

1. Iron-Ore Division – Goa Operations

Supreme Court in the Goa Mining matter in 2014 declared that the deemed mining leases of the lessees in Goa expired on 22.11.1987 and the maximum of 20 years renewal period of the deemed mining leases in Goa under the MMDR Act had also expired on 22.11.2007 and directed state to grant fresh mining leases.

Thereafter, various mining leases were renewed by the state government before and on the date the MMDR Amendment Ordinance 2015 came into effect (i.e. January 12, 2015).

These renewal of mining leases were challenged before the SC by Goa Foundation and others in 2015 as being arbitrary and against the judgment of the SC in the earlier Goa mining matter. The Supreme Court passed the judgment in the matters on February 7, 2018 wherein it set aside the second renewal of the mining leases granted by the State of Goa. The court directed all lease holders operating under a second renewal to stop all mining operations with effect from March 16, 2018 until fresh mining leases (not fresh renewals or other renewals) in accordance with the provisions of the MMDR Act, 1957 and fresh environmental clearances are granted. For further course of action we are in the process of evaluation and are awaiting clarity from the government.

2. Copper Division

Copper division of Vedanta Limited has received an order from Tamil Nadu Pollution Control Board on 09.04.2018 whereby they have rejected the Company's application for renewal of Consent to Operate (CTO) for the 400,000 Metric Tonnes Per Annum (MTPA) Copper Smelter plant in Tuticorin. In furtherance to the order of TNPCB rejecting the Company's application, the Company decided to shut its Copper smelting operations at Tuticorin and has filed an appeal with TNPCB Appellate authority against the order. During the pendency of the appeal the TNPCB vide its order dated May 23, 2018 ordered disconnection of electricity supply and closure of the Company's Copper Smelter plant. Post this the Govt of Tamil Nadu on May 28, 2018 ordered the permanent closure of the plant. The Company is taking all the necessary steps to restart its operations in Tuticorin.

In a separate proceeding, the Madurai Bench of the Madras High Court in a PIL filed against the company, has stated that the application for renewal for Environmental Clearance for Copper Smelter Plant 2 project, shall be processed after conduct of mandatory public hearing and the application shall be decided by the competent authority on or before September 23, 2018. In the interim, High Court ordered the company to cease construction and all other activities onsite for the proposed project. The company is taking all necessary steps to restart the project.

Directors' Report continued

Board of Directors

Appointment(s)

The Board on the recommendation of the Nomination & Remuneration Committee (NRC) at its meeting held on March 13, 2018, approved the appointment of Mr. UK Sinha (DIN: 00010336), as an Additional Non Executive Independent Director w.e.f. March 13, 2018 to August 10, 2021. The appointment is subject to the approval of the Members at the ensuing Annual General Meeting (AGM).

Mr. Sinha has served as the Chairman of SEBI from February 2011 to March 2017. He was instrumental in bringing about key capital market reforms. Under his leadership, SEBI introduced significant regulatory amendments to the various acts enhancing corporate governance and disclosure norms.

Mr. K. Venkataramanan and Mr. Aman Mehta were appointed as Independent Non Executive Directors w.e.f April 01, 2017 and May 17, 2017 respectively and Ms. Priya Agarwal was appointed as a Non Executive Director w.e.f. May 17, 2017. The said appointments were confirmed by the Members at the 52nd AGM on July 14, 2017.

Mr. Kuldip Kumar Kaura was appointed as an Interim CEO of the Company w.e.f September 01, 2017. In his over four decades of experience across engineering and mining roles, Mr. Kaura has served at senior levels in various reputable companies, including Vedanta Resources Plc as Chief Executive Officer, Managing Director at ABB, India and Managing Director and Chief Executive Officer of a cement major in India, ACC Limited (LafargeHolcim).

Re-appointment(s)

In accordance with the provisions of Act and the Articles of Association of the Company, Mr. GR Arun Kumar (DIN:01874769), Whole Time Director & CFO, is retiring by rotation and has offered himself for re-appointment.

Further, on the recommendation of the Nomination & Remuneration and based on the performance evaluation, the Board through circular resolution dated January 20, 2018 reappointed Mr. Ravi Kant & Ms. Lalita D Gupte as Independent Directors for a second and final term from January 29, 2018 till August 10, 2021. The reappointment is subject to the shareholder's approval at the forthcoming AGM.

The Board on the recommendation of the NRC reappointed Mr. Tarun Jain as the Company's Whole Time Director for a further period from April 01, 2018 till March 31, 2019. The appointment is subject to the shareholder's approval.

Brief profiles of Mr. UK Sinha, Mr. Ravi Kant, Ms. Lalita D Gupte, Mr. Tarun Jain and Mr. GR Arun Kumar along with the disclosures required pursuant to SEBI Listing Regulations and the Act are given in the Notice of the AGM.

Attention of the Members is invited to the relevant items in the Notice of the AGM and the Explanatory Statement thereto.

All Independent Directors have provided declarations that they meet the criteria of independence as laid out under Section 149(6) of Act and the SEBI Listing Regulations.

Cessation(s)

We express our profound grief and sorrow over the sad demise of Mr. Naresh Chandra on July 09, 2017 who served as an Independent Director of your Company. Mr. Chandra was a statesman and a visionary, and was instrumental in the industrial reforms and progressive policies. The Board places its deep sympathy and condolences to his family.

Mr. Thomas Albanese superannuated as the Whole Time Director and CEO of the Company w.e.f. August 31, 2017.

The Board places on record its appreciation for the valuable services and significant contribution rendered by Mr. Albanese during his tenure.

The details of training and familiarization programmes and Annual Board Evaluation process for Directors have been provided under the Corporate Governance Report.

The policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of Director, and also remuneration for Key Managerial Personnel and other employees forms part of Corporate Governance Report of this Annual Report.

Key Managerial Personnel

The following Directors/Executives are KMPs of the Company during Fiscal 2018:

Mr. Navin Agarwal, Executive Chairman
Mr. Tarun Jain, Whole Time Director
Mr. GR Arun Kumar, Whole Time Director & Chief Financial Officer
Ms. Bhumi Sood, Company Secretary & Compliance Officer

Number of Board Meetings

The Board of Directors met nine times during the year. The details of Board Meetings are laid out in Corporate Governance report, which forms a part of this annual report.

Audit Committee

The composition of the Audit Committee is in compliance with the provisions of Section 177 of the Act and Regulation 18 of the SEBI Listing Regulations. As on March 31, 2018, the Audit Committee of the Board comprises of four (4) Non-Executive Directors all of whom are Independent. The Chairperson of the Audit Committee is a Non-Executive Independent Director.

The Board has accepted all recommendations made by the Audit Committee during the year.

Auditors

- Statutory Auditors
M/s S.R. Batliboi & Co. LLP, Chartered Accountants (FRN: 301003E) were appointed as Statutory Auditors of your Company at the AGM held on June 29, 2016 for a term of five consecutive years i.e., until the conclusion of the 56th AGM. M/s S.R. Batliboi & Co. LLP have confirmed their independence and eligibility under the provisions of the Act & SEBI Listing Regulations.

The report of the Statutory Auditors along with notes to Schedules is enclosed to this Report. The observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

During the year under review, the Auditors have not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

- Cost Auditor

As per Section 148 of the Act, the Company is required to have the audit of its cost records conducted by a Cost Accountant in practice. The Board of your Company has on the recommendation of the Audit Committee, approved the appointment of M/s Shome and Banerjee as Cost Auditors for its oil & gas Business and M/s Ramnath Iyer & Co as Cost Auditors for its copper, aluminium, iron ore and electricity Business to conduct cost audits pertaining to relevant products prescribed under the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time for the year ending March 31, 2018 at a remuneration of ₹ 5,00,000 p.a and ₹ 14,00,000/-p.a (plus applicable taxes and reimbursement of out of pocket expenses, if any), respectively. Further M/s Ramnath Iyer & Co have been appointed as the Lead Cost Auditors of the Company.

- Secretarial Auditor

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of managerial Personnel) Rules, 2014, the Company has appointed M/s Chandrasekaran & Associates, a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company for FY 2018. The Report of the Secretarial Audit in Form MR-3 is annexed herewith as **Annexure D**. The Secretarial Audit Report does not contain any qualifications, reservation, adverse remarks or disclaimer.

Subsidiaries/Joint Ventures/Associate Companies

The Company has 52 subsidiaries (15 direct and 37 indirect) as at March 31, 2018, as disclosed in the accounts.

During the year and till date the following changes have taken place in subsidiary companies:

Subsidiary companies formed/acquired:

- Avanstrate (Japan) Inc. (ASI) acquired on December 28, 2017
- Avanstrate (Korea) Inc. acquired on December 28, 2017
- Avanstrate (Taiwan) Inc. acquired on December 28, 2017
- Vedanta Star Limited incorporated on April 23, 2018

As at March 31, 2018, the Company has 5 associate companies and joint ventures.

Associate Companies and Joint Ventures:

- RoshSkor Township (Pty) Ltd
- Gaurav Overseas Private Limited
- Goa Maritime Private Limited
- Madanpur South Coal Company Limited
- Rampia Coal Mines and Energy Private Limited

Details of Loans/Guarantees/Investment made by the Company

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilised as per the provisions of Section 186 of the Act are provided in the standalone financial statement (Please refer to Notes to the standalone financial statement).

As per the SEBI Listing Regulations, a policy on material subsidiaries as approved by the Board of Directors, may be accessed on the Company's website: www.vedantalimited.com.

Transfer of Unpaid and Unclaimed amounts to Investor Education and Protection Fund (IEPF)

The Company sends letters to all shareholders, whose dividends are unclaimed so as to ensure that they receive their rightful dues.

During the year, the Company has transferred a sum of ₹ 1,49,03,948/- to Investor Education & Protection Fund (IEPF), the amount which was due & payable and remained unclaimed and unpaid for a period of seven (7) years as provided in Section 125 of the Act and the rules made thereunder. Despite the reminder letters sent to each shareholder, this amount remained unclaimed and hence was transferred.

In accordance with the provisions of the Section 124(6) of the Act and Rule 6(3)(a) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (IEPF Rules), the Company is required to Transfer 10,60,879 equity shares of Re.1 each held by 986 shareholders to IEPF. The said shares correspond to the dividend which has remained unclaimed for a period of seven consecutive years from the financial year

2009-10. The equity shares wherein, disputes are pending and Court Order(s) are Nil. All the remaining shares, as mentioned above, have been transferred to IEPF. Subsequent to the transfer, the concerned shareholders can claim the said shares along with the dividend(s) from IEPF in accordance with the prescribed procedure and on submission of such documents as prescribed under the IEPF Rules.

The Company has already sent a specific communication to the concerned shareholders at their address registered with the Company and also published notice in The Free Press Journal and Navshakti providing the details of the shares due for transfer and to enable shareholders to take appropriate action.

Fixed Deposits

As reported last year, the Company has discontinued the renewal of its fixed deposits on maturity. As at March 31, 2018, all fixed deposits had matured, while deposits amounting to ₹ 54,000 remained unclaimed. Since the matter is sub judice, the Company is maintaining status quo.

Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT 9 is annexed hereto as '**Annexure E**'

Related Party Transactions

In line with the requirements of the Act and SEBI Listing Regulations, your Company has formulated a Policy on Related Party Transaction (RPT) which is also available on Company's website (<http://www.vedantalimited.com/investor-relations/corporate-governance.aspx>). The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

The Company presents a detailed landscape of all RPTs to the Audit Committee, specifying the nature, value, and terms and conditions of the transaction. The Company has developed a Related Party Transactions Manual-Standard Operating Procedures to identify and monitor all such transactions.

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were on an arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Act and SEBI Listing Regulations.

During the Fiscal 2018, there have been no materially significant RPTs between the Company and Directors, management, subsidiaries or relatives, as defined under Section 188 of the Act and Regulations 23 the SEBI Listing Regulations.

Accordingly, the disclosure required u/s 134(3)(h) of the Act in Form AOC-2 is not applicable to your Company.

Material Changes & Commitment affecting the Financial Position of the Company

There are no material changes affecting the financial position of the Company subsequent to the close of the Fiscal 2018 till the date of this Report.

Energy Conservation, Technology Absorption, Foreign Exchange Earnings And Outgo

The information on conservation of energy, technology absorption stipulated under Section 134(3)(m) of the Act read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as '**Annexure F**'

Directors' Report continued

The details of the Foreign Exchange Earnings and Outgo are as follows:

Particulars	(₹ Crores)	
	Year Ended 31 March, 2018	Year Ended 31 March, 2017
Expenditure in foreign currency	1,551	1,282
Earnings in foreign currency	28,394	21,138
CIF Value of Imports	28,900	19,322

Directors Responsibility Statement

Pursuant to section 134 of the Act, with respect to Directors' Responsibility Statement it is hereby confirmed that:

- a. in the preparation of the annual accounts, the applicable accounting standards has been followed and there is no material departures from the same;
- b. your Directors selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year, i.e., 31 March, 2018 and of the profit and loss of the Company for that period;
- c. your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the Company's assets and for preventing and detecting fraud and other irregularities;
- d. your Directors have prepared the annual accounts on a going concern basis;
- e. your Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f. your Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgement

Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain as industry leader.

The Board also extends its appreciation for the support and co-operation your Company has been receiving from its customers, vendors, dealers, investors, suppliers, business associates and others associated with the Company. Your Company looks upon them as partners in its progress and has shared with them the rewards of growth. It will be the Company's endeavour to build and nurture relationships with all its stakeholders.

The Directors also take this opportunity to acknowledge the support and assistance extended to us by the Government of India, various State Governments and government departments, financial institutions, bankers, stock exchanges, communities, shareholders and investors at large for their continued support.

For and on behalf of the Board of Directors

Place: Mumbai

Dated: May 03, 2018

Navin Agarwal

Executive Chairman