



Annual Report and Accounts 2013

Creating

Value

The word "Value" is rendered in a large, bold, blue sans-serif font. Each letter of the word is filled with a photograph of a mining landscape, showing terraced hillsides, industrial structures, and mountains under a clear sky. The text is positioned above a reflective surface that creates a clear, inverted reflection of the word below it.

Vedanta Resources plc is a FTSE 100 global diversified natural resources company.

Value-Creating Growth

We have delivered production ramp-ups and cost control driving a 35% CAGR in EBITDA over nine years since our IPO, and remain well positioned to capitalise on emerging market growth.

p10-11 

Diversified Portfolio

We have a broad natural resources portfolio diversified across base metals, bulks and oil & gas and have delivered consistent EBITDA margins in excess of 30% since our IPO.

p12-13 

Efficient Capital Management

Our focus continues to be on generating shareholder returns through prudent capital allocation, with a focus on low-risk, phased projects with high returns.

p14-15 

Operating Sustainably

Our sustainability strategy is supported by an enhanced new sustainability framework which has been rolled out across the Group, and enables us to deliver on the three key pillars of our sustainability strategy: responsible stewardship, building strong relationships and adding and sharing value.

p16-17 



Where to find more information:
vedantaresources.com



Online Sustainability Report:
vedantaresources.com/sustainability

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Value

Operational Review - p50 **Strategic Report**

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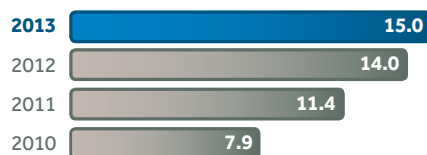
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2013 Highlights

Financial

Revenue (US\$bn)



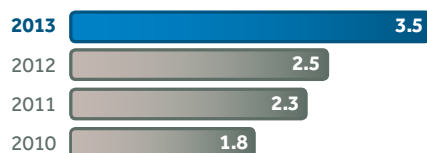
EBITDA (US\$bn)



Dividend per share (US cents)



Free Cash Flow (US\$bn)¹



- Revenue of US\$15.0 billion, up 7%
- EBITDA of US\$4.9 billion, up 21%; EBITDA margin of 45%²
- Underlying EPS³ of US\$1.33, down 6%
- Free cash flow of US\$3.5 billion before growth capex, and US\$1.5 billion after growth capex
- Net Debt reduced by US\$1.5 billion, gearing ratio reduced to 31% from 35%
- Strong balance sheet with Cash and Liquid Investments of US\$8.0 billion
- Final dividend of 37 US cents per share, up 6%

Financial Review - p40 

Consolidated Group Results

(in US\$ millions, except as stated)

	FY 2012-13	FY 2011-12	% change
Revenue	14,989.8	14,005.3	7.0
EBITDA	4,888.3	4,026.2	21.4
EBITDA margin	32.6%	28.7%	—
EBITDA margin excluding custom smelting (%) ²	44.9%	40.6%	—
Operating profit	2,512.0	2,387.7	5.2
Attributable profit	157.4	59.8	163.2
Underlying attributable profit ³	363.3	387.2	(6.2)
Basic earnings per share (US cents)	57.7	21.9	163.6
Earnings per share on underlying profit (US cents) ³	133.1	142.0	(46.0)
ROCE (excluding project capital work in progress)	17.5%	11.3%	—
Total dividend (US cents per share)	58.0	55.0	5.5

1 Free cash flow after sustaining capex but before growth capex.

2 Excludes custom smelting at Copper and Zinc India operations.

3 Based on profit for the period after adding back special items and other gains and losses, and their resultant tax and minority interest effects (refer to note 13 of the consolidated financial statements).

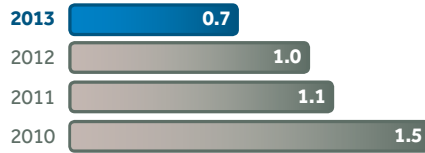
Business

- Significant production growth across the portfolio
 - Record production of mined zinc-lead and integrated silver at Zinc India
 - Record oil & gas production driven by 32% higher output at Rajasthan block
- Strong cost performance despite industry-wide inflationary trends
- Recommended oil & gas exploration drilling in Rajasthan and achieved a successful discovery in April 2013
- Mine life extensions at Zinc India, Copper and Iron Ore operations
- Karnataka iron ore mining restrictions lifted in April; continued state-wide restriction on mining in Goa
- Group simplification received approval from High Court of Bombay at Goa; Madras High Court Order awaited

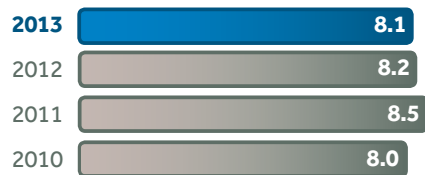
Operational Review - p50 

Sustainability

LTIFR (million man hours)



Women in workforce (%)



CSR footprint (million beneficiaries)



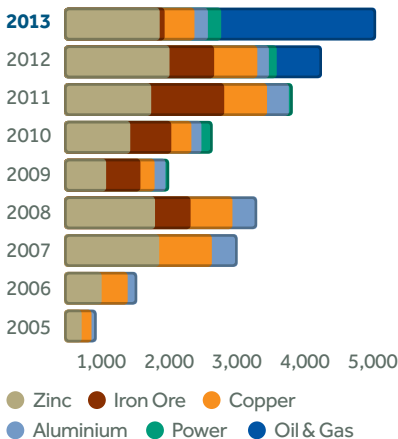
- LTIFR rate reduced by 62% over the last 5 years
- Over the past year, invested \$47 million in community programmes benefiting 3.7 million people

Sustainability - p32 

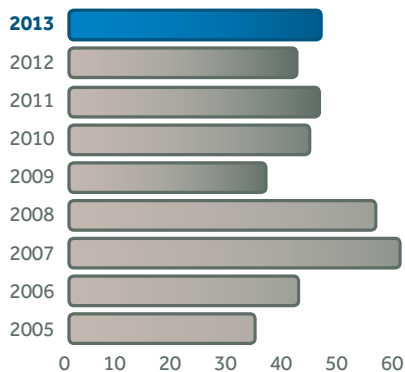
Diversified portfolio delivering growth and consistent margins

EBITDA (US\$m)

By segment

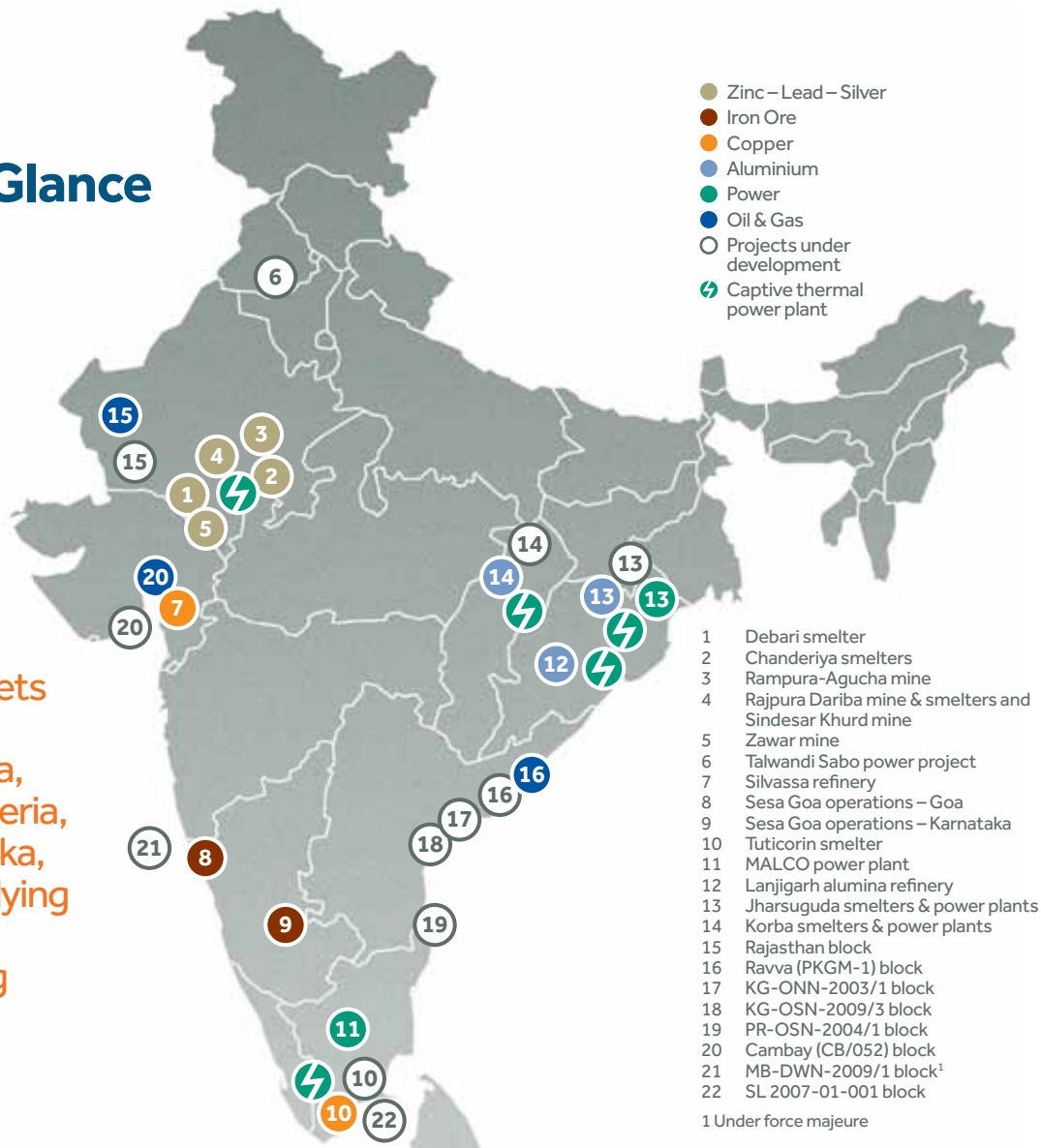


EBITDA margin (%)²



Vedanta at a Glance

Our world-class assets are located in India, Zambia, South Africa, Namibia, Ireland, Liberia, Australia and Sri Lanka, producing and supplying commodities to a number of emerging markets.



Zinc-Lead-Silver p50

We are the world's largest integrated zinc-lead producer with operations in India, Namibia, South Africa and Ireland. We are one of the leading silver producers globally.

Key Strengths

- The world's largest zinc-lead mine, the Rampura Agucha Mine in India
- One of the largest undeveloped zinc deposits in the world at Gamsberg, South Africa
- Silver-rich ore from the Sindesar Khurd lead-zinc mine in India

1,227kt

Production volumes (Zinc-lead)

13.1moz

Production volumes (Silver)

US\$1,460m

EBITDA

Oil & Gas p54

Cairn India is the fastest growing Asian E&P company (winning the Platts Top 250 Energy Company Awards 2012) and ranks among the top 20 independent E&P companies globally. It contributes to over 25% of India's current domestic crude production.

Key Strengths

- The Rajasthan block is the largest onshore discovery in India in 20 years and has an estimated 7.3 billion boe in place and a basin potential to support 300,000bopd
- Strong track record of exploration – 26th discovery in the Rajasthan basin achieved recently

205kboepd

Production volumes

US\$2,440m

EBITDA

Iron Ore p58

We are India's largest private sector producer of iron ore¹.

Key Strengths

- Strong exploration success at India operations – net addition of 59mt taking R&R to 433mt
- Over 1 billion tonnes iron ore deposit at Liberia iron ore project assets, West Africa

¹ Except FY2013, as operations were affected by state-wide restrictions on mining in Goa and Karnataka.

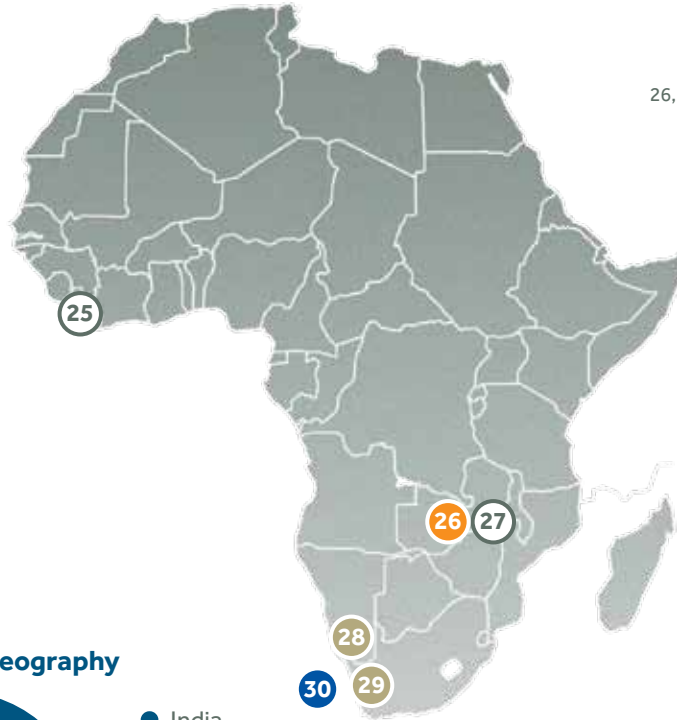
3.7mt

Production volumes

US\$84m

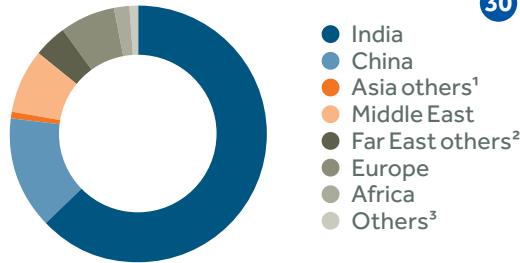
EBITDA

OVERVIEW



- 23 Lisheen mine, Ireland
- 24 Mt Lyell mine, Australia
- 25 Iron Ore project, Liberia
- 26, 27 Konkola and Nchanga copper mines & Nchanga smelter, Zambia
- 28 Skorpion mine, Namibia
- 29 Black Mountain mine, South Africa
- 30 South Africa Block 1

Revenue by Geography



1 Asia others includes Sri Lanka, Bangladesh, Nepal and Pakistan.
 2 Far East others includes a number of countries, primarily Korea, Thailand, Singapore and Mauritius.
 3 Others include the United States, Australia, New Zealand and a number of countries that are not classified in the other available categories.

Copper p62

Our Zambia operations have one of the highest-grade large copper mines in the world. In India, we operate one of the lowest cost custom smelters in the world. Our Australian mines supply a part of the concentrate requirements of our Indian operations.

Key Strengths

- One of the largest high grade copper mines in the world at Konkola Deepes
- One of the lowest cost copper custom smelters in the world at Tuticorin, India

569kt

Production volumes

US\$219m

EBITDA (Copper India/Australia)

US\$257m

EBITDA (Copper Zambia)

Aluminium p66

We are the largest Aluminium producer in India, with strategically located large-scale assets including smelters, captive power plants and mines.

Key Strengths

- Efficient assets operating in the lower half of the global cost curve with purchased alumina and bauxite
- Operations located in the bauxite and coal rich regions in Eastern India

774kt

Production volumes

US\$214m

EBITDA

Power p70

We are one of the largest independent power producers in India.

Key Strengths

- 2,400MW power plant at Jharsuguda, India ramping-up
- Near-term growth from the new 1,980MW Talwandi Sabo plant in India

8,888m kWh

Production volumes (units sold)

US\$215m

EBITDA

Chairman's Statement

Anil Agarwal

"We have a proven track record of consistently growing our reserves and resources ('R&R') organically in our mining operations and this year our exploration activities resulted in the addition of significant R&R in our Zinc India, Copper and Iron Ore operations.

Following Government approval to allow exploration in development areas, we recommenced drilling at our Rajasthan oil & gas operations to realise its basin potential of 300,000 bopd, and already achieved an early discovery in April, the 26th in the block."

Vedanta has delivered a set of strong results driven by production ramp-ups and continued cost control across our well-diversified portfolio of Tier-1 assets against a backdrop of challenging economic conditions and volatile commodity prices. With growth in free cash flow generation to US\$3.5 billion, and positive free cash flow after capex, we reduced our net debt by US\$1.5 billion and maintained a progressive dividend. We also achieved exploration success during the year and our focus remains to consistently create long-term value for shareholders.

Strong position in growth markets

Global growth and commodity demand remains volatile and emerging markets continue to be the key drivers of growth. Vedanta is well positioned to capitalise on emerging market growth with a significant portion of its assets in India and Africa. For example, India imports over 80% of its crude oil requirements, and we are currently the largest private sector producer of crude oil in India. With significant production growth since the Cairn India acquisition and a balanced portfolio of oil & gas assets that have exploration upside, we are well positioned to drive production growth in oil & gas. Similarly, with favourable demographics and urbanisation driving consumption growth in India, we are well placed to meet the growing demand as India's largest domestic producer across our remaining commodities.

A strong operating and financial performance

We achieved record production of mined zinc-lead and silver at Zinc India and an impressive 32% increase in oil & gas production driven by higher output at the Rajasthan block.

Despite industry-wide inflationary pressures, we have reduced or maintained unit costs across the majority of our operations. Whilst we are not immune to cost inflationary pressures, we continued to control costs and have demonstrated a track record of implementing operational improvements and maintaining our relatively new asset base at low sustaining capex costs.



Robust Results

Driven by a robust operating performance, we delivered 21% growth in EBITDA to US\$4.9 billion and a 45% EBITDA margin¹ despite lower LME prices. We achieved positive free cash flows after growth capital expenditure of around US\$1.5 billion, and remain focused on deleveraging. Our balance sheet remains strong with cash and liquid investments of US\$8 billion.

On behalf of the Board, I would like to thank our 31,000 employees across the world for their contribution to these results. Their commitment and efforts, combined with the strength of our management team, continue to drive our performance.

Robust execution of our strategy Long-term value

We have a proven track record of consistently growing our reserves and resources ('R&R') organically in our mining operations and this year our exploration activities resulted in the addition of significant R&R in our Zinc India, Copper and Iron Ore operations.

Following Government approval to allow exploration in development areas, we recommenced drilling at our Rajasthan oil & gas operations to realise its basin potential of 300,000bopd, and already achieved an early discovery in April, the 26th in the block.

¹ Excludes custom smelting at Copper and Zinc India operations.

Last year we initiated a Group structure consolidation exercise to simplify our Group structure, create a more efficient capital structure with better alignment of debt and cash flows across the Group, deliver significant synergies and unlock value for shareholders. This exercise has received shareholder approvals and various regulatory approvals including the approval of the High Court of Bombay at Goa, and we now await the final approval of the High Court of Madras.

Organic growth and selective M&A

We delivered production ramp-up across the portfolio during the year, and remained focused on capital allocation to low-risk brown field projects with attractive returns. We successfully integrated the oil & gas operations of Cairn India, and ramped up production at our Rajasthan operations by 40% to c.175,000bopd since completing the acquisition in December 2011. One of the significant milestones was recommencing exploration at Rajasthan, and we achieved a discovery in April. With potential for further upside at the proven Rajasthan block, we plan to invest c.80% of our US\$3 billion oil & gas capex programme on the Rajasthan block the over the next three years. At our cost-efficient Zinc India business, we plan to grow mined metal capacity by 20% to 1.2mtpa driven primarily by brown field expansion projects over the next six years.



Top: Switchyard of 540 MW CPP at BALCO.



Bottom: Engineer verifying cathodes at zinc smelter, Chanderiya.

Chairman's Statement continued

"We have progressively increased our dividend, delivering a 15% CAGR since listing in FY 2004."



Last year we acquired iron ore assets close to the coast in Liberia, including some brown field deposits. We rapidly ramped up exploration and completed drilling of 65,000 metres, which has yielded positive results and indicated c.1 billion of JORC² certified reserves and resources with substantial further upside. Further drilling is in progress and we are on track to deliver the first shipment by March 2014.

Recently, the Supreme Court lifted the ban on mining of iron ore in Karnataka and we are working towards resuming our mining operations in the region. Mining in Goa, however remains suspended and the Supreme Court process is in progress. Vedanta is India's largest private sector miner of iron ore and committed to responsible mining practices.

Sustainability

Following the development and group-wide roll-out of our business sustainability framework last year, we have consistently implemented this across the Group to enhance the value of our business, reduce our risks and preserve our licence to operate.

In addition to our c.31,000 strong workforce, we indirectly create employment for around 60,000 people through our contractors. We are one of the largest employers of mining engineers and geologists in India and one of the largest contributors to India's Exchequer.

In Zambia, we are both the largest private sector employer and largest contributor of taxes. Our community programmes benefit around 3.7 million people in India and Africa, across 2,200 villages, and I take great pride in the positive impact we are making across our communities.

We have made considerable progress on our five priority areas:

1. Embed sustainable development into every aspect of what we do.
2. Improve our health and safety performance for a safer, more secure and healthier environment.
3. Contribute further and in a more targeted way to local communities.
4. Continue to manage and minimise our impact on air, water and land.
5. Maintain a dialogue with stakeholders to help us further understand what is needed to help support a sustainable society and planet.

Further detail will be available in our comprehensive Sustainability Report for the year.

Left: Operator at pot room of 500ktpa smelter, VAL.

Right: Engineers inspecting benches at Goa mines, Sesa Goa.

² JORC stands for Joint Ore Reserves Committee.



Vedanta has complied with the recommendations outlined in the sustainability review by URS Scott Wilson, and I expect to complete this process during 2013. We are keen to continue working with all our stakeholders on this journey, ensuring we are a sustainable business that will deliver value to all stakeholders.

Dividends

We have progressively increased our dividend since listing in FY 2004, delivering a 15% CAGR since listing in FY 2004. This year the Board has recommended a final dividend of 37 US cents per share, an increase of 6%. This takes the total dividend for the year to 58 US cents per share, 5% above last year.

Governance

We have recently inducted two new Independent Non-Executive Directors to the Vedanta Board. In August 2012, Geoffrey Green joined our Board. As a long serving legal adviser to major listed companies in the UK, Mr Green has a wealth of knowledge and expertise in relation to the strategic issues of UK listed companies, and the UK corporate governance framework. In May 2013, we announced that Deepak Parekh will join our Board. Mr Parekh has extensive experience at India's premier housing finance company, HDFC Limited, where he currently serves as Non-Executive Chairman, and also serves on the boards of several other companies such as Lafarge SA in France and DP World Limited in the UAE.

Looking forward

We remain positive on the prospects for our well balanced and diversified portfolio of commodity assets despite the volatility in commodity prices. Our focus continues to be on generating shareholder returns through measured capital allocation, with a focus on low-risk, phased projects with high returns.

Anil Agarwal
Chairman

16 May 2013

Left: Night view of Nchanga smelting complex, KCM.

Middle: Engineer at Rampura Agucha open cast zinc-lead mine, HZL.

Right: Coal Handling Plant, BALCO.

Value-creating

Grow

In brief

- Significant growth across the portfolio
 - Record production of lead and silver in Zinc India
 - Record oil & gas production at Rajasthan block
- Substantial increase in R&R
 - Successful discovery in Rajasthan block
 - Mine life extensions for zinc, copper and iron ore

Well invested assets driving growth

With successful delivery of organic growth and selective value-accretive M&A, we have created a well-invested asset base of relatively new, low-cost, large-scale assets that are ramping up and driving cash flow growth. At the Cairn India oil & gas business acquired in FY 2012, we delivered a full year of strong production ramp-up and cost performance. Overall, we delivered strong production growth across the portfolio including record production of mined zinc-lead and silver at Zinc India and refined copper and aluminium.

Track record of EBITDA growth

We have delivered 21% growth in EBITDA to US\$4.9 billion this year, which is almost 17 times our EBITDA of US\$323 million at the time of IPO, representing a CAGR of 35% over nine years. This reflects strong organic growth at benchmark capital costs, successful integration of value-accretive acquisitions, and a focus on continuously driving operational efficiencies and keeping operating costs low across our operations.

“We delivered production ramp-up across the portfolio during the year, and are well positioned to capitalise on emerging market growth.”

US\$46^{bn}

2013 total assets

US\$1.3^{bn}

Returned to shareholders since IPO

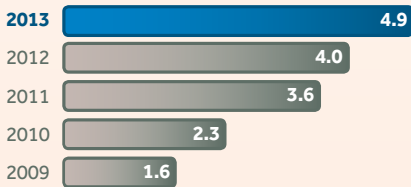


Above: Engineer verifying operating parameters at electrical control room of switchyard, BALCO.



Above: Drilling at underground lead-zinc mine, BMM.

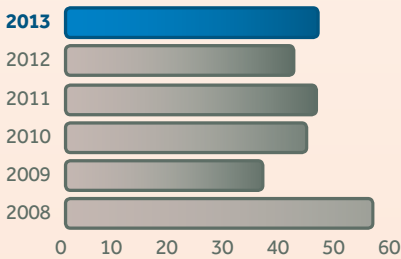
EBITDA (US\$bn)



Continued growth in total assets (US\$bn)



EBITDA margin (%)¹



¹ Excludes custom smelting at Copper and Zinc India operations.

A strong market position

Whilst we have a strong market position in India, we also have excellent exposure to other emerging markets, with over 80% of our revenues from Asia, Africa, China and the Middle East. We are one of the world's largest zinc, lead and silver producers and the largest private sector producer of iron ore and aluminium in our home market. In addition, Cairn India is the leading oil & gas producer in India, supplying over 25% of the country's crude oil requirements.

Diver

Portfolio

In brief

- Large, long-life, scalable assets
- Low operating costs and sustaining capex
- Well positioned to serve emerging markets

A well balanced portfolio of Tier-1 assets

From a base metals business with three commodities at flotation, Vedanta has created a natural resources portfolio of large, low-cost, long-life, scalable assets that now extends across aluminium, copper, iron ore, lead, silver, zinc and oil & gas. We sell power generated by our independent power plants including 274MW of wind power and surplus power from our captive power stations. Our assets are primarily located in the high growth markets of India and Africa.

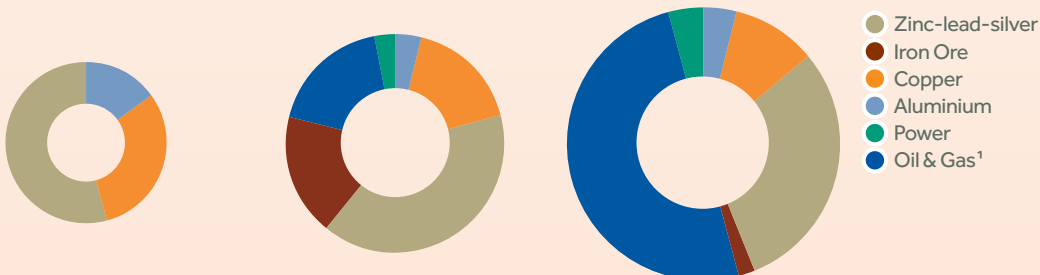


Continued Growth and Diversification

2007

2012

2013



EBITDA: **US\$2.7bn** EBITDA: **US\$4.0bn** EBITDA: **US\$4.9bn**

1 Numbers post completion of acquisition of Cairn India on 8 December 2011.



Top: Pig iron being loaded onto a truck in Goa, Sesa Goa.

Bottom: 1,200 MW power plant, BALCO.

Diversified

Delivering consistent returns to shareholders

Vedanta's strong low cost positioning of its Tier-1 assets has enabled the Group to deliver consistent margins. Since its IPO in 2004, Vedanta has maintained a progressive dividend policy, increasing dividends in every year except one when dividends were held constant.

"We have a broad natural resources portfolio diversified across base metals, bulks and oil & gas and have delivered consistent EBITDA margins in excess of 30% since our IPO."

Tier-1 diversified asset portfolio

Positioning	R&R Life ¹	FY2013 Production (Full Capacity) ²	Cash Cost Position
Oil & Gas	15	205kboepd (225-240kboepd) ³	Lowest quartile
Zinc International	20+	426kt (400ktpa)	Lower half
Silver	25+	13.1moz (16mozpa)	By-product
Zinc India	25+	802kt (1.2mtpa)	Lowest quartile
Iron Ore⁴	20+	3.1mt ⁵ (16.8mtpa)	Lowest quartile
Copper Zambia	25+	160kt ⁶ (400ktpa)	Lower half (post ramp-up)
Aluminium	-	774kt (2.3mtpa)	Lower half; lowest quartile with captive bauxite

Large, low-cost, long-life, scalable assets

1 Based on FY2013 production and R&R as at 31 March 2013; Iron ore is based on existing capacity; Zinc International includes Gamsberg in R&R.

2 Includes announced expansions; Iron ore shown at existing EC capacity of 14.5mt in Goa and 2.3mt provisional capacity in Karnataka.

3 Expected capacity for currently producing assets, subject to approvals.

4 Numbers excluding Liberia.

5 FY2013 sales.

6 Integrated production.

Efficient

Capital

In brief

Production ramp-up and cost efficiencies delivering free cash flow growth:

- Focus on deleveraging
 - Net debt reduced by c.US\$1.5 billion
 - Group simplification to better align debt and cash
- Consistent returns to investors
 - Progressive dividend maintained through the cycle
 - US\$1.3 billion returned to shareholders since IPO
- Focused on projects with attractive returns
 - Expansion to 1.2mtpa mined metal (20% growth) at high-margin Zinc India
 - Unlock value of proven Rajasthan oil & gas block: exploration to achieve basin potential of 300kbopd

Low-cost capital investments

Vedanta continued to invest through the commodity downturn and is reaping the benefits of a well-invested expansion programme as project ramp ups drove free cash flow generation, which exceeded growth capex by US\$1.5 billion this year.

Reducing our debt

We crossed an inflection point in FY2012 as free cash flows exceeded capex. We consolidated on this further in FY2013 and reduced our net debt by US\$1.5 billion. We have paid down c.US\$500 million¹ of debt during the year, and remain focused on deleveraging. Furthermore, the completion of the Group structure simplification is expected to align debt and cash generation across the Group.

Consistent returns to investors

We continued to maintain a progressive dividend through the commodity cycle, and paid out dividends at a CAGR of 15% since IPO. We have returned US\$1.3 billion to shareholders since our IPO through dividends and share buybacks.

1 Based on full value.

“Our focus continues to be on generating shareholder returns through prudent capital allocation, with a focus on low-risk, phased projects with high returns.”

+15%

Dividend CAGR since IPO

US\$1.5bn

Reduction in net debt

US\$3.5bn

Free cash flow

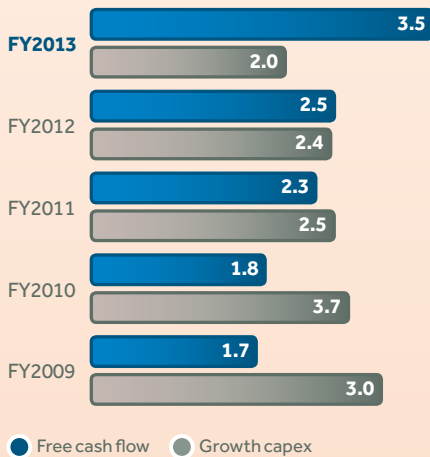


Left: Mine workers conducting a risk assessment exercise as part of safety processes, BMM.

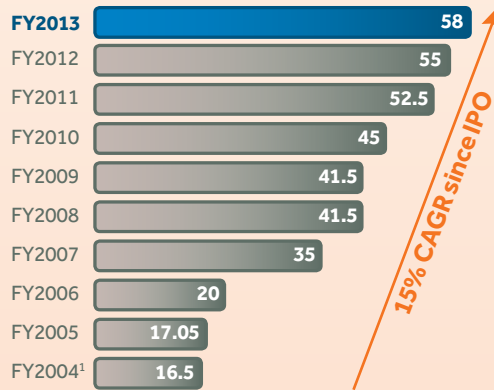
Right: Engineer verifying zinc cathodes at casthouse of Chanderiya Smelting Complex, HZL.

Management

Strengthening free cash flow post growth capex (US\$bn)



Maintained Progressive Dividends (US¢/share)



¹ In FY2004, a single dividend of 5.5 US cents per share was paid for the four months since listing, equivalent to an annual payment of 16.5 US cents per share.

Focused on projects with attractive returns

With a strong positioning in emerging markets, including the Indian oil & gas market where imports constitute more than 75% of supply, we remain focused on identifying and developing projects with attractive returns to capitalise on the growth opportunities presented by these markets.

We announced an expansion to 1.2mtpa of mined zinc-lead at the high-margin Zinc

India operations, in a phased manner over the next six years. We recommenced oil & gas exploration at the prolific Rajasthan oil & gas block, and continue to work towards unlocking the basin potential to achieve a targeted production rate of 300,000 bopd of crude oil from this proven block. At our Liberia iron ore project, which has favourable parameters such as proximity to port and the presence of two brown field assets, we have adopted a phased development approach.

Operating Sustainable

In brief

- Our sustainability strategy is supported by an enhanced new sustainability framework which has been rolled out across the Group
- Vedanta Sustainability Assurance Programme ('VSAP') introduced
- Community spend of US\$47 million
 - Reaching 3.7 million people across the globe
- 62% reduction in LTIFR over the last five years

"Sustainability is a core element of our strategy and fundamental to creating value for all our stakeholders."

Embedding sustainability

Our journey of continuous improvement includes the further alignment of Vedanta's operations with international best practice and standards. Our sustainability strategy is supported by an enhanced new sustainability framework which has been rolled out across the Group. The framework is aligned with international standards like IFC.

We are in the process of embedding this new sustainability framework and implementing its practices and procedures across the Group to ensure we have consistent systems and processes in all our operations.

In addition, we have adopted a robust evaluation and internal assurance process – Vedanta Sustainable Assurance Programme ('VSAP') – which has been introduced over the last year to embed this commitment at the operational level and have been instrumental in delivering the Group sustainability strategy.

Responsible stewardship

- The Board-mandated Sustainability Committee fulfilled its mandate and carried out its duties, supported by the operationally-focused ExCo Sub Committee on Sustainability.
- The health & safety of the people who work for the Vedanta Group remains a key focus and we are saddened to report 20 fatalities during the year.

600+

Experts in health, safety, environment and community engagement

US\$47m

Spent on community programmes

92.3MW

Waste heat electricity generation

materially

- Whilst there is much more to do to achieve our goal of zero fatal accidents, our Lost Time Injury Frequency Rate ('LTIFR') has reduced significantly over the last five years – down by 62% – and structured programmes are in place focusing on incident reduction.
- Challenging targets have been set for reducing energy and water consumption and to date we have an installed capacity of 92.3MW waste heat electricity generation.
- During the year, 5.63mt of non-hazardous waste has been successfully recycled.
- Our Vedanta Sustainability Assurance Programme was rolled out across 13 of our subsidiaries. Modules assessed include safety and environmental management.

Further detail is available in the 'Responsible Stewardship' section of the 2012 Vedanta Sustainable Development Report.

Building strong relationships

- A dedicated stakeholder engagement exercise focused on materiality was commissioned in 2012 to identify priority issues.
- Throughout the year more than 4,700 stakeholder engagement meetings took place, with community leaders, non-governmental organisations ('NGOs'), governments and government bodies and academic institutions.
- Around 250 partnerships are now in place.
- All subsidiaries are transitioning their Stakeholder Engagement Plans to align with the sustainability framework.

Further details are available in the 'Building Stakeholder Relationships' section of the 2013 Vedanta Sustainable Development Report.

Adding and sharing value

- We make a positive contribution to our local communities in several ways:
 - through providing employment to around 91,000 employees and contractors;
 - as a substantial tax payer having contributed US\$5.3 billion to the Exchequer through direct and indirect taxes, royalty and oil tax; and
 - as a contributor to the local villages where we operate.
- Last year we spent US\$47 million on community projects that benefited over 3.7 million people in India and Africa.

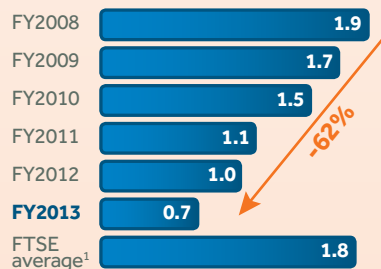
Additionally, the Group paid US\$5.3 billion to various governments in FY2013 through direct and indirect taxes, royalties and oil tax.



Top: Vocational training for women at self help groups, HZL.

Bottom: Engineers at Skorpion integrated zinc complex.

LTIFR (per million man hours)



¹ Peer average of last reported numbers for FTSE100 metals and mining companies who report LTIFR.

Market Overview

“Global growth and commodity demand remains volatile and emerging markets continue to be the key drivers of growth.”

With slower world economic growth slowing in 2012 driven by continued weakness in developed economies and reduced growth in emerging economies, prices for commodities softened during the year. However, emerging markets remain the key drivers for growth and commodity prices as long-term trends of urbanisation and favourable demographics are expected to support growth in consumption and infrastructure in these markets.

Zinc

Whilst the market outlook remains strong, with developing markets underpinning global growth, the global economic slowdown in 2012 led to reduced demand for zinc and lead at the beginning of the year. In the second half, the construction and heavy industrial sectors showed particular strength and the long-awaited reacceleration of Chinese economic growth helped buoy zinc markets with consumption reaching about 12.8mt by the end of the year as compared to 12mt last year.

Going forward, a supply shortage is projected alongside robust demand as growth continues in emerging markets fuelled by rapid industrialisation and infrastructure development. This combination of increasing global zinc demand along with lagging supply due to closures of some major zinc operations in 2013 and 2014 is expected to create an imbalance, potentially creating an opportunity for Vedanta and other zinc miners.

In India, we are anticipating strong growth in the near-term, driven by demand from the galvanising industry. Investment in infrastructure projects is expected to further boost demand of industrial metals including zinc.

Lead

Global production of lead is estimated to have grown strongly in 2012, and it is expected that production will grow around 4–5% on average in the near term driven by the automotive and industrial battery sectors.

India will be one of the key drivers of growth in the Asian region, second only to China. India's domestic market is expected to witness a robust growth of around 6% in the coming years, driven mainly by the UPS battery and replacement battery sectors. The influx of many major automobile manufacturers, making India and other BRIC countries production hubs, underpins the increasing positive outlook for lead.

Iron Ore

Iron ore prices experienced a sharp drop as a result of destocking activities by traders in China and negative sentiment surrounding the Chinese steel industry, particularly production overcapacity. Iron ore price volatility has been increasing over the past four years coinciding with the increased use of shorter-term contracts and spot trading.

China was the world's largest consumer of steel in 2012, accounting for around 44% of total global consumption. In 2013, China's steel consumption is forecast to increase 4%, relative to 2012, to total 697 million tonnes. The approval of infrastructure investment packages announced in late 2012, particularly expansion to rail networks, as well as continued growth in commercial and residential construction are expected to support higher steel consumption.

In 2013, India's steel consumption is forecast to increase 7%, compared to 2012, to total 84mt. Higher consumption is expected as a result of predicted robust economic growth associated with government spending on infrastructure and higher consumption of consumer durables.

Copper

Global refined copper production in 2012 was 20.2mt, an increase of 2% over 2011. Global refined supply exceeded consumption slightly by about 50kt with consumption remaining almost flat at 19.7mt during the year.

China was the largest end user of copper in 2012 with a global market share of 42% and remained the preferred destination for exports.



Top: Engineer at control room of Dariba smelting complex, HZL.

Middle: Aluminium rolled products being transported on a conveyor, BALCO.

Commodity prices US\$/mt	FY 2010–11	FY 2011–12	FY 2012–13
Copper	8,138	8,475	7,853
Aluminium	2,257	2,313	1,974
Zinc	2,185	2,098	1,948
Lead	2,244	2,269	2,113
Silver (US\$/oz)	23.9	35.3	30.5
Iron Ore (63 Fe Grade)	144	149	120
Oil – Brent (US\$/bbl)	87	114	110

Source: London Metal Exchange, The London Bullion Market Association, Mysteel Iron Ore Index, Bloomberg.

Global mine production growth was 3.8% in 2012 due to the ramp up in production at some of the new mines mainly in Chile and Peru.

The first half of 2012 saw a tight spot market affected by production disruptions at two major copper concentrate producing mines, one in Indonesia and one in Chile. However, mine production improved from second quarter of 2012 and stable operations continued during the second half, which led to an increase in availability of copper concentrates.

Consumption in the Indian primary copper market remained almost flat in 2012 and the total share for producers of refined copper remained unchanged as imports remained subdued. The demand for refined copper in India is expected to grow to 2mt in 2030, representing a Compound Annual Growth Rate ('CAGR') of 6.7%.

Aluminium

The global aluminium industry recorded a 3.7% growth in production and a 4.8% growth in consumption during CY 2012.

In 2012, aluminium producers were hit by a 16% drop (over 2011) in prices. Global stock in days of consumption increased to 120 days in 2012, a level last seen in the early 90s when the market was trying to digest the large volumes of metal coming from the former Soviet Union.

Aluminium consumption grew at an uneven pace as governments across the world announced tax cuts, subsidies and benefits to improve consumer confidence. In 2013, China is expected to show robust growth backed by infrastructure spending. A recovery in the US housing market and robust aluminium consumption for transportation is expected to drive overall global primary aluminium consumption to rise by 7.2% to 49.7 million tonnes.

As a growing economy, India is expected to experience strong primary aluminium demand to support electrification and power infrastructure projects.

India's primary aluminium consumption is expected to grow by 8% over 2012 to 2.08mt. Long-term forecasts project consumption of 7.7mt in 2030 which equates to 5.06kg of primary aluminium consumption per capita. When compared to the current per capita primary aluminium consumption of 1.39kg and an aluminium demand of 1.9mt, this underpins the huge potential for demand growth in India.

Power

The Indian power sector has achieved an annual growth of 11.7% in its installed capacity since the end of the 11th five year plan, to achieve an installed capacity of 223.3GW at the end of March 2013. Of this, 67.8% represented thermal capacity, while 12.3% was from renewable energy sources. Despite the market growth, power supply has lagged behind demand, with supply falling short of India's peak energy demand for FY 2012–13 by 10.6%, as anticipated by the Central Electricity Authority ('CEA'). Per capita consumption of electricity in the country of about 879kwh in 2012 was only about 24% of the world's average, highlighting the growth prospects for the future.

Coal deficits and higher costs due to imports has adversely impacted the industry in recent years. However, the Government of India's efforts to ensure a minimum of 80% of fuel supply to power producers is expected to improve the performance of the power sector.

Outlook

The key trends of infrastructure development and urbanisation in emerging economies will continue to be the main drivers of demand in the near term as volatility in developed economies remains a challenge. Constrained capital expenditure across the industry should help bring supply back in line providing some support for prices in the coming year, combined with a modest recovery in the US and renewed infrastructure spending in China.

“Vedanta is well positioned to capitalise on emerging market growth with a significant portion of its assets in India and Africa. For example, India imports over 80% of its crude oil requirements, and we are currently the largest private sector producer of crude oil in India.”



Creating and preserving value

What we do and how we add value

Vedanta operates across the natural resources value chain undertaking exploration, asset development, extraction, processing and value addition, with a primary focus on upstream operations. We capitalise our strategic capabilities including our strengths, resources and relationships, to create and preserve value for our wide stakeholder groups.

The Group's principal commodities are priced with reference to standard global benchmark prices such as London Metal Exchange prices, Brent and WTI, etc. We maximise returns through a strong focus on low-cost production.

We take a long-term view and we are committed to the highest standards of sustainable development in all aspects of our business. Our Sustainability Framework aligns strategic thinking with sustainability, and underpins everything we do.



Main image: Night view of shaft headgear at underground lead-zinc mine, BMM.

Above: Molten zinc metal in zinc furnace of Debari smelter, HZL.

Above: Engineer at Turbine Generator of 2,400MW power plant, Jharsuguda.

Our Strategic Capabilities

Project execution

We are nearing completion of our announced capital investment programme to expand our capacities and have honed our project execution skills, delivering multi-billion dollar programmes on schedule and on budget.

M&A

We have a strong track record of successfully acquiring, integrating and growing the companies we have acquired. These acquisitions have extended our commodity and geographic footprint. Following integration, we focus on asset optimisation and organic growth through expansion projects.

Operational excellence

Our strength in production is driven by our focus on debottlenecking processes, improving operational and cost efficiencies, and reducing our specific consumption of inputs including energy and water.

Low-cost focus

All our operations have a long-term sustainable cost position in the lowest quartile or lower half of the global cost curve. We aim to achieve and sustain this cost positioning by an integrated approach to producing natural resources, and a focus on operational excellence.

Exploration focus

Our skill in exploration has delivered consistent increases in our R&R over the years, extending the life of our resource base despite our increased production levels. Additionally, recent acquisitions of Liberia Iron Ore and Cairn India have added considerable potential for future expansion of R&R.

Financial strength

We have a strong balance sheet with capital employed of US\$27.5 billion, cash and liquid investments of US\$8.0 billion and net gearing of 31% as at 31 March 2013. With projects ramping up and delivering strong production growth, we expect higher EBITDA and free cash flows. We delivered robust free cash flow before expansion capital expenditure of US\$3.5 billion in FY 2012–13.

People and culture

With a 31,000 strong workforce and a talent pool of technical, engineering and business professionals, we focus on offering our employees the opportunity to develop their potential within a high growth, entrepreneurial culture.

Relationships and partnerships

We seek to build long-term, mutually beneficial, long-term relationships with our stakeholders including shareholders and lenders, suppliers and contractors, customers, employees, governments, communities, industry and civil society.

We are a substantial contributor to the economies and communities where we operate. For example, we are one of the largest contributors to the exchequer in India. We paid a total of US\$5.3 billion in taxes and levies across the Group in FY 2012–13.

Value Chain

Exploration

We focus on extending the life of our mines and oilfields through well-targeted exploration, aimed at increasing our R&R base, over and above what we extract each year. Our exploration programmes comprise brown field and green field activities across our asset base.

Asset development

Following successful exploration, we develop the resource base to optimise both production and life of the resource. We also develop processing facilities in strategic locations. Across our businesses, we have a strong track record of executing projects on time and within budget.

Extraction

Our operations are focused on mining metals, extracting oil & gas and generating power. We operate our mines in India, Africa, Australia and Ireland, extracting zinc, lead, silver, iron ore, bauxite and copper. We have three operating blocks in India producing oil & gas.

Processing

In line with our integrated business model, we produce refined metals by processing and smelting the extracted resources at our zinc, lead, silver, copper, and aluminium smelters, and other processing facilities in India and Africa. We generate power for captive use across most of our operations and sell any surplus power. We sell power generated by our independent power plants.

Value addition

We meet market requirements by selectively adding value and converting the primary metals produced into higher margin products such as sheets, rods, bars, rolled products, etc. at our zinc, aluminium and copper businesses.

Strategic Framework

Vision

To be a world class, diversified resources company providing superior returns to our shareholders, with high quality assets, low-cost operations and sustainable development.

Strategy

To deliver growth, long-term value and sustainable development through our diversified portfolio of large, long-life, low-cost assets.

Growth

Organic growth

We focus primarily on extending our resource base and growing our assets organically, investing in projects that expand our capacity and increase production volumes.

Selective and value accretive M&A

In addition to organic growth, we look to acquire large proven assets where we can add significant value with our strategic capabilities.

Long-term value

Optimise returns

We aim to optimise our cost and operational performance through a culture of continuous improvement to achieve and maintain a low cost position in all our businesses.

Reserves and resources

We aim to continue to add to our Reserves and Resources ('R&R') at a faster rate than we deplete them through a continued focus on exploration.

Group structure

Consolidation and simplification of our Group structure remains a strategic objective as we seek to drive synergies from integrating the Group and build long-term value.

Sustainability

Responsible stewardship

We are committed to providing a safe, secure and healthy workplace for all employees by optimising our specific consumption of inputs and minimising our environmental footprint.

Building strong relationships

We aim to forge strong partnerships by engaging with our key stakeholders including shareholders and lenders, suppliers and contractors, customers, employees, governments, communities and civil society.

Adding and sharing value

We aim to create and sustain policies and processes that will contribute to the well-being and development of our employees and deliver sustainable benefits to the local communities where we operate.

What we said we would do

- Ramp-up of oil production at Rajasthan field to 240kbopd by CY 2013 (basin potential of 300kbopd)
- Recover iron ore volumes and ramp up at Konkola mine and Power operations
- Focus on future drivers of growth: Liberia, Gamsberg, Zinc India

- Continue to add R&R in oil & gas, iron ore and zinc
- Reduce gearing through strong free cash flow
- Continued focus on securing coal and bauxite
- Complete simplification of the Group structure

- Continue to improve our safety performance
- Continue to improve our stakeholder engagement
- Improve process of identifying issues that are material to our stakeholders and to the business
- Expand our structured educational, healthcare and community programmes

How we performed

- 32% ramp up to 170kbopd of oil & gas production with ramp-up continuing
- Record production at Zinc India
- Integrated copper production up 16% driven by ramp up at Konkola and total power sales up 36%. Iron ore volumes depressed by impact of mining restrictions
- Feasibility study underway for 186mt in Gamsberg deposit

- Mine extensions delivered in our Zinc, Copper and Iron Ore operations
- JORC confirmation of initial exploration R&R of 966mt in Liberia
- Net gearing reduced from 35% to 31%
- Group simplification approval received from High Court of Bombay in Goa and Madras High Court order awaited

- LTIFR halved from 1.91 to 0.72 over the last five years
- Over 4,700 stakeholder engagement meetings took place and over 250 partnerships are now in place
- Undertook a focused materiality assessment with priority findings presented to management
- 27 of the 29 recommendations made by the Scott Wilson review have now been completed and closed off. (Final Sign-Off Audit and a recommendation relating to the on-hold Lanjigarh expansion project remain)
- US\$47 million invested in community programmes during the year, reaching 3.7 million people

Future priorities

- Achieve growth to 1.2mtpa mined zinc lead metal
- Achieve exit production rate of 200,000–215,000 bopd of oil & gas in FY 2014
- Feasibility study of Gamsberg
- Ramp up mine development at Konkola to realise its full potential
- Phased development of Liberia mining project

- Unlock value of proven Rajasthan oil & gas block: exploration to achieve basin potential of 300kbopd
- Deleverage balance sheet with increase in free cash flow after project capex
- Continued focus on securing coal and bauxite
- Complete simplification of Group structure

- Target to further reduce LTIFR to 0.50 by 2015 (0.70 by 2014)
- All sites to upgrade their existing Stakeholder Engagement Plans as per sustainability framework
- Closure of all 29 recommendations
- Structured community development programmes to continue

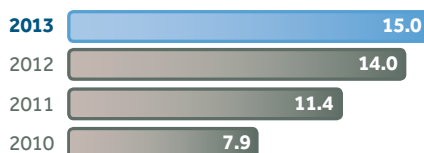
Key Performance Indicators

Vedanta has identified the key performance indicators that it believes are useful in assessing how well the Group is performing against its strategic aims.

They encompass both financial and non-financial measures.

Growth

Revenue (US\$bn)



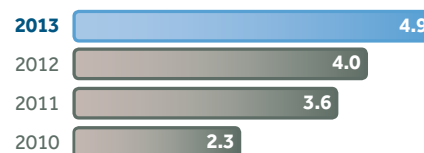
Description

Revenue represents the value of goods and services provided to third parties during the year.

Commentary

Revenues increased to US\$14,990 million, up 7.0% following Cairn India's contribution of US\$3,223 million to our revenue in its first full year of operations. Despite our major businesses delivering higher volume growth, with the exception of iron ore, weak commodity prices lowered revenues. Revenue was also impacted by the suspension of iron ore mining in Goa from September 2012 and the continued mining restriction in Karnataka.

EBITDA (US\$bn)



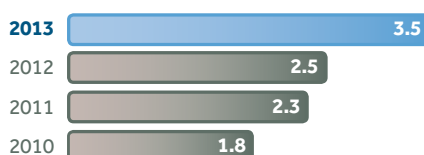
Description

Earnings Before Interest, Taxes, Depreciation and Amortisation ('EBITDA') is a factor of volumes, prices and cost of production. This measure is calculated by adjusting operating profit for special items, and adding depreciation and amortisation.

Commentary

EBITDA increased by 21.4% to US\$4,888 million including a full year of operating results from Cairn India which contributed US\$2,440 million. This demonstrates the resilience of our diversified business portfolio which helped insulate our EBITDA performance from lower commodity prices and the disruption of iron ore operations during the year.

Free cash flow (US\$bn)



Description

This represents net cash flows before financing activities, investing activities in expansion projects and dividends paid out by Vedanta. This measure ensures that the profit generated by our assets is reflected by cash flow in order to fund future growth.

Commentary

Free cash flow in FY 2012–13 was US\$3,535 million as compared to US\$2,534 million in FY 2011–12, up by 39.5%. EBITDA conversion to free cash flow was 72.3% as compared to EBITDA conversion to free cash flow of 62.9% in FY 2011–12 and cash flow generation after expansion capex was US\$1,516 million, significantly higher than the previous year.

Capex spent (US\$bn)



Description

This represents the amount invested in our organic growth programme during the year.

Commentary

Expansion capital expenditure during the year was US\$2,019 million as compared to US\$2,398 million in the previous year, lower by US\$379 million. The Company's capital expenditure programme has begun to taper off, reflecting the Company's prudent approach to capital allocation.

Long-term value



ROCE¹ (%)



¹ Excluding capital work in progress.

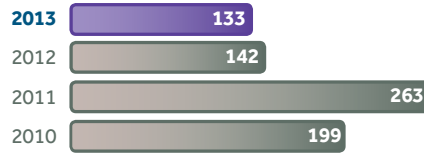
Description

This is calculated on the basis of operating profit before special items and net of tax as a ratio of capital invested in operations as at the balance sheet date, and excludes investment in project capital work in progress and exploration assets. The objective is to consistently earn a post-tax return above the weighted average cost of capital.

Commentary

ROCE without project capital work in progress and exploration assets in FY 2012–13 increased to 17.5% as compared to 11.3% in the previous year.

Underlying EPS (US cents)



Description

This represents net profit attributable to equity shareholders and is stated before special items and their attributable tax and minority interest impacts. By producing a stream of profits and EPS we will be able to pay a progressive dividend to our shareholders.

Commentary

Underlying EPS at US\$1.33 per share was lower compared to the previous year of US\$1.42 per share. The increase in attributable profit resulting from the full year operations of Cairn India and better operational efficiency of our other businesses was more than offset by the mining restriction in iron ore and lower metal prices across all metals and higher operating costs at KCM.

Dividend per share (US cents)



Description

Dividend per share ('DPS') is the total of final dividend recommended by the Board in relation to the year and interim dividend paid out during the year.

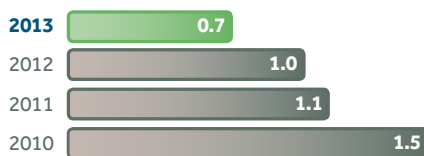
Commentary

We have been able to maintain our commitment to a progressive dividend policy, raising the total dividend to 58 US cents per share this year, up 5.5%.

Sustainability



LTIFR (million man hours)



Description

The Lost Time Injury Frequency Rate ('LTIFR') is the number of lost-time injuries per million man-hours worked. This includes our employees and contractors working in our operations but not incidents in our projects.

Commentary

We have been able to sustain the reduction in LTIFR with a 62% decrease during the last five years. Additionally, we have initiated structured programmes to review and remove any unsafe conditions at our plants.

Women in workforce (%)



Description

The percentage of women in the total permanent employee workforce.

Commentary

We nurture young, enthusiastic talent and provide equal opportunities to men and women. During FY 2012–13, women employees comprised 8.1% of our employees. We initiated several initiatives aimed at providing career advancement to women, for example planned rotation through corporate functions.

CSR footprint (million beneficiaries)



Description

Total number of beneficiaries through our community development programmes across all our operations.

Commentary

Over 3.7 million people benefited this year through our continuing engagement in community development projects comprising community health, nutrition, education, water and sanitation, sustainable livelihood, women empowerment and bio-investment.

Delivering our strategy



Above: Mangala processing terminal, Cairn India.

Key Strategic Priorities

- Disciplined production growth across the portfolio with a focus on returns
- Continue to add reserves and resources to drive long-term value by extending resources at a faster rate than we deplete them through a continued focus on drilling and exploration programmes
- Reduce gearing from cash flow as we have reached an inflection point where free cash flow exceeds capex
- Complete the simplification of the Group structure to more closely align debt with cash flow and deliver significant synergies

“Vedanta has delivered a set of strong results driven by production ramp-ups and continued cost control across our well-diversified portfolio of Tier-1 assets against a backdrop of challenging economic conditions and volatile commodity prices.”

Strategic context

We continued to deliver on our strategy during the year in an uncertain economic environment. Our diversification into oil & gas enabled us to deliver strong financial results despite a difficult year for the mining industry and some Company specific challenges. Challenges for the industry persisted in 2012 as the market uncertainty and volatility witnessed since the global financial crisis continued. The recent trends of slower growth in China, a troubled euro zone and a gradual recovery in the US were the main factors which depressed the economic sentiments of the global economy. The global industry also faced falling prices combined with increasing costs creating further pressure on margins in the mining and metal industry. In addition to these factors, during the year our iron ore businesses in Goa and Karnataka were impacted by the mining restrictions which reduced our operating profit by US\$485.3 million compared to the previous year. Against this backdrop, we improved our operational performance delivering production growth and reducing costs across all our segments.

Following our acquisition of the controlling stake in Cairn India, it delivered excellent financial results in its first full year and helped us to create a world class diversified natural resource company.

Delivering our strategy

Over the years we have built a diversified company with a well-balanced portfolio covering oil & gas, metals, bulks and power and are India's leading natural resource company. Most of our growth projects are now complete so we have passed the inflexion point where free cash flow exceeds our growth capital expenditure. We are now focused on deleveraging and reducing debt.

We continue to focus on delivering growth and long-term value for our stakeholders, by investing in, and maintaining, structurally low cost, high quality assets with long operational lives where we can drive further improvement through efficiencies. Structurally our Tier-1 asset portfolio provides us with a competitive cost position as the majority of our businesses are in the lowest quartile of the global cost curve.

Our success in extending our resource base is essential to sustain future growth. We are committed to sustainable development, reflecting the needs of all our stakeholders – our employees, our local communities, our environmental stakeholders – as well as our shareholders.



Top: Ingot casting line at Skorpion integrated zinc complex.

Middle: Dumper truck at Nchanga open pits, KCM.

Bottom: Engineers at pot room of 500ktpa smelter, VAL.



Successfully delivering growth



Above: Aerial view of Jharsuguda smelting complex.



Organic growth

We have continued to focus on extending our existing resources and growing our assets organically, by investing in projects that expand our capacity and increase our production volumes.

During the year, our aluminium smelters operated at more than the rated capacity and volume increased significantly over FY 2011–12. We had record production of lead and silver at our Zinc India subsidiary with copper cathode production improving in Sterlite as well as at Konkola Copper Mines ('KCM'). Sterlite Energy operated at a higher plant load factor ('PLF') increasing commercial power generation, although this was constrained by power transmission capacity. This higher generation of commercial power was also supported by an increase in green energy powered from our wind power plants.

Selective and value accretive M&A

Whilst our primary focus is on growing our existing assets, we pursue selective acquisitions that are value-enhancing for our shareholders. We seek large proven, assets with the potential for growth and/or cost improvement, where we can leverage our skills and experience. These could include new geographies and commodities that meet our investment criteria. Last year, we acquired a controlling interest in Cairn India, the largest private oil producer in India. In 2012, Cairn India contributed 49% of the Group's EBITDA. This diversification has helped the Group improve the profitability despite adverse commodity prices in copper, aluminium, zinc, lead and silver.

During the year, we acquired the outstanding 49% stake in the brown field and green field iron ore assets in Liberia in Western Africa for a cost of US\$33.5 million. West Africa is an emerging hub for iron ore. The region has approximately 34 billion tonnes of reserves and resources, with the potential to become a 100 million tonnes per annum iron ore exporting region.

“Our focus continues to be on generating shareholder returns through prudent capital allocation, with a focus on low-risk, phased projects with high returns.”



Top: Engineers at SK lead-zinc mine.

Middle: Aerial view of purification facility at smelter complex, Skorpion Zinc.

Bottom: Aluminium wire rod extrusion, BALCO.



Operating above capacity



Above: Switchyard, Talwandi Sabo project.

“We have a proven track record of consistently growing our reserves and resources (‘R&R’) organically. We remain focused to continue to add more than we mine out, in line with our strategy to maintain a portfolio of assets with long mine life.”

Optimise returns

As the majority of our assets have had recent investment or are new, over the period our businesses have demonstrated lower annual sustaining capital costs. We believe there is further potential for operating cost reduction with the ramp up of production, a continued focus on asset optimisation and improved raw material sourcing.

Reserves and resources

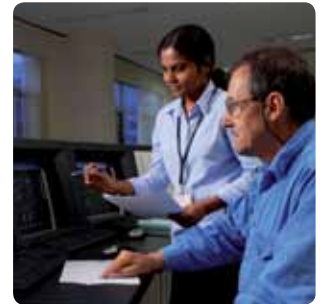
In line with our strategy to maintain long mine life for our assets and our target to add more than we mine, we continue to focus on our exploration programmes – on both brown field and green field sites. During FY 2012–13, our exploration activities resulted in the successful addition of reserves and resources (‘R&R’) at our zinc and iron ore businesses.

Key achievements

- 1.0mt contained metal added to R&R in Zinc India, prior to depletion of 0.9mt equivalent of mined out metal during the year
- Significant exploration success in our Indian Iron Ore business, with the net addition of 59mt to reserve and resources, extending the mine life to 20 years
- Exploration success in Liberia, first iron ore R&R declared at 966mt
- Konkola Copper Mine (‘KCM’) has substantively increased its R&R by 78mt on a net basis. This increase in R&R has contributed to a 20% increase in contained copper compared to March 2012
- Copper Mines of Australia (‘CMT’) added 5.4mt to reserves, prior to depletion of 2.5mt. With a total reserves of 8.9mt of copper ore on 31 March 2013, the mine life has been extended to around four years

Group structure

Last year we initiated a major project to simplify our Group structure and unlock value. This is focused around the merger of Sesa Goa Ltd and Sterlite Industries (India) Ltd to form Sesa Sterlite Ltd, aiming to create a more efficient capital structure across the Group with better alignment of debt and cash flows, as well as delivering significant synergies. The necessary approval from the High Court of Bombay at Goa has been received and we now await the approval of the High Court of Madras.



Top: Engineers at control room of Lanjigarh refinery, VAL.

Middle: Aerial view of Tailings management facility rehabilitation plots, Lisheen.

Bottom: Ball mill at the newly commissioned East Mill at Nchanga Concentrator, KCM.



Focused on sustainability



“Following the development and group-wide roll-out of our new business sustainability framework last year, we have consistently implemented this across the Group to enhance the value of our business, reduce our risks and preserve our licence to operate.”

Above: Engineers at smelter control room, BALCO.

Sustainability is a core element of our guiding strategy and Group values, and supports us in growing Vedanta's business and creating long-term value for our stakeholders.

We have been working to train and develop our employees and contractors in our sustainability framework, to both embed a culture of sustainability across the business as well as implement the framework's supporting practices and procedures. To date more than 8,000 people across the Company have been trained on the framework which is aligned to international sustainability standards including the GRI framework.

As we implement our framework, we enhance the value of our business while reducing risks and preserving our license to operate. This year we have made our approach more robust, which has included the development of our Vedanta Sustainable Assurance Process ('VSAP') – introduced over the last year to embed our commitment at the operational level – as well as a stakeholder engagement exercise to provide a materiality assessment of our key impacts and issues.

These initiatives have been instrumental in delivering the Group sustainability strategy, which is made up of three strategic pillars: Responsible Stewardship, Building Strong Relationships and Adding and Sharing Value.

Responsible stewardship

Responsible Stewardship extends to our employees and their health and safety, our business processes which are centred around risk management, and the management of our land and our environmental impact.

Health and safety

The health and safety of the people who work for the Vedanta Group remains a key focus and we are saddened to report 20 fatalities during the year. The Company and the operational management is committed to sustain and further intensify our actions to make our operations fatality free. As a leading indicator of improving safety environment we see a reduction in the injury rates, and over the past five years we have more than halved our Lost Time Injury Frequency Rate from 1.67 in 2009 to 0.72 in 2013. With safety management continually improving around the Group, we remain committed to meeting our target of zero fatalities.

Environment

Vedanta continues to work on managing its impact on the natural environment. Our continuous improvement projects in air quality, biodiversity, water, waste and energy management have made good progress. As evidence, Vedanta was rated eighth among 38 FTSE metal and mining companies by the Carbon Disclosure Project as it improved its score from 63 in 2012 to 76 in 2013. Despite this progress, we have much more to do to meet our own challenging targets.

Building strong relationships

Establishing and maintaining close links with our stakeholders is an essential part of our journey as a sustainable business.

Throughout the year some 4,700 stakeholder engagement meetings took place, with community leaders, non-governmental organisations ('NGOs'), governments and government bodies, academic institutions and around 250 partnerships are now in place.

Adding and sharing value

We contributed US\$5.3 billion to the Exchequer through direct and indirect taxes, royalty and oil tax globally.

We employ, directly and through contractors, around 91,000 people. We play a significant role in growing local skills and in the development of local infrastructure, including roads, sanitation, education and medical facilities. We made a community investment of US\$47 million this year, reaching 3.7 million people and providing support for schools, hospitals, health centres and farms.



Top: Inspecting quality of alumina, VAL Lanjigarh.

Middle: Team of employees after a safety briefing at workshop area, HZL

Bottom: Environmental preservation and local infrastructure development, VAL Lanjigarh.

Principal Risks and Uncertainties

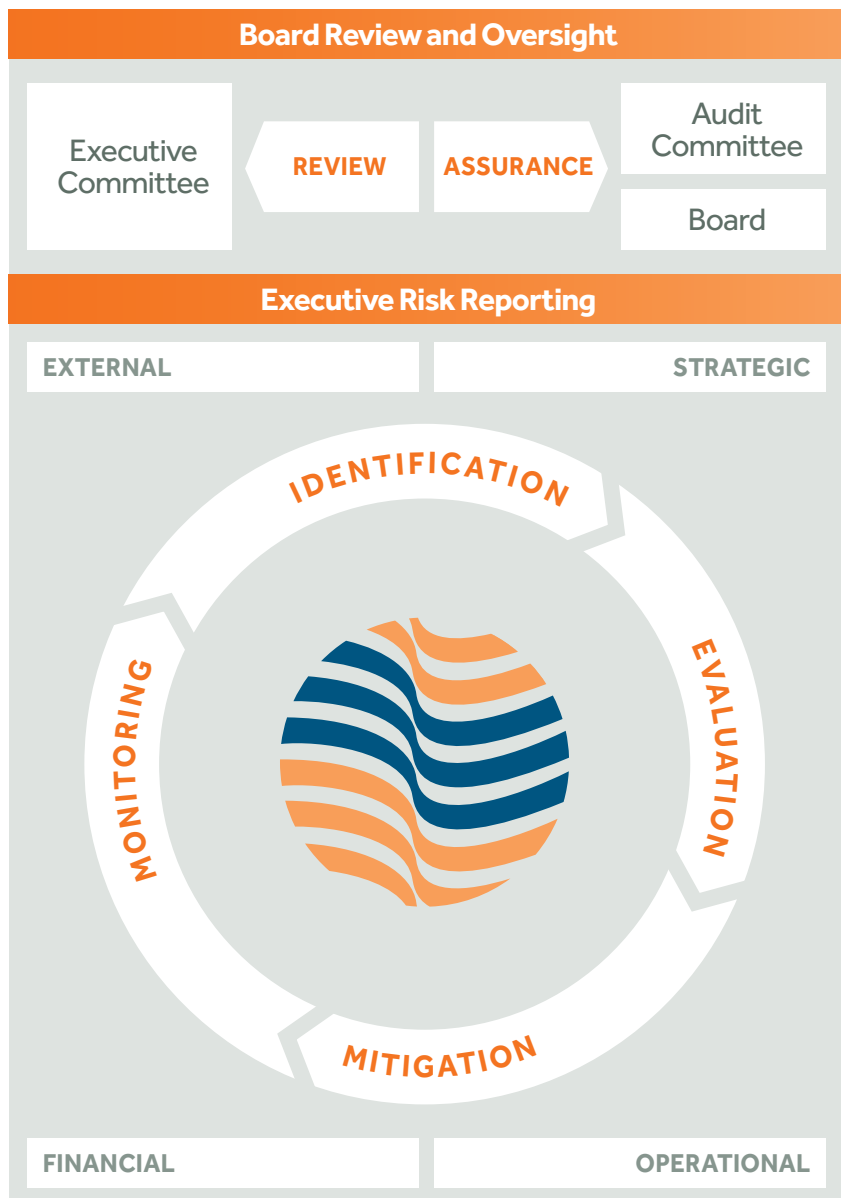
“We have a multi-layered risk management framework aimed at effectively mitigating various risks which our businesses are exposed to in the course of their operations as well as in their strategic actions.”

Vedanta is exposed to a variety of risks which are inherent in an international mining and resources business. The current unstable environment carries with it constantly evolving risks, making it essential for natural resources companies to manage these constantly changing risks, while simultaneously balancing the relative risk/reward equations demanded by its stakeholders

Effective management of risk supports the delivery of our objectives and achievement of sustainable growth. Hence, maintaining a robust risk management system is critical, to allow us to pursue growth opportunities, increase shareholder value and also minimise the financial, operational or reputational impact.

We have a multi-layered risk management framework aimed at effectively mitigating various risks which our businesses are exposed to in the course of their operations as well as in their strategic actions. The Board of Directors has the ultimate responsibility for management of risks and for ensuring the effectiveness of internal control systems. The Audit Committee aids the Board in this process by identification and assessment of any changes in risk exposure, review of risk control measures in place and by approval of remedial actions, where appropriate.

The Audit Committee is in turn supported by the Group Risk Management Committee ('GRMC'), with the assistance of the Management Assurance Services Team. The GRMC, chaired by the Group Chief Executive Officer ('CEO') and comprising of the Group Chief Financial Officer ('CFO') and Director-Management Assurance as its other members, helps the Audit Committee in



Vedanta Risk Matrix

Risk		Gross Impact	Gross Likelihood
1. Delays in expansions and new projects	Strategic	●●●●○	●●●●○
2. Liquidity risks in terms of being able to fund operations and growth	Financial	●●●●○	●●●●○
3. Regulatory, economic, social and political uncertainty	External	●●●●○	●●●●○
4. Discovery risks	Operational	●●●●○	●●●●○
5. Commodity prices	External	●●●●○	●●●●○
6. Currency fluctuations may negatively affect our financial results	Financial	●●●●○	●●●●○
7. Failure to meet production and costs target	Operational	●●●●○	●●●●○
8. Health, safety, environmental risks	Strategic	●●●●○	●●●●○
9. Employee risks	Strategic	●●●●○	●●●●○

evaluating the design and operating effectiveness of our risk mitigation programme and the control systems built in. It meets every quarter to review risks as well as review the progress against the planned actions. Risk officers, whose role is to create heightened awareness on risks at senior management level, and to develop and nurture a risk management culture within the Group, have been nominated at Vedanta as well as at each of the operating companies.

We identify risk at the individual business level for existing operations as well as for ongoing projects through a consistently applied methodology, using the Turnbull matrix. The risks are evaluated to assess their financial as well as non-financial impact, and likelihood of their occurrence. Through our management consultation process the existing risk management tools are evaluated and wherever required additional controls/steps taken. The GMRC reviews the top 20 risks every quarter.

The respective businesses review these risks, change in the nature and extent of the major risks since the last assessment, control measures established for the risk and further action plans. The control measures stated in the risk matrix are periodically reviewed by the business management teams to verify their effectiveness.

External Risks

Commodity prices

Prices of commodities we produce have historically been volatile, and any prolonged downward pressure or volatility in commodity prices could materially affect our Group's earnings and cash flows. The key commodity price sensitivities on EBITDA resulting from a change of 10% in prices are set out below:

	Average market price in FY 2012–13 (US\$/tonne)	Effect on EBITDA of 10% change in LME (US\$ million)	Effect on Underlying Attributable PAT
Copper	7,853	147.0	77.8
Aluminium	1,974	128.0	83.3
Zinc	1,948	194.8	76.3
Lead	2,113	33.0	11.4
Silver	30.5	32.0	10.5
Oil & gas	110.1	300.7	186.9

The above sensitivities are based on FY 2012–13 volumes, costs and exchange rates and provide the estimated impact on EBITDA of changes in prices assuming that all other variables remain constant.

The diversified portfolio of commodities including sizeable exposure to oil provides some protection from the fluctuation in commodity prices. The Group's normal policy is to sell its products at prevailing market prices and not to enter into price hedging arrangements other than for businesses which are on a tolling basis where back to back hedging is used to mitigate pricing risks. In exceptional circumstances we may enter into strategic commodity hedging but only with prior approval of Executive Committee ('EXCO').

Principal Risks and Uncertainties

continued

External Risks continued

Regulatory, economic, social and political uncertainty

Our mining, smelting, oil and gas exploration and production operations are located in India, Zambia, Namibia, South Africa, Ireland, Australia, Sri Lanka, Liberia and our holding and investment companies are located in jurisdictions including the United Kingdom, Jersey, Mauritius, Netherlands, Cyprus, Australia and Scotland.

The political, legal, fiscal and other regulatory regimes in the countries we operate in may result in higher operating costs or restrictions such as the imposition or increase in royalties or taxation rates, export duty, impact on mining rights/ban and change in legislation pertaining to repatriation of money. Changes to government policies such as changes in royalty rates, reduction in import tariffs in India, reduction in assistance given by the GoI for exports and the reduction or curtailment of income tax benefits available to some of our operations in India, Namibia and Zambia are some of the examples of risks under this category. We may also be affected by the political acts of governments in these countries over which we have no control. Any change in government policies and legislation, including resource nationalisation, availability of foreign exchange, may also affect our business and profitability, including any retrospective changes in government policy and legislation.

A majority of our Group revenues and profits are derived from commodities sold to customers in India. Any downturn in the overall health of the Indian economy or any political or regional instability may impact margins, including any impact arising as a result import tariffs prevailing in India.

Operation and expansion of various assets within the Group remain subject to legal proceedings, most notably the expansion of the Lanjigarh refinery in VAL, the Tuticorin smelter in Sterlite, the mines of Sesa Goa in the State of Goa and the 1,200MW power project at BALCO.

Although we are hopeful that the necessary approvals will be obtained and the projects will commence within the foreseeable future, emergence of any such issues in future are not only difficult to predict, but are also beyond our control.

The Company monitors regulatory and political developments on continuous basis.

Financial Risks

Currency fluctuations may negatively affect our financial results

Our assets, earnings and cash flows are influenced by a variety of currencies due to the diversity of the countries in which we operate. Fluctuations in the exchange rates of those currencies may have a significant impact on our financial results.

Although the majority of the Group's revenue is tied to commodity prices that are typically priced by reference to the US dollar, a significant part of its expenses are incurred and paid in local currency such as the Indian rupee and, to a lesser extent, the Australian dollar, the South African rand, the Zambian kwacha and the euro. Our Group borrowings are significantly denominated in US dollars while a large percentage of cash and liquid investments are held in other currencies, mainly in the Indian rupee. Any material fluctuations of these currencies against the US dollar could result in lower profitability or in higher cash outflows towards debt obligations.

During the financial year 2012–13 there was volatility in the Indian currency against the US dollars and the Indian rupee depreciated by 6.3%, which increased our mark-to-market losses on dollar loans. Our attributable profit is also impacted significantly where our companies which have higher attributable shares.

The Group seeks to mitigate the impact of short-term movements in currency on its businesses by hedging its short-term exposures progressively based on their maturity. However, large or prolonged movements in exchange rates may have a material effect on the Group's businesses, operating results, financial condition and/or prospects.

Liquidity risks in terms of being able to fund operations and growth

Our Group is in the culmination stage of a major capital expenditure programme to increase production capacity and enhance cash flow from operations. The Group needs to fund its ongoing growth capex and any near term operational/exploration capex programmes as well as meet debt maturity requirement. While the Group's balance sheet and business model are adequate to meet its funding requirements and supports its ability to raise adequate financing but a sustained adverse economic downturn and/or suspension of its operation in any business, effecting revenue and free cash flow generation, may cause some stress on the Company's financing and covenant compliance.

The Group generates sufficient cash flows from its current operations which together with the available cash and cash equivalents and liquid financial asset investments provide liquidity both in the short term as well as in the long term. However any constraints around upstreaming of funds from the subsidiaries to the Group may affect the liquidity position of the Group.

The Group has a strong balance sheet that gives sufficient headroom to raise further debt should the need arise. The Group's current ratings from Standard & Poor's, Moody's & Fitch Ratings are BB, Ba1 and BB+ respectively (2012: BB, Ba1 and BB+ respectively). These ratings support the necessary financial leverage and access to various funding sources of debt or hybrid debt instruments at competitive terms. The Group generally maintains a healthy net debt-equity ratio and retains flexibility in the financing structure to alter the ratio when the need arises.

The announced group simplification which is in the advanced stage of completion, will align the debt with the cash flow generating companies and support the deleveraging of balance sheet.

Strategy Risks

Delays in expansions and new projects

The Group has a number of significant expansion plans for its existing operations and planned green field projects, which involve significant capital expenditure. The timing, implementation and cost of these expansion projects are subject to a number of risks, including the failure to obtain necessary licenses, permits, consents and approvals, funding for the projects. Any failure to obtain the requisite regulatory approvals may delay or prevent the Group from commencing commercial operations at certain of these projects.

For instance, the Group does not currently have all of the required environmental approvals for the proposed expansion at the alumina refinery at Lanjigarh and related mining operations in Niyamgiri Hills in the State of Orissa. Recently, the Supreme Court of India has ruled that bauxite mining in Niyamgiri could start subject to the approval of the Gram Sabhas in the region. In order to meet our short-term bauxite requirements, we are in communication with the Orissa Government regarding the allocation of new mining leases. Sourcing of bauxite from mines in neighbouring states is also being pursued.

Any delay in completing planned expansions, revocation of existing clearances, failure to obtain or renew regulatory approvals, non-compliance with applicable regulations or conditions stipulated in the approvals obtained, suspension of current projects or cost overruns or operational difficulties once the projects are commissioned may have a material adverse effect on the Group's businesses, operating results, financial condition and/or prospects. Any delay in completing planned expansion could have a material adverse effect on Vedanta's credit rating, which may increase its borrowing costs.

Principal Risks and Uncertainties

continued

Strategy Risks continued

Health, safety, environmental risks

Our mining and smelting, power generation and oil & gas exploration and production operations are subject to extensive health, safety and environmental ('HSE') regulations and legislations. As regulatory standards and expectations are constantly developing, we may be exposed to increased litigation, compliance costs and unforeseen environmental rehabilitation expenses.

Potential health, environmental and community events that may have a material adverse impact on our operations include rock fall incidents in underground mining operations, well blow-outs, explosions or gas leaks, uncontrolled tailings breaches, escape of polluting substances, uncontrolled releases of hydrocarbons, human rights breaches and community protests or civil unrest. The Company has appropriate policy and standards in place to mitigate and minimise such occurrences backed by senior operating management's focus on managing the causes of such incidents, reviews and taking the necessary corrective steps.

Longer-term occupational health issues may arise due to unanticipated harmful workplace exposures or prolonged harmful exposures to employees or site contractors. These effects may create potential occupational hazards and its consequences thereon. The Company has an appropriate policy in place for such matters supported by structured processes, controls and technology. Our operations ensure the issue of operational health and consequential potential risk/obligations are carefully handled. Depending on the nature of the exposure and surrounding risk, our operations have different levels of processes, controls and monitoring mechanisms.

The Company has recently implemented a fresh set of policies and standards to align its sustainability framework with international best practices.

The Company and its subsidiaries management structure and processes support the sustainability agenda. A Board appointed Sustainability Committee periodically reviews sustainability performance.

Employee risks

The Group's efforts to continue its growth and efficient operations will place significant demands on its management resources. The Group's ability to sustain and grow its existing businesses and integrate new businesses will depend on its ability to ensure the requisite pool of management resources and on its ability to attract, train and retain personnel with the skills that enable it to keep pace with growing demands and evolving industry needs.

The Group is, in particular, dependent to a large degree on the continued service and performance of the executive management team of Vedanta and other key team members in the Group's business units. These key personnel possess technical and business capabilities that are difficult to replace. Any significant loss or diminution in the collective pool of Vedanta's executive management or other key team members could have a material adverse effect on its businesses, operating results and future prospects.

The Company has appropriate human resources policies and HR practices in place to mitigate and minimise such occurrences backed by senior management focus and commitment for taking corrective steps wherever required.

Through a combination of management tools such as appropriate compensation policies and practices, differentiating performance through transparent process, rewarding and recognising the extraordinary performance, adequate career opportunities within the Group, job rotation and long-term reward and retention schemes ('ESOP'). Through its policies, the Company ensures it can attract and retain the right talent while aligning the individual and the business goals of the Company.

Operational Risks

Discovery risks

The increased production rates from our growth oriented operations places demand on exploration and prospecting initiatives to replace reserve and resources at a pace faster than depletion.

Actual reserves, resources or mineral potential may not conform to the geological, metallurgical or other expectations and the volume and grade of ore and recoverable hydrocarbons. As our revenues and profits are related to minerals and resource operations, our results and financial outcomes are directly linked to our ability to replace existing reserves and the success of our exploration.

A failure in our ability to discover new reserves, enhance existing reserves or develop new operations in sufficient quantities to maintain or grow the current level of our reserves could negatively affect our prospects. There are numerous uncertainties inherent in estimating ore and oil & gas reserves, and geological, technical and economic assumptions that are valid at the time of estimation may change significantly when new information becomes available. The uncertain global financial outlook may affect economic assumptions related to reserve recovery and require reserve restatements which could negatively affect our results and prospects.

Our experience in monitoring and measuring reserves and resources with the support of a dedicated professional team and continued focus on exploration both brown field and green field, over the years has resulted in the Company adding more reserves and resources over and above depletion.

Failure to meet production and costs targets

Our operations are subject to conditions and events beyond our control that could, among other matters, increase our mining, transportation or production costs, disrupt or halt operations at our mines, smelters and power plants and production facilities for varying lengths of time or even permanently. These conditions and events include disruptions in mining and production due to equipment failures, unexpected maintenance problems and other interruptions, non-availability of raw materials of appropriate quantity and quality for our energy requirements, disruptions to or increased cost of transport services or strikes and industrial actions or disputes. A spill or other contamination from production, storage, export, shipment or sale of oil or other hydrocarbon products in our oil and gas operation could result in significant environmental liabilities.

It is our policy to realise market prices for our commodities and the profitability of our operations is dependent upon our ability to produce metals at a low cost which in turn is a factor of our commercial and operational efficiencies and productivity. The prices of many of our input materials are influenced by a variety of factors including demand and supply as well as inflation. An increase in the cost of such input materials would adversely impact our competitiveness.

While few of these risks can be beyond our control, we have adequate and competent experience in these areas and have consistently demonstrated our ability to manage these problems proactively.

Introduction to Financial Review

Overview

Vedanta has once again delivered a strong set of financial results, largely driven by strong operational performance from a diversified portfolio of world-class, low cost, long-life assets set against the backdrop of a challenging economic environment and some Company specific challenges. Our financial performance during the year reflects volume growth across most of our businesses with the exception of iron ore, where the operations were impacted by mining restrictions. We had record mined zinc and lead metal production during the year as well as strong increases in lead and silver volumes in Zinc India. Aluminium smelters operated above rated capacity and Power sales volumes also improved significantly although we were impacted by evacuation constraints. Copper cathode production at KCM and Sterlite India also increased substantially. Acquired by the Group in December 2011, Cairn India achieved excellent results in its first full year of operations, delivering strong production growth and operating costs.

The global economic concerns and uncertainties have driven down the prices of all key commodities. In the commercial power sector, sales prices also weakened, although the impact of this was partly mitigated by the lower costs of power generation.

Despite global inflationary pressures, we have been able to position the majority of our businesses in lowest quartiles of the cost curve. At Zinc India we are placed in the first cost quartile while Zinc International business is in the second cost quartile. Our aluminium operation maintained its strong second cost quartile positioning and the cost positioning even without captive bauxite.

During the year we delivered EBITDA of US\$4,888.3 million up by 21.4%. Operating profit was higher at US\$2,512.0 million, up by 5% and attributable profit of US\$157.4 million.

We continued to maintain a strong balance sheet, with cash and liquid investments totalling US\$7,981.7 million. During the financial year, the ramp up in production following the substantial investment in our assets generated significantly higher free cash flow of US\$3,534.7 million, significantly exceeding growth capital expenditure of US\$2,019.1 million.

Highlights

- Strong performance in the current challenging environment driven by a diversified portfolio of world-class, low cost, long-life assets
- Revenues up 7.0% to US\$15.0 billion, EBITDA up 21.4% to US\$4.9 billion
- EBITDA margin 32.6%, EBITDA margin (excluding custom smelting), 44.9%
- Significant contribution from Cairn India's first full year performance
- Robust cost performance across operations despite global inflationary pressure
- Strong free cash flow, up 39.5% at US\$3.5 billion. Free cash flow after project capital expenditure US\$1.5 billion
- Record production of mined zinc-lead and integrated silver at Zinc India
- Record oil & gas production driven by 32.1% higher output at Rajasthan block
- Karnataka iron ore mining restrictions lifted in April, continued state-wide restriction on mining in Goa
- Significant increase in reserves and resources at Zinc India, Iron Ore and Copper in Africa
- Recommended exploration drilling in the Rajasthan block and made 26th discovery in the block
- Return on capital employed ('ROCE') improved to 17.5% (FY 2011-12: 11.3%)
- Net debt reduced by 14.4% down to US\$8.6 billion, cash and liquid investments of US\$8.0 billion
- Net gearing of 31.4%, reduced by 11.0%
- Group consolidation and simplification approval received from the High Court of Bombay at Goa; Madras High Court approval awaited
- Final dividend of 37 US cents per share, up by 6.3%, progressive dividend maintained

Our gross debt as at 31 March 2013 was US\$16,592.8 million (31 March 2012: US\$16,955.4 million), a reduction of US\$362.6 million. Net debt also came down more significantly to US\$8,615.6 million (31 March 2012: US\$10,064.4 million) and the gearing ratio reduced to 31.4% from 35.3% in the previous year. The Group simplification project announced last year, is in the advanced stage of completion and this will facilitate alignment of debt and cash flow generation thus help accelerate deleveraging.

Key developments

Iron ore operations remain affected by the mining restrictions in Goa and Karnataka. The Honourable Supreme Court of India has given clearance for resumption of mining operations for A and B category mines in Karnataka through its order dated 18 April 2013. Sesa Goa's Karnataka mine falls under B category, and we are in the process of securing the necessary statutory clearances and expect to resume mining in Q1 FY 2013–14.

Iron ore mining in the State of Goa has been suspended with effect from 11 September 2012. An appeal against this has been made to the Honourable Supreme Court and we are awaiting dates for initial hearings. In the meantime, the State Government and major miners including Sesa Goa, have filed their responses to the Central Empowered Committee report. Separately, we have filed an application to the Court seeking a stay on the mining restriction and restrictions on ore transportation.

The Ministry of Environment and Forests ('MOEF') rejected the approval obtained by the Orissa Mining Corporation ('OMC') for the final stage forest clearance needed for the commencement of the Niyamgiri mining project. This is one of the bauxite supply sources close to our alumina refinery. Following the petition filed by OMC challenging the MOEF decision, the Honourable Supreme Court, through its order dated 18 April 2013, has directed the State Government of Orissa to place any unresolved issues and claims of the local communities under the Forest Rights Act before the Gram Sabha, the council representing the local community. The Gram Sabha will consider these claims and communicate its decision to the MOEF through the State Government of Orissa within three months. The MOEF will then take a final decision on the granting of stage II forest clearance for the Niyamgiri mining project within two months.

Financial Results

(In US\$ millions, except as stated)	FY 2012–13	FY 2011–12 ¹	% change	FY 2011–12 Proforma
Revenue	14,989.8	14,005.3	7.0	15,615.9
EBITDA	4,888.3	4,026.3	21.4	5,353.3
EBITDA margin without custom smelting (%)	44.9%	40.6%	–	46.7%
Operating profit	2,512.0	2,387.7	5.2	3,165.6
Underlying attributable profit	363.3	387.2	(6.2)	571.1
Free cash flow	3,534.7	2,533.8	39.5	3,127.6
Underlying earnings per share (US cents)	133.1	142.0	(6.3)	209.4
ROCE (excluding Capital work in progress and exploration assets)	17.5	11.3	–	10.7
Gearing	31.4	35.3	(11.0)	34.8
Net Debt	8,615.6	10,064.4	(14.4)	10,064.4
Net Debt/EBITDA	1.8	2.5	–	1.9
EBITDA interest cover (times)	9.0	7.9	–	7.6
Dividend (US cents per Share)	58.0	55.0	5.5%	55.0

1 Includes Cairn India results with effect from 8 December 2011.

VAL had undertaken the expansion project for the alumina refinery with an understanding that since there was no change in the manufacturing process and expansion was within the same premises, no fresh environmental clearance was required. This view was challenged by MOEF and the Company has been directed to apply afresh for environmental clearance for the expansion project. VAL has complied with this and the application is in process. The MOEF has now sought certain clarifications from the Government of Orissa and based on the results, it will set the date for the public hearing for the proposed expansion project. In the meantime, VAL has put the alumina refinery expansion activity on hold. Due to the shortage of bauxite, VAL temporarily suspended its refinery operations at Lanjigarh from 5 December 2012. Orissa government has appointed a ministerial level committee to examine the issue of mineral based raw material supplies, including bauxite for alumina plants. The committee is expected to submit its report shortly. For more details refer to Note no. 2 (b) Critical accounting judgement and estimation uncertainty of the Consolidated Financial Statements for the year ended 31 March 2013.

“Vedanta has once again delivered a strong set of financial results, largely driven by strong operational performance from a diversified portfolio of world-class, low cost, long-life assets.”

Financial Review

New and acquired operations

Assets are reported as new and acquired operations until there is a full year period for comparison. Our diversification into the oil & gas sector through the acquisition of Cairn India on 8 December 2011, contributed US\$638.5 million to the total operating profit of US\$2,512.0 million for the year. EBITDA for Cairn India was US\$1,726.7 million higher with higher depreciation and amortisation charges of US\$1,088.2 million.

Iron Ore business

The mining restriction in Goa and Karnataka impacted our Iron Ore business significantly during the year and contributed a negative variance of US\$495.2 million to operating profits before special items compared with FY 2011–12.

Prices

The prices of many commodities declined during the financial year as global economic growth slowed and concerns surrounding the economic outlook increased. Average aluminium prices declined by 15% whereas zinc, lead and copper prices were also lower by 7% each. Our Power business is situated in India, where the demand continues to exceed supply with the precarious financial health of power distribution companies frequently creating downward pressure on power prices due to their inability to finance the power demand. These lower prices across all commodities (except oil & gas, and iron ore) had a negative impact of US\$637.9 million which was partially offset by higher premiums to LME prices of aluminium of US\$119.0 million. The impact of lower prices was US\$254.8 million in Aluminium business, US\$212.4 million in both the Zinc businesses and approximately US\$161 million in Copper Zambia and Australia. In aggregate, the operating profit for the year was negatively impacted by US\$518.9 million as a result of lower prices despite the higher premiums realised for aluminium.

Exchange rates

During the year we experienced exchange rate volatility of the Indian rupee against the US dollar. This improved operating profit margins for our businesses located in India as the depreciation of the Indian rupee reduced the costs in dollar terms. Combined with higher sales revenues in rupee terms, this improved operating profits by US\$87.8 million.

Consolidated revenue

(In US\$ millions, except as stated)	2012–13	2011–12	% change
Zinc	3,060.5	3,206.8	(4.6)%
– India	2,263.3	2,316.1	(2.3)%
– International	797.2	890.7	(10.5)%
Oil & Gas¹	3,223.4	882.5	–
Iron Ore	442.5	1,690.9	(73.8)%
Copper	5,733.9	5,915.0	(3.1)%
– India/Australia	3,991.1	4,205.2	(5.1)%
– Zambia	1,742.8	1,709.8	1.9%
Aluminium	1,920.8	1,873.5	2.5%
Power	576.1	458.3	25.7%
Eliminations	32.6	(21.7)	–
Revenue	14,989.8	14,005.3	7.0%

1 FY 2011–12 includes Cairn India results with effect from 8 December 2011.

Consolidated EBITDA

(In US\$ millions, except as stated)	FY			EBITDA Margin %	
	2012–13	2011–12	% change	FY 2012–13	FY 2011–12
Zinc	1,459.8	1,610.8	(9.4)%	47.7%	50.2%
– India	1,165.3	1,244.8	(6.4)%	51.5%	53.7%
– International	294.5	366.0	(19.5)%	36.9%	41.1%
Oil & Gas¹	2,439.7	713.0	–	75.7%	80.8%
Iron Ore	84.2	721.4	(88.3)%	19.0%	42.7%
Copper	476.4	685.9	(30.5)%	8.3%	11.6%
– India/Australia	219.1	298.0	(26.5)%	5.5%	7.1%
– Zambia	257.3	387.9	(33.7)%	14.8%	22.7%
Aluminium	214.0	182.5	17.3%	11.1%	9.7%
Power	215.0	122.0	76.2%	37.3%	26.6%
Others	(0.8)	(9.3)	–	–	–
Total	4,888.3	4,026.3	21.4%	32.6%	28.7%

1 FY 2011–12 includes Cairn India results with effect from 8 December 2011.

Consolidated operating profit

(In US\$ millions, except as stated)	2012–13	2011–12	% change
Zinc	1,165.4	1,255.8	(7.2)%
– India	1,054.8	1,126.6	(6.4)%
– International	110.6	129.2	(14.4)%
Oil & Gas¹	1,004.8	366.3	–
Iron Ore	(4.0)	481.3	–
Copper	209.5	384.9	(45.6)%
– India/Australia	157.6	164.0	(3.9)%
– Zambia	51.9	220.9	(76.5)%
Aluminium	21.1	(40.3)	152.4%
Power	120.9	40.3	200.0%
Others	(5.7)	(100.6)	–
Total Group operating profit	2,512.0	2,387.7	5.2%

1 FY 2011–12 includes Cairn India results with effect from 8 December 2011.

Volumes

During the year, we had record mined zinc and lead metal production as well as strong increases in lead and silver volumes in Zinc India. Aluminium smelters operated above rated capacity and power sales volume improved significantly although we were impacted by power transmission constraints. These were mainly due to regional power distribution capacity constraints and legalised supply and demand imbalances. Copper cathode production at KCM and Sterlite India also increased. These increases in production volume contributed a positive variance of US\$154.1 million to operating profits.

Costs

The global cost-inflationary environment prevailing in the sector was largely mitigated by our significant presence in India and Zambia, higher production volumes and operational efficiencies. There was a reduction in aluminium costs of US\$89.4 million and a reduction in power generation costs of US\$79.3 million which was partially offset by an increase in copper costs. These cost reductions increased operating profits by US\$65.8 million.

Special items

Special items to the value of US\$41.9 million for FY 2012–13 included US\$9.4 million mainly due to voluntary redundancy charges, US\$4.7 million restructuring related costs, US\$9.4 million project cost write off and US\$18.4 million towards the compensation ordered by the Supreme Court in regards to the Tuticorin Smelter issues. In FY 2011–12 special items amounted to US\$230.2 million mainly related to provision for ASARCO and costs related to the Cairn India acquisition.

Depreciation

The depreciation charge excluding Cairn India and our Iron Ore business in FY 2012–13 was US\$743.8 million compared to US\$697.3 million in FY 2011–12. Depreciation charges were higher at Copper Zambia due to the capitalisation of the Konkola Deep Mining Project ('KDMP') and other projects. These higher depreciation charges for FY 2012–13 reduced operating profit by US\$46.4 million.

Consolidated operating profit variance

(In US\$ million)			
Operating profit FY 2011–12			2,387.7
New acquired assets (Cairn India) ¹			
EBITDA	1,726.7		
Depreciation and amortisation of Cairn Iron Ore business	(1088.2)	638.5	
EBITDA	(637.2)		
Depreciation and amortisation	142.0	(495.2)	
Sale price			(518.9)
LME	(637.9)		
Premium	119.0		
Currency and Foreign Exchange fluctuation			87.8
Volume			154.1
Cash cost of production			65.7
Others			(16.2)
Special Items			188.3
Depreciation ²			(46.4)
Amortisation ²			66.6
Operating profit FY 2012–13			2,512.0

1 FY 2011–12 includes Cairn India results with effect from 8 December 2011.

2 Excluding Cairn and Iron Ore business.

The following exchange rates against the US dollar have been applied:

	Average FY 12–13	Average FY 11–12	As at 31.3.13	As at 31.3.12
Indian rupee	54.45	47.95	54.39	51.16
Australian dollar	0.97	0.96	0.96	0.96
South African rand	8.51	7.46	9.25	7.69
Kwacha	5,230	5,043	5,329	5,361

Amortisation

The mining reserves related to our acquisitions are being amortised based on a unit of production basis over the total estimated remaining reserves and resources.

The amortisation charge (excluding Cairn India and our Iron Ore business) in FY 2012–13 was US\$71.5 million as compared to US\$138.0 million in FY 2011–12. Amortisation charges at Zinc International decreased by US\$56.4 million and by US\$9.0 million at BALCO increasing operating profit by US\$66.6 million in the financial year.

“During the year, we had record mined zinc and lead metal production as well as strong increases in lead and silver volumes in Zinc India.”



Financial Review continued

Revenue

Consolidated revenues in FY 2012–13 grew to US\$14,989.8 million, up 7.0% as compared with the previous year. Cairn India contributed US\$3,223.4 million to our revenues in its first full year of operations. Despite our major businesses delivering higher volume growth, with the exception of iron ore, weak commodity prices lowered revenues. Revenue was also impacted by the suspension of iron ore mining in Goa from September 2012 and the continued mining restriction in Karnataka.

EBITDA margin

EBITDA increased by 21.4% to US\$4,888.3 million including a full year of operating results from Cairn India which contributed US\$1,726.7 million. This clearly demonstrates the resilience of our diversified business portfolio which helped insulate our EBITDA performance from lower commodity prices and the disruption of iron ore operations during the year. Despite this, we were able to deliver a consistent improvement in EBITDA margin.

EBITDA margin was 32.6% in FY 2012–13 compared with 28.7% in FY 2011–12.

Excluding our custom smelting operations, EBITDA margin in FY 2012–13 was 44.9% (FY 2011–12: 40.6%). Customs business EBITDA in FY 2012–13 was US\$214.4 million, 4% of the total EBITDA generated in FY 2012–13.

Performance in our individual business segments is summarised below:

- In our Zinc businesses, margin was largely maintained despite a fall in zinc, lead and silver prices. This was a result of higher mined metal and silver production and robust cost management.
- EBITDA margin in our copper businesses reduced due to lower London Metal Exchange ('LME') prices and lower by-product sales credit for sulphuric acid partially offset by higher volumes of copper production.
- Our Aluminium business delivered an increase in EBITDA margin up to 11.1%, despite a significant decrease in aluminium prices due to an improvement in metal premiums and a reduction in the cost of production.
- Our Power business EBITDA margin increased as a combined effect of a fall in both sales prices and the cost of power generation.

Income statement

(In US\$ millions, except as stated)	FY 2012-13	FY 2011-12	% change
Revenue	14,989.8	14,005.3	7.0
EBITDA	4,888.3	4,026.3	21.4
EBITDA margin (%)	32.6%	28.7%	–
EBITDA margin without custom smelting (%)	44.9%	40.6%	–
Special items	(41.9)	(230.2)	(81.8)
Depreciation	(1,388.2)	(927.3)	49.7
Amortisation	(946.2)	(481.1)	96.7
Operating profit	2,512.0	2,387.7	5.2
Net interest expense	(520.9)	(420.3)	23.9
Other gains and (losses)	(285.2)	(314.2)	(9.1)
Income from associate	–	92.2	–
Profit before taxation	1,705.9	1,745.4	(2.3)
Income tax expense	(40.1)	(516.7)	(92.2)
Effective tax rate (%)	2.4%	29.6%	–
Profit for the year	1,665.8	1,228.7	35.6
Minority interest	1,508.4	1,168.9	29.0
Minority interest (%)	90.6%	95.1%	–
Attributable profit	157.4	59.8	163.2
Basic earnings per share (US cents per share)	57.7	21.9	163.5
Underlying earnings per share (US cents per share)	133.1	142.0	(6.3)

EBITDA margin trend of our businesses is as per follows :

Business	FY 2012-13	FY 2011-12	FY 2010-11
Zinc	47.7%	50.2%	55.6%
– India	51.5%	53.7%	56.5%
– International	36.9%	41.1%	46.3%
Oil & Gas	75.7%	80.8%	–
Iron Ore	19.0%	42.7%	59.3%
Copper – India/Australia	5.5%	7.1%	7.0%
Copper – Zambia	14.8%	22.7%	24.1%
Aluminium	11.1%	9.7%	19.8%
Power	37.3%	26.6%	35.4%
Group EBITDA Total	32.6%	28.7%	31.2%

- Oil & gas EBITDA margin was marginally lower than the previous year due to higher revenue sharing resulting from the profit petroleum charge; the Government of India's ('Gol') share of profits from the country's oilfields. Cairn India shares profits from oil with the Government after recovering its share of costs as per the terms of a production sharing contract. Profit petroleum charges are paid on a quarterly basis to the Gol.

Depreciation and amortisation

The additional depreciation charge of US\$460.9 million in FY 2012–13 included US\$420.2 million from Cairn India for the full year charge as compared to four months in FY 2011–12. The balance of the increase in

depreciation was due to the capitalisation of growth projects at KCM, Zinc India and Sterlite Energy. The Cairn India acquisition amortisation charge for the full year was US\$834.5 million in FY 2012–13 as compared to US\$166.5 million in FY 2011–12. This was partially offset by lower amortisation costs of US\$136 million at our Iron Ore business following lower production and at Zinc International where amortisation costs were down by US\$56.4 million.

Net interest

Net interest expense was US\$520.9 million in FY 2012–13 compared with US\$420.3 million in FY 2011–12. The increase was primarily due to additional finance costs for the full year on the debt incurred in FY 2011–12 for the Cairn India acquisition, partially offset by higher income received on cash and liquid investments. Investment income in FY 2012–13 was US\$673.1 million, compared with US\$525.4 million in FY 2011–12, mainly due to higher cash and liquid investments and improved yield on investments.

Gross finance costs increased to US\$1,422.3 million in FY 2012–13 up from US\$1,170.5 million in FY 2011–12. The interest capitalised in FY 2012–13 was US\$228.3 million (FY 2011–12: US\$224.8 million). As a result the finance cost charged to the income statement was US\$1,194.0 million in FY 2012–13, up from US\$945.7 million in FY 2011–12.

The average debt in FY 2012–13 was US\$16,791.9 million, compared with an average of US\$13,750.4 million in FY 2011–12. The average debt maturity at 31 March 2013 was 3.3 years as compared to 3.5 years in previous year. Refinancing arrangements being planned to be completed in the current year will extend the average maturity profile of the debt 4.4 years. Our debt constitutes 43% fixed interest rate and 57% on a floating interest rate basis reflecting a balanced debt portfolio.

Other gains and losses

Other gains and losses include the impact of mark-to-market ('MTM') on foreign currency borrowings, primarily at our Indian businesses and also from the periodical valuation of embedded derivatives relating to the foreign currency convertible bonds at Sterlite and Sesa Goa.

The other losses in FY 2012–13 were US\$285.2 million, as compared with a loss of US\$314.2 million in FY 2011–12. During FY 2012–13, MTM losses on foreign currency borrowings were US\$309.9 million (FY 2011–12: US\$411.3 million). These

mark-to-market losses were caused by volatility in the Indian rupee/US dollar exchange rate, which depreciated by 6.3% in the year, moving from 1 US\$ = Rs51.16 to 1 US\$ = Rs54.39. The Indian rupee depreciation impacted the uncovered loans denominated in US dollars. The gain on MTM of embedded derivatives of US\$24.7 million (FY 2011–12 US\$97.1 million) was related to the foreign currency convertible bond at Sterlite and Sesa Goa.

Profit before taxation

Profit before taxation at US\$1,705.9 million was in line with the profit before taxation achieved in the previous year. Although operating profit was higher than last year by US\$124.3 million and foreign exchange losses were lower by US\$29.0 million, these were partially offset by higher net interest expenses of US\$100.6 million and US\$92.2 million profit from Cairn India whilst it was an associate of Sesa Goa for the period July to November 2011 in FY 2011–12.

Taxation

Profit after tax increased by 35.6% to US\$1,665.8 million due to lower tax charge. The effective tax rate reduced to 2.4%, significantly lower than the 29.6% rate in FY 2011–12 largely due to nil tax rates at Cairn India on the back of a tax holiday in the Rajasthan oil fields, reorganisation of Cairn India subsidiaries and reversal of deferred tax liabilities on amortisation costs. Also, tax planning measures in our operating subsidiaries have resulted in lower tax rates primarily as a result of tax holidays on power plants and area based incentives.

Attributable profit

Attributable profit for the year was at US\$157.4 million; higher than US\$59.8 million in the previous year due to changes in profit mix. Improved attributable profit from Cairn India's first full year of operation, lower losses in VAL improved the attributable profit of the Company. However, this was impacted by lower profits from our Iron Ore business, Copper Zambia and higher interest at Group level.

Earnings per share

Basic earnings per share ('EPS') for FY 2012–13 was 57.7 US cents per share as against 21.9 US cents per share in FY 2011–12, reflecting the increase in attributable profit. Fully diluted EPS was 56.7 US cents per share (FY 2011–12: 21.6 US cents per share). Underlying EPS was 133.1 US cents per share as against 142.0 US cents per share in the previous year.

Refer to Note 13 of the Consolidated Financial Statements for the year ended 31 March 2013.

“Consolidated revenues in FY 2012–13 grew to US\$14,989.8 million, up 7.0% as compared with the previous year. Cairn India contributed US\$ 3,223.4 million to our revenue in its first full year of operations.”

Financial Review continued

Shareholders' equity was US\$4,398.4 million at 31 March 2013 compared to US\$4,650.6 million at 31 March 2012 reflecting the increase in attributable profit due to equity holders during the period, offset by currency losses following the depreciation of the Indian rupee against the US dollar.

Minority interests increased to US\$14,463.0 million at 31 March 2013 from US\$13,768.9 million as at 31 March 2012, due to an increased share of profit partially offset by foreign currency losses.

Tangible fixed assets

During the year, we added US\$2,409.3 million to property, plant and equipment comprising of US\$2,019.1 million on our expansion and improvement projects and US\$390.2 million spent on sustaining capital expenditure. Expansion project expenses were US\$701.2 million in our Power business mainly at TSPL, US\$382.9 million in our Aluminium business, US\$423.6 million at Cairn India, US\$235.5 million at Zinc India and the balance in other projects at KCM, VGCB, Sterlite Copper, etc.

Net debt

At 31 March 2013, net debt was US\$8,615.6 million (31 March 2012: US\$10,064.4 million), a reduction of US\$1,448.8 million resulting from strong cash flow. Cash and liquid investments were US\$7,981.7 million as at 31 March 2013. Gross debt as on 31 March 2013 was US\$16,592.8 million as compared to US\$16,955.4 million as at 31 March 2012. As a commitment to deleverage the balance sheet, the Company utilised strong free cash flow generation from substantially-invested assets to reduce the gross debt by US\$362.6 million, after investing US\$2,019.1 million in growth projects.

External debt at our operating subsidiaries was US\$7,530.9 million (31 March 2012: US\$7,692.9 million) and debt at Vedanta Resources plc was US\$9,061.9 million (31 March 2012 US\$9,262.5 million). Of the US\$16,592.8 million total debt, US\$2,434.5 million consists of convertible bonds. Near term debt maturities at face value of US\$4,472.0 million due in FY 2013–14 comprises of US\$2,794.0 million due at holding company level and the balance of US\$1,678.0 million in subsidiary companies. US\$809.8 million has been repaid in the current year and the balance is in the process of being refinanced.

Balance sheet

(In US\$ millions, except as stated)	31 March 2013	31 March 2012
Goodwill	16.6	16.6
Tangible assets	33,120.6	34,141.8
Other non-current assets	962.9	757.5
Cash and liquid investments	7,981.7	6,885.3
Other current assets	3,868.4	3,676.9
Debt	(16,592.8)	(16,955.4)
Other current and non-current liabilities	(10,496.0)	(10,103.2)
Net assets	18,861.4	18,419.5
Shareholders' equity	4,398.4	4,650.6
Minority interests	14,463.0	13,768.9
Total equity	18,861.4	18,419.5

For the debt due at subsidiaries in FY 2013–14, US\$700 million will be paid through internal cash flow generation and the balance mainly from working capital related loans which will be refinanced.

Our cash and liquid investments portfolio continues to be conservatively invested in debt mutual funds and in cash and fixed deposits with the banks. Additionally, the investments portfolio at our Indian entities is independently reviewed by CRISIL Limited and our investment portfolio has been rated as 'Very Good'.

We continue to have a strong balance sheet with capital employed of US\$18,861.4 million. Net debt comprised debt of US\$16,592.8 million offset by US\$7,981.7 million of cash and liquid investments. Anticipated future cash flows and undrawn fund based committed facilities of US\$2,144.2 million, together with cash and liquid investments of US\$7,982 million as at 31 March 2013, will assist in meeting our short-term and long-term fund requirement. The Company continued to maintain its ratings from Standard & Poor's, Moody's & Fitch: ratings are BB, Ba1 and BB+ respectively. We have been recently put on credit watch by some of the credit rating agencies, however due to our prudent financial policy, disciplined capital allocation and absolute resolve to deleverage the balance sheet, we are confident we will retain the ratings in the near future and improve the ratings going forward.

"Our cash and liquid investments portfolio continues to be conservatively invested in debt mutual funds and in cash and fixed deposits with the banks."

The Company generally maintains a healthy net debt/equity ratio and retains flexibility to raise funds as and when required. Our balance sheet remained strong with net gearing of 31.4% as compared to 35.3% in FY 2011–12.

Of our total gross debt of US\$17.1 (face value) billion, debt at our subsidiaries is US\$7.6 billion, with the balance in the holding company. The future maturity profile of debt (in US\$ billion) at our subsidiary companies and at the holding company Vedanta Resources plc is as shown opposite.

Cash flows

Operating free cash flow before growth capital expenditure in FY 2012–13 was US\$3,534.7 million as compared to US\$2,533.8 million in FY 2011–12, up by US\$1,000.9 million. EBITDA conversion to free cash flow was 72.3% as compared to 62.9% in FY 2011–12. Expansion capital expenditure during the year was US\$2,019.1 million as compared to US\$2,398.2 million, lower by US\$379.1 million, and cash flow generation after expansion capex was US\$1,515.6 million, significantly higher than the previous year. The Company's capital expenditure programme has begun to taper off, reflecting the Company's disciplined approach to capital allocation. The sale of fixed assets/investments represents the sale of Hudbay Shares during the year for US\$158.1 million.

We purchased the remaining 49% stake of Western Cluster Limited ('WCL') in Liberia for US\$33.5 million.

“The Company's capital expenditure programme has begun to taper off, reflecting the Company's disciplined approach to capital allocation.”

(In US\$ billion)	Total	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	Beyond FY 2019
Debt at Vedanta plc	4.7	0.5	0.1	0.5	1.0	0.4	1.3	0.9
Convertibles at Put Date	2.1	0.8	1.3					
Debt to be transferred to Sesa Sterlite	2.7	1.4	1.3					
Debt at Subsidiaries	7.6	1.8	1.3	0.8	0.6	1.3	0.5	1.4
Total debt	17.1	4.5	4.0	1.3	1.6	1.7	1.8	2.3

Cash flows

The movement in net (debt)/cash in FY 2012–13 is set out below:

(In US\$ millions, except as stated)	FY 2012–13	FY 2011–12
EBITDA	4,888.3	4,026.3
Operating exceptional items	(41.9)	(230.2)
Working capital movements	212.9	375.1
Changes in long-term creditors and non-cash items	54.6	35.8
Sustaining capital expenditure	(390.2)	(386.2)
Sale of tangible fixed assets	63.4	23.6
Net interest	(355.1)	(394.8)
Tax paid	(897.4)	(915.8)
Free cash flow	3,534.7	2,533.8
Expansion capital expenditure ¹	(2,019.1)	(2,398.2)
Sale/(purchase) of fixed assets investments	158.1	(3.9)
Acquisition of minorities	–	(60.3)
Acquisitions, net of cash & liquid investments acquired	–	(7,115.7)
Purchase of mining assets	(33.5)	(131.8)
Dividends paid to equity shareholders	(153.5)	(144.0)
Dividends paid to minority shareholders	(257.4)	(219.7)
Other movement ²	219.8	(554.3)
Movement in net (debt)/cash	1,449.2	(8,094.1)

1 On an accrual basis.

2 Includes foreign exchange movements.



Financial Review continued

Project Capex

Capex in progress	Capacity	Completion time	Capex (US\$ million)	FY 2013
Copper sector				
160MW CPP at Tuticorin	160MW	1st unit commissioned, 2nd unit in Q1 FY 2014	161	25
KCM KDMP Project	7.5mtpa		973	58
Aluminium sector				
BALCO – Korba III Smelter	325ktpa	1st metal tapping by Q2 FY 2014	772	113
BALCO – Korba 1200 MW CPP	1,200MW	Awaiting Approval	1,100	83
BALCO – Coal Block	211mt	Mining from Q2 FY 2013–14	150	2
Power sector				
Sterlite Energy	2,400MW	Completed	1,769	79
Talwandi 1980 MW IPP	1,980MW	1st unit synchronisation in Q2 FY 2014	2,150	622
Zinc sector				
Zinc India (mines expansion)			1,500	150
HZL – Zinc & lead Dariba project		Completed	811	12
Iron Ore				
Pig iron expansion		Completed	153	14
Infrastructure				
Vizag general coal berth		Commissioned	118	59
Total capex in progress			9,657	1,217

Capex flexibility	Capacity	Completion time	Capex (US\$ million)	FY 2013
Copper Sector				
SIIL Smelter	400ktpa	EC awaited	367	13
Aluminium Sector				
VAL – Lanjigarh Debottlenecking	1.0mtpa	On hold	150	2
VAL – Lanjigarh Refinery (Phase II)	3.0mtpa	On hold	1,570	(15)
VAL – Jharsuguda (Smelter II)	1.25mtpa		2,920	198
Iron Ore				
Sesa Iron Ore mine expansion	36mt	On hold	500	26
Total capex with flexibility progress			5,507	224

Improvement capex	Capacity	Completion time	Capex (US\$ million)	FY 2013
KCM			273	33
Zinc India			168	73
Total improvement capex			441	107

Enabling capex	Capacity	Completion time	Capex (US\$ million)	FY 2013
Zinc International – Gamsberg			24	8
Western Cluster Liberia			97	39
Total improvement capex			121	47

Total capex (excluding Cairn)			15,726	1,595
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Improvement Capex	Capacity	Completion time	Capex (US\$ million)	FY 2013
Cairn India			3,673	424
Total capex (including Cairn)			19,399	2,019

Spent to 31 March 13	Unspent on 31 March 13
151	10
889	84
709	63
887	213
14	136
1,731	38
1,595	555
176	1,324
811	–
153	–
118	–
7,233	2,423

Spent to 31 March 13	Unspent on 31 March 13
123	244
76	74
810	760
2,479	441
155	345
3,643	1,865

Spent to 31 March 13	Unspent on 31 March 13
273	–
168	–
442	–

Spent to 31 March 13	Unspent on 31 March 13
8	16
67	30
75	46

11,392	4,334
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Spent to 31 March 13	Unspent on 31 March 13
585	3,089
11,977	7,422

Increase in shareholding

During the FY 2012–13, Sesa Goa acquired the remaining 49% of the equity of WCL, through its 100% subsidiary, for a total consideration of US\$33.5 million. WCL, which is a company registered under the laws of Liberia, is an iron ore project comprising of three deposits in Bomi Hills, Bea Mountain and Mano River with estimated deposits of over 1 billion tonnes of iron ore.

The Government of India holds the minority stake in two of our Group companies – HZL (29.5%) and BALCO (49%). In line with our commitment to enhance the returns to our shareholders, we have communicated our intent to purchase its stake in both the companies to the GoI and are awaiting its response to our offer. We believe the purchase of the remaining shares would further improve the returns to our stake holders.

Overall outlook

As the world economy returns to growth, a number of factors will continue to drive demand for commodities including positive signs from China, inflation falling in India and rising income and increased prosperity in developing countries with associated industrialisation and urbanisation. With its proximity to emerging markets and strong low cost assets, Vedanta is well placed to take advantage of these opportunities. Our disciplined approach to capital allocation will ensure that we focus our investment in projects that will yield attractive returns and Cairn India and the Iron Ore project in Liberia, in particular have significant potential for future growth that meet these criteria. We shortly hope to receive the final approvals on the Group simplification initiatives, unlocking value for our shareholders

Operational Review

Zinc - India

ZINC-LEAD-SILVER



Key achievements

- Highest ever mined zinc and lead production of 870kt
- Record integrated silver metal production of 10.35moz, up 36.0% over previous year
- Ramp-up of lead and silver production from the Dariba Smelter and Sindesar Khurd Mine
- Maintained lowest quartile cost position
- Gross addition of 25mt to Reserves and Resources

Strategic priorities

- Realise production capacity
- Develop cost efficient and reliable underground mines
- Achieve growth to 1.2mtpa mined zinc-lead metal
- Continue to focus on adding reserves and resources

Production – Mined metal (kt)



EBITDA (US\$m)



Map index

- 1 Debari smelter
- 2 Chanderiya smelters
- 3 Rampura-Agucha mine
- 4 Rajpura Dariba mine & smelters and Sindesar Khurd mine
- 5 Zawar mine



- Zinc – Lead – Silver
- ⚡ Captive thermal power plant

Operations

Mined metal production for the financial year was 870,000 tonnes, 4.8% higher than the previous year primarily due to increased production from the Rampura Agucha mine.

The integrated production of refined zinc was 660,000 tonnes, lower than the previous year but in line with the mine plan for the year. Sales of Zinc metal-in-concentrate ('MIC') were 61,000 tonnes, following surplus concentrate produced in second half. Integrated production of refined lead was up 19.7% at 107,000 tonnes for the financial year.

Integrated production of silver was a record 10.35moz for the financial year, up 36.0%, driven by higher output from Sindesar Khurd mine and Dariba lead smelter.

Unit costs

During FY 2012–13, the unit cost of zinc production was lower at US\$998 per tonne as against US\$1,010 per tonne in FY 2011–12 partially helped by the depreciation of the Indian rupee, even though acid credit was much lower than the previous year. During the year the fall in coal price and lower specific coal consumption helped in reducing the captive power cost. The business remains in the lowest cost quartile compared with other global producers backed by high quality assets.

EBITDA

EBITDA for FY 2012–13 decreased to US\$1,165.3 million, as compared to US\$1,244.8 during FY 2011–12. The positive impact of higher volumes of silver and lead and depreciation of the Indian rupee was offset by lower metal prices, lower zinc volumes and lower by-product credits. Metal prices were lower during the year: zinc was down by 7.2%, lead reduced by 6.9% and silver fell by 13.6%.

Projects

The Board of Directors of Hindustan Zinc Limited ('HZL') has approved the next phase of growth. HZL has been actively conducting exploration activities, which have increased net Reserve and Resources ('R&R') across all mines to 348.3mt of ore as at the end of FY 2012–13. Based on a long-term evaluation of assets and in consultation with mining experts, Zinc India has finalised plans for the next phase of growth, which will involve the sinking of underground shafts and developing underground mines.

Production performance

(In US\$ millions, except as stated)	FY 2012–13	FY 2011–12	% change ³
Production (kt)			
Total mined metal	870	831	4.8%
Zinc	765	739	3.5%
Lead	106	92	14.9%
Zinc refined metal – Total	677	759	(10.8)%
Integrated	660	753	(12.3)%
Custom	17	6	–
Lead refined metal – Total ¹	125	99	26.4%
Integrated	107	89	19.7%
Custom	18	10	–
Saleable silver – Total (moz) ²	13.11	7.78	68.6%
Integrated	10.35	7.62	36.0%
Custom	2.75	0.16	–

1 Including captive consumption 7kt v/s 7kt in FY 2012–13 v/s FY 2011–12.

2 Including captive consumption 1,088 thousand ounces v/s 1,123 thousand ounces in FY 2012–13 vs FY 2011–12.

3 All % change in production figures have been calculated without rounding the number up to 1,000.

Unit costs

(In US\$ millions, except as stated)	FY 2012–13	FY 2011–12	% change
Unit costs			
Zinc (US\$ per tonne)	998	1,010	(1.2)%
Zinc (Other than Royalty) (US\$ per tonne)	835	834	–

Financial performance

(In US\$ millions, except as stated)	FY 2012–13	FY 2011–12	% change
Revenue	2,263.3	2,316.1	(2.3)%
EBITDA	1,165.3	1,244.8	(6.4)%
EBITDA margin (%)	51.5%	53.7%	–
Depreciation and amortisation	107.3	109.2	(1.7)%
Operating profit	1,054.8	1,126.6	(6.4)%
Share in group operating profit (%)	42.0%	47.2%	
Capital expenditure	287.1	220.8	30.0%
Sustaining	51.6	53.4	(3.4)%
Growth	235.5	167.4	40.7%

The plan includes developing a 3.75mtpa underground mine at Rampura Agucha and expanding the Sindesar Khurd mine from 2.0mtpa to 3.75mtpa. Other mines will also be expanded: capacity at the Zawar mines will expand from 1.2mtpa to 5.0mtpa, the Rajpura Dariba mine from 0.9mtpa to 1.2mtpa and the Kayad mine from 0.35mtpa to 1.0mtpa. It will also involve the opening up of a small new mine at Bamnia Kalan in the Rajpura Dariba belt.



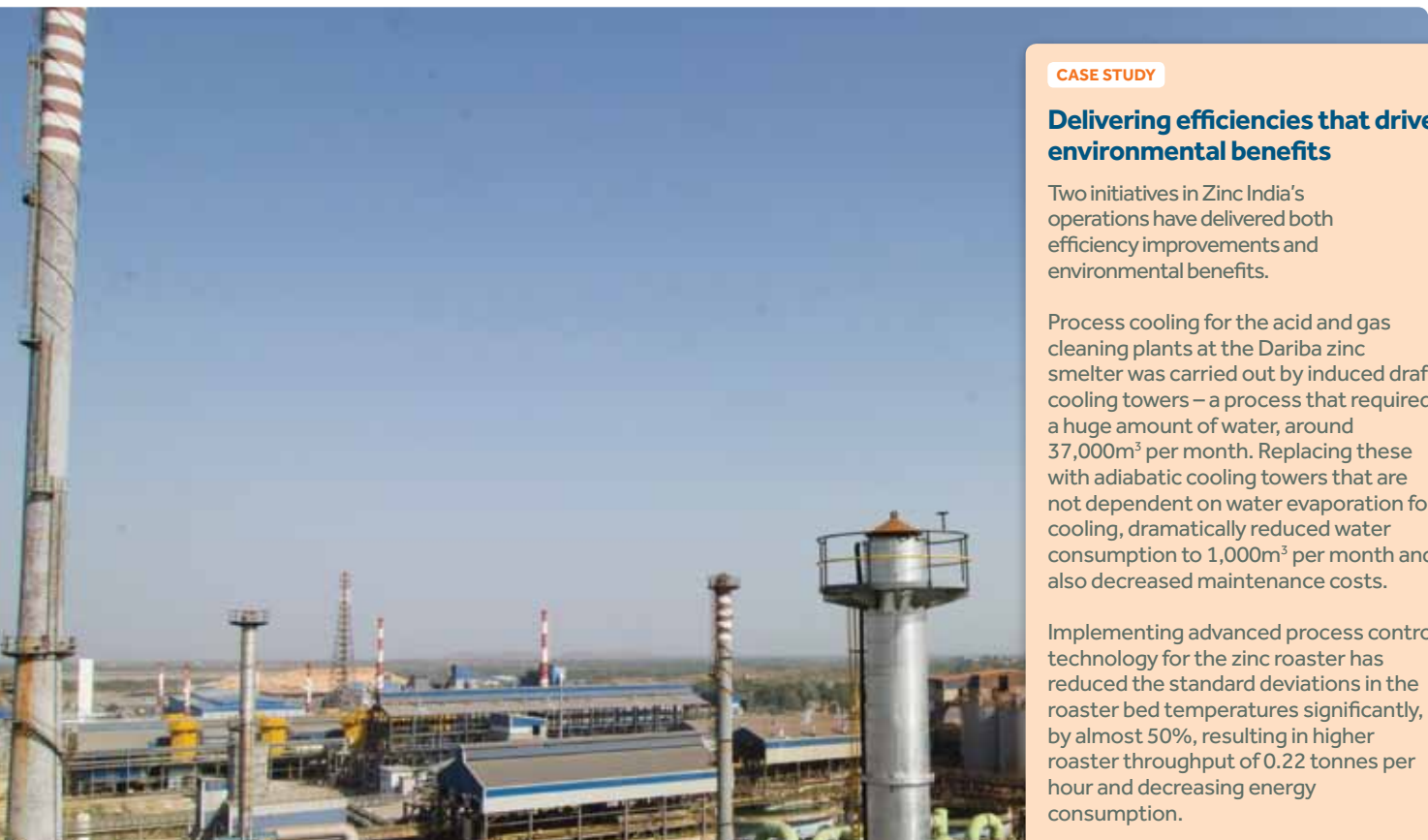
Above: Engineers at control room of Chanderiya smelting complex, HZL.

Opposite: Operator operating driller at underground SK lead-zinc mine, HZL.

Operational Review

Zinc - India

ZINC-LEAD-SILVER



The growth plan will increase mined metal production capacity to 1.2mtpa MIC. These mines will be developed using best-in-class technology and equipment, ensuring the highest level of productivity. The projects will be completed in six years and the benefit of these growth projects will start flowing in from the third year, even though project activities will continue until FY 2018–19. Annual capital expenditure for these projects will average US\$250–US\$300 million over the next six years (totalling approximately US\$1.5 billion).

The Company's Board has approved HZL's proposal for the next phase of growth to 1.2mtpa MIC.

Exploration

Our exploration success has continued and during the year we added 24.6mt to R&R, prior to depletion of 8.6mt. With a total R&R of 348.3mt containing 35.1mt of zinc lead and 910moz of silver as at 31 March 2013, we have maintained our leading position with over 25 years of remaining mine life.

We have a strong track record of low cost exploration and have increased R&R five times, net of depletion, since 2003.



CASE STUDY

Delivering efficiencies that drive environmental benefits

Two initiatives in Zinc India's operations have delivered both efficiency improvements and environmental benefits.

Process cooling for the acid and gas cleaning plants at the Dariba zinc smelter was carried out by induced draft cooling towers – a process that required a huge amount of water, around 37,000m³ per month. Replacing these with adiabatic cooling towers that are not dependent on water evaporation for cooling, dramatically reduced water consumption to 1,000m³ per month and also decreased maintenance costs.

Implementing advanced process control technology for the zinc roaster has reduced the standard deviations in the roaster bed temperatures significantly, by almost 50%, resulting in higher roaster throughput of 0.22 tonnes per hour and decreasing energy consumption.

Outlook

Mined metal production in FY 2013–14 is expected to be close to 1mt, 15.0% higher than FY 2012–13. We expect commercial production to commence at the Rampura Agucha underground mine and the Kayad mine during the current financial year and normal operations at the Zawar mine will also contribute to increased mined metal production. In addition, we expect to produce around 11.2moz of integrated saleable silver in FY 2013–14. During the current year, we expect mined metal and refined metal capacities to be nearly balanced.

Above: Aerial view of Chanderiya smelting complex, HZL.

Opposite: Load-haul-dump unit loading truck underground, Lisheen.

Zinc International



IRELAND

1

NAMIBIA
SOUTH AFRICA

Map index

- 1 Lisheen mine, Ireland
- 2 Skorpion mine, Namibia
- 3 Black Mountain mine, South Africa

Production-Refined Zinc and Mined Zinc-Lead (kt)



EBITDA (US\$m)



¹ For the period post acquisition.

Operations

Total production of zinc and lead MIC and zinc refined metal was 426,000 tonnes, which comprised 280,000 tonnes of zinc and lead MIC at the Lisheen and Black Mountain Mine ('BMM'), and 145,000 tonnes of refined zinc at the Skorpion mine. This compared with production of 444,000 tonnes in the previous financial year.

Unit costs

The unit cost of production reduced in FY2012-13 to US\$ 1,092 per tonne from US\$1,146 per tonne in FY2011-12, primarily due to operational efficiencies and favourable currency movements.

EBITDA

EBITDA for the FY 2012-13 was US\$294.5 million and operating profit was US\$110.6 million. Operating profit fell due to lower zinc and lead prices, and lower volume, mainly from the Lisheen mine partially offset by lower cost of production ('CoP').

Outlook

In FY 2013-14, production at Zinc International is expected to be impacted by a fall in grade and progressive reduction in production at the Lisheen mine, which will lead to lower production volumes at around 390-400kt for FY 2013-14. During the current year we plan to complete the feasibility study for the Gamsberg/Swartberg and Refinery Co-treatment projects.

Production performance

(In US\$ millions, except as stated)	FY 2012-13	FY 2011-12	% change
Production - Zinc (kt)			
Mined metal content BMM and Lisheen	208	215	(3.2)%
Refined metal Skorpion	145	145	-
Production - Lead (kt)			
Mined metal content	72	84	(13.7)%

Unit costs

(In US\$ millions, except as stated)	FY 2012-13	FY 2011-12	% change
Zinc (US\$ per tonne) CoP	1,092	1,146	4.7

Financial performance

(In US\$ millions, except as stated)	FY 2012-13	FY 2011-12	% change
Revenue	797.2	890.7	(10.5)%
EBITDA	294.5	366.0	(19.5)%
EBITDA margin (%)	36.9%	41.1%	-
Depreciation	122.5	119.0	2.9%
Acquisition related amortisation	61.4	117.8	(47.9)%
Operating profit	110.6	129.2	(14.4)%
Share in group operating profit (%)	4.4%	5.4%	-
Capital expenditure	35.5	41.7	(14.9)%
Sustaining	27.4	41.7	(34.3)%
Growth	8.1	-	-

Key achievements

- Stable operating and improved cost performance despite fall in grades and volume
- Production volumes in line with mine plan

Strategic priorities

- Feasibility study of Gamsberg & Swartberg projects underway
- Feasibility study for Refinery Conversion Project being investigated to co-treat sulphide opportunity in Namibia
- Focus on increasing the mine life of all assets though in pit and near pit drilling and exploration continues



Key Achievements

- Record full year gross production up by 18.8%, driven by 32.1% higher output at the Rajasthan block
- Commenced production from Aishwariya field and gas sales from the Rajasthan block
- Re-commenced exploration drilling in the Rajasthan block and made the 26th discovery in the block
- Infill drilling campaign in the CB/OS-2 block completed successfully; resulting in doubling the production potential
- Farmed-in to the PetroSA 'Block1' in the Orange Basin, offshore South Africa, with 60% interest and operatorship

Production (mmboe)



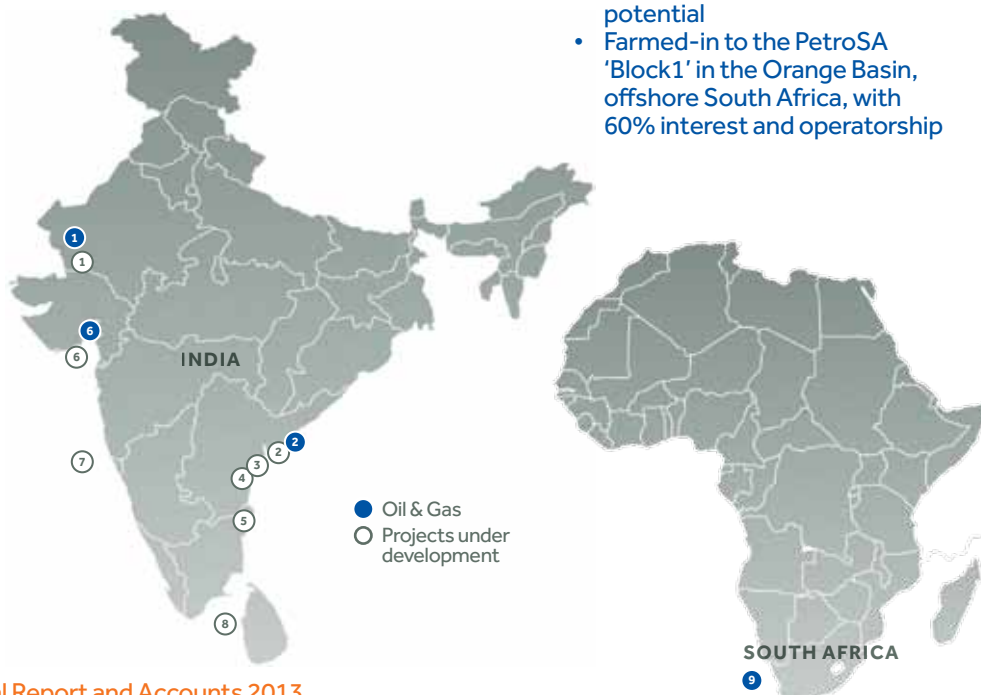
EBITDA (US\$m)



Map index

- 1 Rajasthan block
- 2 Ravva (PKGM-1) block
- 3 KG-ONN-2003/1 block
- 4 KG-OSN-2009/3 block
- 5 PR-OSN-2004/1 block
- 6 Cambay (CB/052) block
- 7 MB-DWN-2009/1 block*
- 8 SL 2007-01-001 block
- 9 South Africa Block - 1

* Under force majeure.



Operations

Gross production during the year was 205,323 boepd 18.8% higher than the corresponding period last year. The increase was primarily due to a 32.1% increase in production at the Rajasthan block. The Rajasthan block is currently producing oil from five of its oil fields, specifically; Mangala Aishwariya, Saraswati, Raageshwari and Bhagyam. Current production is ~175,000 bopd. In addition, we commenced commercial sales of gas. Production at the Aishwariya field started in March 2013 and reservoir performance has been in line with expectations. The field is expected to ramp up to 10,000bopd in coming months as additional wells are drilled and completed.

Resource base

Following the Gol clarification on conducting exploration activities in development areas, Cairn India spudded its first exploration well Raageshwari-South-1 in the southern part of the Rajasthan block. This resulted in an oil discovery which is the 26th discovery made in the block so far. The volumes of oil in place and the potential resource base associated with this discovery are under evaluation.

The Company plans to undertake an aggressive exploration and appraisal ('E&A') drilling programme in the block with 100 wells planned in a three year period. These wells target gross recoverable risked prospective resources of 530 mmboe.

Efforts to monetise 20 other discoveries (including Barmer Hill) in the block are ongoing. Development plans have also been submitted for two other satellite discoveries in the block: NI field and NE field.

Post the Mangala enhanced oil recovery ('EOR') polymer pilot, a field development plan ('FDP') for a full field application has been submitted to the Joint Venture Partner ('JV'). The JV partner is technically aligned to the application of EOR in the field and expected to start in FY 2014–15.

Production performance

(In US\$ millions, except as stated)	Unit	FY 2012-13	FY 2011-12 ²	% change	FY 2011-12 ¹
Gross production	boepd	205,323	172,887	18.8%	178,041
Rajasthan	boepd	169,390	128,267	32.1%	134,965
Ravva	boepd	29,161	36,379	(19.8)%	35,265
Cambay	boepd	6,772	8,242	(17.8)%	7,810
Oil	bopd	195,780	160,635	21.9%	165,246
Gas	mmscfd	57	74	(22.1)%	77
Net production					
– working interest	boepd	127,843	101,268	26.2%	105,534
Oil	bopd	125,306	97,980	27.9%	102,178
Gas	mmscfd	15	20	(22.8)%	20
Gas production	mmboe	74.9	63.3	18.4%	20.5
Working interest production	mmboe	46.7	37.1	25.9%	12.1

1 Data from 8 December 2011 to 31 March 2012.

2 FY 2011–12 data are for Full Year.

Financial performance

(In US\$ millions, except as stated)	FY 2012-13	FY 2011-12 ¹
Revenue	3,223.4	882.5
EBITDA	2,439.7	713.0
EBITDA margin	75.7%	80.8%
Depreciation	600.4	180.2
Acquisition related amortisation	834.5	166.5
Operating (loss)/profit ¹	1,004.8	366.3
Share in group operating profit (%)	40.0	15.0
Capital expenditure	423.6	161.2
Sustaining	–	–
Projects	423.6	161.2

1 Data from 8 December 2011 to 31 March 2012.

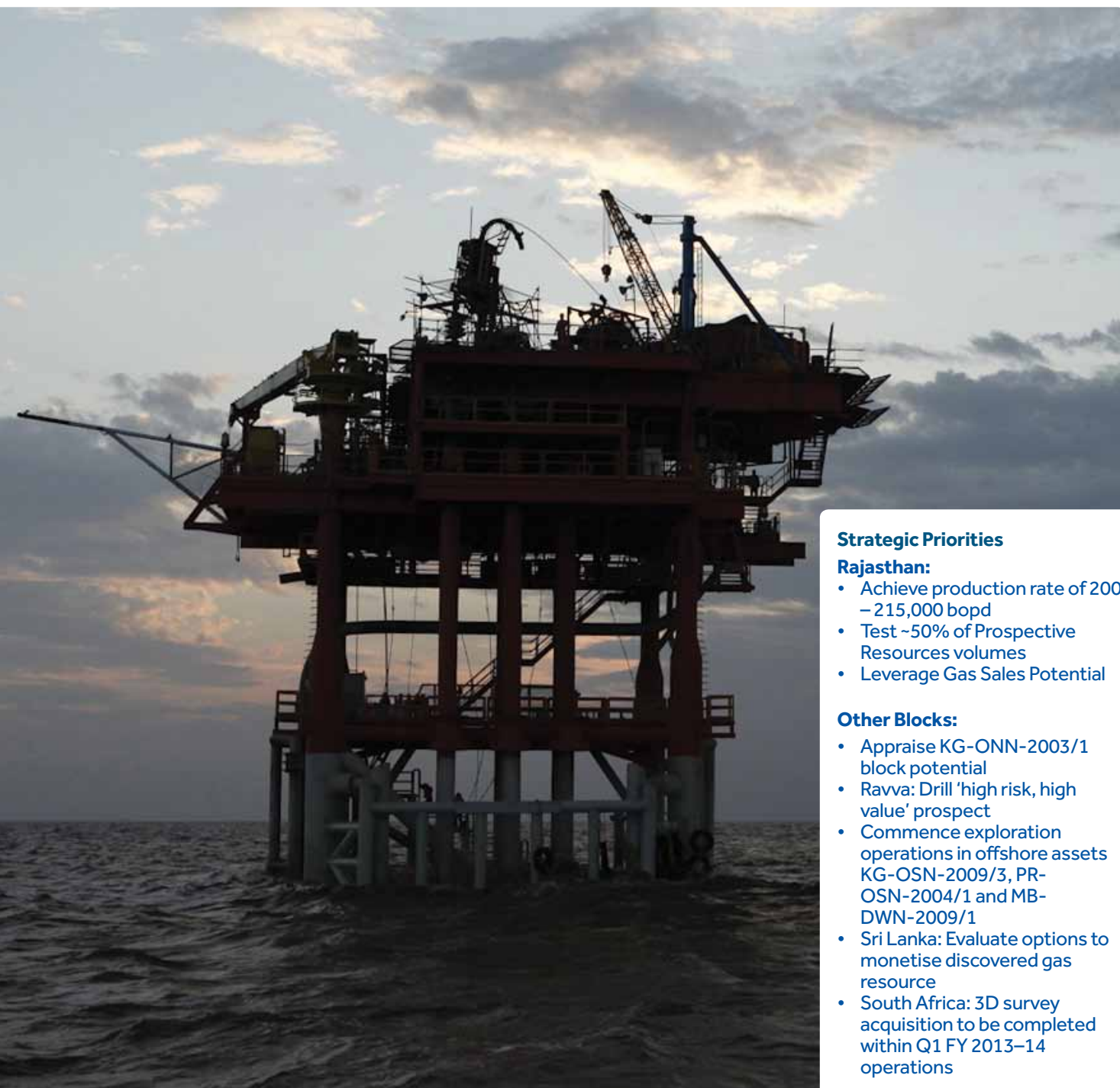


Above: Ravva offshore terminal, Cairn India.

Opposite: Ravva offshore terminal, Cairn India.



Above: Ravva offshore terminal, Cairn India.



Strategic Priorities

Rajasthan:

- Achieve production rate of 200 – 215,000 bopd
- Test ~50% of Prospective Resources volumes
- Leverage Gas Sales Potential

Other Blocks:

- Appraise KG-ONN-2003/1 block potential
- Ravva: Drill 'high risk, high value' prospect
- Commence exploration operations in offshore assets KG-OSN-2009/3, PR-OSN-2004/1 and MB-DWN-2009/1
- Sri Lanka: Evaluate options to monetise discovered gas resource
- South Africa: 3D survey acquisition to be completed within Q1 FY 2013–14 operations

CASE STUDY

Oil & Gas

With Cairn India's successful exploration programme resulting in 26 hydrocarbon discoveries in the Rajasthan block to date, large volumes of water (more than 50,000 cubic meters per day) will potentially be required to maximise oil recovery of this generally viscous crude. Sourcing this volume of water in a desert without an adverse impact on the local community and environment posed a daunting task. The challenge was to find a saline water source, which was not used as a resource by the local community and would not affect the fresh water aquifer in the area.

As a part of the project, freshwater and saline water aquifer systems more than 1,000m below ground level were mapped, modelled and quantified. Seismic data, petrophysical logs; drilling and well test data were used to understand the sub-surface hydrogeology of the Barmer Basin and a huge saline water resource was identified.

Real-time aquifer monitoring had been installed, which has reinforced confidence in the saline abstraction amongst the regulator and stakeholders by demonstrating that the saline well field has had no impact on the fresh water zone located 25km away since it came into operation in 2010.

Financial performance

EBITDA during the year was US\$2,439.7 million mainly due to increased production from the Rajasthan block. Operating profit for the period was US\$1,004.8 million.

The Rajasthan field direct operating expenses including transportation was US\$3.2/bbl for the year.

Under the petroleum profit regulations, Cairn India shares its oil profits with the Gol after recovering its share of costs as per the terms of a production sharing contract. The petroleum profit is paid on a quarterly basis to the Government of India.

The profit petroleum of the Rajasthan block (net to the Company) was US\$518 million during the year.

Exploration

After a long hiatus, the Gol provided policy clarity to allow exploration activity in development blocks and this enabled Cairn India to move quickly to unlock the full potential of the Rajasthan Block. Cairn India immediately embarked on an intensive exploration programme which met with its first success – the 26th discovery in the block, which further reaffirmed that this world class block has significant untapped potential. During the year, in addition to our renewed exploration efforts in Rajasthan, our focus was on increased exploration activity across the asset portfolio to harness the remaining potential of producing blocks, including Ravva and CB/OS-2 and other exploration acreages. In Sri Lanka, data from both exploration phases is being evaluated and integrated to fully understand the block's future potential as options are being evaluated to monetise the discovered gas resource.

In the Orange Basin in South Africa, following an assignment of 60% operating interest in 'Block 1', exploration operations have commenced.

Outlook

With the Rajasthan Block current production is at ~170,000 bopd, FY2013–14 exit production rate is expected at hit 200,000–215,000 bopd. The Aishwariya field is expected to ramp up to the approved FDP rate of 10,000 bopd over the next few months and the Bhagyam field is expected to ramp up to the approved FDP rate of 40,000 bopd in H2 FY2013–14.



Top: Raageshwari gas terminal at Rajasthan, Cairn India.

Bottom: Engineers at Mangala Processing Terminal in Rajasthan, Cairn India.

Opposite: Suvali offshore platform in Gujarat, Cairn India.

Operational Review

Iron Ore



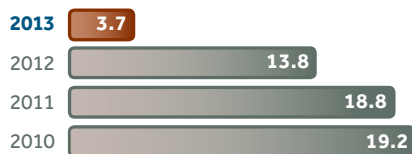
Key achievements

- Acquired remaining 49% shares of Western Cluster Limited ('WCL') Liberia
- Net addition of 59mt R&R in Indian operations
- Karnataka mining cleared by the Supreme Court
- Drilling confirmed certified R&R of 966mt at Liberia

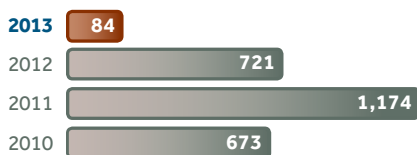
Strategic priorities

- Resume mining at Karnataka and Goa
- Phased development of Liberia mining project
- Continue to add reserve and resources by active exploration in existing areas

Production (mt)



EBITDA (US\$m)



Map index

- 1 Sesa Goa operations – Goa
- 2 Sesa Goa operations – Karnataka

Operations

Iron ore operations were affected by the suspension of mining in Goa and Karnataka. On 18 April 2013, the Honourable Supreme Court of India gave clearance for the resumption of mining operations for A and B category mines in Karnataka, subject to statutory clearances. Sesa Goa's Karnataka mine falls under B category, and is awaiting statutory clearances, including forest clearance which expired in October 2012, to resume mining. We expect to commence mining in Q1 FY 2013–14.

Regarding the suspension of mining in Goa from September 2012, the date for the initial hearing is yet to be fixed by the Honourable Supreme Court of India. In the meantime, the State Government and major miners, including Sesa Goa, have filed their responses to the Central Empowered Committee report. Separately, we have filed an application to the Supreme Court seeking a stay on the suspension of mining and restrictions on ore transportation.

The production of pig iron and metallurgical coke was significantly higher by 24% and 10% to 308,000 tonnes and 275,000 tonnes, respectively. The increase is primarily due to the commissioning of new pig iron capacity and the associated metallurgical coke capacity in Q2 FY 2012–13.

Financial performance

EBITDA in FY 2011–13 was lower at US\$84.2 million compared with US\$721.4 million in the previous year. Lower EBITDA was mainly due to the continued Karnataka mining restriction as well as the Sesa Goa mining restriction imposed in September 2012. Operating profit was lower at US\$(4.0) million in FY 2012–13 compared with US\$481.3 million in FY 2011–12, reflecting the fall in EBITDA.

Production performance

(In US\$ millions, except as stated)	FY 2012–13	FY 2011–12	% change
Production			
Saleable ore (mt)	3.7	13.8	(73.0)%
Goa	3.7	12.8	(70.7)%
Karnataka	0.0	1.0	–
Pig Iron (kt)	308	249	23.7%
Sales			
Iron ore (mt)	3.1	16.0	(80.3)%
Goa	3.0	13.3	(77.2)%
Karnataka	0.1	2.7	(96.0)%
Pig iron (kt)	275	251	9.8%

Financial performance

(In US\$ millions, except as stated)	FY 2012–13	FY 2011–12	% change
Revenue	442.5	1,690.9	(73.8)%
EBITDA	84.2	721.4	(88.3)%
EBITDA margin (%)	19.0%	42.7%	–
Depreciation	44.1	49.7	(11.3)%
Acquisition related amortisation	40.2	176.6	(77.2)%
Operating profit	(4.0)	481.3	(100.8)%
Share in group operating profit (%)	(0.2)%	20.2%	–
Capital expenditure	128.1	166.0	(22.8)%
Sustaining	49.3	32.3	52.6%
Projects	78.8	133.7	(41.1)%



Above: Operator inspecting ore stockpiles at Goa mines, Sesa Goa.

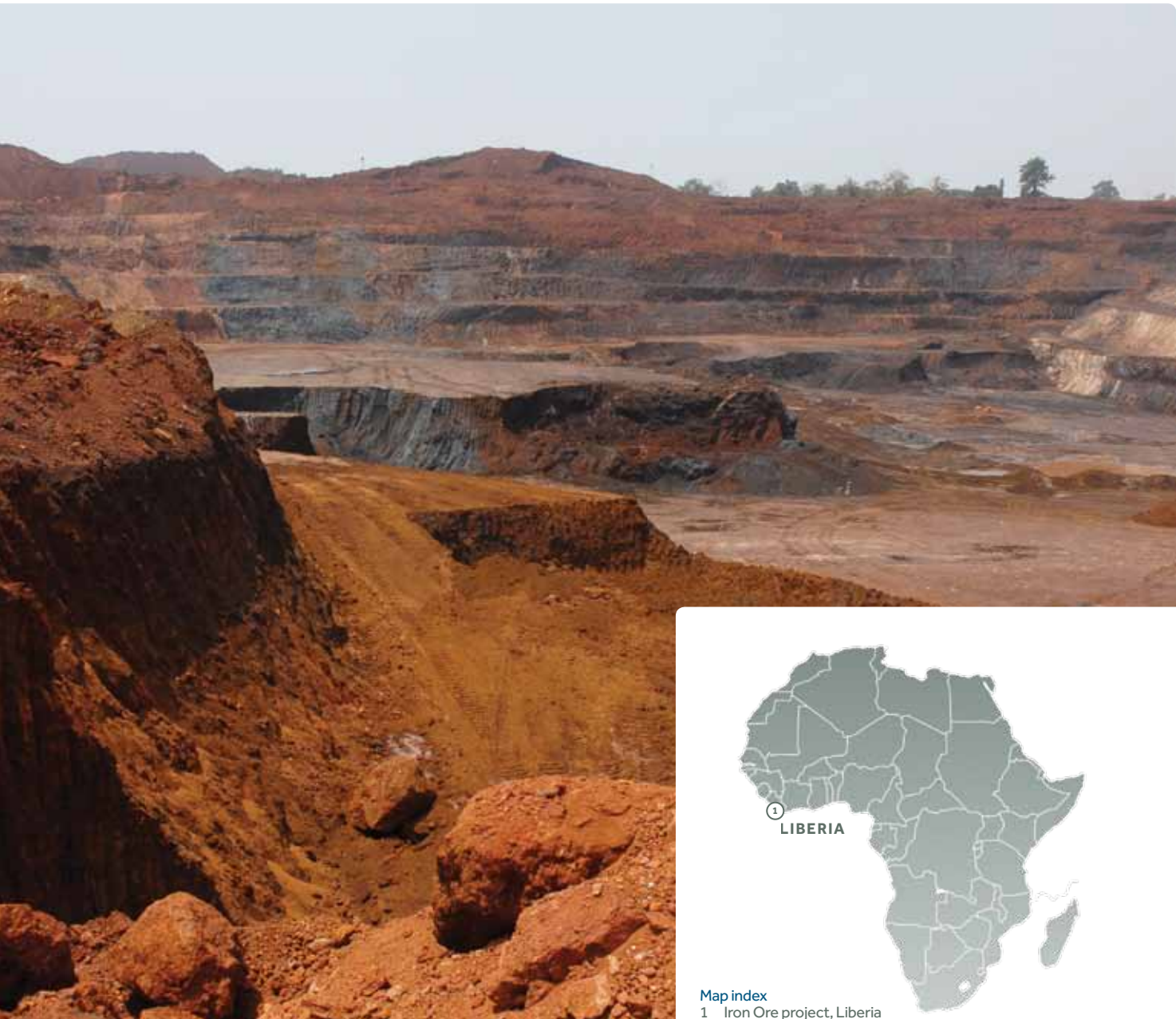


Above: Dumper at Goa mines, Sesa Goa.

Opposite: Dry screening plant for ore processing at Goa, Sesa Goa.

Operational Review

Iron Ore



Above: Iron ore mines at Goa, Sesa Goa.

Map index
1 Iron Ore project, Liberia

CASE STUDY

Centralised control improves availability and utilisation

The roll-out of the Command and Control Centre ('C&C') in Sesa Goa, completes the final piece of the jigsaw to modernise mine operations and integrate the entire business process from mine to port. Following the introduction of Radio Frequency Identification ('RFID') tracking for trucks carrying ore and online real-time barge monitoring, the C&C centre monitors and controls mining, processing and logistics making immediate decisions on day-to-day operations.

The system includes real-time monitoring of heavy earth moving and mining equipment which has increased availability and utilisation by 8–10% and reduced downtime through better maintenance planning. A dynamic truck dispatch system uses GPS to allocate dumpers to excavators resulting in higher production and enhanced safety management through a speed alert that helps control the speed of the trucks.

The ability to track every single ton of ore produced is delivering significant operational efficiencies and places Sesa Goa at the forefront of the industry.

Exploration

The Company's focus on exploration activities has yielded significant R&R accretion in Goa and Karnataka, with a net addition of 59mt of reserves and resources during the year taking the total R&R to 433mt in India as compared with 374mt as at 31 March 2012, implying 20+ years' mine life.

100% acquisition of WCL Liberia

During the year, Sesa Goa acquired the remaining 49% of the outstanding common shares of WCL for a cash consideration of US\$33.5 million, taking the equity interest in the project to 100%.

At our Liberia iron ore project, exploration activities are progressing well with ~69,000m of drilling completed up to 31 March 2013 including 54,000m in Bomi. The maiden R&R confirmation as per the Joint Ore Reserves Committee ('JORC') at Liberia stand at 966mt as on 31 March 2013 with a significant upside going forward.

We plan to develop the project in phases with a target capacity of 30mtpa. We remain committed to our first shipment target by end of FY2013–14, while continuing to work on the initial phase of 2mtpa which envisaged to be completed by end of CY 2014. In the first phase, the saleable ore will be transported to the Monrovia port by road.

The R&R position in India and Liberia has been independently reviewed and certified as per the JORC standard.

Outlook

We expect to resume operations at Karnataka in the next few months and we are hopeful that the Goa mining restriction will be resolved by the intervention of the Honourable Supreme Court.



Top: Engineers inspecting benches at Goa mines, Sesa Goa.

Middle: Stock pile of pig iron at Goa, Sesa Goa.

Bottom: Aerial view of newly commissioned pig iron and met-coke plants in Goa, Sesa Goa.



Operational Review

Copper – India and Australia



Key achievements

- Record copper cathode production
- Strong operating performance at Copper India
- Commissioned first 80MW unit of the 160MW captive power plant at Tuticorin in Q3 FY 2013
- Increased mined metal volumes in Australian copper mine
- R&R increased to 8.9mt at Australia mine with mine life around four years

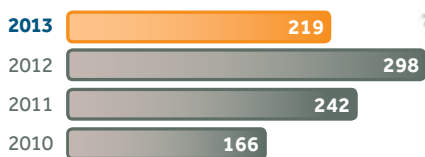
Strategic priorities

- To resume Indian operations (currently under closure as per the order of the Tamil Nadu Pollution Control Board ('TNPCB'))
- Sustain efficiency of cost leadership at copper smelting operations
- Commissioning of second unit captive power plant

Production (kt)

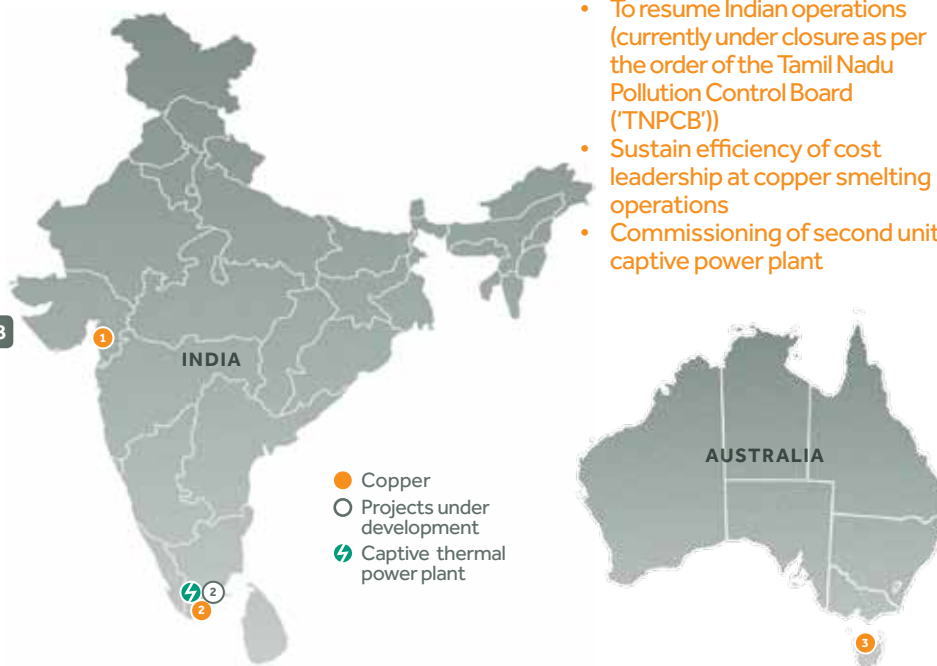


EBITDA (US\$m)



Map index

- 1 Silvassa refinery
- 2 Tuticorin smelter
- 3 Mt Lyell mine, Australia



Operations

Production of cathodes at our Copper India business was 353kt in FY2012–13, up 8.4% year on year. Mined metal production in our Australian mines also improved at 26kt in FY2012–13.

Unit costs

CoP increased from 0.0 US cents per lb to 8.7 US cents per lb, mainly due to significantly lower by-product credits and higher power and petroleum costs.

In FY 2012–13, the unit cost of production at our Australian operations, including treatment and refining charges ('TC/RCs') and freight, was 220 US cents per lb down from 233 US cents per lb in FY 2011–12.

Financial performance

EBITDA for FY 2012–13 was US\$219.1 million compared with US\$298.0 million in the previous year. This decrease was primarily due to an increase in CoP, partially offset by positive currency movement resulting from the depreciation of the Indian rupee and EBITDA from the power plant. TC/RCs received in FY 2012–13 were also lower by 12% at 12.8 US cents per lb compared with 14.5 US cents per lb in FY 2011–12. Operating profit was US\$157.5 million in FY 2012–13 as compared with US\$164.0 million in FY 2011–12.

Tuticorin Copper Smelter update

Following a few public complaints against emissions, the TNPCB ordered closure of the Tuticorin Copper Smelter on 29 March 2013. The Company's appeal against the TNPCB order has been admitted by the National Green Tribunal ('NGT'). An expert committee constituted by NGT has submitted its report and the matter is now being heard by NGT.

Separately, on 2 April 2013, the Honourable Supreme Court has upheld our appeal filed in 2010 against the Madras High Court order for smelter closure and ordered us to deposit US\$18 million with the District Collector, Tuticorin, which will be used to improve the environment, including soil and water, in the vicinity of the plant. Over the two year court process, regulatory bodies had inspected and confirmed that the plant meets the required standards. Some recommendations for improvements had been proposed during inspection, all of which had been implemented.

Production performance

	FY 2012–13	FY 2011–12	% change
Production (kt)			
Australia – Mined metal content	26	23	15.2%
India – Cathode	353	326	8.4%

Unit costs

	FY 2012–13	FY 2011–12	% change
Unit conversion costs (CoP) – (US cents per lb)	8.7	0.0	–
Realised TC-RCs (US cents per lb)	12.8	14.5	(11.7)%

Financial performance

(In US\$ millions, except as stated)	FY 2012–13	FY 2011–12	% change
Revenue	3,991.1	4,205.2	(5.1)%
EBITDA	219.1	298.0	(26.5)%
EBITDA margin (%)	5.5%	7.1%	–
Depreciation and amortisation	43.2	45.4	(4.8)%
Special Items			
Operating profit	157.6	164.0	(3.9)%
Share in group operating profit (%)	6.3	6.9	–
Capital expenditure	89.4	110.5	(19.1)%
Sustaining	47.6	31.2	52.9%
Growth	41.8	79.3	(47.3)%

Projects

160MW captive power plant

The first 80MW unit of the captive power plant was commissioned during the year and operating near to full capacity. The second unit is expected to be commissioned during Q1 FY 2013–14.

400ktpa copper smelter

The project is under hold and awaiting consent to establish from TNPCB.

Outlook

Due to the bi-annual shutdown planned in FY 2013–14 and the recent closure, we anticipate that production will be lower as compared to FY 2012–13. This will also depend on the commencement of operations after the current suspension. Sale of surplus power will augment the financial performance.



Above: Cast bar in copper rod plant, Sterlite.

Opposite: Night aerial view of Tuticorin smelting complex, Sterlite.

Operational Review

Copper – Zambia



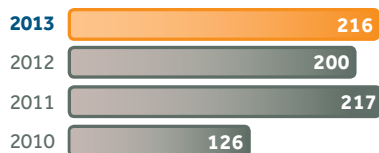
Key achievements

- Integrated production up by 15.5% at 160kt
- Mined metal production increased by 12.0%
- Added 78mt on net basis to R&R

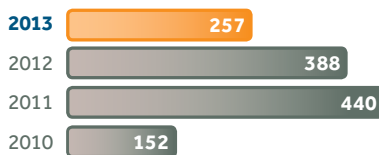
Strategic priorities

- Unlock volume growth potential
- Realise cost efficiency driven by volume growth and other measures
- Ramp-up mine development at Konkola to realise its ore production potential
- Start production in the Nchanga Upper Ore Body mine

Production (kt)



EBITDA (US\$m)



Map index

1 Konkola and Nchanga copper mines and Nchanga smelter, Zambia.

- Copper
- Projects under development

CASE STUDY

Quality initiatives drive progress

Total Quality Management ('TQM') projects have been an ongoing feature at the Konkola Copper Mines ('KCM') and two in particular have resulted in major achievements.

A structured review of every step of the tailing leach process to recover oxide-based copper at the Nchanga Tailing Leach plant ('TLP') identified actions that improved copper recovery rates by a substantial 13%. These included improved leach efficiency, improved density management and better overall volume balance, driving up copper production at the plant by 9%.

A TQM initiative at the Nkana Refinery focused on reducing the high rejection rates for copper starter sheets, used in the production of copper cathodes. Improved short circuit monitoring and correcting, a reduction in current losses through weak electrical contacts and better control on the quality of inputs resulted in a substantial reduction in rejection rates to an all time low of 10% – half the rates experienced in previous years.

Operations

Integrated copper production was 15.5% higher at 160kt for the financial year. Total copper cathode production was higher by 8.2% at 216kt for the full year. The increase was driven by production ramp-up at the Konkola mine, following the development of dewatered reserves using the Konkola Deep Mining Project ('KDMP') infrastructure, and by higher primary copper production at the Nchanga Tailings Leach Plant ('TLP').

Mined metal production for the financial year was 159kt, up by 12.0%. This was lower than our internal estimates due to a temporary suspension of mining at the Chingola Open Pit ('COP F&D'), due to non-renewal of third party mining contract.

Unit costs

The unit cost of production was increased at 255.1 US cents per lb in FY 2012–13, up 7.7% compared with FY 2011–12. The cost increased due to higher stripping ratios, lower ore production at the Nchanga open pit, and the impact of changes in wages and currency regulations.

Financial performance

EBITDA in FY 2012–13 was US\$257.3 million

Production performance

	FY 2012–13	FY 2011–12	% change
Production (kt)			
Mined Metal	159	142	12.0%
Cathode:			
Integrated	160	139	15.5%
Custom	56	61	(8.6)%

Unit costs

	FY 2012–13	FY 2011–12	% change
Unit costs (US cents per lb)	255.1	236.8	7.7%

Financial performance

(In US\$ millions, except as stated)	FY 2012–13	FY 2011–12	% change
Revenue	1,742.8	1,709.8	1.9%
EBITDA	257.3	387.9	(33.7)%
EBITDA margin (%)	14.8%	22.7%	–
Depreciation and amortisation	193.7	142.6	35.8%
Operating (loss)/profit	51.9	220.9	(76.5)%
Share in group operating profit (%)	2.1	9.3	–
Capital expenditure	259.8	402.9	(35.5)%
Sustaining	171.4	158.7	8.0%
Growth	88.4	244.2	(63.8)%

compared with US\$387.9 million in the previous year, impacted by lower metal prices and increases in the cost of production, partially offset by increased volume.

Projects

The new 3mtpa Nchanga West Concentrator was commissioned during the year and at KDMP, the bottom shaft loading was also completed in FY 2012–13, ahead of schedule.

Exploration

The Konkola Copper Mine ('KCM') has substantially increased its R&R during FY 2012–13 following the completion of a revised life of mine plan for the Konkola mine and continued success in its exploration programme. During the year the Company added, on a net basis, 78mt to its R&R. This increase in R&R has contributed 20% increase in contained copper compared to March 2012, with an overall mine life over 30 years.

Outlook

We expect to deliver about 180–190kt integrated production in FY 2013–14 at a cost of around 240 US cents per lb in H1 FY 2013–14 and 200 US cents per lb in H2 FY 2013–14. In view of the temporary suspension of COP F&D, the Company has drawn up an interim plan for an alternate feed of copper ore to the concentrator. The new concentrator for both the East and West mill would provide flexibility to the Nchanga operation and also improve recoveries and output. We expect improved mine output from the Konkola mine.



Above: Dumper truck at Nchanga open pits, KCM.

Opposite: Conveyor leading to KDMP headgear of shaft #4, KCM.

Operational Review

Aluminium

ALUMINIUM



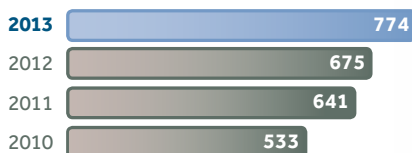
Key achievements

- Record aluminium production of 774kt
- Both BALCO and Jharsuguda smelter operated above rated capacity
- Considerable improvement in operational efficiencies
- Maintained second quartile cost position
- 12.3% increase in value added product volumes from 404kt to 453kt

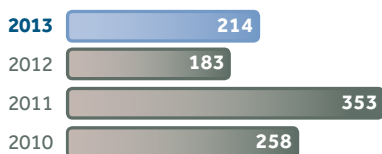
Strategic priorities

- Expedite development of captive coal block at BALCO
- Secure captive bauxite mine and realise true cost efficiency potential
- Start-up of Lanjigarh 1.0mtpa refinery
- Complete ongoing expansion project

Production (kt)

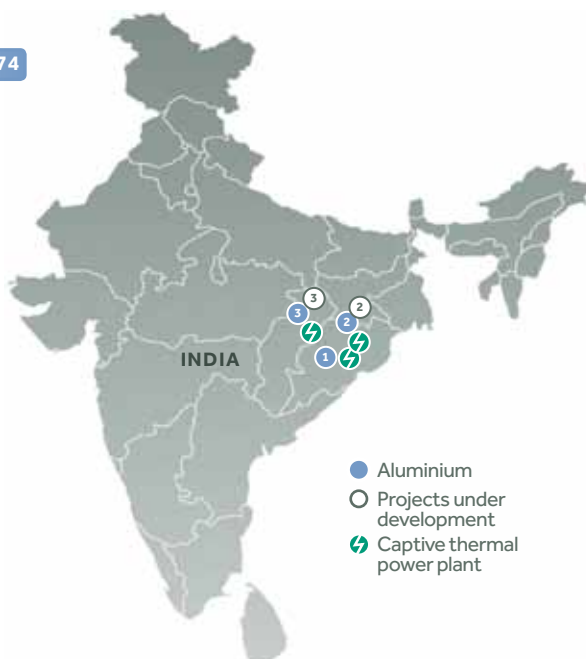


EBITDA (US\$m)



Map index

- 1 Lanjigarh alumina refinery
- 2 Jharsuguda smelters & power plants
- 3 Korba smelters & power plants



Operations

Production of aluminium in FY 2012–13 was 774kt tonnes, an increase of 14.7% compared with the previous year. This was primarily attributable to the 22.6% increase in production to 527kt from the Jharsuguda-I 500ktpa aluminium smelter. The Jharsuguda-I operated above the rated capacity, with significant improvement in specific power consumption, throughput and other operational parameters.

Operations at the Korba smelter were stable and it continued to operate at its rated capacity.

Alumina production at Lanjigarh remains temporarily suspended since 5 December 2012, due to inadequate availability of bauxite. We remain engaged with the Orissa State authorities for allocation of bauxite as per our existing memorandum of understanding ('MoU') with the Orissa State Government. A ministerial level committee is looking into the issue of bauxite supply and is expected to submit its report shortly.

The Ministry of Environment and Forests ('MOEF') had earlier rejected the application for the final stage forest clearance for the Niyamgiri mining project of Orissa Mining Corporation ('OMC') which is one of the sources of supply of bauxite to the alumina refinery of VAL. Following the petition filed by OMC challenging the MOEF decision, the Honourable Supreme Court through its order dated 18 April 2013 has directed the State Government of Orissa to place unresolved issues and claims of the local communities under the Forest Right Act before the Gram Sabha, the council representing the local community. The MOEF through the State Government of Orissa within three months. On conclusion of the proceedings of the Gram Sabha, the MOEF will then take a final decision on granting the stage II forest clearance for the Niyamgiri mining project within two months.

Production performance

(In US\$ millions, except as stated)	FY 2012–13	FY 2011–12	% change
Production (kt)			
Alumina – Lanjigarh	527	928	(43.2)%
Aluminium – Jharsuguda	527	430	22.6%
Aluminium – Korba	247	246	0.4%
Total Aluminium	774	675	14.6%
Sale of Surplus power (million units)	1,564	2,045	(23.5)%

Production cost

	FY 2012–13	FY 2011–12	% change
Aluminium production cost	1,879	2,091	(10.1)%
Jharsuguda CoP	1,869	2,188	(14.6)%
BALCO CoP	1,901	1,922	(1.1)%

Financial performance

(In US\$ millions, except as stated)	FY 2012–13	FY 2011–12	% change
Revenue	1,920.8	1,873.5	2.5%
EBITDA	214.0	182.5	17.3%
EBITDA margin (%)	11.1%	9.7%	–
Depreciation and amortisation	192.8	221.5	(13.0)%
Operating (loss)/profit	21.1	(40.3)	152.4%
Share in group operating profit (%)	0.8	(1.7)	–
Capital expenditure	424.1	779.9	(45.6)%
Sustaining	41.2	68.5	(39.9)%
Growth	382.9	711.4	(46.2)%



Above: Aluminium rolled products, BALCO.



Above: Engineers at power plant, BALCO.

Opposite: 540MW Power Plant, BALCO.

Operational Review

Aluminium

ALUMINIUM



Above: Turbine Generator of the 1,215MW Power Plant, Jharsuguda.

CASE STUDY

Focusing on quality to generate production growth

Production at the Jharsuguda smelter has been significantly increased through a focus on continuous improvement techniques that have brought the smelter performance back up to its design capacity.

Initiatives to increase the number of pots and reduce the frequency of pot failures included immediate action following the observation of any major deviations in cell behaviour followed by root cause analysis to avoid repetition of the problem. A war room was set up to review issues on a daily basis and focus on process optimisation. Combined with an improvement in baking parameters and anode quality, this relentless focus on quality pushed production volumes up by 21% in the financial year up to 526kt.

Unit costs

CoP of hot metal at Jharsuguda decreased to US\$1,869 per tonne compared with US\$2,188 per tonne in the previous year, reflecting improved operating performance, a decrease in prices of e-auction coal and favourable rupee movement, partly offset by increased carbon and alumina cost. Even without captive bauxite and the reliance on imported alumina, our aluminium operations were ranked in the second quartile of the global cost curve.

Operating costs at the Korba smelter were also lower during the year but higher than Jharsuguda, primarily due to higher coal costs on account of coal tapering from May 2012 and other fixed costs.

Financial performance

EBITDA for FY 2012–13 was US\$214.0 million improved by 17.3%, as compared to US\$182.5 million in FY 2011–12. EBITDA increased due to higher volume and metal premiums with improved operational and cost efficiencies offset by lower metal prices which dropped significantly by 14.7%. We witnessed a substantial rise in aluminium premiums year-on-year following the shortage of primary metal in the physical market due to capacity cutbacks. The premium on aluminium ingots has increased significantly from US\$150 per tonne to US\$175 per tonne. Operating profit also increased to US\$21.1 million.

Projects

At the 325ktpa Korba-III aluminium smelter, mechanical and electrical completion and pre-commissioning of the first phase of 84 pots out of a total 336 pots have been completed. Further work is in progress, and we plan to tap first metal in Q2 FY 2013–14. The smelter plans to initially draw power from the existing 810MW power plants at BALCO. The 1,200MW power plant is awaiting final stage regulatory approvals.

Having obtained the stage II forest clearance for the 211mt coal block at BALCO, the process for forest land has been initiated by the State Government, and we are in the process of signing the mining lease agreement. We expect to commence mining by the end of Q2 FY 2013–14.

We continue to evaluate the potential start-up date of the 1.25mtpa Jharsuguda-II Aluminium smelter.

Outlook

We expect our existing facilities will continue to operate at close to their rated capacities in the coming year. The resultant increased volumes, combined with operational efficiencies and expected higher proportion of value added products should provide improved returns.



Top: Operator at anode rodding plant, Jharsuguda.

Middle: Molten aluminium metal inside electrolytic pot, BALCO.

Bottom: Control room of power plant, BALCO.



Operational Review

Power



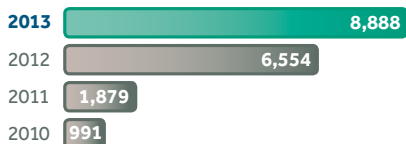
Key achievements

- Record sales of 8,888 million units, up 35.8% from the previous year
- Strong cost performance, lower cost of generation

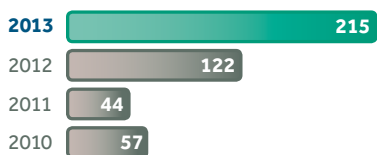
Strategic priorities

- Enhance power sales and transmission strategy
- Stabilisation of the fourth unit at Sterlite Energy Limited & improved Plant Load Factor
- Improve coal sourcing
- Complete 1,980MW Talwandi Sabo power project

Production (mu)



EBITDA (US\$m)



Map index

- 1 Talwandi Sabo project, Punjab
- 2 Jharsuguda power plants
- 3 MALCO power plant



CASE STUDY

Power

A number of efficiency improvements implemented at Sterlite Energy Limited ('SEL') during the financial year have improved reliability and availability, and decreased the use of auxiliary power.

Major modifications to the ash handling plant such as the installation of newly designed pipe systems have increased volumes and reduced the risk of erosion related failures. Reliability and availability of key equipment such as coal mills have been improved by the installation of leak proof hot air gates and an automatic greasing system combined with the replacement of undersized oil coolers.

The modifications to the ash handling plants also contributed to decreasing the use of auxiliary power by reducing the air pressure needed for ash conveyors. Related operational initiatives resulted in halving the number of pumps and fans required.

Operations

Power sales were 8,888 million units during FY 2012–13, compared with 6,554 million units during the previous year. This increase was primarily due to higher power generation and sales from three units of the Jharsuguda 2,400MW power plant.

The plant load factor ('PLF') of the three operating units in the year was 47%. Overall the station delivered an effective PLF of 40% taking into account all four units. The fourth unit was commissioned on 31 March 2013. PLF was lower than capacity as distribution limits were imposed after the grid failures in August 2012 and there were also power transmission bottlenecks.

The PLF trend accelerated in Q4 FY 2012–13 and was at 58% for three units and 44% for the station as a whole. The increase in PLF was driven by the commissioning of the new shared 1,000MW Raipur-Wardha transmission line in January 2013, and partial easing of the transmission restrictions.

Unit costs

Average power generation costs in FY 2012–13 were US cents 4.0 per unit compared with US cents 5.5 per unit in FY 2011–12,

Production performance

	FY 2012–13	FY 2011–12	% change
Power Sales (MU)	8,888	6,554	35.6%
MALCO and Wind Energy	1,358	916	48.3%
SEL	7,530	5,638	33.6%

Unit costs

	FY 2012–13	FY 2011–12	% change
Sales realisation (US cents/kwh)	6.6	7.5	(12.0)%
Sales realisation (US cents/kwh)	4.0	5.5	(27.3)%

Financial performance

(In US\$ millions, except as stated)	FY 2012–13	FY 2011–12	% change
Revenue	576.1	458.3	25.7%
EBITDA	215.0	122.0	76.2%
EBITDA margin (%)	37.3%	26.6%	–
Depreciation and amortisation	94.1	81.7	15.2%
Operating profit/(loss)	120.9	40.3	200.0%
Share in group operating profit (%)	4.8	1.7	–
Capital expenditure	702.9	862.4	(18.5)%
Sustaining	1.7	0.5	–
Project	701.2	861.9	(18.6)%

primarily driven by reduced e-auction coal cost and higher usage of linkage coal, plant stabilisation and rupee depreciation translating to lower costs in US dollar terms. Average power sales prices were lower in FY 2012–13 at 6.6 US cents per unit compared with 7.5 US cents per unit in FY 2011–12.

Financial performance

EBITDA in FY 2012–13 was US\$215.0 million, higher than the EBITDA of US\$122.0 million delivered in FY 2011–12. EBITDA rose primarily due to higher volumes and lower generation costs, partially offset by a fall in power tariffs.

Projects

Talwandi Sabo IPP

Work at the Talwandi Sabo power project is progressing well and the first unit is expected to be synchronised in Q2 FY2014 and each subsequent unit at four monthly intervals.

Outlook

We expect 60–70% PLF for all four units at Sterlite Energy Limited in the near future with further easing of transmission constraints.



Above: Turbine generator, Talwandi Sabo project.

Opposite: Switchyard, Talwandi Sabo project.

Board of Directors

Anil Agarwal, 60
Executive
Chairman



Background and experience

Mr Agarwal founded the Group in 1976 and has over 35 years of entrepreneurial and mining experience. He has helped to shape the Group's strategic vision and, under his leadership, the Group has achieved tremendous growth both organically and through value-generating merger and acquisition activity, creating a world-class diversified portfolio of large structurally low-cost assets which are capable of generating strong cash flow.

Date of appointment

Mr Agarwal was appointed to the Board in May 2003 and became the Executive Chairman in March 2005.

Committee membership

Mr Agarwal is the Chairman of the Nominations Committee.

Navin Agarwal, 52
Deputy Executive
Chairman



Background and experience

Mr Agarwal has over 25 years of senior management experience within the Group. As Chairman of the Executive Committee, he has been instrumental in driving the execution of the strategy set by the Board. He is also responsible for oversight of capital raising initiatives, global investor relations and talent development at senior management levels. Mr Agarwal has helped to develop a culture of continuous improvement with the implementation of best management practices across the Group.

Date of appointment

Mr Agarwal was appointed to the Board in November 2004 and became the Deputy Executive Chairman in June 2005.

Committee membership

Mr Agarwal is the Chairman of the Executive Committee.

MS Mehta, 57
Chief Executive
Officer



Background and experience

Prior to commencing his current role in October 2008, Mr Mehta was the Chief Executive Officer of Hindustan Zinc. He has had an extensive career within the mining and metals industry and held key managerial and operating roles within the Vedanta Group, including Group Commercial Director and Head of Copper Business. Mr Mehta has been instrumental in driving several Group transformational initiatives. Prior to joining the Group in 2000, he held various senior management roles in sales, commercial, projects and finance functions in the steel industry for over 20 years. Mr Mehta has a Mechanical Engineering degree and an MBA from the Indian Institute of Management, Ahmedabad.

Date of appointment

Mr Mehta was appointed to the Board in October 2008.

Committee membership

Mr Mehta is a member of the Executive Committee and the Sustainability Committee.

Naresh Chandra, 78
Senior Independent
Director and Non-
Executive Director



Background and experience

Mr Chandra is currently a director of Avtec Limited, Balrampur Chini Mills Limited, Tata Consultancy Services Limited, Hindustan Motors Limited, Bajaj Auto Limited, Electrosteel Casting Limited, Gammon Infrastructure Projects Limited and Cairn India Limited. He has previously held several political and advisory positions within the Indian Government, and was formerly the Chairman of the Indian Government Committee on Corporate Governance & Audit. He has a Master's degree in Mathematics from Allahabad University. With his background in government affairs and corporate governance, coupled with his experience as a non-executive director across a range of industries, he has the financial knowledge and business acumen to provide rigorous challenge in the discussions of the Board.

Date of appointment

Mr Chandra was appointed to the Board in May 2004.

Committee membership

Mr Chandra is the Chairman of the Remuneration and Sustainability Committees and is a member of the Audit and Nominations Committees.

Aman Mehta, 66 Non-Executive Director



Background and experience

Mr Mehta is currently a non-executive director of Jet Airways (India) Limited, Tata Consultancy Services Limited, PCCW Limited, Wockhardt Limited, Max India Limited, Godrej Consumer Products Limited and Cairn India Limited. He is also a member of the Board of Governors of the Indian School of Business in Hyderabad. Mr Mehta had an illustrious 36 year career at HSBC where he held a number of senior executive positions. Mr Mehta has a degree in Economics from Delhi University and over 30 years of global executive experience with a strong financial background and has provided effective oversight through rigorous challenge to the Board and the Audit Committee in their deliberations.

Date of appointment

Mr Mehta was appointed to the Board in November 2004.

Committee membership

Mr Mehta chairs the Audit Committee and is a member of the Nominations and Remuneration Committees.

Euan Macdonald, 73 Non-Executive Director



Background and experience

Mr Macdonald has a wealth of corporate and financial knowledge having previously spent over 20 years with SG Warburg, specialising in emerging market finance. From 1995 to 1999, Mr Macdonald was Chairman of SBC Warburg India, responsible for all the bank's activities in India, and from 1999 to 2001, he was Executive Vice Chairman of HSBC Securities and Capital Markets, India. Mr Macdonald has a degree in Economics from Cambridge University and a Master's degree in Finance and International Business from Columbia Business School.

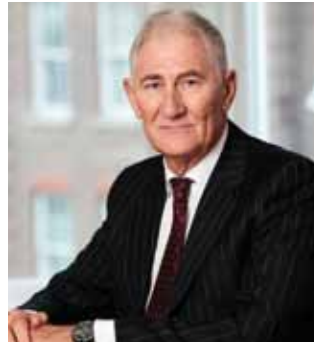
Date of appointment

Mr Macdonald was appointed to the Board in March 2005.

Committee membership

Mr Macdonald is a member of the Audit, Nominations and Remuneration Committees.

Geoffrey Green, 63 Non-Executive Director



Background and experience

Mr Green is a consultant to a leading international law firm, Ashurst LLP, having been a partner of the firm from 1983 to April 2013. He was formerly Ashurst's senior partner and chairman of its management board for 10 years until 2008, when he was appointed head of the firm's expanding Asian practice. He has a wealth of knowledge in respect of the UK corporate governance framework and strategic matters having been a legal adviser to several major UK listed companies. Mr Green has a degree in Law from Cambridge University and qualified as a solicitor at Ashurst LLP. Mr Green has extensive experience as a trusted adviser to FTSE 100 companies and their boards on a wide variety of corporate and governance issues and brings to the Board a strong understanding of UK regulatory and strategic matters.

Date of appointment

Mr Green joined the Board in August 2012.

Senior Management Team

The Executive Committee supports the Board and oversees the implementation of the Group's strategic initiatives set by the Board. The Executive Committee is chaired by Mr Navin Agarwal and comprises Mr MS Mehta and the following members.

Tarun Jain

Director of Finance, Sterlite Industries (India) Limited ('Sterlite')

Mr Jain joined Sterlite in 1984 and has nearly 30 years of experience in corporate finance, accounts, audit, taxation and company secretarial practice. He is responsible for operations at Sterlite including corporate finance, corporate strategy, business development and mergers and acquisitions. Mr Jain is a graduate of the Institute of Cost and Works Accountants of India and a Fellow of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India.

DD Jalan

Chief Financial Officer

Mr DD Jalan is the Chief Financial Officer of Vedanta Resources plc and a Director of Sterlite. He is a fellow member of the Institute of Chartered Accountants of India. Mr Jalan has over 34 years of experience in finance, accounts, audit, taxation, secretarial and legal, besides profit centre responsibility of independent business. He has worked in leadership positions within companies in the engineering, mining and non-ferrous sector.

Akhilesh Joshi

Chief Executive Officer and Whole Time Director, Hindustan Zinc Limited ('HZL')

Mr Joshi joined the Group in 1976 and was appointed as Chief Executive Officer and Whole Time Director of HZL in February 2012. In October 2008, he became Chief Operating Officer and Whole Time Director of HZL. Prior to this, he was the Senior Vice President (Mines), responsible for the overall operations at all mining units. Mr Joshi has a Mining Engineering degree from MBM Engineering College, Jodhpur and a Post Graduate Diploma in Economic Evaluation of Mining Projects from School of Mines, Paris. He also has a first class Mine Manager's Certificate of Competency. He was the recipient of the National Mineral Award in 2006 for his outstanding contribution in the field of mining technology and received the Lifetime Achievement Award from the Indian Mining Engineering Journal. He is also the Director of Madanpur South Coal Company Limited.

PK Mukherjee

Managing Director, Sesa Goa Limited (Iron Ore Business)

Mr Mukherjee joined Sesa Goa in April 1987 and held various positions before commencing his position of Director – Finance in July 2000. He was appointed as Managing Director of Sesa Goa and the Group's Iron Ore business in April 2006. Mr Mukherjee has a Bachelor of Commerce (Honours) degree from Calcutta University and has 34 years of experience in finance, accounts, costing, taxation, legal and general management.

Mr Mukherjee is a fellow member of the Institute of Chartered Accountants of India and an associate member of the Institute of Cost Accountants of India. He was rated one of India's Best Chief Financial Officers ('CFOs') in 2005 by the Business Today magazine and in 2009 Business World magazine declared Mr Mukherjee as India's most Valuable CEO. He is a member/office bearer of various professional and industry forums and a sought-after speaker on issues related to iron ore.

Sushil Kumar Roongta

Managing Director, VAL and Vice-Chairman, Bharat Aluminium Company Limited ('BALCO')

Mr Roongta is responsible for Vedanta's Aluminium and Power business. Prior to joining the Group, Mr Roongta worked with the Steel Authority of India Limited ('SAIL') for almost four decades, holding key positions in the marketing division before being appointed as Director (Commercial) in 2004 and later as Chairman of the SAIL Board in August 2006. Mr Roongta has a Bachelor of Engineering degree from the Birla Institute of Technology and Science ('BITS'), Pilani, and has a gold medal in his Post Graduate Diploma in Business Management in International Trade from the Indian Institute of Foreign Trade ('IIFT'), Delhi. He is also a fellow member of the All India Management Association. He serves as an independent director on the Boards of Neyveli Lignite Corporation Limited, The Shipping Corporation of India Limited, Jubilant Industries Limited, Hindustan Petroleum Corporation Limited and ACC Limited. He is also chairperson of the Board of Governors of the Indian Institute of Technology ('IIT'), Bhubaneswar and chairs the Steel and Non-Ferrous Metal Committee of apex chamber FICCI.

M Siddiqi**Group Director, Projects**

He joined the Group in 1991 and rising through several operational roles, he led the setting up of the Group's large Aluminium and Power projects including BALCO smelters and captive power plants, Jharsuguda smelters and power plants, alumina refinery at Lanjigarh and Talwandi Sabo Power plant. He also played a key role in setting up the Copper smelter at Tuticorin. Prior to his appointment as Group Director (Projects) he was chief executive officer of the Group's Aluminium division. Prior to joining the Group, Mr Siddiqi held senior positions in Hindustan Copper Limited. He has over 35 years of industry experience, including more than 20 years at senior level project management positions within Vedanta. Mr Siddiqi has a Mechanical Engineering degree from the Indian Institute of Technology, New Delhi.

Pramod Suri**Chief Executive Officer, Vedanta Aluminium Limited ('VAL') and Whole Time Director, Sterlite Energy Limited ('SEL')**

Mr Suri is the Chief Executive Officer of VAL and Whole Time Director of SEL. He was the CEO of Aluminium Operations from February 2008 to April 2011. He has been responsible for Vedanta's Aluminium business at BALCO as President and Whole Time Director from December 2006. Prior to this role, he was the Senior Vice President – Operations and Head of the Korba Smelter from September 2004 to December 2006. He has held various positions, including at Indian Aluminium Company, CEAT Ltd, Goodyear South Asia Tyres and JK Tyres Pvt Ltd. He has a Masters degree in Chemistry from the Indian Institute of Technology, Delhi.

Mr Suri's membership of the Executive Committee ended on 1 April 2013.

Gunjan Gupta**Chief Executive Officer and Whole Time Director, BALCO**

Mr Gupta joined the Group in September 2005 as the Vice President for Marketing and Sales at BALCO. He took over as the Head of Smelting at BALCO in February 2007 and later became the Chief Executive Officer and Whole Time Director of BALCO in 2008.

Prior to joining the Group, Mr Gupta worked in the sales and marketing division at Tata Steel in various capacities. He also worked with the Arcelor Mittal Group and was the Director of Global Sales of long steel products produced at the Central European Steel operations of the group. He has a degree in chemical engineering from IIT Roorkee and an MBA, specialising in Marketing and Finance, from FMS Delhi.

Mr Gupta's membership of the Executive Committee ended on 1 April 2013.

**Rajagopal Kishore Kumar
Chief Executive Officer, Zinc International Business**

Mr Kumar joined the Group in April 2003 as Vice President – Marketing for HZL. He was Senior Vice President – Marketing for the Group's copper India division from June 2004 to December 2006 and, thereafter, was appointed CEO of Sterlite and Konkola Copper Mines plc in Zambia. Following the Group's acquisition of Anglo American's Zinc/Lead assets, Mr Kumar attained responsibility for the Group's international Zinc assets. He has 28 years of experience and expertise in accountancy, commerce, marketing, supply chain management, mergers and acquisitions and human capital development. Prior to joining the Group, Mr Kumar was employed by Hindustan Lever Ltd for 12 years. He is a member of the Institute of Chartered Accountants of India.

**Jeyakumar Janakaraj
Chief Executive Officer and Whole Time Director, Konkola Copper Mines**

Mr Janakaraj joined the Group in September 1995 at Sterlite Copper and moved to HZL in July 2002 to head the Group's expansion projects. He has a Mechanical Engineering degree from PSG College of Technology, Coimbatore. He has expertise in operations, maintenance and projects. Prior to joining the Group, Mr Janakaraj worked at ESSAR Steel from 1992 to 1995. He was awarded the gold medal by the Indian Institute of Metals in 2006 and 2008 for his contribution and leadership in the Indian non-ferrous sector.

Dilip Golani**Director, Management Assurance and Information Technology**

Mr Golani currently heads the Group's Management Assurance function, a position he had also previously held from April 2000 to July 2004. Mr Golani headed the Sales and Marketing function at Hindustan Zinc Limited and the Group Performance Management function from August 2004 to November 2005.

Prior to joining the Group in April 2000, Mr Golani was responsible for managing the Operations and Marketing functions for one of the export businesses of Unilever India (Hindustan Unilever Limited). He subsequently worked at Unilever, where he was a member of the Corporate Audit Team, responsible for auditing the Unilever group companies in Central Asia, the Middle East and Africa. He has over 25 years of experience and has also previously worked with Ranbaxy Laboratories Limited and Union Carbide India Limited.

He is a Mechanical Engineering graduate and completed his postgraduate degree at NITIE, Mumbai in Industrial Engineering and Management.

**A Thirunavukkarasu
President, Group Human Resources**

Mr Thirunavukkarasu joined the Group in April 2004 as General Manager – HR. He became Senior Vice President – HR for our Copper Division, heading the human resources, total quality management, corporate social responsibility and public relations functions, prior to becoming the Head of Group Human Resources in July 2007. He previously held senior management positions in English Electric, Hindustan Lever and TVS Electronics prior to joining the Group. He holds a Bachelors degree in Literature and a Masters degree in Social Work, specialising in Personnel Management and Organisational Behaviour, from Loyola College, Chennai.

Corporate Governance Report



Anil Agarwal
Chairman

Dear Shareholder,

Corporate Governance rightly continues to remain a prevailing area of shareholder focus. At Vedanta, good governance is an integral part of how we do business and we have a well-established corporate governance framework to facilitate effective and prudent management and embed the highest corporate governance standards throughout the organisation while supporting the strategic delivery of our objectives. The Board provides clear strategic direction to and oversight of management who act within the limits of the authority delegated to them by the Board.

I am pleased to report that the Group has made significant progress during the year ended 31 March 2013 and has proactively addressed the challenges we have encountered as outlined below:

Cairn India

The successful acquisition of a controlling stake in Cairn India has proved to be an excellent platform for growth in a high margin business and contributed to another year of robust EBITDA margins. This acquisition has brought a world-class asset with further growth and exploration potential into the Group. Cairn India was the fastest growing exploration and production company last year, winning the Platts Top 250 Energy Company Awards 2012 and is proving to be an ideal fit with our resources portfolio and geographic footprint.

Exploration/expansion

We have commenced work on the next stage of expansion for our Indian zinc business, following successful exploration over the years. A US\$1.5 billion project will over six years expand the capacity at our existing mines and open a new, small mine at Bamnia Kalan in the Rajpura Dariba belt to 1.2 million tonnes. West Africa is emerging as a major iron ore hub and the Group's acquisition in Liberia last year has put us in a prime position to be a key player in this area as the country becomes one of the world's leading exporters of iron ore.

Following the Indian government's approval of exploration in development areas, we began work to extend our oil and gas reserves, drilling our first exploration well in the Rajasthan field, in addition to two exploration wells drilled in Sri Lanka.

Group simplification

In 2012 we initiated a major project to simplify our Group structure and unlock value for shareholders. The merger of Sesa Goa Ltd and Sterlite Industries (India) Ltd to form Sesa Sterlite Ltd aims to create a more efficient capital structure across the Group with better alignment of debt and cash flows, as well as delivering significant operational synergies. The necessary approval from the High Court of Bombay and Goa has been received and we now await the approval of the High Court of Madras.

Improving operating costs

Despite industry-wide inflationary pressure returning, we have either reduced or maintained unit costs in the majority of our operations. Whilst we are not immune from these pressures, we have a good track record of driving down costs, implementing operational improvements and successfully maintaining our assets with one of the lowest sustaining capex costs.

Mining restriction

The state-wide temporary mining restrictions in Karnataka and Goa have had a significant impact on mining companies such as Sesa Goa. We are pleased that the Indian Supreme Court has recently lifted the temporary ban on mining of iron ore in Karnataka and we are working towards resuming our mining operations in the region. Mining in Goa remains suspended but we have lodged an appeal against this ban with the Supreme Court and await a date for the final hearing. We continue to actively engage with all necessary stakeholders for a resolution of the matter.

Board composition

The effectiveness of the Board is instrumental in delivering the long-term success of the Group. Together with the other members of the Nominations Committee, as Chairman of the Board and the Nominations Committee, I regularly review the composition of the Board to ensure that there is an appropriate balance of skills, experience, independence and knowledge of the Group. Last year Geoffrey Green was appointed to the Board as an independent Non-Executive Director. Mr Green has extensive experience in relation to strategic issues and corporate governance practices that will provide unique insights to the Board in the pursuit of its strategic priorities.

As several of the Company's Non-Executive Directors have served on the Board for a number of years, Board succession planning has been at the forefront of the Nominations Committee's considerations and we will take the necessary steps to ensure smooth and orderly Board succession. Mr Naresh Chandra will retire from the Board following the conclusion of the Company's 2013 Annual General Meeting, having served nearly nine years on the Board. Spencer Stuart, one of the world's leading Board recruitment consultants, was engaged to conduct the search for suitable candidates to join as Non-Executive Directors on the Board.

Today, the Nominations Committee recommended and the Board approved the appointment of Mr Deepak Parekh as a Non-Executive Director on the Company's Board with effect from 1 June 2013. He will stand for election by shareholders at the Company's 2013 Annual General Meeting.

Diversity and inclusion

Following the publication of Lord Davies' Report on diversity, we set ourselves an aspirational target to achieve a minimum of 25% female representation on the Board by

2015. As we do not have any women on the Board at present, this remains a key priority of the Board for the year ahead. Historically, the gender balance in leadership roles has been a challenge for the natural resources sector and Vedanta is no different. However, we are determined to make serious efforts to move in a positive direction. On the positive side, despite significant geographical and cultural challenges in addressing diversity throughout the Group, we have been successful in improving the overall gender balance. While women currently comprise 8% of the overall Group employee population, they make up 12% of the professional population within the Group. I personally supported a workshop to identify the barriers to women's progression and to encourage the empowerment of women professionals within the organisation. In addition, we aim to recruit 20–25% women through our graduate recruitment schemes across the organisation and review the career progression of women into professional and senior management roles that could provide a ready pipeline of potential talent for future Board appointments.

Board effectiveness and evaluation

We undertake an annual review of the effectiveness of the Board. This includes a rigorous evaluation of the performance of the Board, its Committees and each of the Directors in order to recognise strengths and identify improvements that can be made to maintain a strong and resilient Board, with the right balance of skills and experience. For the year under review, the annual evaluations were conducted by means of a questionnaire, discussions at Board and Committee meetings and meetings between myself and each of the Directors individually. It is our intention that the 2014 Board and Committee annual performance evaluations will be facilitated by an external expert.

The key priorities identified by the Board in the 2013 annual evaluation exercise for focus during the year include Board composition, the reduction of debt, cost and security of financing, ensuring raw material security, completion of the Group restructuring, acquisition of minority shareholdings in BALCO and HZL, dealing with the regulatory environment and proactive engagement with shareholders and other stakeholders.

Following the annual evaluation exercise, I am satisfied with the overall effectiveness of the Board and Committees and the contribution made by each Director. Furthermore, I am pleased to say that actions identified for consideration in previous reviews were addressed during the year.

Yours sincerely,

Anil Agarwal
Chairman

15 May 2013

Corporate Governance Report

continued

The UK Corporate Governance Code 2010 (the 'Code')

As a company with a premium listing on the London Stock Exchange, Vedanta is subject to and seeks to comply with the Code, which is available on the Financial Reporting Council's website at www.frc.org.uk. The Company is required to report on how it has applied the main principles of good governance in relation to leadership and effectiveness of the Board, remuneration, accountability and relations with shareholders as set out in the Code. This Corporate Governance Report provides details of our approach to governance, our policies, processes and structures and explains how we have complied with the main principles of the Code. Further details of how the Company has applied the provisions of the Code are also contained in the reports of each Board Committee and the Directors' Remuneration Report.

Disclosures on share capital and related matters as required by the Disclosure and Transparency Rules (DTR 7.2.6) may be found in the Directors' Report.

Statement of compliance with the Code

It is the Board's view that the Company has, throughout the year ended 31 March 2013, fully complied with all the provisions of the Code, with the exception of the following:

Code Provisions A.3.1

Anil Agarwal was appointed as Executive Chairman in 2005. Mr Agarwal was the founder of the businesses of Vedanta Resources and steered the phenomenal growth of the Group since its inception in 1976, including the flotation of Vedanta Resources plc on the London Stock

Exchange and promotion to a FTSE 100 company. This meant that Mr Agarwal did not meet the strict independence criteria as defined in the Code on his appointment in 2005 because he was previously the Chief Executive and, through Volcan Investments Ltd ('Volcan'), members of his family have a controlling interest in the Company. Mr Agarwal is pivotal in helping to achieve the strategic objectives of Vedanta through his skills in seeking out value-creating acquisitions and projects. In addition, the fact that he dedicates himself full time to his role of Executive Chairman enables him to balance his executive duties with providing leadership to the Board. As Chairman, Mr Agarwal encourages debate and challenge and sets high ethical standards. For these reasons the Board is unanimously of the opinion that his continued involvement in an executive capacity is vitally important to the success of the Group.

Code Provision B.2.1

Under the Relationship Agreement put in place at the time of Listing, Volcan will be consulted on all appointments to the Board. The Nominations Committee therefore works collaboratively with Volcan when making appointments to the Board and, to this extent, differs from the process set out in Code Provision B.2.1 which stipulates that the Nominations Committee should lead the process for Board appointments.

The Board of Directors

As at the date of this Report, the Board, chaired by Anil Agarwal, comprises the Executive Chairman, two Executive Directors and four independent Non-Executive Directors. The composition of the Board is reviewed regularly by the Nominations Committee.

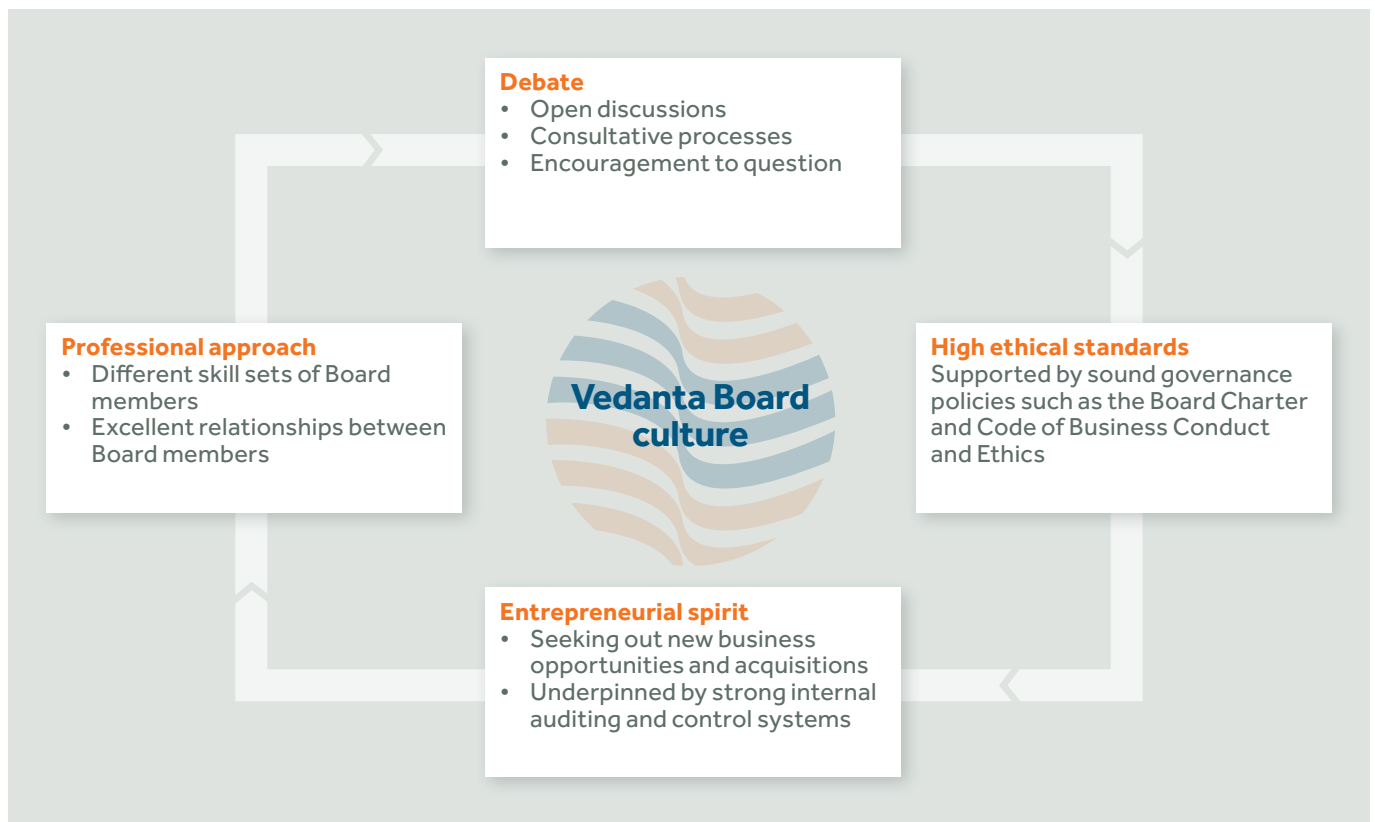
Board membership and attendance

Name	Date of appointment	Number of Board Meetings attended	Percentage attendance ¹
Executive Directors			
Anil Agarwal	16 May 2003	5/6	83% ²
Navin Agarwal	24 November 2004	6/6	100%
MS Mehta	1 October 2008	5/6	83% ²
Non-Executive Directors			
Naresh Chandra	18 May 2004	6/6	100%
Aman Mehta	24 November 2004	6/6	100%
Euan Macdonald	23 March 2005	6/6	100%
Geoffrey Green	1 August 2012	4/6	100% ³

¹ This shows the percentage of meetings which the Director attended during the year while a member of the Board.

² The Director was unable to attend a Board Meeting called at short notice due to prior commitments.

³ The Director joined the Board part way through the year on 1 August 2012.



The role of the Board

At the highest level the Board operates by setting strategy and objectives, reviewing progress against these objectives and incorporating feedback into its decision-making processes.

The Board sets

- Vision
- Values
- Strategy
- Business model

The Board

- Oversees
- Challenges
- Reviews risk

The Board receives feedback from

- Board members
- Committees
- Management
- Stakeholders

Role and responsibilities of the Board

The Board of Directors is ultimately accountable to shareholders for promoting the long-term success of the Group through the creation and delivery of sustainable shareholder value. As part of their decision-making processes the Directors have a responsibility to consider the long-term consequences of their decisions, the interests of the Company's employees, the need to foster relationships with other stakeholders, the impact of the Company's operations on the environment and the need to maintain high standards of business. This is achieved by ensuring its governance processes, as described below, are comprehensive and robust. The Board's key responsibilities are for:

- setting the strategic objectives of the Group;
- ensuring that adequate resources are provided to enable the Company to meet the objectives; and
- monitoring the progress made by management against the Group's objectives.

In setting the objectives of the Group, the Board takes into consideration the needs of various stakeholders such as shareholders, employees, suppliers, governments and communities within which the Group operates and determines the nature and extent of the significant risks it is willing to take in the pursuit of those objectives.

The Board is also responsible for ensuring that risk is effectively managed across the Group and that robust systems of internal control and risk management are maintained to protect the business from operational and reputational damage.

The duties of the Board are clearly set out in its terms of reference, including those matters specifically reserved for decision by the Board. Key matters reserved for approval by the Board include:

- approval of the Group's annual and interim reports and financial statements;
- declaration of the interim dividend and the recommendation of the final dividend;

Corporate Governance Report

continued

- approval of the business plan and capital expenditure budget of the Group;
- approval of major capital projects in excess of defined thresholds;
- approval of major acquisitions and disposals of assets in excess of defined thresholds; and
- setting of the Group's risk appetite.

The Board's terms of reference also set out those matters which must be reported to the Board, such as details of fatalities and the adoption or material amendment to the

Group policies relating to business conduct, environment and health and safety.

There is a clear division of responsibility between the functioning of the Board and executive responsibility for running the business. The Board has an established policy which sets out the key responsibilities of the Executive Chairman, Deputy Executive Chairman, Senior Independent Director and the Chief Executive Officer.

The role of the Executive Chairman

The Executive Chairman is responsible for:

- leading the Board, ensuring its effective functioning and setting its agenda;
- upholding the highest standards of integrity and governance practices throughout the Group;
- facilitating constructive relationships between Directors;
- reviewing the induction and training needs of the Directors;
- development of strategy and objectives for approval by the Board;
- seeking new business opportunities; and
- ensuring communication and dialogue with shareholders and effective use of the AGM.

The role of the Deputy Executive Chairman

The Deputy Executive Chairman supports the Chairman in his leadership of the Board and is responsible for:

- chairing the Executive Committee;
- delivery of the Group's strategy in conjunction with the Chief Executive Officer;
- development of fundraising initiatives;
- global investor relations;
- oversight of the execution of green field projects; and
- oversight of the development of top talent throughout the Group.

The role of the Chief Executive Officer

The Chief Executive Officer is responsible for:

- recommending to the Board annual budgets and delivery of the same;
- optimising the Group's assets and management and allocation of resources;
- creating and maintaining a sound control environment;
- implementing strategy and Group policies and procedures;
- supporting the Executive Chairman in effective communication with various stakeholders;
- providing leadership to the senior management team and nurturing the talent pool; and
- managing ESG issues in conjunction with the Sustainability Committee.

The role of the Senior Independent Director

The Senior Independent Director plays a key role in achieving a balance between the Company's Executive and Non-Executive Directors. He is responsible for:

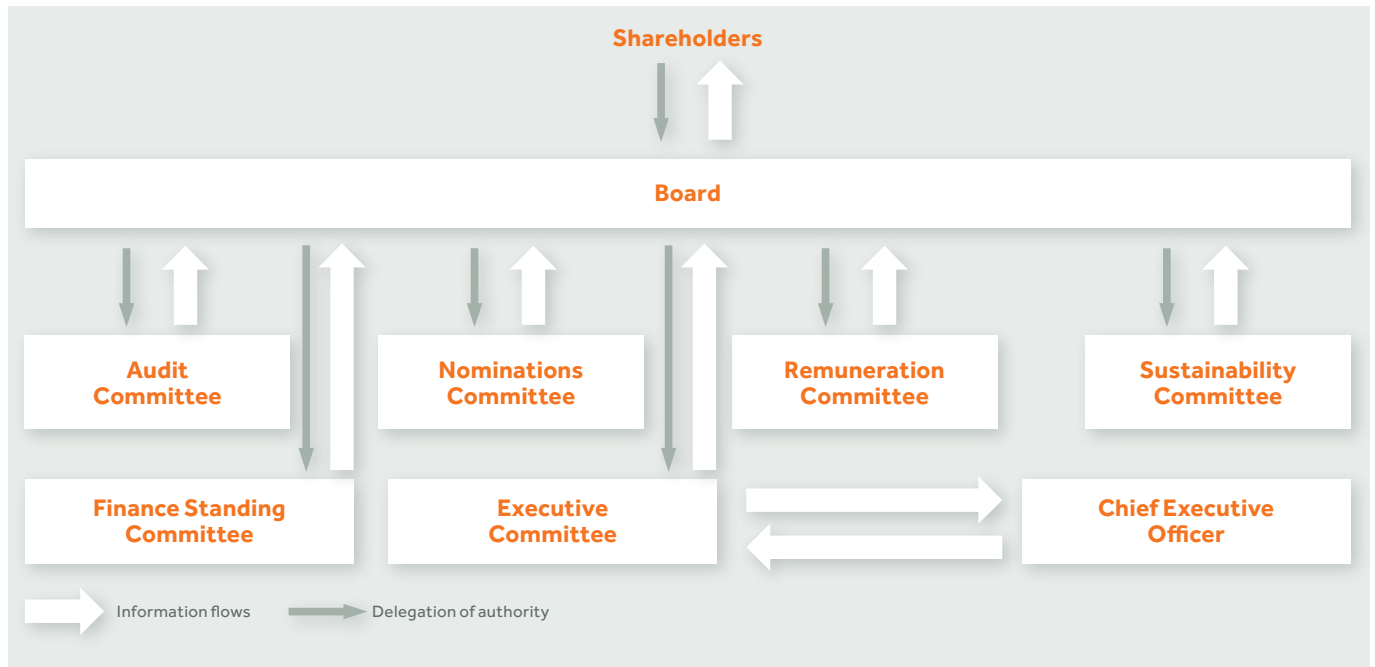
- providing a channel of communication between the Executive Chairman and the Non-Executive Directors;
- ensuring that the views of Non-Executive Directors are given due consideration;
- acting as a contact for shareholders who wish to raise concerns which the normal channels of communication through the Executive Chairman and Chief Executive Officer have failed to resolve;
- acting as a sounding board for the Chairman; and
- meeting with the Non-Executive Directors at least once a year to appraise the Executive Chairman's performance and on such other occasions as are deemed appropriate.

The role of the Non-Executive Directors

The Non-Executive Directors are responsible for providing effective challenge to the Board and management's performance against objectives. The Company's Non-Executive Directors have a wealth of knowledge and experience between them in a diverse range of sectors, enabling them to bring independent judgement on issues of strategy, performance and resources which are vital to the success of the Group.

Corporate governance framework

The relationship between the shareholders, the Board, Board Committees and management committees and the reporting structure, as shown below, forms the backbone of the Group's Corporate Governance framework.



The role of the Board Committees

The Board delegates certain responsibilities to Board Committees, which operate within their defined terms of reference. The main Board Committees are the Audit, Nominations, Remuneration and Sustainability Committees.

All of the committees are authorised to obtain legal or other professional advice as necessary, to secure the attendance of external advisers at their meetings and to seek information from any employee of the Company in order to perform their duties. Under the terms of reference of each of the Committees only the members of each committee have the right to attend Committee meetings. However, other Directors, management and advisers may attend meetings at the invitation of the Committee Chairman. The Group Company Secretary acts as the secretary to the Board, Audit, Nominations and Remuneration Committees while the Chief Sustainability Officer acts as the secretary to the Sustainability Committee. The full terms of reference of the Committees are available on the Company's website www.vedantaresources.com or by request to the Company Secretary.

The Executive Committee

The Executive Committee acts as a conduit between management and the Board and during the year ended 31 March 2013 comprised of the Executive Directors and 12 members of senior management whose biographies are given on pages 74 to 75. With effect from 1 April 2013, Mr Pramod Suri and Mr Gunjan Gupta ceased to be members of the Executive Committee.

The Executive Committee meets monthly and is responsible for implementing strategic plans formulated by the Board, allocating resources in line with delegated authorities and monitoring the operational and financial

performance of the Group. The Executive Committee therefore has a key role in putting the Board's plans and policies into action. The Chief Executive Officer, Mr MS Mehta, keeps the Board informed of the Executive Committee's activities through his standing reports to the Board.

The Finance Standing Committee

The Finance Standing Committee is an ad hoc sub-Committee to which authority is delegated by the Board for approval of certain matters such as routine bank and financing issues. It comprises of three members including at least two Directors and a member of senior management. The Company Secretary provides an update on the Finance Standing Committee meetings to the Board at the subsequent Board meeting and the minutes of all Finance Standing Committee meetings are reviewed by the Board.

Details of the membership, terms of reference and attendance at meetings of the Audit, Nominations, Remuneration and Sustainability Committees are given in their respective reports on pages 87 to 105.

Directors' conflicts of interest

The Board has an established procedure for the disclosure of interests and other related matters in line with published guidance and the Companies Act 2006. Each Director must promptly disclose actual or potential conflicts and any changes to the Board which are noted at each Board meeting. The Board considers and authorises potential or actual conflicts as appropriate. Directors with a conflict do not participate in the discussion or vote on the matter in question. These procedures have proved to be effective during the year under review. Related party transactions, which include those in respect of any Director, are disclosed in Note 38 on page 170.

Corporate Governance Report

continued

During the year under review, the Board reviewed the potential conflict of interest for Mr Geoffrey Green from his role at Ashurst LLP. The fees paid to Ashurst LLP during the year amounted to US\$0.7 million and as the value of the expenditure incurred was determined to be immaterial and Mr Green was not directly involved in advising the Group, the Board authorised the potential conflict of interest in accordance with the Company's Articles of Association.

Board independence

In accordance with the Code, the Board is committed to ensuring that at least half the Board, excluding the Chairman, comprise of independent Non-Executive Directors. It undertakes an evaluation of each Director's independence on appointment, annually prior to recommending their re-election by shareholders and when any Director's circumstances change and warrant a re-evaluation.

During the year, the Board considered the independence of Mr Geoffrey Green who was appointed to the Board in August 2012. Mr Green was a partner at Ashurst LLP, a leading international law firm that is engaged by the Group to provide legal advice on various matters. As Mr Green was the head of Ashurst's Asian practice in Hong Kong and had no involvement in advising the Group over the last four years, the Board concluded that he was independent of character and judgement on appointment and remains so. Furthermore, he brings to the Board a vital perspective of the UK legal and regulatory environment and corporate governance that serve to strengthen the Board.

Three of the Company's Non-Executive Directors, Messrs Naresh Chandra, Aman Mehta and Euan Macdonald, have served on the Board for over six years and they were therefore subject to a particularly rigorous review of their independence. Mr Naresh Chandra and Mr Aman Mehta also serve as Non-Executive Directors on the Board of Cairn India Limited. The Board considered the potential conflicts and that each of the Non-Executive Directors in question actively contributed to Board deliberations and provided robust challenge to management during the year. Furthermore, Mr Aman Mehta and Mr Naresh Chandra absent themselves in the event of any conflict arising from their directorships at Cairn India Limited. Accordingly, the Board concluded that the tenure of Mr Chandra, Mr Mehta and Mr Macdonald does not materially affect their ability to exercise independent judgement or act in the best interests of the Group.

Finally, the Board once again reviewed whether any conflicts of interest arose from Mr Aman Mehta and Mr Euan Macdonald having previously held senior management positions within subsidiary companies of HSBC Holdings plc, which acted as the joint global bookrunner and co-ordinator for the Company's Listing in 2003. As they retired from their respective roles over a decade ago and had no involvement with Vedanta prior to their appointment, the Board remains of the view that they are independent and have no conflicts of interest.

Following careful consideration, the Board has determined that all of the current Non-Executive Directors are independent and free from any relationship or circumstance that could affect or appear to affect their independent judgement.

Relationship Agreement

At the time of the Company's Listing in 2003, it entered into a relationship agreement with Volcan, its majority shareholder, to regulate the ongoing relationship between them. A new relationship agreement was entered into in December 2011 (the 'Relationship Agreement') the terms of which are the same as that entered into on Listing but updated for legal and regulatory requirements where appropriate. The principal purpose of the Relationship Agreement is to ensure that the Group is able to carry on business independently of Volcan, the Agarwal family and their associates. Under the terms of the Relationship Agreement, the Board and Nominations Committee will at all times consist of a majority of Directors who are independent of Volcan and the Agarwal family. Whilst the Remuneration and Audit Committees shall at all times comprise solely of Non-Executive Directors, Volcan is entitled to nominate for appointment as Director such number of persons as is one less than the number of Directors who are independent of Volcan, the Agarwal family and their associates. The Board considers these to be adequate safeguards in that Directors who are independent of Volcan make up at least half of the Board in accordance with Provision B.1.2 of the Code and Vedanta's ability to operate independently of Volcan is protected by the Relationship Agreement.

The Audit Committee is responsible for reviewing matters arising in relation to the Relationship Agreement and related party transactions on behalf of the Board. There were no such matters considered during the year.

Directors' commitment

Each Director must be able to devote sufficient time to the role to discharge their responsibilities effectively. On average the Directors are expected to spend at least 20 days per year on the Company's business, with greater time commitment during periods of heightened strategic and commercial activity. The expected time commitment of the Company's Non-Executive Directors is set out in their letters of appointment. Directors are required to disclose their other time commitments and seek the agreement of the Executive Chairman prior to accepting any additional appointments in order to ensure that they have sufficient time to fulfil their role as a Director. The Non-Executive Directors' letters of appointment are available on request to the Company Secretary.

Operation of the Board

The Board meets on a regular basis and met formally on six occasions during the year. As well as formal meetings, written resolutions are passed with the approval of the whole Board on routine matters as required in order to facilitate efficient decision making. In addition, ad hoc discussions take place between the Directors on a variety of topics throughout the year. During the year, the Chairman and the Non-Executive Directors met without the Executive Directors present.

The Executive Chairman, assisted by the Company Secretary, is responsible for ensuring that the Board receives accurate, timely and clear information on all relevant matters in order to make informed decisions and discharge its duties. Directors are provided with regular detailed briefings on the Group's businesses, the markets within which it operates and the overall economic environment and updates on fiscal policy changes.

The Board also routinely receives before each Board meeting detailed information on business and financial performance, ongoing projects, fundraising initiatives, activities of the Board Committees and investor relations, with presentations and verbal updates given by the Executive Directors and senior management at Board meetings as appropriate. The independent Non-Executive Directors are expected to provide objective and constructive challenge to management.

Board activities during the year

The Board's agenda during the year included the matters in the agreed annual work plan in addition to ad hoc developments arising from the external environment. The main items of business considered by the Board during the year included:

- participating in strategic discussions and reviewing the Group's strategic direction;
- reviewing the progress of the Group's restructuring plans;
- monitoring the operational performance of the Group against the Business Plan through production updates from the CEO and Heads of the operating subsidiaries;
- monitoring the financial performance of the Group and the financing of debt, currency hedging and covenant compliance;
- reviewing the composition of the Board and approving the appointment of new Non-Executive Directors;
- reviewing and approving the Board's terms of reference and the matters reserved for Board approval;
- reviewing and approving the Company's Preliminary Announcement of its financial results, the Annual Report and Accounts, Half Year Report and Annual General Meeting arrangements;
- approving the acquisition of the Government of India's minority shareholding in Hindustan Zinc Limited and Bharat Aluminium Company Limited;
- receiving sustainability training and monitoring issues and the progress made on embedding sustainability within the Group;
- reviewing project proposals and approving Group capital expenditure in excess of applicable thresholds;
- reviewing the Group Risk Matrix and Policy and receiving a report from the Audit Committee on the effectiveness of internal controls and risk management systems;
- receiving reports from each of the Board Committees;
- approving the Group Business Plan for the year ahead;
- reviewing the results of annual performance evaluation of the Board and its Committees;
- declaring the interim dividend and recommending the final dividend;
- receiving regular updates on corporate governance and other regulatory developments;
- receiving updates from Investor Relations in respect of investor sentiment, share price performance and investor feedback;
- monitoring the Group's Health and Safety record and initiatives;
- approving the Group's refinancing plans; and
- conducting the Annual General Meeting.

Directors' induction, training and development

The Board is committed to the ongoing professional development of all of the Directors. On appointment to the Board, each Director undergoes a comprehensive induction programme which is tailored to their individual needs but is intended to provide an introduction to the Group's operations and the challenges and risks faced. During the year, Geoffrey Green attended the Group induction programme consisting of meetings with and presentations from senior management, meetings with the Non-Executive Directors and the external auditor and a visit to the Group's Hindustan Zinc Limited operations at SK and Dariba mines. He also received induction materials including the Company's Articles of Association, Board terms of reference, Share Dealing Code, Cairn India Prospectus, Code of Business Conduct and Ethics, Vedanta Values and an update on the implementation of the Anti-Bribery policy across the Group. In addition, the Company has supported his enrolment in the INSEAD International Directors' Programme to develop his knowledge and understanding of the role.

The Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed. The Company Secretary is also responsible for advising the Board through the Chairman on governance matters. The Directors also have access to the Company's professional advisers whom they can consult where necessary for the discharge of their duties. During the year, the Directors received legal and regulatory updates on corporate governance developments. A site visit to the Group's operations at SK and Dariba mines was also arranged for all of the Non-Executive Directors in February 2013 to provide a better understanding of operations that will aid their discussions with management on an ongoing basis.

Board evaluation

The Board undertakes an annual review of its own effectiveness, and that of its Committees and individual Directors in order to assess its performance and improve its effectiveness. Following the feedback received from the 2012 Board evaluation, a site visit to some of the Group's operations was arranged and training on sustainability issues was provided to the Board to enable them to better hold Management's performance in this area to account. The composition of the Board was another key area identified, and as disclosed in this report, new Non-Executive Directors have been appointed to the Company's Board to ensure that there remains an appropriate balance of skills and experience on the Board.

The 2013 annual evaluation process was led by the Executive Chairman and supported by the Company Secretary. The review consisted of detailed questionnaires tailored to the Board and each Committee, with a subsequent discussion of the results and agreement of relevant actions. Following the evaluation, it was concluded that the Board and its Committees operated effectively. The key areas for greater focus in the year ahead which were identified by the Board include Board composition, the reduction of debt, cost and security of financing, ensuring raw material security, completion of the Group restructuring, acquisition of minority shareholdings in BALCO and HZL, dealing with the regulatory environment and proactive engagement with shareholders and other stakeholders.

Corporate Governance Report

continued

The Non-Executive Directors, led by the Senior Independent Director, reviewed the performance of the Chairman and provided him with feedback as part of the evaluation process. They concluded that the Executive Chairman continued to lead the Board well and played an important role in the development of the Group's strategy.

The Chairman reviewed the performance of the Non-Executive Directors and Executive Directors in their capacity as members of the Board and concluded that each Director contributes effectively and demonstrated full commitment to their role.

In accordance with the requirement of the Code, it is intended that the 2014 evaluation of the Board, its Committees and individual Directors will be facilitated by an external facilitator.

Re-election of Directors

In accordance with the Code, which requires that the directors of FTSE350 companies should be subject to annual election by shareholders, all of the Company's Directors will stand for re-election at the Company's 2013 AGM with the exception of Mr Naresh Chandra who will retire from the Board at the conclusion of the 2013 AGM following nine years of service on the Board.

Accountability

Financial and business reporting

The Group has a comprehensive financial reporting system, which is reviewed and modified in line with Accounting Standards to ensure that all published financial information is accurate. Vedanta's financial reporting procedures are based on five main elements:

- Financial information supplied by subsidiary companies and consolidated at central level:
 - Management accounts are prepared on a monthly basis and reviewed by the Executive Committee.
 - Management accounts are reviewed by the Board at least quarterly.
 - Performance is monitored against key performance indicators throughout the financial year and forecasts are updated as appropriate.
 - Annual operational budgets are prepared by each operating subsidiary and consolidated into a Group Budget which is reviewed and approved by the Board.
- The Internal Audit function provides assurance in respect of processes, physical verification and MIS accuracy for each operating company.
- External auditor assurance:
 - Full year and interim audits are carried out on the published financial statements.
- Review by the Audit Committee of:
 - Year-end reporting plans.
 - Legal, tax and accounting issues.
 - Financial statements and disclosures in accordance with financial reporting standards.
 - Going concern statements with supporting cash flow, liquidity and funding forecasts.
- Review by the Audit Committee and the Board of the preliminary and half-year announcements, the Annual Report and Accounts and any other announcements including financial information.

The responsibilities, processes and information flows for ensuring that significant risks are recognised and reported up to the Board are shown below:

The Board

- Sets 'risk appetite'.
- Reviews significant reported risks.



The Audit Committee

- Reviews the effectiveness of internal control/risk systems and reports to the Board.
- Reviews the risk matrix, significant risks, status of risks and mitigating factors.
- Considers and approves remedial actions where appropriate.
- Reviews action plans put in place to mitigate risks.
- Reviews significant findings reported by MAS.
- Reviews internal audit plans.
- Assesses the effectiveness of the internal audit function.
- Reviews whistleblower reports presented by MAS.



Management Assurance Services ('MAS') – Internal Audit function

- Plans and carries out internal audits through arrangements with leading international accounting and audit firms.
- Recommends improvements to the Group's internal control system.
- Reviews compliance with Group policies and procedures.
- Facilitates the update of the risk matrix.
- Reports to the Audit Committee.
- Reviews findings with senior management.
- Investigates whistleblower cases.

The Head of MAS attends all the Vedanta Executive Committee and Audit Committee meetings. The MAS team plays a key role in SOX compliance at Sterlite and its subsidiaries.

Risk management and internal control

The Board is responsible for setting the Group's risk appetite and determining the nature and extent of the risks it is willing to take to achieve its strategic objectives. The Directors also have ultimate responsibility for ensuring that the Group maintains a robust system of internal control to provide them with reasonable assurance that all information within the business and for external publication is adequate. Authority for detailed monitoring of the internal control and risk management framework is delegated to the Audit Committee which reports to the Board regularly within the remit of its role.

The Group's risk management framework plays a key role in the identification, analysis, mitigation and continual monitoring of the various risks that could impact the delivery of the strategic objectives set by the Board.

The Risk Management Committee comprising of the Chief Executive Officer, the Chief Financial Officer and Director, Management Assurance and Information Technology periodically reviews the changes in the nature and extent of major risks. The Company's Chief Risk Officer and the risk officers at operating subsidiaries are responsible for creating heightened awareness of the risk management framework both at Group level and at operating subsidiary level. They play an important role in ensuring that the organisation sustains its risk management initiatives and that the Group's risk management framework matures and grows with the organisation.

A consistently applied methodology is used to identify risks to operations and projects at the operating subsidiary level. This includes financial, operational and compliance control and risk management, to ensure that shareholders' interests and the Company's assets are safeguarded. The process also covers significant risks that may arise from environmental, social and governance matters. At the operational level specialists are brought in where appropriate to review working practices and recommendations are implemented with the purpose of creating safe working environments.

MAS has arrangements with leading international accounting and audit firms excluding the Group's external auditor for carrying out internal audits within the Group.

This element has been an important component of the overall process by which the Board obtains the assurance it requires to ensure that risks are properly identified, evaluated and managed. The scope of work, authority and resources of MAS are regularly reviewed by the Audit Committee. The responsibilities of MAS include recommending improvements in the control environment and reviewing compliance with the Group's philosophy, policies and procedures. The planning of internal audit is approached from a risk perspective. In preparing the internal audit plan, reference is made to the Group's risk matrix, inputs are sought from senior management, project managers and Audit Committee members and reference is made to past audit experience, financial analysis and the current economic and business environment.

Each of the Group's principal subsidiaries has in place procedures to ensure that sufficient internal controls are maintained. These procedures include a monthly meeting of the relevant management committee and quarterly meeting of the audit committee of that subsidiary. Any adverse findings are reported to the Audit Committee. The Audit Committee Chairman may request MAS and/or the external auditor to focus their audit work and report to him on specific areas of risk identified by the risk management and internal control framework. At a Group level, the findings by MAS are presented monthly to the Executive Committee and to the Audit Committee on a half-yearly basis. During the year, the Audit Committee requested the external auditor to specifically review the provisions for the

Group's ongoing litigation as well as for potential impairments arising from the closure of the Group's operations at Lanjigargh and obtaining alternative sources of raw materials.

The internal control framework set out above complies with the recommendations of the Turnbull Guidance published by the FRC (Internal Control: Revised Guidance for Directors). Due to the limitations inherent in any system of internal control, this system is designed to meet the Group's particular needs and the risks to which it is exposed, rather than eliminate risk altogether. Consequently it can only provide reasonable and not absolute assurance against material misstatement or loss.

In line with best practice, the Board has reviewed the internal control system in place during the year and up to the date of the approval of this report. The Board's review includes the Audit Committee's report on the risk matrix, significant risks and actions put in place to mitigate these risks. This review ensures that the internal control system remains effective. Where weaknesses are identified as a result of the review, new procedures are put in place to strengthen controls and these are in turn reviewed at regular intervals. Every risk has an owner who is responsible for ensuring that controls are put in place to mitigate the risk. During the course of its review of the system of internal control, the Board has not identified nor been advised of any weaknesses or control failure that is significant.

The Directors' statement of responsibilities for preparing the accounts may be found on page 111 and the auditor's statement about their reporting responsibilities may be found on page 112. A statement on the Board's position regarding the Group as a going concern is contained in the Directors' Report on page 109.

Engagement with shareholders

The Company values communication with its shareholders and actively engages with them to listen to their views. The Company undertakes an ongoing schedule of meetings with institutional investors, which is managed by the Investor Relations team. The main channels of communication with the investment community are through the Executive Chairman, Deputy Executive Chairman, Chief Executive Officer, Chief Financial Officer and Senior Vice President, Investor Relations. The Senior Independent Director and other Non-Executive Directors are also available to meet with major investors to discuss any areas of concern that could not be resolved through the usual channels of investor communications. The Board is kept abreast of shareholder sentiment through periodic detailed investor relations reports to the Board. During the year, the Company conducted meetings with its major shareholders, investor roadshows and took investors and bondholders on a site visit to all its major operations in India over the course of one week to enable them to get a better understanding of the Group's operations.

Corporate Governance Report

continued

Annual General Meeting ('AGM')

The Board welcomes the opportunity to communicate with the Company's shareholders at the AGM. The 2013 AGM will be held on 1 August 2013. Further details are given in the Notice of Meeting accompanying this Annual Report, including the business to be considered at the meeting. The Notice is sent out at least 20 business days before the AGM. Voting at the AGM on all resolutions is by poll on a one share, one vote basis and the results of votes cast for, against and abstentions are available on the Group's website following the meeting.

The Board believes that voting by poll allows the views of all shareholders to be taken into account regardless of whether or not they can attend the meeting and shareholders are actively encouraged to register their votes electronically in advance of the meeting.

All of the Directors, including the Chairmen of the Audit, Remuneration, Nominations and Sustainability Committees, attend the AGM in order to answer questions from shareholders.

Channels of communication

Full year and half-year results announcements	<ul style="list-style-type: none"> > Released to the market. > Chairman, Deputy Chairman, CEO and Chief Financial Officer deliver presentations to institutional shareholders, analysts and the media.
Production update/interim management statements	<ul style="list-style-type: none"> > Released quarterly to the market followed by a conference call.
Annual Report and Accounts	<ul style="list-style-type: none"> > Available to all shareholders electronically, including interactively on the Company's website or in hard copy format on request.
Press releases	<ul style="list-style-type: none"> > Press releases are made to the market and media on key developments throughout the year.
Meetings with institutional investors, analysts and brokers	<ul style="list-style-type: none"> > Part of the investor relations programme initiated either by the Company or analysts and investors and managed at Group level through Ashwin Bajaj (Senior Vice President, Investor Relations). Site visits to the Group's major operations are organised for analysts and brokers to enable them to better understand the Group's operations.
Website	<ul style="list-style-type: none"> > A wide range of information on the Company and its operations is available, including the Annual Report and Accounts, half-yearly results, Sustainability Report, market announcements, press releases, share price and links to subsidiary company websites.
Annual General Meeting	<ul style="list-style-type: none"> > Attended by all of the Directors and members of senior management. > As well as the formal business, shareholders can ask questions and talk to the Directors after the meeting.
Responses to shareholder and stakeholder communications	<ul style="list-style-type: none"> > There is ongoing dialogue with shareholders and other interested parties via email, letters and meetings arranged through the Investor Relations team. On sustainability issues, the Chief Sustainability Officer meets with stakeholder groups physically or via teleconference as required.

The Board has adopted a communications policy to ensure that other price-sensitive information is announced to the market in a timely and considered manner.

Audit Committee Report



Aman Mehta
Chairman, Audit Committee

This Report provides details of the role and responsibilities of the Audit Committee and the work it has undertaken during the year.

Membership and attendance

The Audit Committee comprises the following independent Non-Executive Directors and met on four occasions during the year.

	Number of meetings attended	Percentage attendance
Aman Mehta, Chairman	4/4	100%
Naresh Chandra	4/4	100%
Euan Macdonald	4/4	100%

As shown in Mr Mehta's biography on page 73, he has had extensive executive and non-executive experience with a strong financial background in large listed companies. The Board therefore considers that Mr Mehta has recent and relevant financial experience. All members of the Committee have had extensive prior senior management experience, either in large international organisations or government, and are financially literate.

The Audit Committee assists the Board in the discharge of its responsibility for maintaining and monitoring the integrity of the Group's financial statements, assessing the effectiveness of the Group's system of risk management and internal controls and the independence and objectivity of the external auditor.

In order to carry out its duties effectively, the Committee receives high quality and detailed information from management and the internal and external auditor regularly, which is reviewed, discussed and challenged by the Committee as required.

Responsibilities of the Audit Committee

The Audit Committee's remit falls into four main areas: financial reporting, risk and the internal control environment, and oversight of the external and internal audit processes. The main responsibilities of the Audit Committee are to:

- monitor the integrity of the financial statements, including its annual and half-year results;
- review the Group's internal controls and risk management systems and consider the effectiveness of these systems;
- make recommendations to the Board concerning the appointment of the external auditor;
- review the independence of the external auditor;
- review the scope of Internal Audit work;
- develop policy in relation to the provision of non-audit services by the external auditor;
- discuss with the external auditor the nature and scope of the audit;
- approve the remuneration of the external auditor;
- approve the formation of the Treasury Committee and review the minutes of its meetings;
- consider any matters arising in respect of the Relationship Agreement and related party transactions;
- monitor the activities and effectiveness of the internal audit function and consider its reports;
- review the Group's arrangements for its employees to raise concerns through its whistleblowing policy;
- monitor anti-bribery policies and procedures; and
- review reports from the audit committees of the Group's main subsidiary companies.

Audit Committee Report

continued

The Group's main subsidiaries, a number of which are listed on stock exchanges in India, have their own audit committees in accordance with local corporate governance requirements. The Audit Committee receives confirmation from the subsidiaries that there are no material adverse issues that are likely to impact the Group. Furthermore, the internal audit function presents issues arising within the subsidiaries to the Audit Committee on a regular basis. The external auditor partner, India attends the Audit Committee meetings of both the main subsidiaries and the Group. The Chief Executive Officer and the Chief Financial Officer normally also attend meetings of the Audit Committee to report on issues and facilitate discussions with the external auditor and provide the Committee with insights on the quality of financial reporting and internal controls throughout the Group.

The full terms of reference for the Committee can be found on the Company's website at www.vedantaresources.com

and are also available on request from the Company Secretary.

Operation of the Audit Committee

The Committee meets at least four times a year based on appropriate times in the financial reporting calendar. The Executive Directors, Chief Financial Officer, Director of MAS and Information Technology, other members of the senior management team and the external auditor regularly attend meetings at the invitation of the Committee. The Committee meets at least twice during the year with representatives from the external auditor without management being present. The Chairman of the Audit Committee regularly reports to the Board on the Committee's activities. The Committee's agenda is based on its remit outlined below as appropriate to the stage in the reporting cycle. The external auditor attends meetings of the Audit Committee to ensure effective communication of matters relating to the audit.

Audit Committee activities during the year

The main areas covered by the Audit Committee during the year are summarised below.

Area of responsibility

Activities

Financial reporting

It is one of the Committee's key duties to monitor the integrity of the financial statements. As part of this process it reviews in detail the preliminary results statements, the Annual Report and Accounts and Half-Year Report. The appropriateness of accounting policies used is considered, accounting judgements are reviewed and the external audit findings discussed. Details of financial reporting procedures in place are given on page 84 of the Corporate Governance Report.

- > Review and approval of Preliminary Announcement, Annual Report and financial statements.
- > Six-monthly reviews of significant accounting issues such as impairment reviews and the integration of Cairn India within the Group.
- > Review and approval of the Half-Year Report.
- > Discussions on impairment reviews.
- > Six-monthly review of all pending tax issues.
- > Review of Audit Committee Report for the Annual Report and Accounts.
- > Six-monthly review of legal cases to ensure appropriate provisions are made and disclosed.
- > Review of the Going Concern basis for the preparation of the financial statements, including working capital forecasts, monthly projections and funding requirements.

Internal controls and risk management

Details of the Company's internal control and risk management processes are discussed on pages 84 to 85. The Audit Committee reviews these processes and output from the regular review of risks carried out during the year by the Internal Audit function.

- > Internal audit review including reviews of the internal control framework, changes to the control gradings within the Group and whistleblowing cases.
- > Review of the Group's risk management infrastructure, risk profile, significant risks, risk matrix and resulting action plans.
- > Review of the new regulatory changes to the UK Corporate Governance Code.

The audit and external auditor

- > Review of the significant audit risks.
- > Consideration of external audit findings.
- > Review of key audit issues and management's report.
- > Review of the materiality figure for the external audit.
- > Review of the independence of the external auditor and the provision for non-audit services.
- > Performance evaluation of the external auditor.
- > Consideration of the external audit fee.
- > Recommending the reappointment of the external auditor.
- > Review of the Management Representation Letter.
- > Review of the plans for the 2013 external audit of the financial statements.

Internal audit

- > Review of the performance of the Internal Audit function
- > Review of 2012–13 internal audit plan.

Whistleblowing procedure

The Group has in place a whistleblowing procedure that is regularly reviewed by the Audit Committee. This is a standalone policy which is summarised in the Code of Business Conduct and Ethics and supports the Group's aim of working to the highest ethical standards. The policy allows employees of the Company, its subsidiaries and all external stakeholders to raise any issues of concern in confidence and forms part of the Group's internal control monitoring process. The Audit Committee reviews any reports made under the whistleblowing policy and ensures appropriate actions are taken if required.

Fraud and Bribery Act

The Company is committed to the elimination of fraud, with each suspected case thoroughly investigated and concluded. The Audit Committee reviews the actions taken by management in the elimination of fraudulent practices and to promote ethical working practices.

External auditor

The Audit Committee is pivotal in monitoring the performance of the external auditor and the Group's relationship with the external auditor. Details of how this is achieved are set out below:

The Audit Plan

A detailed Audit Plan is prepared by the external auditor, Deloitte LLP, ('Deloitte') which is reviewed by the Audit Committee. The Audit Plan sets out the audit scope, key audit risks identified, materiality issues, the client team working on the audit and the audit timetable. The audit scope covers the significant components of the audit and audit plans for each component and geographical location. Each of the key audit risks and the external auditor's response on how it will investigate these risks is considered by the Committee.

Auditor independence

The Audit Committee is responsible for reviewing the external auditor's independence and assessing their continued effectiveness. The Audit Committee and the Board place great emphasis on the objectivity of the external auditor. The current external auditor, Deloitte LLP, has been the Company's auditor since its Listing in 2003. The rotation of the audit partner's responsibilities within Deloitte is required by their profession's ethical standards and there is also rotation of key members within the audit team. Deloitte are required to rotate the audit partner responsible for the Group's audit every five years and the last audit partner rotation was in 2010. The audit partner responsible for the audit of Indian subsidiaries was rotated in 2012.

A key part of ensuring the independence of the external auditor is to have in place robust policies concerning matters that may affect their independence. The Company has in place policies on:

- the independence and objectivity of the external auditor;
- employment of former employees of the external auditor; and
- appointment of the external auditor for non-audit services.

These policies are based on the APB Ethical Standards for Auditors and are regularly reviewed to ensure they are in line with best practice. These controls provide the Audit Committee with confidence that the independence of Deloitte in their audit function will be maintained. New requirements introduced by the Code expect companies to put their external audit contract out to tender at least once every 10 years. The Audit Committee, with the assistance of the Chief Financial Officer and the Company Secretary, will therefore consider plans for putting the external audit contract out to tender at the appropriate time in accordance with the guidelines published by the Financial Reporting Council.

Provision of non-audit services by the external auditor

The Group's policy on the provision of non-audit services by the external auditor specifies certain services which the external auditor is prohibited from undertaking in order to safeguard their objectivity and independence. This includes work relating to the financial statements that will ultimately be subject to audit and the provision of internal audit services. The policy also identifies those services which the external auditor is permitted to deliver to the Group. These include tax advisory services, and work on mergers, acquisitions and disposals. Of the permitted services, any assignment in excess of US\$100,000 may only be awarded to the external auditor with the prior approval of the Audit Committee.

All other permitted non-audit services and the fees paid to the external auditor for non-audit work are reported to the Audit Committee on a six-monthly basis. This report includes safeguards put into place to ensure that any threats to the independence of the external auditor are mitigated. The majority of non-audit services provided by the external auditor are tax advisory services, corporate finance matters or transaction-related work. A separate team within Deloitte LLP is used to carry out non-audit work and overseen by a separate partner. An analysis of non-audit fees can be found in Note 10 to the financial statements.

Performance and reappointment of the external auditor

The overall performance and effectiveness of the external auditor is reviewed annually taking into account the views of management. Feedback is provided on the evaluation to senior members of Deloitte who are unrelated to the audit. This activity also forms part of Deloitte's own system of quality control. The performance evaluation was carried out using a detailed questionnaire, the results of which were considered by the Audit Committee.

Having reviewed the independence and effectiveness of the external auditor and being fully satisfied with its performance during the year, the Audit Committee has recommended to the Board that the existing auditor, Deloitte, be reappointed as the Company's external auditor and an ordinary resolution to reappoint Deloitte will be proposed at the forthcoming Annual General Meeting. There are no contractual obligations that restrict the Audit Committee's choice of auditor.

Audit Committee Report

continued

The year ahead

The coming year will be a year of change in the regulatory environment affecting audit committees. Requirements for the content and processes relating to Going Concern statements are expected to be amended following the Sharman enquiry. In addition, there will be new reporting requirements for audit committees introduced by the Code and regulatory changes to the way that auditors report. The Audit Committee will be evaluating these changes to ensure they are implemented within the requisite timescales.

In addition, the Audit Committee's objectives for the forthcoming year include:

- review of the Group framework in respect of new regulatory developments for implementation by the Group;
- review of changes to risk profile and supporting the Board debate on risk tolerance and appetite; and
- greater focus on risk management.

Performance evaluation of the Audit Committee

The Committee undertook an annual evaluation of its performance and effectiveness during the year in order to assess its strengths and weaknesses. The evaluation was carried out by means of a detailed questionnaire to all members of the Board. Following the evaluation process, it was concluded that the Audit Committee continued to carry out its role effectively.

Audit Committee Report

This Audit Committee Report was reviewed and approved by the Board on 15 May 2013.

Aman Mehta

Chairman, Audit Committee

Nominations Committee Report



Anil Agarwal
Chairman, Nominations Committee

This Report provides details of the role and responsibilities of the Nominations Committee and the work it has undertaken during the year.

Membership and attendance

The Nominations Committee is comprised of the following Directors, and met on three occasions during the year.

	Number of meetings attended	Percentage attendance
Anil Agarwal, Chairman	3/3	100%
Naresh Chandra	3/3	100%
Euan Macdonald	3/3	100%
Aman Mehta	3/3	100%

The Board considers that the composition and effective operation of the Board is a critical component for the delivery of long-term shareholder value. The Nominations Committee is responsible for reviewing the composition of the Board to ensure the right mix of skills, experience, diversity and independence is present. It also plays a key role in ensuring the development of talent within the Group.

Responsibilities of the Nominations Committee

The responsibilities of the Nominations Committee are set out in its terms of reference which can be found on the Company's website at www.vedantaresources.com and are also available on request from the Company Secretary. The main responsibilities of the Nominations Committee are to:

- review the structure, size and composition of the Board, including the skills and experience of its members and recommend changes to the composition that are deemed necessary;
- establish a policy in respect of diversity on the Board and consider Board composition in light of the benefits of diversity, including gender;
- consider candidates for appointment as either Executive or Non-Executive Directors and plan for succession in particular to the positions of the Executive Chairman and Chief Executive Officer;
- prepare a description of the role and capabilities required for appointments to the Board;
- identify suitable candidates for appointments to the Board and its Committees and consider the use of external advisers to facilitate the search for candidates from a wide range of backgrounds; and
- recommend to the Board whether to reappoint a Non-Executive Director either at the end of their term of office or when put forward for re-election, having regard to their performance and ability to continue to contribute to the Board. The Committee will confer with Volcan in this respect under the terms of the Relationship Agreement.

Operation of the Nominations Committee

The Committee meets at least twice a year and more often where required. Other Executive Directors and members of the senior management team may attend meetings at the invitation of the Committee as appropriate. The Chairman of the Nominations Committee provides an update to the Board in respect of the Committee's activities.

Nominations Committee Report

continued

Nominations Committee activities during the year

The focus this year has been on issues of diversity, succession planning and Board composition, due to the Committee's awareness of the tenure of its Non-Executive Directors and the publication of the Davies Report

concerning representation of women on Boards. Both the Committee and Board have discussed at length the need for refreshing of the Board and at the recommendation of the Committee, two new Non-Executive Directors were appointed to the Board to address these issues.

The main areas of activity of the Nominations Committee during the year are summarised below:

Area of responsibility	Item
Board composition and succession planning	<ul style="list-style-type: none"> > Reviewing the Board succession planning processes to ensure selection procedures incorporate the recommendations in the Davies Report. > Reviewing the skills, experience, knowledge and independence on the Board. > Reviewing and recommending the appointment of new Non-Executive Directors to strengthen the composition of the Company's Board.
Performance evaluation of the Committee	<ul style="list-style-type: none"> > Evaluation of the Committee's performance.
Non-Executive Director independence	<ul style="list-style-type: none"> > Review of the independence of each of the Non-Executive Directors prior to recommending their reappointment by shareholders at the Annual General Meeting.

Succession planning

Succession planning has been at the forefront of the Committee's considerations as a number of the Company's Non-Executive Directors have served on the Board for a number of years. During the year, the Committee recommended the appointment of Geoffrey Green as a Non-Executive Director on the Company's Board to strengthen the diversity of skills and experience on the Board. Furthermore, in order to strengthen the diversity of thought and experience on the Board, the Committee recommended to the Board the appointment of Mr Deepak Parekh as a Non-Executive Director on the Company's Board with effect from 1 June 2013. Mr Parekh will stand for election by shareholders at the Company's 2013 AGM.

Diversity

The Board supports the importance of having diversity of thought and representation on its Board and it is one of the Nominations Committee's tasks to ensure this is achieved. In terms of skill sets, Board members have a wide range of knowledge and expertise ranging from corporate finance and banking to diplomacy and law. In terms of gender, the Company has an aspirational target of achieving a minimum 25% of women on the Board by 2015. We acknowledge that at present there are no women on our Board and addressing the gender balance to meet the target on the Board has been and will continue to remain a top priority for the Committee. It is essential to overcome the reasons for lack of female representation to date. These have included the fact that Vedanta operates within a traditionally male-dominated industry. Furthermore, due to cultural constraints and the remote geographical location of some of our operations, we face a number of challenges in addressing the gender balance within the Group. Women currently comprise 8% of the overall employee population within the Group whereas the percentage of female representation across the Group's professional population

is 12%. In order to achieve our target for women on the Board, we ensure that women candidates are considered routinely as part of the recruitment process. We also actively encourage and monitor the progress of women in senior positions throughout the Group. As Chairman of the Nominations Committee, I personally supported a workshop encouraging the empowerment of women professionals throughout our operations. By supporting equal opportunities we will ensure that the pool of women from which management can be drawn will increase.

The year ahead

The Nominations Committee objectives for the coming year are:

- review of the skills, experience, diversity and independence on the Board and its Committees;
- review plans for nurturing talent and improving the gender balance within the Group; and
- succession planning for senior management.

Performance evaluation of the Nominations Committee

The Committee undertook an annual evaluation of its performance and effectiveness during the year in order to assess its strengths and identify areas for future focus. The evaluation was undertaken by means of a detailed questionnaire to all members of the Board and the Committee was concluded to be effective in carrying out its role effectively.

Nominations Committee Report

This Nominations Committee Report was reviewed and approved by the Board on 15 May 2013.

Anil Agarwal
Chairman, Nominations Committee

Sustainability Committee Report



Naresh Chandra

Chairman, Sustainability Committee

This Report provides details of the role and responsibilities of the Sustainability Committee and the work it has undertaken during the year.

Vedanta's business model is to maximise growth in a safe, sustainable and responsible way. This is fundamental to our license to operate and is also an important source of competitive advantage. The three pillars of Vedanta's sustainability strategy are responsible stewardship, building strong relationships and adding and sharing value. These core pillars are designed to support our long-term development as a world-class natural resources company and provide superior returns to our shareholders. The sustainability strategy is supported by a strong sustainability framework which has been rolled out across the Group. The Group's Sustainability Framework is aligned with international standards like IFC. We believe that with our thrust and focus on sustainability strategy, we can advance both our business outcomes and those of the people, host communities and environments that surround us.

Membership and attendance

The Sustainability Committee is comprised of the following members:

	Number of meetings attended	Percentage attendance
Naresh Chandra, Chairman	4/4	100%
M S Mehta	4/4	100%
Jeyakumar Janakaraj	4/4	100%

The Sustainability Committee met on four occasions during the year ended 31 March 2013. The Chief Sustainability Officer acted as secretary of the Committee and all invited CEOs or their representatives attended the meetings.

Responsibilities of the Sustainability Committee

The responsibilities of the Sustainability Committee are set out in its terms of reference, which are available on the Company's website at www.vedantaresources.com and from the Company Secretary.

The main responsibilities of the Sustainability Committee are:

- to recommend Group sustainability policies to the Board, clearly setting out the commitments of the Group to manage matters of Sustainable Development effectively;
- to advise the Board on sustainability issues to enable it to discharge its responsibilities, having regard to the law and the expected international standards of governance;
- to outline initiatives required to institutionalise a sustainability culture through the involvement of employees at all levels; and
- to review and report to the Board on the performance of the Group with respect to the implementation of the Sustainability Framework.

Sustainability Committee Report

continued

Sustainability Committee activities during the year

The main areas of activity of the Sustainability Committee during the year are summarised below.

Area of responsibility	Item
Sustainability Framework	> Providing oversight of the progress made on the development of the Sustainability Model and Framework.
Health and Safety	> Reviewing Group programmes for accident reduction and the prevention of harm to employees and contractors.
Environment	<ul style="list-style-type: none"> > Reviewing the Group's initiatives for reduction in specific water consumption. > Reviewing programmes for the reduction in specific energy and carbon consumption. > Reviewing the Group's Clean Development Mechanism programmes. > Reviewing the Group's solid waste management programmes.
System development and performance reporting	<ul style="list-style-type: none"> > Reviewing the implementation of the Scott Wilson Report recommendations. > Reviewing and approving Vedanta's Sustainable Development Report 2012-13. > Overseeing the Action Plan emerging from the Group's Sustainability Assurance Programme.
Community engagement	<ul style="list-style-type: none"> > Overseeing the Internal Risk Assessment on Child Labour and Human Rights. > Reviewing the Group's Community engagement programmes.

Details on each of the above initiatives can be found in the Company's Sustainability Report 2012-13 and on the Company's website at www.sustainability.vedantaresources.com/home.

Performance evaluation of the Sustainability Committee

Annual performance evaluation is used to assess how the Sustainability Committee is performing and feedback any suggested improvements. The performance of the Sustainability Committee was assessed during the year and was considered to be effective in all areas of its remit.

Sustainability Committee Report

This Sustainability Committee Report was reviewed and approved by the Board on 15 May 2013.

Naresh Chandra

Chairman, Sustainability Committee

Directors' Remuneration Report



Naresh Chandra

Chairman, Remuneration Committee

Dear Shareholder,

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2013. This report provides details of the Group's remuneration policy and the remuneration of the Executive and Non-Executive Directors for the year.

The Board is sensitive to the need to achieve a balance between attracting and retaining high quality Directors required to manage a company of Vedanta's size and complexity, with the need to avoid excessive pay awards. A significant proportion of the Executive Directors' remuneration is performance related through the operation of the annual bonus and the share-based incentive schemes. This year has been challenging, with continuing global economic uncertainty, especially for the mining industry, as well as Company-specific challenges. In spite of the difficult operating year, Vedanta has delivered a strong set of financial results, largely driven by the solid operational performance from a diversified portfolio of world-class, low cost, long-life assets.

The Remuneration Committee's year

As mentioned in last year's report, one of the key priorities undertaken during the year was to review the Group's long-term incentive schemes to improve the linkage between business performance and share awards. Furthermore, the Company's Long-Term Incentive Plan ('LTIP') which was approved by shareholders in 2003 was due to expire in 2013. Accordingly, the Employee Share Ownership Plan ('ESOP') was introduced with performance conditions comprising business performance parameters such as operational deliverables and enablers to enhance the high performance culture across the Group. The first awards under the ESOP were granted in September 2012 and the performance period for these awards was from 1 April 2012 to 31 March 2013. The vesting of the awards under the ESOP is phased over three years with 50% vesting at the end of the first year, 30% at the end of the second year and 20% at the end of the third year.

2013 performance and remuneration

In spite of challenging market conditions, the Company was able to deliver good financial results, robust operational performance, the successful addition of reserves and resources and sustained progress on key projects, such as the Group consolidation and simplification, which the Board believes will be an opportunity to create greater value for shareholders.

The Committee, however, acknowledges a number of setbacks faced by the Group such as the shortage of raw materials for its alumina refinery and the impact of state-wide mining restrictions in Goa and Karnataka. It also deeply regrets the occurrence of fatalities during the year at operating facilities within the Group. All of these factors were considered and reflected in the incentives for the year. Accordingly, the 2013 annual bonus outcome for the Executive Directors was determined at 40%–45% of Base Compensation, a level well below the maximum potential bonus of 100% of Base Compensation.

Directors' Remuneration Report continued

The Committee has reviewed the Base Compensation levels for the Executive Directors in the context of the Group's overall performance, individual performance, the Company's current compensation positioning within its peer group both globally and within India, inflation rates in India, as well as other factors that it considers relevant. Accordingly, the Committee agreed on increases to Base Compensation of 4–9% in sterling terms for the year.

Governance

We have prepared this 2013 Directors' Remuneration Report taking into account the UK Government's proposals to improve the corporate governance framework for executive remuneration disclosure. While the Department of Business, Innovation and Skills ('BIS') proposals are not yet final and not due to come into force until 1 October 2013, the Committee has decided to take the steps to introduce a number of the changes in this year's Directors' Remuneration Report, particularly with regard to the presentation of a separate Policy Report and an Implementation Report and additional information disclosures. The changes to the structure and layout of this year's report are designed to improve transparency and to provide additional information on the alignment of strategy and Executive Director remuneration. We believe these changes will make the report easier to read and assess.

A resolution to approve this report will be proposed at the 2013 Annual General Meeting and I hope that you will support this resolution.

Naresh Chandra
Chairman, Remuneration Committee

This Directors' Remuneration Report provides details of the operation of the Remuneration Committee and gives information about remuneration policies and practices adopted by the Company in respect of members of the Board.

The report also reviews general remuneration policy in relation to senior management within the Group. It has been prepared in accordance with the Listing Rules of the UK Listing Authority, Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the UK Corporate Governance Code 2010 (the 'Code').

The Companies Act 2006 requires the auditors to report to the Company's members on certain parts of the Directors' Remuneration Report and to state whether in their opinion those parts of the report have been properly prepared in accordance with the accounting regulations. Those areas which are audited are indicated in the report

Membership and attendance

The members of the Remuneration Committee who served during the year, all of whom are independent Non-Executive Directors, are shown below together with their attendance at Remuneration Committee meetings:

	Number of meetings attended	Percentage attendance
Naresh Chandra (Chairman)	5/5	100%
Euan Macdonald	5/5	100%
Aman Mehta	5/5	100%

Objectives of the Committee

The objectives of the Committee are to ensure that remuneration policies and practices are designed to attract, retain and motivate the Executive Directors and the senior management group, while focusing on the delivery of the Group's strategic and business objectives. The Committee is also focused on aligning the interests of the Executive Directors and the senior management group with those of shareholders, to build a sustainable performance culture.

The Remuneration Committee has set remuneration taking into consideration both UK and Indian market practice to ensure it is globally competitive as the Executive Directors are based in India (with the exception of Mr Anil Agarwal, who is UK-based), along with the majority of the Group's professional management team. The Committee also considers the inflation rates prevalent in the UK and India in the setting of remuneration.

The Remuneration Committee also recognises that financial performance of the Company is heavily influenced by macro-economic considerations such as commodity prices and exchange rate movements. These factors are therefore taken into consideration when setting executive remuneration.

Responsibilities of the Remuneration Committee

The Committee's responsibilities are set out in its terms of reference, which are available on the Company's website at www.vedantaresources.com or on request from the Company Secretary. The Committee's terms of reference were reviewed and amended during the year. Amendments made included clarifying that the Remuneration Committee is exclusively responsible for the selection criteria and appointment of any remuneration consultants and that the Committee may commission any reports or surveys necessary for carrying out its work.

The Committee's responsibilities primarily include:

- setting the Group's overall policy on executive and senior management remuneration;
- determining the remuneration packages for individual Executive Directors, including Base Compensation, performance-based short- and long-term incentives, pensions and other benefits;
- approving the design and operation of the Company's share incentive schemes; and
- reviewing and determining the terms of the service agreements of the Executive Directors.

The Committee gives full consideration to the Code and published guidelines regarding the remuneration of directors of listed companies including those published by the Association of British Insurers and National Association of Pensions Funds. The Committee is committed to ensuring that remuneration policy reflects, to the extent practicable, global corporate governance guidance on executive remuneration.

Directors' Remuneration Report continued

Advisers to the Committee

The Committee retained New Bridge Street ('NBS') to provide independent advice on remuneration matters. Other than advice to the Remuneration Committee, no other services were provided by NBS to the Company. The fees paid to NBS in respect of work carried out in 2012 totalled £35,000. In addition, advisers to the Committee during the year and their roles are set out below.

Mr A Thirunavukkarasu (President – Group HR)

- Advises the Committee on general remuneration policies and practices followed in India and the global market.
- Advises the Committee on Executive Directors' remuneration and benefits.
- Advises the Committee on remuneration policy applicable to the wider employee population within the Group.

Executive Directors

- Provide inputs on remuneration packages for senior executives to ensure parity amongst senior executives in different businesses but at similar roles.
- Executive Directors may attend meetings at the invitation of the Committee but no Director is present during discussions of their own remuneration.

New Bridge Street ('NBS') (an Aon Hewitt Company)

- Provide advice on select aspects of Directors' remuneration.
- NBS subscribes to the Remuneration Consultants Group's Code of Conduct. Neither NBS nor any part of Aon Hewitt Ltd provided other services to the Company during the year.

Ernst & Young LLP

- Review and confirmation of the Company's TSR performance in respect of the Long-Term Incentive Plan.
- Ernst & Young LLP provide some tax and internal audit services to the Group.

The Committee considers various external reports from NBS on remuneration in the UK as well as India to provide detailed insights that aid remuneration decisions.

Shareholder voting

The table below shows the number of votes for, against and abstentions for the 2012 Directors' Remuneration Report at the 2012 AGM:

Votes 'For'	Votes 'Against'	Votes 'Abstentions' ¹
186,359,388	26,242,599	1,516,139

¹ A vote abstention is not a vote in law and is not counted in the calculation of the proportion of votes cast 'For' and 'Against' a resolution.

Policy Report

Remuneration policy for Executive Directors

The key objective of the Group's broad remuneration policy is to ensure that competitive and fair awards are linked to key deliverables and are also aligned with market practice and shareholders' expectations.

When setting remuneration for the Executive Directors, the Committee takes into account the business performance, developments in the natural resources sector and, considering that the majority of the Group's operations are based in India, similar information for high-performing Indian companies.

A summary of current remuneration arrangements for the Executive Directors is set out below:

Area of responsibility	Purpose and link to Company's strategy	Policy and description	Potential value	Performance metrics and targets	Changes during the year
Base Compensation ¹	<ul style="list-style-type: none"> Reflects individual's experience and role within the Group Reward for performance of day-to-day activities 	<ul style="list-style-type: none"> Typically positioned at the median of a peer group of UK Listed Mining comparator companies (excluding the largest global stocks which are felt to be too large for pay comparison) and by reference to those positions of comparable status, skill and responsibility in the metals and mining industries, and in the manufacturing and engineering industries more generally Reviewed on an annual basis and changes are implemented with effect from 1 April each year taking into account the period of service during the year Fixed element of the remuneration package Paid in cash on a monthly basis 	<ul style="list-style-type: none"> Base Compensation increases are applied in line with the annual review and are competitive within the Indian market and internationally for comparable companies 	<ul style="list-style-type: none"> Business and individual performance are considered when setting Base Compensation 	Base Compensation level for the year commencing 1 April 2013: <ul style="list-style-type: none"> Executive Chairman: £1,608,000 Deputy Executive Chairman: £1,117,545 Chief Executive: £455,501 No change in policy for 2013
Annual Performance Bonus	<ul style="list-style-type: none"> Incentivise executives to achieve specific, predetermined goals during the financial year 	<ul style="list-style-type: none"> Determined by the Committee after year-end, based on performance against the pre-determined financial and non-financial metrics Variable component of remuneration Paid annually in cash 	<ul style="list-style-type: none"> Maximum annual award is 100% of Base Compensation 	<ul style="list-style-type: none"> Performance conditions are referenced to operational and financial performance (Volume, COP, EPS, ROCE, FCF), sustainability and Strategic Thrust Areas such as Group simplification and M&A initiatives 	<ul style="list-style-type: none"> No change in policy for 2013
Employee Share Ownership Plan	<ul style="list-style-type: none"> Encourage and reward strong performance aligned to the interests of shareholders 	<ul style="list-style-type: none"> Awards of conditional shares or options made periodically Variable long-term remuneration element Performance measured over one year and paid in shares or options over a three-year time period 	<ul style="list-style-type: none"> Maximum annual award is 100% of Base Compensation 	<ul style="list-style-type: none"> Vesting is subject to the satisfaction of performance conditions measured over one year and continued employment The extent to which an award vests will depend on the Remuneration Committee's assessment on the achievement of financial and non-financial targets 	<ul style="list-style-type: none"> No change in policy for 2013
Post employment benefits	<ul style="list-style-type: none"> Provide for sustained contribution 	<ul style="list-style-type: none"> In line with local market practices Accrues depending on length of service 	<ul style="list-style-type: none"> Annual contribution of 15% of Base Compensation for the Deputy Executive Chairman and Chief Executive The Executive Chairman does not receive post-retirement benefits 	<ul style="list-style-type: none"> Not linked to any performance criteria 	<ul style="list-style-type: none"> No change for 2013
Benefits in kind	<ul style="list-style-type: none"> To provide market competitive benefits 	<ul style="list-style-type: none"> In line with local market practices Non-monetary in nature 	<ul style="list-style-type: none"> Benefits vary by role and are reviewed periodically 	<ul style="list-style-type: none"> Not performance related 	<ul style="list-style-type: none"> No change for 2013

¹ Base Compensation (also known as CTC) includes salary plus fixed allowances and statutory benefits which are a normal part of the remuneration package in India and in line with local market practice. Base Compensation is considered for the purpose of determining the potential value of incentives including the annual performance bonus and awards granted under the ESOP.

Consideration of wider employee pay

In setting the policy for Executive Directors' remuneration, the Committee considers the pay and employment conditions across the Group including annual Base Compensation increases across the general employee population and the overall spend on annual bonuses.

Implementation Report Base Compensation

The review of Base Compensation levels in 2013 for Executive Directors considered a number of reference points, including: compensation levels among other mining companies in the FTSE 350 (but excluding the very largest companies); executive compensation levels among companies across all sectors in both the UK and India; and wage-inflation and price-inflation data in both countries.

Taken as a whole, these reports suggest that compensation levels for executives at Vedanta are broadly around the

mid-market for a company of our size, sector and international reach. However, recent years have seen significant pay inflation in the Indian market.

Details of the Base Compensation levels for the Executive Directors for 2013 are set out below:

	Vedanta Base Compensation from 1 April 2013 £	Vedanta Base Compensation from 1 April 2012 £
Anil Agarwal	1,608,000	1,475,000
Navin Agarwal	1,117,545	1,073,546
MS Mehta	455,501	426,792

For Executive Directors based in India, it was considered appropriate to place the greatest emphasis on comparative remuneration information in that market. Pay increases at the executive levels within the Indian market continue at around 12–15% and the prevailing rate of inflation is around



Directors' Remuneration Report continued

11%. The annual increases to Base Compensation awarded to Mr Navin Agarwal and Mr MS Mehta (who are based in India) were in line with these levels of increases. They resulted in increases in UK pounds sterling terms for Mr Navin Agarwal and Mr Mehta of 4% and 6% respectively (based on the exchange rate as at 31 March 2013). In setting the Base Compensation of the Executive Chairman, the Committee took into account data from the UK, the increase in Base Compensation for employees throughout the Group (which was an average of 12%) and the relative increase compared to the other Directors. An increase of 9% was considered appropriate in the circumstances.

Notes:

- 1 The Chairman, Mr Anil Agarwal, has a service agreement with Vedanta Resources plc. His salary is approved by the Board (without the Chairman present) on the recommendation of the Remuneration Committee.
- 2 Mr Navin Agarwal and Mr MS Mehta have service agreements with Sterlite Industries (India) Ltd ('Sterlite') which have been augmented by letters of appointment to the Board of the Company. Mr Navin Agarwal and Mr MS Mehta receive a salary under their Sterlite contract and an annual fee paid to them from the Company to reflect the amount of time they spend on Board business.
- 3 For the financial year ended 31 March 2013, Mr Navin Agarwal received a Sterlite salary of INR75,910,000 and Vedanta fees of £80,000 and Mr MS Mehta received Sterlite salary of INR26,496,000 and Vedanta fees of £80,000.
- 4 For the financial year commenced 1 April 2013, Mr Navin Agarwal will receive a Sterlite salary of INR85,000,000 and Vedanta fees of £85,000 and Mr MS Mehta will receive a Sterlite salary of INR30,500,000 and Vedanta fees of £85,000.
- 5 The exchange rate applicable as at 31 March 2013 was INR82.3209 to £1.
- 6 The exchange rate applicable as at 31 March 2012 was INR76.4031 to £1.

Annual Performance Bonus

The Company operates a performance bonus scheme providing the Executive Directors and the senior management group with the opportunity to earn a cash amount based on the achievement of stretching performance targets. The performance bonus is non-pensionable. The maximum bonus payable to the Executive Directors is 100% of Base Compensation.

For the year ended 31 March 2013, the payment of the annual bonus to the Executive Directors was dependent on the following criteria:

Financial Performance measures	Operational Performance measures	Sustainability Performance measures	Strategic project/s
EPS	Volume of Production	Implementation of the Sustainability Framework and Assurance programme	Successful completion of Group simplification
ROCE	Cost of Production	Reduction of Lost Time Injury Frequency Rate and fatalities	Cairn India integration
Free cash flow	Project Execution	Community engagement	

The overall level of performance resulted in annual bonus awards of 40–45% of the maximum amount of 100% of Base Compensation to the Executive Directors. The actual bonus payments received by them are shown in the table on page 104. Based on the Executive Directors' performance against the above objectives, the Committee approved the annual bonus of 40% for Mr Anil Agarwal and 45% annual bonus for Mr Navin Agarwal and Mr MS Mehta.

Long-Term Incentive Plan ('LTIP')

Until 2012 the Company granted awards under the Long-Term Incentive Plan to Executive Directors, senior management and select members of the wider management team. The final grant was made in October 2012 and will vest in October 2015. Under the LTIP, awards of nominal-cost options were granted in line with the Board's objective of incentivising and developing the potential within the wider management group.

LTIP performance measures

The vesting of LTIP awards is subject to measurement of the Company's performance in terms of Total Shareholder Return ('TSR'), being the movement in the Company's share price (plus reinvested dividends), compared over a three-year period from the date of grant with the performance of a specific list of companies, selected as being the Group's main peers and competitors. The full list of companies against whose performance Vedanta's TSR is measured (the 'Comparator Group') is as follows:

1. Anglo American
2. BHP Billiton
3. Rio Tinto
4. Xstrata
5. Vale
6. Antofagasta
7. Grupo Mexico
8. Hindalco
9. Alcoa
10. Teck

The extent to which an award vests will depend on the Company's TSR ranking against the Comparator Group at the end of the three-year performance period.

The vesting schedule is shown in the table below, with straight-line vesting in between the points shown rounded down to the nearest whole share.

Group	% of Vedanta's TSR performance against the Comparator award vesting
Below median	nil
At median	40
At or above upper quartile	100

The information to enable this calculation to be carried out on behalf of the Committee is provided by Ernst & Young LLP.

Vesting of LTIP awards

Following the end of the three-year performance period relating to the LTIP awards granted in August 2009, Ernst & Young LLP calculated the Company's TSR performance relative to the Comparator Group over the performance period. This showed that Vedanta's TSR performance over the performance period was below median ranking, resulting in nil vesting. Awards held by the Executive Directors under this cycle of the plan therefore lapsed entirely.

With regard to the wider group of employees who participate in the LTIP, however, the Remuneration Committee took into consideration the negative impact that the plan's failure to vest would have, particularly given the highly competitive market for management talent in the natural resources sector. The Committee also noted that the Group's performance in terms of operational, financial and major acquisitions during the three-year performance period had exceeded expectations, and judged that the share price performance over the period was not entirely reflective of the underlying operating and financial performance. The Committee therefore exercised its discretion under the plan to allow partial vesting equal to threshold performance (i.e. 40% of the award) for employees below the Board. As a result, a total of 674,965 ordinary shares were issued to satisfy these awards.

Employee Share Ownership Plan ('ESOP')

The ESOP was introduced in 2012 as a replacement for the LTIP. Participation in the Plan includes Executive Directors, senior management and select members of the wider management team. The performance conditions comprise business performance parameters such as operational deliverables and enablers to enhance the high performance culture across the Group.

Under the ESOP, awards of shares or options may be granted in line with the Board's objective of incentivising and developing the potential within the wider management group.

Principles of the ESOP

The main principles and changes of our share-based rewards are enumerated below:

- the introduction of business performance targets which are more challenging but unique and relevant to each business to incentivise higher levels of business performance whilst ensuring appropriate rewards to employees for the delivery of the Company's strategic objectives;

- the strengthening of the alignment between Directors' interests and those of shareholders, by creating a greater sense of ownership through a one-year performance period, with the vesting of awards deferred for a further two years subject to continued employment within the Group;
- the addition of new performance measures which we believe will provide an appropriate means of gauging the sustained operational performance of our business; and
- improving the alignment of remuneration with emerging and best practice in India to ensure that it is both globally and locally competitive.

The Committee intends to keep the ESOP arrangements under review but believes that with the changes made, the policy for Executive Directors' remuneration remains appropriate and in line with the Company's remuneration policy.

ESOP performance measures

The vesting of ESOP awards is subject to measurement of the Company's performance as determined by the Committee. The performance measures selected are well established metrics in the natural resources sector, used to assess performance and capture the key business drivers.

The performance measures include the weighted average score of the Group's businesses (30%), Vedanta Resources plc TSR ranking against a comparator group of 14 companies (60%) and sustainability (10%).

The weighted average score of the Group's businesses includes operational deliverables such as volume, cost of production, free cash flow and Health and Safety, as well as enablers such as PR, HR initiatives, asset optimisation, mine development, exploration and growth targets.

The comparator group for measurement of the Company's TSR ranking includes Alcoa, Anglo American, Antofagasta, BHP Billiton, ENRC, First Quantum, FMG-Fortescue, Glencore, Xstrata, Kazakhmys, Vale, Tullow Oil, Teck and Rio Tinto.

Performance is measured over one year with the vesting of the awards phased over three years (i.e. 50% at the end of the first year of grant, 30% after the second year and 20% after the third year).

Operation of the ESOP

The maximum value of awards that can be conditionally awarded to an Executive Director in a year is 100% of the Base Compensation.

ESOP awards are also made to the senior management group and select employees across the Group. The maximum value of awards that can be awarded to the employees is calculated by reference to the Base Compensation of each grade and individual performance.

Nominations for awards under the ESOP are made through a rigorous process involving senior management based on guidelines issued by the Group. Individuals are assessed and categorised by reference to the importance of their roles to the relevant business unit, past performance and future potential.

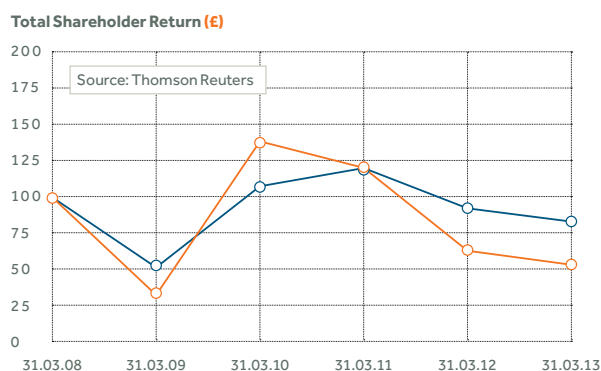
Directors' Remuneration Report continued

Vesting of ESOP awards

As per the scheme rules, 50% of the ESOP awards granted to the Executive Directors are due to vest on 24 September 2013 based on achievement of pre-set performance conditions as outlined above.

Total Shareholder Return performance graph

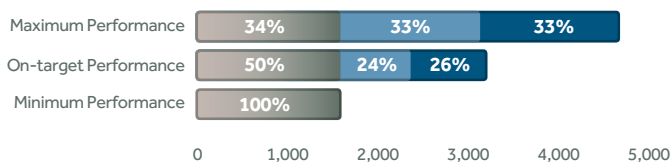
The graph below shows the TSR performance of the Company in comparison with that of the FTSE All Share Mining Index for the period from 31 March 2008 to 31 March 2013. The FTSE All Share Mining Index was chosen as it is the most relevant to compare the Company's performance against its peers.



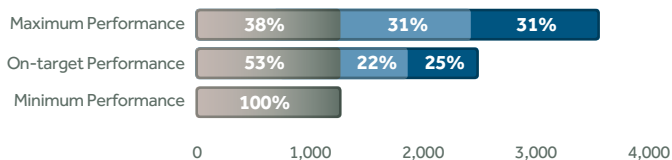
This graph shows the value, by 31 March 2013, of £100 invested in Vedanta Resources plc on 31 March 2008 compared with the value of £100 invested in the FTSE All Share Mining Index. The other points plotted are the values at intervening financial year-ends.

— Vedanta Resources plc — FTSE All Share Mining Index

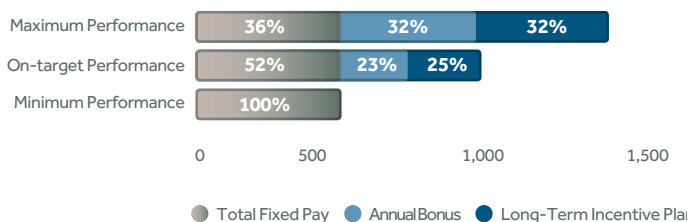
Executive Chairman (GBP'000)



Deputy Executive Chairman (GBP'000)



Chief Executive (GBP'000)



Remuneration mix

The total remuneration package is designed to provide an appropriate balance between fixed and variable components with a focus on variable pay so that strong performance is incentivised without encouraging excessive risk taking.

The charts below demonstrate the balance of fixed and variable pay in these circumstances for the Executive Directors assuming (i) that no award is earned under the annual bonus plan and no vesting is achieved under the ESOP ('Minimum Performance'); (ii) 50% of the maximum bonus is earned under the annual bonus plan and 55% of the ESOP award vests ('On-target Performance'); and (iii) full vesting under both plans ('Maximum Performance').

Executive Directors' service contracts

Mr Anil Agarwal is employed under a contract of employment with the Company for a rolling term but which may be terminated by not less than six months' notice. Provision is made in Mr Agarwal's contract for payment to be made in lieu of notice on termination which is equal to Base Compensation.

Mr Navin Agarwal has a letter of appointment with the Company which is a rolling contract and may be terminated by giving six months' notice. Mr Navin Agarwal has a service agreement with Sterlite which expires on 31 July 2013, with a notice period of three months or Base Compensation in lieu thereof.

Mr Mahendra Singh Mehta has a letter of appointment with the Company and a service contract with Sterlite which expires on 31 December 2013, with a notice period of three months or Base Compensation in lieu thereof.

It is the Group's policy that the notice period in the Directors' service contracts does not exceed 12 months.

Copies of all Executive Directors' service contracts and the letters of appointment of the Non-Executive Directors are available for inspection during normal business hours at the registered office of the Company.

Executive Directors' service contract details

	Date of contract	Notice period	Outstanding term
Anil Agarwal	27 November 2003	Six months	Rolling notice period
Navin Agarwal (Vedanta)	4 May 2005	Six months	Rolling notice period
Navin Agarwal (Sterlite)	1 August 2003	Three months	Until 31 July 2013
MS Mehta	1 October 2008	Three months	Until 31 December 2013

External appointments

The Board's policy on external appointments is that an Executive Director may, only with the prior approval of the Board, accept an appointment external to the Group (other than any appointment as a Non-Executive Director to related parties or Volcan Investments Limited ('Volcan') in the case of Messrs Anil Agarwal and Navin Agarwal) of a publicly listed company anywhere and that the fees for any such appointment may be retained by the individual.

Currently, none of the Executive Directors holds any such outside appointments.

Non-Executive Directors

Non-Executive Directors' fees

The Board is responsible for setting policy in relation to the Non-Executive Directors' fees and reviews them periodically. General policy is to provide fees in line with market practice for similar Non-Executive Director roles in international mining groups. Fees paid to the Non-Executive Directors also take account of the Group's complexity, the significant travel and time commitments required for attending Board and other meetings in India and the UK and the risk profile of the Company. The last review was carried out in 2010 at which time it was agreed that the fees would be frozen for a period of three years. Mr Aman Mehta and Mr Naresh Chandra are also paid a commission of US\$62,502 each from a subsidiary of Cairn India Limited and a sitting fee of INR260,000 each from Cairn India Limited.

Non-Executive Directors' fees payable for chairing or being a member of a Board committee are as follows:

1. Base fee, £80,000
2. Audit Committee Chairman, £20,000
3. Member of Audit Committee, £7,500
4. Remuneration Committee Chairman, £17,500
5. Member of Remuneration Committee, £7,500
6. Member of Nominations Committee, £5,000
7. Sustainability Committee Chairman, £20,000
8. Senior Independent Director fee, £10,000

Non-Executive Directors' letters of appointment

The Non-Executive Directors have letters of appointment which may be terminated by either party by giving three months' notice. The Non-Executive Directors' letters of appointment set out the time requirements expected of them in the performance of their duties. Non-Executive Directors are normally expected to spend at least 20 days per year on Company business. There is no provision in the letters of appointment of the Non-Executive Directors for compensation to be paid in the event of early termination. Details of the Non-Executive Directors' Letters of Appointment are shown below.

	Date of appointment as a Director	Date of current letter of appointment	Notice period	Expiry of present term (subject to annual re-election)
Naresh Chandra ¹	18 May 2004	1 June 2012	Three months	Until 1 August 2013
Aman Mehta	24 November 2004	24 November 2009	Three months	Until 23 November 2013
Euan Macdonald	23 March 2005	23 March 2013	Three months	Until 5 August 2014
Geoffrey Green	1 August 2012	31 July 2012	Three months	Until 30 July 2015

¹ Mr Chandra will retire from the Board following the conclusion of the 2013 Annual General Meeting.



Directors' Remuneration Report continued

(Audited Information)

Directors' Remuneration for the year ended 31 March 2013

The following table sets out an analysis of the pre-tax remuneration for the year ended 31 March 2013 for individual Directors who held office in the Company during this period. All amounts are in UK pounds sterling, although payments in India under service contracts with Sterlite are paid in Indian rupees.

Directors' Remuneration

	Base Compensation €000	Benefits in kind €000	Pensions €000	Annual performance bonus €000	Total 2013 €000	Total 2012 €000
Executive Directors						
Anil Agarwal ¹	1,475	46		590	2,111	2,010
Navin Agarwal ²	953 ⁵	49	147	417	1,566	1,482
MS Mehta ³	391 ⁵	–	31	147	569	550
Non-Executive Directors						
Naresh Chandra ⁴	182				182	167
Aman Mehta ⁴	155				155	139
Euan Macdonald	100				100	100
Geoffrey Green	53				53	
Total	3,309	95	178	1,154	4,736	4,448

Notes:

- Mr Anil Agarwal's benefits in kind include provision of a car and fuel in the UK and India for business purposes, housing benefit (in India) and club membership.
- Mr Navin Agarwal's benefits in kind include housing benefit, club membership, and use of a car and driver.
- Mr MS Mehta's benefits in kind include use of a car and driver.
- This includes the salary of €42,000 paid by Cairn India Limited and its subsidiaries after it became a subsidiary of the Group.
- For the financial year ended 31 March 2013, Mr Navin Agarwal received a Sterlite salary of INR71,561,023 excluding pension and medical allowances and Vedanta fees of €80,000 and Mr MS Mehta received a Sterlite salary of INR24,799,872 excluding pension, medical and leave travel allowances and Vedanta fees of €80,000.
- The average exchange rate applicable for the year ended 31 March 2013 was INR82.019 to £1.
- Non-Executive Directors are reimbursed for expenses incurred while on Company business.
- The value of the remuneration paid to Mr Navin Agarwal and Mr MS Mehta during the year differs from the Base Compensation levels on page 99 due to fluctuations in the INR/sterling exchange rates during the year.

Directors' Long-Term Incentive Plan awards

	Option granted	Exercise price (US cents)	1 April 2012	Movements during the year			31 March 2012	Earliest/ latest exercise dates	Date award exercised	Market price at exercise €	Market price at grant €	Aggregate gain on exercise €
				Grants	Exercised	Lapsed due to performance condition						
Anil Agarwal	1 Aug 09	0.1	60,000			60,000	Nil	1 Aug 12 –1 Jan 13	–	–	17.64	–
	1 Aug 11	0.1	73,500				73,500	1 Aug 14 –1 Jan 15	–	–	17.20	–
Navin Agarwal	1 Aug 09	0.1	40,000	–		40,000	Nil	1 Aug 12 –1 Jan 13	–	–	17.64	–
	1 Aug 11	0.1	57,500				57,500	1 Aug 14 –1 Jan 15	–	–	17.20	–
MS Mehta	1 Aug 09	0.1	17,500	–		17,500	Nil	1 Aug 12 –1 Jan 13	–	–	17.64	–
	1 Aug 11	0.1	21,000				21,000	1 Aug 14 –1 Jan 15	–	–	17.20	–

The mid-market price of the shares at 31 March 2013 was 1,005 pence and from 1 April 2012 to 31 March 2013, the share price varied between 832.5 pence and 1,298 pence.

Directors' awards under the ESOP

	Option granted	Exercise price (US cents)	Movements during the year						Market price at exercise £	Market price at grant £	Aggregate gain on exercise £		
			1 April 2012	Grants	Exercised	Lapsed due to performance condition	31 March 2012	Earliest/latest exercise dates				Date award exercised	
Anil Agarwal	24 Sep 12	0.1		125,000				125,000	24 Sep 13 ¹	–	–	10.56	–
Navin Agarwal	24 Sep 12	0.1		85,000				85,000	24 Sep 13 ¹	–	–	10.56	–
MS Mehta	24 Sep 12	0.1		38,000				38,000	24 Sep 13 ¹	–	–	10.56	–

1 50% of the awards granted to the Executive Directors under the ESOP are due to vest on 24 September 2013 subject to meeting performance conditions in respect of the Plan.

Equity dilution resulting from Employee Share Schemes

The dilution limits set out in the rules of the Employee Share Schemes established in December 2003 (including the LTIP and ESOP) allow up to an aggregate of 10% of the Company's issued share capital to be issued or issuable pursuant to awards under any of the Company's employee share schemes over a period of 10 years. Up to 5% of the Company's issued share capital may be used for the Company's discretionary schemes (such as the LTIP and ESOP) over a 10-year period. Shares issued or issuable pursuant to awards made under the Vedanta Resources Share Reward Plan (the 'Reward Plan') are not counted for these purposes. The Reward Plan was used solely to reward employees who contributed to the Company's development up to the Listing in 2003. No further awards have been made under this Plan. Currently 3.72% (2012: 2.64%) of the Company's issued share capital is issuable in respect of outstanding awards under the LTIP and ESOP.

Directors' interests in Vedanta ordinary shares

The interests of the Directors (which are beneficial unless otherwise stated) in ordinary shares of the Company at 31 March 2013 were:

	As at 1 April 2013	As at 31 March 2012
Anil Agarwal ¹	173,042,443 ²	167,953,056
Anil Agarwal ³	87,240	87,240
Navin Agarwal ¹	223,160	223,160
MS Mehta	41,857	41,857
Naresh Chandra	–	–
Aman Mehta	–	–
Euan Macdonald	–	–

1 Mr Anil Agarwal and Mr Navin Agarwal each held nominee shares in direct and indirect subsidiaries. These holdings are non-beneficial.

2 Mr Anil Agarwal's holding of 173,042,443 Vedanta ordinary shares are registered in the name of Volcan Investments Limited, which is a company owned by a family trust.

3 Shares held directly by Mr Anil Agarwal.

There have been no changes in the beneficial shareholdings of the Directors between the end of the financial year and the 14 May 2013.

Directors' Remuneration Report

This Directors' Remuneration Report was approved by the Board on 15 May 2013.

Naresh Chandra

Chairman, Remuneration Committee

The Directors' Report

Purpose of the Directors' Report

The Directors are pleased to present their Annual Report on the business of the Group, together with the financial statements and auditors' report, for the year ended 31 March 2013. The Board considers that the Annual Report, taken as a whole, is fair, balanced and understandable and that it provides all information necessary for shareholders to assess the Company's strategy and performance.

The purpose of the Directors' Report is to provide shareholders with certain statutory information about the Company, its Directors and operations. The Business Review, which forms part of the Directors' Report, informs shareholders and helps them assess how the Directors have performed their duty to promote the success of the Company. In addition, as a company listed on the London Stock Exchange, it is required to provide information which includes, amongst other things, details of the Company's share capital, voting rights, rules on Directors' appointments and significant agreements that alter on change of control.

Principal activities

Vedanta Resources plc is the UK-registered parent Company of a diversified metals and mining group. The Group's principal operations are in India, Zambia, Australia,

Namibia, South Africa, Liberia, Ireland and Sri Lanka. The major natural resources produced are copper, aluminium, zinc, lead, silver, iron ore and oil and gas. The Group is also developing a commercial power generation business. Analysis of revenue, operating profit, principal activities and geographical origins appears in Note 3 to the financial statements and a list of the subsidiaries of the Group may be found in Note 41 to the financial statements.

Business Review

The Business Review has been prepared in accordance with the Companies Act 2006 which requires the Company to set out a fair review of the business of the Group during the financial year, including an analysis of the position of the Group at the end of the financial year and the trends and factors likely to affect the future development, performance and position of the business. The Business Review is comprised of the Overview, Strategy and Performance sections within this Annual Report on pages 6 to 71.

Specifically, the information that fulfils the requirements of the Business Review, including principal risks and uncertainties and key performance indicators, can be found within the following sections, which are incorporated in this report by reference:

Information	Location in the Annual Report	Page
Key Performance Indicators	Strategy section	24
Description of the principal risks and uncertainties facing the Group	Strategy section	34
Strategy	Chairman's Statement and Strategy section	6
Future developments	Market Overview	18
Review of operations	Operational Review	50
Financial Review	Financial Review	40
Environmental matters	Contained within separate Sustainable Development Report	
Health and safety matters	Contained within separate Sustainable Development Report	
Community issues	Contained within separate Sustainable Development Report	

The Business Review and other sections of this Annual Report contain forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Company's ability to control or predict.

Forward-looking statements and past performance are therefore not guarantees of future performance. The information contained in the Business Review has been prepared on the basis of information and knowledge available to the Directors at the date of preparation and the Company does not undertake to update or revise the content during the year ahead.

Corporate Governance

In accordance with the Financial Services Authority's Disclosure and Transparency Rules ('DTR') 7.2.1 the disclosures required by DTR7.2.2R to DTR7.2.5 and DTR7.2.7 may be found in the Corporate Governance Report on pages 78 to 86. Information referred to in DTR7.2.6 is located in this Directors' Report.

Important events subsequent to the year end

Events since the balance sheet date are summarised in Note 40 on page 172 of the financial statements.

Dividends

The Directors recommend a final dividend for the year ended 31 March 2013 of 37.0 US cents per ordinary share (2012: 35.0 US cents per ordinary share). Subject to shareholders approving this recommendation at the Annual General Meeting on 1 August 2013, the final dividend will be paid on 8 August 2013 to shareholders on the register of members as at 12 July 2013.

Taken together with the interim dividend of 21.0 US cents per ordinary share paid to shareholders on 19 December 2012, the total dividend for the year is 58.0 US cents per ordinary share (2012: 55.0 US cents per ordinary share).

Directors

The names, specific responsibilities and biographical details of the Company's current Board of Directors are shown on pages 72 to 73 and details of the Directors who held office during the year ended 31 March 2013 are shown in the Corporate Governance Report on pages 76 to 86. Details of the remuneration of the Directors, their interests in the shares of the Company and service contracts are contained in the Directors' Remuneration Report on pages 95 to 105.

Appointment and replacement of Directors

The Company's Articles of Association (the 'Articles') specify that the minimum number of Directors of the Company, unless determined by ordinary resolution, shall be two. There is no limit on the maximum number of Directors. The Company or the Board may appoint any person to be a Director. Any Director appointed by the Board shall hold office only until the next general meeting and is then eligible for election by the shareholders. The Articles specify that at least one-third of the Directors, or if their number is not three or multiple of three, the number nearest to one-third, shall retire from office. The Directors to retire by rotation are those who have been longest in office since appointment or reappointment. However, in accordance with the requirements of the UK Corporate Governance Code all of the Directors will retire at the forthcoming Annual General Meeting and being eligible will offer themselves for re-election.

Powers of the Directors

Subject to the provisions of the Companies Act 2006 and the Company's Articles and to any directions given by special resolution, the business of the Company is to be managed by the Board which may exercise all the powers of the Company.

Directors' and Officers' Liability Insurance and indemnities

The Company purchases and maintains liability insurance for its Directors and officers and those of the subsidiaries

of the Group, as permitted by the Companies Act 2006. The insurance policy does not provide cover where the Director has acted fraudulently or dishonestly. The Company believes that it is appropriate to provide such cover to protect Directors from innocent error as the Directors carry significant liability under criminal and civil law and under the UK Listing, Prospectus and Disclosure and Transparency Rules, and face a range of penalties.

In addition, the Company's Articles contain an indemnity provision in favour of the Directors against proceedings brought by third parties, subject to the Companies Act 2006, to allow the Company to pay legal defence costs for the Director where the Director is exonerated.

Employees

Information on the Group's employees and its policies with respect to employees can be found in the Sustainable Development Report.

Charitable donations

During the year, the Group made charitable donations of a total of US\$1.85 million (2012: US\$3.12 million). US\$1.26 million was paid to the Vedanta Foundation (2012: US\$2.31 million) and other charitable donations of US\$0.59 million (2012: US\$0.81 million) were made.

Further details about the Group's involvement with local communities during the year can be found in the Sustainable Development Report.

Political donations

It is the Board's policy that neither Vedanta nor any of its subsidiary companies may, under any circumstances, make donations or contributions to political organisations within the United Kingdom or European Union. In exceptional circumstances, where such political donations or contributions are to be paid in the United Kingdom and European Union, and if deemed necessary for legitimate business reasons, they will not be made without the approval of the Board and shareholders at a general meeting.

However, in accordance with the normal accepted practice in India of making political donations in respect of elections, the Group made political donations of US\$0.97 million (2012: US\$2.01 million) either through a trust or directly in respect of the Indian general election. The Board believes that supporting the political process in India will encourage and strengthen the democratic process.

Supplier payment policy

The responsibility for determining payment terms is delegated to the individual businesses within the Group, which take into consideration the commercial circumstances, local market and industry practice. The Group's policy is either to settle terms of payment with suppliers when agreeing the terms of each transaction or to ensure that the supplier is aware of the individual business's usual payment terms. Payments are made in accordance with contractual and other legal obligations and reflects local market practices.

Trade creditor days of the Company at 31 March 2013 were 82 days (2012: 30 days).

The Directors' Report

continued

Value of land

Land is carried in the Balance Sheet at historic cost. It is not practical to estimate the market value of land at each balance sheet date.

Research and development

The Group's business units carry out research and development activities necessary to further their operations.

Material shareholdings

As at 31 March 2013 and 3 June 2013, the Company had been notified, under the Disclosure and Transparency Rules, of the following significant voting rights in its shares:

Name of holder	Number of ordinary shares of US\$0.10 each	Percentage of total voting rights ¹
Volcan Investments Ltd	173,042,443	64.94%
Government of Singapore Investment Corporation Pte Ltd	8,996,515	3.38%
Capital Group Companies, Inc.	7,877,904	2.96%

¹ The voting rights at 31 March 2013 were 266,471,199 ordinary shares (net of treasury shares and shares held in GDR).

Articles of Association, share capital and voting rights

The following description summarises certain provisions in the Company's Articles of Association and applicable English law concerning companies (the Companies Act 2006, the 'Act'). This is a summary only and the relevant provisions of the Act or the Articles should be consulted if further information is required. Copies of the Company's current Articles are available for inspection at the Company's registered office.

Amendments to the Articles of Association

The Company's Articles of Association may be amended only by special resolution passed by the Company's shareholders.

Share capital

As at 31 March 2013 the issued share capital of the Company was comprised of 297,583,010 ordinary shares of US\$0.10 each and 50,000 deferred shares of £1 each.

Rights and obligations attaching to shares

The rights and obligations attaching to the ordinary and deferred shares are set out in the Articles. Details of the authorised and issued share capital together with movements in the Company's issued share capital during the year are shown in Note 33 of the financial statements.

6,904,995 ordinary shares of US\$0.10 each were issued on the conversion of certain convertible bonds issued by one of the Company's subsidiaries. These 6,904,995 ordinary shares are held through a global depository receipt and carry no voting rights. Apart from the above, each ordinary share carries the right to one vote at general meetings of the Company. Holders of deferred shares are not entitled to attend, speak or vote at any general meeting of the Company, nor are they entitled to the payment of any dividend or to receive notice of general meetings.

Further details of the rights attaching to the deferred shares are set out in the Articles and summarised in Note 33 of the financial statements.

Variation of rights

Subject to the provisions of the Act, the rights attached to any class may be varied with the consent of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class.

Deadlines for exercising voting rights

Votes may be exercised at general meetings in relation to the business being transacted either in person, by proxy or, in relation to corporate members, by corporate representative. The Articles provide that forms of proxy shall be submitted not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.

Restrictions on voting and the transfer of shares

No member shall be entitled to vote at a general meeting or at a separate meeting of the holders of any class of shares in the capital of the Company, either in person or by proxy, in respect of any share held by him unless all monies payable by him in respect of that share have been fully paid. Furthermore, no shareholder shall be entitled to attend or vote either personally or by proxy at a general meeting or at a separate meeting of the holders of that class of shares or on a poll if he has been served with a notice after failing to provide the Company with information concerning interests in his shares that is required to be provided under the Act.

Issue of shares

Under the Articles, the Company has authority to allot new shares in the Company. Such authority would be exercised having regard to the Statement of Principles published by the Pre-emption Group.

Shares held in uncertificated form

Subject to the provisions of the Uncertificated Securities Regulations 2001, the Board may permit the holding of shares in any class of shares in uncertificated form and the transfer of title to shares in that class by means of a relevant system and may determine that any class of shares shall cease to be a participating security.

Dividends and distributions

Subject to the provisions of the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board. The Board may pay interim dividends if it appears to the Board that they are justified by the profits of the Company available for distribution. The treasury shares directly held by the Company are not entitled to receive a dividend. Dividends may be declared and paid in any currency or currencies that the Board shall determine. The Board may also determine the exchange rate and the relevant date for determining the value of the dividend in any currency.

Purchase of the Company's own shares

At the end of the year, the Directors had authority, under a shareholders' resolution dated 28 August 2012, to make market purchases of up to approximately 10% of the Company's ordinary shares.

The authority expires at the conclusion of the Company's 2013 Annual General Meeting or on 1 October 2013, whichever is the earlier. A resolution to obtain a further authority will be proposed at the 2013 Annual General Meeting.

During the year the Company did not purchase any shares under its previously announced share buyback programme.

As at 31 March 2013, the Company held a total of 24,206,816 ordinary shares in treasury equal to 8.13% of the issued share capital.

Significant agreements: change of control

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company such as commercial contracts, bank loan agreements, and capital market borrowing. The following are considered to be significant in terms of their likely impact on the business of the Group as a whole:

- 1 The US\$1.25 billion 5.50% guaranteed convertible bonds issued in July 2009 and the US\$883 million 4.0% guaranteed convertible bonds issued in March 2010, where a change of control gives investors the option to require the issuer to redeem their bonds at the principal amount, together with any accrued and unpaid interest, or convert their bonds at an adjusted exchange price for a certain period following the relevant event.
- 2 The US\$500 million 8.75% bonds due 2014 and US\$750 million 9.5% bonds due 2018, where a change of control requires the Company to make an offer to purchase all of the outstanding bonds at 101% of the principal amount together with any accrued and unpaid interest with a rating decline.
- 3 In the financing arrangements for the acquisition of Cairn India Limited and various other financing facilities entered into by the Group where a change of control gives the majority lenders the right to declare the loans immediately payable.

All of the Company's share plans contain provisions relating to a change of control. Outstanding awards and options would normally vest and become exercisable on a change of control, subject to the satisfaction of any performance conditions.

There is no contract between the Company and its Directors or employees that provide for compensation for loss of office or employment that occurs because of a takeover bid.

Disclosure of information to auditors

In accordance with section 418 of the Companies Act 2006, each Director who held office at the date of approval of this Directors' Report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Reappointment of auditors

A resolution to reappoint the auditor, Deloitte LLP, will be proposed at the forthcoming Annual General Meeting. The reappointment of Deloitte LLP has been approved by the Audit Committee, which will also be responsible for determining the auditors' remuneration on behalf of the Board, subject to the approval of shareholders at the forthcoming Annual General Meeting.

Policy on derivatives and financial instruments

An explanation of the Group's financial management objectives and policies together with details of the Group's exposure to price risk, credit risk, liquidity risk and foreign currency risk appears in Note 27 to the financial statements.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 6 to 71. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Finance Review on pages 40 to 49. In addition, Note 27 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group requires funds both for short-term operational needs as well as for long-term investment programmes, mainly in growth projects. The Group generates sufficient cash flows from its current operations which, together with the available cash and cash equivalents and liquid financial asset investments, provide liquidity both in the short term as well as in the long term. Anticipated future cash flows and undrawn committed facilities of US\$3,353 million, together with cash and liquid investments of US\$7,982 million as at 31 March 2013, are expected to be sufficient to meet the ongoing capital investment programme and liquidity requirements of the Group in the foreseeable future.

The Group has a strong Balance Sheet that gives sufficient headroom to raise further debt should the need arise. The Group's current ratings from Standard & Poor's, Moody's and Fitch are BB, Ba1 and BB+ respectively, with Moody's and Standard & Poor's having put the Company on credit watch. These ratings support the necessary financial leverage and access to debt or equity markets at competitive terms, taking into consideration current market conditions. The Group generally maintains a healthy gearing ratio and retains flexibility in the financing structure to alter the ratio when the need arises. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

The Directors' Report

continued

Annual General Meeting

The 10th Annual General Meeting of the Company will be held on 1 August 2013 at 3pm. The Notice convening the Annual General Meeting accompanies this Annual Report and sets out details of the business to be considered thereof.

Signed on behalf of the Board

Deepak Kumar
Company Secretary
15 May 2013

Vedanta Resources plc
2nd Floor, Vintners Place
68 Upper Thames Street
London EC4V 3BJ

Registered in England Number 4740415

Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare such financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and Applicable Law). Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Responsibility Statement

We confirm that to the best of our knowledge:

1. the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
2. the management report, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

MS Mehta
Chief Executive Officer

DD Jalan
Chief Financial Officer
15 May 2013

Independent Auditor's Report to the Members of Vedanta Resources plc

We have audited the financial statements of Vedanta Resources plc for the year ended 31 March 2013 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes 1 to 42. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, contained within the Directors' Report, in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Other Matter

We have reported separately on the parent Company financial statements of Vedanta Resources plc for the year ended 31 March 2013 and on the information in the Directors' Remuneration Report that is described as having been audited.

Andrew Kelly (Senior statutory auditor) for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor
London, United Kingdom
15 May 2013

Consolidated Income Statement

(US\$ million except as stated)	Note	Year ended 31 March 2013	Year ended 31 March 2012
Continuing operations			
Revenue	4	14,989.8	14,005.3
Cost of sales		(11,702.3)	(10,442.0)
Gross profit		3,287.5	3,563.3
Other operating income		90.3	85.1
Distribution costs		(295.0)	(569.0)
Administrative expenses		(528.9)	(461.5)
Special items	5	(41.9)	(230.2)
Operating profit	9	2,512.0	2,387.7
Share in consolidated profit of associate	36	–	92.2
Investment revenue	6	673.1	525.4
Finance costs	7	(1,194.0)	(945.7)
Other gains and losses (net)	8	(285.2)	(314.2)
Profit before taxation		1,705.9	1,745.4
Tax expense	12	(40.1)	(516.7)
Profit for the year		1,665.8	1,228.7
Attributable to:			
Equity holders of the parent		157.4	59.8
Non-controlling interests		1,508.4	1,168.9
		1,665.8	1,228.7
Basic earnings per ordinary share (US cents)	13	57.7	21.9
Diluted earnings per ordinary share (US cents)	13	56.7	21.6

Consolidated Statement of Comprehensive Income

(US\$ million except as stated)	Year ended 31 March 2013	Year ended 31 March 2012
Profit for the year	1,665.8	1,228.7
Income and expenses recognised directly in equity:		
Exchange differences arising on translation of foreign operations	(707.9)	(1,861.4)
Change in fair value of available-for-sale financial assets	(1.3)	(86.0)
Change in fair value of cash flow hedges deferred in reserves	(60.5)	(119.0)
Tax effects arising on cash flow hedges deferred in reserves	(1.4)	38.5
Total expense recognised in equity	(771.1)	(2,027.9)
Gain on available-for-sale financial asset transferred to income statement	(70.5)	–
Change in fair value of cash flow hedges transferred to income statement	94.8	(55.8)
Tax effects arising on cash flow hedges transferred to income statement	(5.3)	18.0
Total transferred to the income statement	19.0	(37.8)
Total comprehensive income/(loss) for the year	913.7	(837.0)
Attributable to:		
Equity holders of the parent	(124.3)	(843.1)
Non-controlling interests	1,038.0	6.1

Consolidated Balance Sheet

(US\$ million except as stated)	Note	Year ended 31 March 2013	Year ended 31 March 2012
Assets			
Non-current assets			
Goodwill	15	16.6	16.6
Property, plant and equipment ¹	16	33,120.6	34,141.8
Financial asset investments	17	2.4	209.6
Other non-current assets	18	113.4	122.3
Financial instruments (derivatives)	27	–	22.8
Deferred tax assets	29	847.1	402.8
		34,100.1	34,915.9
Current assets			
Inventories	19	1,966.1	1,704.1
Trade and other receivables	20	1,706.0	1,795.9
Financial asset investments	17	18.2	–
Financial instruments (derivatives)	27	31.1	106.8
Current tax assets		147.0	70.1
Liquid investments	21	5,781.5	4,940.3
Cash and cash equivalents	22	2,200.2	1,945.0
		11,850.1	10,562.2
Total assets		45,950.2	45,478.1
Liabilities			
Current liabilities			
Short-term borrowings	23	(3,705.7)	(4,151.6)
Convertible bonds	26	(694.4)	–
Trade and other payables	25a	(4,563.7)	(3,842.9)
Financial instruments (derivatives)	27	(44.5)	(101.1)
Retirement benefits	31	(8.3)	(6.7)
Provisions	28	(68.4)	(18.1)
Current tax liabilities		(125.3)	(26.8)
		(9,210.3)	(8,147.2)
Net current assets		2,639.8	2,415.0
Non-current liabilities			
Medium and long-term borrowings	23	(10,452.6)	(10,513.5)
Convertible bonds	26	(1,740.1)	(2,290.3)
Trade and other payables	25b	(232.2)	(164.0)
Financial instruments (derivatives)	27	(28.0)	(32.1)
Deferred tax liabilities ¹	29	(4,992.7)	(5,460.3)
Retirement benefits	31	(58.4)	(52.3)
Provisions	28	(362.6)	(387.0)
Non-equity non-controlling interests	23	(11.9)	(11.9)
		(17,878.5)	(18,911.4)
Total liabilities		(27,088.8)	(27,058.6)
Net assets		18,861.4	18,419.5

Consolidated Balance Sheet continued

(US\$ million except as stated)	Note	Year ended 31 March 2013	Year ended 31 March 2012
Equity			
Share capital	33	29.8	29.7
Share premium account		196.8	196.8
Treasury shares		(556.9)	(556.9)
Share-based payment reserves	30	29.0	39.8
Convertible bond reserve		302.9	382.0
Hedging reserves		(22.2)	(55.6)
Other reserves		791.0	1,008.5
Retained earnings		3,628.0	3,606.3
Equity attributable to equity holders of the parent		4,398.4	4,650.6
Non-controlling interests		14,463.0	13,768.9
Total equity		18,861.4	18,419.5

1 The previous year balance sheet has been restated to give effect to the fair value adjustments to provisional fair values and business combination accounting relating to the acquisition of Cairn India Limited during the year ended 31 March 2012 (Note 34).

Financial Statements of Vedanta Resources plc, registration number 4740415 were approved by the Board on 15 May 2013

MS Mehta – Director

Consolidated Cash Flow Statement

(US\$ million except as stated)	Note	Year ended 31 March 2013	Year ended 31 March 2012
Operating activities			
Profit before taxation		1,705.9	1,745.4
Adjustments for:			
Depreciation and amortisation		2,334.4	1,408.4
Investment revenue		(673.1)	(525.4)
Finance costs		1,194.0	945.7
Other gains and losses (net)		285.2	314.2
Profit on disposal of property, plant and equipment		(11.6)	(1.2)
Write off of unsuccessful exploration costs		51.8	–
Share-based payment charge		25.5	20.2
Share of profit in associate	36	–	(92.2)
Other non-cash items		29.1	15.5
Operating cash flows before movements in working capital		4,941.2	3,830.6
(Increase)/decrease in inventories		(347.5)	48.6
Decrease/(increase) in receivables		29.8	(28.9)
Increase/(decrease) in payables		327.8	(286.9)
Cash generated from operations		4,951.3	3,563.4
Dividends received		91.4	82.7
Interest income received		362.7	401.1
Interest paid		(1,150.9)	(1,008.0)
Income taxes paid		(897.4)	(915.8)
Dividends paid		(153.5)	(144.0)
Net cash from operating activities		3,203.6	1,979.4
Cash flows from investing activities			
Net cash on acquisition of subsidiaries ¹	34	–	(8,017.4)
Purchases of property, plant and equipment		(2,233.2)	(2,796.4)
Proceeds on disposal of property, plant and equipment		63.4	23.6
(Purchase)/sale of liquid investments	24	(941.7)	2,354.1
Sale/(purchase) of financial asset investments		158.1	(3.9)
Net cash used in investing activities		(2,953.4)	(8,440.0)
Cash flows from financing activities			
Issue of ordinary shares		0.1	–
Dividends paid to non-controlling interests of subsidiaries		(257.4)	(219.7)
Acquisition of additional interests in subsidiary		(33.5)	(60.3)
Increase in short-term borrowings	24	159.9	981.8
Proceeds from long-term borrowings	24	2,307.9	6,833.9
Repayment of long-term borrowings	24	(2,352.4)	(570.4)
Net cash (used in)/from financing activities		(175.4)	6,965.3
Net increase in cash and cash equivalents	24	74.8	504.7
Effect of foreign exchange rate changes	24	180.4	528.7
Cash and cash equivalents at beginning of year		1,945.0	911.6
Cash and cash equivalents at end of year	22	2,200.2	1,945.0

1 Year ended 31 March 2012 includes cash paid for acquisition of US\$8,683.2 million and cash acquired on acquisition of US\$665.8 million.

Consolidated Statement of Changes in Equity

(US\$ million)	Attributable to equity holders of the Company										Total equity
	Share capital	Share premium	Treasury Shares	Share-based payment reserves	Convertible bond reserve	Hedging reserve	Other reserves	Retained earnings	Total	Non-controlling Interests	
At 1 April 2011	29.7	196.8	(556.9)	20.5	453.3	38.2	1,452.4	4,014.9	5,648.9	8,104.9	13,753.8
Profit for the period	–	–	–	–	–	–	–	59.8	59.8	1,168.9	1,228.7
Other comprehensive income for the period	–	–	–	–	–	(93.8)	(809.1)	–	(902.9)	(1,162.8)	(2,065.7)
Total comprehensive income for the period						(93.8)	(809.1)	59.8	(843.1)	6.1	(837.0)
Acquisition of subsidiary	–	–	–	–	–	–	–	–	–	5,906.5	5,906.5
Inter group transfers ³	–	–	–	–	–	–	(22.2)	6.4	(15.8)	15.8	–
Convertible bond transfers (Note 26)	–	–	–	–	(71.3)	–	–	71.3	–	–	–
Transfers ¹	–	–	–	–	–	–	387.4	(387.4)	–	–	–
Dividends paid	–	–	–	–	–	–	–	(144.0)	(144.0)	(219.7)	(363.7)
Exercise of LTIP/STIP awards	–	–	–	(0.9)	–	–	–	0.9	–	–	–
Additional investment in assets (Note 39)	–	–	–	–	–	–	–	(15.6)	(15.6)	(44.7)	(60.3)
Recognition of share-based payment (Note 30)	–	–	–	20.2	–	–	–	–	20.2	–	20.2
At 31 March 2012	29.7	196.8	(556.9)	39.8	382.0	(55.6)	1,008.5	3,606.3	4,650.6	13,768.9	18,419.5

(US\$ million)	Attributable to equity holders of the Company										Total equity
	Share capital	Share premium	Treasury Shares	Share-based payment reserves	Convertible bond reserve	Hedging reserve	Other reserves	Retained earnings	Total	Non-controlling Interests	
At 1 April 2012	29.7	196.8	(556.9)	39.8	382.0	(55.6)	1,008.5	3,606.3	4,650.6	13,768.9	18,419.5
Profit for the year	–	–	–	–	–	–	–	157.4	157.4	1,508.4	1,665.8
Other comprehensive income for the year	–	–	–	–	–	33.4	(315.1)	–	(281.7)	(470.4)	(752.1)
Total comprehensive income for the year						33.4	(315.1)	157.4	(124.3)	1,038.0	913.7
Convertible bond transfers (Note 26)	–	–	–	–	(79.1)	–	–	79.1	–	–	–
Transfers ¹	–	–	–	–	–	–	97.6	(97.6)	–	–	–
Dividends paid	–	–	–	–	–	–	–	(153.5)	(153.5)	(257.4)	(410.9)
Exercise of LTIP/STIP awards	0.1	–	–	(36.3)	–	–	–	36.3	0.1	–	0.1
Additional investment in assets ²	–	–	–	–	–	–	–	–	–	(86.5)	(86.5)
Recognition of share-based payment (Note 30)	–	–	–	25.5	–	–	–	–	25.5	–	25.5
At 31 March 2013	29.8	196.8	(556.9)	29.0	302.9	(22.2)	791.0	3,628.0	4,398.4	14,463.0	18,861.4

Other reserves comprise:

(US\$ million)	Currency translation reserve	Merger ¹ reserve	Investment revaluation reserve	General reserves	Total
At 1 April 2011	(74.1)	4.4	157.5	1,364.6	1,452.4
Exchange differences on translation of foreign operations	(717.3)	–	–	–	(717.3)
Inter group transfers ³	–	–	(22.2)	–	(22.2)
Revaluation of available-for-sale investments	–	–	(91.8)	–	(91.8)
Transfer from retained earnings ¹	–	–	–	387.4	387.4
At 31 March 2012	(791.4)	4.4	43.5	1,752.0	1,008.5
Exchange differences on translation of foreign operations	(272.8)	–	–	–	(272.8)
Revaluation of available-for-sale investments	–	–	(0.7)	–	(0.7)
Disposal of available-for-sale investments	–	–	(41.6)	–	(41.6)
Transfer from retained earnings ¹	–	–	–	97.6	97.6
At 31 March 2013	(1,064.2)	4.4	1.2	1,849.6	791.0

- Under Indian law, a general reserve is created through an annual transfer of net income to general reserves at a specified percentage in accordance with applicable regulations. The purpose of these transfers is to ensure that the total dividend distribution is less than the total distributable results for that year. Transfer to General reserves also includes US\$5.5 million of debenture redemption reserve.
- In December 2012, the Group acquired remaining 49% stake in Western Cluster Limited ('WCL') at a consideration of US\$33.5 million. This resulted in an increase in the Group's stake in WCL from 51% to 100%. The increase has been accounted in the financial statements as an equity transaction. The carrying amount of the non-controlling interest has been adjusted to reflect the change in Group's interest in the net assets of WCL.
- During the year ended 31 March 2012, the shareholding in Lakomasko BV, a Group company and 100% subsidiary of the Company was transferred to THL Zinc Holdings BV, a Group company and 58.02% subsidiary of the Company as on 31 March 2012. The carrying amount of non-controlling interest has been adjusted to reflect the change, with US\$22.2 million being recycled from Investment revaluation reserve.
- The merger reserve arose on incorporation of the Company during the year ended 31 March 2004. The investment in Twin Star had a carrying amount value of US\$20.0 million in the accounts of Volcan. As required by the Companies Act 1985, Section 132, upon issue of 156,000,000 ordinary shares to Volcan, Twin Star's issued share capital and share premium account have been eliminated and a merger reserve of US\$4.4 million arose, being the difference between the carrying value of the investment in Twin Star in Volcan's accounts and the nominal value of the shares issued to Volcan.

Notes to the Financial Statements

1. Presentation of financial statements

Compliance with applicable law and IFRS

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

Basis of preparation

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments, available-for-sale financial assets, fixed rate bonds and defined benefit pension obligations that have been measured at fair value. The financial statements are presented in US dollars and all values are rounded to one decimal of the nearest million except where otherwise indicated.

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

IAS 1 (amended)	Financial statement presentation-presentation of items of other comprehensive income
IAS 12 (amended)	Deferred Tax: Recovery of underlying assets
IAS 19 (revised)	Employee benefits
IAS 27 (revised)	Separate financial statements
IAS 28 (revised)	Investments in associates and joint ventures
IAS 32	Offsetting financial assets and financial liabilities
IFRS 7 (amended)	Financial instruments: Disclosures
IFRS 9	Financial instruments
IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosures of interests in other entities
IFRS 13	Fair value measurement
IFRIC 20	Stripping costs in the production phase of a surface mine

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group.

Adoption of new and revised standards

The Group has adopted with effect from 1 April 2012, the following new and revised standards and interpretations. Their adoption has not had any impact on the amounts reported in the financial statements.

IFRS 7 Financial Instruments: Disclosures (Amendment):

IFRS 7 has been amended to require additional disclosures relating to the transfer of financial assets when the financial assets are derecognised in their entirety, but the entity has continuing involvement in it and when the financial assets are not derecognised in their entirety.

Other amendments to accounting standards or new interpretations issued by the International Accounting Standards Board, which were applicable from 1 April 2012, did not have an impact on the Group.

Going concern

The financial statements have been prepared in accordance with the going concern basis of accounting. The use of this basis of accounting takes into consideration the Group's current and forecast financing position, additional details of which are provided in the Going Concern section of the Directors' Report.

Parent Company financial statements

The financial statements of the parent Company, Vedanta Resources plc, incorporated in the United Kingdom, have been prepared in accordance with UK GAAP, UK accounting presentation and UK company law. The Company balance sheet is presented in Note 43.

2(a) Accounting policies

Basis of consolidation

Subsidiaries:

The consolidated financial information incorporates the results of the Company and all its subsidiaries (the 'Group'), being the companies that it controls. This control is normally evidenced when the Group is able to govern a company's financial and operating policies so as to benefit from its activities or where the Group owns, either directly or indirectly, the majority of a company's equity voting rights unless in exceptional circumstances it can be demonstrated that ownership does not constitute control.

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

2(a) Accounting policies continued

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

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

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

Joint ventures:

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control such that significant operating and financial decisions require the unanimous consent of the parties sharing control. The Group has:

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

Restatement

The prior year balance sheet has been restated to give effect to the fair value adjustments to provisional fair values and business combination accounting relating to acquisition of Cairn India Limited for the year ending 31 March 2012 (Note 34).

Revenue recognition

Revenue represents the net invoice value of goods and services provided to third parties after deducting discounts, volume rebates, outgoing sales taxes and duties, and are recognised when all significant risks and rewards of ownership of the asset sold are transferred to the customer or services have been provided.

Certain of the Group's sales contracts provide for provisional pricing based on the price on the London Metal Exchange Limited ('LME'), as specified in the contract, when shipped. Final settlement of the prices is based on the applicable price for a specified future period. The Company's provisionally priced sales are marked to market using the relevant forward prices for the future period specified in the contract with a corresponding adjustment to revenue.

Revenue from oil, gas and condensate sales represent the Group's share of oil, gas and condensate production, recognised on a direct entitlement basis, and tariff income received for third party use of operating facilities and pipelines in accordance with agreements.

- Revenue from holding certificate contracts is recognised when goods have been delivered to a distribution warehouse or has been identified and kept separately, have been inspected by a nominee of the buyer and cash has been received. Under these arrangements, revenue is recognised once legal title has passed and all significant risks and rewards of ownership of the asset sold are transferred to the customer.
- Revenue from the sale of power is recognised when the electricity is delivered and measured based on contractually agreed tariff rates as approved by the electricity regulatory authorities.
- Revenues from sale of material by-products are included in revenue.
- Dividend income is recognised when the shareholders' right to receive payment is established.
- Interest income is recognised on an accrual basis in the income statement.

Special items

Special items are those items that management considers, by virtue of their size or incidence (including but not limited to Voluntary retirement schemes and acquisition and restructuring related costs), should be disclosed separately to ensure that the financial information allows an understanding of the underlying performance of the business in the year, so as to facilitate comparison with prior periods. Such items are material by nature or amount to the year's result and require separate disclosure in accordance with IAS 1 paragraph 97. The determination as to which items should be disclosed separately requires a degree of judgement.

Business combinations

The results of subsidiaries acquired or sold during the year are consolidated for the periods from, or to, the date on which control passed. Acquisitions are accounted for under the acquisition method. The acquirer's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (revised 2008) Business Combinations are recognised at their fair value at the acquisition date.

Notes to the Financial Statements continued

2(a) Accounting policies continued

To the extent that such excess purchase consideration relates to the acquisition of mining properties and leases, that amount is capitalised within property, plant and equipment as 'mining properties and leases'. To the extent that such excess purchase consideration relates to the acquisition of oil and gas properties, that amount is capitalised within property, plant and equipment as 'exploratory and evaluation assets'. Other excess purchase consideration relating to the acquisition of subsidiaries is capitalised as goodwill. Goodwill arising on acquisitions is reviewed for impairment at least annually.

Where the fair values of the identifiable assets and liabilities exceed the cost of acquisition, the surplus is credited to the income statement in the period of acquisition.

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

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholder's proportion of the net assets or proportion of the net fair value of the assets, liabilities and contingent liabilities recognised. This accounting choice is made on a transaction-by-transaction basis.

Acquisition expenses are charged to the income statement in line with IFRS 3 Business Combinations (revised 2008).

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

Property, plant and equipment

Relating to mineral assets – Mining properties and leases

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

When a decision is taken that a mining property is viable for commercial production, all further pre-production primary development expenditure other than land, buildings, plant and equipment is capitalised as part of the cost of the mining property until the mining property is capable of commercial production. From that point, capitalised mining properties and lease costs are amortised on a unit-of-production basis over the total estimated remaining commercial reserves of each property or group of properties.

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

Stripping costs and secondary development expenditure, mainly comprising costs on blasting, haulage, excavation, etc, incurred during the production stage of an ore body are charged to the income statement as incurred.

In circumstances where a mining property is abandoned, the cumulative capitalised costs relating to the property are written off in the period in which it occurs.

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

Relating to oil & gas assets – Exploration and evaluation assets and developing/producing assets

For oil & gas assets a successful efforts based accounting policy is followed. Costs incurred prior to obtaining the legal rights to explore an area are expensed immediately to the income statement. Expenditure incurred on the acquisition of a licence interest is initially capitalised on a licence-by-licence basis. Costs are held, undepleted, within exploration and evaluation assets until such time as the exploration phase on the licence area is complete or commercial reserves have been discovered.

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

2(a) Accounting policies continued

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

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

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

Other property, plant and equipment

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the income statement in the period in which the costs are incurred. Major shut-down and overhaul expenditure is capitalised as the activities undertaken improve the economic benefits expected to arise from the asset.

Assets in the course of construction

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

Depreciation and amortisation

Relating to mining properties

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

Relating to oil and gas assets

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

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

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

Notes to the Financial Statements continued

2(a) Accounting policies continued

Others

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

Buildings operations	30 years
Administration	50 years
Plant and equipment	10–30 years
Office equipment and fixtures	3–20 years
Motor vehicles	9–11 years

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

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

Impairment

The carrying amounts of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying value of an asset may not be recoverable and, as noted above, the carrying amount of goodwill is reviewed for impairment annually. When performing an impairment test, an assessment is made to determine whether the asset's carrying value exceeds its recoverable amount. Whenever the carrying value of an asset exceeds its recoverable amount, an impairment loss is charged to the income statement.

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

For mining properties and leases, oil & gas assets, other investments and goodwill, the recoverable amount of an asset is determined on the basis of its value in use, being the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life, discounted using a market-based, risk-adjusted, discount rate.

For other property, plant and equipment, the recoverable amount of an asset is also considered on the basis of its net selling price, where it is possible to assess the amount that could be obtained from the sale of an asset in an arm's length transaction, less the cost of disposal.

Recoverable amounts are estimated for individual assets or, if this is not possible, for the relevant cash-generating unit.

Non-current assets held for sale and discontinued operations

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

Government grants

Government grants relating to property, plant and equipment are treated as deferred income and released to the income statement over the expected useful lives of the assets concerned. Other grants are credited to the income statement as and when the related expenditure is incurred.

Inventories

Inventories and work-in-progress are stated at the lower of cost and net realisable value, less any provision for obsolescence.

Cost is determined on the following bases:

- purchased copper concentrate is recorded at cost on a first-in, first-out ('FIFO') basis; all other materials including stores and spares are valued on a weighted average basis;
- finished products are valued at raw material cost plus costs of conversion, comprising labour costs and an attributable proportion of manufacturing overheads based on normal levels of activity; and by-products and scrap are valued at net realisable value.

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

2(a) Accounting policies continued

Taxation

Tax expense represents the sum of tax currently payable and deferred tax.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

- tax payable on the future remittance of the past earnings of subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future;
- deferred income tax is not recognised on the impairment of goodwill which is not deductible for tax purposes or on the initial recognition of an asset or liability in a transaction that is not a business combination, which at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- deferred tax assets are recognised only to the extent that it is more likely than not that they will be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority upon a specific entity and the relevant Group entity intends to settle its current tax assets and liabilities on a net basis.

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

Retirement benefit schemes

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

For defined benefit schemes the cost of providing benefits under the plans is determined each year separately for each plan using the projected unit credit method by independent qualified actuaries. Actuarial gains and losses arising in the year are recognised in full in the income statement of the year.

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

Share-based payments

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

The cost of equity-settled transactions with employees is measured at fair value at the date at which they are granted. The fair value of share awards with market-related vesting conditions are determined with the assistance of an external valuer and the fair value at the grant date is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares that will eventually vest. The estimate of the number of awards likely to vest is reviewed at each balance sheet date up to the vesting date at which point the estimate is adjusted to reflect the current expectations. No adjustment is made to the fair value after the vesting date even if the awards are forfeited or not exercised.

Provisions for liabilities and charges

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

Notes to the Financial Statements continued

2(a) Accounting policies continued

Restoration, rehabilitation and environmental costs

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

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

Operating leases

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

Finance leases

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

The Group has reviewed the terms and conditions of the lease arrangements and determined that all risks and rewards of ownership lie with the Group and has therefore accounted for the contracts as finance leases.

Foreign currency translation

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

For the purposes of consolidation, the income statement items of those entities for which the US dollar is not the functional currency are translated into US dollars at the average rates of exchange during the period. The related balance sheets are translated at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of such operations, and on foreign currency borrowings to the extent that they hedge the Group's investment in such operations, are reported in other comprehensive income and accumulated in equity.

On disposal of entities with a different functional currency to the Company's functional currency, the deferred cumulative exchange differences recognised in equity relating to that particular operation would be recognised in the income statement.

Financial asset investments

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

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

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

2(a) Accounting policies continued**Liquid investments**

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

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

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

Cash and cash equivalents

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

Trade receivables

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

Trade payables

Trade payables are stated at their nominal value.

Equity instruments

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

Borrowings

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

Convertible bonds

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

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

The deferred tax effect arising on the movement in the fair value of the embedded derivative is recognised through the income statement.

Borrowing costs

Borrowing costs directly relating to the acquisition, construction or production of a qualifying capital project under construction are capitalised and added to the project cost during construction until such time that the assets are substantially ready for their intended use in accordance with the Group policy which is when they are capable of commercial production. Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available out of money borrowed specifically to finance a project, the income generated from such short-term investments is also capitalised to reduce the total capitalised borrowing cost.

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

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

Notes to the Financial Statements continued

2(a) Accounting policies continued

Available for sale financial assets

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

Held for trading financial assets

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

Held-to-maturity financial assets

Financial instruments with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method.

Derivative financial instruments

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

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

Hedge accounting

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

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

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

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

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

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

2(b) Critical accounting judgement and estimation uncertainty

In the course of applying the policies outlined in note 2(a), management made estimations and assumptions that impact the amounts recognised in the financial statements. Vedanta believes that judgement and estimation has been made in the following areas:

Oil & gas reserves

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

2(b) Critical accounting judgement and estimation uncertainty continued

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

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

Carrying value of exploration and evaluation fixed assets

Where a project is sufficiently advanced the recoverability of exploration assets are assessed by comparing the carrying value to internal and operator estimates of the net present value of projects. Exploration assets are inherently judgemental to value and further details on the accounting policy are included in the accounting note above. The amounts for exploration and evaluation assets represent active exploration projects. These amounts will be written off to the income statement as exploration costs unless commercial reserves are established or the determination process is not completed and there are no indications of impairment. The outcome of ongoing exploration, and therefore whether the carrying value of exploration and evaluation assets will ultimately be recovered, is inherently uncertain.

Carrying value of developing/producing oil & gas assets

Management perform impairment tests on the Group's developing/producing oil and gas assets at least annually with reference to indicators in IAS 36. Key assumptions in the impairment models relate to prices that are based on forward curves for two years and the long-term appropriate assumptions thereafter and discount rates that are adjusted to risk to reflect conditions specific to individual assets.

Other key assumptions in the impairment models based on management expectations are that government approval will be received to further increase production rates and that the Enhanced Oil Recovery programme will be successfully implemented.

Mining properties and leases

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

Useful economic lives and impairment of other assets

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

Assessment of impairment at Lanjigarh Refinery

As set out in the risks and uncertainties of this Annual Report, the planned operations of the existing refinery is dependent on securing low cost bauxite resources from surrounding areas. Due to the paucity of bauxite, Vedanta Aluminium Limited ('VAL') has temporarily suspended its refinery operations at Lanjigarh from 5 December 2012. The refinery expansion project is subject to receipt of certain regulatory approvals.

In view of the temporary suspension of operations and change in the legal status for Lanjigarh refinery, it has been assessed that there is no impairment of the Lanjigarh Refinery and the refinery expansion project on 31 March 2013 based on the assumptions set out below and that the value in use ('VIU') exceeds the carrying value of the assets.

- The State of Orissa has abundant bauxite resources and under the terms of the MOU with the Government of Orissa, management is confident that bauxite will be made available in the short to medium term.
- The State of Orissa has taken certain measures including the reservation of areas for mining operations, undertaking prospecting and the constitution of a Ministerial Committee for the formulation of a policy to supply ores to Orissa based industries on a long-term basis.
- On the continued operations and planned refinery expansion, management is confident that the conditions for construction of the alumina refinery will be fulfilled and expects the approval in due course.

Notes to the Financial Statements continued

2(b) Critical accounting judgement and estimation uncertainty continued

The Ministry of Environment and Forests ('MOEF') rejected issue of final stage forest clearance for Niyamgiri mining lease of Orissa Mining Corporation ('OMC') which is one of the sources of supply of bauxite to the alumina refinery of VAL. The Honourable Supreme Court vide its order dated 18 April 2013 has directed the State Government of Odisha to place unresolved issues and claims of the local communities under the Forest Right Act and rules before the Gram Sabha (Village council of Rayagada and Kalahandi districts of Odisha). The Gram Sabha would consider these claims within three months and communicate the same to MOEF through the State Government of Odisha. On conclusion of the proceedings before the Gram Sabha, the MOEF shall take a final decision for grant of final stage forest clearance for the Niyamgiri mining lease of OMC within two months thereafter.

The Group is also considering sourcing bauxite from alternate sources to support the existing and expanded refinery operations.

Management expects that the mining approvals for mining and the statutory approvals for the expansion project would be received as per the timelines mentioned below :

Activity	Expected date
Restart of the existing plant	July 13
Approval for refinery expansion	January 2014 with project to commence from October 2014
Mining operations at Niyamgiri	Mining approval by September 2013 with production expected to commence in September 2015.

However, the above timelines are not in control of the Company. Should one or more of these assumptions not be borne out, a reassessment of the carrying value of the refinery would need to be made. The carrying value of assets as at 31 March 2013 is US\$1,423.6 million.

Assessment of impairment at Tuticorin

Following a few public complaints of emissions, Tamil Nadu Pollution Control Board ('TNPCB') ordered closure of the Tuticorin Copper Smelter on 29 March 2013. The Company's appeal against the TNPCB order has been admitted by National Green Tribunal ('NGT'). An expert committee constituted by NGT has submitted its report and the matter is now being heard by NGT.

Separately, on 2 April 2013, the Honourable Supreme Court has upheld our appeal filed in 2010 against the Madras High Court order for smelter closure and ordered us to deposit US\$18.4 million with the District Collector, Tuticorin, which will be used to improve the environment, including soil and water, in the vicinity of the plant. Over the two year court process, regulatory bodies had inspected and confirmed that the plant meets the required standards. Some recommendations for improvements had been proposed during inspection, all of which had been implemented.

Management is certain that the Tuticorin Smelter has been operating for the last 17 years with requisite approvals and consents issued by regulatory authorities. The plant adheres to the highest standards of environment, health and safety practices, benchmarked to international standards and all operating parameters are within the permissible range. Management is confident that the unit will be permitted to continue operations and accordingly concluded that no impairment of the asset is required. The carrying value of assets as at 31 March 2013 is US\$214.2 million.

Assessment of impairment of Karnataka and Goa mines at Sesa Goa

Karnataka Mining

From July 2011 a mining restriction was imposed in various parts of the state of Karnataka thereby affecting the Narrain mine owned and operated by Sesa Goa which has a carrying cost of US\$296.0 million.

Since the time of the ban the Central Empowered Committee appointed to submit its report in respect of illegal mining has recommended that operations only recommence after reclamation and rehabilitation works are undertaken by the Company.

Sesa's Karnataka mines, which fall under category B mines, have been permitted to resume mining activities by the Supreme Court of India on 19 April 2013 subject to fulfilment of conditions. These conditions are the renewal of forest clearance and completion of reclamation and rehabilitation work to the satisfaction of a Monitoring Committee.

Having substantially complied with all laid down conditions, Sesa is expecting to start mining activities in the next few months.

Goa mining

Iron Ore mining in Goa has been suspended state-wide with effect from 11 September 2012 for which an appeal with the Honourable Supreme Court is pending. The Honourable Supreme Court is expected to fix the dates for initial hearings. In the meantime, the State Government and major miners, including Sesa Goa, have filed their responses to the Central Empowered Committee report. Separately, the Group has filed an application to the Court seeking a stay on the mining restriction and restrictions on ore transportation. The carrying value of assets affected as at 31 March 2013 is US\$799.0 million.

2(b) Critical accounting judgement and estimation uncertainty continued**Restoration, rehabilitation and environmental costs**

Provision is made for costs associated with restoration and rehabilitation of mining sites as soon as the obligation to incur such costs arises. Such restoration and closure costs are typical of extractive industries and they are normally incurred at the end of the life of the mine. The costs are estimated on the basis of closure plans and the estimated discounted costs of dismantling and removing these facilities and the costs of restoration are capitalised when incurred, reflecting the Company's obligations at that time. A corresponding provision is created on the liability side. The capitalised asset is charged to the income statement over the life of the asset through depreciation over the life of the operation and the provision is increased each period via unwinding the discount on the provision. Management estimates are based on local legislation and/or other agreements. The actual costs and cash outflows may differ from estimates because of changes in laws and regulations, changes in prices, analysis of site conditions and changes in restoration technology.

Provisions and liabilities

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

Contingencies and commitments

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group. 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. Although there can be no assurance regarding the final outcome of the legal proceedings, the Group does not expect them to have a materially adverse impact on the Group's financial position or profitability. These are set out in Note 37.

The HZL and BALCO call options

The Group had exercised its call option to acquire the remaining 49% interest in BALCO and 29.5% interest in HZL. The Government of India has, however, contested the validity of the options and disputed their valuation performed in terms of the relevant agreements, the details of which are set out in Note 39. In view of the lack of resolution on the options, the non-response to the exercise and valuation request from the Government of India, the resultant uncertainty surrounding the potential transaction and the valuation of the consideration payable, the Group could not reliably measure the value. The call options have thus not been recognised in the financial statements.

3. Segment information

The Group's primary format for segmental reporting is based on its business segments. The business segments consist of zinc, iron ore, copper, aluminium, power and oil & gas, with components not meeting the quantitative threshold for reporting being reported as 'Others'. Business segment financial data includes certain corporate costs, which have been allocated on an appropriate basis. The risks and returns of the Group's operations are primarily determined by the nature of the different activities in which the Group is engaged. Inter-segment sales are charged based on prevailing market prices. The Group's activities are organised on a global basis.

Vedanta Resources plc is a company incorporated in the United Kingdom under the Companies Act. The Group's reportable segments defined in accordance with IFRS 8 are as follows:

- Zinc India
- Zinc International
- Oil & gas
- Iron Ore
- Copper India/Australia
- Copper Zambia
- Aluminium
- Power

Management monitors the operating results of reportable segments for the purpose of making decisions about resources to be allocated and for assessing performance. Segment performance is evaluated based on the EBITDA of each segment.

Notes to the Financial Statements continued

3. Segment information continued

(a) Reportable segments

The following tables present revenue and profit information and certain asset and liability information regarding the Group's reportable segments for the years ended 31 March 2013 and 2012.

Year ended 31 March 2013

(US\$ million)	Zinc-India	Zinc-International	Oil & gas	Iron Ore	Copper-India/Australia	Copper-Zambia	Aluminium	Power	Total reportable segment	Elimination/ Others	Total operations
Revenue											
Sales to external customers	2,263.3	797.2	3,223.4	441.3	3,989.0	1,742.8	1,918.8	548.7	14,924.5	65.3	14,989.8
Inter-segment sales	–	–	–	1.2	2.1	–	2.0	27.4	32.7	(32.7)	–
Segment revenue	2,263.3	797.2	3,223.4	442.5	3,991.1	1,742.8	1,920.8	576.1	14,957.2	32.6	14,989.8
Segment result											
EBITDA ¹	1,165.3	294.5	2,439.7	84.2	219.1	257.3	214.0	215.0	4,889.1	(0.8)	4,888.3
Depreciation and amortisation ²											(2,334.4)
Special items (Note 5)											(41.9)
Operating profit											2,512.0
Investment revenue											673.1
Finance costs											(1,194.0)
Other gains and losses (net)											(285.2)
Profit before taxation											1,705.9
Segments assets	6,154.4	1,132.7	20,581.8	2,239.6	2,129.2	2,448.6	7,701.5	3,281.5	45,669.3	115.8	45,785.1
Unallocated assets											165.1
Total assets											45,950.2
Segment liabilities	(225.4)	(621.8)	(4,794.0)	(1,367.8)	(2,478.6)	(1,492.7)	(5,539.1)	(1,317.2)	(17,836.6)	(86.9)	(17,923.5)
Unallocated liabilities											(9,164.8)
Total liabilities											(27,088.3)
Other segment information											
Additions to property, plant and equipment	287.1	35.5	423.6	128.1	89.4	259.8	424.1	702.9	2,350.5	58.8	2,409.3
Depreciation and amortisation	(107.3)	(183.9)	(1,434.9)	(84.3)	(43.2)	(193.7)	(192.8)	(94.2)	(2,334.3)	(0.1)	(2,334.4)

1 EBITDA is a non-IFRS measure and represents operating profit before special items, depreciation and amortisation.
2 Depreciation and amortisation is also provided to the chief operating decision maker on a regular basis.

3. Segment information continued

Period ended 31 March 2012 (Restated)

(US\$ million)	Zinc-India	Zinc- International	Oil & gas ³	Iron Ore	Copper- India/ Australia	Copper- Zambia	Aluminium	Power	Total reportable segment	Elimination/ Others	Total operations
Revenue											
Sales to external customers	2,316.1	859.5	882.5	1,688.9	4,205.1	1,709.2	1,872.9	420.9	13,955.1	50.2	14,005.3
Inter-segment sales	–	31.2	–	2.0	0.1	0.6	0.6	37.4	71.9	(71.9)	–
Segment revenue	2,316.1	890.7	882.5	1,690.9	4,205.2	1,709.8	1,873.5	458.3	14,027.0	(21.7)	14,005.3
Segment result											
EBITDA ¹	1,244.8	366.0	713.0	721.4	298.0	387.9	182.5	122.0	4,035.6	(9.3)	4,026.3
Depreciation and amortisation ²											(1,408.4)
Special items (Note 5)											(230.2)
Operating profit											2,387.7
Share in consolidated profit of associate (Note 36)											92.2
Investment revenue											525.4
Finance costs											(945.7)
Other gains and losses (net)											(314.2)
Profit before taxation											1,745.4
Segments assets	5,522.3	1,494.1	20,208.2	2,507.8	2,130.2	2,524.9	8,310.7	2,862.2	45,560.4	56.5	45,616.9
Unallocated assets											317.6
Total assets											45,934.5
Segment liabilities	(338.1)	(374.6)	(5,516.2)	(1,455.5)	(1,829.2)	(1,482.7)	(5,479.9)	(1,540.8)	(18,017.0)	(27.2)	(18,044.2)
Unallocated liabilities											(9,470.8)
Total liabilities											(27,515.0)
Other segment information											
Additions to property, plant and equipment	220.3	32.0	17,698.7	363.4	122.6	421.8	798.2	861.8	20,518.8	49.0	20,567.8
Depreciation and amortisation	(109.2)	(236.8)	(346.7)	(226.3)	(45.4)	(142.6)	(221.5)	(81.7)	(1,410.2)	1.8	(1,408.4)

³ Provisional fair value of assets and liabilities acquired during the year ended 31 March 2012 have been finalised during the measurement period and its consequent effect is given to non-controlling interest (Note 34).

Notes to the Financial Statements continued

3. Segmental information continued

(b) Geographical segmental analysis

The Group's operations are located in India, Zambia, Namibia, South Africa, Liberia, Ireland, Australia, UAE and Sri Lanka. The following table provides an analysis of the Group's sales by country in which the customer is located, irrespective of the origin of the goods. No revenues are derived from the United Kingdom (the Group's country of domicile).

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
India	9,477.6	6,764.9
China	2,113.0	2,819.4
Far East Asia	672.5	983.3
Asia Others	133.5	467.8
Africa	278.1	255.2
Europe	1,003.0	1,538.4
Middle East	1,178.8	1,030.3
Other	133.3	146.0
Total	14,989.8	14,005.3

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

(US\$ million)	Carrying amount of non-current assets ¹		Additions to property, plant and equipment ²	
	As at 31 March 2013	As at 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2012
Australia	31.9	23.6	19.6	15.0
India	29,374.5	30,131.8	1,973.8	19,063.5
Zambia	2,135.6	2,082.2	259.8	421.8
Namibia	285.9	424.1	5.9	2.8
Ireland	155.3	218.8	20.0	15.8
South Africa	412.1	494.1	23.4	13.5
Sri Lanka	785.9	828.0	60.3	828.0
Other	71.8	287.7	46.5	207.4
Total	33,253.0	34,490.3	2,409.3	20,567.8

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

2 Includes assets acquired on acquisition of Cairn India.

4. Total revenue

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Revenue from sales of goods	14,989.8	14,005.3
Other operating income	90.3	85.1
Investment revenue	673.1	525.4
	15,753.2	14,615.8

5. Special items

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Asarco transaction costs ¹	–	(88.6)
Voluntary retirement schemes (redundancy costs)	(9.4)	(21.2)
KCM IPO costs	–	(13.5)
Acquisition and restructuring related costs ²	(4.7)	(75.5)
Loss on revaluation of previously held interest in associates, net ³	–	(31.4)
Tuticorin plant compensation ⁴	(18.4)	–
Project cost write off ⁵	(9.4)	–
	(41.9)	(230.2)

- The Bankruptcy court of Southern District of Texas, United States Judge had issued the final judgement on 27 February 2012 to pay incidental damages of US\$132.7 million net of US\$50 million paid to Asarco in December 2009, making Asarco entitled to a net amount of US\$82.7 million. Additionally related professional and legal fees incurred of US\$5.9 million is also included in the above.
- Acquisition related costs include costs of US\$nil (2012: US\$2.5 million) related to the acquisition of Zinc International assets and US\$1.3 million (2012: US\$73.0 million) related to Cairn India acquisition and other restructuring costs of US\$3.4 million.
- Loss on revaluation of existing carrying value of investment in Cairn India on 8 December 2011 (refer Note 34).
- The Supreme Court of India had issued the final judgement dated 2 April 2013 on Sterlite, a subsidiary of the Group, to pay compensation of US\$18.4 million to be deposited within three months from the date of the order with the local authority of Tuticorin.
- Write off of initial project cost at Copper Zambia, as the project was not deemed economically viable.

6. Investment revenue

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Interest income on loans and receivables	29.7	31.8
Interest income on cash and bank balances	183.3	157.5
Change in fair value of financial assets held for trading	188.9	83.5
Profit on disposal of financial assets held for trading	115.5	170.3
Dividend income on financial assets held for trading	89.9	82.7
Profit on sale of available-for-sale investment	56.1	1.0
Expected return on defined benefit arrangements (Note 31)	4.1	2.0
Foreign exchange gain/(loss) on cash and liquid investments	6.7	(1.5)
Capitalisation of interest income	(1.1)	(1.9)
	673.1	525.4

7. Finance costs

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Interest on bank loans, overdrafts and bonds	929.9	718.1
Coupon interest on convertible bonds (Note 26)	138.7	138.6
Accretive interest on convertible bonds (Note 26)	168.9	115.0
Interest on other loans	147.0	177.9
Total interest cost	1,384.5	1,149.6
Unwinding of discount on provisions (Note 28)	27.6	11.5
Interest on defined benefit arrangements (Note 31)	10.2	9.4
Capitalisation of borrowing costs (Note 16) ¹	(228.3)	(224.8)
	1,194.0	945.7

- All borrowing costs are capitalised using rates based on specific borrowings.

8. Other gains and (losses) (net)

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Exchange losses on borrowings and capital creditors	(336.2)	(407.8)
Qualifying exchange losses capitalised (Note 16)	86.3	68.8
Change in fair value of financial liabilities measured at fair value	(5.3)	(1.2)
Change in fair value of embedded derivative on convertible bonds (Note 26)	24.7	97.1
Loss arising on qualifying hedges and non-qualifying hedges	(54.7)	(71.1)
	(285.2)	(314.2)

Notes to the Financial Statements continued

9. Profit for the year has been stated after charging/(crediting)

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Depreciation on property, plant and equipment	2,334.4	1,408.4
Costs of inventories recognised as an expense	4,364.7	4,655.4
Auditor's remuneration for audit services	2.9	2.8
Research and development	0.5	1.0
Profit on disposal of property, plant and equipment	(11.6)	(1.2)
Staff costs	725.6	542.7
Net foreign exchange losses	262.0	438.7

10. Auditor's remuneration

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

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Fees payable to the Company's auditor for the audit of Vedanta Resources plc annual accounts	0.7	0.8
The audit of the Company's subsidiaries pursuant to legislation	2.2	2.0
Total audit fees	2.9	2.8
Fees payable to the Company's auditor and their associates for other services to the Group		
Other services pursuant to legislation ¹	1.3	1.7
Tax services ²	0.4	0.3
Corporate finance services ³	2.2	4.9
Other services ⁴	0.3	0.3
Total non-audit fees	4.2	7.2
Total fees paid to the Company's auditor	7.1	10.0
Audit fees payable to other auditors of the Group's subsidiaries	0.5	0.2
Non-audit fees payable to other auditors of the Group's subsidiaries	0.1	0.2
Total fees paid to other auditors	0.6	0.4

1 Other services pursuant to legislation principally comprise further assurance services, being quarterly reviews of the Group's listed Indian subsidiaries and the half year review of the Group's results.

2 Tax services principally comprise certification and assurance services as required by Indian income tax regulations.

3 Corporate finance services principally comprise the Cairn India acquisition and the other restructurings costs for the previous year. These assurance-related services are ordinarily provided by the auditor.

4 Includes certification related services.

11. Employee numbers and costs

Average number of persons employed by the Group in the year

Class of business	Year ended 31 March 2013	Year ended 31 March 2012
Zinc	8,056	8,330
– India	6,164	6,480
– International	1,892	1,850
Iron ore	4,376	4,710
Copper	9,891	10,009
– India/Australia	1,347	1,191
– Zambia	8,544	8,818
Aluminium	6,840	7,487
Power	358	343
Oil & gas ¹	1,416	1,144
Other	134	156
	31,071	32,179

1 Acquired during the year ended 31 March 2012.

11. Employee numbers and costs continued**Costs incurred during the year in respect of employees and Executive Directors**

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Salaries and wages	650.7	477.9
Defined contribution pension scheme costs (Note 31)	26.2	23.1
Defined benefit pension scheme costs (Note 31)	23.2	21.5
Share-based payments charge	25.5	20.2
	725.6	542.7

12. Tax

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Current tax:		
UK Corporation tax	0.9	–
Foreign tax		
– India	855.3	754.0
– Australia	16.1	16.0
– Africa and Europe	39.3	41.7
– Other	6.6	10.6
	918.2	822.3
Deferred tax: (Note 29)		
Current year movement in deferred tax	(878.1)	(305.6)
	(878.1)	(305.6)
Total tax expense	40.1	516.7
Effective tax rate	2.4%	29.6%

The deferred tax benefit recycled from equity to the income statement is US\$5.3 million (2012: US\$5.7 million). The reduction in tax rate is mainly due to MAT credit entitlement, various tax incentives, benefits due to accelerated depreciation at some of the entities, reorganisation of Cairn India and losses at KCM.

Deferred tax recognised in the income statement

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Accelerated capital allowances	(307.1)	(130.4)
Unutilised tax losses	9.2	(44.8)
Other temporary differences	(580.2)	(130.4)
	(878.1)	(305.6)

No deferred tax has been recognised in respect of temporary differences associated with investments in subsidiaries where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with such investments in subsidiaries is represented by the contribution of those investments to the Group's retained earnings and amounted to US\$7,248.4 million (2012: US\$5,290.2 million).

Notes to the Financial Statements continued

12. Tax continued

A reconciliation of income tax expense applicable to accounting profit before tax at the Indian statutory income tax rate to income tax expense at the Group's effective income tax rate for the year ended 31 March 2013 is as follows:

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Accounting profit before tax	1,705.9	1,745.4
At Indian statutory income tax rate of 32.45% (2012: 32.45%)	553.5	566.4
Unrecognised tax losses	270.9	333.6
Disallowable expenses	48.2	79.3
Non-taxable income	(106.9)	(119.1)
Impact relating to changes in tax rate	211.3	65.0
Tax holiday and similar exemptions	(959.9)	(416.1)
Minimum Alternative Tax	(0.8)	11.7
Adjustments in respect of previous years	23.8	(4.1)
At effective income tax rate of 2.4% (2012: 29.4%)	40.1	516.7

13. Earnings per share

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

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

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Net profit attributable to equity holders of the parent	157.4	59.8
(US\$ million except as stated)	Year ended 31 March 2013	Year ended 31 March 2012
Weighted average number of ordinary shares for basic earnings per share (million)	272.9	272.7
Effect of dilution:		
Share options	4.8	4.4
Adjusted weighted average number of ordinary shares for diluted earnings per share	277.7	277.1

Earnings per share based on profit for the year

Basic earnings per share on the profit for the year

(US\$ million except as stated)	Year ended 31 March 2013	Year ended 31 March 2012
Profit for the year attributable to equity holders of the parent (US\$ million)	157.4	59.8
Weighted average number of shares of the Company in issue (million)	272.9	272.7
Earnings per share on profit for the year (US cents per share)	57.7	21.9

Diluted earnings per share on the profit for the year

(US\$ million except as stated)	Year ended 31 March 2013	Year ended 31 March 2012
Profit for the year attributable to equity holders of the parent (US\$ million)	157.4	59.8
Profit for the year after dilutive adjustment (US\$ million)	157.4	59.8
Adjusted weighted average number of shares of the Company in issue (million)	277.7	277.1
Diluted earnings per share on profit for the year (US cents per share)	56.7	21.6

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

13. Earnings per share continued

The adjustment in respect of convertible bonds has an anti-dilutive impact on the number of shares and earnings and is thus not considered for determining diluted EPS.

The outstanding awards under the LTIP are reflected in the diluted EPS figure through an increased number of weighted average shares.

Earnings per share based on Underlying Profit for the year (Non-GAAP)

The Group's Underlying Profit is the profit for the year after adding back special items, other losses/(gains) (Note 8) and their resultant tax and non-controlling interest effects. This is a Non-GAAP measure.

(US\$ million)	Note	Year ended 31 March 2013	Year ended 31 March 2012
Profit for the year attributable to equity holders of the parent		157.4	59.8
Special items	5	41.9	230.2
Other losses/(gains)		285.2	314.2
Tax and non-controlling interest effect of special items and other losses/gains		(121.2)	(217.0)
Underlying attributable Profit for the year		363.3	387.2

Basic earnings per share on Underlying Profit for the year (Non-GAAP)

(US\$ million except as stated)	Year ended 31 March 2013	Year ended 31 March 2012
Underlying profit for the year (US\$ million)	363.3	387.2
Weighted average number of shares of the Company in issue (million)	272.9	272.7
Earnings per share on Underlying Profit for the year (US cents per share)	133.1	142.0

Diluted earnings per share on Underlying Profit for the year (Non-GAAP)

(US\$ million except as stated)	Year ended 31 March 2013	Year ended 31 March 2012
Underlying profit for the year (US\$ million)	363.3	387.2
Underlying profit for the year after dilutive adjustment (US\$ million)	363.3	387.2
Adjusted weighted average number of shares of the Company (million)	277.7	277.1
Diluted earnings per share on Underlying Profit for the year (US cents per share)	130.8	139.8

14. Dividends

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Amounts recognised as distributions to equity holders:		
Equity dividends on ordinary shares:		
Final dividend for 2011–12: 35 US cents per share (2010–11: 32.5 US cents per share)	96.0	89.2
Interim dividend paid during the year: 21 US cents per share (2011–12: 20 US cents per share)	57.5	54.9
	153.5	144.1
Proposed for approval at AGM		
Equity dividends on ordinary shares:		
Final dividend for 2012–13: 37 US cents per share (2011–12: 35 US cents per share)	101.8	96.0



Notes to the Financial Statements continued

15. Goodwill

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Cost (gross carrying amount)	21.3	16.9
Acquisition ¹	–	4.4
Accumulated impairment losses	(4.7)	(4.7)
Net carrying amount at 31 March	16.6	16.6

1 Goodwill on acquisition of Goa Energy Private Limited ('GEPL') during the year ended 31 March 2012.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The Company has undertaken an impairment review of goodwill of US\$16.6 million as at 31 March 2013. The carrying amount of goodwill allocated to the relevant cash generating unit is considered to be insignificant in comparison with the total carrying value of the cash generating unit. The carrying amount of goodwill was evaluated using the discounted future cash flows of the entities to which the goodwill pertains and comparing this to the total carrying value of the relevant cash generating units. It was determined that the carrying amount of goodwill is not impaired.

16. Property, plant and equipment

(US\$ million)	Mining property and leases	Leasehold land and buildings	Freehold land and buildings	Plant and equipment ¹	Assets under construction	Oil & gas properties	Exploratory and evaluation assets	Others	Total
Cost									
At 1 April 2011	3,489.7	131.3	1,027.7	9,577.4	6,510.6	–	208.1	69.7	21,014.5
Additions	13.3	11.5	207.4	1,015.8	1,367.6	116.8	259.8	11.3	3,003.5
Transfers	87.0	9.4	21.3	389.7	(507.5)	–	–	–	–
Addition due to final fair valuation ²	–	–	–	–	–	212.3	(668.7)	–	(456.4)
Additions due to acquisition	–	1.2	2.6	16.9	–	7,210.4	10,329.3	3.9	17,564.3
Reclassification from									
accumulated depreciation	37.5	–	(0.4)	(36.2)	0.1	–	–	–	1.0
Disposals	–	(0.7)	(0.3)	(63.4)	(2.1)	–	–	(0.2)	(66.7)
Foreign exchange differences	(365.3)	(5.7)	(127.9)	(1,000.3)	(813.2)	–	(25.5)	(4.0)	(2,341.9)
At 1 April 2012	3,262.2	147.0	1,130.4	9,899.9	6,555.5	7,539.5	10,103.0	80.7	38,718.2
Additions	29.0	2.4	100.3	685.7	1,165.7	310.4	95.2	20.6	2,409.3
Transfers	77.2	–	6.9	610.3	(694.4)	–	–	–	–
Addition due to acquisition	–	–	–	–	–	–	(58.5)	–	(58.5)
Reclassification from									
accumulated depreciation	–	–	–	(0.1)	–	–	–	(0.8)	(0.9)
Unsuccessful exploration costs	–	–	–	–	–	–	(51.8)	–	(51.8)
Disposals	–	(0.2)	(0.2)	(24.3)	(9.4)	–	–	–	(34.1)
Foreign exchange differences	(190.4)	(2.7)	(78.5)	(507.6)	(356.2)	–	(33.4)	(2.2)	(1,171.0)
At 31 March 2013	3,178.0	146.5	1,158.9	10,663.9	6,661.2	7,849.9	10,054.5	98.3	39,811.2
Accumulated depreciation and impairment									
At 1 April 2011	1,139.5	51.9	110.6	2,249.3	17.8	–	–	18.3	3,587.4
Charge for the year	355.1	6.6	51.3	646.7	–	331.2	14.3	3.1	1,408.3
Disposals	–	(0.6)	(0.2)	(43.4)	–	–	–	(0.2)	(44.4)
Reclassification to cost	–	–	–	1.0	–	–	–	–	1.0
Foreign exchange differences	(140.3)	(1.0)	(16.3)	(216.2)	–	–	–	(2.0)	(375.8)
At 1 April 2012	1,354.3	56.9	145.4	2,637.4	17.8	331.2	14.3	19.2	4,576.5
Charge for the year	191.6	1.3	50.9	659.2	–	1,425.1	–	6.2	2,334.4
Disposals	–	–	0.3	(13.6)	–	–	–	–	(13.3)
Reclassification to cost	–	–	–	(0.9)	–	–	–	–	(0.9)
Foreign exchange differences	(73.8)	(0.4)	(12.4)	(117.9)	–	–	–	(1.5)	(206.0)
At 31 March 2013	1,472.1	57.8	184.2	3,164.2	17.8	1,756.3	14.3	23.9	6,690.6
Net book value									
At 1 April 2011	2,350.2	79.4	917.1	7,328.1	6,492.8	–	208.1	51.4	17,427.1
At 1 April 2012	1,907.9	90.1	985.0	7,262.5	6,537.7	7,208.3	10,088.7	61.5	34,141.7
At 31 March 2013	1,705.9	88.7	974.7	7,499.7	6,643.4	6,093.6	10,040.2	74.4	33,120.6

1 Plant and equipment include refineries, smelters, power plants and related facilities. Other tangible fixed assets include office equipment and fixtures, and light vehicles. At 31 March 2013, land with a carrying value of US\$102.3 million (31 March 2012: US\$101.2 million) was not depreciated. During the year ended 31 March 2013, interest and foreign exchange losses capitalised was US\$314.6 million (31 March 2012: US\$293.6 million).

2 Prior year restated to give effect to adjustments to provisional fair values (Note 34).

17. Financial asset investments

Financial asset investments are required to be classified and accounted for as either available-for-sale or fair value through profit or loss. The Group only has financial asset investments classified as available-for-sale.

Available-for-sale investments

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
At 1 April	209.6	304.2
(Disposal)/addition	(171.9)	4.1
Movements in fair value	(14.1)	(92.1)
Exchange difference	(3.0)	(6.6)
At 31 March	20.6	209.6

Analysis of financial asset investments

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Quoted	2.2	179.0
Unquoted	18.4	30.6

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Current	18.2	—
Non-current	2.4	209.6

Quoted investments represent investments in equity securities that present the Group with opportunity for return through dividend income and gains in value. These securities are held at fair value based on market prices.

Unquoted investments include mainly an investment in the equity share capital of the Andhra Pradesh Gas Power Corporation Limited which is held at cost.

During the year ended 31 March 2013, the Group disposed its investment in Hudbay Minerals Inc. for a consideration of US\$151.8 million.

18. Other non-current assets

(US\$ million)	As at 31 March 2013	As at 31 March 2012
Deposits, advances and other receivables due after one year	113.4	122.3
	113.4	122.3

19. Inventories

(US\$ million)	As at 31 March 2013	As at 31 March 2012
Raw materials and consumables	1,288.9	863.3
Work-in-progress	459.6	677.3
Finished goods	217.6	163.5
	1,966.1	1,704.1

Inventories with a carrying amount of US\$1,119.4 million (2012: US\$999.5 million) have been hypothecated or pledged as security against certain bank borrowings of the Group.

Notes to the Financial Statements continued

20. Trade and other receivables

(US\$ million)	As at 31 March 2013	As at 31 March 2012
Trade receivables	781.3	888.4
Amounts due from related parties (Note 38)	14.0	13.8
Prepayments	79.0	79.5
Deposits with Governments	60.0	101.8
Other receivables	771.7	712.4
	1,706.0	1,795.9

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

21. Liquid investments

(US\$ million)	As at 31 March 2013	As at 31 March 2012
Bank deposits	2,980.9	1,985.4
Other investments	2,800.6	2,954.9
	5,781.5	4,940.3

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

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

22. Cash and cash equivalents

(US\$ million)	As at 31 March 2013	As at 31 March 2012
Cash at bank and in hand	199.6	264.2
Short-term deposits ¹	2,000.6	1,680.8
	2,200.2	1,945.0

¹ Includes US\$87.2 million (2012: US\$89.9 million) of cash held in short-term deposit accounts that is restricted in use as it relates to unclaimed deposits, dividends, interest on debentures, share application money, closure costs and future redundancy payments.

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

23. Borrowings

(US\$ million)	As at 31 March 2013	As at 31 March 2012
Bank loans	11,192.0	11,464.9
Bonds	2,881.0	2,876.3
Other loans	85.3	323.9
Total	14,158.3	14,665.1
Borrowings are repayable as:		
Within one year (shown as current liabilities)	3,705.7	4,151.6
More than one year	10,452.6	10,513.5
Total	14,158.3	14,665.1

At 31 March 2013, the Group had available US\$3,353.0 million (2012: US\$2,897.3 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. During the year ended 31 March 2013, the Company has complied with all the covenants attached to the borrowing facilities. The primary covenants which must be complied with include fixed charge cover ratio, net borrowing to EBITDA ratio, total net assets to borrowings ratio and net interest expense to EBITDA ratio. The principal loans held by Group companies at 31 March 2013 were as follows:

23. Borrowings continued**BALCO****Non-convertible debentures ('NCDs')**

BALCO issued NCDs of US\$91.9 million to the Life Insurance Corporation of India at a rate of 12.25% per annum. The debentures are secured and have the first pari passu charge on the fixed assets of BALCO including land and buildings. The above loan is repayable in three equal annual instalments starting November 2013.

Project buyers' credit

As at 31 March 2013, BALCO has extended credit terms relating to the purchase of property, plant and equipment of US\$215.2 million (2012: US\$348 million) at an average interest rate of US\$LIBOR plus 164 basis points. Project buyers' credits have an average maturity of October 2014.

External commercial borrowings

BALCO has obtained an external commercial borrowing loan from State Bank of India, London of US\$196.3 million at an interest rate of six month US\$LIBOR plus 260 basis points secured by first pari passu charges on all the fixed assets (excluding land) of BALCO projects both present and future along with secured lenders. The above loan is repayable in three equal annual instalments starting August 2016. BALCO has also obtained an external commercial borrowing loan from DBS Bank Singapore of US\$24.8 million at an interest rate of six month US\$LIBOR plus 345 basis points secured by first pari passu charges on all movable fixed assets including plant and machinery related 1,200 MW power project and 3.25 LTPA smelter projects both present and future along with secured lenders. The above loan is repayable in three equal annual instalments starting November 2013.

Commercial paper

During the period under consideration, BALCO has issued commercial paper to various asset management companies for the funding of project loan repayment and operational payable. As at 31 March 2013 BALCO had an outstanding balance of US\$126.9 million (2012: nil) bearing a coupon rate of 9.47%.

VAL

VAL has obtained a US\$2,363.9 million loan from the State Bank of India ('SBI') at a floating interest rate of SBI bank base rate plus 225 basis points, secured by a first priority charge by way of hypothecation of all present and future unencumbered and encumbered movable fixed assets for the project, a first charge by way of mortgage on all present and future immovable fixed assets for the project and second charge on the current assets of VAL for the project. During the current year, VAL has drawn US\$482.1 million.

NCDs

VAL has issued NCDs of US\$73.5 million to the Life Insurance Corporation of India at a rate of 11.5% per annum. The debentures are secured and have the first pari passu charge over the identified assets (including land and buildings) of the issuer to the extent of 1.33 times of the issued amount. Debentures are repayable in three equal annual instalments starting October 2013.

External commercial borrowing

VAL has obtained an external commercial borrowing loan from the ICICI Bank, Singapore of US\$100.0 million at an interest rate of US\$LIBOR plus 240 basis points secured by negative lien undertaking on the assets of the Jharsuguda project of VAL, both present and future, excluding assets already charged in favour of ICICI bank and other lenders. The repayment period is from February 2012 to August 2014. As at 31 March 2013 the amount outstanding is US\$70.0 million.

VAL has obtained and fully drawn down an external commercial borrowing loan from Axis Bank of US\$500.0 million at an interest rate of US\$LIBOR plus 400 basis points having a subservient charge on all present and future movable assets of VAL. The repayment is to be made in three equal instalments starting from April 2015.

During the current year a part of intercompany borrowing from Welter Trading Limited was refinanced through Axis Bank for US\$44.5 million at an interest rate of US\$LIBOR plus 360 basis point having a subservient charge on all present and future movable assets of VAL. The entire loan is repayable in July 2015.

Project buyers' credit

As at 31 March 2013, VAL had extended credit terms relating to purchases of property, plant and equipment amounting to US\$156.3 million. These loans bear average interest at LIBOR plus 180 basis points. These are secured by all of the fixed assets of VAL, immovable or movable, present and future, on a pari passu basis with other term lenders and with priority over other creditors. Project buyers' credit have an average maturity of August 2013.

Commercial papers

Commercial papers are backed by unconditional and irrevocable corporate guarantee from Sterlite Industries (India) Limited. As at 31 March 2013, the amount outstanding is US\$303.3 million (2012: nil) with an average interest rate of 9.82%.

Notes to the Financial Statements continued

23. Borrowings continued

Sterlite Energy

Project buyers' credit

As at 31 March 2013, Sterlite Energy Limited ('SEL') has extended credit terms relating to the purchase of property, plant and equipment of US\$7 million at an average rate of LIBOR plus 170 basis points. The facility is unsecured. As at 31 March 2013, average maturity of project buyers' credit is September 2013.

Commercial papers

During the period under consideration, SEL has issued commercial papers to various asset management companies for funding project payable. As at 31 March 2013, the outstanding balance was US\$9.0 million and the bearing coupon rate was 9.70%.

Talwandi Sabo

NCDs

Talwandi Sabo has issued NCDs of US\$276.0 million to ICICI Bank at a rate of 9.8% per annum. The debentures are secured by first pari passu charge on the assets of Talwandi Sabo both present and future, with an unconditional and irrevocable corporate guarantee by Sterlite Industries. Debentures have tenure of 13 years repayable in 12 equal instalments 10 years after allotment. Debentures have a call option, five years after allotment and on non-exercise of the option; the interest rate will increase by 25 basis points.

Project buyers' credit

As at 31 March 2013, Talwandi Sabo has accessed buyers' credit in respect of purchase of capital goods of US\$430.0 million (2012: US\$365 million) at an average rate of six month US\$LIBOR plus 181 basis points. The average maturity of the project buyers' credit is May 2014.

KCM

A term loan facility of US\$700 million (2012: US\$nil) has been obtained by KCM from Standard Bank. The term loan facility is made up of two tranches: US\$300 million ('Facility A') and US\$400 million ('Facility B') drawn down on various dates with the last amount drawn in December 2012. The loan is secured against the fixed assets of KCM. Interest is payable quarterly at three month LIBOR plus 350 basis points for Facility A and three month US\$LIBOR plus 250 basis points for Facility B. Facility A is repayable in 11 quarterly instalments commencing from 31 March 2013 and Facility B is repayable in 12 quarterly instalments commencing from 31 December 2014. The principal outstanding under this loan as at 31 March 2013 is US\$672.7 million (2012: US\$nil).

A general short-term banking facility incorporating multiple sub-facilities amounting to US\$50 million (31 March 2012: US\$50 million) was provided by Stanbic Bank. The facility was agreed upon on 1 June 2011. Interest is payable monthly at three month US\$LIBOR plus 350 basis points. The facility is repayable strictly on demand. The tenure for the facility is 12 months. The amount drawn as on 31 March 2013 under this facility is US\$21.5 million (2012: US\$40.6 million).

A general short-term banking facility incorporating multiple sub-facilities amounting to US\$85 million (2012: US\$85 million) was provided by Standard Chartered Bank Zambia. The facility was agreed upon on 26 May 2011. Interest is payable monthly at three month US\$LIBOR plus 350 basis points. The facilities are repayable strictly on demand. The tenure for the facility is 12 months. The amount drawn as at 31 March 2013 under this facility is US\$49.6 million (2012: US\$47.3 million) and an Employee Liability Bond amounting to US\$35 million (2012: US\$35 million).

Vedanta Resources plc

Long-term bonds

In July 2008, the Company issued US\$500 million, 8.75% bonds due January 2014, and US\$750 million, 9.50% bonds due July 2018 in the United States of America ('USA') pursuant to Rule 144A of US Securities Act of 1933 ('Securities Act') and outside of the USA in compliance with Regulation S pursuant to the Securities Act. The bonds are unsecured and are currently rated BB by Standard & Poor's, Ba3 by Moody's and BB by Fitch Ratings Limited.

In July 2011, Vedanta issued US\$750 million, 6.75% bonds due June 2016, and US\$900 million, 8.25% bonds due June 2021 in the USA pursuant to Rule 144A of the Securities Act and outside of the USA in compliance with Regulation S pursuant to the Securities Act. The bonds are unsecured and are currently rated BB by Standard & Poor's, Ba3 by Moody's and BB by Fitch Ratings Limited.

Syndicated bridge term loan

In the year ended 31 March 2013, the Company repaid in full the syndicated term loan of US\$1,000.0 million which was taken in April 2008 to refinance the short-term syndicated bridge loan facility drawn down for the acquisition of Sesa. US\$250.0 million out of this facility was repayable in April 2012 and the remaining US\$750.0 million was repayable in January 2013.

23. Borrowings continued

Cairn acquisition facility

In December 2012 the Group extended US\$1,350.0 million out of the original Tranche A facility of US\$1,473.7 million (having an option to extend for a term of six months) from Standard Chartered Bank ('SCB'). Tranche A facility along with a Tranche B facility of US\$1,314.4 million were originally drawn to meet the funding requirements for the acquisition of a 28.5% stake in Cairn India Limited in December 2011. Facility A from SCB bears an interest rate of US\$LIBOR plus 250 basis points and is due for repayment in June 2013. Facility B bears an interest rate of US\$LIBOR plus 325 basis points and is due for repayment in December 2014.

Term loan

In December 2010, the Group obtained a loan from ICICI Bank for US\$180.0 million repayable US\$90.0 million in December 2014 and the balance US\$90.0 million in December 2015 and bears an interest rate of three month GBP LIBOR plus 385 basis points.

In January 2011, the Group obtained a loan from ICICI Bank for US\$150.0 million repayable US\$75.0 million in January 2016 and the balance US\$75 million in January 2017 and bears an interest rate of three month US\$LIBOR plus 389 basis points.

In July 2011, the Group obtained a loan from ICICI Bank for US\$500.0 million repayable US\$250.0 million in January 2018 and the balance US\$250.0 million in July 2018 and bears an interest rate of three month US\$LIBOR plus 390 basis points.

In March 2012, the Company obtained a loan of US\$300.0 million with Standard Chartered Bank. The loan bears an interest rate of LIBOR plus 415 basis points and is due for repayment in June 2015.

In December 2012, the Company entered into a syndicated facility with State Bank of India as an agent for US\$595.0 million repayable in four equal instalments in February 2017, August 2017, July 2018 and January 2019. The loan bears an interest rate of three month US\$LIBOR plus 440 basis points.

In March 2013, the Company entered into a three year facility agreement with Deutsche Bank as an agent for borrowing up to US\$185.0 million. The loan bears an interest rate of US\$LIBOR plus 315 basis points. As at 31 March 2013 US\$50.0 has been drawn against this facility.

In March 2013, the Company entered into two facility agreements with ICICI bank for borrowing up to US\$170.0 million and US\$180.0 million. The loans bear interest rates of US\$LIBOR plus 430 basis points and US\$LIBOR plus 427 basis points respectively. The US\$170.0 million facility is repayable in three annual instalments beginning April 2018 (the first instalment being 20% and the balance being two instalments of 40% each). The US\$180.0 million facility is repayable in three equal annual instalments beginning February 2017. The facility remains undrawn as at 31 March 2013.

Sesa

Short-term loans

Sesa obtained a short-term borrowing facility in foreign currency in the form of pre-shipment/export packing credit from various banks at an average rate of US\$LIBOR plus 190 to 200 basis points. These loans were obtained to meet the working capital requirements of Sesa. As at 31 March 2013 the outstanding balance is US\$167.6 million (2012: US\$250.1 million).

Commercial papers

Sesa has issued commercial papers for periods ranging up to one year at interest rates ranging between 9.20% to 9.70%. The commercial papers are used to meet working capital requirements of Sesa and are repayable in the next financial year. As at 31 March 2013, the outstanding balance was US\$432.5 million (2012: US\$220.0 million).

Sterlite Industries (India) Limited ('SIIL')

NCDs

SIIL issued secured NCDs for an aggregate amount of US\$367.6 million during the year, of which US\$183.8 million NCDs were issued at a coupon rate of 9.40% and US\$183.8 million NCDs were issued at a coupon rate of 9.24%. The NCDs are secured by way of a mortgage on the immovable property of SIIL situated at Sanaswadi in the state of Maharashtra and also by way of hypothecation on the movable fixed assets of Sterlite Energy Limited with a security cover of 1.25 times on the face value of outstanding NCDs at all time during the tenure of NCDs. These NCDs are redeemable in tranches of US\$91.9 million each on 25 October 2022, 27 November 2022, 6 December 2022 and 20 December 2022. In respect of all the four tranches of NCDs, the debenture holders and SIIL have put and call options respectively five years from the respective date of the allotment of the NCDs.

Non-equity non-controlling interests

As at 31 March 2013, non-equity non-controlling interests remain of US\$11.9 million, being deferred shares in KCM held by ZCCM. The deferred shares have no voting rights or rights to KCM's dividends, but are entitled on a winding up to a return of up to US\$0.99 per share once all of KCM's ordinary shares have received a distribution equal to their par value and any share premium created on their issue and which remains distributable to them.



Notes to the Financial Statements continued

23. Borrowings continued

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

24. Movement in net debt¹

(US\$ million)	Cash and cash equivalents	Liquid investments	Debt due within one year		Debt due after one year		Total net debt
			Debt carrying value	Debt carrying value	Debt-related derivatives ²		
At 1 April 2011	911.6	6,865.4	(3,045.1)	(6,707.4)	5.2	(1,970.3)	
Cash flow excluding net cash flow arising on acquisition of subsidiaries	(161.1)	(2,354.1)	(981.8)	(6,263.5)	–	(9,760.5)	
Net cash flows arising on acquisition of subsidiaries	665.8	1,151.0	(240.5)	–	–	1,576.3	
Other non-cash changes ³	–	45.0	(211.1)	(210.1)	0.5	(375.7)	
Foreign exchange differences	528.7	(767.0)	326.9	377.2	–	465.8	
At 1 April 2012	1,945.0	4,940.3	(4,151.6)	(12,803.8)	5.7	(10,064.4)	
Cash flow	74.8	941.7	(159.9)	44.5	–	901.1	
Other non-cash changes ³	–	158.7	(221.8)	339.7	(10.2)	266.4	
Foreign exchange differences	180.4	(259.2)	133.2	226.9	–	281.3	
At 31 March 2013	2,200.2	5,781.5	(4,400.1)	(12,192.7)	(4.5)	(8,615.6)	

1 Net (debt)/cash being total debt after fair value adjustments under IAS 32 and 39 as reduced by cash and cash equivalents and liquid investments.

2 Debt related derivatives exclude derivative financial assets and liabilities relating to commodity contracts and forward foreign currency contracts.

3 Other non-cash changes comprises of exchanges losses and gains on borrowings and capital creditors, MTM of embedded derivatives, interest accretion on convertible bonds and amortisation of borrowing costs for which there is no cash movement. It also includes US\$158.7 million (2012: US\$45.0 million) of fair value movement in investments.

25. Trade and other payables

(a) Current trade payables

(US\$ million)	As at 31 March 2013	As at 31 March 2012
Trade payables	2,424.5	1,776.4
Bills of exchange payable	1,428.0	850.8
Accruals and deferred income	349.7	320.0
Other trade payables	361.5	895.7
	4,563.7	3,842.9

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

Interest bearing trade payables amount to US\$1,813.9 million (31 March 2012: US\$1,083.0 million). Bills of exchange are interest bearing and are normally payable within 180 days. Bills of exchange payable comprise of credit availed from financial institutions for direct payment to suppliers for raw materials purchased. The fair values of trade and other payables are not materially different from the carrying values presented.

(b) Non-current trade payables

(US\$ million)	As at 31 March 2013	As at 31 March 2012
Other trade payables	232.2	164.0
	232.2	164.0

Other trade payables primarily comprise amounts withheld as retentions, payable to suppliers of capital projects after a satisfactory completion of contractual commissioning period, which are payable after the completion of commissioning.

26. Convertible bonds

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
A. VRJL	1,056.0	1009.7
B. VRJL-II	753.6	681.6
C. FCCB-SIIL & Sesa	624.9	599.0
	2,434.5	2,290.3

A. Vedanta Resources Jersey Limited ('VRJL'), a US dollar denominated functional currency entity, issued 5.5% US\$1,250 million guaranteed convertible bonds on 13 July 2009. The bonds are first convertible into exchangeable redeemable preference shares to be issued by VRJL, which will then be automatically exchanged for ordinary shares of Vedanta Resources plc. The bondholders have the option to convert at any time from 24 August 2009 to 6 July 2016. Vedanta options exercised before 15 August 2012 were convertible at US\$36.48 per share. Conversion options exercised on or after 15 August 2012, are convertible at US\$35.58, as per the terms of offering circular.

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

The net proceeds of the convertible issue have been split between the liability element and equity component, representing the fair value of the embedded option to convert the liability into equity of the Company, as follows:

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Opening liability	1,009.7	968.2
Effective interest cost	115.2	110.4
Coupon interest	(68.9)	(68.9)
Closing liability	1,056.0	1,009.7

The interest charged for the year is calculated by applying an effective interest rate of 11.2% (March 2012: 11.2%).

The fair value of the convertible bond as at 31 March 2013 is US\$1,194.1 million (March 2012: US\$1,022.0 million).

B. Vedanta Resources Jersey II Limited ('VRJL-II'), a US dollar-denominated functional currency entity, issued 4.0% US\$883 million guaranteed convertible bonds on 30 March 2010. The bonds are first convertible into exchangeable redeemable preference shares to be issued by VRJL-II, which will then be automatically exchanged for ordinary shares of Vedanta Resources plc. The bondholders have the option to convert at any time from 10 May 2010 to 23 March 2017.

Conversion options exercised before 15 August 2012, were convertible at US\$51.9251 per share. Conversion options exercised on or after 15 August 2012, are convertible at US\$50.6460, as per the terms of offering circular.

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

On 15 March 2013, 91.6% of bondholders exercised the put option to redeem the bonds on 29 April 2013, resulting in a repayment of US\$809.8 million on that date. Consequently an additional charge of US\$39.1 million has been recognised as part of finance cost to reflect the revised amortised value of the bond liability.

At inception the net proceeds of the convertible issue were split between the liability element and a derivative component, representing the fair value of the embedded option to convert the liability into equity of the Company. The latter has not been recorded within equity due to the existence of partial cash settlement terms within the bond which prevent the adoption of compound financial instrument accounting. The cash settlement option was cancelled on 28 July 2010.

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Opening liability	681.6	651.8
Effective interest cost	107.3	65.1
Coupon interest	(35.3)	(35.3)
Closing liability	753.6	681.6

The interest charged for the year is calculated by applying an effective interest rate of 15.0% (2012: 9.8%).

The fair value of the convertible bond as at 31 March 2013 was US\$880.2 million (March 2012: US\$698.9 million).



Notes to the Financial Statements continued

26. Convertible bonds continued

C. SILL issued 4% US\$500 million convertible senior notes (denominated in US dollars) on 29 October 2009 which are due on 30 October 2014. The bonds are convertible into American Depository Share ('ADS') to be issued by SILL. The bondholders have the option to convert at any time before 29 October 2014 at a conversion ratio of 42.8688 for every US\$1,000 of principal which is equal to a conversion price of US\$23.33 per ADS. SILL has the option (subject to the terms of the bond) to redeem the convertible bond at any time after 4 November 2012.

Sesa issued 5% US\$500 million convertible bonds (denominated in US dollars) on 30 October 2009 and due 31 October 2014. The bonds are convertible into ordinary shares of Sesa. The bondholders have the option to convert at any time after 10 December 2009 and before 24 October 2014 at a conversion ratio of 13837.6384 for every US\$100,000 principal. Sesa has the option (subject to certain conditions) to redeem the convertible bond at any time after 30 October 2012. As at 31 March 2013 the outstanding closing balance is US\$216.80 million (2012: US\$216.80 million).

As the functional currency of SILL and Sesa is INR, the conversion of the convertible bonds (which are denominated in US dollars) would not result in the settlement and exchange of a fixed amount of cash in INR terms, for a fixed number of SILL's and Sesa's shares respectively. Accordingly, the convertible bond must be separated into two component elements: a derivative component consisting of the conversion option (carried at fair value) and a liability component consisting of the debt element of the bonds. Further details of the accounting for such instruments are provided in the Group accounting policies (Note 2a).

The following table shows the movements in the SILL and Sesa bonds during the year on an aggregated basis:

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Opening liability	599.0	651.5
Effective interest cost	85.0	78.1
Coupon interest paid	(34.4)	(34.4)
Decrease in fair value of derivative component	(24.7)	(96.2)
Closing liability (including derivative component of US\$4.7 million, March 2012: US\$30.0 million)	624.9	599.0

The interest charged for the year is calculated by applying an effective interest rate of 12.7% (March 2012: 12.7%) for SILL convertible notes and 19.4% (March 2012: 19.4%) for Sesa convertible notes.

The fair value of the convertible bonds as at 31 March 2013 was US\$708.8 million (March 2012: US\$675.7 million).

27. Financial instruments

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

(US\$ million)	As at 31 March 2013	As at 31 March 2012
Financial assets		
At fair value through profit or loss		
– Held for trading	5,781.5	4,940.3
– Other financial assets (derivatives)	31.1	129.6
Cash and cash equivalents	2,200.2	1,945.0
Loan and receivables		
– Trade and other receivables	1,706.0	1,795.9
– Other non-current assets	113.4	97.9
Available-for-sale investments		
– Financial asset investments held at fair value	2.2	179.0
– Financial asset investments held at cost	18.4	30.6
Total	9,852.8	9,118.3
Financial liabilities		
At fair value through profit or loss		
– Other financial liabilities (derivatives)	(72.5)	(133.2)
Designated into fair value hedge		
– Borrowings ¹	(4.7)	(30.0)
Financial liabilities at amortised cost		
– Trade and other payables	(4,795.4)	(4,006.9)
– Borrowings ²	(16,588.1)	(16,925.3)
Total	(21,460.7)	(21,095.5)

1 Includes embedded derivative liability portion of convertible bonds US\$4.7 million (2012: US\$30.0 million).

2 Includes amortised cost liability portion of convertible bonds US\$2,429.8 million (2012: US\$2,260.3 million).

27. Financial instruments continued

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

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

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

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

The below table summarises the categories of financial assets and liabilities measured at fair value:

(US\$ million)	As at 31 March 2013	
	Level 1	Level 2
Financial assets		
At fair value through profit or loss		
– Held for trading	5,781.5	–
– Other financial assets (derivatives)	–	31.1
Available-for-sale investments		
– Financial asset investments held at fair value	2.2	–
Total	5,783.7	31.1

Financial liabilities		
At fair value through profit or loss		
– Other financial liabilities (derivatives)	–	(72.5)
Designated as fair value hedge		
– Borrowings	–	(4.7)
Total	–	(77.2)

(US\$ million)	As at 31 March 2012	
	Level 1	Level 2
Financial assets		
At fair value through profit or loss		
– Held for trading	4,940.3	–
– Other financial assets (derivatives)	–	129.6
Available-for-sale investments		
– Financial asset investments held at fair value	179.0	–
Total	5,119.3	129.6

Financial liabilities		
At fair value through profit or loss		
– Other financial liabilities (derivatives)	–	(133.2)
Designated into fair value hedge		
– Borrowings	–	(30.0)
Total	–	(163.2)

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

The fair value of borrowings is US\$16,420.2 million (2012: US\$16,062.3 million). For all other financial instruments, the carrying amount is either the fair value, or approximates the fair value.

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

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

Notes to the Financial Statements continued

27. Financial instruments continued

The fair value of the embedded derivative liability of convertible bond has been calculated using the Black-Scholes model with market assumptions.

Derivative instruments and risk management

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

The Group's documented risk management policies act as an effective tool in mitigating the various financial risks to which the businesses are exposed to in the course of their daily operations. The risk management policies cover areas such as liquidity risk, commodity price risk, foreign exchange risk, interest rate risk, credit risk and capital management (the latter covered in Note 32).

Risks are identified through a formal risk management programme with active involvement of senior management personnel and business managers at both the corporate and individual subsidiary level. Each operating subsidiary in the Group has in place risk management processes which are in line with the Group's policy. Each significant risk has a designated 'owner' within the Group at an appropriate senior level. The potential financial impact of the risk and its likelihood of a negative outcome are regularly updated. The risk management process is coordinated by the Management Assurance function and is regularly reviewed by the Group's Audit Committee. The Audit Committee is aided by the GRMC, which meets every quarter to review risks as well as the progress against the planned actions. Key business decisions are discussed at the monthly meetings of the Executive Committee. The overall internal control environment and risk management programme including financial risk management is reviewed by the Audit Committee on behalf of the Board.

Treasury management

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

The Group uses derivative instruments as part of its management of exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices. The Group does not acquire or issue derivative financial instruments for trading or speculative purposes. The Group does not enter into complex derivative transactions to manage the treasury and commodity risks. Both treasury and commodities derivative transactions are normally in the form of forward contracts and interest rate and currency swaps and these are subject to the Group guidelines and policies. Interest rate swaps are taken to achieve a balance between fixed and floating rates (as described below under 'Interest risk') and currency swaps are taken primarily to convert the Group's exposure to non-US dollar currencies to US dollar currencies.

Commodity risk

The Group is exposed to the movement of base metal commodity prices on the London Metal Exchange. Any decline in the prices of the base metals that the Group produces and sells will have an immediate and direct impact on the profitability of the businesses. As a general policy, the Group aims to sell the products at prevailing market prices. As much as possible, the Group tries to mitigate price risk through favourable contractual terms. The Group undertakes hedging activity in commodities to a limited degree. Hedging is used primarily as a risk management tool and, in some cases, to secure future cash flows in cases of high volatility by entering in to forward contracts or similar instruments. The hedging activities are subject to strict limits set out by the Board and to a strictly defined internal control and monitoring mechanism. Decisions relating to hedging of commodities are taken at the Executive Committee level and with clearly laid down guidelines for their implementation by the subsidiaries.

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

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

Copper

The Group's custom smelting copper operations at Tuticorin is benefited by a natural hedge except to the extent of a possible mismatch in quotational periods between the purchase of concentrate and the sale of finished copper. The Group's policy on custom smelting is to generate margins from TC/RCs, improving operational efficiencies, minimising conversion cost, generating a premium over LME on sale of finished copper, sale of by-products and from achieving import parity on domestic sales. Hence, mismatches in quotational periods are managed to ensure that the gains or losses are minimised. The Group hedges this variability of LME prices through forward contracts and tries to make the LME price a pass-through cost between purchases of copper concentrate and sales of finished products, both of which are linked to the LME price. The Group also benefits from the difference between the amounts paid for quantities of copper content received and recovered in the manufacturing process, also known as 'free copper'. The Group hedges on a selective basis the free copper by entering into future contracts.

27. Financial instruments continued

The Group's Australian mines in Tasmania supply approximately 7% to 8% of the requirement of the custom copper smelter at Tuticorin on an arm's length basis. Hence, TC/RCs are a major source of income for the Indian copper smelting operations. Fluctuations in TC/RCs are influenced by factors including demand and supply conditions prevailing in the market for mine output. The Group's copper business has a strategy of securing a majority of its concentrate feed requirement under long-term contracts with mines.

KCM is largely an integrated copper producer and whenever hedging is done it is with an intention to protect the Group from price fluctuations in copper.

For the mining assets in Australia and Zambia, part of the production may be hedged to secure cash flows on a selective basis.

Aluminium

The requirement of the primary raw material, alumina, is partly met from own sources and the rest is purchased primarily on negotiated price terms. Sales prices are linked to the LME prices. At present, the Group, on a selective basis, hedges the aluminium content in outsourced alumina to protect its margins.

Zinc and lead

The sales prices are linked to the LME prices. The Group has some long-term volume contracts with some customers where the prices are linked to prevailing LME prices at the time of shipment. The Group hedges custom production from India through forward contracts or other instruments.

Iron ore

The Group sells some portion of its iron ore production on quarterly price contracts and the balance on the basis of prevailing market prices.

Provisionally priced financial instruments

On 31 March 2013, the value of net financial liabilities linked to commodities (excluding derivatives) accounted for on provisional prices was a liability of US\$702.4 million (2012: liability of US\$469.5 million). These instruments are subject to price movements at the time of final settlement and the final price of these instruments will be determined in the financial year beginning 1 April 2013.

Set out below is the impact of 10% increase in LME prices on profit for the year and total equity as a result of changes in value of the Group's commodity financial instruments as at 31 March 2013:

	Closing LME as at 31 March 2013 US\$	Effect on profit of a 10% increase in the LME 31 March 2013 (US\$ million)	Effect on total equity of a 10% increase in the LME 31 March 2013 (US\$ million)
(US\$ million except as stated) Commodity price sensitivity			
Copper	7,583	5.5	5.5
Zinc	1,871	11.3	11.3
Lead	2,094	–	–

	Closing LME as at 31 March 2012 US\$	Effect on profit of a 10% increase in the LME 31 March 2012 (US\$ million)	Effect on total equity of a 10% increase in the LME 31 March 2012 (US\$ million)
(US\$ million except as stated) Commodity price sensitivity			
Copper	8,480	9.3	9.3
Zinc	2,003	2.2	2.2
Lead	2,021	3.2	3.2

The above sensitivities are based on volumes, costs, exchange rates and other variables and provide the estimated impact of a change in LME prices on profit and equity assuming that all other variables remain constant.

Further, the impact of a 10% increase in closing copper LME for provisionally priced copper concentrate purchase at Sterlite custom smelting operations is US\$65.1 million (2012: US\$37.0 million), which is a pass through in nature and as such will not have any impact on the profitability.



Notes to the Financial Statements continued

27. Financial instruments continued

Financial risk and sensitivities

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

(a) Liquidity

The Group requires funds both for short-term operational needs as well as for long-term investment programmes mainly in growth projects. The Group generates sufficient cash flows from the current operations which together with the available cash and cash equivalents and liquid financial asset investments provide liquidity both in the short-term as well as in the long-term. Anticipated future cash flows, together with undrawn committed facilities of US\$3,353.0 million, and cash and liquid investments of US\$7,981.7 million as at 31 March 2013, are expected to be sufficient to meet the ongoing capital investment programme and liquidity requirement of the Group in the near future.

The Group has a strong balance sheet that gives sufficient headroom to raise further debt should the need arise. The Group's current ratings from Standard & Poor's, Moody's and Fitch Ratings are BB, Ba1 and BB+ respectively (2012: BB, Ba1 and BB+ respectively). These ratings support the necessary financial leverage and access to debt or equity markets at competitive terms. The Group generally maintains a healthy net gearing ratio and retains flexibility in the financing structure to alter the ratio when the need arises (see Note 32 for further details).

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

At 31 March 2013

(US\$ million except as stated) Payment due by period ¹	< 1 year	1-2 years	2-5 years	> 5 years	Total
Trade and other payables	4,594.6	232.4	–	–	4,827.0
Bank and other borrowings	4,604.6	2,755.2	5,617.9	4,826.5	17,804.2
Convertible bonds	814.4	1,771.6	59.2	–	2,645.2
Derivative liabilities	44.5	–	28.0	–	72.5
Total	10,058.1	4,759.2	5,705.1	4,826.5	25,348.9

1 Including interest payable.

At 31 March 2012

(US\$ million except as stated) Payment due by period ¹	< 1 year	1-2 years	2-5 years	> 5 years	Total
Trade and other payables	3,906.4	164.0	–	–	4,070.4
Bank and other borrowings	5,140.2	2,829.4	5,076.6	5,473.4	18,519.6
Convertible bonds	114.3	795.9	1,808.5	–	2,718.7
Derivative liabilities	101.1	–	32.1	–	133.2
Total	9,262.0	3,789.3	6,917.2	5,473.4	25,441.9

1 Including interest payable.

At 31 March 2013, the Group had access to funding facilities of US\$19,945.7 million of which US\$3,353.0 million was not yet drawn, as set out below.

(US\$ million) Funding facilities	Total facility	Drawn	Undrawn
Less than 1 year	7,489.8	4,400.0	3,089.8
1-2 years	3,737.2	3,737.2	–
2-5 years and above	8,718.7	8,455.5	263.2
Total	19,945.7	16,592.7	3,353.0

At 31 March 2012, the Group had access to funding facilities of US\$19,852.6 million of which US\$2,897.3 million was not yet drawn, as set out below.

(US\$ million) Funding facilities	Total facility	Drawn	Undrawn
Less than 1 year	6,776.1	4,151.6	2,624.5
1-2 years	3,241.3	3,241.3	–
2-5 years and above	9,835.2	9,562.4	272.8
Total	19,852.6	16,955.3	2,897.3

27. Financial instruments continued**(b) Foreign currency**

The Group's presentation currency is the US dollar. The majority of the assets are located in India and the Indian rupee is the functional currency for the Indian operating subsidiaries. Exposures on foreign currency loans are managed through the Group-wide hedging policy, which is reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed. Natural hedges available in the business are identified at each entity level and hedges are placed only for the net exposure. Short-term net exposures are hedged progressively based on their maturity. Longer exposures beyond one year are normally unhedged. Vedanta has hedged some of its non-US dollar borrowings into US dollar borrowings by entering into cross-currency swaps.

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

(US\$ million)	At 31 March 2013		At 31 March 2012	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
US\$	2,009.8	14,971.3	2,358.3	16,043.8
INR	7,670.4	5,917.5	6,316.9	4,867.1
Kwacha	–	390.9	–	–
JPY	0.2	12.2	100.5	–
AUD	7.1	21.6	23.8	21.4
CAD	0.2	–	166.9	–
EURO	103.4	86.6	117.4	106.4
ZAR	41.5	23.3	12.2	24.3
NAD	19.3	22.0	21.6	18.4
Others	0.7	15.85	0.7	14.1
Total	9,852.8	21,460.7	9,118.3	21,095.5

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

(US\$ million)	31 March 2013		
	Closing exchange rate	Effect of 10% strengthening of US dollar on net earning	Effect of 10% strengthening of US dollar on total equity
INR	54.3893	(415.3)	(320.6)
Australian dollar	0.9590	(0.2)	(0.2)
Euro	0.7820	0.4	0.5

(US\$ million)	31 March 2012		
	Closing exchange rate	Effect of 10% strengthening of US dollar on net earning	Effect of 10% strengthening of US dollar on total equity
INR	51.1565	(426.6)	(372.1)
Australian dollar	0.9610	(0.2)	(0.2)
Euro	0.7490	1.0	33.6

The sensitivities are based on financial assets and liabilities held at 31 March 2013 where balances are not denominated in the functional currency of the respective subsidiaries. The sensitivities do not take into account the Group's sales and costs and the results of the sensitivities could change due to other factors such as changes in the value of financial assets and liabilities as a result of non-foreign exchange influenced factors.

(c) Interest rate risk

At 31 March 2013, the Group's net debt of US\$8,615.6 million (2012: US\$10,064.4 million net debt) comprises cash, cash equivalents and liquid investments of US\$7,981.7 million (2012: US\$6,885.3 million) offset by debt of US\$16,592.8 million (2012: US\$16,955.3 million) and debt derivative of US\$4.5 million (2012: US\$5.7 million).



Notes to the Financial Statements continued

27. Financial instruments continued

The Group is exposed to interest rate risk on short-term and long-term floating rate instruments and on the refinancing of fixed-rate debt. The Group's policy is to maintain a balance of fixed and floating interest rate borrowings and the proportion of fixed and floating rate debt is determined by current market interest rates. As at 31 March 2013, 42.6% (2012: 39.7%) of the total debt was at a fixed rate and the balance was at a floating rate. The floating rate debt is largely linked to US dollar LIBOR. The Group also aims to minimise its average interest rates on borrowings by opting for a higher proportion of long-term debt to fund growth projects. The Group invests cash and liquid investments in short-term deposits and debt mutual funds, some of which generate a tax-free return, to achieve the Group's goal of maintaining liquidity, carrying manageable risk and achieving satisfactory returns.

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

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

(US\$ million)	At 31 March 2013				At 31 March 2012			
	Floating rate financial assets	Fixed rate financial assets	Equity investments	Non-interest bearing financial assets	Floating rate financial assets	Fixed rate financial assets	Equity investments	Non-interest bearing financial assets
Financial assets	4,285.6	3,854.4	20.8	1,661.3	3,013.5	3,409.8	189.1	2,376.3
Derivative assets	–	–	–	31.1	–	–	–	129.6
Total financial assets	4,285.6	3,854.4	20.8	1,692.4	3,013.5	3,409.8	189.1	2,505.9

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

(US\$ million)	At 31 March 2013			At 31 March 2012		
	Floating rate financial liabilities	Fixed rate financial liabilities	Non-interest bearing financial liabilities	Floating rate financial liabilities	Fixed rate financial liabilities	Non-interest bearing financial liabilities
Financial liabilities	9,633.4	8,756.7	2,998.2	14,437.6	3,660.9	2,863.8
Derivative liabilities	–	–	72.6	–	–	133.2
Total financial liabilities	9,633.4	8,756.7	3,070.8	14,437.6	3,660.9	2,997.0

The weighted average interest rate on the fixed rate financial liabilities is 7.6% (2012: 7.7%) and the weighted average period for which the rate is fixed is 3.06 years (2012: 4.4 years).

Considering the net debt position as at 31 March 2013 and the investment in bank deposits and debt mutual funds, any increase in interest rates would result in a net loss and any decrease in interest rates would result in a net gain. The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance sheet date.

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

At 31 March 2013

Change in interest rates	Effect on profit for the year (in US\$ million)	Effect on total equity (in US\$ million)
0.5%	47.7	47.7
1.0%	95.4	95.4
2.0%	190.7	190.7

At 31 March 2012

Change in interest rates	Effect on profit for the year (in US\$ million)	Effect on total equity (in US\$ million)
0.5%	51.1	51.1
1.0%	102.2	102.2
2.0%	204.4	204.4

27. Financial instruments continued**(d) Credit risk**

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

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

The large majority of receivables due from third parties are secured. Moreover, given the diverse nature of the Group's businesses, trade receivables are spread over a number of customers with no significant concentration of credit risk. No single customer accounted for 10% or more of the Group's net sales or for any of the Group's primary businesses during the year ended 31 March 2013 and in the previous year. The history of trade receivables shows a negligible provision for bad and doubtful debts. Therefore, the Group does not expect any material risk on account of non-performance by any of our counterparties.

The Group's maximum exposure to credit risk at 31 March 2013 is US\$9,852.8 million (2012: US\$9,118.3 million).

Of the year-end trade and other receivable balance the following, though overdue, are expected to be realised in the normal course of business and hence are not considered impaired as at 31 March 2013:

(US\$ million)	2013	2012
Less than 1 month	26.9	26.6
Between 1 and 3 months	32.3	12.7
Between 3 and 12 months	31.1	25.0
Greater than 12 months	38.7	77.2
Total	129.0	141.5

Derivative financial instruments

The fair value of all derivatives is recorded separately on the balance sheet within other financial assets (derivatives) and other financial liabilities (derivatives), current and non-current. In addition, the derivative component of certain convertible bonds is shown as part of the overall convertible bond liability (Note 26). Derivatives that are designated as hedges are classified as current or non-current depending on the maturity of the derivative.

Embedded derivatives

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

Cash flow hedges

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

Notes to the Financial Statements continued

27. Financial instruments continued

The fair value of the Group's open derivative positions at 31 March 2013, recorded within other financial assets (derivatives) and other financial liabilities (derivatives) is as follows:

(US\$ million)	As at 31 March 2013		As at 31 March 2012	
	Liability	Asset	Liability	Asset
Current				
Cash flow hedges				
– Commodity contracts	–	16.4	–	3.5
– Forward foreign currency contracts	(1.0)	0.0	–	1.2
Fair value hedges				
– Commodity contracts	(0.8)	0.0	2.2	0.1
– Forward foreign currency contracts	(19.4)	2.6	(0.3)	4.7
– Other (foreign currency swap)	–	–	–	–
Non-qualifying hedges				
– Commodity contracts	(0.6)	0.2	(2.5)	0.6
– Forward foreign currency contracts	(7.4)	0.0	(9.4)	13.7
– Other (foreign currency swap)	(12.0)	12.0	(82.1)	(83.0)
Hedge of net investment in foreign operations	(3.3)	–	(9.0)	–
Total	(44.5)	31.1	(101.1)	106.8
Non-current				
Non qualifying hedges				
– Interest rate swap	(23.6)	–	(14.7)	–
– Others (foreign currency swap)	(4.4)	–	(17.4)	22.8
Total	(28.0)	–	(32.1)	22.8
Grand total	(72.5)	31.1	(133.2)	129.6

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

Non-qualifying hedges

The majority of these derivatives comprise interest rate swaps which are economic hedges but which do not fulfil the requirements for hedge accounting of IAS 39 Financial Instruments: Recognition and Measurement, and also includes cross-currency swaps.

Fair value hedges

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

Hedging reserves reconciliation

(US\$ million)	Hedging reserves	Non-controlling interests	Total
At 1 April 2011	38.2	7.7	45.9
Amount recognised directly in equity	(64.9)	(15.7)	(80.6)
Amount transferred to income statement	(30.4)	(7.5)	(37.9)
Exchange difference	1.5	0.5	2.0
At 1 April 2012	(55.6)	(15.1)	(70.6)
Amount recognised directly in equity	(43.6)	(18.3)	(61.9)
Amount transferred to income statement	73.9	15.5	89.4
Exchange difference	3.1	0.5	3.5
At 31 March 2013	(22.2)	(17.4)	(39.6)

28. Provisions

(US\$ million)	Restoration, rehabilitation and environmental	KCM Copper Price Participation	Other	Total
At 1 April 2011	150.4	131.1	42.8	324.3
Acquisition	124.3	–	6.1	130.4
Released to income statement	(1.6)	(19.2)	(6.5)	(27.3)
Unwinding of discount	5.0	6.1	0.4	11.5
Cash paid	(0.3)	(20.0)	(6.2)	(26.5)
Exchange differences	(3.8)	–	(3.5)	(7.3)
At 1 April 2012	274.0	98.0	33.1	405.1
Charged/(released) to income statement	26.8	–	3.3	30.1
Unwinding of discount (Note 7)	15.2	12.1	0.3	27.6
Cash paid	(0.8)	(10.0)	(6.5)	(17.3)
Exchange differences	(11.6)	–	(2.9)	(14.5)
At 31 March 2013	303.6	100.1	27.3	431.0
Current 2013	–	53.4	15.0	68.4
Non-current 2013	303.6	46.7	12.3	362.6
	303.6	100.1	27.3	431.0
Current 2012	–	–	18.1	18.1
Non-current 2012	274.0	98.0	15.0	387.0
	274.0	98.0	33.1	405.1

Restoration, rehabilitation and environmental

The provisions for restoration, rehabilitation and environmental liabilities represent the Directors' best estimate of the costs which will be incurred in the future to meet the Group's obligations under existing Indian, Australian, Zambian, Namibian, South African and Irish law and the terms of the Group's mining and other licences and contractual arrangements. These amounts, calculated by considering discount rates within the range of 7% and 8%, become payable on closure of mines and are expected to be incurred over a period of three to 20 years. Within India, the principal restoration and rehabilitation provisions are recorded within Cairn India where a legal obligation exists relating to the oil and gas fields, where costs are expected to be incurred in restoring the site of production facilities at the end of the producing life of an oil field. The Group recognises the full cost of site restoration as a liability when the obligation to rectify environmental damage arises.

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

KCM Copper Price Participation

KCM Copper Price Participation relates to a provision in respect of a price participation agreement in Zambia which requires KCM to pay ZCCM an agreed annual sum when the copper price exceeds specified levels and specific triggers. In the previous years the timing of the outflow was dependent on future copper prices as well as dividends paid.

During the year ended 31 March 2013, KCM and ZCCM agreed for final settlement of Copper Price Participation liability. The total amount to be paid is US\$119.7 million to be settled in 16 instalments with the first instalment starting on 31 December 2012 and last instalment on 30 September 2016. During the year ended 31 March 2013, two instalments were made amounting to a total of US\$10.0 million and the total liability that remains outstanding is US\$109.7 million as at 31 March 2013. The provision recognised has been discounted at 7% to take into account the expected timings of the various payments and recognised as a liability at US\$100.1 million as at 31 March 2013.

Other

Other includes provision on post-retirement medical benefits.



Notes to the Financial Statements continued

29. Deferred tax

The Group has accrued significant amounts of deferred tax. The majority of the deferred tax liability represents accelerated tax relief for the depreciation of capital expenditure and the depreciation on fair value uplifts created on acquisitions, net of losses carried forward by KCM.

The amounts of deferred taxation on temporary differences, provided and not provided, in the accounts are as follows:

Provided – liabilities/(assets)

(US\$ million)	As at 31 March 2013	As at 31 March 2012
Accelerated capital allowances	5,711.8	6,514.4
Unutilised tax losses	(381.2)	(390.5)
Other temporary differences	(1,185.0)	(610.0)
	4,145.6	5,513.9
Recognised as:		
Deferred tax liability provided	4,992.7	5,916.7
Deferred tax asset recognised	(847.1)	(402.8)
	4,145.6	5,513.9

Unrecognised deferred tax assets

(US\$ million)	As at 31 March 2013	As at 31 March 2012
Unutilised tax losses and unabsorbed depreciation	(533.1)	(488.7)

The above relates to the tax effect of US\$627.1 million (2012: US\$471.6 million) of unutilised tax losses of the Company and VRHL which have no expiry period and US\$1,179.3 million (2012: US\$1,157.2 million) of unutilised tax losses and capital allowances for VAL and SEL, which are subject to the Indian tax regime. Pursuant to the Indian tax regime, unutilised tax losses expire eight years from the date the losses are recorded, whereas unabsorbed depreciation can be carried forward to an indefinite period. No benefit has been recognised for these items on the grounds that their successful application against future profits is not probable in foreseeable future.

Deferred tax asset

(US\$ million)	As at 31 March 2013	As at 31 March 2012
At 1 April	402.8	18.2
Credited to income statement	474.5	178.0
Charged directly to equity	(0.5)	(1.1)
Acquisitions	–	205.8
Foreign exchange differences	(29.7)	1.9
At 31 March	847.1	402.8

The Group has US\$1,263.4 million of unutilised tax losses at KCM (2012: US\$1,301.7 million) which expire in the period 2014 to 2022. These unutilised tax losses have been recognised as a deferred tax asset, as they will unwind as the accelerated capital allowances unwind, thereby generating economic benefits for the Company.

Deferred tax liability

(US\$ million)	As at 31 March 2013	As at 31 March 2012
At 1 April	5,460.2	1,358.0
Addition due to acquisition	–	4,832.0
Credited to income statement	(403.5)	(127.6)
Charged/(credited) directly to equity	4.8	(6.8)
Foreign exchange differences	(68.1)	(132.1)
Prior year adjustments	(0.7)	–
Disposals	–	(6.8)
At 31 March	4,992.7	5,916.7

30. Share-based payments

Employee share schemes

The Group aims to provide superior rewards for outstanding performance and a high proportion of 'at risk' remuneration for Executive Directors. Three employee share schemes were approved by shareholders on listing. The Board has no present intention to introduce any further share schemes.

The Vedanta Resources Long-Term Incentive Plan (the 'LTIP')

The LTIP is the primary arrangement under which share-based incentives are provided to the Executive Directors and the wider management group. The maximum value of shares that can be conditionally awarded to an Executive Director in a year is 100% of annual salary. In respect of Messrs Navin Agarwal and MS Mehta, salary means the aggregate of their salary payable by Vedanta and their CTC payable by Sterlite. The maximum value of shares that can be awarded to members of the wider management group is calculated by reference to the CTC, share-based remuneration already received and consistent with local market practice.

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

Vedanta's TSR performance against Adapted Comparator Group

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

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

During the year, Vedanta has granted a new LTIP tranche that shall vest based on the achievement of business performance in the performance period. The vesting schedule is staggered over a period of three years.

Initial awards under the LTIP were granted on 26 February 2004 with further awards being made on 11 June 2004, 23 November 2004, 1 February 2006, 1 February 2007, 14 November 2007, 1 February 2009, 1 August 2009, 1 January 2010, 1 April 2010, 1 July 2010, 1 October 2010, 1 January 2011, 1 April 2011, 1 July 2011, 1 August 2011, 1 October 2011, 1 January 2012, 1 April 2012, 24 September 2012 and 1 October 2012. The exercise price of the awards is 10 US cents per share and the performance period is one year for the February 2007 and September 2012 awards and three years for all other awards, with no re-testing being allowed. The exercise period is six months from the date of vesting. Further details on the LTIP are available in the Remuneration Report of the Annual Report.

Year of grant	Exercise date	Exercise price US cents per share	Options outstanding 1 April 2012	Options granted during the year	Options lapsed during the year	Options lapsed during the year owing to performance conditions	Options exercised during the year	Options outstanding at 31 March 2013
2009	1 August 2012 – 1 February 2013	10	1,845,413	–	(39,500)	(1,130,948)	(674,695)	–
2010	1 January 2013 – 1 July 2013	10	9,000	–	(4,000)	(3,000)	–	2,000
2010	1 October 2013 – 1 April 2014	10	6,700	–	–	–	–	6,700
2011	1 January 2014 – 1 July 2014	10	2,700	–	–	–	–	2,700
2011	1 April 2014 – 1 October 2014	10	88,850	–	(15,350)	(550)	–	72,950
2011	1 July 2014 – 1 January 2015	10	19,000	–	–	–	–	19,000
2011	1 August 2014 – 1 February 2015	10	2,625,600	–	(211,100)	(20,150)	–	2,394,350
2011	1 October 2014 – 1 April 2015	10	5,000	–	–	–	–	5,000
2012	1 January 2015 – 1 July 2015	10	7,000	–	–	–	–	7,000
2012	1 April 2015 – 1 October 2015	10	–	105,250	(3,500)	–	–	1,01,750
2012	24 September 2015 – 24 March 2016	10	–	4,652,250	(113,900)	–	–	4,538,650
2012	1 October 2012 – 1 April 2016	10	–	3,500	–	–	–	3,500
			4,609,263	4,761,300	(387,350)	(1,154,648)	(674,965)	7,153,600



Notes to the Financial Statements continued

30. Share-based payments continued

In the year ended 31 March 2013, 1,541,998 options lapsed in total and 674,695 options vested. As at 31 March 2013, 7,153,600 options remained outstanding. The weighted average share price for the share options exercised during the year was GBP11.5.

All share-based awards of the Group are equity-settled as defined by IFRS 2 'Share-based Payment'. The fair value of these awards has been determined at the date of grant of the award allowing for the effect of any market-based performance conditions. This fair value, adjusted by the Group's estimate of the number of awards that will eventually vest as a result of non-market conditions, is expensed uniformly over the vesting period.

The fair values were calculated using the Stochastic valuation model with suitable modifications to allow for the specific performance conditions of the LTIP. The inputs to the model include the share price at date of grant, exercise price, expected volatility, expected dividends, expected term and the risk free rate of interest. A progressive dividend growth policy is assumed in all fair value calculations. Expected volatility has been calculated using historical share prices over the period to date of grant that is commensurate with the performance period of the option. The share prices of the mining companies in the Adapted Comparator Group have been modelled based on historical price movements over the period to date of grant which is also commensurate with the performance period for the option. The history of share prices is used to determine the volatility and correlation of share prices for the companies in the Adapted Comparator Group and is needed for the Stochastic valuation model of their future TSR performance relative to the Company's TSR performance. All options are assumed to be exercised six months after vesting.

The assumptions used in the calculations of the charge in respect of the LTIP awards granted during the year are set out below:

	LTIP October 2012	LTIP April 2012	LTIP September 2012
Date of grant	1 October 2012	1 April 2012	24 September 2012
Number of instruments	3,500	105,250	4,652,550
Exercise price	US\$0.10	US\$0.10	US\$0.10
Share price at the date of grant	GBP10.52	GBP12.28	GBP10.56
Contractual life	3 Years	3 Years	1 Year/2 Years/3 Years
Expected volatility	49.5%	54.3%	46.0%/54.8%/51.2%
Expected option life	3.5 Years	3.5 Years	1.5 Years/2.5 Years/3.5 Years
Expected dividends	3.2% pa	2.7%	3.2%
Risk free interest rate	0.3% pa	0.6%	0.2%
Expected annual forfeitures	10.0% pa	10.0% pa	10.0% pa
Fair value per option granted	GBP5.80	GBP5.92	GBP3.3/GBP3.2/GBP3.1/ GBP10.2/GBP9.8/GBP9.5

The Group recognised total expenses of US\$25.5 million and US\$20.2 million related to equity settled share-based payment transactions in the year ended 31 March 2013 and 31 March 2012 respectively.

31. Retirement benefits

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

(a) Defined contribution schemes

Indian pension schemes

Central Recognised Provident Fund

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

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

Superannuation

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

Pension Fund

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

31. Retirement benefits continued

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

Australian Pension Scheme

The Group also operates defined contribution pension schemes in Australia. The contribution of a proportion of an employee's salary into a superannuation fund is a compulsory legal requirement in Australia. The employer contributes 9% of the employee's gross remuneration where the employee is covered by the industrial agreement and 12% of the basic remuneration for all other employees, into the employee's fund of choice. All employees have the option to make additional voluntary contributions.

Zambian Pension Scheme

The KCM Pension Scheme is applicable to full-time permanent employees of KCM (subject to the fulfilment of certain eligibility criteria). The management of the scheme is vested in the trustees consisting of representatives of the employer and the members. The employer makes a monthly contribution to the KCM Pension Scheme of an amount equal to 11% of that month's pensionable salary and the member makes monthly contributions to the fund of an amount equal to 5% of that month's pensionable salary.

All contributions to the KCM Pension Scheme in respect of a member cease to be payable when the member attains normal retirement age of 55 years, or upon leaving the service of the employer, or when the member is permanently medically incapable of performing duties in the service of the employer. Upon such cessation of contribution on the grounds of normal retirement, or being rendered medically incapable of performing duties, or early voluntary retirement within five years of retirement, the member is entitled to receive his accrued pension. The member is allowed to commute his/her accrued pension subject to certain rules and regulations. The trustees of the KCM Pension Scheme may also allow the purchase of an annuity for the benefit of members from a life assurance company or other providers of annuities, subject to statutory regulations.

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

Skorpion Zinc, Namibia Provident Fund

The Skorpion Zinc Provident Fund is a defined contribution fund and is compulsory to all full-time employees under the age of 60. Company contribution to the fund is a fixed percentage of 8% per month of pensionable salary, whilst the employee contributes 7% with the option of making additional contributions, over and above the normal contribution, up to a maximum of 12%.

Normal retirement age is 60 years and benefit payable is the member's fund credit which is equal to all employer and employee contributions plus interest. The same applies when an employee resigns from Skorpion Zinc. The fund provides disability cover which is equal to the member's fund credit and a death cover of two times annual salary in the event of death before retirement. The latest actuarial value was performed 31 December 2012. At that date the fund was in credit. Current membership total is 808.

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

Black Mountain (Pty) Limited, South Africa Pension & Provident Funds

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

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

Lisheen Mine, Ireland Pension Funds

Lisheen Pension Plan is for all employees. Lisheen pays 5% and employees pay 5% with the option to make Additional Voluntary Contributions ('AVCs') if desired. Executive contributions are 15% by Lisheen and 15% by the employee with the option to make AVCs if desired. Death benefit is three times salary for employees and four times salary for executives. Pension and life cover ceases at 65.

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

Notes to the Financial Statements continued

31. Retirement benefits continued

(b) Defined benefit schemes

India

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

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

MALCO

MALCO contributes to the LIC fund based on an actuarial valuation every year. MALCO's Gratuity scheme is accounted for on a defined benefit basis. The latest actuarial valuation was performed as at 31 March 2013 using the projected unit credit actuarial method. At that date the fund was in deficit.

BALCO

At BALCO, all employees who are scheduled to retire on or before 31 March 2014 are being paid by BALCO. The Gratuity scheme is accounted for as a defined benefit scheme for all employees scheduled to retire after 31 March 2013. A provision is recognised based on the latest actuarial valuation which was performed as at 31 March 2013 using the projected unit actuarial method. At that date the fund was in deficit.

HZL

HZL contributes to the LIC based on an actuarial valuation every year. HZL's Gratuity scheme is accounted for on a defined benefit basis. The latest actuarial valuation was performed as at 31 March 2013 using the projected unit actuarial method. At that date the fund was in deficit.

VAL

VAL contributes to the LIC based on an actuarial valuation. Liabilities with regard to the Gratuity scheme are fully provided in the Balance Sheet and are determined by actuarial valuation as at the balance sheet date and as per gratuity regulations for VAL. The latest actuarial valuation was performed as at 31 March 2013 using the projected unit actuarial method. At that date the fund was in deficit.

TSPL

TSPL contributes to the LIC based on an actuarial valuation. Liabilities with regard to the Gratuity scheme are fully provided in the Balance Sheet and are determined by actuarial valuation as at the balance sheet date and as per gratuity regulations for TSPL. The latest actuarial valuation was performed as at 31 March 2013 using the projected unit actuarial method.

Sterlite

Sterlite does not contribute to the LIC. Liabilities with regard to the Gratuity scheme are fully provided in the Balance Sheet and are determined by actuarial valuation as at the balance sheet date and as per gratuity regulations for Sterlite. The latest actuarial valuation was performed as at 31 March 2013 using the projected unit actuarial method. At that date the fund was in deficit.

Sesa

Sesa contributes to the LIC based on an actuarial valuation every year. Sesa's Gratuity scheme is accounted for on a defined benefit basis. The latest actuarial valuation was performed as at 31 March 2013 using the projected unit actuarial method. At that date the fund was in deficit.

Cairn

Cairn contributes to the LIC based on an actuarial valuation every year. Cairn India Group's Gratuity scheme is accounted for on a defined benefit basis. The latest actuarial valuation was performed as at 31 March 2013 using the projected unit actuarial method. At that date the fund was in deficit.

Zambia

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

On the death of an employee during service, a lump sum amount is paid to his or her dependants. This amount is equal to 60 months' basic pay for employees who joined before 1 April 2000 and 30 months' basic pay for employees who joined on or after 1 April 2000. For fixed term contract employees, the benefit payable on death is 30 months' basic pay.

As at 31 March 2013, membership of pension schemes across MALCO, BALCO, HZL, VAL, Sterlite, Sesa, KCM and Cairn stood at 26,690 employees (31 March 2012: 28,222). The deficits, principal actuarial assumptions and other aspects of these schemes are disclosed in further detail in (d) and (e) below.

31. Retirement benefits continued**(c) Pension scheme costs**

Contributions of US\$67.0 million and US\$nil in respect of defined benefit schemes were outstanding and prepaid respectively as at 31 March 2013 (2012: US\$59.7 million and US\$nil respectively).

Contributions to all pension schemes in the year ending 31 March 2014 are expected to be around US\$9.7 million.

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Defined contribution pension schemes	26.2	23.1
Defined benefit pension schemes	23.2	21.5
Total expense	49.4	44.6

(d) Principal actuarial assumptions.

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

Particulars	MALCO		BALCO		Sterlite		HZL	
	March 2013	March 2012	March 2013	March 2012	March 2013	March 2012	March 2013	March 2012
Discount rate	8.0%	8.0%	8.0%	8.4%	8.0%	8.0%	8.0%	8.0%
Salary increases	5.0%	6.0%	5.0% office staff, 3.0% Non-office	5.0% office staff, 3.0% Non-office	5.5%	5.5%	5.5%	5.5%
Funding rate of return	8.0%	8.0%	9.4%	9.4%	7.5%	7.5%	9.5%	9.5%
Number of employees	75	74	3,787	3,995	1,277	1,361	5,876	6,138

Particulars	KCM		VAL		Sesa Goa		Cairn	
	March 2013	March 2012	March 2013	March 2012	March 2013	March 2012	March 2013	March 2012
Discount rate	16.6%	16.2%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Salary increases	5.0%	5.0%	5.5%	5.5%	5.0–7.5%	5.0–7.5%	12.0%	10.0%
Funding rate of return	–	–	8.0%	8.0%	9.0–9.4%	9.0–9.4%	9.5%	9.4%
Number of employees	7,837	8,368	2,800	3,245	3,505	3,693	1,277	1,109

Assumptions regarding mortality for Indian entities are based on mortality table of LIC (1994–96) as subsequently modified.

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

(e) Balance sheet recognition**31 March 2013**

(US\$ million)	MALCO	BALCO	Sterlite	HZL	KCM	VAL	Sesa Goa	Cairn	Total
Fair value of pension scheme assets	0.2	–	3.1	30.6	–	1.0	7.0	4.3	46.2
Present value of pension scheme liabilities	(0.2)	(23.2)	(4.0)	(35.3)	(32.4)	(1.4)	(9.6)	(6.8)	(112.9)
Deficit in pension scheme recognised in balance sheet	–	(23.2)	(0.9)	(4.7)	(32.4)	(0.4)	(2.6)	(2.5)	(66.7)
Deferred tax	–	7.9	0.3	1.6	9.7	0.1	0.9	0.8	21.3
Net pension liability	–	(15.3)	(0.6)	(3.1)	(22.7)	(0.3)	(1.7)	(1.7)	(45.4)

31 March 2012

(US\$ million)	MALCO	BALCO	Sterlite	HZL	KCM	VAL	Sesa Goa	Cairn	Total
Fair value of pension scheme assets	0.2	0.5	2.4	32.4	–	1.0	7.7	3.6	47.8
Present value of pension scheme liabilities	(0.2)	(22.5)	(3.7)	(35.6)	(28.4)	(1.2)	(10.0)	(5.3)	(106.9)
Deficit in pension scheme recognised in balance sheet	–	(22.0)	(1.3)	(3.2)	(28.4)	(0.2)	(2.3)	(1.7)	(59.1)
Deferred tax	–	7.1	0.4	1.1	9.2	0.1	0.7	0.5	19.1
Net pension liability	–	(14.9)	(0.9)	(2.1)	(19.2)	(0.1)	(1.6)	(1.2)	(40.0)



Notes to the Financial Statements continued

31. Retirement benefits continued

(f) Amounts recognised in income statement in respect of defined benefit pension schemes:

31 March 2013

(US\$ million)	MALCO	BALCO	Sterlite	HZL	KCM	VAL	Sesa Goa	Cairn	Total
Current service cost	–	0.7	0.4	1.5	5.1	0.2	0.6	1.1	9.6
Actuarial losses	–	2.2	–	3.3	–	0.1	1.2	0.7	7.5
Expected return on scheme assets	–	–	(0.2)	(2.9)	–	(0.1)	(0.6)	(0.3)	(4.1)
Interest cost of scheme liabilities	–	1.7	0.3	2.7	4.2	0.1	0.8	0.4	10.2
Total charge to income statement	–	4.6	0.5	4.6	9.3	0.3	2.0	1.9	23.2

31 March 2012

(US\$ million)	MALCO	BALCO	Sterlite	HZL	KCM	VAL	Sesa Goa	Cairn	Total
Current service cost	–	0.8	0.4	1.6	4.4	0.2	0.5	0.3	8.2
Actuarial losses	–	1.8	–	1.3	2.1	0.2	1.3	0.2	6.9
Expected return on scheme assets	–	(0.1)	(0.2)	(2.3)	–	(0.1)	(0.4)	(0.1)	(3.2)
Interest cost of scheme liabilities	–	1.7	0.3	3.1	3.6	0.1	0.7	0.1	9.6
Total charge to income statement	–	4.2	0.5	3.7	10.1	0.4	2.1	0.5	21.5

(g) Movements in the present value of defined benefit obligations

The movement during the year ended 31 March 2013 of the present value of the defined benefit obligation was as follows:

(US\$ million)	MALCO	BALCO	Sterlite	HZL	KCM	VAL	Sesa Goa	Cairn	Total
At 1 April 2012	(0.2)	(23.5)	(3.6)	(37.5)	(26.1)	(0.9)	(9.8)	(5.3)	(106.9)
At acquisition	–	–	–	–	–	–	–	–	–
Current service cost	–	(0.7)	(0.4)	(1.5)	(5.1)	(0.2)	(0.6)	(1.1)	(9.6)
Gratuity benefits paid	–	2.5	0.1	5.8	3.0	0.2	2.4	0.4	14.4
Interest cost of scheme liabilities	–	(1.7)	(0.3)	(2.7)	(4.2)	(0.1)	(0.8)	(0.4)	(10.2)
Actuarial losses	–	(2.2)	–	(3.4)	–	(0.1)	(1.2)	(0.7)	(7.6)
Exchange difference	–	2.4	0.2	4.0	–	(0.3)	0.4	0.3	7.0
At 31 March 2013	(0.2)	(23.2)	(4.0)	(35.3)	(32.4)	(1.4)	(9.6)	(6.8)	(112.9)

(US\$ million)	MALCO	BALCO	Sterlite	HZL	KCM	VAL	Sesa Goa	Cairn	Total
At 1 April 2011	–	(23.5)	(3.9)	(38.5)	(19.6)	(0.8)	(9.8)	–	(96.1)
At acquisition	–	–	–	–	–	–	–	(5.0)	(5.0)
Current service cost	(0.2)	(0.8)	(0.4)	(1.6)	(4.4)	(0.2)	(0.5)	(0.3)	(8.4)
Gratuity benefits paid	–	2.1	0.5	4.0	3.8	0.1	1.2	0.2	11.9
Interest cost of scheme liabilities	–	(1.7)	(0.3)	(2.9)	(3.6)	(0.1)	(0.6)	(0.1)	(9.3)
Actuarial losses	–	(2.1)	–	(1.6)	(2.3)	(0.1)	(1.3)	(0.3)	(7.7)
Exchange difference	–	2.5	0.5	3.1	–	0.2	1.2	0.2	7.7
At 31 March 2012	(0.2)	(23.5)	(3.6)	(37.5)	(26.1)	(0.9)	(9.8)	(5.3)	(106.9)

31. Retirement benefits continued**(h) Movements in the fair value of scheme assets**

(US\$ million)	As at 31 March 2013	As at 31 March 2012
At 1 April	47.8	39.3
Acquisition	–	3.4
Contributions received	12.1	17.7
Benefits paid	(14.4)	(12.3)
Actuarial gains	0.1	1.7
Expected return on plan assets	4.1	3.1
Foreign exchange differences	(3.5)	(5.1)
At 31 March	46.2	47.8

(i) Five year history

Defined benefit pension plan

(US\$ million)	As at 31 March 2013	As at 31 March 2012	As at 31 March 2011	As at 31 March 2010	As at 31 March 2009
Experience (losses)/gains arising on scheme liabilities	(7.6)	(7.0)	(20.4)	(11.3)	7.8
Difference between expected and actual return on plan assets	–	–	–	–	0.1
Fair value of pension scheme assets	46.2	47.8	39.3	32.6	23.6
Present value of pension scheme liabilities	(112.9)	(106.9)	(96.1)	(69.3)	(52.9)
Deficits in the schemes	(66.7)	(59.1)	(56.8)	(36.7)	(29.3)

32. Capital management

The Group's objectives when managing capital are to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

The Group sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. The funding requirement is met through a mixture of equity, internal accruals, convertible bonds and other long-term and short-term borrowings.

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

(US\$ million)	As at 31 March 2013	As at 31 March 2012
Total equity	18,861.4	18,419.5
Net debt	8,615.6	10,064.4
Total capital	27,477.0	28,483.9
Gearing	31.4%	35.3%

The reduction in the gearing ratio compared against the 2012 ratio is due to a 14.4% decrease in the net debt of the Group set off against an increase of 2.4% in total equity. The primary reason for the decrease in net debt is due to increased levels of liquid investments, cash and cash equivalents when compared to 2012.

Notes to the Financial Statements continued

33. Share capital

Authorised	At 31 March 2013		At 31 March 2012	
	Number	US\$ million	Number	US\$ million
Ordinary shares of 10 US cents each	400,000,000	40.0	400,000,000	40.0
Deferred shares of £1 each	50,000	–	50,000	–
	400,050,000	40.0	400,050,000	40.0

Ordinary shares issued and fully paid	At 31 March 2013		At 31 March 2012	
	Number	US\$ million	Number	US\$ million
Ordinary shares of 10 US cents each	297,583,010	29.8	296,908,045	29.7
Deferred shares of £1 each	50,000	–	50,000	–
	297,633,010	29.8	296,958,045	29.7

During the year ended 31 March 2013, the Company issued 674,965 shares to the employees pursuant to the LTIP scheme (2012: 62,294 shares).

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

6,904,995 ordinary shares which were issued on the conversion of certain convertible bonds issued by one of the Group's subsidiaries are held through a global depository receipt and carry no voting rights.

During the year ended 31 March 2013, the Company did not buy back any shares under its share buy-back programme (2012: nil). At 31 March 2013, the total number of shares held in treasury was 24,206,816 (2012: 24,206,816).

34. Business combinations

There were no business combinations during the year ended 31 March 2013.

Prior year business combinations

Cairn India Limited

During the year ended 31 March 2012, the Group completed the acquisition of Cairn India Limited by acquiring a 59% stake, as follows:

- In April 2011, the Group, through its subsidiary Sesa Goa acquired 200 million shares amounting to 10.5% stake in Cairn India Limited from Petronas International Corporation Ltd. ('Petronas') at a price of INR331 per share amounting to total cash consideration of US\$1,478.0 million.
- Sesa Goa and Sesa Resources acquired circa 8.1% of Cairn India Limited through an open offer at a total cost of US\$1,223.0 million.
- On 11 July 2011, the Group, through its wholly owned subsidiary Twin Star Mauritius Holdings Limited ('TMHL'), acquired a further 191.9 million shares from Cairn Energy plc, amounting to a circa 10.1% stake in Cairn India Limited at a price of INR355 per share amounting to US\$1,505.7 million.
- On 7 December 2011, Sesa Goa acquired a 1.5% stake from Cairn Energy on the open market for a consideration of US\$182 million.
- On 8 December 2011, the acquisition was completed when the Group, through TMHL, purchased a 28.7% stake from Cairn Energy plc at a price of INR355 per share.

Cairn India is involved in the business of exploration, development and production of oil and gas. Provisional fair values that were determined as at 31 March 2012 for consolidation were finalised during the measurement period of 12 months from the acquisition date of Cairn India:

34. Business combinations continued

(US\$ million)	Provisional fair value	Fair value adjustments	Fair value at acquisition
Assets			
Non-current assets			
Property, plant and equipment	17,547.1	(456.4)	17,090.7
Deferred tax assets	205.7	–	205.7
	17,752.8	(456.4)	17,296.4
Current assets			
Inventories	25.3	–	25.3
Trade and other receivables	794.9	–	794.9
Liquid investments	1,151.0	–	1,151.0
Cash and cash equivalents	665.8	–	665.8
Current tax assets	23.5	–	23.5
Assets held for sale	24.1	–	24.1
	2,684.6	–	2,684.6
Liabilities			
Current liabilities			
Trade and other payables	(457.6)	–	(457.6)
Other financial liabilities – derivatives	(4.6)	–	(4.6)
Provisions	(626.8)	–	(626.8)
	(1,089.0)	–	(1,089.0)
Non-current liabilities			
Medium and long-term borrowings	(239.3)	–	(239.3)
Provisions	(83.7)	–	(83.7)
Deferred tax liabilities	(4,832.0)	456.4	(4,375.6)
	(5,155.0)	456.4	(4,698.6)
Net assets	14,193.4	–	14,193.4
Satisfied by:			
Fair value of existing stake			3,788.2
Cash consideration paid for 28.7%			4,284.9
Non-controlling interest			5,819.3
Less: Fair value of identifiable assets and liabilities			(14,193.4)
Bargain purchase			301.0

The change in fair valuation is due to the retrospective application of a decrease in the tax rate applied in the deferred tax calculation following the approval for the reorganisation of Cairn India.

Due to the acquisition being completed in a series of transactions, the acquisition is accounted for as a step acquisition in FY 2012 under the provisions of IFRS 3 (revised 2008). Accordingly, the equity interest previously held in Cairn India and accounted as an investment in associate, is treated as if it was disposed of and reacquired at fair value on the acquisition date. Consequently, the Group remeasured its existing 30.3% interest in the assets and liabilities of Cairn India Limited prior to this transaction to their fair values, recognising a loss of US\$332.4 million. The Group recognised a bargain purchase gain of US\$301.0 million, resulting from excess fair value of the net assets acquired over the fair value of consideration paid. The net loss of US\$31.4 million is recorded within special items in the income statement (Note 5).

Notes to the Financial Statements continued

35. Joint ventures

Jointly controlled assets

The Group's principal licence interests in oil and gas business are jointly controlled assets. The principal licence interests are as follows:

	Working Interest %
India	
Block PKGM-1 (Ravva)	22.50
Block KG-ONN-2003/1	49.00
Block CB-OS/2-Exploration	60.00
Block CB/OS-2 Development and production areas	40.00
Block RJ-ON-90/1 Development and production areas	70.00
Block RJ-ON-90/1-Exploration	100.00
Block PR-OSN-2004/1	35.00
Block KG-OSN-2009/3	100.00
Block MB-DWN-2009/1	100.00
South Africa	
South Africa Block 1	60.00
Sri Lanka	
SL-2007-01-001	100.00

36. Investments in associates

Investments in Cairn India Limited

The Group accounted for its investments in Cairn India Limited as an associate from 11 July 2011, the date it acquired significant influence, to 7 December 2011, the date it acquired the controlling stake.

The share of associate's revenue and profit

(US\$ million)	For the period 11 July 2011 to 7 December 2011
Revenue	283.2
Operating profit	122.7
Investment revenues	8.8
Finance cost	(20.7)
Profit before taxation	110.8
Tax expense	(18.6)
Share of profit for the period	92.2
Attributable to:	
Equity holders of the parent	65.4
Non-controlling interests	26.8
	92.2

37. Commitments, guarantees and contingencies

Commitments

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

- exploratory mining commitments;
- mining commitments arising under production sharing agreements; and
- completion of the construction of certain assets.

(US\$ million)	As at 31 March 2013	As at 31 March 2012
Capital commitments contracted but not provided	2,305.9	2,877.0

Commitments at 31 March 2013 primarily related to the expansion projects at HZL US\$510.7 million (2012: US\$155.8 million), KCM US\$61.3 million (2012: US\$121.3 million), VAL US\$631.6 million (2012: US\$750.1 million), SEL US\$31.8 million (2012: US\$64.8 million), BALCO US\$114.4 million (2012: US\$212.9 million), Talwandi Sabo US\$317.5 million (2012: US\$1,216.6 million) and Sterlite US\$277.2 million (2012: US\$246.6 million).

37. Commitments, guarantees and contingencies continued**Guarantees**

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

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

As at 31 March 2013, US\$217.1 million of guarantees were advanced to banks, suppliers etc. in the normal course of business (2012: US\$335.2 million). The Group has also entered into guarantees and bonds advanced to the customs authorities in India of US\$1,638.8 million relating to the export and payment of import duties on purchases of raw material and capital goods including export obligations (2012: US\$1,594.5 million).

Cairn PSC guarantee to Government

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

Cairn India have provided various other guarantees under the Cairn India Group's bank facilities for the Cairn India Group's share of minimum work programme commitments of US\$22.1 million for the current year (2012: US\$34.2 million).

Export obligations

The Indian entities of the Group have export obligations of US\$4,013.4 million (2012: US\$4,732.6 million) on account of concessional rates of import duty paid on capital goods under the Export Promotion Capital Goods Scheme and under the Advance Licence Scheme for import of raw material laid down by the Government of India.

In the event of the Group's inability to meet its obligations, the Group's liability would be US\$501.7 million (2012: US\$591.6 million), reduced in proportion to actual exports, plus applicable interest.

Guarantees to suppliers

The Group has given corporate guarantees to certain suppliers of concentrate. The amount of these guarantees was US\$50.0 million at 31 March 2013 (2012: US\$195.0 million).

Contingencies**MALCO claims with Tamil Nadu Electricity Board ('TNEB')**

TNEB is claiming US\$18.8 million from MALCO for an electricity self-generation levy for the period from May 1999 to June 2003. This claim has arisen since the commissioning of MALCO's captive power plant in 1999. The Company has sought an exemption from the application of this levy from the Government of Tamil Nadu. The application is under consideration. Meanwhile, the Madras High Court has in its recent Order, remitted back the case to the State of Tamil Nadu, to take a decision afresh on the representation for grant of tax exemption on consumption of electricity and directed to pass a detailed speaking order.

HZL: Department of Mines and Geology

The Department of Mines and Geology of the State of Rajasthan issued several show cause notices in August, September and October 2006 to HZL, totalling US\$61.4 million. These notices alleged unlawful occupation and unauthorised mining of associated minerals other than zinc and lead at HZL's Rampura Agucha, Rajpura Dariba and Zawar mines in Rajasthan during the period from July 1968 to March 2006. HZL believes that the likelihood of this claim becoming an obligation of the Company is unlikely and thus no provision has been made in the financial statements. HZL has filed writ petitions in the High Court of Rajasthan in Jodhpur and has obtained a stay in respect of these demands.

RICHTER: Income Tax

The Indian Tax Authorities have served a show cause notice on an indirect subsidiary of Vedanta Resources plc, Richter Holdings Limited ('Richter'), for alleged failure to deduct withholding tax on capital gain on the alleged indirect acquisition of shares in Sesa Goa Limited in April 2007. Richter has applied to the larger bench of the Karnataka High Court to seek to quash the notice in view of the established legal position. The court directed Richter to approach the tax office to decide the jurisdiction and granted liberty to approach the court directly in the event Richter is not satisfied with the conclusion of the tax office. Meanwhile in another case the Supreme Court of India has held that overseas share transfers are not subject to taxation in India. Subsequent to this decision, the Finance Bill, 2012 seeks to amend the tax laws retrospectively to clarify the legislative intent. Richter believes it is not liable for such withholding tax and intends to challenge the amendments when enacted.

Miscellaneous disputes – Sterlite, HZL, MALCO, BALCO, Cairn and Lisheen

The Company has various contingencies. With regard to the claims against Group companies included below, unless stated, no provision has been made in the financial statements as the Directors believe that it is not probable that the claims will give rise to a material liability.

Notes to the Financial Statements continued

37. Commitments, guarantees and contingencies continued

The income tax, excise, indirect tax authorities and others have made several claims against the Group companies for additional income tax, excise, indirect duties, claims etc. The claims mostly relate either to the assessable values of sales and purchases or to incomplete documentation supporting the companies' returns or other claims.

The approximate value of claims against the companies total US\$1,508.7 million (2012: US\$864.6 million), of which US\$60.3 million (2012: US\$17.4 million) is included as a provision in the Balance Sheet as at 31 March 2013. In the view of the Directors, there are no significant unprovided liabilities arising from these claims.

38. Related party transactions

The information below sets out transactions and balances between the Group and various related parties in the normal course of business for the year ended 31 March 2013.

Sterlite Technologies Limited ('STL')

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Sales to STL	205.2	184.7
Reimbursement of expenses	0.1	0.2
Purchases	4.7	7.1
Net interest received	0.3	0.4
Net amounts receivable at year end	10.5	13.5

Sterlite Technologies Limited is related by virtue of having the same controlling party as the Group, namely Volcan. Pursuant to the terms of the Shared Services Agreement dated 5 December 2003 entered into by the Company, Sterlite and STL, the Company and Sterlite provide various commercial services in relation to STL's businesses on an arm's length basis and at normal commercial terms. For the year ended 31 March 2013, the commercial services provided to STL were performed by certain senior employees of the Group on terms set out in the Shared Services Agreement. The services provided to STL in this year amounted to US\$0.04 million (2012: US\$0.1 million).

Vedanta Foundation

During the year US\$1.3 million was paid to the Vedanta Foundation (2012: US\$2.3 million).

Vedanta Foundation is a registered not-for-profit entity engaged in computer education and other related social and charitable activities. The major activity of the Vedanta Foundation is providing computer education for disadvantaged students. The Vedanta Foundation is a related party as it is controlled by members of the Agarwal family who control Volcan. Volcan is also the majority shareholder of Vedanta Resources plc.

Sesa Goa Community Foundation Limited

Following the acquisition of Sesa, the Sesa Goa Community Foundation Limited, a charitable institution, became a related party of the Group on the basis that key management personnel of the Group have significant influence on the Sesa Goa Community Foundation Limited. During the year ended 31 March 2013, US\$0.7 million (2012: US\$1.1 million) was paid to the Sesa Goa Community Foundation Limited.

The Anil Agarwal Foundation

During the year, US\$0.01 million (2012: US\$0.1 million) was received from the Anil Agarwal Foundation towards reimbursement of administrative expenses. The Anil Agarwal Foundation is a registered not-for-profit entity engaged in social and charitable activities. The Anil Agarwal Foundation is controlled by members of the Agarwal family.

Sterlite Iron and Steel Limited

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Reimbursement of expenses	0.1	0.1
Loan balance receivable	7.3	7.1
Receivable at year end	0.4	0.3
Net interest received	0.6	–

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

38. Related party transactions continued

Vedanta Medical Research Foundation

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Donation	4.8	5.2

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

Volcan Investments Limited

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Reimbursement of expenses	0.3	0.3
Net amount receivable at the year end	0.2	0.1
Dividend paid	94.1	91.0

Volcan Investments Limited is a related party of the Group by virtue of being controlled by persons related to key management personnel of the Group.

Public and Political Awareness Trust

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Donation	0.9	1.0

Public and Political Awareness Trust is a related party by virtue of being controlled by members of Agarwal family.

Gaurav Overseas Private Limited

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Loan balance receivable	–	1.7

Gaurav Overseas Private Limited is a related party by virtue of being an associate of Sterlite Industries (India) Limited, which has a 50% shareholding.

Ashurst LLP

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Payments made during the year	0.7	–
Amount payable at year end	0.2	–

Ashurst LLP is a related party of the Group on the basis that key management personnel of the Group exercise significant influence.

While similar transactions were entered into with Ashurst LLP in the previous year ended 31 March 2012, they were not related party transactions, because the related party relationship did not exist in the prior year. Accordingly, those transactions are not disclosed.

Remuneration of key management personnel

(US\$ million)	Year ended 31 March 2013	Year ended 31 March 2012
Short-term employee benefits	17.3	13.8
Post-employment benefits	0.7	0.7
Share-based payments	4.0	12.7
	22.0	27.2



Notes to the Financial Statements continued

39. Share transactions

BALCO Option

The Company purchased 51% shareholding in BALCO from the Government of India on 2 March 2001. Under the terms of the Shareholder's Agreement ('SHA') for BALCO, the Company has a call option that allows it to purchase the Government of India's residual ownership interest in BALCO at any stage from 2 March 2004. The Company exercised this option on 19 March 2004. However, the Government of India has contested the validity of the call option and the valuation. The Company attempted to resolve the issue through mediation but the process of mediation was unsuccessful and the dispute was referred to arbitration as provided for in the SHA. The Arbitration Tribunal in its majority award dated 25 January 2011 rejected the claims of Sterlite and held that put/call options as contained in the SHA are in violation of Section 111A(2) of the Companies Act, 1956 and are not enforceable. Sterlite challenged the validity of the Award dated 25 January 2011 and sought for setting aside of the Award under Section 34 of the Arbitration and Conciliation Act, 1996 to the extent to which it holds that Clauses 5.8, 5.3, 5.4 and 5.1(a) of the SHA are void, ineffective and inoperative by virtue of being violative of sub-section (2) of 111A of the Companies Act, 1956. The Government has also challenged the majority Award which upholds the first valuation report and has appealed for setting aside the ruling made in the Award relating to the valuation report and the Company's right to purchase the Government of India's shares at 75% of the valuation. The Delhi High Court has kept the Government of India's application in abeyance until the Company's application has been determined. The Company's application is listed for final hearing on 29 May 2013.

HZL Option

In pursuance to the Government of India's policy of disinvestment and the Share Purchase Agreement and a SHA both dated 4 April 2002 entered into with the Government of India, the Company acquired 26% equity interest in HZL. Under the terms of the SHA, the Company could exercise the primary call option to purchase 18.92% of the Government of India's share capital in HZL at fair market value upon expiry of six months of the effective date of the SHA and such right would be valid for a period of 12 months. The Company exercised the first call option on 29 August 2003 and acquired an additional share capital constituting 18.92% of HZL's issued share capital. The Company also acquired additional 20% of the equity capital in HZL through an open offer, resulting in an increase of the Company's shareholding to 64.92%. As per the SHA, the Company can exercise a second call option to acquire the entire residual shareholding of the Government of India constituting 29.5% shares in HZL at any time after the expiry of five years from the effective date of the SHA. The Company exercised its second call option by way of its letter dated 21 July 2009. The Government of India has claimed that the provisions of the SHA violate the provisions of Section 111A of the Companies Act, 1956 by restricting the right of the Government of India to transfer its shares freely and by virtue of Section 9 of the said Act such provisions are void and unenforceable. As such, the Government of India has refused to act upon the second call option. Consequently, the Company has invoked the Arbitration clause for referring the matter to arbitration and has appointed its nominee arbitrator. Under the terms of the SHA, the Government of India is required to nominate its arbitrator and the two nominated arbitrators would then choose the third arbitrator who would preside over the arbitral tribunal. As the Government of India did not appoint an arbitrator, the Company filed an application under Section 11(6) of the Arbitration and Conciliation Act, 1996 in the Delhi High Court petitioning the Court to take necessary measures of securing the appointment of arbitrator. The Delhi High Court has in its order dated 18 May 2010 directed the parties to appoint mediators for mediation of the dispute. The mediation process was unsuccessful. Consequently an arbitral tribunal was constituted. As per the preliminary meeting, the parties have been directed to file their statement of claim and reply prior to the next date of hearing in 6 July 2013.

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

Share purchases

During the year ended 31 March 2012, the Group increased its holding in certain of its subsidiaries through open market purchases. The details of such purchases are as follows:

- a. 17,297,059 shares of Sterlite Industries (India) Limited accounting for 0.51% of SIIL's total equity.
- b. 15,598 shares of MALCO accounting for 0.01% of MALCO's total equity.

The aggregate amount on these transactions totals US\$15.6 million and was recorded within equity.

40. Subsequent events

Subsequent to the balance sheet date of 31 March 2013, the following events were identified which may have a bearing on the understanding of the financial statements.

Following public complaints of noxious gas emissions, the Tamil Nadu Pollution Control Board ('TNPCB') ordered the closure of the Tuticorin Copper Smelter on 29 March 2013. The Company's appeal against the TNPCB order has been admitted by National Green Tribunal ('NGT'). An expert committee constituted by NGT has submitted its report and the matter is now being heard by NGT branch in New Delhi.

Despite the closure order above, on 2 April 2013, the Honourable Supreme Court upheld the Group's appeal filed in 2010 against the Madras High Court order for the Tuticorin smelter closure. The Company was ordered to deposit US\$18.4 million with the District Collector of Tuticorin which will be used to improve the environment, including soil and water, in the vicinity of the plant. The amount deposited has been included in the financial statements and recorded as a special item within the income statement (see Note 5).

40. Subsequent events continued

With regards to the Niyamgiri case in VAL Lanjigarh, on 18 April 2013 the Supreme Court directed the State Government of Odisha to place unresolved issues and claims of the local communities under the Forest Right Act and rules before the Gram Sabha (Village council of Rayagada and Kalahandi districts of Odisha). The Gram Sabha would consider these claims within three months and communicate the same to MOEF through the State Government of Odisha. Upon conclusion of the proceedings before the Gram Sabha, the MOEF shall take a final decision within two months regarding the grant of final stage forest clearance for the Niyamgiri mining lease of OMC.

Following the judgement of the Supreme Court of India on 19 April 2013, Sesa's Karnataka mines, which fall under category B mines, have been permitted to resume mining activities subject to the fulfilment of certain conditions. These conditions are the renewal of forest clearance and completion of reclamation and rehabilitation work to the satisfaction of a Monitoring Committee.

Further detail of the above matters is provided in Note 2(b) to the financial statements.

41. List of subsidiaries

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

Subsidiaries	Principal activities	The Company's economic percentage holding		Country of incorporation	Immediate holding company	Immediate percentage holding	
		31 March 2013	31 March 2012			31 March 2013	31 March 2012
Direct Subsidiaries of the parent Company							
Vedanta Resources Holding Limited ('VRHL')	Holding company	100.00%	100.00%	Great Britain	VR plc	100.00%	100.00%
Vedanta Resources Jersey Limited ('VRJL')	Financing company	100.00%	100.00%	Jersey (CI)	VR plc	100.00%	100.00%
Vedanta Resources Jersey II Limited ('VRJL-II')	Financing company	100.00%	100.00%	Jersey (CI)	VR plc	100.00%	100.00%
Vedanta Finance (Jersey) Limited ('VFJL')	Financing company	100.00%	100.00%	Jersey (CI)	VR plc	100.00%	100.00%
Vedanta Resources Investments Limited ('VRIL')	Financing company	100.00%	100.00%	Great Britain	VR plc	100.00%	100.00%
Vedanta Jersey Investments Limited	Financing company	100.00%	100.00%	Jersey (CI)	VR plc	100.00%	100.00%
Indirect Subsidiaries of the parent Company							
Bharat Aluminium Company Limited ('BALCO')	Aluminium mining and smelting	29.59%	29.59%	India	Sterlite	51.00%	51.00%
Copper Mines Of Tasmania Pty Limited ('CMT')	Copper mining	58.02%	58.02%	Australia	MCBV	100.00%	100.00%
Fujairah Gold	Gold and Silver processing	58.02%	58.02%	UAE	CMT	100.00%	100.00%
Hindustan Zinc Limited ('HZL')	Zinc and mining and smelting	37.66%	37.66%	India	Sterlite	64.92%	64.92%
The Madras Aluminium Company Limited ('MALCO')	Energy generation	94.81%	94.81%	India	Twin Star	78.80%	78.80%
Monte Cello BV ('MCBV')	Holding company	58.02%	58.02%	Netherlands	Sterlite	100.00%	100.00%
Monte Cello Corporation NV ('MCNV')	Holding company	100.00%	100.00%	Netherlands	Twin Star	100.00%	100.00%
Konkola Copper Mines PLC ('KCM')	Copper mining and smelting	79.40%	79.40%	Zambia	VRHL	79.40%	79.40%
Sterlite Energy Limited ('SEL')	Energy generation	58.02%	58.02%	India	Sterlite	100.00%	100.00%
Sesa Goa Limited ('Sesa Goa')	Iron ore	55.13%	55.13%	India	Finsider	46.20%	46.20%
Sesa Resources Limited	Iron ore	55.13%	55.13%	India	Sesa Goa	100.00%	100.00%

Notes to the Financial Statements continued

41. List of subsidiaries continued

Subsidiaries	Principal activities	The Company's economic percentage holding		Country of incorporation	Immediate holding company	Immediate percentage holding	
		31 March 2013	31 March 2012			31 March 2013	31 March 2012
Sesa Mining Corporation Private Limited	Iron ore	55.13%	55.13%	India	Sesa Resources Limited	100.00%	100.00%
Sterlite Industries (India) Limited ('Sterlite')	Copper smelting	58.02%	58.02%	India	Twin Star	54.64%	54.64%
Sterlite Infra Limited ('SIL')	Non-trading	58.02%	58.02%	India	Sterlite	100.00%	100.00%
Thalanga Copper Mines Pty Limited ('TCM')	Copper mining	58.02%	58.02%	Australia	MCBV	100.00%	100.00%
Twin Star Holdings Limited ('Twin Star')	Holding company	100.00%	100.00%	Mauritius	VRHL	100.00%	100.00%
Vedanta Aluminium Limited ('VAL')	Alumina mining, aluminium refining and smelting	87.61%	87.61%	India	EKTL	70.50%	70.50%
Richter Holding Limited ('Richter')	Financing company	100.00%	100.00%	Cyprus	VRCL	100.00%	100.00%
Westglobe Limited	Financing company	100.00%	100.00%	Mauritius	Richter	100.00%	100.00%
Finsider International Company Limited	Financing company	100.00%	100.00%	Great Britain	Richter	60.00%	60.00%
Vedanta Resources Finance Limited ('VRFL')	Financing company	100.00%	100.00%	Great Britain	VRHL	100.00%	100.00%
Vedanta Resources Cyprus Limited ('VRCL')	Financing company	100.00%	100.00%	Cyprus	VRFL	100.00%	100.00%
Welter Trading Limited ('Welter')	Financing company	100.00%	100.00%	Cyprus	VRCL	100.00%	100.00%
Lakomasko B.V.	Financing company	58.02%	58.02%	Netherlands	THL Zinc Holding B.V.	100.00%	100.00%
THL Zinc Ventures Limited	Financing company	58.02%	58.02%	Mauritius	Sterlite Infra	100.00%	100.00%
Twin Star Energy Holdings Limited	Holding company	100.00%	100.00%	Mauritius	VRHL	100.00%	100.00%
THL Zinc Limited	Financing company	58.02%	58.02%	Mauritius	THL Zinc Ventures Ltd	100.00%	100.00%
Sterlite (USA) Inc.	Financing company	58.02%	58.02%	USA	Sterlite	100.00%	100.00%
Talwandi Sabo Power Limited	Energy generation	58.02%	58.02%	India	SEL	100.00%	100.00%
Konkola Resources plc	Holding company	100.00%	100.00%	Great Britain	VRHL	100.00%	100.00%
Vizag General Cargo Berth Private Limited	Infrastructure	42.94%	42.94%	India	Sterlite	74.00%	74.00%
Twin Star Mauritius Holdings Limited ('TMHL')	Holding company	100.00%	100.00%	Mauritius	Twin Star Energy Holdings Ltd.	100.00%	100.00%
THL Zinc Namibia Holdings (Pty) Limited ('VNHL')	Mining and exploration	58.02%	58.02%	Namibia	THL Zinc Ltd	100.00%	100.00%
Skorpion Zinc (Pty) Limited ('SZPL')	Acquisition of immovable and movable properties	58.02%	58.02%	Namibia	VNHL	100.00%	100.00%
Namzinc (Pty) Limited ('SZ')	Mining	58.02%	58.02%	Namibia	SZPL	100.00%	100.00%
Skorpion Mining Company (Pty) Limited ('NZ')	Mining	58.02%	58.02%	Namibia	SZPL	100.00%	100.00%
Amica Guesthouse (Pty) Ltd	Accommodation and catering services	58.02%	58.02%	Namibia	SZPL	100.00%	100.00%

41. List of subsidiaries continued

Subsidiaries	Principal activities	The Company's economic percentage holding		Country of incorporation	Immediate holding company	Immediate percentage holding	
		31 March 2013	31 March 2012			31 March 2013	31 March 2012
Rosh Pinah Healthcare (Pty) Ltd	Leasing out of medical equipment and building and conducting services related thereto	37.13%	37.13%	Namibia	SZPL	64.00%	64.00%
Black Mountain Mining (Pty) Ltd	Mining	42.94%	42.94%	South Africa	THL Zinc Ltd	74.00%	74.00%
THL Zinc Holding BV	Financing company	58.02%	58.02%	Netherlands	Sterlite Infra	100.00%	100.00%
Lisheen Mine Partnership	Mining partnership firm	58.02%	58.02%	Ireland	VLML	50.00%	50.00%
Pecvest 17 Proprietary. Ltd.	Investment company	58.02%	58.02%	South Africa	THL Zinc Ltd	100.00%	100.00%
Vedanta Lisheen Holdings Limited ('VLFL')	Investment company	58.02%	58.02%	Ireland	THL Zinc Holding BV	100.00%	100.00%
Vedanta Lisheen Mining Limited ('VLML')	Mining	58.02%	58.02%	Ireland	VLFL	100.00%	100.00%
Killoran Lisheen Mining Limited	Mining	58.02%	58.02%	Ireland	VLFL	100.00%	100.00%
Killoran Lisheen Finance Limited	Investment company	58.02%	58.02%	Ireland	VLFL	100.00%	100.00%
Lisheen Milling Limited	Manufacturing	58.02%	58.02%	Ireland	VLFL	100.00%	100.00%
Paradip Multi Cargo Berth Private Limited	Infrastructure	42.94%	42.94%	India	Sterlite	74.00%	74.00%
Sterlite Ports Limited (Earlier MALCO Power Company Limited)	Investment company	58.02%	58.02%	India	Sterlite	100.00%	100.00%
Sterlite Infraventures Limited (Earlier MALCO Industries Limited)	Investment company	58.02%	58.02%	India	Sterlite	100.00%	100.00%
Bloom Fountain Limited	Investment company	55.13%	55.13%	Mauritius	Sesa Goa Limited	100.00%	100.00%
Western Cluster Limited	Mining Company	55.13%	28.12%	Liberia	Bloom Fountain Limited	100.00%	51.00%
Ekaterina Limited ('EKTL')	Investment company	100.00%	100.00%	Mauritius	Twin Star Holdings Ltd	64.54%	64.54%
Goa Energy Private Limited	Energy generation	55.13%	55.13%	India	Sesa Goa Limited	100.00%	100.00%
Valliant (Jersey) Limited ¹	Financing Company	100.00%	–	Jersey (CI)	VRJL-II	100.00%	–
SesaSterlite US LLC ¹	Investment company	100.00%	–	USA	VRHL	100.00%	–
SesaSterlite US Corporation ¹	Investment company	100.00%	–	USA	VRHL	100.00%	–
Cairn India Limited	Exploration & production	49.76%	49.83%	India	Twin Star Mauritius Holdings Ltd	38.68%	38.74%
Cairn India Holdings Limited	Holding company	49.76%	49.83%	Jersey	Cairn India Limited	100.00%	100.00%
Cairn Energy Holdings Limited	Holding company	49.76%	49.83%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Energy Hydrocarbons Ltd	Exploration and production	49.76%	49.83%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Exploration (No. 7) Limited	Exploration and production	49.76%	49.83%	Scotland	Cairn India Holdings Limited	100.00%	100.00%

Notes to the Financial Statements continued

41. List of subsidiaries continued

Subsidiaries	Principal activities	The Company's economic percentage holding		Country of incorporation	Immediate holding company	Immediate percentage holding	
		31 March 2013	31 March 2012			31 March 2013	31 March 2012
Cairn Exploration (No.6) Limited	Exploration and production	49.76%	49.83%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Exploration (No.4) Limited	Exploration and production	49.76%	49.83%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Exploration (No. 2) Limited	Exploration and production	49.76%	49.83%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Energy Gujarat Block 1 Limited	Exploration and production	49.76%	49.83%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Energy Discovery Limited	Exploration and production	49.76%	49.83%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Petroleum India Limited	Exploration and production	49.76%	49.83%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Energy Cambay B.V.	Exploration and production	49.76%	49.83%	Netherlands	Cairn Energy Cambay Holding B.V.	100.00%	100.00%
Cairn Energy India West B.V.	Exploration and production	49.76%	49.83%	Netherlands	Carin Energy India West Holding B.V.	100.00%	100.00%
Cairn Energy Gujarat B.V.	Exploration and production	49.76%	49.83%	Netherlands	Cairn Energy Gujarat Holding B.V.	100.00%	100.00%
Cairn Energy India Holdings B.V.	Holding company	49.76%	49.83%	Netherlands	Cairn Energy Group Holdings B.V.	100.00%	100.00%
Cairn Energy Group Holdings B.V.	Holding company	49.76%	49.83%	Netherlands	Cairn Energy Netherlands Holdings B.V.	100.00%	100.00%
Cairn Energy Netherlands Holdings B.V.	Holding company	49.76%	49.83%	Netherlands	Cairn Energy Holdings Limited	100.00%	100.00%
Cairn Energy Gujarat Holding B.V.	Holding company	49.76%	49.83%	Netherlands	Cairn Energy India Holdings B.V.	100.00%	100.00%
Cairn Energy India West Holding B.V.	Holding company	49.76%	49.83%	Netherlands	Cairn Energy India Holdings B.V.	100.00%	100.00%
Cairn Energy Cambay Holding B.V.	Holding company	49.76%	49.83%	Netherlands	Cairn Energy India Holdings B.V.	100.00%	100.00%
Cairn Energy Australia Pty Limited	Holding company	49.76%	49.83%	Australia	Cairn Energy Group Holdings B.V.	100.00%	100.00%

41. List of subsidiaries continued

Subsidiaries	Principal activities	The Company's economic percentage holding		Country of incorporation	Immediate holding company	Immediate percentage holding	
		31 March 2013	31 March 2012			31 March 2013	31 March 2012
CEH Australia Limited	Holding company	49.76%	49.83%	Australia	Cairn Energy Australia Pty Limited	100.00%	100.00%
Cairn Energy Asia Pty Limited	Holding company	49.76%	49.83%	Australia	Cairn Energy Australia Pty Limited	68.18%	68.18%
Cairn Energy Investments Australia Pty Limited	Holding company	49.76%	49.83%	Australia	Cairn Energy Asia Pty Limited	100.00%	100.00%
Wessington Investments Pty Limited	Holding company	49.76%	49.83%	Australia	Cairn Energy Asia Pty Limited	100.00%	100.00%
Sydney Oil Company Pty Limited	Holding company	49.76%	49.83%	Australia	Cairn Energy Investments Australia Pty Limited	100.00%	100.00%
Cairn Energy India Pty Limited	Exploration & production	49.76%	49.83%	Australia	Sydney Oil Company Pty Limited	100.00%	100.00%
CEH Australia Pty Limited	Holding company	49.76%	49.83%	Australia	CEH Australia Limited	100.00%	100.00%
CIG Mauritius Holdings Private Limited	Holding company	49.76%	49.83%	Mauritius	Cairn India Limited	100.00%	100.00%
CIG Mauritius Private Limited	Holding company	49.76%	49.83%	Mauritius	CIG Mauritius Holding Private Limited	100.00%	100.00%
Cairn Lanka (Pvt) Ltd	Exploration and production	49.76%	49.83%	Sri Lanka	CIG Mauritius Pvt Ltd	100.00%	100.00%
Cairn South Africa Pty Limited ¹	Exploration and production	49.76%	–	South Africa	Cairn Energy Hydrocarbons Limited	100.00%	–

¹ Incorporated during the year.

The Group owns directly or indirectly through subsidiaries, more than half of the voting power of all of its subsidiaries as mentioned in the list above, and the Group is able to govern its subsidiaries' financial and operating policies so as to benefit from their activities.

42. Ultimate controlling party

At 31 March 2013, the ultimate controlling party of the Group was Volcan, which is controlled by persons related to the Executive Chairman, Mr Anil Agarwal. Volcan is incorporated in the Bahamas, and does not produce Group accounts.

Notes to the Financial Statements continued

43. Company Balance Sheet

(US\$ million)	Note	31 March 2013	31 March 2012
Fixed assets			
Tangible assets	45	0.6	0.3
Investments in subsidiaries	46	1,061.8	1,061.8
Investment in preference shares of subsidiaries	47	178.9	178.9
Financial asset investment	48	0.1	0.3
Derivative asset		–	5.3
		1,241.4	1,246.6
Current assets			
Debtors due within one year	49	788.8	463.1
Debtors due after one year	49	4,899.3	5,378.2
Current asset investments	50	89.5	182.5
Cash at bank and in hand		0.6	0.3
		5,778.2	6,024.1
Creditors: amounts falling due within one year			
Trade and other creditors	51	(68.9)	(66.6)
External borrowings	51	(499.3)	(996.0)
Loan from subsidiary	51	(1,059.9)	(281.7)
Derivative liability	51	(4.5)	–
		(1,632.7)	(1,344.3)
Net current assets			
		4,145.5	4,679.8
Total assets less current liabilities			
		5,386.9	5,926.4
Creditors: amounts falling due after one year			
Loan from subsidiary	52	(1,069.8)	(1,741.1)
External borrowings	52	(3,481.4)	(3,205.8)
		(4,551.2)	(4,946.9)
Net assets			
		835.7	979.5
Capital and reserves			
Called up share capital	53	29.8	29.7
Share premium account	53	196.8	196.8
Share-based payment reserve	53	29.0	39.8
Convertible bond reserve	53	302.9	382.0
Other reserves	53	(2.2)	(2.0)
Treasury shares	53	(490.6)	(490.6)
Profit and loss account	53	770.0	823.8
Shareholders' funds			
	53	835.7	979.5

Financial statements of Vedanta Resources plc, registration number 4740415 were approved by the Board on 15 May 2013.

MS Mehta – Director

44. Company accounting policies

The Vedanta Resources plc (the 'Company') balance sheet and related notes have been prepared in accordance with United Kingdom Generally Accepted Accounting Principles and UK company law ('UK GAAP'). The financial information has been prepared on an historical cost basis. As permitted by the Companies Act 2006, the profit and loss account of the parent Company is not presented as part of these financial statements.

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these financial statements. The loss after tax for the period of the Company amounted to US\$15.7 million (2012: profit of US\$94.8 million).

Significant accounting policies

Investments in subsidiaries

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

Investment in preference shares of subsidiaries

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

Cash and cash equivalents

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

Financial asset investments

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

Currency translation

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

Tangible fixed assets

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

Deferred taxation

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

Share-based payments

The cost of equity-settled transactions with employees is measured at fair value at the date at which they are granted. The fair value of share awards with market-related vesting conditions are determined by an external valuer and the fair value at the grant date is expensed on a straight-line basis over the vesting period based on the Company's estimate of shares that will eventually vest. The estimate of the number of awards likely to vest is reviewed at each balance sheet date up to the vesting date at which point the estimate is adjusted to reflect the current expectations. No adjustment is made to the fair value after the vesting date even if the awards are forfeited or not exercised. Amounts recharged to subsidiaries in respect of awards granted to employees of subsidiaries are recognised as intercompany debtors until repaid.

Borrowings

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

Notes to the Financial Statements continued

44. Company accounting policies continued

Convertible bonds

The convertible bonds issued by VRJL and VRJL-II (Note 52) are accounted for as a compound instrument. The gross proceeds (net of issue costs) were lent to the Company by VRJL and VRJL-II. The equity component has been recognised in a separate reserve of the company and is not subsequently remeasured. The recognition of the equity component by the Company acts to reduce the payable to VRJL and VRJL-II which arises once the gross proceeds are borrowed. The liability component is held at amortised cost. The interest expensed on the liability component is calculated by applying an effective interest rate. The difference between interest expensed and interest paid is added to the carrying amount of the liability component.

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

Financial instruments

The Company has elected to take the exemption provided in paragraph 2D of FRS 29 in respect of these parent Company financial statements. Full disclosures are provided in note 27 to the financial statements of the Group for the period ended 31 March 2013.

Derivative financial instruments

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

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

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

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

Cash flow statement

The Company's individual financial statements are outside the scope of FRS 1 Cash Flow Statements because the Company prepares publicly available financial statements, which include a consolidated cash flow statement. Accordingly, the Company does not present an individual company cash flow statement.

Related party disclosures

The Company's individual financial statements are exempt from the requirements of FRS 8 Related Party Disclosures because its individual financial statements are presented together with its financial statements. Accordingly, the individual financial statements do not include related party disclosures.

Financial guarantees

Guarantees issued by the Company on behalf of other Group companies are designated as 'Insurance Contracts'. Accordingly, these are shown as contingent liabilities (Note 54).

Debtors

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

Creditors

Creditors are stated at their nominal value.

45. Company tangible fixed assets

	US\$ million
Cost	
At 1 April 2012	1.5
Additions	0.4
At 31 March 2013	1.9
Accumulated depreciation	
At 1 April 2012	1.2
Charge for the period	0.1
At 31 March 2013	1.3
Net book value	
At 1 April 2012	0.3
At 31 March 2013	0.6

46. Investments in subsidiaries

	US\$ million
Cost	
At 1 April 2012	1,061.8
At 31 March 2013	1,061.8

At 31 March 2013, the Company held 144,538,524 shares in VRHL (2012: 144,538,524 shares), being 100% of VRHL's issued equity share capital. The Company also held one deferred share in VRHL (2012: one). At 31 March 2013, the Company held two shares in Vedanta Finance Jersey Limited ('VFJL') (2012: two), two shares in Vedanta Resources Jersey Limited ('VRJL') (2012: two), two shares in Vedanta Resources Jersey II Limited ('VRJL-II') (2012: two), two shares in Vedanta Jersey Investment Limited ('VJIL') (2012: two), being 100% of its issued equity share capital.

VRHL is an intermediary holding company incorporated in England and Wales. VFJL, VRJL and VRJL-II are companies established to raise funds for the Vedanta Group via convertible bond issue and are incorporated in Jersey. A detailed list of subsidiary investments held indirectly by the Company can be seen in Note 41.

47. Investment in preference shares of subsidiaries

	US\$ million
Fair value	
At 1 April 2012	178.9
Additions	–
At 31 March 2013	178.9
As 1 April 2011	178.9
Additions	–
At 31 March 2012	178.9

As at 31 March 2013, the Company held 178,916,000 preference shares in VFJL (2012: 178,916,000). These shares entitle the holder to a dividend of 4.6% of their face value.

48. Financial asset investment

	US\$ million
Fair value	
At 1 April 2012	0.3
Fair value movement in investment	(0.2)
At 31 March 2013	0.1
At 1 April 2011	0.5
Fair value movement in investment	(0.2)
At 31 March 2012	0.3

The investment relates to an equity investment of shares in Victoria Gold Corporation. At 31 March 2013, the investment in Victoria Gold Corporation was revalued and a loss of US\$0.2 million was recognised in equity.

Notes to the Financial Statements continued

49. Company debtors

US\$ million	31 March 2013	31 March 2012
Amounts due from subsidiary undertakings	5,680.0	5,840.3
Prepayments and accrued income	7.8	0.7
Other taxes	0.3	0.3
Total	5,688.1	5,841.3
Debtors due within one year	788.8	463.1
Debtors due after one year	4,899.3	5,378.2
Total	5,688.1	5,841.3

Amounts due from subsidiary undertakings

At 31 March 2013, the Company had loans due from VRHL of US\$1,501.9 million (2012: US\$1,806.8 million) which represented the downstreaming of funds to the subsidiaries. Out of the total loan, US\$579.3 million bears interest at US dollar six months LIBOR plus 350 basis points, US\$500 million at 5.8%, US\$2.9 million at 8.95%, US\$131.6 million at 5.9%, US\$201.2 million at 9.7%, and US\$87.0 million at 8.95%. In addition to the loans, the Company was owed US\$523.6 million of accrued interest (2012: US\$338.2 million).

At 31 March 2013, the Company had loans of US\$275.4 million (2012: US\$496.0 million) and US\$3,320.9 million (2012: US\$3,137 million) receivable from Richter and TMHL respectively and US\$ 58.1 million of other amounts due from subsidiary undertakings (2012: US\$62.3 million).

50. Company current asset investments

US\$ million	31 March 2013	31 March 2012
Bank term deposits	89.5	180.4
Short-term unit trusts and liquid funds	–	2.1
Total	89.5	182.5

51. Company creditors: amounts falling due within one year

US\$ million	31 March 2013	31 March 2012
Accruals and deferred income	(68.9)	(66.6)
Bonds and Loans	(499.3)	(996.0)
Loan from subsidiary	(1,060.0)	(281.7)
Derivative liability	(4.5)	–
Total	(1,632.7)	(1,344.3)

The loan from ABN AMRO Bank ('ABN') of US\$1,000 million was repaid on its due dates in April 2012 and January 2013.

The external borrowings as at 31 March 2013 represent a non-convertible bond of US\$1,250 million, of which US\$500 million is repayable in January 2014 and the remaining US\$750 million is repayable in July 2018.

52. Company creditors: amounts falling due after one year

US\$ million	31 March 2013	31 March 2012
Loan from subsidiary	(1,069.8)	(1,741.1)
Bond and Loans	(3,481.4)	(3,205.8)
Total	(4,551.2)	(4,946.9)

Loans from subsidiaries include a loan of US\$1,069.8 million from VRJL relating to its issue of US\$1.25 billion convertible bonds (bond issued in July 2009). During 2013, interest was charged at the effective interest rate of 11.22%.

In March 2013, the Company entered into a facility agreement of US\$185 million with Deutsche Bank and withdrew US\$50.0 million under the agreement. The loan bears an interest rate of US\$LIBOR plus 315 basis points and is due for repayment in March 2016. The remaining facility amount of US\$135 million was undrawn as on 31 March 2013.

52. Company creditors: amounts falling due after one year continued

In March 2013, the Company entered into two facility agreements with ICICI bank for borrowing up to US\$170.0 million and US\$180.0 million. The loans bear interest rates of US\$LIBOR plus 430 basis points and US\$LIBOR plus 427 basis points respectively. The US\$170.0 million facility is repayable in three annual instalments beginning April 2018 (the first instalment being 20% and the balance two instalments being 40% each). The US\$180.0 million facility is repayable in three annual equal annual instalments beginning February 2017. The facility remains undrawn as at 31 March 2013.

Of the US\$1,250 non-convertible bond issued during 2008, US\$500 million is due in January 2014 and has been reclassified to 'Company creditors: amounts falling due within one year' at 31 March 2013 (see Note 51).

VRJL-II, a wholly owned subsidiary of the Company, issued 4.0% US\$883 million guaranteed convertible bonds on 30 March 2010. The bonds are first convertible into exchangeable redeemable preference shares to be issued by VRJL-II, which will then be automatically exchanged for ordinary shares of Vedanta Resources plc. The bondholders have the option to convert at any time from 10 May 2010 to 23 March 2017. If the notes have not been converted, they will be redeemed at the option of the Company at any time on or after 14 April 2013 subject to certain conditions, or be redeemed at the option of the bondholders on or after 29 April 2013 to 30 March 2015.

As per the above, the Company has received notice from bondholders about the exercise of put option on 29 April 2013 amounting to US\$809.8 million. The inter-company loan between the Company and VRJ2 have been classified as creditors within one year.

53. Company reconciliation of movement in equity shareholders' funds

	Share capital	Share premium account	Share-based payment reserve	Convertible bond reserve	Treasury shares	Profit and loss account	Other reserves	Total
Equity shareholders' funds at 1 April 2012	29.7	196.8	39.8	382.0	(490.6)	823.8	(2.0)	979.5
Profit for the year	–	–	–	–	–	(15.7)	–	(15.7)
Dividends paid	–	–	–	–	–	(153.5)	–	(153.5)
Exercise of LTIP awards	0.1	–	(36.3)	–	–	36.3	–	0.1
Recognition of share-based payments	–	–	25.5	–	–	–	–	25.5
Convertible bond reserve transfer	–	–	–	(79.1)	–	79.1	–	–
Movement in fair value of financial investments (Note 48)	–	–	–	–	–	–	(0.2)	(0.2)
Equity shareholders' funds at 31 March 2013	29.8	196.8	29.0	302.9	(490.6)	770.0	(2.2)	835.7

54. Company contingent liabilities

- The Company has guaranteed US\$1,250 million convertible bonds issued by VRJL (2012: US\$1,250 million). See Note 26 to the financial statements for further details on the convertible bonds.
- The Company has given corporate guarantee to Vedanta Aluminium Limited for an amount of US\$4,273 million up to 31 March 2013.
- The Company also has issued other guarantees of US\$50 million supplied to concentrate suppliers.
- The Company has given corporate guarantee to Konkola Copper Mines for an amount of US\$185 million up to 31 March 2013.
- The Company has guaranteed US\$883 million convertible bonds issued by VRJL-II (2012: US\$883 million). See Note 26 to the financial statements for further details on the convertible bonds.

55. Company share-based payment

The Company had certain LTIP awards outstanding as at 31 March 2013. See Note 30 to the financial statements for further details on these share-based payments.



Independent Auditor's Report to the Members of Vedanta Resources plc

We have audited the parent company financial statements of Vedanta Resources plc for the year ended 31 March 2013 which comprise the Parent Company Balance sheet and the related Notes 43 to 55. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the parent Company's members, as a body, in accordance with chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent Company and the parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the Parent Company financial statements for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the parent Company financial statements:

- give a true and fair view of the parent Company's affairs as at 31 March 2013;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent Company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other Matter

We have reported separately on the Group financial statements of Vedanta Resources plc for the year ended 31 March 2013.

Andrew Kelly (Senior Statutory Auditor) for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor
London, United Kingdom
15 May 2013

Five Year Summary

Summary Consolidated Income Statement

(US\$ million except as stated)	Year ended 31 March 2013	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010	Year ended 31 March 2009
Revenue	14,989.8	14,005.3	11,427.2	7,930.5	6,578.9
EBITDA	4,888.3	4,026.3	3,566.8	2,295.9	1,612.2
Depreciation and amortisation	(2,334.4)	(1,408.4)	(869.0)	(563.0)	(473.2)
Exceptional/special items	(41.9)	(230.2)	(163.5)	(67.3)	(31.9)
Operating profit	2,512.0	2,387.7	2,534.3	1,665.6	1,107.0
Share in consolidated profit of associate	–	92.2	–	–	–
Profit before interest and taxation	2,512.0	2,479.9	2,534.3	1,665.6	1,107.0
Net finance (costs)/investment revenues	(806.1)	(734.5)	149.0	176.0	74.0
Profit before taxation	1,705.9	1,745.4	2,683.3	1,841.6	1,181.0
Taxation	(40.1)	(516.7)	(649.5)	(330.4)	(280.5)
Profit after taxation	1,665.8	1,228.7	2,033.8	1,511.2	900.5
Equity non-controlling interests	(1,508.4)	(1,168.9)	(1,263.0)	(908.9)	(681.1)
Profit attributable to equity shareholders in parent	157.4	59.8	770.8	602.3	219.4
Dividends	(153.5)	(144.0)	(129.9)	(117.9)	(118.8)
Retained profit	3.9	(84.2)	640.9	484.4	100.6
Basic earnings per share (US cents per share)					
On profit for the financial year	57.7	21.9	283.2	219.6	76.4
On underlying profit for the financial year	133.1	142.0	262.8	199.2	109.3
Dividend per share (US cents per share)	58.0	55.0	52.5	45.0	41.5

Summary Consolidated Balance Sheet

(US\$ million except as stated)	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Goodwill	16.6	16.6	12.2	12.2	12.2
Intangible assets	–	–	162.1	–	–
Property, plant and equipment	33,120.6	34,141.8	17,189.5	14,326.7	9,348.4
Financial asset investments	2.4	209.6	304.2	201.2	91.6
Total fixed assets	33,139.6	34,368.0	17,668.0	14,540.1	9,452.2
Stocks	1,966.1	1,704.1	1,924.6	1,260.6	909.3
Debtors	1,706.0	1,795.9	1,328.6	1,019.9	902.4
Cash and liquid investments	7,981.7	6,885.3	7,777.0	7,239.4	4,912.6
Total current assets	11,653.8	10,385.3	11,030.2	9,519.9	6,724.3
Short-term borrowings	(4,400.1)	(4,151.6)	(3,045.1)	(1,012.6)	(1,298.5)
Other current liabilities	(4,810.2)	(3,995.6)	(3,485.0)	(2,670.3)	(2,136.8)
Total current liabilities	(9,210.3)	(8,147.2)	(6,530.1)	(3,682.9)	(3,435.3)
Net current assets	2,639.8	2,415.0	4,515.4	5,837.0	3,289.0
Total assets less current liabilities	36,740.7	37,330.9	22,168.1	20,377.1	12,741.2
Long-term borrowings	(12,192.7)	(12,803.8)	(6,707.4)	(7,161.0)	(3,816.4)
Other long-term liabilities	(260.2)	(196.1)	(247.3)	(351.1)	(136.1)
Provisions	(5,413.7)	(6,356.0)	(1,706.4)	(1,413.5)	(1,205.4)
Total long-term liabilities	(17,866.6)	(18,899.5)	(8,656.1)	(8,925.6)	(5,157.9)
Equity non-controlling interests	(14,463.0)	(13,768.9)	(8,030.1)	(6,729.1)	(4,458.7)
Non-equity non-controlling interest	(11.9)	(11.9)	(11.9)	(11.9)	(11.9)
Net assets attributable to the equity holders of the parent	4,398.4	4,650.6	5,648.9	4,710.5	3,112.6

Five Year Summary continued

Turnover

(US\$ million)	2013	2012	2011	2010	2009
Zinc	3,060.5	3,206.8	2,378.4	1,672.2	1,209.1
India	2,263.3	2,316.1	2,159.5	1,672.2	1,209.1
International	797.2	890.7	218.9	–	–
Oil & gas	3,223.4	882.5	–	–	–
Iron ore	442.5	1,690.9	1,979.5	1,222.5	1,070.4
Copper	5,733.9	5,915.0	5,253.2	3,825.2	3,312.7
India/Australia	3,991.1	4,205.2	3,428.2	2,741.4	2,537.9
Zambia	1,742.8	1,709.8	1,825.0	1,083.8	774.8
Aluminium	1,920.8	1,873.5	1,779.6	1,110.4	941.5
Power	576.1	458.3	124.0	115.6	51.3
Other	32.6	(21.7)	(87.5)	(15.4)	(6.1)
Group	14,989.8	14,005.3	11,427.2	7,930.5	6,578.9

EBITDA

(US\$ million)	2013	2012	2011	2010	2009
Zinc	1,459.8	1,610.8	1,320.9	993.2	605.4
India	1,165.3	1,244.8	1,219.6	993.2	605.4
International	294.5	366.0	101.3	–	–
Oil & Gas	2,439.7	713.0	–	–	–
Iron ore	84.2	721.4	1,174.1	673.0	557.1
Copper	476.4	685.9	681.4	317.7	222.9
India/Australia	219.1	298.0	241.5	165.9	293.7
Zambia	257.3	387.9	439.9	151.8	(70.8)
Aluminium	214.0	182.5	352.7	258.3	196.1
Power	215.0	122.0	43.9	57.0	32.1
Other	(0.8)	(9.3)	(6.2)	(3.3)	(1.5)
Group	4,888.3	4,026.3	3,566.8	2,295.9	1,612.2

EBITDA margin

(%)	2013	2012	2011	2010	2009
Zinc	47.7	50.2	55.5	59.4	50.1
India	51.5	53.7	56.5	59.4	50.1
International	36.9	41.1	46.3	–	–
Oil & gas	75.7	80.8	–	–	–
Iron ore	19.0	42.7	59.3	55.1	52.1
Copper	8.3	11.6	13.0	8.3	6.7
India/Australia	5.5	7.1	7.0	6.1	11.6
Zambia	14.8	22.7	24.1	14.1	(9.1)
Aluminium	11.1	9.7	19.8	23.3	20.8
Power	37.3	26.6	35.4	49.3	62.6
Group	32.6	28.7	31.2	29.0	24.5

Production

(000's mt)	2013	2012	2011	2010	2009
Aluminium	774	675	641	533	462
BALCO	247	246	255	268	357
MALCO	–	–	–	–	23
VAL JHARSUGDA	527	430	386	264	82
Copper	569	526	521	507	446
Sterlite	353	326	304	334	313
KCM	216	200	217	173	133
Iron ore (WMT)	4,212	15,598	21,075	21,412	15,986
Zinc – HZL	822	904	721	578	552
HZL	677	759	712	578	552
Skorpion	145	145	50	–	–
Zinc and Lead MIC	280	299	44	–	–
BMM	87	85	17	–	–
Lisheen	193	214	27	–	–
Oil & gas – Gross Production	74.9	20.5	–	–	–
Oil & gas – Working Interest	46.7	12.1	–	–	–

Cash costs of production

(US cents/lb)	2013	2012	2011	2010	2009
Aluminium – BALCO Plant – I	–	–	–	–	85.6
Aluminium – BALCO Plant – II	86.2	87.2	80.9	69.6	73.6
BALCO (Other than Alumina)	52.8	53.3	45.7	39.1	39.0
Aluminium – MALCO	–	–	–	–	121.5
Aluminium – VAL JHARSUGDA	84.8	99.2	82.6	77.2	99.0
Copper – Sterlite	8.7	0.0	4.0	10.4	3.1
Copper – KCM	255.1	236.8	197.5	184.4	258.4
Zinc including Royalty – HZL	45.3	45.8	44.9	38.6	32.2
Zinc without Royalty – HZL	37.9	37.8	36.7	31.7	27.6
Zinc COP – Skorpion	54.5	57.8	52.7	–	–
Zinc COP – BMM	54.3	63.8	59.4	–	–
Zinc COP – Lisheen	42.8	41.9	41.6	–	–
Oil & Gas (Opex) (US\$/boe)	3.5	4.4	–	–	–

Cash costs of production in INR

(INR/mt)	2013	2012	2011	2010	2009
Aluminium – BALCO Plant – I	–	–	–	–	86,626
Aluminium – BALCO Plant – II	103,526	92,143	81,299	72,717	74,517
BALCO (Other than Alumina)	63,433	56,344	45,898	40,868	39,772
Aluminium – MALCO	–	–	–	–	123,001
Aluminium – VAL JHARSUGDA	101,779	104,892	88,396	80,710	100,182
Copper – Sterlite	10,704	(2.8)	4,062	10,872	3,138
Zinc including Royalty	54,357	48,423	45,119	40,319	32,621
Zinc without Royalty	45,461	40,003	36,831	33,073	27,973

Capital expenditure

(US\$ million)	2013	2012	2011	2010	2009
Sustaining	390.2	386.2	239.5	184.4	306.3
Expansion	2,019.1	2,398.2	2,471.3	3,679.6	3,021.3
Total capital expenditure	2,409.3	2,784.4	2,710.8	3,864.0	3,327.6



Five Year Summary continued

Net cash/(debt)

(US\$ million)	2013	2012	2011	2010	2009
Zinc	4,243.7	3,779.9	3,779.5	2,628.6	1,891.6
India	4,044.8	3,573.8	3,403.4	2,628.6	1,891.6
International	198.9	206.1	376.1	–	–
Oil & gas	3,102.4	1,552.7	–	–	–
Iron ore	(744.2)	(563.6)	1,983.2	96.6	(372.8)
Copper	(1,244.0)	(588.0)	146.3	996.9	1,341.4
India/Australia	(492.8)	120.6	396.0	1,288.2	1,545.9
Zambia	(751.2)	(708.6)	(249.7)	(291.3)	(204.5)
Aluminium	(4,311.9)	(4082.4)	(3,145.3)	(2,320.2)	(1,931.2)
Power	(696.2)	(1,156.3)	(433.5)	(270.8)	–
Other	(8,965.4)	(9,006.7)	(4,300.4)	(2,078.3)	(1,129.8)
Group	(8,615.6)	(10,064.4)	(1,970.3)	(947.2)	(200.8)

Gearing

(%)	2013	2012	2011	2010	2009
Gearing	31.4	35.3	12.6	7.5	2.6

Group free cash flow

(US\$ million)	2013	2012	2011	2010	2009
Group free cash flow	3,534.7	2,533.8	2,347.3	1,814.3	1,733.8

Capital employed

(US\$ million)	2013	2012	2011	2010	2009
Capital employed	27,476.7	28,483.9	15,649.3	12,373.6	7,772.1

ROCE

(%)	2013	2012	2011	2010	2009
ROCE	17.5	11.3	21.0	19.9	24.4

Production and Reserves Summary

Copper

Copper production summary

Facility	Product	Year ended 31 March 2013 mt	Year ended 31 March 2012 mt
Tuticorin	Copper anode	349,845	327,703
	Sulphuric acid	1,060,519	1,026,471
	Phosphoric acid	119,793	153,243
	Copper cathode	191,858	169,448
Silvassa	Copper rods	52,404	44,961
	Copper cathode	161,296	156,428
KCM	Copper rods	119,451	116,460
	Copper cathode	216,059	199,765

Copper mining summary

Mine	Type of mine	Ore mined		Copper concentrate		Copper in concentrate	
		31 March 2013 mt	31 March 2012 mt	31 March 2013 mt	31 March 2012 mt	31 March 2013 mt	31 March 2012 mt
Mt Lyell (CMT)	Underground	2,519,464	2,067,407	107,212	85,336	26,047	22,607
Konkola (KCM)	Underground	8,987,373	9,064,821	345,804	298,979	106,462	99,208

Copper mine resource and reserve summary

Mine	Type of mine	Resources				Reserves	
		Measured and indicated million mt	Copper grade %	Inferred million mt	Copper grade %	Proved and probable reserves million mt	Copper grade %
Mt Lyell (CMT)	Underground	10.7	1.12	24.0	1.15	8.9	1.20
Konkola (KCM)	Underground	130.8	1.91	318.4	3.12	317.8	1.26

Resources are additional to Reserves

Aluminium, alumina and bauxite

Aluminium production summary

Company	Year ended 31 March 2013 mt	Year ended 31 March 2012 mt
BALCO	246,989	245,654
VAL	527,037	429,723

Alumina production summary

Company	Year ended 31 March 2013 mt	Year ended 31 March 2012 mt
VAL	527,052	927,516

Bauxite production summary

Company	Year ended 31 March 2013 mt	Year ended 31 March 2012 mt
BALCO – Mainpat	230,137	620,223
BALCO – Bodai Daldali	705,870	882,300

Production and Reserves Summary continued

Bauxite mine resource and reserve summary

Mine	Resources				Reserves	
	Measured and indicated million mt	Aluminium grade %	Inferred million mt	Aluminium grade %	Proved and probable reserves million mt	Aluminium grade %
BALCO						
Mainpat	5.2	48.9	0.3	49.0	3.1	46.4
Bodai-Daldali	5.6	46.8	0.6	48.0	3.1	45.8
Total BALCO	10.8	47.8	0.9	48.3	6.2	46.1
MALCO						
Kolli Hills and Yercaud	0.8	44.0			0.2	43.0

Resources are additional to Reserves.

Zinc and lead

Zinc and lead production summary

Company	Year ended 31 March 2013 mt	Year ended 31 March 2012 mt
HZL		
Zinc	676,921	758,716
Lead	118,316	92,099

Zinc and lead mining summary

a) Metal mined and metal concentrate

Mine	Type of mine	Ore mined		Zinc concentrate		Lead concentrate		Bulk concentrate	
		31 March 2013 mt	31 March 2012 mt	31 March 2013 mt	31 March 2012 mt	31 March 2013 mt	31 March 2012 mt	31 March 2013 mt	31 March 2012 mt
Rampura Agucha ¹	Open cut	6,177,679	5,947,081	1,334,412	1,261,570	110,441	101,629	–	–
Rajpura Dariba	Underground	554,354	587,600	39,860	41,512	9,164	9,425	13,623	20,003
Sindesar Khurd	Underground	1,585,150	1,303,050	101,480	100,683	60,164	49,455	–	–
Zawar	Underground	304,680	204,150	–	–	–	–	21,745	22,007
Total		8,621,863	8,041,881	1,475,752	1,403,765	179,769	160,509	35,368	42,010

¹ Includes development ore 28,255 MT from Kayar.

b) Metal in Concentrate (MIC)

Mine	Type of mine	Zinc concentrate		Lead concentrate	
		31 March 2013 mt	31 March 2012 mt	31 March 2013 mt	31 March 2012 mt
Rampura Agucha	Open cut	677,269	649,583	65,631	59,898
Rajpura Dariba	Underground	25,183	27,791	5,102	5,547
Sindesar Khurd	Underground	52,602	51,147	32,156	25,141
Zawar	Underground	9,587	10,048	2,640	1,277
Total		764,671	738,569	105,529	91,863

Zinc and lead mine resource and reserve summary

Zinc India

Mine	Resources						Reserves		
	Measured and indicated million mt	Zinc grade %	Lead grade %	Inferred million mt	Zinc grade %	Lead grade %	Proved and probable reserves million mt	Zinc grade %	Lead grade %
Rampura Agucha	17.3	15.0	2.0	28.8	11.3	2.0	62.7	13.6	1.8
Rajpura Dariba	11.4	7.2	2.4	29.2	7.6	2.0	10.6	6.5	1.6
Zawar	24.2	5.0	1.8	42.7	4.8	2.6	9.5	3.7	2.0
Kayar	5.2	10.4	1.6	0.7	6.6	1.1	5.4	10.0	1.5
Sindesar Khurd	10.9	5.1	2.5	52.7	4.3	3.1	21.4	4.5	2.5
Bamnia Kalan	5.4	4.5	1.6	10.2	3.9	1.7	–	–	–
Total	74.4	8.0	2.0	164.3	6.3	2.5	109.7	10.1	1.9

Resources are additional to Reserves.

Zinc International

Mine	Resources						Reserves		
	Measured and indicated million mt	Zinc grade %	Lead grade %	Inferred million mt	Zinc grade %	Lead grade %	Proved and probable reserves million mt	Zinc grade %	Lead grade %
Skorpion	5.7	9.73	–	–	–	–	5.7	9.26	–
BMM									
– Deeps	13.5	2.80	3.28	–	–	–	10.4	2.86	2.98
– Broken Hill	–	–	–	–	–	–	–	–	–
– Swartberg	10.4	0.85	3.79	23.0	1.03	3.70	–	–	–
– Gamsberg	100.7	6.73	0.54	85.6	7.06	0.31	–	–	–
Lisheen	2.2	14.10	2.27	0.4	14.85	3.95	2.3	11.56	1.67

Resources are additional to Reserves.

Zinc production summary

Company	Year ended 31 March 2013 mt	Year ended 31 March 2012 mt
Skorpion	145,342	144,755

Zinc and lead mining summary

a) Metal mined and metal concentrate

Mine	Type of mine	Ore mined		Zinc concentrate		Lead in concentrate	
		31 March 2013 mt	31 March 2012 mt	31 March 2013 mt	31 March 2012 mt	31 March 2013 mt	31 March 2012 mt
Skorpion	Underground	1,664,282	1,676,001	–	–	–	–
BMM	Underground	1,518,540	1,434,088	78,457	64,682	68,986	74,645
Lisheen	Underground	1,458,396	1,397,697	317,413	343,196	39,129	49,053
Total	Underground	4,641,218	4,507,786	395,870	407,878	108,115	123,698

b) Metal in Concentrate (MIC)

Mine	Type of mine	Zinc concentrate		Lead concentrate	
		31 March 2013 mt	31 March 2012 mt	31 March 2013 mt	31 March 2012 mt
BMM	Underground	38,577	31,770	48,883	53,579
Lisheen	Underground	169,485	183,206	23,407	30,202
Total		208,062	214,976	72,290	83,781

Iron ore

Iron ore production summary

Company	Year ended 31 March 2013 million mt	Year ended 31 March 2012 million mt
Sesa Goa		
Saleable Iron Ore	4.2	15.6
Goa	3.1	11.0
Karnataka	–	1.1
Orissa	–	–
Dempo	1.1	3.5



Production and Reserves Summary continued

Iron ore resource and reserve summary

Mine	Resources				Reserves	
	Measured and indicated million mt	Iron ore grade %	Inferred million mt	Iron ore grade %	Proved and probable reserves million mt	Iron ore grade %
Sesa Goa	152.25	52.17	80.4	45.87	200.41	55.37
Western Cluster	34.4	37.49	790.0	33.00	141.65	34.67

Comprises mines that Sesa owns or has rights to.
Resources are additional to Reserves.

Oil & gas

The oil & gas reserves data set out below are estimated on the basis set out in the section headed 'Presentation of Information'.

Cairn India

Estimates of the gross proved, probable, and possible oil, condensate, and sales-gas reserves, as of 31 March 2013, attributable to certain properties owned by Cairn India, are summarised by field below, expressed in 10³bbl of oil and condensate and 10⁶ft³ of sales gas:

Fields	Gross Reserves					
	Proved		Probable		Possible	
	Oil and condensate (10 ³ bbl)	Sales gas (10 ⁶ ft ³)	Oil and condensate (10 ³ bbl)	Sales gas (10 ⁶ ft ³)	Oil and condensate (10 ³ bbl)	Sales gas (10 ⁶ ft ³)
CB-OS/2 PSC						
– CB-X	–	–	–	–	–	–
– Gauri	315	1,605	223	1,818	429	3,915
– Lakshmi	7,180	6,462	6,197	7,801	7,443	10,686
CB-OS/2 PSC Total	7,495	8,067	6,420	9,619	7,872	14,601
RJ-ON-90/1 PSC						
– Aishwariya	27,453	–	374	–	432	–
– Bhagyam	52,420	–	25,523	–	11,944	–
– Mangala	243,839	–	47,111	–	25,611	–
NE	1,278	–	610	–	158	–
NI	1,161	–	275	–	120	–
– Raageshwari Shallow	1,919	–	1,234	–	5,378	–
– Raageshwari Deep	1,269	–	254	–	–	–
– Saraswati	787	–	404	–	871	–
RJ-ON-90/1 PSC Total	330,126	–	75,785	–	44,514	–
PKGM-1 Licence						
– Ravva	17,642	44,039	9,988	16,963	13,327	5,401
Grand Total	355,263	52,106	92,193	26,582	65,712	20,002

Note: Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.

Estimates of the proved, probable, and possible oil, condensate, and sales-gas reserves, as of 31 March 2013, attributable to the working interests of certain properties owned by Cairn India, are summarised by field below, expressed in 10³bbl of oil and condensate and 10⁶ft³ of sales gas:

Fields	Working Interest Reserves Summary					
	Proved		Probable		Possible	
	Oil and Condensate (10 ³ bbl)	Sales Gas (10 ⁶ ft ³)	Oil and Condensate (10 ³ bbl)	Sales Gas (10 ⁶ ft ³)	Oil and Condensate (10 ³ bbl)	Sales Gas (10 ⁶ ft ³)
CB-OS/2 PSC						
– CB-X	–	–	–	–	–	–
– Gauri	126	642	89	727	172	1,566
– Lakshmi	2,872	2,585	2,479	3,120	2,977	4,274
CB-OS/2 PSC Total	2,998	3,227	2,568	3,847	3,149	5,840
RJ-ON-90/1 PSC						
– Aishwariya	19,217	–	262	–	302	–
– Bhagyam	36,694	–	17,866	–	8,361	–
– Mangala	170,687	–	32,978	–	17,928	–
NE	895	–	427	–	111	–
NI	813	–	193	–	84	–
– Raageshwari Shallow	1,343	–	864	–	3,765	–
– Raageshwari Deep	888	–	178	–	–	–
– Saraswati	551	–	283	–	610	–
RJ-ON-90/1 PSC Total	231,088	–	53,051	–	31,161	–
PKGM-1 Licence						
– Ravva	3,969	9,909	2,247	3,817	2,999	1,215
Grand Total	238,055	13,136	57,866	7,664	37,309	7,055

Note: Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.

Source of information

In respect of all businesses, the information has been certified by an in-house geologist on behalf of Group management.

Basis of preparation

Ore reserves and mineral resources reported herein comply with the 'Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves', other than those relating to Konkola Copper Mines plc ('KCM') which complies with the South African Code for Reporting of Mineral Reserves and Mineral Resources (the 'SAMREC Code'). The former code is prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists, and Minerals Council of Australia, and is commonly referred to as the 'JORC Code'. As at the date of this document, the editions of the JORC and SAMREC Codes in force are dated December 2004 and March 2000, respectively. The JORC and SAMREC Codes recognise a fundamental distinction between resources and reserves.

The terms and definitions in the SAMREC Code are consistent with those used in the JORC Code with minor differences in terminology – the JORC Code uses the term Ore Reserve whilst the SAMREC Code uses the term Mineral Reserve. For the purposes of ore and mineral resources reported herein, the term ore resources has been used throughout.

Mineral resources are based on mineral occurrences quantified on the basis of geological data and an assumed cut-off grade, and are divided into Measured, Indicated and Inferred categories reflecting decreasing confidence in geological and/or grade continuity. The reporting of resource estimates carries the implication that there are reasonable prospects for eventual economic exploitation. An Ore or Mineral Reserve is the economically mineable part of a Measured or Indicated Mineral Resource. It includes the effect of dilution and losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, need to have been carried out and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors.

These assessments demonstrate at the time of reporting that extraction could be reasonably justified. Ore Reserves are sub-divided in order of decreasing confidence into Proved Ore Reserves and Probable Ore Reserves.

The Measured and Indicated mineral resources have been reported as being inclusive of those mineral resources modified to produce the ore reserves, in addition to the ore reserves. The resource and reserve estimates provided herein comply with the resource and reserve definitions of the JORC Code, other than those relating to KCM which comply with the SAMREC Code.

Glossary and Definitions

5S

A Japanese concept laying emphasis on housekeeping and occupational safety in a sequential series of steps as Sort (Seiri); Set in Order (Seiton); Shine (Selso); Standardise (Seiketsu); and Sustain (Shitsuke)

Adapted Comparator Group

The new comparator group of companies used for the purpose of comparing TSR performance in relation to the LTIP, adopted by the Remuneration Committee on 1 February 2006 and replacing the previous comparator group comprising companies constituting the FTSE Worldwide Mining Index (excluding precious metals)

AGM or Annual General Meeting

The annual general meeting of the Company which is scheduled to be held at 3 pm, UK time, on 1 August 2013

AE

Anode effects

AIDS

Acquired Immune Deficiency Syndrome

Aluminium Business

The aluminium business of the Group, comprising of its fully integrated bauxite mining, alumina refining and aluminium smelting operations in India, and trading through the Bharat Aluminium Company Limited and VAL, companies incorporated in India

Articles of Association

The articles of association of Vedanta Resources plc

Attributable Profit

Profit for the financial year before dividends attributable to the equity shareholders of Vedanta Resources plc

ASARCO

American smelting and refining company, incorporated in United States

BALCO

Bharat Aluminium Company Limited, a company incorporated in India

BMM

Black Mountain Mining Pty

Board or Vedanta Board

The Board of Directors of the Company

Board Committees

The committees reporting to the Board: Audit, Remuneration, Nominations, and Sustainability, each with its own terms of reference

Businesses

The Aluminium Business, the Copper Business, the Zinc, lead, silver, Iron ore, Power and Oil and Gas Business together

Cairn India Group

Cairn India Limited and its subsidiaries

Capital Employed

Net assets before Net (Debt)/Cash

Capex

Capital expenditure

Cash Tax Rate

Current taxation as a percentage of profit before taxation

CEO

Chief Executive Officer

CII

Confederation of Indian Industries

CLZS

Chanderiya lead and zinc smelter

CO2

Carbon dioxide

CMT

Copper Mines of Tasmania Pty Limited, a company incorporated in Australia

UK Corporate Governance Code or the Code

The UK Corporate Governance Code published by the Financial Reporting Council in June 2010

Company or Vedanta

Vedanta Resources plc

Company financial statements

The audited financial statements for the Company for the year ended 31 March 2013 as defined in the Independent Auditor's Report on the individual Company Financial Statements to the members of Vedanta Resources plc

Convertible Bonds

US\$1,250 million 5.5% guaranteed convertible bonds due 2016, issued by a wholly owned subsidiary of the Company, Vedanta Resource Jersey Limited ('VRJL') and guaranteed by the Company, the proceeds of which are to be applied for to support its organic growth pipeline, to increase its ownership interest in its subsidiaries and for general corporate purposes

US\$883 million 4.0% guaranteed convertible bonds due 2017, issued by a wholly owned subsidiary of the Company, Vedanta Resource Jersey II Limited ('VRJL-II') and guaranteed by the Company, the proceeds of which are to be applied for to refinance debt redemptions and for general corporate purposes

US\$500 million 4.0% guaranteed convertible bonds due 2014, issued by a subsidiary of the Company, Sterlite Industries (India) Limited ('SIIL'), the proceeds of which are to be applied to the expansion of the copper business, acquisition of complementary businesses outside of India and any other permissible purpose under, and in compliance with, applicable laws and regulations in India, including the external commercial borrowing regulations specified by the RBI

US\$500 million 5.0% guaranteed convertible bonds due 2014, issued by a subsidiary of the Company, Sesa Goa Limited ('Sesa'), the proceeds of which are to be applied for to expand the issuer's mining operations, for exploration for new resources, and to further develop its pig iron and metallurgical coke operation

Copper Business

The copper business of the Group, comprising:

- a copper smelter, two refineries and two copper rod plants in India, trading through Sterlite Industries (India) Limited, a company incorporated in India;
- one copper mine in Australia, trading through Copper Mines of Tasmania Pty Limited, a company incorporated in Australia; and
- an integrated operation in Zambia consisting of three mines, a leaching plant and a smelter, trading through Konkola Copper Mines PLC, a company incorporated in Zambia

CREP

Corporate responsibility for environmental protection

Cents/lb

US cents per pound

CRRI

Central Road Research Institute

CRISIL

CRISIL Limited is a rating agency incorporated in India

CSR

Corporate social responsibility

CTC

Cost to company, the basic remuneration of executives in India, which represents an aggregate figure encompassing basic pay, pension contributions and allowances

CY

Calendar year

Deferred Shares

Deferred shares of £1.00 each in the Company

DGMS

Director General of Mine Safety in the Government of India

Directors

The Directors of the Company

Dollar or US\$

United States dollars, the currency of the United States of America

DRs

Depositary receipts of 10 US cents, issuable in relation to the \$725 million 4.6% guaranteed convertible bonds due 2026

EBITDA

Earnings before interest, taxation, depreciation, goodwill amortisation/impairment and special items

EBITDA Margin

EBITDA as a percentage of turnover

EBITDA interest cover

EBITDA divided by gross finance costs excluding accretive interest on convertible bonds, unwinding of discount on provisions, interest on defined benefit arrangements less investment revenue

EBITDA Margin excluding custom smelting

EBITDA Margin excluding EBITDA and turnover from custom smelting of Copper India, Copper Zambia and Zinc India businesses

Economic Holdings or Economic Interest

The economic holdings/interest are derived by combining the Group's direct and indirect shareholdings in the operating companies. The Group's Economic Holdings/Interest is the basis on which the Attributable Profit and net assets are determined in the consolidated accounts

E&OHSAS

Environment and occupational health and safety assessment standards

E&OHS

Environment and occupational health and safety management system

EPS

Earnings per ordinary share

ESOP

Employee share option plan

ESP

Electrostatic precipitator

Executive Committee

The Executive Committee to whom the Board has delegated operational management. It comprises of the Executive Directors and the senior management of the Group

Executive Directors

The Executive Directors of the Company

Expansion Capital Expenditure

Capital expenditure that increases the Group's operating capacity

Financial Statements or Group Financial Statements

The consolidated financial statements for the Company and the Group for the year ended 31 March 2013 as defined in the Independent Auditor's Report to the members of Vedanta Resources plc

Free Cash Flow

Cash flow arising from EBITDA after net interest (including gains on liquid investments and adjusted for net interest capitalised), taxation, Sustaining Capital Expenditure and working capital movements

FY

Financial year i.e. April to March

GAAP, including UK GAAP and Indian GAAP

Generally Accepted Accounting Principles, the common set of accounting principles, standards and procedures that companies use to compile their financial statements in their respective local territories



Glossary and Definitions continued

GDP

Gross domestic product

Gearing

Net Debt as a percentage of Capital Employed

GJ

Giga joule

GRMC

Group Risk Management Committee

Government or Indian Government

The Government of the Republic of India

Gratuity

A defined contribution pension arrangement providing pension benefits consistent with Indian market practices

Group

The Company and its subsidiary undertakings and, where appropriate, its associate undertaking

Gross finance costs

Finance costs before capitalisation of borrowing costs

HSE

Health, safety and environment

HZL

Hindustan Zinc Limited, a company incorporated in India

IAS

International Accounting Standards

ICMM

International Council on Mining and Metals

IFRIC

IFRS Interpretations Committee (formerly known as the International Financial Reporting Interpretations Committee)

IFRS

International Financial Reporting Standards

INR

Indian rupees

Interest Cover

EBITDA divided by finance costs

ISO 9001

An international quality management system standard published by the International Organisation for Standardisation

ISO 14001

An international environmental management system standard published by the International Organisation for Standardisation

KCM or Konkola Copper Mines

Konkola Copper Mines PLC, a company incorporated in Zambia

KDMP

Konkola deep mining project

Key Result Areas or KRAs

For the purpose of the remuneration report, specific personal targets set as an incentive to achieve short-term goals for the purpose of awarding bonuses, thereby linking individual performance to corporate performance

KLD

Kilo litres per day

KPIs

Key performance indicators

Kwh

Kilo-watt hour

Kwh/d

Kilo-watt hour per day

LIBOR

London Inter Bank Offered Rate

LIC

Life Insurance Corporation

Listing or IPO (Initial Public Offering)

The listing of the Company's ordinary shares on the London Stock Exchange on 10 December 2003

Listing Particulars

The listing particulars dated 5 December 2003 issued by the Company in connection with its Listing or revised listing filed in 2011

Listing Rules

The listing rules of the Financial Services Authority, with which companies with securities that are listed in the UK must comply

LME

London Metals Exchange

London Stock Exchange

London Stock Exchange plc

Lost time injury

An accident/injury forcing the employee/contractor to remain away from his/her work beyond the day of the accident

LTIFR

Lost time injury frequency rate: the number of lost time injuries per million man hours worked

LTIP

The Vedanta Resources Long-Term Incentive Plan or Long-Term Incentive Plan

MALCO

The Madras Aluminium Company Limited, a company incorporated in India

Management Assurance Services ('MAS')

The function through which the Group's internal audit activities are managed

MAT

Minimum alternative tax

MIS

Management information system

MOEF

The Ministry of Environment & Forests of the Government of the Republic of India

mt or tonnes

Metric tonnes

MU

million Units

MW

Megawatts of electrical power

NCCBM

National Council of Cement and Building Materials

Net (Debt)/Cash

Total debt after fair value adjustments under IAS 32 and 39, cash and cash equivalents and liquid investments

NGO

Non-governmental organisation

NIHL

Noise induced hearing loss

Non-Executive Directors

The Non-Executive Directors of the Company

OHSAS 18001

Occupational Health and Safety Assessment Series (standards for occupational health and safety management systems)

Oil and gas business

The Group's subsidiary, Cairn India Limited is involved in the business of exploration, development and production of oil and gas

Ordinary Shares

Ordinary shares of 10 US cents each in the Company

ONGC

Oil and Natural Gas Corporation Limited, a company incorporated in India

PBT

Profit before tax

PFC

Per fluorocarbons

PHC

Primary health centre

PPE

Personal protective equipment

Provident Fund

A defined contribution pension arrangement providing pension benefits consistent with Indian market practices

PSC

A 'production sharing contract' by which the Government of India grants a license to a company or consortium of companies (the 'Contractor') to explore for and produce any hydrocarbons found within a specified area and for a specified period, incorporating specified obligations in respect of such activities and a mechanism to ensure an appropriate sharing of the profits arising therefrom (if any) between the Government and the Contractor

Recycled water

Water released during mining or processing and then used in operational activities

Relationship Agreement

The agreement dated 5 December 2003 and subsequently amended in December 2011 between the Company, Volcan Investments Limited and members of the Agarwal family that regulates the ongoing relationship between them, the principal purpose of which is to ensure that the Group is capable of carrying on business independently of Volcan, the Agarwal family and their associates

Return on Capital Employed or ROCE

Profit before interest, taxation, special items, tax effected at the Group's effective tax rate as a percentage of Capital Employed

The Reward Plan

The Vedanta Resources Share Reward Plan, a closed plan approved by shareholders on Listing in December 2003 and adopted for the purpose of rewarding employees who contributed to the Company's development and growth over the period leading up to Listing in December 2003

RO

Reverse osmosis

SA 8000

Standard for Social Accountability based on international workplace norms in the International Labour Organisation ('ILO') conventions and the UN's Universal Declaration of Human Rights and the Convention on Rights of the Child

Senior Management Group

For the purpose of the remuneration report, the key operational and functional heads within the Group

Sesa Goa or Sesa

Sesa Goa Limited, a company incorporated in India engaged in the business of mining iron ore

SEWT

Sterlite Employee Welfare Trust, a long-term investment plan for Sterlite senior management

The Share Option Plan

The Vedanta Resources Share Option Plan, a closed plan approved by shareholders on Listing in December 2003 and adopted to provide maximum flexibility in the design of incentive arrangements over the long-term

Glossary and Definitions continued

SHGs

Self help groups

SID

Senior Independent Director

SO₂

Sulphur dioxide

SBU

Strategic Business Unit

STL

Sterlite Technologies Limited, a company incorporated in India

Special items

Items which derive from events and transactions that need to be disclosed separately by virtue of their size or nature

SPM

Suspended particulate matter. Fine dust particles suspended in air

Sterling, GBP or £

The currency of the United Kingdom

Sterlite

Sterlite Industries (India) Limited, a company incorporated in India

Sterlite Energy Limited ('SEL')

Sterlite Energy Limited, a company incorporated in India

Superannuation Fund

A defined contribution pension arrangement providing pension benefits consistent with Indian market practices

Sustaining Capital Expenditure

Capital expenditure to maintain the Group's operating capacity

TCM

Thalanga Copper Mines Pty Limited, a company incorporated in Australia

TC/RC

Treatment charge/refining charge being the terms used to set the smelting and refining costs

TGS

Tail gas scrubber

TGT

Tail gas treatment

TLP

Tail Leaching Plan

tpa

Metric tonnes per annum

TPM

Tonne per month

TSPL

Talwandi Sabo Power Limited, a company incorporated in India

TSR

Total shareholder return, being the movement in the Company's share price plus reinvested dividends

Turnbull Guidance

The guidance sets out best practice on internal control for UK listed companies and provides additional guidance in applying certain sections of the UK Corporate Governance Code

Twin Star

Twin Star Holdings Limited, a company incorporated in Mauritius

Twin Star Holdings Group

Twin Star and its subsidiaries and associated undertaking

Underlying EPS

Underlying earnings per ordinary share

Underlying Profit

Profit for the year after adding back special items and other gains and losses and their resultant tax and non-controlling interest effects

US cents

United States cents

VAL

Vedanta Aluminium Limited, a company incorporated in India

VFD

Variable frequency drive

VFJL

Vedanta Finance (Jersey) Limited, a company incorporated in Jersey

VGCB

Vizag General Cargo Berth Private Limited, a company incorporated in India

Volcan

Volcan Investments Limited, a company incorporated in the Bahamas

VRCL

Vedanta Resources Cyprus Limited, a company incorporated in Cyprus

VRFL

Vedanta Resources Finance Limited, a company incorporated in the United Kingdom

VRHL

Vedanta Resources Holdings Limited, a company incorporated in the United Kingdom

VSS

Vertical Stud Söderberg

Water Used for Primary Activities

Total new or make-up water entering the operation and used for the operation's primary activities; primary activities are those in which the operation engages to produce its product

WBCSD

World Business Council for Sustainable Development

ZCI

Zambia Copper Investment Limited, a company incorporated in Bermuda

ZCCM

ZCCM Investments Holdings plc, a company incorporated in Zambia

ZRA

Zambia Revenue Authority



Shareholder Information

Shareholder Interests as at 31 March 2013

	2013	2012
Number of shareholders:	3,924	3,583
Number of shares in issue:	297,583,010	296,908,045

By Size of Holding

	Shareholders %		Shares %	
	2013	2012	2013	2012
500 and under	56.32	56.80	0.18	0.16
501 to 1,000	14.35	13.34	0.14	0.12
1,001 to 10,000	19.09	18.45	0.77	0.70
10,001 to 100,000	7.31	7.76	3.34	3.27
100,001 to 1,000,000	2.27	3.57	7.45	29.96
Over 1,000,000	0.66	0.08	88.12	65.79
	100.00	100.00	100.00	100.00

Annual General Meeting

The AGM will be held on 1 August 2013 at 3 pm. The Notice of Meeting and the Form of Proxy are enclosed with this Report.

Company website

The Company's Half Year and Annual Reports and results announcements are available on the website at www.vedantaresources.com. Shareholders can also access the latest information about the Company and press announcements as they are released, together with details of future events and who to contact for further information.

Registrar

For information about the AGM, shareholdings and dividends and to report changes in personal details, shareholders should contact:

Computershare Investor Services PLC

The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
United Kingdom

Telephone: +44 (0) 870 707 1388

Email: web.queries@computershare.co.uk

Computershare provide a free self-service website, Investor Centre, through which you can view your share balance, change your address, view your dividend payment and tax information and update your payment instructions. For further information, visit www.investorcentre.co.uk.

Currency Option and Dividend Mandate

Shareholders wishing to receive their dividend in UK pounds sterling should complete and return to the Registrar a Currency Election Form. In order for the Currency Option and Dividend Mandate to be effective for the 2013 final dividend, the completed forms must be received by the Registrar by 15 July 2013.

The Registrar can also arrange for the dividend to be paid directly into a shareholder's UK bank account. To take advantage of this facility, please contact Computershare who will provide a Dividend Mandate Form. Please complete and return the form to the Registrar by 15 July 2013. This arrangement is only available in respect of dividends paid in UK pounds sterling. Consequently, you may only take advantage of this arrangement if you have also completed a Currency Election Form and returned it to the Registrar by 15 July 2013. If you have already completed and returned a Currency Election Form and/or a Dividend Mandate Form, you need take no further action. Currency election and dividend mandate forms are also available online through the Investor Centre service www.investorcentre.co.uk.

Financial calendar

Dividend payments

Ex-dividend date	10 July 2013
Record date	12 July 2013
2012 final ordinary dividend payable	8 August 2013

Other dates

Annual General Meeting	1 August 2013
2013 half year results announced	November 2013

Investor Relations

For investor enquiries, please contact:

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Cautionary statement about forward-looking statements

Certain statements made in this document constitute "forward-looking statements". In this context, forward-looking statements can be identified by the use of words such as "expects", "anticipates", "intends", "plans", "predicts", "assurance", "assumes", "aim", "hope", "risk", "estimates", "believes", "seeks", "may", "should" or "will" or the negative thereof or other similar expressions that are predictive or indicative of future events. All statements other than statements of historical facts included in this document, including, without limitation, those regarding the Group's expectations, intentions and beliefs concerning, amongst other things, the Group's results of operations, financial position, growth strategy, prospects, dividend policy and the industries in which the Group operates, are forward-looking statements.

Forward-looking statements, by their nature, involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Group and its Directors, which may cause the actual results, performance, achievements, dividends of the Group or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The forward-looking statements contained in this document speak only as of the date of this document. As such, forward-looking statements are no guarantee of future performance.

Except as required by applicable regulations or by law, the Group does not undertake to publicly update any forward-looking statement whether as a result of new information or future events and expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any changes in its expectations or any change in events, conditions or circumstances on which any such statement is based.



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