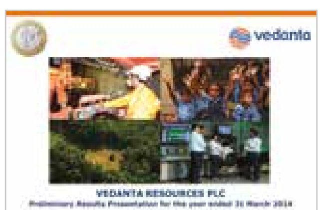
vedanta

Annual report and accounts
FY2014

10 years of delivery

Additional information



Investor presentations
www.vedantaresources.com

Online annual report
ar2014.vedantaresources.com

Sustainability website
sustainability.vedantaresources.com

Online sustainability report
www.vedantaresources.com/SustainableDevelopment2013-14

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.

Vedanta Resources plc is a UK listed global diversified natural resources company

1
Engineers at Balco smelting complex, **Balco.**

Strategic Report

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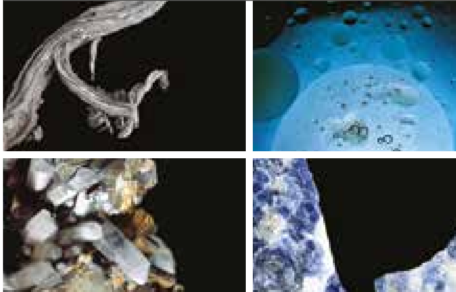

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2
Women at self help groups, **HZL.**

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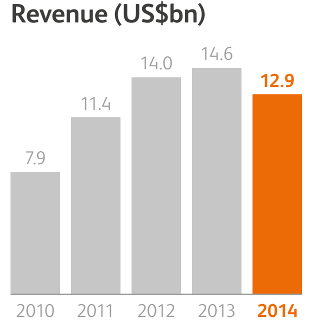
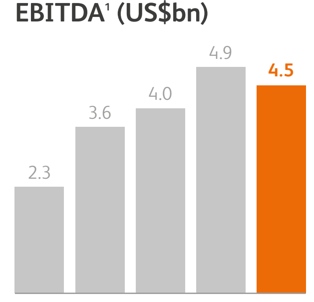
Highlights

Vedanta has produced a robust set of results in a volatile market and the fundamentals of our business remain strong.

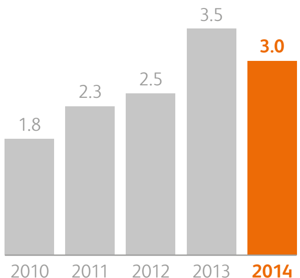
Revenue (US$bn)



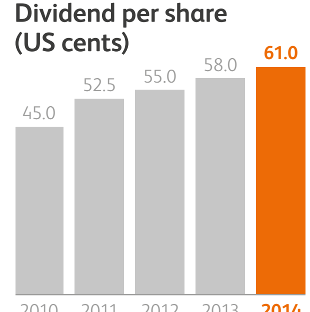
EBITDA[1] (US$bn)



Free cash flow (US$bn)



Dividend per share (US cents)



Consolidated Group Results	FY2013–14	FY2012–13[4]	% Change
Revenue	**12,945.0**	14,640.2	(11.6)%
EBITDA[1]	**4,491.2**	4,908.9	(8.5)%
EBITDA margin (%)	**34.7%**	33.5%	–
EBITDA margin excluding custom smelting[2] (%)	**44.9%**	45.1%	–
Operating profit before special items	**2,288.1**	2,571.7	(11.0)%
(Loss)/profit attributable to equity holders	**(196.0)**	162.0	–
Underlying attributable profit[3]	**93.4**	367.9	(74.6)%
Basic (Loss)/earnings per share (US cents)	**(71.7)**	59.4	–
Earnings per share on underlying profit (US cents)	**34.2**	134.8	(74.6)%
ROCE (excluding project capital work in progress and exploratory assets) (%)	**14.9%**	17.5%	–
Total Dividend (US cents per share)	**61.0**	58.0	5.2%

Vedanta marks 10 years since London IPO

- Built a diversified portfolio of high-quality, world class assets
- Delivered Total Shareholder Return of 200%, higher than the FTSE100 and FTSE350 Mining Indices
- Increased dividend in nine of the last 10 years; dividend growth CAGR of 14% since IPO

Financial highlights

- Revenue of US$12.9 billion
- EBITDA[1] of US$4.5 billion; EBITDA margin of 45%[2]
- Underlying attributable profit US$93.4 million
- Basic EPS (71.7) US cents, Underlying EPS[3] of 34.2 US cents
- Free cash flow of US$3.0 billion before growth capex and US$1.6 billion after growth capex
- Net debt reduced by US$0.7 billion over the last 12 months and by US$2.1 billion over the last 24 months
- Final dividend of 39 US cents per share, up 5%

1 Earnings before interest, taxation, depreciation, amortisation/impairment and special items.
2 Excludes custom smelting revenue and EBITDA at Copper and Zinc India operations from purchased concentrate.
3 Based on profit for the period after adding back special items and other gains and losses, and their resultant tax and non-controlling interest effects (refer to note 11 of financial statements).
4 The comparative information has been restated so as to reflect the adoption of new accounting standards.

"We achieved record oil and gas production, driven by the ramp up in the Rajasthan block, as well as record production at Zinc India and improved operating performance at our aluminium business."

Anil Agarwal Chairman

Business highlights

- Sesa Sterlite merger and Group consolidation completed
- Record oil & gas production at Rajasthan: Achieved milestone of 200kboepd in March 2014 and cumulative production of 200 million barrels; 100% reserve replacement during the year
- Record production of mined and integrated metal at Zinc India
- Improved operating performance at aluminium smelters without captive bauxite and commissioning of new pot-lines commenced
- Strong utilisations at Tuticorin copper smelter; second 80MW unit of power plant commissioned during Q4
- Synchronised first 660MW unit of 1,980MW Talwandi Sabo power plant
- Continued cost control and efficiency improvements across businesses
- Iron ore production restarted in Karnataka and mining ban in Goa lifted with certain conditions laid out by the Supreme Court
- Key priorities for the coming year are to improve operating performance at KCM, restart iron ore mining, improving capacity utilisation at Aluminium and Power and improvement in safety performance

Strong production growth at Zinc India

Record production of mined and integrated metal at Zinc India.

Record production of Oil & Gas

200kboepd milestone achieved during the year and cumulative production of over 200 million barrels achieved within five years at the Rajasthan block.

Robust operating performance at Aluminium business

Strong cost performance in Aluminium operations, and new pot lines commissioned at the Korba smelter.

Group structure simplification

Merger of Sterlite Industries (India) Ltd. and Sesa Goa Ltd. completed to form Sesa Sterlite.

Net debt reduction

Net debt down by US$0.7 billion over the last 12 months and by US$2.1 billion over the last 24 months.

1 Trucks at zinc-lead mine, **HZL.**

2 Mangala processing terminal, **Cairn India.**

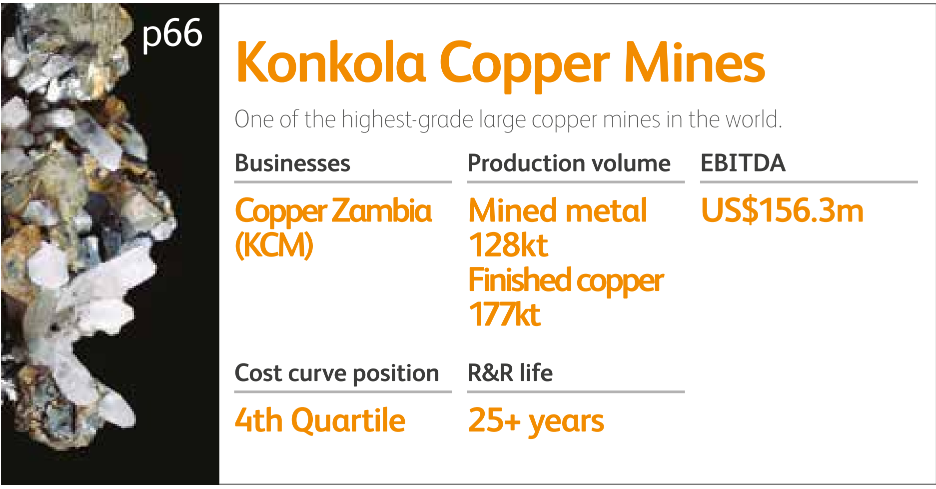
3 Engineers at Aluminium smelter, **BALCO.**

4 Engineers examining ore at pig iron plant in Goa, **Sesa Sterlite.**

5 Women from local community, **Orissa.**

Key information for investors

Large, long life, low cost, scalable assets.



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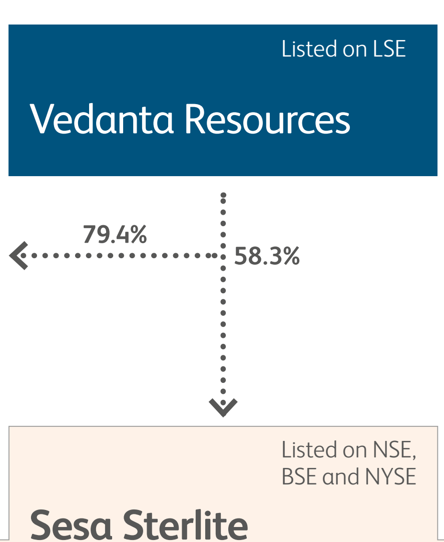
Konkola Copper Mines

One of the highest-grade large copper mines in the world.

Businesses	Production volume	EBITDA
Copper Zambia (KCM)	Mined metal 128kt Finished copper 177kt	US$156.3m

Cost curve position	R&R life
4th Quartile	25+ years



Listed on LSE

Vedanta Resources

79.4%

58.3%

Listed on NSE, BSE and NYSE

Sesa Sterlite

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Zinc-Lead-Silver

Businesses

Zinc India (HZL)
Zinc International

Production volume	EBITDA
880kt	US$1,145.0m
364kt	US$213.4m

Cost curve position	R&R Life
1st Quartile	25+ years
2nd Quartile	20+ years

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Oil & Gas

Businesses

Cairn India

Production volume	EBITDA
219k boepd (average daily gross operating production)	US$2,347m

Cost curve position	R&R life
1st Quartile	15 years

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Iron Ore

Businesses

India Iron Ore Operations and Liberia Iron Ore Project

Production volume	EBITDA
1.5mt[1]	US$(24.2)m

Cost curve position	R&R life[2]
1st Quartile	20+ years

1 Production at Karnataka suspended until December 2013 and suspended for the full financial year at Goa.
2 Excluding Liberia.

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Copper

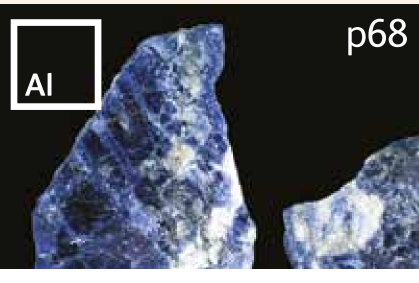
Businesses

Tuticorin smelter, India
Copper Mines of Tasmania

Production volume	EBITDA
Mined metal 18kt Copper cathodes 294kt	US$197.9m

Cost curve position

2nd Quartile



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Aluminium

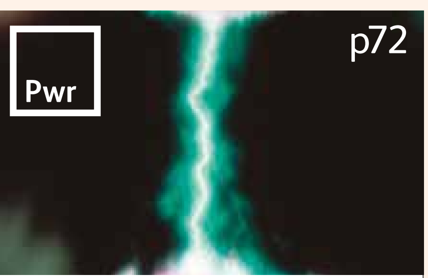
Businesses

BALCO, Jharsuguda Aluminium

Production volume	EBITDA
Aluminium 794kt	US$287.3m

Cost curve position

2nd Quartile



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Power

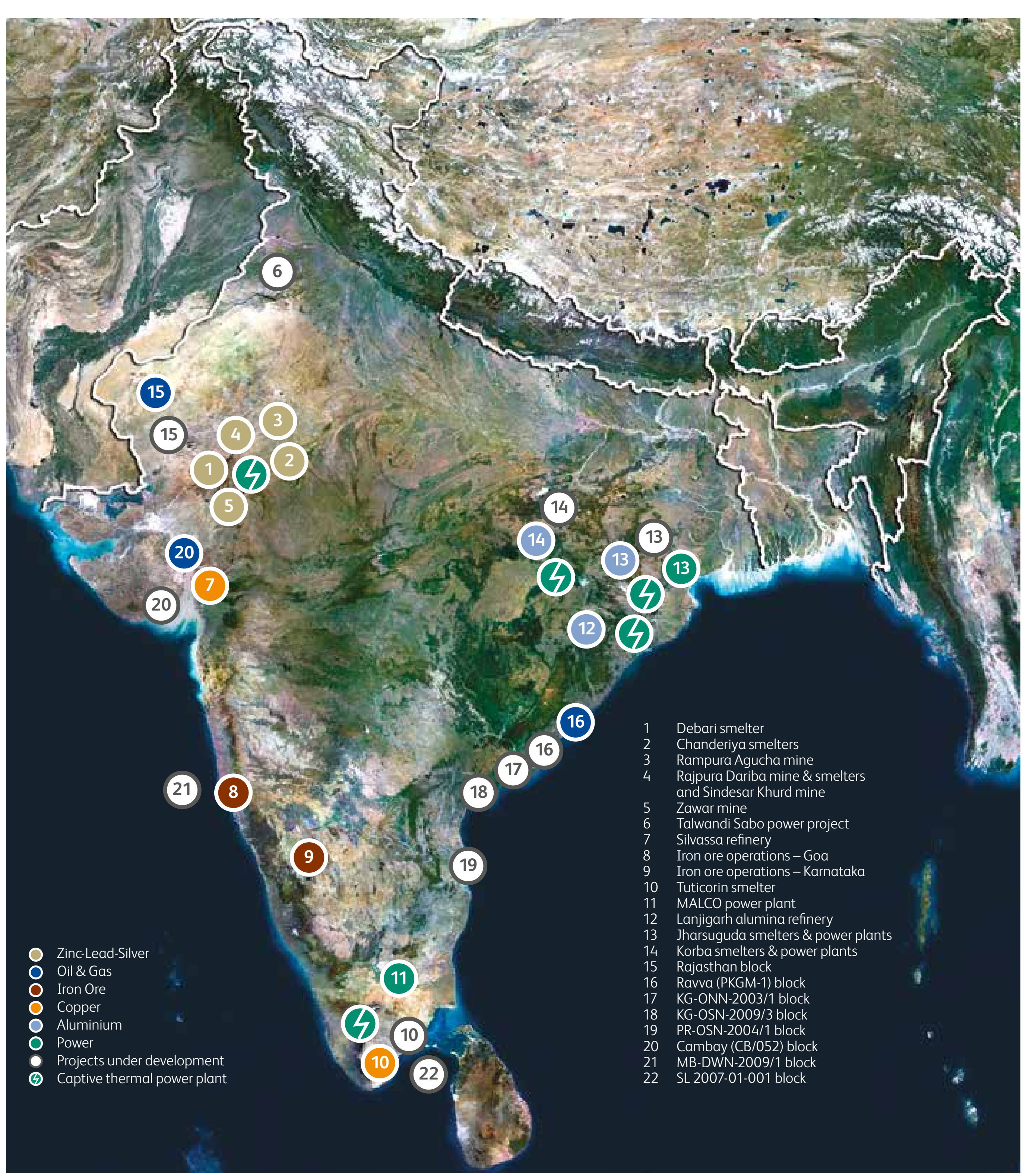
Businesses/plants

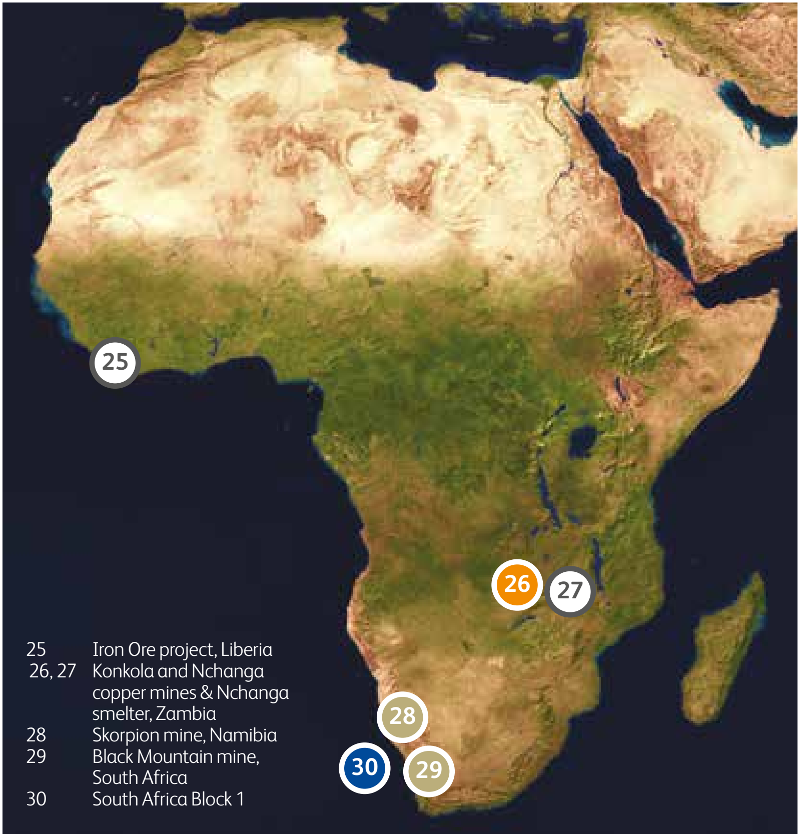
MALCO, HZL Wind Power, Jharsuguda Power Plant, Talwandi Sabo

Power sales	EBITDA
9,374 million Kwh	US$168.4m

Key information for investors continued

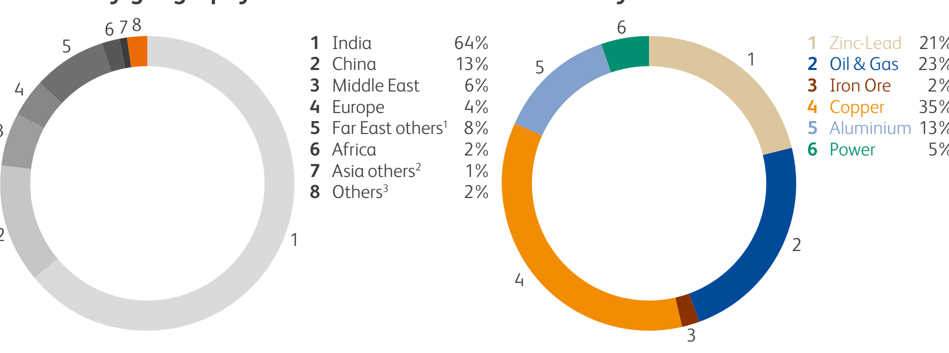
Producing and supplying commodities to a number of emerging markets.





Revenue by geography

Revenue by business



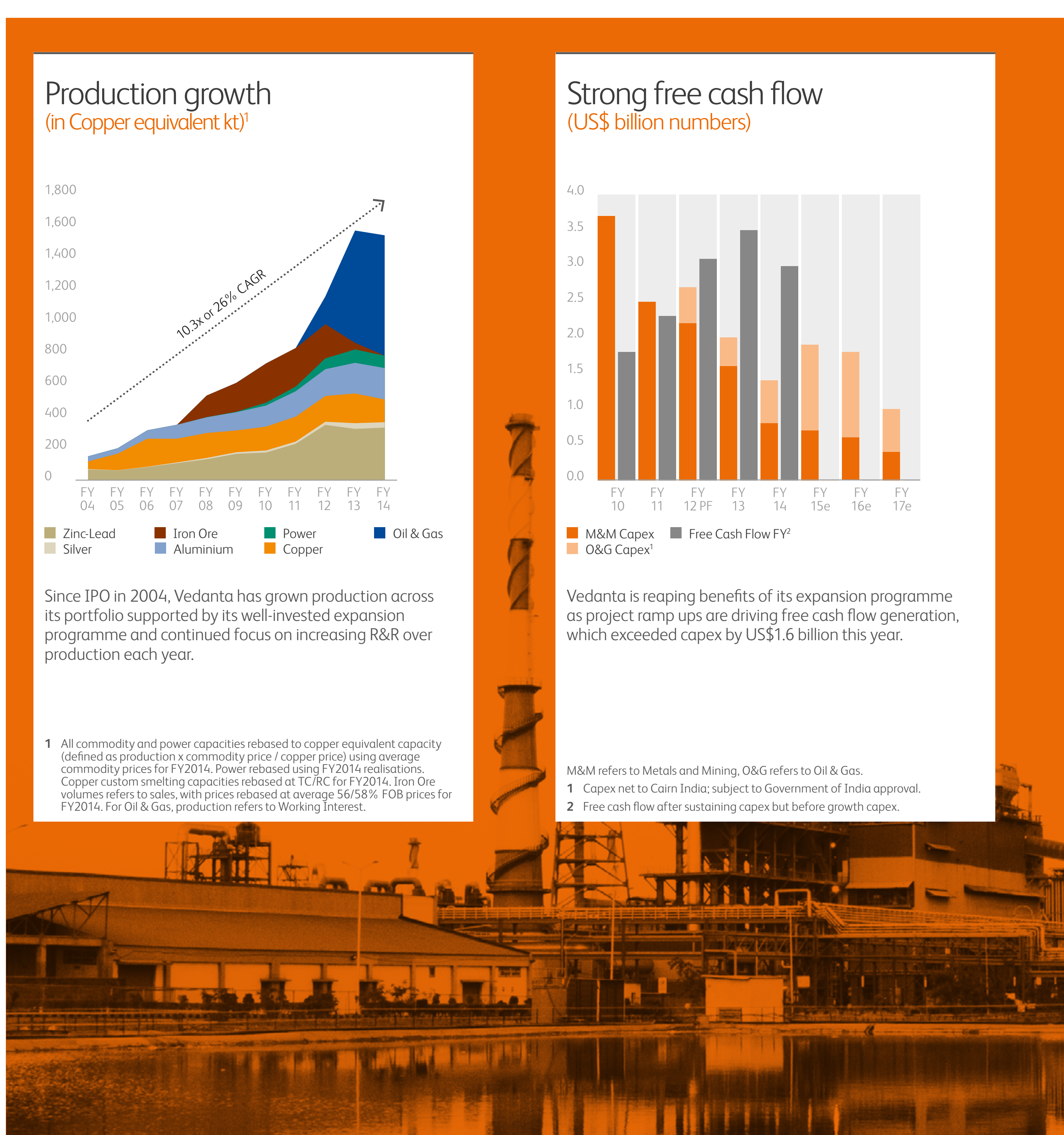
1 Far East others includes a number of countries, primarily Korea, Thailand, Singapore and Mauritius.

2 Asia others include Sri Lanka, Bangladesh, Nepal and Pakistan.

3 Others include the United States, Australia, New Zealand and a number of countries that are not classified in the other available categories.

Key information for investors continued

Well-invested assets generating significant free cash flows.



Production growth
(in Copper equivalent kt)[1]

Since IPO in 2004, Vedanta has grown production across its portfolio supported by its well-invested expansion programme and continued focus on increasing R&R over production each year.

1 All commodity and power capacities rebased to copper equivalent capacity (defined as production x commodity price / copper price) using average commodity prices for FY2014. Power rebased using FY2014 realisations. Copper custom smelting capacities rebased at TC/RC for FY2014. Iron Ore volumes refers to sales, with prices rebased at average 56/58% FOB prices for FY2014. For Oil & Gas, production refers to Working Interest.

Strong free cash flow
(US$ billion numbers)

Vedanta is reaping benefits of its expansion programme as project ramp ups are driving free cash flow generation, which exceeded capex by US$1.6 billion this year.

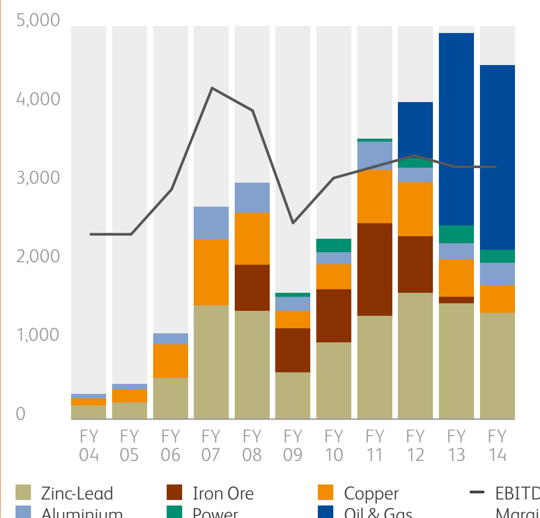
M&M refers to Metals and Mining, O&G refers to Oil & Gas.

1 Capex net to Cairn India; subject to Government of India approval.

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

Dariba smelting complex, **HZL**

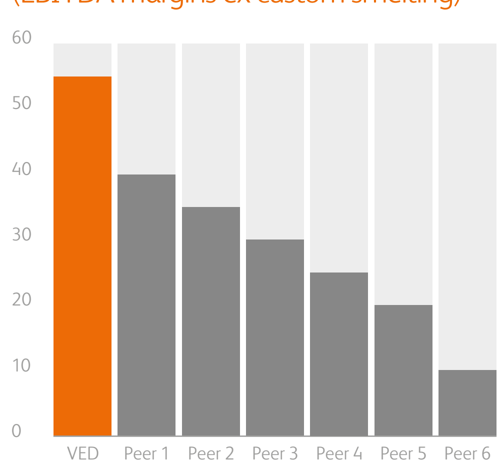
Consistent margins driven by diversification
(EBITDA by segment in US$ million)



A broad natural resources portfolio diversified across base metals, bulks and Oil & Gas has delivered consistent EBITDA margins in excess of 30% over the last 10 years.

1 Margins exclude custom smelting at Copper and Zinc India operations.

Cost efficient Tier 1 assets driving high margins
(EBITDA margins ex custom smelting)



Vedanta's strong portfolio of Tier 1 assets with the majority of its assets positioned in the lower half of the global cost curve has enabled the Company to deliver high margins through the cycles.

Source: Bloomberg.

Peers are Anglo American, BHP Billiton, Freeport McMoran, Glencore Xstrata (Mining business), Rio Tinto, Teck and Vale.

Chairman's statement

Diversified portfolio delivering consistent performance in a challenging market.

I have always believed that the ability to produce robust results in volatile markets is the hallmark of a strong and agile company. I am therefore pleased to announce another set of commendable operating and financial results delivered by our management team and employees, as we mark a decade at Vedanta.

Ten years ago we had a vision to create a large global diversified natural resources major that unlocks the remarkable resource potential of India, meets the growing demand of a nation of a billion people, and gives investors an opportunity to participate in the journey with the comfort of a premium listing on the London Stock Exchange.

We believe the benefits have been felt all-round: since our IPO at 390 pence in December 2003, shareholders have seen a Total Shareholder Return of over 200% and we have paid a progressive dividend that was increased in nine out of 10 years and held constant for one year.

We now stand as one of the world's largest diversified resources company with operations in India, Zambia, Namibia, South Africa, Ireland, Liberia, Australia and Sri Lanka, which directly and indirectly, enhances the lives of at least 4.1 million people across the world. As we look back over this first decade I am proud of the contribution that we have made, both fiscally and socially, to the exchequer, our employees and the numerous communities in and around our operations.

Highlights of the year

Vedanta has again shown that the fundamentals of our business remain strong. We have a diversified portfolio of assets that have cost-efficient operations, are highly productive, and have generated strong free cash flows of US$1.6 billion after capital expenditure on sustaining and expansion projects.

In particular we were delighted with the performance of the Oil & Gas division, Cairn India, which passed two notable milestones during the year. The onshore, prolific, Rajasthan block achieved the landmark of 200 million barrels of cumulative oil production over its life, and also reached a production rate of 200,000 barrels of oil equivalent per day in March 2014, against a production rate of 125,000 barrels of oil equivalent per day, when we acquired this business.

I warmly congratulate the team on this fine achievement, and I also thank the Indian government whose partnership has been crucial. Cairn now produces 27% of India's oil production and with the Government's focus on increasing India's oil production, it can contribute further to helping reduce India's dependence on imported oil & gas which still accounts for 75% of its needs.

Zinc India is the second largest integrated zinc producer globally with a mine life of more than 25 years and costs in the lowest quartile of the global cost curve. It delivered an excellent performance with a record production of mined and integrated refined metal.

Financial performance

The year saw revenues of US$12.9 billion and an EBITDA of US$4.5 billion despite lower commodity prices.

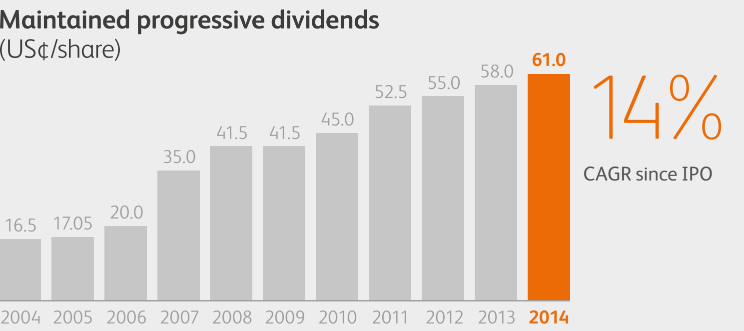
EBITDA reflected weaker global commodity and oil prices, increased rate of share of profit on petroleum to the Government of India, although these were partly offset by lower costs in aluminium, increased volumes at Zinc India and our record oil production.

We also experienced lower volumes at Konkola Copper Mine ('KCM') and Zinc International and Iron Ore, where the state-wide bans on mining in Karnataka and Goa were lifted in December 2013 and April 2014 respectively, albeit with conditions. We resumed mining in Karnataka in December, and are currently working with the State Government and the Environment Ministry to restart operations in Goa.

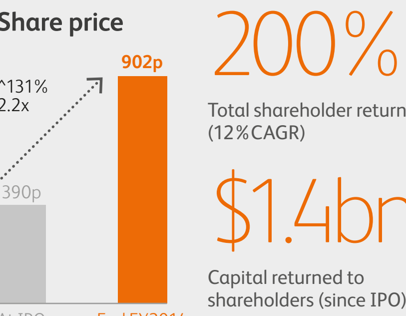
10 years of delivery

"My vision at flotation was to deliver the potential of India's resources to investors, within the comfort of a London Market listing."

Maintained progressive dividends
(US¢/share)



Share price



200%

Total shareholder return (12% CAGR)

$1.4bn

Capital returned to shareholders (since IPO)

$15bn

Contribution to exchequer (last three years)

$134m

Social investment in communities (last three years)

"We have delivered results not only for our shareholders but also created many thousands of jobs, supporting our employees with housing, education and healthcare, and made a vital difference to communities across India and Africa."

1
Night view of Tuticorin smelting complex, **Sesa Sterlite.**

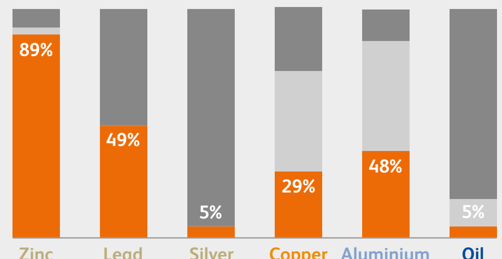
2
Engineers at iron ore operations, **Sesa Sterlite.**

3
Engineers reviewing plans at aluminium smelter, **BALCO.**

1
Vocational training for women at self help groups, **HZL.**

VEDANTA 2003-2013
10
10 YEARS OF DELIVERY

Vedanta – Strong market positioning in India
(FY2014 India Market Shares[1])



1 Based on domestic consumption.

A partner in the growth of India

"India is blessed with abundant natural resources and I believe Vedanta has an important role to play in unlocking the potential of those resources as a partner in India's future growth."

Shared geology and mineral potential with Africa & Australia and abundant natural resources

India's global ranking (based on Reserves)

295bn tonnes
5th Coal (R&R)

50mn tonnes
6th Zinc (R&R)

29bn tonnes
7th Iron Ore (R&R)

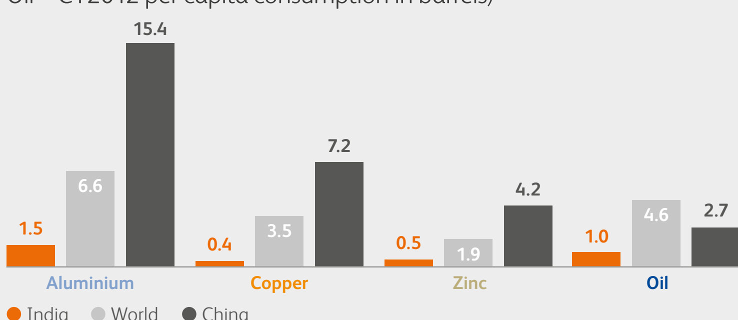
3.5bn tonnes
8th bauxite (R&R)

Total estimated reserves & resources based upon public sources including GSI, GOI, Wood Mackenzie, UNFC and IBM.

2
Engineers at iron ore operations, **Sesa Sterlite.**

"My vision for the future is to continue to fulfil Vedanta's potential whilst helping to advance the world's largest democratic developing nation economically, socially and sustainably."

Low per capita consumption
(Metals – CY2013 per capita consumption in kg;
Oil – CY2012 per capita consumption in barrels)



India World China

Wood Mackenzie, BP Statistical Report, Global Insight, Indian Ministry of Petroleum and Natural Gas, IBIS, Aluminium Association of India, ILZDA, company sources.

Chairman’s statement continued

Delivering against our strategy

As well as producing satisfactory results, we remained focused on our core strategy.

It was a year when we eased back on capital expenditure and concentrated on production. Despite inflationary pressures, we succeeded in controlling our costs; in aluminium, for example, we rank in the second quartile, even ahead of many others who enjoy the advantage of captive bauxite.

We continued to reduce net debt which now stands 8% down at US$7.9 billion, and generated strong free cash flow of US$3.0 billion.

I was also pleased to see further progress on our goal to discover more than we mine out. During the year we delivered a 100% reserve replacement at Oil & Gas and Zinc India.

In addition, we responded to an often-received feedback from shareholders for a simpler group structure by completing the Sesa Sterlite merger during the year, which has eliminated cross-holdings, better aligns cash flow generation and debt across the Group structure and delivers valuable synergies.

p22 *Read more about our strategy*

Sustainability

I have always felt deeply that it is our employees who drive our success. It has therefore been a priority that they have been able to grow with us, both financially and personally, and that we contribute to their well-being and development. We’ve developed incentive plans to broaden share ownership among our middle and senior management, so they also become shareholders of our Company.

However, even growth is a secondary consideration compared to the need to work safely and to minimise our impact on the environment. We were deeply saddened by the 19 fatalities that occurred during the year and both our incoming CEO and I are determined to address this as we make personal safety an absolute priority.

It was good to see a reduction of 37% in lost time incidents over the last four years, and 74% of non-hazardous waste being recycled during the year which shows an encouraging progress. Over the past year, I have been particularly pleased with the success our businesses’ have had in implementing our Sustainability Framework underpinned by our successful Scott Wilson audit and the insights we have gained from this exercise.

Out in our communities, we continued to expand our support programmes. We have seven discrete focus areas: health, education, sustainable livelihoods, women empowerment, community asset creation, bio-investment and integrated village development. During the year we spent US$49 million, benefiting over 4.1 million people.

p24 *Read more about sustainability*

Governance

At the close of the year our CEO of five years MS Mehta took well-earned retirement. I wish to place on record my thanks to him; he joined us around 14 years ago and led various operations across the Group. His insight and leadership have been pivotal to our success over this first decade and he departs with our warmest wishes.

We are also delighted to have secured a replacement of the calibre of Tom Albanese, who took up the reins as our new CEO on 1 April 2014. Tom brings with him a lifetime’s experience in resource mining and operations and will add considerable value as we meet the opportunities and challenges ahead.

During the year, Deepak Parekh, the non-executive Chairman of the Housing Development Finance Corporation (‘HDFC’) Limited, India’s premier housing finance company, joined the Vedanta Board as an independent Non-Executive Director. I would also like to thank Naresh Chandra who retired from the Board following the conclusion of the 2013 Annual General Meeting having served nearly nine years on the Board.

p80 *Read more about governance*

> “Vedanta is well positioned to supply to India’s need for commodities while operating at international standards of sustainable development.”

Outlook

India’s per capita consumption of commodities is expected to rise consistently and strongly over the next two–three decades with favourable demographics and growing urbanisation, and as a large and responsible corporation, Vedanta is well positioned to supply India’s need for commodities while operating at international standards of sustainable development. FY2013–14 has been a year of building momentum in the right direction, and I see it as a powerful springboard for the year ahead as we build on the significant headway achieved in production ramp-ups, cost controls, regulatory clearances and sustainability. We remain focused on our stated strategic priorities of ramping up production across our portfolio and to deleverage the balance sheet.

Anil Agarwal
Chairman
15 May 2014

Incoming Chief Executive Officer's statement

Tom Albanese became our new Chief Executive Officer on 1 April 2014. Here he gives his initial impressions of the Company and outlines his first priorities.

Taking the helm of a world class business is an honour, and I am especially excited to be leading a diversified resources company like Vedanta with a large presence in India, a country where I see the potential for significant demand growth and the opportunity to develop and harness natural resources to meet this surge in demand.

India has long held a fascination for me. It is endowed with a vast and largely untapped potential in natural resources, and it is also a country of fast-growing aspirations. It is home to over a billion people driving demand for consumer durables, transportation, telecommunications and new infrastructure.

Just prior to taking up the role, I spent six months as Chairman of Vedanta Resources Holdings Limited, that operates as a subsidiary of Vedanta Resources plc and the holding company for the operating companies, which gave me an opportunity to know the Company well, visit the operations and chair several monthly Executive Committee meetings going through detailed reviews of business performance. I visited almost every asset and spent a lot of time underground which left me as energised as my first mining job more than 30 years ago. I wanted the opportunity to look and learn, engage with the workforce and gain a well-informed first-hand impression.

Our people

What I have found is a very effective management team and a professional and committed workforce, and I express my thanks to the outgoing CEO of the Group, Mr MS Mehta and the outgoing CEOs of the Iron Ore division, Mr PK Mukherjee, and Oil & Gas division, Mr P Elango, whose efforts to build these teams have been commendable.

There are some gaps which we need to fill, such as boosting underground mining expertise, but the organisation is staffed by highly capable teams. It is clear to me we have commercial acumen in depth, as well as a proven process engineering capability and a tremendous culture of leadership development.

We will be building on our teams in the coming year, benefiting from strong internal talent and complementing it with fresh perspectives from external hires. On that note I am delighted that we have hired a new CEO at our KCM business and a new head of Corporate Communications and Corporate Social Responsibility who is taking up this role with a strong emphasis on CSR; an area where I think we can present ourselves better.

p29 *Read more about our people*

Our assets

My tour of the assets confirmed to me that we have much to be proud about. The Company's ethos of keeping a firm control on costs is clearly translated into action on the ground, with our largest businesses ranking in the lowest cost quartile of the global cost curve.

I have also been struck by the world class quality of resources and resource potential. In particular, four assets come to mind. Our prolific onshore Rajasthan oil and gas block; the Zinc India assets, also in Rajasthan, with the largest zinc-lead mine in the world; our low-cost iron ore mines in Goa; and, with some operational improvements, the long life potential of the high-grade copper assets at Konkola Copper Mines ('KCM') in Zambia.

These are just four examples in a very exciting landscape. As a resources explorer, I know that this sector and our organisation can play a vital role in India's growth and prosperity.

It will be part of my remit to engage with policymakers to help in harnessing India's resource potential and thereby create growth and employment.

Immediate operating priorities

In the near term, I see a number of key operating priorities and these will receive immediate focus. They are:

- To ramp up aluminium production and obtain access to bauxite.
- To resume iron ore mining operations at Goa.
- To improve the business at KCM.

I will also focus on driving further the already successful businesses, and this will include maximising exploration and optimising production at the Rajasthan oil & gas block and a proper transition of the Rampura Agucha mine at Zinc India from open-cast to underground in the next few years.

Safety: zero harm

Having spent my professional life involved with the mining industry across different countries, I know first-hand the absolute necessity to strive for a zero harm environment.

So although there have been some improvements in the Company's lost time injury frequency rate metrics, I have communicated to the Board, the management team and the entire workforce that the fatality rates at our operations are wholly unacceptable.

I am therefore conducting a personal and thorough appraisal of our safety management processes, contractor management and compliance, and internal safety leadership with the clear target of moving towards a zero harm record.

This is not only the right thing to do by the workforce, but in my experience, the safest businesses are also the most capably led and efficient, with all the benefits that flow to employees, communities and shareholders alike.

Protecting our licence to operate

The most successful businesses in our sector have not merely gained a licence to operate; every day, they work to protect and maintain that licence. In turn, they have assets that don't just last a decade but have productive lives that can span generations of workers.

At the heart of this longevity is Corporate Social Responsibility in its fullest sense: a commitment to engage with local communities; to safeguard the wellbeing of the workforce; and to minimise wherever possible the impact made on the environment. Indeed, legislation is raising the bar on these issues, not just in India but around the world. While Vedanta meets or exceeds regulatory requirements, I am focused on raising standards further.

One of the first locations I visited was Lanjigarh, where we have ambitions to ramp-up the refinery to a capacity of 5mt of alumina. However, the bauxite for this is to be supplied by the State Government as per our existing Memorandum of Understanding. On behalf of Vedanta, I reiterate that we will not consider developing any bauxite resources including the Niyamgiri mines, without the consent of the local communities.

Regarding our employees, we are conducting a gap analysis to ensure our compliance with the UN Principles of Human Rights. I am also introducing two non-negotiables: the radical improvement in safety I mentioned above, and a reinforcement of the strong principles already in place here surrounding compliance, integrity and ethics. Our performance in both these areas will be led by a strong tone from the top.

So as I set to work in my first year as CEO, I'm very excited about the potential ahead. We have the people and the assets and I look forward to setting a stage that will enable even greater performances ahead.

We are all here for the purpose of adding value, for our shareholders, our employees, and all stakeholders. Over the past 10 years the Company has created tremendous value for all three, and I am committed to continue to do this in the future, and take Vedanta to the next level of performance in all aspects.

Tom Albanese
Chief Executive Officer
15 May 2014

1
Engineers at Sindesar Khurd zinc-lead mine, **HZL.**

2
Engineers at Skorpion integrated zinc complex, **Zinc International**.

"So as I set to work in my first year as CEO, I'm very excited about the potential ahead. We have the people and the assets and I look forward to setting a stage that will enable even greater performances ahead."

Open forum

Anil Agarwal and Tom Albanese answer some frequently asked questions concerning the vision and future ambitions of the Company.

Q How will the executive management of the Group change with the introduction of a new Chief Executive Officer?

Anil Agarwal: I am delighted to welcome Tom Albanese to the Vedanta Group, who brings extensive experience in the resources sector. I'm proud to say that Tom has built up an excellent understanding of our businesses over the last half year when he visited them and reviewed the monthly business performance of all businesses, and was actively involved in the Executive Committee.

We will work closely together to drive the Company forward. The Board and I will retain responsibility for strategic development, including M&A, and Tom will lead the businesses, driving operational excellence, further developing our stakeholder engagement and taking forward corporate initiatives to simplify the Group structure.

Q At Vedanta, you have two main subsidiaries – the publicly listed India-based Sesa Sterlite Ltd. and Copper Zambia. Let's discuss Copper Zambia first: You have faced some issues at Copper Zambia recently. What are your plans to address these issues and realise the potential of this asset?

Tom Albanese: Since joining the Vedanta Group six months ago, I have visited Zambia around six times and spent a lot of time on the ground, working with the business units, talking with our employees and stakeholders, including our equity partners, the Zambian government.

We've taken up several initiatives to improve the environment and well-being of local communities and more than half a million people are benefited by the various community programmes currently undertaken by Copper Zambia. We've improved the quality of water that gets pumped out from the underground mine, which is critical for irrigation and caters to the water needs of at least half a million Zambians.

We are the largest private sector employer in Zambia though our productivity per employee is lower than local and global peers.

Our focus is ramping up mined metal production, which is in everyone's interest, including Vedanta, our employees and the Zambian government, though this has taken more time than was anticipated when Vedanta embarked on sinking the new 1.5km deep shaft at the Konkola Deeps mine. With shaft sinking complete and facilities for loading and hoisting finished, we are currently working on primary development of the underground mine. We have an able team on the ground and have recently added several underground mining experts to the team.

Then there are commercial challenges faced by the mining industry in Zambia, with Value Added Taxes on inputs that are yet to be recovered from the Zambian Government and we are engaged with the Government for a solution.

I'm also glad to share that Steven Din has joined as CEO of Copper Zambia in May 2014. He has nearly two decades of experience in Africa. Steven has already been actively engaged in meetings with the Government, and I look forward to working closely with him as we deliver an operational turnaround at KCM. With these necessary steps to improve the business, I can foresee 50 years of successful copper mining ahead of Vedanta at Copper Zambia.

Anil Agarwal: Copper Zambia is one of Vedanta's most important assets and we are completely focused on the turnaround of this business as it has one of the largest high-grade copper mines in the world and has a long life ahead of it. We are committed to developing our resources in Zambia and I think we can continue to make a significant positive impact on the social and economic development of the region as the largest private sector employer in the country and one of the largest contributors to the economy through our tax and royalty payments.

Q Vedanta has made a large investment in Aluminium but you don't have a captive source of bauxite yet and have faced criticism about this – so what are your plans now?

Anil Agarwal: The state of Odisha in India is a natural destination for producing Aluminium. India has the eighth largest bauxite deposits in the world and 50% of these are in Odisha, and nearly half of Odisha's bauxite is within a radius of 100–150km from the refinery that we have built. We have a Memorandum of Understanding with the Odisha State Government, through which we are assured supply of 150 million tonnes of bauxite for our processing facility, and we will continue to work closely with the State Government. From our perspective, we have made it clear that Vedanta will not source bauxite from Niyamgiri bauxite deposit without the consent of the local community.

Tom Albanese: One of the first operations I visited was the Lanjigarh alumina refinery. I must say that I was pleasantly surprised by the level of care on the ground and I think that the reality is much better than it is widely perceived. While Vedanta has done a commendable job in terms of community development near and around the Lanjigarh refinery, these good deeds have unfortunately been overshadowed by the controversy at Niyamgiri. We will now focus our attention to other resources on a regional basis which can be developed in a manner consistent with global norms and expectations. Even though we do not have sufficient captive feed currently, we continue to operate our Aluminium smelters at Jharsuguda, in Odisha, and Korba, in the adjoining state of Chhattisgarh, efficiently, producing aluminium in the lower half of the cost curve, despite the higher cost of purchased bauxite and alumina.

Q Court Orders to restart iron ore mining in the states of Karnataka and Goa have been issued after long periods of mining bans in both these states of India. However, it seems that not all issues have been resolved. What is the latest and will you get back to production levels before the bans?

Tom Albanese: We restarted our operations at Karnataka in end December, and have been selling ore through government sponsored e-auctions. I see the authorisation to restart mining in Karnataka and the Supreme Court order in Goa as an encouraging sign, confirming that we are gaining momentum in the right direction. Our iron ore mining division has operated sustainably for nearly six decades, and we have had a strong focus on sustainable mining and adding more to reserves and resources through exploration, than what we mine out. We are currently working with the State Government of Goa and the Ministry of Environment and Forests to obtain necessary approvals to restart mining in Goa, and hope to start production after the monsoon season this year.

Overall, India has the seventh largest reserves of iron ore in the world and Goa as a region is not constrained by geology. We have seen geological features at our Sonshi mine in Goa which resemble those in the Pilbara in Western Australia. Besides, with proximity to inland waterways and port, the mines in Goa have a strong cost positioning.

Anil Agarwal: The issues in the State of Goa were driven by environmental concerns as mining activity increased significantly in response to record iron ore prices and access to port through inland waterways. As many small unorganised miners sprang up, the Government restricted mining activity across the State with an intention to ensure responsible mining, and this affected large, organised miners such as our iron ore operations, which has a track record of responsible mining for over six decades in the area. If you take a look at the work done on returning the depleted Sanquelim mine in Goa to its natural state, you will see a fully reclaimed environment where we have planted over 600,000 trees, and open pits have been converted to ponds and fisheries.

Q So, the merger of Sesa Goa and Sterlite Industries and consolidation are now complete, what are your plans on the Group structure

Anil Agarwal: The merger of Sesa Goa and Sterlite is a major step forward on our journey to unlock value and we are already seeing the benefits of that. Our key priority now is the purchase of the shares in HZL and BALCO that are held by the Government of India. The Government has taken a decision to sell their stakes through the auction route and the process is under way. An offer has been made and is under consideration, but the timetable for this is not something we can control.

Q What are your strategic priorities going forward and do you envisage any changes to strategy?

Anil Agarwal: My vision and strategy for the Company remains the same: to build and grow a diversified global natural resources major and Tom shares that vision. However, right now our primary objective is to deleverage from the cash flows that the business is generating as our capital intensive projects are nearing completion and ramping up production.

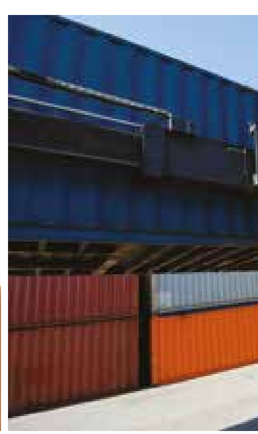
Currently, we are working on the low-risk projects at the high-margin businesses of oil & gas and zinc, which have significant cash generation from existing operations, and cash balances. As we consider future investment opportunities, these decisions will be based on rigorous capital allocation and we will continue to evaluate all available options for capital deployment. I am proud to reiterate that we have maintained a progressive dividend through the global financial crisis, and have delivered a total shareholder return of 200% since our IPO.

Tom Albanese: From my point of view, India will have a strong demand for commodities with growing urbanisation and favourable demographics over the next 20–30 years, current low levels of per capita consumption, and a robust democracy. India has abundant geological resources and the potential to build a world class natural resources industry that not only provides energy and raw material security to the country, but also creates considerable employment and economic activity. As the largest diversified natural resources company in India, Vedanta is at the forefront of this opportunity.

"My vision and strategy for the Company remains the same: to build and grow a diversified global natural resources major and Tom shares that vision."

Market overview

Emerging markets continue to be the key drivers of growth.



Overview

In an environment of volatile commodity prices, as one of the largest diversified resource producers globally and with a portfolio of Tier-1 assets, Vedanta is well-positioned to navigate the prevailing economic conditions.

Global economy

In 2013, worldwide economic growth was stable at 3.0%, just slightly lower than the 3.1% recorded in 2012. The slow-down in China during the early part of the year contributed to a lower emerging markets growth rate of 4.7%, while developed economies recorded a 1.3% rise. There were more encouraging signs in the second half of the year as global economic growth rebounded.

The world economy is expected to strengthen in 2014, with growth expected to rise to 3.7%, closer to its historical average. Despite concerns about the Federal Reserve tapering its asset purchase programme, monetary policies across the world continue to be expansionary and are expected to drive growth in advanced economies up to 2.2%, increasing demand that in turn could support a higher emerging market growth rate of 5.1%.

Indian economy

India's growth is still one of the highest in the world, although it slowed to 4.6% in 2013, its second lowest in a decade averaging around 7.5% annual growth. With general elections in May 2014, and a rising awareness across the country for the need to improve governance and align regulatory policies to support economic activity, India's growth is expected to pick up in the coming years.

Strong global growth, improving export competitiveness with a weaker rupee and a confidence boost from recent policy actions are expected to contribute to a modest rise in India's economic growth to 5.4% in 2014, with the potential to recover to 6.8% in the medium term if structural reforms are implemented to accelerate investment projects that improve infrastructure and to bring persistent high inflation levels under control.

Investment in infrastructure for transportation, housing and power will continue to drive demand for aluminium, zinc, copper and iron ore in India fuelled by a rising working age population, increasing per capita income, and a growing middle class, combined with ongoing urbanisation.

While India has large refining facilities, it is highly dependent on imports of crude oil with an inevitable impact on the country's trade balance and current account. In addition, increased oil prices are not passed on to the consumers, resulting in an increasing subsidy burden to the Government of India ('GoI') and a negative impact on the fiscal deficit.

Against this backdrop, the GoI realises the importance of boosting domestic production of crude oil to bridge the widening gap between demand and domestic supply, and has recently announced policy decisions such as the Integrated Block Development approach, and the permission to undertake exploration in areas that have started development or operations under Production Sharing Contracts.

India has abundant natural resources that are yet to be sufficiently explored, developed and tapped. India's reserves of iron ore, bauxite, zinc and coal rank among the largest in the world. The introduction of new regulations, including the new Mining and Minerals bill, and a general focus on regulatory policies to support economic activity is expected to encourage and accelerate private sector investment and drive the development of the industry.

Commodities

Over the last year, slowing emerging market growth dampened demand for base metals and depressed prices, while crude oil prices remained relatively resilient. Mining companies have responded by focusing on cost improvements and productivity initiatives rather than growth, to bring supply in line with demand.

Sources: World Economic Outlook update January 2014, International Monetary Fund, Wrod Mackenzie, Ministry of Petroleum and Natural Gas.

	(in US$/MT)		
	FY2013–14	FY2012–13	% Change
Copper	7,103	7,853	(9.5)
Aluminium	1,773	1,974	(10.2)
Zinc	1,909	1,948	(2.0)
Lead	2,092	2,113	(1.0)
Silver (TOz)	21	31	(29.8)
Iron Ore (63 Fe Grade)	115	120	(4.1)
Crude per bbl	108	110	(2.3)

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

Zinc
Although prices were under pressure in 2013, a declining global supply is likely to fall short of demand in the medium term and prices are expected to strengthen as inventories reduce. End demand in India remains strong with the galvanizing sector, which is the largest consumer, delivering strong growth and this momentum is likely to continue as the country's investment in infrastructure drives demand.

Lead
Tougher environmental regulation and supply shortages characterised the global lead market even as demand was affected by a slow recovery in vehicle production and the emergence of alternative battery technologies. Overall, the global lead market is expected to continue to grow driven by developing economies, including India where domestic demand has been strong.

Copper
Global supply marginally exceeded consumption in the year, with the ramp up in production from the new mines in Africa and Mongolia and good production in Chile and Peru. Whilst demand for copper in India was stable during the year, demand is expected to rise driven by investment in infrastructure projects, the development of power generation capacity and continued urbanisation.

Aluminium
Prices declined during the year as stocks were high and supply growth matched consumption with the exception of China where growth was exceptionally strong at 12%. However, lower LME prices were offset by higher physical premiums as large inventories remain blocked in warehouses driven by financing deals. Looking forward, primary aluminium demand is expected to rise, supported by the transport sector and metal substitutions in favour of aluminium. Lack of demand in the electrical sector in India led to a fall in consumption but both supply and demand are forecast to recover in 2015 as demand in the electrical sector recovers, boosted by investment in infrastructure and transport.

Iron Ore
Consumption of steel in China continued to drive growth in world steel demand with prices rising during the year, despite credit restrictions in China dampening demand in the latter half of the year. The increased availability of supply from new mines in 2015 is expected to curtail further price rises. Indian steel consumption is also forecast to rise as a result of government spending on infrastructure and higher consumption of consumer durables. However, iron ore prices in the domestic market are expected to remain soft due to the impact of export restrictions and duties on domestic pricing.

Oil & Gas
Whilst demand for oil increased, led by China, global prices remained moderate as the US shale revolution boosted production in North America. Prices are expected to stabilise going forward as global economic growth recovers. Demand in India continued to rise, with imports continuing to meet more than 70% of demand even as Cairn India's contribution to India's domestic crude oil production increased from 26% in FY2013 to 28% in FY2014.

Long-term outlook
The long-term outlook for the sector remains positive as the structural economic trends of population growth and urbanisation in emerging economies are expected to continue driving demand for commodities for construction and infrastructure, and for consumer goods as the income of growing middle classes in these economies rises. Consequently, power sale prices are also expected to increase in the coming year.

Vedanta's market position
As the leading natural resources provider in India, Vedanta is well-positioned to respond to the growing demand for raw materials with strategically located, high quality assets, and scalable capacities.

Close proximity to growing Asian markets and cost positions in the lowest quartile or lower half of the global cost curve, put Vedanta in a strong competitive position to take advantage of the opportunities in both India as well as other emerging markets.

Business model

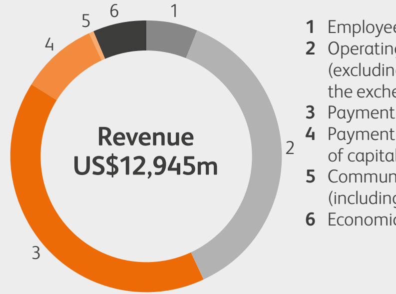
Delivering value to all stakeholders.

What we do and how we add value
Vedanta operates across the value chain, undertaking exploration, asset development, extraction, processing and value addition with a primary focus on upstream operations. We capitalise on our strategic capabilities to create value for all our stakeholders: our shareholders; our employees; our customers and the communities where we operate.

We focus on maximising returns from our long-life, low cost, scalable assets where we are now delivering strong free cash flows from a well-invested asset base.

We are committed to the highest standards of sustainable development in all aspects of our business with a well-developed sustainability framework underpinning everything that we do.

Vedanta's economic contribution (US$m)



1. Employee costs
2. Operating costs (excluding payments to the exchequer)
3. Payments to exchequer
4. Payments to providers of capital
5. Community investments (including donations)
6. Economical value retained

Strategic capabilities

Natural resources

We have a diverse portfolio of Tier 1 assets with the majority of resources in the lowest quartile or lower half of the global cost curve. We continue to extend the life of our assets organically by investing in brown field exploration and acquisition of large, proven assets.

People and skills

We have a workforce of over 87,000 people, comprising over 25,000 direct employees and 59,500 contractors. This includes skilled geologists, mining engineers, technicians and other business professionals. We are one of the largest employer of mining engineers in India, and the largest private sector employer in Zambia.

Technical innovation

We drive productivity growth by concentrating on continuous improvement in mine development at mines and metal recovery at our processing plants. Our focus on operational excellence has enabled us to maintain our position as a low cost producer despite industry-wide cost inflation pressures.

Financial capital

Vedanta has a strong financial profile and access to global sources of equity and debt capital. Vedanta has a track record of successfully raising capital, with over US$29 billion raised from equity and debt markets in the past decade, and has a robust strategy for capital allocation.

Project expertise

We have built projects at benchmark capex and have a track record of successfully delivering projects.

Relationships and partnerships

Governments
Communities
Employees
Suppliers
Customers
Shareholders

Sustainability is at the core of our operations, and the key to preserve and sustain our licence to operate. We have strong relationships with our key stakeholders, creating dialogue to understand their needs and work with them proactively to add and share value, through industry forums, local community organisations, government bodies and employee unions. Over 4.1 million people across local communities are benefited through our various activities across business.

ZLS | O&G | Fe | Cu | Al | Pwr

Value chain

Exploration

We focus on extending the life of our mines and oilfields through focused exploration, aimed at increasing our Reserve and Resources ('R&R') base over and above what we extract each year. We prefer to explore brown field opportunities across our current asset base, and a few select, large scale, low-cost, green field sites.

Asset development

We develop our resource base to optimise both production and the life of the resource. We also develop processing facilities that are strategically located close to our resources to optimise our costs and access to markets. As mines reach the end of their lives, we work to remediate and rehabilitate them back to their original natural characteristics.

Extraction

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

Processing

In line with our integrated value chain, we produce refined metals by processing and smelting the ore that we extract out. We have smelters and other processing facilities in India and Africa. We generate our own power for most of our operations, selling any surplus. We also sell power generated by our independent power plants and wind farms.

Value addition

While we are primarily upstream, we selectively add value by converting some of our primary metal products into higher margin products such as sheets, rods, bars rolled products at our zinc, aluminium and copper businesses, depending on the profitability of adding value and the customer demand for these products.

High value outputs

Natural resources

Our diversified portfolio produces high quality metals and minerals, LME-branded refined metals, and Oil & Gas, delivering industry leading EBITDA margins of over 40% (excluding custom smelting). Our business activities are underpinned by a well-established sustainability framework to minimise our environmental footprint.

People and skills

We invest in developing our workforce delivering over 1.1 million hours of training, including over 81,000 hours of health and safety training. We attract and retain talented employees through management training and development programmes supported by specific initiatives to encourage gender diversity.

Governments

We are a substantial contributor to the economies where we operate, both as an employer and a tax payer. We paid a total of US$5.3 billion in taxes and levies across the Group in the FY2013–14.

Society

We make an economic and social contribution to the communities where we operate, investing US$49.0 million in FY2013–14 in building hospitals, schools and infrastructure and providing community programmes for around 4.1 million people.

Customers

We deliver high quality raw materials for our customers in line with international standards for quality, settlement terms and delivery dates. We operate more than 25% of India's oil production and contribute to the nation's energy security. India has a deficit power market and we are a large generator of power in India.

Shareholders

We have a progressive dividend policy and have returned US$1.4 billion in dividends to shareholders since the IPO in 2004. We delivered a total shareholder return of 200% since the Vedanta listing in London in FY2004.

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

We focus primarily on growing our assets organically by growing our resource base and investing to expand our capacity and increase our production volumes, complemented with selective acquisitions where we can use our strategic capabilities to add significant value to large, proven assets.

Long-term value

We aim to be a low-cost operator across all our businesses, optimising our cost and operational performance through a culture of continuous improvement. We maintain a continuous focus on exploration to ensure we are adding to our reserves and resources at a faster rate than we are depleting them. We seek to drive synergies from integrating the Group and consolidating and simplifying our group structure.

Sustainability

We are committed to providing a safe, secure and healthy workplace for our employees by optimising our consumption and minimising our environmental footprint. We aim to forge strong relationships with all our key stakeholders and to contribute to the development of our employees and of the communities where we operate.

Progress against strategic priorities

To drive our strategy forward, we have set five strategic priorities and this table summarises our progress against these priorities. More detail is covered in the Financial Review on pages 40 to 47, the Operational Reviews for each commodity on pages 48 to 75 and the Sustainability Review on pages 24 to 29.

Strategic priorities	What we said we would do	What we have done	Objectives for 2015 and beyond

1 Production growth across portfolio with a focus on returns

Strategic priorities
- Disciplined capital allocation: low risk and phased development.
- Sustained operational excellence and cost efficiencies.
- Active engagements with Governments.

What we said we would do
- Achieve growth to 1.2mtpa mined zinc lead metal by FY2017.
- Achieve exit production rate of 200k–215kboepd of Oil & Gas at Rajasthan.
- Feasibility study of Gamsberg.
- Ramp up of mine development at Konkola to realise its full potential.
- Phased development of the Liberia mining project.
- Continue focus on securing bauxite and coal.

What we have done
- Commercial production from the Rampura Agucha and Kayad mines, but slower than expected ramp-up of underground mining.
- Achieved 200k boepd of Oil & Gas production in March 2014 at Rajasthan.
- 51,500 metres of exploration drilling conducted confirming positive results of R&R in Liberia. Evaluating logistics actions for project.
- Feasibility study of Gamsberg underway. Evaluating technical options.
- Konkola Deeps slower than expected following the bottom shaft loading being completed.
- Pursuing multiple options for bauxite sourcing with Odisha Government.

Objectives for 2015 and beyond
- Commence and stabilise production from aluminium and power assets.
- Commence production from BALCO Coal Block.
- Resume iron ore operations at Goa.
- Ramp up volumes at KCM and focus on underground mine development.
- Continue focus on securing coal and bauxite.
- Provide a safe way to resume copper mining operations at Australia.
- Increase silver production.
- Work towards transitioning open pits to underground mining at Zinc India, and taking the mined metal capacity to 1.2mtpa of zinc-lead metal by FY2017.
- Ramp-up production at the Rajasthan Oil & Gas fields.

2 Reduce gearing from increasing fee cash flow

Strategic priorities
- Production ramp-up from well-invested assets.
- Generate positive free cash flow from all businesses.
- Utilise cash flows to deleverage balance sheet.

What we said we would do
- Deleverage balance sheet with increase in free cash flow after project capex.

What we have done
- Increased production of Oil & Gas, zinc, lead and silver at Zinc India and improved performance at Aluminium but lower production at Copper Zambia and Zinc International.
- Free cash flow after growth capex of US$1.6 billion.
- Net debt reduced by US$2.1 billion over last two financial years.

Objectives for 2015 and beyond
- Deleverage balance sheet with increase in free cash flow after project capex.

3 Continue to add R&R to our existing portfolio of assets to drive long-term value

Strategic priorities
- Development and exploration on track to realise Rajasthan basin potential.
- Continued focus to more than replace production.

What we said we would do
- Exploration to achieve basin potential of 300kboepd in Rajasthan.

What we have done
- Achieved 100% reserve replacement ratio at Oil & Gas and Zinc India.

Objectives for 2015 and beyond
- Achieve reserve replacement ratio of 150% in next three years at Rajasthan Oil & Gas.
- Continued focus on exploration at all our mines.

4 Consolidation and simplification of Group structure

Strategic priorities
- Sesa Sterlite merger
- Buyouts of GOI's stake in JZL and BALCO.

What we said we would do
- Realise full synergies of Sesa Sterlite merger.
- Pursue buyout of GoI stake in HZL and BALCO.

What we have done
- Merger completed.
- Indian Cabinet of ministers has approved the stake sale of HZL and BALCO through auction route. Vedanta shareholder approval taken.

Objectives for 2015 and beyond
- Realise synergies of Sesa Sterlite merger.
- Pursue buyout, subject to Government auctioning the stake.

5 Protect and preserve our licence to operate

Strategic priorities
- Continued focus on eliminating fatalities.
- Stakeholder engagement.

What we said we would do
- Reduce LTIFR ('Lost Time Injury Frequency Rate') to 0.7 by 2014 and 0.5 by 2015.
- All sites to upgrade Stakeholder Engagement Plans ('SEPs') as per Sustainability Framework.
- Implementation of all 29 Scott Wilson recommendations.
- Continue structured community development programmes.

What we have done
- LTIFR reduced to 0.54 (operation and projects) and 0.68 (operations only).
- All Scott Wilson recommendations implemented.
- All major sites upgraded their existing SEPs, implementation in progress.
- US$49 million contributed to community development, benefiting 4.1 million people.

Objectives for 2015 and beyond
- Focus on eliminating fatalities.
- Target to reduce LTIFR (operations & projects) to 0.51.
- All sites to review their needs and impact assessments and SEPs by 2015–16.
- Ensuring 100% coverage of Human Rights and Code of Conduct training for all new hires.
- Structured community development programmes to continue.

Sustainability report

Sustainability is an ongoing journey for any business. This anniversary provides us an opportunity to reflect the journey of growth and delivery we have been on and how we have integrated sustainable working across our businesses.

1

Key highlights

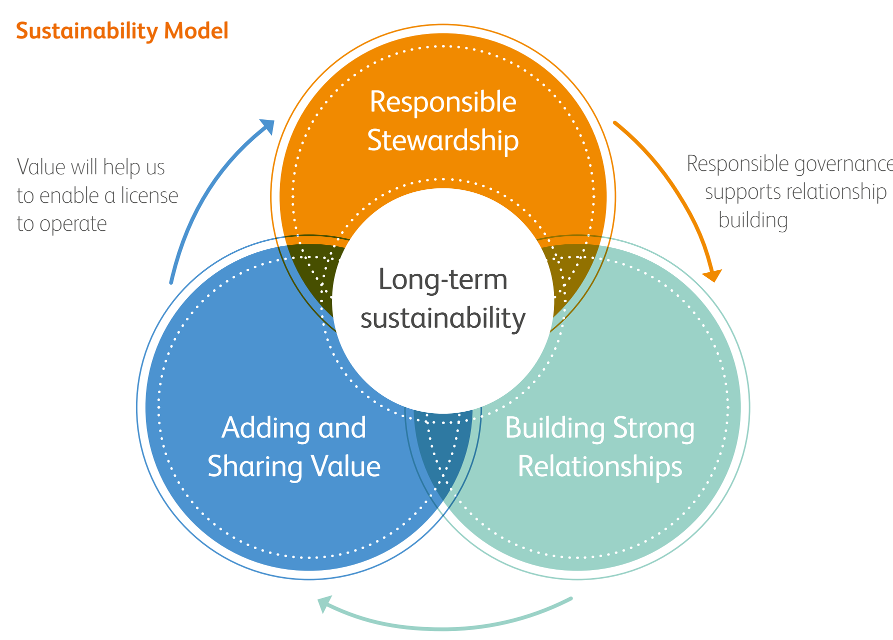
- All Scott Wilson recommendations implemented
- 37% reduction in LTIFR in last four years
- 59% of employees received Code of Conduct and Human Rights training
- US$49.0 million contributed to community development, benefiting 4.1 million people
- Reduction in Category four and five environment spillages
- US$5.3 billion paid in taxes and royalties

More details are included in our Sustainable Development Report

www.vedantaresources.com/Sustainable Development2013-14

Over the past decade, Vedanta has been on a journey to deliver high-quality assets and low-cost operations, with sustainable development underpinning all our activities. The development of our Sustainability Framework over the last few years provides us with a robust structure to deliver this supported by our three sustainability pillars – Responsible Stewardship, Building Strong Relationships and Adding and Sharing Value. This approach also enables us to drive consistency across all our subsidiary companies and during the year we have further embedded the standards and processes required to achieve this.

Sustainability Model



"Our success is bound to ensuring that we operate in the safest manner, protecting our workforce and surrounding communities, and engaging with these communities in a way that builds trust and delivers sustainable benefits."

Responsible stewardship

This encapsulates our approach to managing our risks and how we conduct our business ethically. It also guides us in ensuring the health and safety of our workforce and how we minimise our environmental footprint.

Building strong relationships

We work hard to engage with our stakeholders to understand their key concerns and expectations of our business. Proactive engagement also enables us to identify opportunities and mitigate risks by understanding and responding to issues rather than reacting to them.

Adding and sharing value

We believe our role is to create value for all our stakeholders; not just through the financial value we create for our shareholders but the non-financial value we add to society. As a business we make a considerable economic impact through employment, payment of taxes and royalties and building local infrastructure such as roads, schools and healthcare centres.

Implementing our sustainability framework

Our Framework provides clear, structured guidance to all of our subsidiary businesses to manage their business sustainably. It is comprised of a full set of policies, technical and management standards and supporting guidance notes aligned to international standards including International Finance Corporation ('IFC'), ICMM and OECD guidelines.

Over the last two years we have further embedded the Sustainability Framework and implemented its practices and standards. To date more than 9,000 employees have been trained on our Sustainability Framework. This year, we continued providing training to our management teams to ensure there was a solid understanding of the Framework's requirements. We cascaded information down to our businesses, providing on-site training to managers to ensure compliance by their teams. Now all our new projects are implemented as per our Sustainability Framework guidelines.

Vedanta sustainability assurance program ('VSAP')

We are using our Sustainability Assurance Program – VSAP – as our assurance tool to assess the compliance of all our businesses with the Framework and identify where gaps exist and how to bridge those gaps. The assurance model has 16 modules, which cover environment, health, safety etc, human rights and community elements. The assurance system works on the premise of tracking corrective and preventive action by our subsidiaries and undertaking periodic formal audits by the corporate sustainability team, supported by external experts.

Materiality

This year we undertook a more rigorous materiality exercise in which external stakeholders and the Vedanta Management team (internal stakeholders) were invited, through a variety of engagements, to discuss the issues which were of more material concern to them. This has focused our reporting on what matters most to the people concerned with Vedanta and is a key element in the development of our approach to sustainability.

These engagements enabled us to identify the priorities and expectations of our stakeholders and our management. We have translated these priorities into material business issues and mapped them onto the materiality matrix published in our Sustainable Development Report 2013–14.

1
Engineers at aluminium smelting complex, **BALCO.**

2
Computer education programme for children, **HZL.**

3
Tree plantation, **KCM**.

More details are included in our Sustainable Development Report

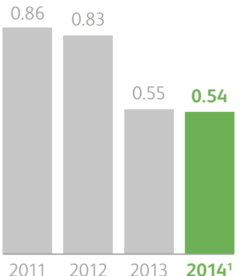
www.vedantaresources.com/Sustainable Development2013-14

Sustainability report continued

Responsible Stewardship guides us in ensuring the health and safety of our workforce and minimising our environmental footprint.

1
Engineers at Jharsuguda power plant, **Sesa Sterlite.**

Lost Time Frequency Rate (per million man hours)



1 From this year we are reporting LTIFR (operation and projects) both.

Health and safety

The health and safety of our people remains a key focus and, while we have made many improvements in how we run our business, our rate of fatalities and serious injuries remains completely unacceptable and we are saddened to report 19 fatalities this year. Work has been done to address this and we will continue to improve through more rigorous training, forensic risk mitigation and constant reinforcement of our expectations, particularly by working closely with our contractors. Across our businesses 81,000 man hours of safety training have been delivered this year and we have seen a reduction in the injury rates during the year in line with the trend over the past five years where our Lost Time Injury Frequency Rate (operations and projects) has reduced from 0.86 to 0.54. Whilst working in the extractive industry inevitably brings with it an element of risk, Vedanta is committed to mitigating this through a careful, diligent approach to safety. This year we continued our journey to embed a zero harm culture, with targeted programmes for our high-risk operations. Our approach begins with hazard identification and risk assessment. Management systems are designed to identify and remove unsafe conditions, train our people in safe practices and ensure correct behaviour through management leadership.

We have identified six Key Focus Safety Areas (these are covered in detail in our Sustainable Development report) and have rolled out targeted programmes to directly address those risks. The areas were identified on the basis that approximately 75% of incidents causing lost time due to injury or fatalities fell within them.

We are guided by internationally recognised standards on health and safety. All our subsidiary businesses are obliged to ensure that their safety management programmes meet the requirements of the Sustainability Framework which incorporates guidance from the International Finance Corporation's Performance Standards ('IFC') and other relevant international standards. In addition, 44 out of 52 sites are OHSAS 18001 certified.

Environment

Environmental management forms a key component of our Sustainability Framework and is applied to the entire lifecycle of all our operations with processes mapped against international standards, such as the ISO 14001 and ISO 50001. We disclose our environmental performance to the Carbon Disclosure Project, and our score again improved this year to achieve 82 points and a performance grade B. This saw Vedanta ranked ninth among 31 FTSE 350 companies in the materials category.

Our continuous improvement projects in air, water and energy management have made good progress, but the business has much more to do to meet our own challenging targets.

Environment management

We understand that the nature of our operations has implications for the environment in different ways – through the emission of particulates, wastes generated in mining, refining and smelting processes, water consumption and changes in land use.

As part of continual improvement, we plan to obtain ISO 14001 certifications at all our sites, as of now 45 of our 52 operations are certified, with three additional sites obtaining certification in 2013–14. This year, in total we spent US$60 million on environmental management.

Our Energy and Carbon policy commits our operations to adopt and maintain global best practices in carbon and energy management and to minimise greenhouse gas ('GHG') emissions. Although reducing our GHG emissions is a challenge as the majority of our operating sites are in developing countries where sources of renewable energy are limited however we fully support the global campaign to reduce GHG emissions. The management plans and improvement projects are in place to address this challenge. We calculate and report Green House Gas Inventory i.e. Scope 1 (Process emissions and other direct emissions) and Scope 2 (purchased electricity data) as defined under World Business Council for Sustainable Development ('WBCSD's') and World Resource Institute ('WRI's') GHG protocol.

Environment incidents

We strive for zero environmental incidents and have a robust internal process for managing any incident that does occur. During the reporting period, there was only one higher category (Category 4) environmental incident reported at HZL operations. The details are provided in the Sustainable Development Report.

Water and energy savings

Due to disruption in production at our Tuticorin copper smelter, CMT, Lanjigarh and Goa iron ore operations and further delay in the commencement of some scheduled initiatives, we could not achieved our targeted water and energy savings during the year. Further, our KCM mines have had to withdraw large amounts of underground water due to the high water table in the region. Excluding KCM, the absolute water and energy savings were 2.53 MCM and 1.33 GJ.

Biodiversity management plans

Progress has been made across all our businesses to engage experts and establish Biodiversity management plans ('BMP's') to meet our FY2015-16 deadline. All our high priority sites like HZL, Skorpion Zinc, KCM and Black Mountain have either initiated the process or already have the BMP's in place.

Waste management

Our mining, smelting and refinery operations generate significant amounts of non-hazardous wastes and some hazardous wastes. The bulk is mineral waste, generated by the mining of ore and its processing and the smelting of metals. Our main priority is to reduce both the quantity and toxicity of our waste, followed by recovery, reuse and recycling, with disposal in landfill or by incineration. More detail on our performance in this area is covered in our Sustainable Development Report. During the year, we reused 71% of non-hazardous waste into various use and achieved our target of a 5% increase in overall non-hazardous waste recycling rate.

Green House Gas Emissions

Unit Name	Scope I Emission (tonnes of CO_2 equiv.)	Scope II Emission (tonnes of CO_2 equiv.)
Zinc India	4,576,813	174,083
Zinc International	40,034	770,296
Copper India/Australia	1,230,907	174,593
Copper Zambia	110,512	13,513
Aluminium	18,317,289	15,419
Power	9,243,526	6,444
Iron ore India	1,378,925	5,515
Oil & Gas	1,051,143	7,347
Total	**35,949,149**	**1,167,209**

Performance and targets

Objectives and Targets 2013–14	Status	Performance FY2013–14 (Feb'13)	Objectives and targets 2014–15
Health and safety			
Achieve zero fatal accidents	Not achieved	There have been 19 fatal accidents. All incidents have been investigated. Lessons learned are shared across Group companies to avoid recurrence	Achieve zero fatal accidents
Lost time injury frequency rate ('LTIFR') to be less than or equal to 0.70 (operational only)	Achieved	**LTIFR : 0.54**[1] LTIFR (Operation only): 0.68	LTIFR to be less than or equal to 0.51
Total recordable injury frequency rate ('TRIFR') to be less than or equal to 1.7 (operational only)	Achieved	**TRIFR : 1.55**[1] TRIFR (Operation only): 1.94	TRIFR to be less than or equal to 1.47
Behaviour-based safety training module to be piloted at one site	Achieved	Behaviour-based safety module initiated at our HZL and Sesa Sterlite – Jharsuguda subsidiaries	Behaviour-based safety training module to be rolled out to other subsidiary businesses
Environment			
Water Savings – MCM of water – 6.12 Energy Savings – Million GJ – 2.15	Not achieved	Owing to disruption in production at our Tuticorin Copper, CMT, Lanjigarh and Goa iron ore operations and further delay in the commencement of some scheduled initiatives, the Group could not achieved the estimated water and energy savings. Further, our KCM mines have had to withdraw large amounts of underground water due to the high water table in the region. Excluding KCM, the absolute water and energy savings was 2.46 MCM and 1.07 GJ	Water Savings – MCM of water – 2.49 Energy Savings – Million GJ – 0.83
Report on Scope 3 emissions disclosure by 2015–16	In progress	Subsidiary businesses established the systems and started reporting Scope 3 emissions	Report on Scope 3 emissions by 2015–16
5% increase in non-hazardous waste recycled tonnage against FY2012–13	Achieved	Total generation (to Q3) – 10.28 million MT Total recycled (to Q3) – 7.62 million MT Total recycling rate – 74%	5% increase in non-hazardous waste recycled tonnage against FY2013–14
Initiation of high risk Biodiversity Action Plans (BAPs) across all sites	In progress	High risk BAPs are being initiated at our KCM, ZI and HZL subsidiaries	By 2015–16, all sites to have BAP in place
Continue to monitor new projects and site closure as per the Sustainability Framework	Achieved	All new projects at KCM, HZL and Zinc International are being managed as per framework. Similarly, Lisheen site closure plan has been put in compliance with the framework	Continue to monitor new projects and site closure as per the Sustainability framework

Achieved · In progress · Not achieved

1 From 2014 we require our subsidiary businesses to report on both operational and new projects LTIFR, which is a combined figure and target.

Sustainability report continued

Building strong relationships enables us to add value for all our stakeholders.

1
Health check-up programmes, **BALCO.**

Performance and targets

Objectives and targets FY2013–14	Status	Performance FY2013–14 (Feb'13)	Objectives and targets 2014–15
Building Strong Relationships			
All sites to upgrade their existing Stakeholder Engagement Plans ('SEPs')	Achieved	All major sites upgraded their existing SEPs as per the Sustainability Framework, implementation in progress	Implementation of SEPs to be monitored. All sites to review their needs and impact assessments and SEPs by 2015–16
Human rights training to be continued as part of the Sustainability Framework training calendar	Achieved	Human rights and Code of Conduct training is now included as a regular part of the training calendar	Ensure 100% coverage of human rights and code of conduct training for all new hires
All sites to develop/upgrade grievance management systems	Achieved	All major sites upgraded their existing Grievance management systems as per the Sustainability Framework	Implementation of Grievance systems to be monitored

Achieved In progress Not achieved

Stakeholder engagement

We engage with seven stakeholder groups including employees, communities, industry, host governments, civil societies, shareholders and investors. Throughout the year around 3,800 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.

Managing and responding to our stakeholders

The stakeholder engagement process ('SEP') is updated as per Vedanta Sustainability framework and is now followed for all existing and new projects. In our new projects, such as Gergarub, Namibia and Western Clusters, Liberia, an extensive SEP process was followed. This included commissioning baseline studies, holding public consultation meetings and meetings with authorities.

Community engagement

The long-term success of our business is dependent upon building trust with our host communities. All our businesses have implemented local community engagement plans, with grievance procedures in place so that any issues can be raised locally. All community incidents and grievances are recorded and closed appropriately.

Human rights

Our policy is aligned to the UN Guiding Principles on Business and Human Rights, and includes a ban on child or forced labour – either directly or through contract labour. Additionally, our Code of Conduct commits us to comply with all relevant laws and regulations, underpinning our approach to protect the fundamental rights of our employees and contract workforce. Particular attention is paid to the rights of indigenous people and vulnerable tribes and a specific management standard and guidance note has been rolled out to control how projects should address this issue. Human rights training is an integral part of our Sustainability Framework implementation, with around 20,000 man hours of training on human rights and Code of Conduct was given in FY2013–14. Further, led by the Sustainability Committee, we undertook internal reviews related to human rights and risk assessment. The human rights audit and risk assessment review was commissioned to ensure that all our subsidiaries have a clear understanding of the areas of possible risk pertaining to human rights. Following the assessment, it was recognised that whilst robust control systems were in place, greater visual displays of our Code of Conduct, policies and control procedures should be in place at more remote locations, where the risk is highest.

Adding and sharing value with all our stakeholders is key to our licence to operate.

Employees

Total Manpower (as on 31st March 2014)

Employment Category	Gender	Australia	Zambia	Namibia	Ireland	South Africa	India	Liberia	Total
Full time employees	Male	102	6,632	646	332	636	17,050	12	25,410
	Female	10	632	109	42	90	1,446	0	2,329
Contract employees	Male	199	8,433	582	18	487	47,759	70	57,548
	Female	4	834	0	6	84	1,501	15	2,444
Grand Total		**315**	**16,531**	**1,337**	**398**	**1,297**	**67,756**	**97**	**87,731**

Gender Breakdown

	Male	Female
Board	100.0%	–
Senior management	96.9%	3.1%
Total workforce	91.6%	8.4%

Gender based attrition rates:

	2013–14	
Attrition	Male	Female
Full time employees	4.04%	0.88%

Employees

Our growth and success is dependent on our employees. We create a high performance work culture, investing in 1.1 million training hours for all staff, averaging 40 man hours per employee to enable employees to develop their potential. This year, we continued our spotlight on bringing more women in to our business, with the proportion of women in the business rising to 8.4%. Further, we have taken an objective of 25% women representation at the Vedanta Board level by 2015 with no appointment made to date.

We also focus on recruiting from the communities that surround our operations to encourage local employment opportunities. Over the reporting period, the total percentage of senior management who are locally hired is: India (91%), Australia (100%), Zambia (59%), Namibia (Nil), Ireland (100%) and South Africa (40%).

We also continued with our programmes to recruit graduates; an essential element in building a strong talent pipeline for the future. This is augmented with our ACT-UP 50 stars of business programme which identifies 'future ready' leaders to effectively transition into senior leadership positions.

Our attrition rate for the period stands at 4.92%.

Our subsidiaries companies namely BALCO, HZL, SSL-Iron, KCM & Zinc International sites have recognised unions while other locations have adequate systems and processes for employee development, appraisal, remuneration and grievance redressals.

Communities

We have seven discrete focus areas in our community programmes: health, education, sustainable livelihoods, women empowerment, community asset creation, bio-investment and integrated village development. During FY2013–14 we invested approximately US$49 million in community programmes, benefiting some 4.1 million people. One particular campaign, 'Vedanta Khushi', has focused on raising awareness of the needs of underprivileged children in India and as part of this, we have twinned with 112 schools in Rajasthan to support their renovation and 75 childcare centres in rural Rajasthan, Tamil Nadu, Chattisgarh and Odisha, reaching out to 2,500 deprived children. Further examples of our community programmes are covered in our Sustainable Development Report.

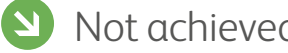
Host Governments

We contribute to the economies where we operate through payments to the Exchequer and salary payments to our substantial workforce, in particular in India and Zambia. This year, we contributed US$5.3 billion to host governments by way of taxes and royalties. Direct economic benefits are also generated through the employment of around 90,000 permanent employees and contractor employees, and through the estimated 500,000 indirect employment our operations generate.

More information on our work with other stakeholders can be found in our Sustainable Development Report at www.vedantaresources.com/SustainableDevelopment2013-14.

Performance and targets

Objectives and targets 2013–14	Status	Performance FY2013–14 (Feb'13)	Objectives and targets 2014–15
Training and development			
Improve coverage of Code of Conduct training program (% of workforce coverage)		59% of employees have been trained in Human rights and Code of Conduct training	Ensuring the 100% coverage of Human rights and Code of Conduct training for all new hires
Identification and mentoring of next generation of leaders through integrated and intensive development exercises to encourage and enable an ability to assume more senior roles and responsibilities		50 leaders have been identified and are being mentored for the senior leadership roles	Identification of next set of 50 stars
Diversity			
25% women representation at the Vedanta Board level by 2015		Vedanta has been actively searching for and interviewing woman candidates, with no appointment made to date	25% women representation at the Vedanta Board level by 2015 (all appointments will be made on merit)
5% of total women hiring at lateral and fresher level			

Achieved In progress  Not achieved

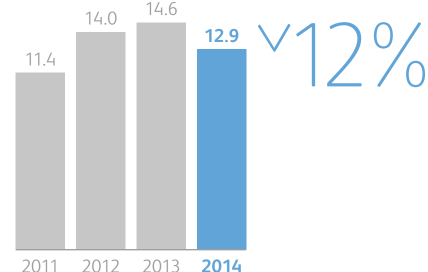
Key performance indicators

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)

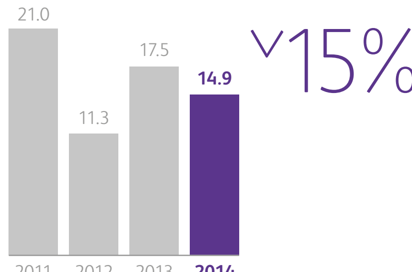


Description
Revenue represents the value of goods and services provided to third parties during the year.

Commentary
Revenue was lower due to weaker commodity and oil prices along with the temporary forced business closures at our iron ore operations and copper Tuticorin smelter. Further, lower volumes at our Copper Zambia and Zinc International businesses also reduced revenue. This has been partially offset by improved operating performance along with volume increases at Cairn India and Zinc India. This resulted in revenues for the year of US$12,945.0 million, 11.6% lower than the previous year.

Long-term value

ROCE[1] (%)

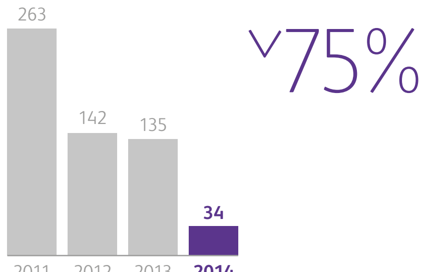


Description
This is calculated on the basis of operating profit before special items and net of tax as a ratio of capital invested in operations as at the balance sheet date, and excludes investment in project capital work in progress and exploration assets. The objective is to consistently earn a post-tax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

Commentary
ROCE without project capital work in progress and exploration assets in FY2013–14 was 14.9% as compared to 17.5% in the previous year.

1 Excluding work in progress and exploration assets.

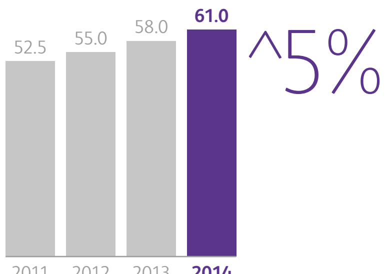
Underlying EPS (US cents)



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 34.2 US cents per share was lower compared to the previous year of 134.8 US cents per share. This was impacted due to reduced prices, one-off items in interest cost such as Jharsuguda Plant 2 interest non-capitalisation, accelerated interest amortisation on a convertible bond with put option due in May 2014 and its associated tax provision, and a higher effective tax rate in FY2013–14 as compared to previous year.

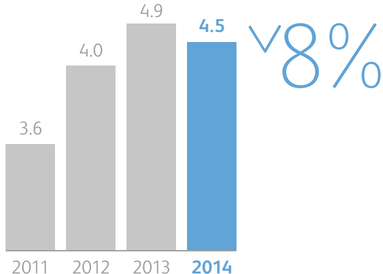
Dividend per share (US cents)



Description
Dividend per share 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 61 US cents per share this year, up 5%.

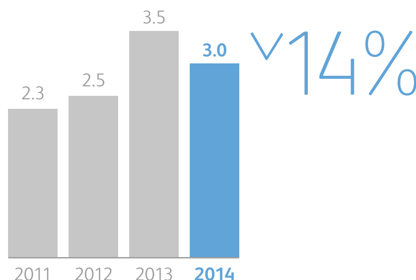
EBITDA (US$bn)



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 for FY2013–14 was lower by 8.5% at US$4,491.2 million as compared to US$4,908.9 million in FY2012–13 primarily due to lower commodity prices, a higher profit petroleum share to Government of India, partly offset by better operating volumes at Cairn India, Zinc India and Aluminium business despite the temporary forced business closures referred to above. These impacts were partially mitigated by cost control measures and currency fluctuations during the period.

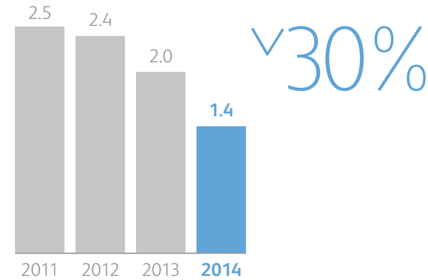
Free cash flow (US$bn)



Description
This represents net cash flows before investing 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 was US$3,016.5 million in FY2013–14 as compared to US$3,534.7 million in FY2012–13. EBITDA conversion to free cash flow was 67.2% as compared to EBITDA conversion to free cash flow of 72.0% in FY2012–13 mainly due to increased interest charges due to non-capitalisation of interest of Jharsuguda Plant 2 and higher special items in FY2013–14 as compared to previous year. Cash flow generation after expansion capital expenditure was US$1,591.9 million, marginally higher than the previous year.

Capex spent (US$bn)

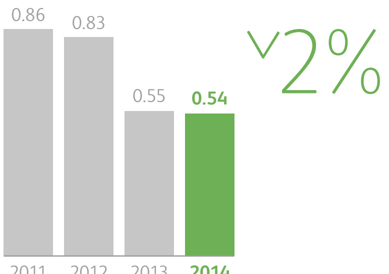


Description
This represents the amount invested in our organic growth programme during the year.

Commentary
Expansion capital expenditure during the year was US$1,424.6 million as compared to US$2,019.1 million, down by US$594.5 million. The capital expenditure reflects the Company's disciplined approach to capital allocation.

Sustainability

LTIFR[2] (per million man hours)

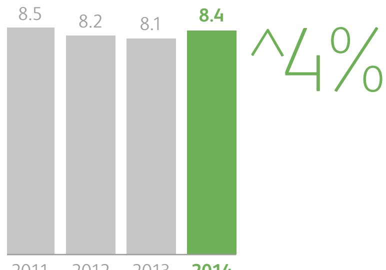


Description
The Lost Time Injury Frequency Rate ('LTIFR') is the number of lost-time injuries per million man-hours worked. This includes our employees and contractors working in our operations and projects.

Commentary
We have been able to sustain reduction in LTIFR with a 37% fall over the last three years. Additionally, we have initiated structured programmes to review and remove any unsafe conditions at our plants. More focus is being given to incident reporting.

2 Starting from this year we are reporting combined LTIFR for operations and projects and previous year numbers have been restated accordingly.

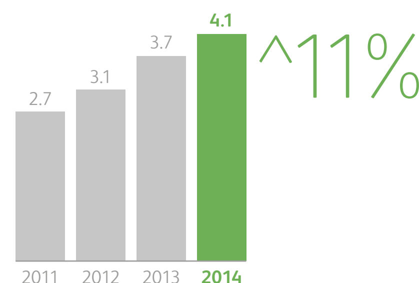
Gender diversity (%)



Description
The percentage of women in the total permanent employee workforce.

Commentary
We nurture passionate talent and provide equal opportunities to men and women. During FY2013–14, women employees comprised 8.4% of our employees. We initiated special recruitment drives for providing career advancement to women, including planned rotation through corporate functions.

CSR footprint (million benficiaries)



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

Commentary
We benefited over 4 million people this year through our continuous efforts in the community development projects comprising community health, nutrition, education, water and sanitation, sustainable livelihood, women empowerment and bio-investment.

Principal risks and uncertainties

Our multi-layered risk management framework is 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.

Our businesses are exposed to variety of risks which are inherent to an international mining and resources organisation. Resource companies carry with it a significant element of constantly evolving risks, making it essential for them to develop necessary systems to manage the risks, while simultaneously balancing the relative risk/reward equations demanded by its stakeholders. In addition, the nature of our business operations is long term, resulting in several of the identified risks being enduring in nature.

Our risk management framework is designed to be a simple, consistent and clear for managing and reporting risks from the Group's businesses to the Board. Risk management is embedded in our critical business activities, functions and processes. Materiality and tolerance for risk are key considerations in our decision-making.

Our management systems, organisational structures, processes, standards, code of conduct together form the system of internal control that govern how we conduct the Group's business and manage the associated risks.

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

Formal discussion on risk management happens in business level review meetings at least once in a quarter. The respective businesses review the 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 also periodically reviewed by the business management teams to verify their effectiveness.

These meetings are chaired by business CEOs and attended by CXOs, senior management and concern functional heads. Risk officers have been formally nominated at all operating businesses as well as Group level whose role is to create awareness on risks at senior management level and to develop and nurture a risk management culture within the businesses. Risk mitigation plans form an integral part of KRA/KPI process of process owners. Structured discussion on risk management also happens at SBU levels on their respective risk matrix and mitigation plans. Governance of risk management framework in the businesses is anchored with their leadership team.

As mentioned in the last years report, formal discussion on risk management happens at Group level once in a quarter. The Group level Risk Management Committee meeting is attended by Group senior management, entity CXOs, risk officers and other members.

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 and by approval of remedial actions, where appropriate.

The Audit Committee is in turn supported by the Group Level Risk Management Committee ('GRMC'), which helps the Audit Committee in evaluating the design and operating effectiveness of the risk mitigation programme and the control systems.

In addition to the above structure, other key risk governance and oversight committees include the following:

- **Group Treasury Risk Management Committee** has an oversight on the treasury related risks. This committee comprises of Group CFO, business CFOs and Treasury Heads at respective businesses.
- **Group Capex Sub-Committee** which evaluates the risks while reviewing any capital investment decisions as well as institutes a risk management framework in expansion projects.
- **Vedanta Board Level Sustainability Committee** which looks at sustainability related risks. This committee is headed by a Non-Executive Director and has Group CEO and other business leaders as its members.

As stated above, every business division in the Group has developed its own risk matrix of Top 20 risks which gets reviewed at Business Management Committee level. In addition, business divisions have also developed their own risk registers (comprising of 75–100 risks or at times even more) depending on size of operations and number of SBUs/locations. These risks get reviewed in SBU level meetings.

Our principal risks, which have been assessed according to impact and likelihood, are described on the following pages. The order in which these risks appear does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their impact on our business. While our risk management framework is designed to help the organisation meet its objectives, there can be no guarantee that our risk management activities will mitigate or prevent these or other risks from occurring.

"Our risk management framework is designed to be a simple, consistent and clear for managing and reporting risks from the Group's businesses to the board."

Risks & Impact

Mitigation Plan

Delay in commencement of production facilities in aluminium business

Some of our projects have been completed (pending commissioning) or nearing completion. The timing, implementation and cost of these expansion projects are subject to a number of risks, including delay in obtaining necessary approvals which may delay or prevent us from commencing commercial operations at some of these projects.

We are in the process of securing key raw material linkages for our alumina/aluminium business. In order to meet our bauxite requirements, continuous dialogue is happening with the State Government for allocation of new mining leases. Sourcing of bauxite from mines in neighbouring states is also being pursued.

Various infrastructures related challenges have been/are being addressed. Requisite approvals for the commencement of our production facilities are being pursued.

A strong management team is in place to work towards sustainable low cost of production, operational excellence and securing key raw material linkages. With Sesa Sterlite merger process completed, we have progressed one step further in this direction. Further details in this connection are included in the Aluminium business section.

Extension of Production Sharing Contract of Cairn beyond 2020 or extension at less favourable terms

Cairn India has 70% participating interest in Rajasthan Block. The production sharing contract ('PSC') of Rajasthan Block runs till 2020. Challenges in extension of production sharing contract of Cairn (beyond 2020) or extension at less favourable terms may have implications.

PSC has certain enabling provisions for extension of the terms. During the year, we continued to engage effectively with all Government stakeholders for an informed policy discourse.

FY2013–14 saw increased engagement between Ministry of Petroleum & Natural Gas and industry associations to improvise regulatory and operational environment.

Formal application for extension of the licence term as provided in the Production Sharing Contract has been submitted to the Ministry of Petroleum and Natural Gas.

Reliability and predictability in operational performance

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.

Also challenges at KCM in terms of volume ramp up and cost can impact its profitability.

Asset utilisation and cost of production ('CoP') continues to be a priority area. We carry out periodic benchmarking of cost of production and other operational efficiencies with the objective of being in the top decile in all the businesses on CoP. A structured asset optimisation programme has been launched in the Group with help of reputed consulting firms to improve overall awareness and operational efficiencies.

The role of asset optimisation function in the businesses has been enlarged and elevated in the organisation structure. Cost reduction projects with specific targets are taken up periodically along with leading international consultants.

We continue to invest in new technology to improve CoP. While some 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.

At KCM, an appropriate organisation is already in place and our focus is on stabilising production. Cost reduction initiatives have been taken up at Nchanga. Our priority today at KCM is cash conservation.

Principal risks and uncertainties continued

Risks & Impact	Mitigation Plan
Challenges in resumption, continuation of Iron Ore business	
	The Honourable Supreme Court ('The Court') through its order dated 21 April 2014 has lifted the ban on mining in the State of Goa, subject to certain conditions. The Court has imposed an interim restriction on the maximum annual excavation from the mining leases in the State of Goa of 20 million tonnes subject to determination of final capacity by Expert Committee appointed by the Supreme Court. The Court has also decreed that all mining leases in the State of Goa, including those of Sesa Sterlite, have expired in 2007. Consequently, no mining operations can be carried out until renewal/execution of mining lease deeds by the State Government. We are working towards securing the necessary permissions for commencement of operations.
Community relations	
The continued success of our existing operations and future projects are in part dependent upon broad support and a healthy relationship with the respective local communities. Failure to identify and manage local concerns and expectations can have a negative impact on relations with local communities and therefore affect the organisation's reputation and social licence to operate and grow.	Our business leadership teams have periodic engagements with the local communities to establish relations based on trust and mutual benefit. Our businesses seeks to identify and minimise any potentially negative operational impacts and risks through responsible behaviour – acting transparently and ethically, promoting dialogue and complying with commitments to stakeholders. Our approach to community development is holistic, long-term, integrated and sustainable and is governed by two key considerations – needs of the local people and the development plan in line with the UN Millennium Development Goals. Our endeavour is to integrate our sustainability objectives into long-term planning. The organisation endeavours to ensure transparent communication with local communities, including through the use of a grievance management process, local perception surveys, local media and community meetings. We help communities identify their priorities through need assessment programmes and then work closely with them to design programmes that seek to make progress towards improvement in quality of life of the local communities. Our community programmes reach extends to all our operations and are benefiting over 4.1 million people from over 2,200 villages. Our community activity is delivered at local, regional and national level to ensure businesses are able to effectively maximise impact in facilitating socio-economic development. Further details of the Group's CSR activities are included in the Sustainability section.

Risks & Impact	Mitigation Plan
Health, safety and environment ('HSE')	
The resources sector is subject to extensive health, safety, and environmental laws, regulations and standards. Evolving regulations, standards and stakeholder expectations could result in increased cost, litigation or threaten the viability of operations in extreme cases.	Health, Safety and Environment ('HSE') is a high priority area for the organisation. Compliance with international and local regulations and standards, protecting our people, communities and the environment from harm and our operations from business interruptions are our key focus areas. Vedanta Board level Sustainability Committee is chaired by a Non-Executive Director and includes the CEO as its members meet periodically to discuss HSE performance. We have appropriate policies and standards in place to mitigate and minimise any HSE related occurrences. Structured monitoring and a review mechanism and system of positive compliance reporting is in place. The Company has recently implemented a fresh set of standards to align its sustainability framework in line with international practices. A structured sustainability assurance program has been launched in the business divisions covering environment, health, safety, community relations and human rights aspects and to embed our commitment at the operational level. A system of independent audits of HSE practices by leading international consultants is in place. HSE experts are also inducted from reputed Indian and global organisations to bring in best-in-class practices. The businesses have an appropriate policy in place for occupational health related 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. There is a strong focus on safety during project planning/execution with adequate thrust on contract workmen safety. Further details of our HSE related activities are included in the Sustainability section.

Principal risks and uncertainties continued

Risks & Impact	Mitigation Plan
Transitioning of zinc and lead mining operations from open pit to underground mining	
Our zinc and lead mining operations in India are transitioning from an open pit mining operation to underground mining operation. Difficulties in managing this transition may result in challenges in achieving stated business milestones.	A strong separate empowered organisation is working towards ensuring a smooth transition from open pit to underground mining. We are working with internationally renowned engineering and technology partners on this project. Technical audits are being carried out by independent agencies. Reputed contractors have been engaged to ensure completion of the project on indicated time lines. These mines will be developed using best in class technology and equipment and ensuring the highest level of productivity and safety. We are inducting employees/contractors in our system having underground mining expertise. We are also sending our employees to overseas underground mines for skill development. Stage gate process is being implemented to review risk from time to time and remedy at multiple stages on the way. Progress reports projects are regularly reviewed, including assessments of the progress against the key project milestones, as well as actual performance against budget. Robust quality control procedures have also been implemented to check safety and quality of services/design/actual physical work.
Political, legal and regulatory risk	
We have operations in many countries around the globe, which have varying degrees of political and commercial stability. The political, legal and regulatory regimes in the countries we operate in may result in higher operating costs, 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. We may also be affected by the political acts of governments including resource nationalisation and legal cases in these countries over which we have no control.	The Company and its business divisions monitor regulatory and political developments on a continuous basis. Our focus has been to communicate our responsible mining credentials through representations to government and industry associations. We continue to demonstrate the Group's commitment to sustainability by proactive environmental, safety and CSR practices. We continue to actively engage with local community/media/NGOs on these matters. SOX and SEC related compliance arrangements are in place. We have an online portal for compliance monitoring. Appropriate escalation and review mechanisms are in place. Competent in-house legal organisation exists at all the businesses. A framework for monitoring against Anti Bribery & Corruption guidelines has also been implemented.

Risks & Impact / Mitigation Plan

Fluctuation in commodity prices

Risks & Impact

Commodity prices and demand are volatile and strongly influenced by global economic conditions. Volatility in commodity prices and demand may adversely affect our earnings, cash flow and reserves.

Mitigation Plan

The diversified nature of the commodities including sizeable exposure to oil provides some protection from the fluctuation in commodity prices. The Group's 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 hedging but only with prior approval of the Executive Committee.

The businesses have developed robust controls around this area. The Treasury Risk Management Committee reviews the commodity related risks and suggests a necessary course of action as may be needed by business divisions.

Currency exchange rate fluctuations

Risks & Impact

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 exchange rates of those currencies may have an impact on our financials.

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. Moreover 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.

Mitigation Plan

Philosophy of the organisation is not to speculate in forex. As in commodities, we have developed robust controls in forex management as well to hedge currency risk on a back to back basis.

The Treasury Risk Management Committee reviews our forex related matters periodically and suggests a necessary course of action as may be needed by businesses, from time to time, within the overall frame work of our forex policy.

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

Discovery risk

Risks & Impact

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. 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. These may change significantly when new information becomes available.

Mitigation Plan

As per our strategic priority to add to our reserves and resources by extending resources at a faster rate than we deplete them through continuous focus on drilling and exploration programmes.

In order to achieve this we have developed an appropriate organisation and allocated adequate financial resources for exploration. International technical experts/agencies are working closely with our exploration team.

We also have a system of periodic independent technical audits by leading international firms. We also continue to work towards long-term supply contracts with mines.

Principal risks and uncertainties continued

Risks & Impact	Mitigation Plan
Breaches in Information/IT security	
Like many other global organisations, our reliance on computers and network technology is increasing. These systems could be subject to security breaches resulting in theft, disclosure or corruption of key/strategic information. Security breaches could also result in misappropriation of funds or disruptions to our business operations. A cyber security breach could have an impact on business operations.	Appropriate organisation in place at respective businesses for information/IT security. IT security policies and procedures are defined at individual businesses. We seek to manage the cyber security risk through standards, ongoing monitoring of threats and awareness initiatives throughout the organisation. An IT system is in place to monitor logical access controls.
Talent/skill shortage risk	
The Company's efforts to continue its growth and efficient operations will place significant demand on its management resources. Our highly skilled workforce and experienced management team is critical to maintaining its current operations, implementing its development projects and achieving longer-term growth. Any significant loss or diminution in the collective pool of Vedanta's executive management or other key team members could have a material effect on its businesses, operating results and future prospects.	We continue to invest in initiatives which seek to widen our talent pool. We have a talent management system in place to identify and develop internal candidates for critical management positions, as well as processes to identify suitable external candidates, wherever appropriate. Our performance management system is designed to provide reward and remuneration structures and personal development opportunities appropriate to attract and retain key employees. A structured programme is in place to map critical positions and ensure that all such positions are filled with competent resources. Our progressive HR policies along with strong HR leadership have ensured that career progression, job rotation and job enrichment continue be focus areas for our businesses.
Liquidity risk	
The Group may not be able to meet its payment obligations when due or unable to borrow funds in the market at an acceptable price to fund actual or proposed commitments. 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 and its ability to raise financing at competitive terms. Any constraints on upstreaming of funds from the subsidiaries to the Group may affect the liquidity position at the Group level.	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$2,370.6 million, together with cash and liquid investments of US$8,937.9 million as at 31 March 2014, are expected to be sufficient to meet the ongoing capital investment program and liquidity requirement 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. 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 matter of course, funding for upcoming refinancing is secured well ahead of its maturity date.

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 Strategic report on pages 2 to 75. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Finance Review on pages 40 to 47. In addition Note 28 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$2,370.6 million, together with cash and liquid investments of US$8,937.9 million as at 31 March 2014, are expected to be sufficient to meet the ongoing capital investment programme and liquidity requirement 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. 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.

Approval

This report was approved by the Board of Directors on 14 May 2014 and signed on its behalf by

Deepak Kumar
Company Secretary
14 May 2014

Finance review

Robust performance with subdued prices

Vedanta delivered US$4.5 billion EBITDA with a backdrop of a challenging economic environment, volatile markets and generally low global growth rate. EBITDA was down by 8.5% compared with FY2012–13 driven by lower commodity prices, reduced volumes at Copper Zambia and Zinc International, lack of sales from our Iron Ore business and temporary closure of the Sterlite copper smelter in Q1 FY2013–14. However improved operational performance with volume increase in Cairn, Zinc India and effective cost control measures across our businesses partially mitigated the downside. EBITDA margin excluding custom smelting of 44.9%, continued to be healthy at similar levels to last year as a result of a continued track record of stable operating performance.

The metals businesses are well placed on the cost front with a majority of our businesses in the lowest quartiles of the global cost curve. At Zinc India, we are placed in the first quartile, at Jharsuguda aluminium smelter, we are in lowest quartile of the cost curve. Zinc International is in second quartile while the BALCO operations maintained second quartile cost positioning despite the lack of captive alumina. Copper India's smelter also maintained its second quartile cost positioning achieving best in class operational standards.

The Group structure consolidation and simplification exercise, announced in February 2012, was concluded and took effect in two phases on 17 August 2013 and 19 August 2013. As part of the reorganisation Sterlite Industries India Limited ('SIIL'), Vedanta Aluminium Limited ('VAL'), Madras Aluminium Company Limited ('MALCO') and Sterlite Energy Limited ('SEL') were merged with Sesa Goa Limited and renamed Sesa Sterlite Limited ('SSL'). On 26 August 2013, Vedanta also transferred the shareholding of one of its subsidiaries which held a 38.7% stake in Cairn India Limited ('Cairn'), to SSL, along with the associated debt of US$5.9 billion. On 19 August 2013, the Power business was transferred from VAL to SSL at its carrying value through a sale and purchase agreement on a going concern basis. The Power business consists of the 1,215MW thermal power facility at Jharsuguda and the 300MW co-generation facility (90MW operational and 210MW under development) at Lanjigarh. These transactions are within the subsidiaries of the Company and will not have any acquisition accounting impact other than a change in the economic shareholding percentage. The simplification exercise has resulted in a change in economic holding percentage mainly in VAL and Cairn India. VAL's effective holding has decreased from 87.6% to 58.3%

Particulars	Appointed date	Effective date
SEL	1 January 2011	19 August 2013
Sterlite	1 April 2011	17 August 2013
Ekaterina	1 April 2012	17 August 2013
MALCO (residual)	17 August 2013	17 August 2013
VAL (Aluminium business demerger)	1 April 2011	19 August 2013
Sale and Purchase of VAL power division	–	19 August 2013
Acquisition of 38.68% in Cairn India	–	26 August 2013

Consolidated operating profit before special items

	(in US$ million, except as stated)		
Consolidated operating profit	**FY2013–14**	FY2012–13	% Change
Zinc	**1,106.2**	1,183.0	(6.5)%
India	**1,030.2**	1,072.4	(3.9)%
International	**76.1**	110.6	(31.2)%
Oil & Gas	**933.6**	1,005.4	(7.1)%
Iron Ore	**(70.0)**	0.6	–
Copper	**140.4**	239.5	(41.4)%
India/Australia	**155.7**	175.9	(11.5)%
Zambia	**(15.3)**	63.6	(124.1)%
Aluminium	**112.5**	11.4	883.5%
Power	**69.8**	132.7	(47.4)%
Others	**(4.3)**	(0.9)	–
Total Group operating profit	**2,288.1**	2,571.7	(11.0)%

Consolidated operating profit variance

		(In US$ million)
Operating profit before special items for FY2012–13		2,571.7
Volume		306.8
Plant closures due to regulatory matters:		(187.5)
– Iron Ore Business	(123.7)	
– Sterlite Copper Q1 Closure	(32.9)	
– CMT Q4 Closure	(30.9)	
Prices		(507.8)
LME/LBMA/Brent	(562.4)	
Premium	54.6	
Currency & Foreign Exchange fluctuation		169.8
Cash cost of production		75.5
Higher Profit Petroleum share to GOI		(258.0)
Depreciation		(19.5)
Amortisation		153.6
Others		(15.6)
Operating profit before special items for FY2013–14		**2,288.1**

whereas Cairn India's reduced from 49.8% to 34.3%. The equity and non-controlling interest have been adjusted to reflect these changes in the economic shareholding.

Volumes

Operations excluding plant closures

Volume growth generated a positive contribution of US$424.6 million, mainly due to record oil and gas production and increased volume of refined zinc, lead and silver at Zinc India. This was partially offset by lower volumes at Konkola Copper Mines ('KCM') and Zinc International resulting in a US$117.8 million reduction in operating profit, net positive impact of US$306.8 million.

Plant closures due to regulatory matters

Lack of sales at our Iron Ore business due to the continued iron ore mining ban in Goa, combined with only marginal sales in Karnataka in Q4, contributed to a negative variance of US$123.7 million to the operating profits compared with FY2012–13. Due to regulatory issues, the Tuticorin Smelter was closed temporarily in Q1, which impacted operating profit by US$32.9 million.

Financial Highlights

- Revenue of US$12.9 billion
- EBITDA[1] of US$4.5 billion; EBITDA margin of 45%[2]
- Underlying attributable profit US$93.4 million
- Basic EPS (71.7) US cents, Underlying EPS[3] of 34.2 US cents
- Free cash flow of US$3.0 billion before growth capex and US$1.6 billion after growth capex
- Net Debt reduced by US$0.7 billion over the last 12 months and by US$2.1 billion over the last 24 months
- Final dividend of 39 US cents per share, up 5%

1 Earnings before interest, taxation, depreciation, amortisation/impairment and special items.

2 Excludes custom smelting revenue and EBITDA at Copper and Zinc India operations from purchased concentrate.

3 Based on profit for the period after adding back special items and other gains and losses, and their resultant tax and non-controlling interest effects (refer to Note 11 of financial statements).

In addition the closure of our Australian mine in Q4 following a mud rush incident, meant operating profit was down by US$30.9 million. In total, operating profit was adversely impacted by US$187.5 million due to plant closures following regulatory issues.

Prices

The prices of many commodities declined during the financial year resulting in lower operating profits.

Average aluminium prices declined by 10.2% due to extraordinarily high levels of legacy inventories.

Average copper prices were also lower by 9.5% as base metals have come under pressure due to concerns about a less commodity-intensive expansion in China. However new LME warehousing rules in 2014 could alleviate storage bottlenecks and raise supply going forward.

Average Brent crude prices dropped by 2.3% in the year. Sluggish demand and a strong supply in the US market led the decline in prices in first half. This was followed by several supply disruptions in the rest of the world in the second half of 2013, mitigated by the reduction in imports in the US, leading to more stable prices.

Average zinc prices reduced by 2.0% as the global refined market moved into deficit and the concentrate market moved into surplus. However, with ample stocks of zinc in China and the rest of the world, the zinc price did not respond to the improved fundamentals. Average lead prices declined by 1.0%. Silver prices were lower by 29.8% as compared to the previous year.

Our Power business also witnessed lower energy prices primarily due to lower demand.

The lower commodity and oil prices across our businesses resulted in an adverse impact of US$562.4 million which was marginally offset by higher premia to LME prices in zinc and aluminium of US$54.6 million.

The impact of lower prices was US$150.1 million for our Zinc business, US$141.1 million in our Aluminium business, US$177.0 million in our Oil & Gas business and US$86.0 million in Copper Zambia and India/Australia. In aggregate, the operating profit for the year was reduced by US$562.4 million as a result of lower prices.

Currency & Foreign Exchange fluctuation

The Indian rupee: US dollar exchange rate at the beginning of the year was 54.4 Indian rupees per US dollar closing at 60.1 Indian rupees per US dollar at the year end. The average exchange rate for the year FY2013–14 was 60.5 Indian rupees per US dollar, an 11% increase against the average 54.5 Indian rupees per US dollar for FY2012–13. This improved operating profits by US$169.8 million.

The movement of average commodity prices in FY2013–14 is shown in the table below :

	(in US$/MT)		
	FY2013–14	FY2012–13	% Change
Copper	**7,103**	7,853	(9.5)
Aluminium	**1,773**	1,974	(10.2)
Zinc	**1,909**	1,948	(2.0)
Lead	**2,092**	2,113	(1.0)
Silver (TOz)	**21**	31	(29.8)
Iron Ore (63 Fe Grade)	**115**	120	(4.1)
Crude per bbl	**108**	110	(2.3)

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

	Average FY2013–14	Average FY2012–13	As at 31.3.14	As at 31.3.13
Indian rupee	60.50	54.45	60.09	54.39
Australian dollar	0.93	0.97	0.93	0.96
South African rand	10.11	8.51	10.58	9.25
Kwacha[1]	5.50	5,230	6.25	5,329

1 Kwacha has been devalued with effect from January 2013.

Finance review continued

Cash costs of production

The cost-inflationary environment prevailing in the sector was largely mitigated by higher production volumes at Cairn India, Zinc India, the Jharsuguda aluminium smelter, operational efficiencies of our plants and the depreciation of the Indian rupee against the US dollar in which most of our costs are denominated. The cost of production had a favourable impact on operating profit at our Aluminium business, Cairn India and Copper Zambia by US$181.0 million compared with an increase in the previous year in Zinc India and International and Copper India/Australia of around US$105.5 million. Our overall operating profits increased by US$75.5 million due to the improved costs compared with the previous year.

Depreciation

The depreciation was almost flat during FY2013–14 with a US$19.5 million increase in depreciation charge mainly at Cairn India driven by the capitalisation of wells, whereas in other businesses it reduced due to currency translation impacts.

Amortisation

The reserves related to our acquisitions mainly of Cairn India, Zinc International and Sesa Goa are being amortised on a unit of production basis over the total estimated remaining commercial reserves.

The reduction in amortisation charges in FY2013–14 as compared to the previous year was US$153.6 million, mainly due to lower production volumes in Zinc International and our Iron Ore business.

Revenue

Revenue was down 11.6% at US$12,945.0 million primarily driven by weaker commodity and oil price environment, and temporary business closures due to regulatory issues though partly offset by improved volumes at Cairn India, Zinc India.

EBITDA for FY2013–14 was lower by 8.5% at US$4,491.2 million as compared to US$4,908.9 million in FY2012–13 as explained in the initial part of this financial review section.

Income statement

	(in US$ million, except as stated)		
	FY2014	FY2013	% Change
Revenue	**12,945.0**	14,640.2	(11.6)%
EBITDA	**4,491.2**	4,908.9	(8.5)%
EBITDA margin (%)	**34.7%**	33.5%	–
EBITDA margin without custom smelting (%)	**44.9%**	45.1%	–
Special items	**(138.0)**	(41.9)	229.4%
Depreciation	**(1,410.5)**	(1,391.0)	1.4%
Amortisation	**(792.6)**	(946.2)	(16.2)%
Operating Profit	**2,150.1**	2,529.8	(15.0)%
Net interest expense	**(668.0)**	(520.9)	28.3%
Other Gains and (Losses)	**(364.0)**	(285.2)	27.6%
Profit before Taxation	**1,118.1**	1,723.7	(35.1)%
Income Tax Expense	**(128.7)**	(46.1)	179.2%
Effective Tax Rate (%)	**11.5%**	2.7%	–
Profit for the year	**989.4**	1,677.6	(41.0)%
Non-controlling Interest	**1,185.4**	1,515.6	(21.8)%
Non-controlling Interest (%)	**119.8%**	90.4%	–
Attributable profit/(loss)	**(196.0)**	162.0	(221.0)%
Basic (loss)/ earnings per share (US cents per share)	**(71.7)**	59.4	(220.7)%
Underlying earnings per share (US cents per share)	**34.2**	134.8	(74.6)%

Consolidated revenue

	(in US$ million, except as stated)		
	2013–14	2012–13	% Change
Zinc	**2,856.8**	3,060.5	(6.7)%
– India	**2,195.4**	2,263.3	(3.0)%
– International	**661.4**	797.2	(17.0)%
Oil and Gas	**3,092.8**	3,223.4	(4.1)%
Iron Ore	**267.1**	442.5	(39.6)%
Copper	**4,676.2**	5,733.9	(18.4)%
– India/Australia	**3,404.8**	3,991.1	(14.7)%
– Zambia	**1,271.4**	1,742.8	(27.0)%
Aluminium	**1,785.4**	1,837.8	(2.9)%
Power	**621.7**	669.0	(7.1)%
Eliminations	**(355.0)**	(326.9)	–
Revenue	**12,945.0**	14,640.2	(11.6)%

Consolidated EBITDA

The consolidated EBITDA by sector is set out in the table below:

	(in US$ million, except as stated)				
	FY2013–14	FY2012–13	% Change	EBITDA Margin % FY2013–14	FY2012–13
Zinc	**1,358.4**	1,477.0	(8.0)%	47.5%	48.3%
– India	**1,145.0**	1,182.5	(3.2)%	52.2%	52.2%
– International	**213.4**	294.5	(27.5)%	32.3%	36.9%
Oil & Gas	**2,347.0**	2,440.3	(3.8)%	75.9%	75.7%
Iron Ore	**(24.2)**	84.9	(128.5)%	(9.1)%	19.2%
Copper	**345.2**	476.4	(27.6)%	7.4%	8.3%
– India/Australia	**197.9**	219.1	(9.7)%	5.8%	5.5%
– Zambia	**156.3**	257.3	(39.3)%	12.3%	14.8%
Aluminium	**287.3**	202.6	41.8%	16.1%	11.0%
Power	**168.4**	228.5	(26.3)%	27.1%	34.2%
Others	**0.1**	(0.8)	–	–	–
Total	**4,491.2**	4,908.9	(8.5)%	34.7%	33.5%

“Despite lower EBITDA, our EBITDA margin excluding custom smelting operations remained strong at 44.9%.”

EBITDA margin

Despite lower EBITDA, our EBITDA margin remained strong at 34.7% (FY2012–13 at 33.5%) and improved marginally. EBITDA margin excluding custom smelting operations, remained stable at 44.9% (FY2012–13 at 45.1%). The diversified portfolio helped us improve overall margins despite the weak commodity price environment.

In our Zinc India business, margin was largely maintained despite reductions in zinc, lead and silver prices. This was a result of higher mined metal, silver production and robust cost management. At Zinc International, margins were lower by 4.6% as a result of lower volumes and slightly higher costs.

EBITDA margin in our Copper businesses in India/Australia improved marginally due to lower conversion cost backed by better operating performance of the smelter in the second half supported by higher Treatment and Refining charges (‘TCs and RCs’) though offset by Australian operations temporary closure impact in Q4 and lower by-products credits at Tuticorin. At Zambia though the margins drifted lower following the impact of lower volumes.

Aluminium business delivered an increase in EBITDA margin due to an improvement in operating performance with a reduction in the cost of production which was partially offset by a significant decrease in aluminium prices.

The Power business EBITDA margin decreased significantly this year as a result of the lower tariff currently being recognised from the power supply company Grid Corporation of Odisha Limited (‘Gridco’) in Odisha. Other factors like lower PLF as a result of lower demand, but better variable costs largely offset each other.

Oil & Gas EBITDA margin continued to be stable during the year at 75.9%.

Special items

US$138.0 million has been charged to our Income Statement as a result of special items. An impairment charge of US$81.6 million being recorded against the value of reserves in our Lisheen mine for US$47.5 million with impairment of idle mining assets worth US$11.0 million and US$23.1 million towards open pit mining assets of Copper Zambia at Nchanga. It also includes a one time charge towards Land tax of previous years paid to Sesa Goa State Government of US$16.6 million for regularising mining dumps on Government and private land and US$15.1 million relating to voluntary redundancy charges at Zinc India. US$22.1 million has been provided in Copper Zambia as a settlement agreement with a mining contractor. Finally, Group simplification and restructuring related costs of US$2.6 million have been accounted as special items.

Depreciation and amortisation

The depreciation was up marginally by around US$19.5 million as explained earlier. Amortisation charges of our acquisition related expenses were lower by US$153.6 million mainly due to reduced production volumes.

Net interest

The finance costs charged to the income statement were higher by US$165.8 million at US$1,355.7 million in FY2013–14 (FY2012–13: US$1,189.9 million). This was primarily due to non-capitalisation of interest at Jharsuguda Plant 2 of around US$116.0 million due to the delay in commissioning. During the year we have also accelerated the fair value amortisation by US$71.0 million on convertible bonds where the put option is likely to be exercised in May 2014.

Investment revenues were marginally higher at US$687.7 million as compared to US$669.0 million in the previous year despite mark to market (‘MTM’) losses of US$17.0 million on certain investment in duration funds and bonds.

As a result net interest expenses increased to US$668.0 million from US$520.9 million in FY2012–13.

Other gains and losses

Other gains and losses include the impact of MTM changes on foreign currency borrowings, primarily at our Indian businesses. The other gains and losses in FY2013–14 were US$364.0 million, as compared with a loss of US$285.2 million in FY2012–13.

Taxation

The effective tax rate has gone up during the year from 2.7% to 11.5% largely due to the credit of US$290.0 million in Cairn India following a reorganisation in previous year. The impact of a tax reversal of US$257.0 million during the year as a result of the Sesa Sterlite merger is largely offset by the creation of a deferred tax liability on the fair valuation of Cairn India following an increase in surcharges by 5% and other one time provisions.

Attributable (loss)/profit

The attributable loss in FY2013–14 was US$196.0 million, significantly lower than the US$162.0 million attributable profit in FY2012–13. This was primarily due to a decrease in EBITDA of US$417.7 million, with higher special items and one-offs like accelerated amortisation on a large convertible bond series in the current year, interest charged to income statement instead of capitalisation at Jharsuguda Plant 2.

Apart from lower EBITDA, special and one-off items as explained above, profit mix i.e. better performance at partly owned subsidiaries as compared to wholly owned subsidiaries resulted in higher economic interest of minorities, leading to an attributable loss.

Underlying attributable profit

Underlying profit for the year, excluding the impact of MTM losses and special items was lower at US$93.4 million as compared with US$367.9 million in FY2012–13. This follows from the above.

Finance review continued

Earnings per share

Basic loss per share in FY2013–14 was at 71.7 US cents per share (FY2012–13: 59.4 US cents profit per share).

However, if we exclude special items and other gains and losses, the underlying EPS for the year was 34.2 US cents per share (FY2012–13: 134.8 US cents).

The Board has declared final dividend of 39 US cents per share an increase of 5% as compared to 37 US cents in FY2012–13.

Shareholder's equity was US$4,010.4 million at 31 March 2014 compared to US$4,401.3 million at 31 March 2013 reflecting the impact of currency depreciation against US dollar (mainly, the Indian rupee) by US$1,239.6 million, attributable losses of US$196.0 million due to equity holders during the period, dividend payment and movement of convertible bond reserves. These negative effects were partially offset by an increase in equity attributable to shareholders of US$626.8 million due to changes in economic holding percentages as result of group simplification and consolidation.

Non-controlling interests decreased to US$13,964.4 million at 31 March 2014 from US$14,467.7 million as at 31 March 2013, due to share of losses, change in economic holding percentages as well as foreign currency movements.

Tangible fixed assets

During the year, we added US$1,745.3 million to property, plant and equipment comprising of US$1,424.6 million on our expansion and improvement projects and US$320.7 million spent on sustaining capital expenditure. Expansion project expenses were US$649.0 million in our Oil & Gas business at Cairn India, US$283.0 million in Power business mainly at Talwandi Sabo , US$147.0 million in our Aluminium business, US$243.0 million at Zinc India and the balance in other projects at Liberia, KCM, Sterlite Copper. The decline in capital expenditure shows our commitment to generate higher cash and deleverage balance sheet.

Balance sheet

	(In US$ million, except as stated)	
	31 March 2014	31 March 2013
Goodwill	**16.6**	16.6
Intangible assets	**108.6**	–
Tangible assets	**31,043.5**	33,132.6
Other non-current assets	**1,373.7**	962.9
Cash and liquid investments	**8,937.9**	7,981.7
Other current assets	**3,894.0**	3,867.9
Debt	**(16,871.2)**	(16,592.8)
Other current and non-current liabilities	**(10,528.3)**	(10,499.9)
Net assets	**17,974.8**	18,869.0
Shareholders' equity	**4,010.4**	4,401.3
Non-controlling interests	**13,964.4**	14,467.7
Total equity	**17,974.8**	18,869.0

Net debt

Net debt reduced by US$696.1 million to US$7,919.5 million at 31 March 2014, (31 March 2013: US$8,615.6 million). Our net debt has consistently reduced since FY2011–12, when it reached US$10,064.4 million. Cash and liquid investments were US$8,937.9 million as at 31 March 2014 with the increase mainly at Zinc India and Cairn India.

Gross debt as at 31 March 2014 was US$16,871.2 million (31 March 2013: US$16,592.8 million) increasing marginally for project payments at Talwandi Sabo Power plant, debt and interest servicing at Vedanta Resources plc and fund requirements for Copper Zambia.

The average debt in FY2013–14 was US$16,850.0 million, which was in line with the previous year (FY2012–13: US$16,791.9 million). The average debt maturity at 31 March 2014 increased to 3.5 years from 3.3 years as at 31 March 2013, excluding working capital loans at operating subsidiaries. As on 31 March 2014, the Group had available unutilised fund-based credit lines amounting to US$1,539.0 million.

"Our net debt has reduced since FY2011–12."

The Company continued to maintain its ratings from Standard & Poor's, Moody's & Fitch: ratings are BB, Ba1 and BB+ respectively.

Net gearing reduced to 30.6% as compared to 31.4% in FY2012–13.

Of our total gross debt of US$16.6 billion (at face value excluding working capital loans), debt at our subsidiaries is US$8.2 billion, with the balance in the holding company. The future maturity profile of debt (in US$ billion) at our subsidiary companies and at the holding company Vedanta Resources plc is as follows:

A 5.5%, US$1.25 billion (face value) convertible bond issued in July 2009 has a put option with an exercise notice period between 14 April 2014 to 29 May 2014 and if exercised, the payment date is 14 July 2014. As a contingency measure we have put funding in place to meet the repayment requirement.

FCCB debt of US$0.7 billion at Sesa Sterlite Limited maturing in FY2014–15, will partly be paid out of internal accruals and balance through refinancing.

US$0.2 billion due from KCM in FY2014–15 has been restructured with banks and documentation is in progress. Post completion of restructuring, nothing will be due in FY2014–15.

The balance of US$1.50 billion debt due in FY2014–15 is largely in the Aluminum and Power businesses and is currently funded by short-term loans which will be refinanced from long-term sources.

Operating free cash flow before expansion capital expenditure in FY2013–14 was US$3,016.5 million as compared to US$3,534.7 million in FY2012–13. EBITDA conversion to free cash flow was 67.2% as compared to EBITDA conversion to free cash flow of 72.0% in FY2012–13 due to higher one-off items and higher interest. Expansion capital expenditure during the year was US$1,424.6 million as compared to US$2,019.1 million, lower by US$594.5 million, and cash flow generation after expansion capital expenditure was US$1,591.9 million, marginally higher than the previous year.

"Operating free cash flow[3] in FY2013–14 was US$3,016.5 million."

Particulars	Total	FY2015	FY2016	FY2017	FY2018	FY2019	Beyond FY2019
Debt at Vedanta Resources plc	7.1	0.1	0.7	1.0	1.1	2.7	1.5
Convertibles at Put Date	1.3	1.3					
Debt at Subsidiaries	8.2	2.4	1.0	1.1	1.3	1.4	1.0
Total Debt	**16.6**	**3.8**	**1.7**	**2.1**	**2.4**	**4.1**	**2.5**

Cash flows

The movement in net (debt)/cash in FY2013–14 are set out below.

	(in US$ million, except as stated)	
	FY2013–14	FY2012–13
EBITDA	**4,491.2**	4,908.9
Operating exceptional items	**(138.0)**	(41.9)
Working capital movements	**395.0**	209.5
Changes in long-term creditors and non-cash items	**151.4**	25.6
Sustaining capital expenditure	**(321.6)**	(378.2)
Sale of tangible fixed assets	**9.3**	63.4
Net interest	**(710.1)**	(355.1)
Tax paid	**(860.9)**	(897.4)
Free cash flow	**3,016.5**	3,534.7
Expansion capital expenditure[1]	**(1,424.6)**	(2,019.1)
Sale/(Purchase) of fixed assets investments	**16.8**	158.1
Acquisition of minorities	**–**	–
Acquisitions, net of cash & liquid investments acquired	**–**	–
Purchase of mining assets	**–**	(33.5)
Dividends paid to equity shareholders	**(162.5)**	(153.5)
Dividends paid to minority shareholders	**(345.9)**	(257.4)
Other movement[2]	**(404.2)**	219.8
Movement in net (debt)/cash	**696.1**	1,449.2

1 On an accrual basis.
2 Includes foreign exchange movements.
3 Before expansion capital expenditure.

Finance review continued

Project capex

Capex in progress	Completion time	Capex (US$ Mn)	FY2014
Cairn India	Phase wise completion	3,679	649
Total Capex (Cairn)		3,679	649
Copper Sector			
160MW CPP at Tuticorin	Completed	164	13
KCM KDMP Project (7.5mtpa)	Completed	973	37
Aluminium Sector			
BALCO-Korba 325ktpa Smelter and 1,200MW CPP	1st metal tapping by Q4 FY2014 of Korba 325 ktpa, 1st unit of 1,200MW CPP synchronisation in Q1 FY2015	1,872	125
BALCO-211mt Coal Block	Mining to start in FY2014–15	150	1
Jharsuguda 1.25mtpa smelter	Progressing start in FY2015	2,920	21
Power Sector			
Jharsuguda 2,400MW power plant	Completed	1,769	9
Talwandi 1,980MW IPP	1st unit synchronised in Q3 FY2014	2,150	274
Zinc Sector			
Zinc India (Mines Expansion)	Phasewise completion	1,500	243
Infrastructure			
Vizag general coal berth	Completed	119	1
Total Capex in Progress		11,617	725

Exploration/Enabling capex	Completion time	Capex (US$ Mn)	FY2014
Zinc International-Gamsberg	Exploration	29	15
Western Cluster Liberia	Exploration	106	29
Total Exploration/Enabling Capex		135	45

Capex flexibility	Completion time	Capex (US$ Mn)	FY2014
Copper Sector			
Tuticorin Smelter 400 ktpa	EC awaited	367	6
Aluminium Sector			
Lanjigarh Debottlenecking 1.0mtpa	Approval pending, on hold	150	1
Lanjigarh Refinery (Phase II) 3.0mtpa	Approval pending, on hold	1,570	–
Iron Ore			
Sesa Iron Ore mine expansion (36mt)	Approval pending, on hold	500	–
Total Capex including Capex Flexibility		2,587	6
Total Capex (excluding Cairn)		14,339	776
Total Capex (including Cairn)		18,018	1,425

Spent to 31 March 2014	Unspent on 31 March 2014
649	3,030
649	3,030
164	0
926	47
1,721	151
15	135
2,500	420
1,740	29
1,869	281
435	1,065
119	–
9,489	2,128

Spent to 31 March 2014	Unspent on 31 March 2014
23	6
96	10
119	16

Spent to 31 March 2014	Unspent on 31 March 2014
129	239
77	73
810	760
155	345
1,169	1,418
10,777	3,562
11,427	6,591

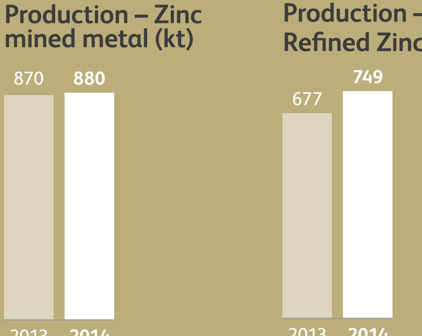
Zinc-Lead-Silver

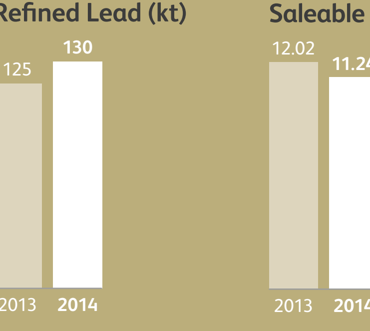
Pleasing productivity in a challenging market

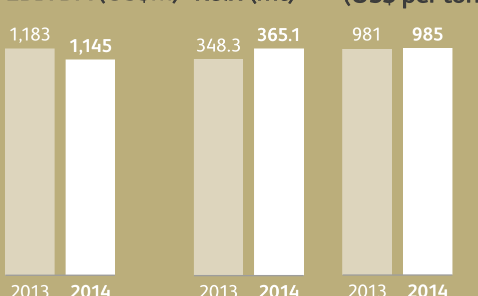
Zinc-Lead-Silver key metrics

ZLS

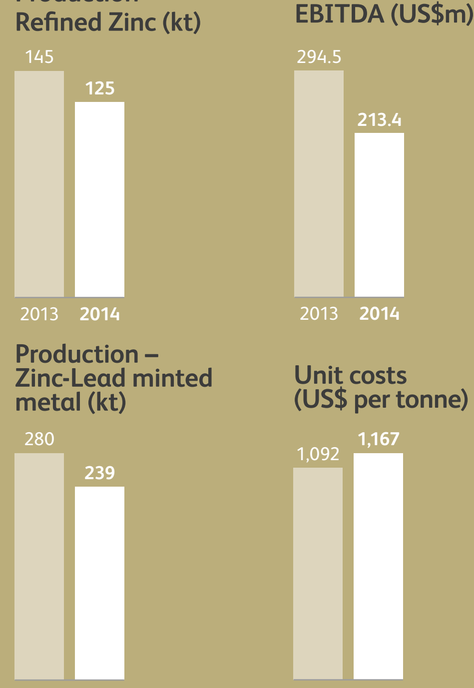
Zinc India







Zinc International



Operational review

"I'm pleased to report that not only did we accomplish record integrated production of zinc and lead, but we achieved it with a firm grip on unit costs.

In 2013–14 we recorded:

- Our highest-ever mined zinc and lead production of 880kt.
- Record integrated silver metal production of 9.66moz.
- Improved operational efficiencies driving strong volumes.
- Stable unit costs, maintaining our place in the lowest quartile of the global cost curve.
- Commissioning of Rampura Agucha underground and Kayad mines in Q2 and Q3 respectively.

Over the last 10 years we have increased our reserves & resources as well as our production capacity by a factor of 2.5x.

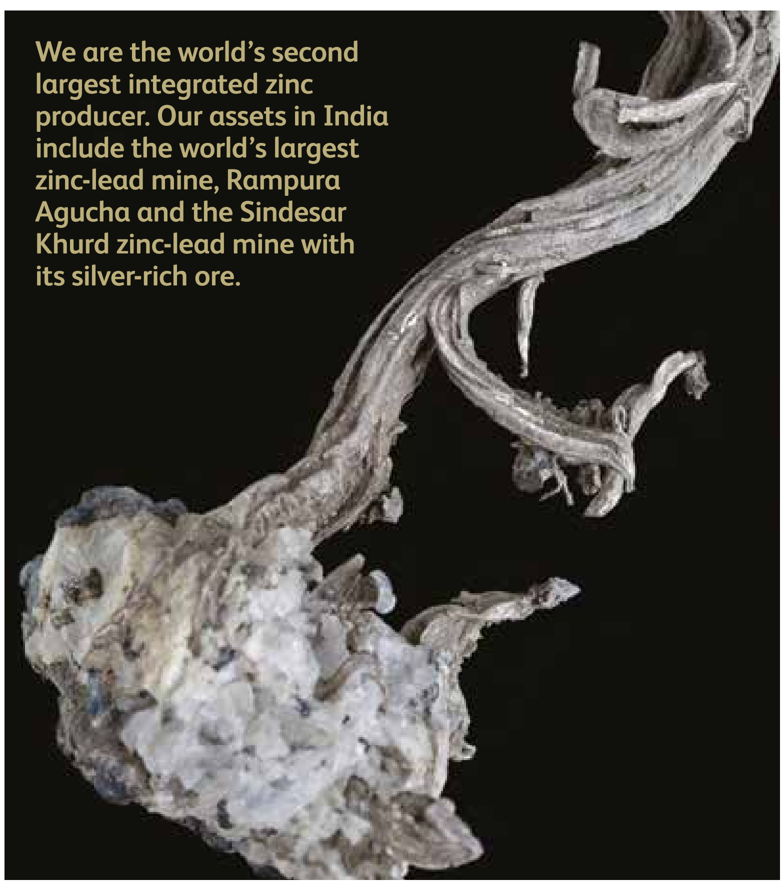
Our mine expansion projects continue to progress well and we are on track to increase mined metal capacity to 1.2mt over the next five–six years."

Akhilesh Joshi, CEO, Zinc India

"This was a relatively stable year in which we focused on maintaining production across all three of our assets, even though two of them are nearing the end of their lives. Production was 15% lower as we had a few unplanned stoppages during the year.

Our focus is on seeking opportunities to extend mine life at existing mines; evaluating options to supply feed to the Skorpion refinery; and controlling costs, which rank in the second quartile of the global cost curve."

Kishore Kumar, CEO, Base Metals - Africa



Operational review continued
Zinc-Lead-Silver

ZLS

Zinc – India

1
Engineer at Rampura Agucha open pit zinc-lead mine, **HZL**.

HOW WE PERFORMED
Production performance

	FY2013–14	FY2012–13	% Change[3]
Production(kt)			
Total Mined metal	880	870	1.1%
Zinc	770	765	0.7%
Lead	110	106	4.1%
Zinc Refined metal – Total	749	677	10.7%
Integrated	743	660	12.6%
Custom	6	17	(63.5)%
Lead Refined metal – Total[1]	130	125	4.0%
Integrated	118	107	10.3%
Custom	12	18	(33.0)%
Saleable Silver – Total (m oz)[2]	11.24	12.02	(6.5)%
Integrated	9.66	9.27	4.3%
Custom	1.58	2.75	(42.7)%

1 Including captive consumption of 7kt v/s 7kt in FY2013–14 v/s FY2012–13.
2 Excluding captive consumption of 1,232 thousand ounces v/s 1,088 thousand ounces in FY2013–14 vs FY2012–13.
3 All change in production figures have been calculated without rounding the number up to 1,000.

Unit costs

	FY2013–14	FY2012–13	% Change
Unit costs[1]			
Zinc (US$ per tonne)	985	981	0.4%
Zinc (Other than Royalty) (US$ per tonne)	824	818	0.7%

1 With IFRIC 20 impact.

Operations

We were pleased with our mining performance during the year with each key area showing record output.

At 880,000 tonnes, mined metal production showed an increase of 1.1%. Production in the second half of FY2014 was lower than what we had planned initially due to slower than expected ramp up of underground mining projects and changes in mining sequence, wherein preference was given to primary mine development.

The integrated production of refined zinc was 743,000 tonnes. This 12.6% increase over the previous year was driven by three main factors: higher mined metal production, improved operational efficiencies and higher roaster availability.

There were no sales of Zinc MIC whereas 61,000 tonnes were sold in FY2012–13. Integrated production of refined lead was up 10.3% at 118,000 tonnes due to better utilisation of smelter capacity.

Integrated production of silver achieved a record 9.66moz for the financial year. This was up 4.3%, driven by higher output from the Zawar mine, partially offset by lower silver grade in ore from other mines.

During the year we started the transition from open-pit to underground mining with higher production from underground mines more than making up for the tapering of open-cast mines. We have gained momentum in terms of primary mine development and are optimising the eventual transition. This includes significant improvements in infrastructure development such as production shaft, ventilation, communication networking, paste fill plant and workshops in our major underground mining projects.

We are also skilling-up our operators with structured training programmes designed to strengthen our underground mine organisation. Our team is being reinforced by recruiting high-level expatriates for critical technical roles in underground mines.

Our Strategic Priorities
- Brown field expansion of mines to achieve 1.2mtpa of mined zinc-lead
- Managing the transition from open-pit to underground mining at Rampura Agucha
- Ramping up silver volumes to 16moz
- Asset optimisation and operational efficiencies to maintain cost leadership
- Continuing focus on adding reserves and resources through exploration

2
Night view of Chanderiya smelting complex, **HZL.**

Markets

Zinc

Global zinc demand grew at ~4% in 2013 to 13.3 million mt, up from 12.8 million mt the previous year. Zinc metal supply fell short of demand by 2%, even though global production recovered from the sharp decline witnessed in 2012. Consequently, the refined metal market remained in deficit for the year.

The tightness in the physical zinc market has firmed up premiums and it is anticipated that this upward trend will continue in the near future.

We currently hold an 89% share of the Indian domestic market, where strong growth in 2013 was driven mainly by the galvanizing sector. This momentum is expected to continue in the next few years as investment in infrastructure projects underpins demand for industrial metals including zinc.

Lead

The global lead metal market was in surplus in 2013, driven by higher Chinese production. It reached 11.2 million mt compared to demand of 11.1 million mt.

The market is anticipated to shift into deficit in 2014 as demand growth remains robust but lead production is hampered by weak mine supply and stringent environmental regulations.

India is the second most important growth prospect in the Asian region with demand growth estimated at close to 7%. We have approximately 50% of primary lead market share in India.

Lead

	FY2013–14	FY2012–13	% Change
Average Zinc LME cash settlement prices US$/T	**1,909**	1,948	(2.0)%
Average Lead LME cash settlement prices US$/T	**2,092**	2,113	(1.0%)
Average Silver prices US$/ounce	**21.4**	30.5	(29.8%)

LME zinc prices averaged US$1,909 per tonne compared to US$1,948 per tonne in the same period in FY2012–13. Lead and silver prices also followed the same trend and reduced by 1% and 29.8% respectively.

Unit costs

During FY2013–14, the unit cost of zinc production was marginally higher at US$985 per tonne. This was due to higher volumes and the depreciation of the Indian rupee partially offset by despite lower by-product sulphuric acid prices and higher petroleum prices which were partially offset by the depreciation of the Indian rupee and higher volumes.

The business remains in the lowest cost quartile compared with other global producers, backed by high quality assets and operational efficiencies.

Financial performance

EBITDA for FY2013–14 decreased to US$1,145.0 million, compared with US$1,182.5 million during FY2012–13.

Despite enjoying record volumes of zinc, lead and silver, and the depreciation of the Indian rupee, EBITDA declined marginally due to lower metal prices and lower by-product credits. The price of zinc was down by 2.0% over the year, while lead reduced by 1.0% and silver fell by 29.8%. EBITDA for silver was US$188.0 million, 31% lower than FY2012–13.

Projects

The Kayad and Rampura Agucha underground mine projects commenced commercial production during the year. After initial difficulties, both are now ramping up well. We are also evaluating optimisation of the Rampura Agucha open pit, to ensure consistent output from the mine. The Sindesar Khurd expansion project is on schedule.

During the year, total mine development increased by over 75%, marking the beginning of the transition from open-cast to underground mining.

Capital expenditure for the year was US$243.0 million and we expect it to remain in the US$250.0 million range annually in the coming years.

Exploration

In FY2013–14, there was a gross addition to reserves and resources ('R&R') of 26.1 million tonnes, prior to a depletion of 9.3 million tonnes. Zinc-lead metal increased by 1.1 million tonnes, prior to depletion of 0.9 million tonnes. Total R&R at 31 March 2014 were 365.1 million tonnes, containing 35.2 million tonnes of zinc-lead metal and 926 million ounces of silver. The overall mine life continues to be 25+ years.

THE COMING YEAR

Outlook

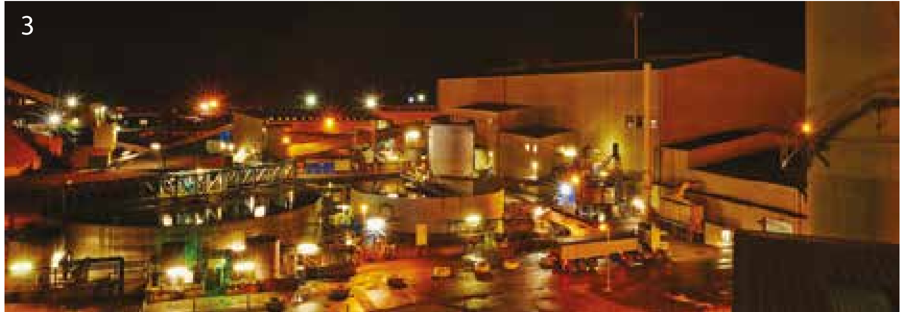
Rampura Agucha will continue to provide the majority of mined metal in FY2014–15. Its underground mine is now developing in line with expectations. In FY2014–15, mined metal, and integrated refined metal production including silver, is expected to be marginally higher than in FY2013–14. The cost of production is expected to remain stable.

Operational review continued
Zinc-Lead-Silver

ZLS

Zinc – International

A stable performance with production challenges.



1
Stacker reclaimer at Skorpion Zinc, **Zinc International**.

2
Skorpion open cast zinc mine, **Zinc International**.

3
Night view of Lisheen Talilings management facility, **Zinc International**.

Our Strategic Priorities

- Focusing on increasing the mine life of assets through in-pit and near-pit drilling and continued exploration
- Completing the feasibility studies currently in progress for the Gamsberg and Swartberg
- Completing the feasibility study for the refinery conversion project to co-treat sulphide ore at Skorpion
- The phased closure of the Lisheen mine

HOW WE PERFORMED

Production performance

Our total production of zinc, lead MIC and zinc refined metal stood at 364,000 tonnes, 15.0% lower than the 426,000 tonnes produced in FY2012–13. This was caused by an unplanned maintenance shut down at Skorpion after a tank failure in Q3 FY2013–14. Accidents at Lisheen and BMM in Q1 FY2013–14 also impacted the production.

Markets

As stated earlier the global market including the south African market is seeing a rise in demand due to higher consumption and thereby leading to higher premiums.

Unit costs

We saw an increase in the unit cost of production to US$1,167 per tonne, up from US$1,092 per tonne in FY2012–13. This was mainly driven by lower production due to lower ore grades and increasing treatment and refining charges.

Financial performance

EBITDA for FY2013–14 was US$213.4 million, 27.5% lower than the previous year. Operating profit was US$76.1 million, down by 31.2%. This was the result of lower volumes, lower zinc and lead prices, and higher costs.

THE COMING YEAR

Outlook

The Lisheen mine is scheduled for closure in FY2014–15 and we are looking at further exploration opportunities. At Skorpion and BMM, we are conducting studies to extend mine life. We are also evaluating the installation of a roaster at the Skorpion refinery to treat sulphide ores from BMM and other neighbouring mines.

We expect volumes for FY2014–15 at Zinc International to remain in line with FY2013–14, with a drop in Lisheen's production expected to be compensated by Skorpion and BMM. However, in the coming fiscal, all the three operations are experiencing declining ore grades and Skorpion, in particular, would witness a major increase in strip ratio to expose the ore for future production.

4
Aerial view of Skorpion smelting facility, **Zinc International**.

Production performance

	FY2013–14	FY2012–13	% Change
Total production (kt)	364	426	(15.0)%
Production – Zinc (kt)			
Mined metal content BMM and Lisheen	180	208	(13.5)%
Refined metal Skorpion	125	145	(14.0)%
Production – Lead (kt)			
Mined metal content	59	72	(18.9)%

Unit costs

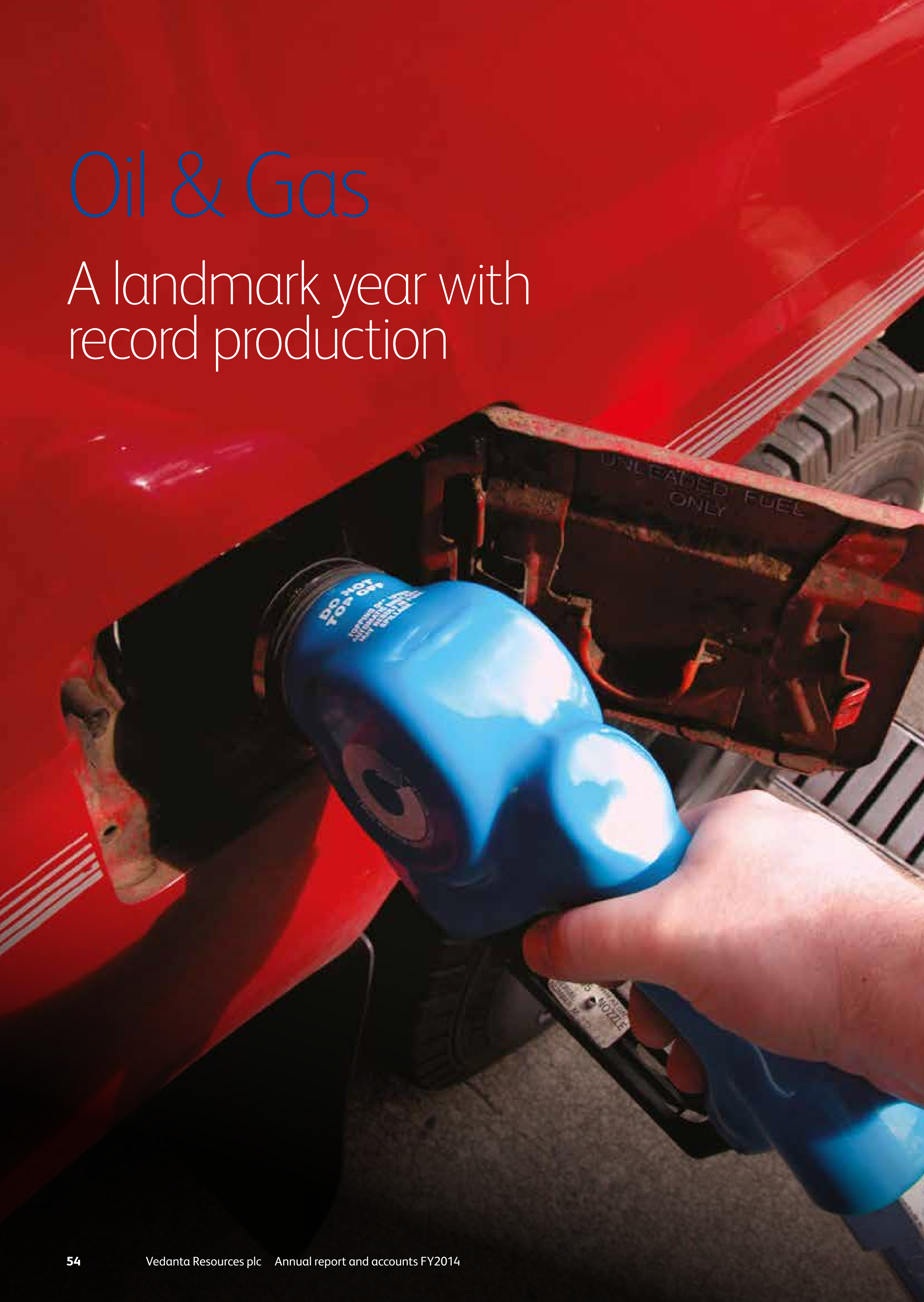
	FY2013–14	FY2012–13	% Change
Zinc (US$per tonne) CoP	1,167	1,092	6.9%

Financial performance

	(in US$million, except as stated)		
	FY2013–14	FY2012–13	% Change
Revenue	661.4	797.2	(17.0)%
EBITDA	213.4	294.5	(27.5)%
EBITDA Margin	32.3%	36.9%	–
Depreciation	90.3	122.5	(26.3)%
Acquisition related amortisation	47.0	61.4	(23.5)%
Operating (Loss)/Profit before special items	76.1	110.6	(31.2)%
Share in Group operating profit %	3.5%	4.4%	–
Capital Expenditure	44.6	35.5	25.6%
Sustaining	29.3	27.4	6.9%
Growth	15.3	8.1	88.9%

Oil & Gas

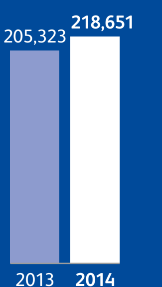
A landmark year with record production



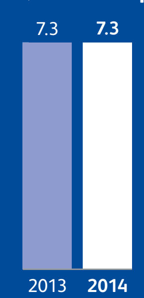
Oil & Gas key metrics

O&G

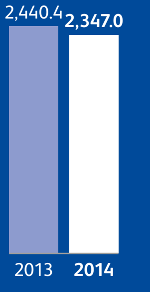
Production – Average daily gross operated production (boepd)



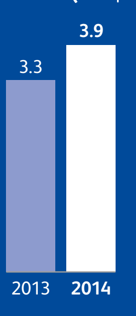
R&R (bn boe in place)



EBITDA (US$m)



Direct operating costs (US$/bbl)



Operational review
continued

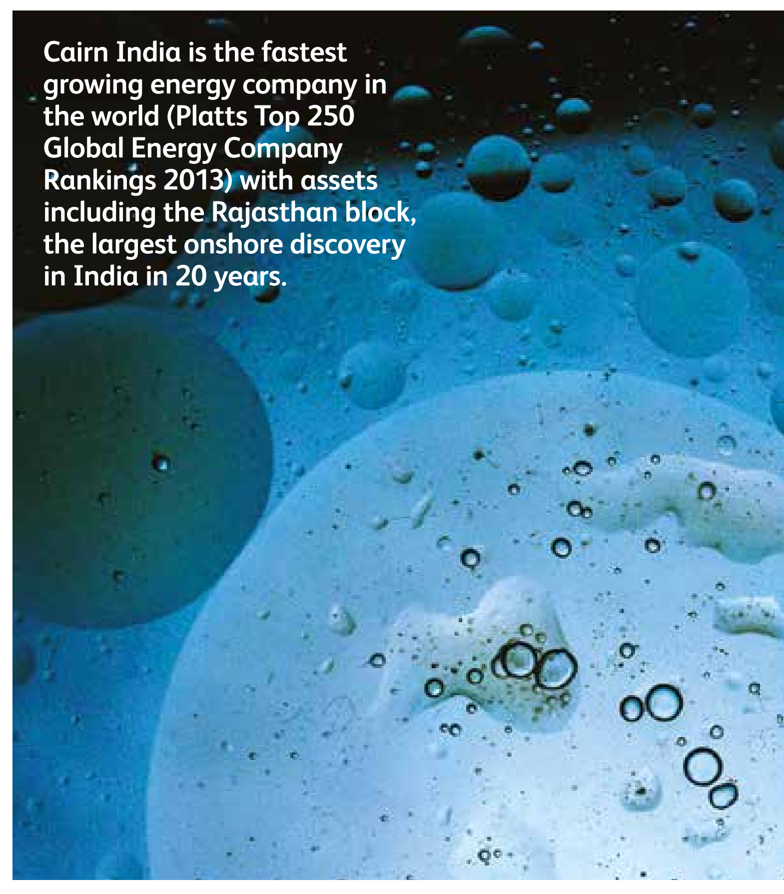
"With its significance not just to our business but to India as a whole, it is a pleasure to report the excellent contribution of the Rajasthan block during FY2013–14.

During the year we achieved:
- record full year gross production up by 6.5%, driven by 7% higher output at the Rajasthan block
- the major milestone of 200mmbbls of cumulative oil production at Rajasthan
- a gross targeted production rate of 200,000boepd in March 2014 at Rajasthan

We were also pleased to take advantage of the revised regulation which allows further exploration of a producing asset. We therefore re-commenced exploration drilling in the Rajasthan block establishing six discoveries and adding over 1 billion barrels of oil & gas in-place resources. Going forward, we continue to remain focused on executing multiple projects especially in Barmer Basin, by deploying talent and technology to achieve world class recovery and discovery rates.

In all, a satisfying year and one that augurs well for continuing productivity in FY2014–15."

Sudhir Mathur, CFO & Acting CEO



Operational review continued
Oil & Gas

1 Raageshwari gas terminal at Rajasthan, **Cairn India.**

HOW WE PERFORMED
Production performance

	Unit	FY2013–14	FY2012–13	% Change
Gross production	boepd	**218,651**	205,323	6.5%
Rajasthan	boepd	**181,530**	169,390	7.2%
Ravva	boepd	**27,386**	29,161	(6.1)%
Cambay	boepd	**9,735**	6,772	43.8%
Oil	bopd	**209,378**	195,780	6.9%
Gas	mmscfd	**56**	57	(2.4)%
Net production-working interest	boepd	**137,127**	127,843	7.3%
Oil	bopd	**134,116**	125,306	7.0%
Gas	mmscfd	**18**	15	18.7%
Gross production	mboe	**79.8**	74.9	6.5%
Working interest production	mboe	**50.1**	46.7	7.3%

Financial performance

	(in US$ million, except as stated)		
	FY2013–14	FY2012–13	% Change
Revenue	**3,092.8**	3,223.4	(4.1)%
EBITDA	**2,347.0**	2,440.4	(3.8)%
EBITDA Margin	**75.9%**	75.7%	
Depreciation	**692.4**	600.4	15.3%
Acquisition related amortisation	**721.0**	834.5	(13.6)%
Operating (Loss)/Profit	**933.6**	1,005.4	(7.1)%
Share in group operating profit %	**40.8**	40.0	
Capital expenditure	**649.4**	423.6	53.3%
Sustaining	**–**	–	–
Projects	**649.4**	423.6	53.3%

Market

	FY2013–14	FY2012–13	% Change
Average Brent Prices – US$/barrel	**107.6**	110.1	(2.3)%

Our Strategic Priorities

- Rajasthan development:
  - Sustaining production at MBA fields through EOR, drilling campaign and facilities upgrade
  - Application of North American model to target world class recovery at Barmer Hill
  - Leverage gas potential through step-wise development ramp-up
- Increase recovery from mature assets through infill drilling and technology adoption
- Continue exploration and appraisal programme across the portfolio, with a sharper focus on Rajasthan
- Pursue for extension of Production Sharing Contracts

Operations

Cairn India achieved average gross production of 218,651 barrels of oil equivalent per day (boepd) during FY2013–14, 6.5% higher than the previous year. During the year, the Company's operations helped reduce the nation's dependence on oil imports to the tune of US$7.5 billion, and contributed over US$4.0 billion to the exchequer.

In Rajasthan, the Company successfully achieved its target for FY2013–14 of production of 200,000boepd, in March. During the quarter, the block produced 17.2mmboe of oil equivalent, achieving record total production for the year of 66.3mmboe. In the process, the block also reached a landmark cumulative crude oil production milestone of 200mmbbls for the year. As at 31 March, the cumulative total production from Rajasthan stood at ~216mmboe.

A total of 129 new wells were brought into production during the year, with 45 wells added in Q4 FY2013–14. This has led to the block achieving gross average production of 181,530boepd for FY2013–14, up 7% Year-on-Year ('YoY').

In FY2013–14, Development Area ('DA') 1, comprising the Mangala, Aishwariya, Saraswati and Raageshwari oil and gas fields, produced a gross average 156,662boepd, up 6% YoY. The Mangala field was the largest contributor, with the Aishwariya field adding to volume growth. During the year, DA 2, comprising the Bhagyam field, produced a gross average of 24,867boepd, up 15% YoY as a result of the infill drilling programme.

In FY2013–14, production at Cambay was 44% higher YoY at 9,735boepd, due to the infill drilling campaign that was completed in FY2012–13. Production at Ravva was lower in FY2013–14 at 27,386boepd, although recovery rates continue to exceed 47%.

At Rajasthan, we are focused on infrastructure development for the early monetisation of exploration success and improved reservoir recovery through EOR, infill drilling and facilities upgrades.

Market
The year saw a rise in the global demand for oil, driven mainly by increasing demand in non-OECD countries and by the general economic recovery in the developed world in the second half of 2013 (source: IEA report, February 2014).

Demand increased to 91.3mb/d, a rise of 1.4% over 2012. However, global supply reached 91.5mb/d, an increase of 0.7% YoY. The US shale revolution dominated production growth in North America, while production in OPEC countries was lower by 2.1% due to several disruptions in the second half of the year.

Average Brent prices for the year were lower by 2.3% at US$107.6/bbl as compared to FY2012–13. It reached a high of ~US$118/bbl and a low of ~97/bbl during the fiscal.

In 2014, oil prices are expected to be stable. Consumption is expected to grow but it is the balance of supply between OPEC and non-OPEC producers that will be the key driver of oil price movement.

Financial performance
Despite the positive impact of higher volumes, Revenue was offset by higher profit sharing with the Government of India ('GoI') in DA 1 as a result of tranche change and lower realisations. This led to a lower EBITDA of US$2,347.0 million, and a reduced operating profit for the period of US$933.6 million.

Direct operating expenses (including transportation) relating to the Rajasthan field increased to US$3.9/bbl for the year, compared with US$3.3/bbl last year.

Exploration
Rajasthan
During the year, Cairn India has added significant oil-in-place resources of over 1 billion boe to the existing 4.2 billion boe. Out of the 17 wells drilled since the resumption of exploration in 2013, over 80% have shown hydrocarbons and the Company has established six discoveries (2 in Q4 FY2013–14 and 1 in April 2014). In addition, 266km^2 (14%) of the planned 1,900km^2 of 3D seismic data acquisition has been completed.

Ravva
The drilling of this 'high temperature, high pressure' prospect reached a depth of 2,720m as at 31 March, 2014. Although the campaign has witnessed some weather and operational challenges, the Company expects to complete the drilling activity before the onset of the monsoons.

KG Onshore
The extended flow test on the Nagayalanka-1z-ST appraisal well was completed in March 2014 and the maximum combined flow rate achieved was ~850bopd.

Other Indian assets
In KG Offshore, 1,050km^2 of 3D seismic data is expected to be acquired over the course of FY2014–15. The tender has been awarded for acquisition of ~2,000 line km of 2D seismic in the Mumbai Offshore block.

International assets
In Sri Lanka, discussions are ongoing with the Sri Lankan Government regarding commercial terms to monetise the discovered In-place gas resources of 73mmboe on the block.

In South Africa, acquisition of 1,981km^2 of 3D seismic and 3,000 line km of 2D seismic data has been completed and processing is under way.

Development
The ongoing capex programme is focused on exploration and development activities across all the assets, with 87% of the budget to be invested in the Rajasthan block over the next three years.

As part of this programme, plans for the redevelopment of the Raageshwari Deep Gas field, implementation of the full field polymer flood EOR in the Bhagyam field, and better reservoir performance of the Aishwariya field have all contributed to a net addition of ~50mmboe to 2P reserves. This has resulted in a 2P Reserve Replacement Ratio of ~100% for FY2014.

The Company is embarking on the implementation of three major development projects in the Rajasthan block with a net capex of US$2.4 billion over the next three years:

- Enhanced Oil Recovery ('EOR') project including a drilling campaign and facilities upgrade: Net Capex – US$1.6 billion
  - We are targeting the first polymer injection in the Mangala field EOR project within FY2014–15 and have awarded all contracts for the execution
  - The polymer flood EOR plan is in place for the Bhagyam field and JV alignment is under way. Plans are being prepared to extend the polymer flood EOR to the Aishwariya field
  - The Alkaline Surfactant Polymer pilot at Mangala has commenced
- Barmer Hill development: Net Capex– US$0.6 billion
  - Exploration results confirm BH potential across the block
  - We are replicating the North American development model to scale up the development
  - Satellite fields are to be put into production through the Integrated Block Development Policy ('IDP'). Raag-S-1, the 26th discovery in DA 1, was brought into test production within a year of discovery
- Gas development: Net Capex – US$0.2 billion
  - Development of the Raageshwari Deep Gas field is under way
  - Upgrading the RDG terminal to higher capacity and plans to create higher capacity pipeline infrastructure are ongoing in order to monetise the additional gas potential in the block

THE COMING YEAR
Outlook
The Company will continue to focus on key development projects aimed at enhancing recovery rates, supported by an overall planned net capex of US$3.0 billion by FY2017.

We are targeting a reserve-replacement ratio of 150% in the next three years, subject to a PSC extension. We are also looking to deliver a three-year production CAGR of 7–10% from known discoveries with flat production in FY2014–15.

Further exploration activity across the portfolio will provide additional upside value and momentum, and adopting technology will support low-cost operations and development.

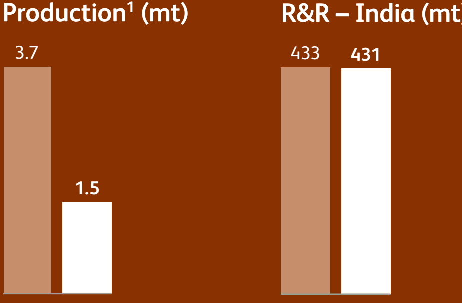
The industry is looking forward to future growth opportunities in India, from the PSC extension policy, the fiscal model for the next round of auctions and the shale gas policy for pre-NELP and NELP blocks.

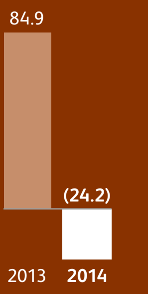
Iron Ore

Starting to return to work

Iron Ore key metrics

Fe





1 Production at Karnataka suspended until December 2013 and suspended for the full financial year at Goa.

Operational review

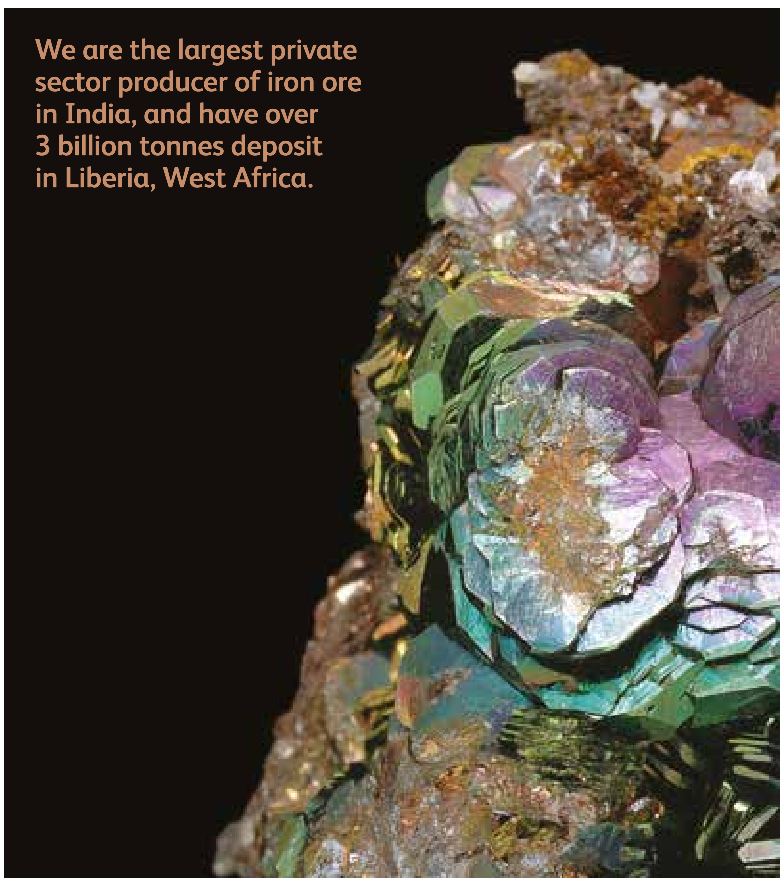
continued

"It is encouraging that a more positive climate for the iron ore sector started to emerge in the later part of this reporting year.

State-wide bans on mining have been in place in both Karnataka and Goa. However, late in 2013 the ban was lifted in Karnataka and we were able to restart operations there in December. The ban in Goa was also lifted by the Supreme Court, with conditions, in April 2014 and we are working with the relevant authorities on resuming operations.

As an established mining company and employer, and with many years of responsible operations behind us, we hope for a return to sustainable mining at both sites."

Pramod Unde and AN Joshi,
Interim Management Committee



Operational review continued
Iron Ore

Fe

1

HOW WE PERFORMED
Production performance

	FY2013–14	FY2012–13	% Change
Production			
Saleable ore (mt)	**1.5**	3.7	(59.4)%
Goa	**–**	3.7	(100)%
Karnataka	**1.5**	0.0	–
Pig iron (kt)	**510**	308	65.6%
Sales			
Iron ore (mt)	**0.0**	3.1	(99.1)%
Goa	**–**	3.0	(100.0)%
Karnataka	**0.0**	0.1	(74.2)%
Pig iron (kt)	**544**	275	97.6%

Financial performance

	(in US$ million, except as stated)		
	FY2013–14	FY2012–13	% Change
Revenue	**267.1**	442.5	(39.6)%
EBITDA	**(24.2)**	84.9	(128.5)%
EBITDA Margin	**(9.1%)**	19.2%	–
Depreciation	**33.9**	44.1	(23.1)%
Acquisition related amortisation	**11.9**	40.2	(70.4)%
Operating (Loss)/Profit before special items	**(70.0)**	0.6	–
Share in Group operating profit %	**(3.1)%**	0.0%	
Capital Expenditure	**43.6**	128.1	(66.0)%
Sustaining	**14.1**	49.3	(71.4)%
Growth	**29.5**	78.8	(62.6)%

Our Strategic Priorities

- Resuming mining in Goa
- Continuing to add to reserves and resources by active exploration in existing brown field areas
- Infrastructure options for the Liberia mining project

Operations – Goa

Through its order dated 21 April 2014, the Honourable Supreme Court ('The Court') lifted the ban on mining in the State of Goa, subject to certain conditions.

The ruling imposed an interim restriction on the maximum annual excavation from the mining leases in the State of Goa. This restriction (of 20 million tonnes) was subject to a determination of final capacity by the Expert Committee appointed by the court.

The Court also ruled that all mining leases in the State of Goa, including those of Sesa Sterlite, expired in 2007. Consequently, no mining operations can be carried out until the renewal and execution of mining lease deeds by the State Government. At the close of the reporting year the Company was working towards securing the necessary permissions to resume operations at the earliest opportunity.

The Court further directed that the entire sale value arising out of the e-auction of inventories should be appropriated for various purposes specified in the order, with only the average cost of excavation of iron ores to be paid to the mining lessees.

Further, all sales of iron ore will attract a payment of 10% of the sale price to be made by all lessees to the Goa Iron Ore Permanent Fund.

In Goa, we participated in e-auctions of inventory and sold 0.3 million tonnes during the quarter; however, these were not accounted for in this reporting year as sales since delivery did not take place during the quarter.

1
Transhipment of iron ore,
Sesa Sterlite.

2
Engineer at laboratory at iron ore operations,
Sesa Sterlite.

3
Dry screening for ore processing at Goa,
Sesa Sterlite.

The production volumes of pig iron (+66%) and metallurgical coke (+23%) were significantly higher, at 510,000 tonnes and 408,000 tonnes respectively. These increases are primarily due to the commissioning of new pig iron capacity and the associated metallurgical coke facilities in FY2012–13.

Operations – Karnataka

Following the clearance from the Court to resume operations at Karnataka, we optimised our approved capped annual capacity of mining at the site. Operations restarted on 28 December 2013 and resulted in production of 1.5 million tonnes in this reporting year. However, only 27,000 tonnes were sold during the year.

Market

World steel production in 2013 was 4.2% higher than in 2012, standing at a total of 1.6 billion tonnes. This significant growth was driven mainly by a 66 million tonne increase in China's steel production.

World steel consumption in 2013 is estimated to have increased by 2.9% to a total of 1.59 billion tonnes. The chief driver of this growth was a 6% increase in China's consumption as the country continued to be the world's largest consumer of steel.

In 2014, India's steel consumption is also forecast to grow; a 5% increase is projected as a result of government spending on infrastructure and a higher demand for consumer durables.

Iron ore spot prices averaged US$126 (FOB) a tonne, an increase of 3.4% over the previous year. Spot prices have been declining through the last quarter of FY2013–14 and are not expected to recover to their previously high levels. This is due to the increased availability of supplies from new mines starting up in 2015.

Financial performance

EBITDA in FY2013–14 was US$(24.2) million, compared with US$84.9 million in the previous year. This negative EBITDA was mainly due to the continued mining ban in Goa, and the ban in Karnataka prior to the Court lifting it in December 2013. Operating profit was US$(70.0) million in FY2013–14.

2

3

Liberia project

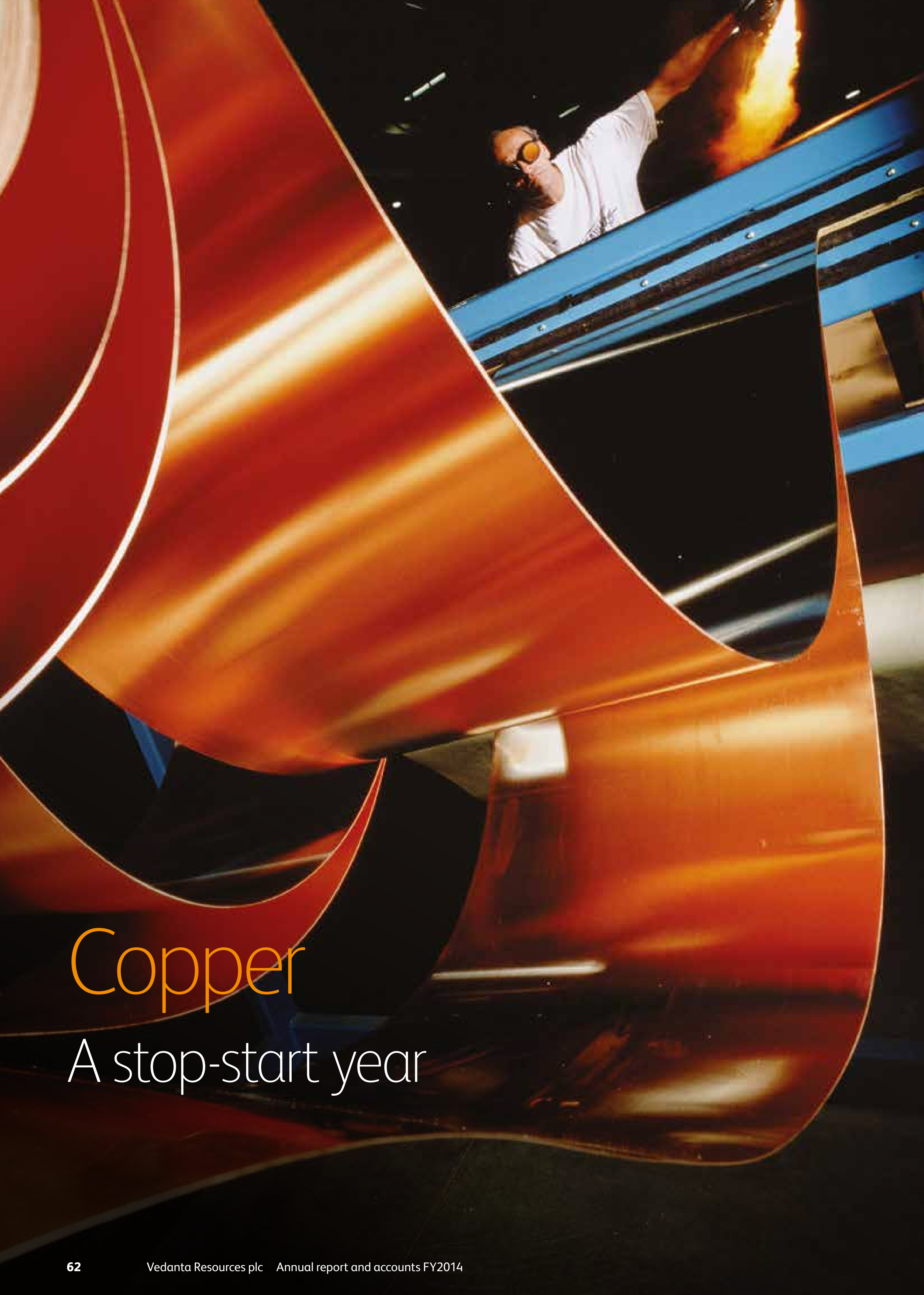
We are currently working with the government of Liberia on infrastructure solutions for evacuation of the ore once mining operations starts.

Reserves & resources

We have identified significant and potentially low cost 'start-up' ores at all three Liberian projects, with tailings at Bomi and soft weathered cap ore at Bea and Mano. Initial studies indicate that these are resources that are easy to process. These resources have potential for further enhancement with more exploration.

THE COMING YEAR
Outlook

We are engaging with the State Government and MoEF to gain approvals for starting mining on our leases in Goa, and we expect production to start in the second half of the financial year.



Copper

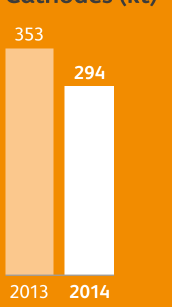
A stop-start year

Copper key metrics

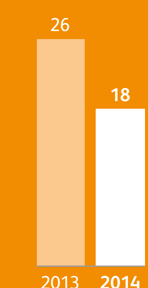
Cu

Copper India and Australia

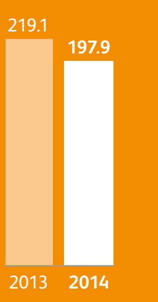
Production – Copper Cathodes (kt)



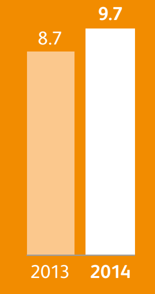
Production – Copper mined metal (kt)



EBITDA (US$m)

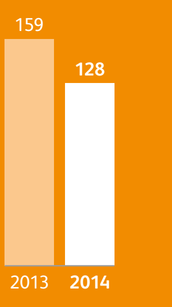


Unit costs (US cents per lb)

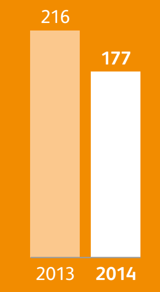


Copper Zambia

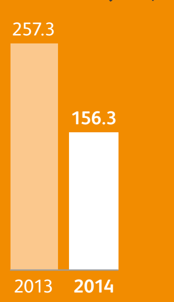
Production – Mined metal (kt)



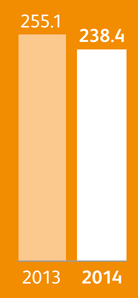
Production – Finished Copper (kt)



EBITDA (US$m)



Unit costs (US cents per lb)



Operational review

continued

"Looking back over the reporting year, we experienced a mixture of progress and challenges.

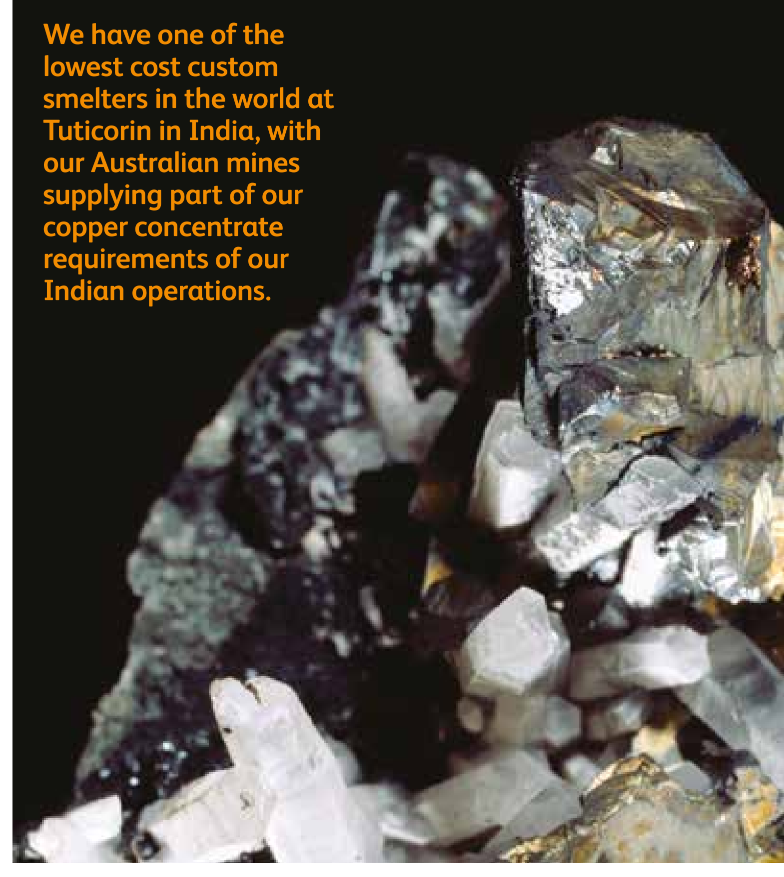
We underwent a temporary closure at the Tuticorin smelter and also had to suspend operations at our Australian mine due to a mud rush. However, we were pleased to restart the Tuticorin smelter at the end June 2013 and see it ramped up to full capacity and to commission the second unit of the captive power plant in Tuticorin. These positive developments augur well for the current year."

P Ramnath, CEO, Copper India
Kishore Kumar, CEO, Base Metals – Africa

"The Konkola underground mine has one of the largest high-grade ore bodies in the world, and Vedanta has been channelling resources, experience and talent into realising its considerable potential.

During the year, production was affected by unscheduled stoppages. As a team we are focusing on measures to improve productivity and operational efficiencies in order to deliver increased volumes. With my 20 years of experience in African resource development, I am excited about the opportunity at KCM as we overcome our current challenges and look forward to working with the Government of Zambia as a partner and a key stakeholder."

Kishore Kumar, CEO, Base Metals – Africa
Steven Din, CEO, Copper Zambia



Operational review continued

Cu

Copper

India and Australia

1

HOW WE PERFORMED
Production performance

	FY2013–14	FY2012–13	% Change
Production (kt)			
India – Cathode	294	353	(16.6)%
Australia – Mined metal content	18	26	(31.5)%

Market

	FY2013–14	FY2012–13	% Change
Average LME cash settlement prices (US$ per tonne)	7,103	7,853	(9.6)%
Realised TCs/RCs (US cents per lb)	16.6	12.8	30.0%

Unit costs

	FY2013–14	FY2012–13	% Change
Unit conversion costs (CoP) – (US cents per lb)	9.7	8.7	12.0%

Operations

Production during the year was affected by two main events. In January 2014 operations at our Australian mine were suspended following a mud rush incident. We are working with Work Safe Tasmania to resume once operating practices have been modified.

Our Tuticorin smelter also had to be temporarily suspended, post favourable order of National Green Tribunal, the smelter restarted in end June 2013. As a result, our copper cathode production was reduced by 16.6% to 294,000 tonnes. However, when operations were restarted the smelter operated at its full rated capacity.

In March 2014, the Company received the long-awaited regulatory approval for the second unit of the 2 x 80MW power plant in Tuticorin. We duly commissioned the unit which generated 25 million units over the year.

Market

The year saw the average LME copper price fall by 9.6% while treatment and refining charges (TCs/RCs) increased by 30% compared to 2012.

Global refined copper production in 2013 was 21 million tonnes, an increase of 3.2% over 2012, with global consumption growing by 5.6%.

Global copper mine production improved considerably from the third quarter of FY2013–14 as stable operations continued. This led to an increase in availability of copper concentrates with attendant higher TCs/RCs. Annual market settlement of TCs/RCs for supplies in the calendar year 2014 saw an increase of around 31% over the market terms in 2013.

The premiums also rose significantly in the international markets in Q3 and Q4 due to supply disruptions and increased demand from customers in China. The annual premiums for 2014 have risen over 50% compared to 2013.

Our Strategic Priorities

- Sustaining operating efficiencies and cost leadership at copper smelting operations
- Implementing a safe way to resume mining and production in the Mt. Lyell district in Australia

1
Night view of Tuticorin smelting complex, **Sesa Sterlite.**

2
Molten metal at Tuticorin smelter, **Sesa Sterlite.**

3
Copper rods, **Sesa Sterlite.**

Consumption in the Indian primary copper market increased slightly in 2013, although our share of the refined copper market fell due to production disruption experienced in Q1. We currently hold a 29% share of the refined domestic market. The demand for refined copper in India is expected to grow to 2 million tonnes by 2030, representing a Compounded Annual Growth Rate ('CAGR') of approximately 7%. Indian copper demand will be driven by investments in infrastructure projects, development of power generation capacities and continued urbanisation.

2

3

Unit costs

In the Tuticorin smelter, cost of production ('CoP') increased from 8.7 US cents per/lb to 9.7 US cents per/lb, mainly due to lower volumes and significantly lower by-product credits.

TCs/RCs have improved significantly – by 30% – compared to last year.

In FY2013–14, the unit cost of production at our Australian operations, including TCs/RCs and freight, was 240 US cents per lb; this was up from 220 US cents in the previous year, due to lower volumes and lower by-product credits.

Financial performance

EBITDA for FY2013–14 was US$197.9 million compared with US$219.1 million in the previous year. This reduction was mainly driven by lower profit from our Australian operations due to the suspension of operations in Q4 FY2013–14. Higher CoP at our Indian operations, lower volumes partially offset by higher TCs/RCs.

Operating profit was US$155.7 million in FY2013–14, down from US$175.9 million the previous year.

Financial performance

	(in US$ million, except as stated)		
	FY2013–14	FY2012–13	% Change
Revenue	**3,404.8**	3,991.1	(14.6)%
EBITDA	**197.9**	219.1	(9.7)%
EBITDA Margin	**5.8%**	5.5%	–
Depreciation and Amortisation	**42.1**	43.2	(2.5)%
Operating (Loss)/Profit before special items	**155.7**	175.9	(11.5)%
Share in Group operating profit %	**7.2**	6.9	
Capital Expenditure	**56.2**	89.4	(37.1)%
Sustaining	**37.3**	47.6	(21.6)%
Growth	**18.9**	41.8	(54.8)%

Outlook

At Copper India, the Tuticorin smelter underwent a planned 22-day maintenance shutdown, starting on 26 April 2014. This came after a record campaign life of 45 months and we are now targeting improved plant availability and reliability. Mine production at our Australian mine is expected to start in a staged manner and at lower volumes, once regulatory approvals are received.

Operational review continued

Copper

Cu

Zambia

1

Strategic priorities

- Ramping up mine development at Konkola to realise its ore production potential
- Optimising the blend and throughput of feed to the Tailings Leach Plant for higher production
- Realising cost efficiency, driven by volume growth and other measures
- Improving productivity

Operations

The year saw mined metal production fall by 19.2% in FY2013–14 compared to the previous year.

This was mainly due to the suspension of mining operations in January 2013 at the Chingola open pit mine ('COP F&D'). Konkola production was also affected by the temporary closure of shafts 1 & 4 due to safety and the integrity and availability of equipment. Mined metal production also included tailings leach plant primary copper production of 56,000 tonnes.

Copper custom production was lower by 5.8%, constrained by blending challenges and by an ongoing issue regarding the recovery of VAT credits. On this latter point we are in discussions with the Zambian Government on this pressing industry-wide matter.

Markets

KCMs traditional markets in Asia and the Middle East experienced improved demand in the latter half of the year, leading to improvement in premium in the annual negotiations for CY2014.

HOW WE PERFORMED
Production performance

	FY2013–14	FY2012–13	% Change
Production (kt)			
Mined Metal	**128**	159	(19.2)%
Finished Copper	**177**	216	(18.1)%
Integrated	**124**	160	(22.3)%
Custom	**53**	56	(5.8)%

Unit costs (integrated production)

	FY2013–14	FY2012–13	% Change
C1 cash costs (US cents per lb)[1]	**238.4**	255.1	(6.5)%
Total cash costs (US cents per lb)[2]	**334.0**	354.0	(5.6)%

1 C1 cash cost, excludes royalty, logistics, depreciation, interest, sustaining Capex.
2 Total cash cost includes sustaining Capex.

1
Operations at Konkola underground mine, **KCM.**

2
Conveyor leading to KDMP headgear of shaft #4, **KCM.**

Unit costs (integrated production)

The unit cost of production without royalty, logistics, depreciation, interest and sustaining capex decreased to 238.4 US cents per lb in FY2013–14, 6.5% lower than the previous year. This was due to the suspension of operations at the high-cost COP F&D mine, partially offset by lower volumes.

Financial performance

EBITDA in FY2013–14 was US$156.3 million compared with US$257.3 million in the previous year, impacted by lower volumes and lower metal prices. These factors also contributed to a loss of US$89.0 million after tax at Copper Zambia during FY2013–14.

THE COMING YEAR
Outlook

At Konkola, we are working to improve the trackless equipment's availability and utilisation rates, as well as recruiting key underground specialists and trainers. Several improvement initiatives and technical interventions have been planned to bring about a gradual improvement in production from current levels. Safety, management of underground contractors and productivity are the key focus areas.

We are working to secure custom concentrates which, when blended with integrated production, will enable us to run the smelter at the minimum optimum level that is technically possible.

Financial performance

	(in US$ million, except as stated)		
	FY2013–14	FY2012–13	% Change
Revenue	**1,271.4**	1,742.8	(27.0)%
EBITDA	**156.3**	257.3	(39.3)%
EBITDA Margin	**12.3%**	14.8%	–
Depreciation and amortisation	**171.5**	193.7	(11.5)%
Operating (Loss)/Profit before special items	**(15.3)**	63.6	(124.1)%
Share in group operating profit (%)	**(0.7)**	2.5	–
Capital expenditure	**150.9**	259.8	(41.9)%
Sustaining	**114.2**	171.4	(33.4)%
Growth	**36.7**	88.4	(58.5)%

Progress against strategic priorities

Transforming the water footprint at Copper Zambia

2007

Today

Our Copper Zambia operations have made significant strides in recent years to improve the environmental impact. The Konkola Mine is one of the wettest in the world so the primary focus has been on water: improving quality, reducing discharges and increasing recycling.

Over US$5 million has been invested in underground water rehabilitation with new pumps to handle slurry and desilting, decreasing the total suspended solids ('TSS') in discharged water by an impressive 75% in four years. The Pollution Control dam has been desilted and effluent from the Nkana refinery is being treated with the recycled effluent reused to wash copper cathodes and water vegetation around the mine site, reducing monthly domestic water consumption significantly by over 50%.

Now, the Kafue River upstream and downstream is once again a reliable water resource for irrigation, fishing and transportation for the communities that live along its banks and KCM is looking to improve further, targeting global best-in-class global environmental sustainability standards.

Aluminium

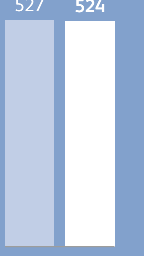
Record production powered by improved efficiencies

Operational review
continued

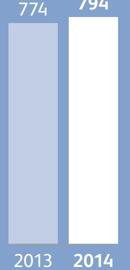
Aluminium key metrics

Al

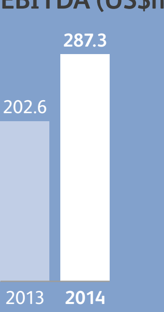
Production – Alumina (kt)



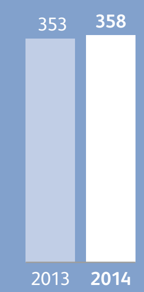
Production – Aluminium (kt)



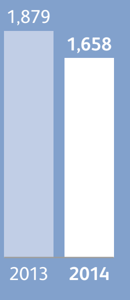
EBITDA (US$m)



Unit costs – Alumina (US$ per tonne)



Unit costs – Aluminium (US$ per tonne)



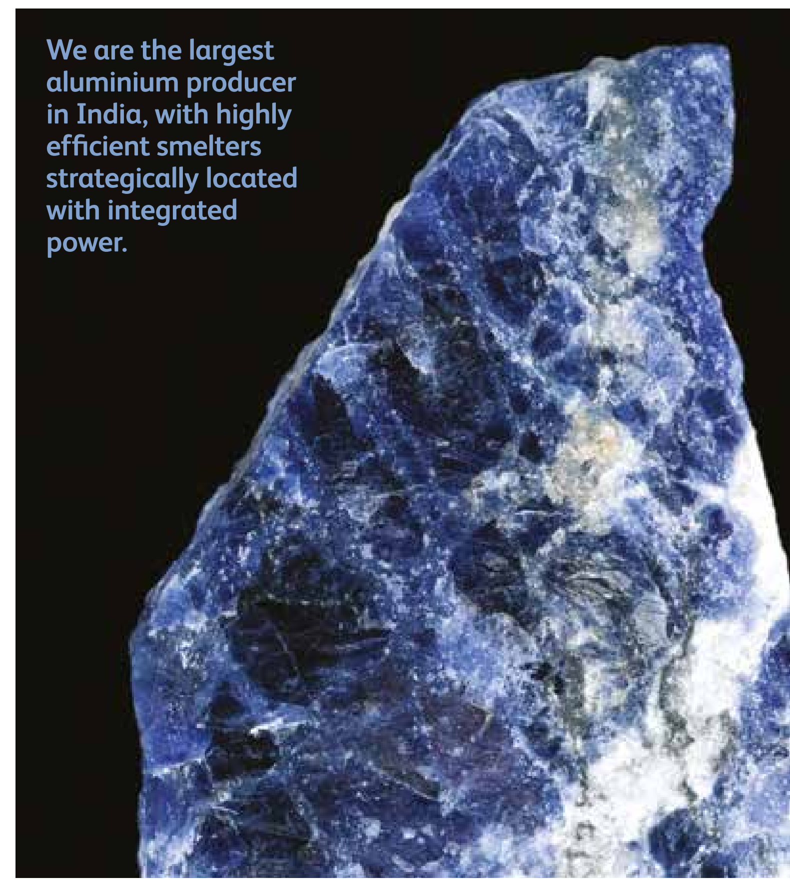
"We are the largest aluminium producer in India and our performance in FY2013–14 consolidated that position.

We achieved:

- Record aluminium production of 794kt
- Utilisation at rated-capacity for both operating smelters (Korba-II and Jharsuguda-I)
- Recommencement of operations at our Lanjigarh refinery
- Considerable improvement in operational efficiencies
- A continuing second quartile position on the cost curve, even without captive bauxite
- First metal tapping at the Korba 325ktpa aluminium smelter

We believe that with the above strengths we will be able to address the challenges of securing feed stock for our aluminium operations enabling the completion of our projects and ramp up of production. This will serve as a powerful springboard for the year ahead."

SK Roongta, CEO, Aluminium



Operational review continued
Aluminium

Al

1
Aerial view of Jharsuguda smelting complex, **Sesa Sterlite.**

HOW WE PERFORMED
Production performance

	FY2013–14	FY2012–13	% Change
Production (kt)			
Alumina – Lanjigarh	524	527	(0.6)%
Aluminium – Jharsuguda	542	527	2.9%
Aluminium – Korba	252	247	2.1%
Total Aluminium	794	774	2.6%
Sale of surplus power (million units)	126	323	(61.0)%

Unit costs

	(US$ per tonne)		
	FY2013–14	FY2012–13	% Change
Alumina Cost	358	353	1.4%
Aluminium production cost	1,658	1,879	(11.8)%
Jharsuguda CoP	1,602	1,869	(14.3)%
Jharsuguda smelting cost	889	1,090	(18.4)%
BALCO COP	1,781	1,901	(6.3)%
BALCO smelting cost	1,082	1,165	(7.1)%

Market

	FY2013–14	FY2012–13	% Change
Average LME cash settlement prices (US$ per tonne)	1,773	1,974	(10.2)%

Operations

Following the resumption of operations at our Lanjigarh refinery in July 2013, the facility ramped up well and delivered 524kt production through to March 2014. In Q4, the refinery had a capacity utilisation of 91%. This resulted in a steady increase of alumina feed from Lanjigarh to our smelters, contributing to 28% of the smelters' alumina requirements in FY2013–14 and 49% in Q4.

The MoEF rejected the grant of stage II forest clearance for the Niyamgiri mining project of Odisha Mining Corporation Limited ('OMC'). The area is one of the sources in Odisha for the supply of bauxite to the alumina refinery at Lanjigarh. As we have stated, the Company will not consider developing any bauxite resources, including the Niyamgiri mines, without the invitation and consent of the local communities. Certain mining assets (amounting to US$11 million) which relate to the Niyamgiri mines have been charged to the income statement as a special item during the year.

A Memorandum of Understanding ('MoU') with the Government of Odisha (through OMC) states that we require 150 million tonnes of bauxite. We are actively working with the Odisha State Government to agree the allocation of other bauxite mines. The Company is also considering sourcing bauxite from alternative sources to support the existing and expanded refinery operations.

With regard to the expansion project at Lanjigarh, the Company's fresh application for environmental clearance is under consideration. In the meantime the expansion plans are on hold.

Production of aluminium in FY2013–14 was a record 794,000 tonnes, an increase of 2.6% compared to the previous year. During the year the Jharsuguda-I and Korba-II smelters were both operating above their rated capacity.

Strategic priorities

- Securing captive refinery feed to realise the full potential of cost efficiencies and increase capacity utilisation
- Securing regulatory approvals for refinery expansion
- Commissioning the unused smelter capacities at BALCO and Jharsuguda
- Expediting development of the captive coal block at BALCO

Unit costs

Alumina CoP was US$358 per tonne in FY2013–2014. The CoP of hot metal at Jharsuguda was US$1,602 per tonne compared with US$1,869 per tonne in the previous year, a 14.3% decrease. This was due mainly to the decrease in our power costs, driven by operational efficiencies, better coal mix, reduced specific coal consumption and specific power consumption.

At the Korba smelter, the CoP decreased to US$1,781 as a result of the depreciation of the Indian rupee, although in Indian rupee terms the CoP actually increased. This was due to increased power costs when the agreed coal quota allowances tapered by another 25% this year. However, this was partially offset by the improved operational efficiency of the plant.

Even without captive bauxite, and despite having to rely on imported alumina, our aluminium operations at Jharsuguda and Korba were ranked in the first and second quartile of the global cost curve respectively.

Market

Average LME prices for aluminium for the year were US$1,773, a decline of 10.2% on the previous year's average price level of US$1,974.

Global primary aluminium consumption recorded growth of 5.3% to 49 million tonnes in 2013 over 2012 (47 million tonnes). Primary aluminium demand is expected to grow by 6% per year during the period 2013 – 2017, supported by the transport sector worldwide and substitutions in favour of aluminium. We also anticipate a near-term increase in demand from the transport sector in 2015. Domestically, investments in the infrastructure and transport segments are also expected to boost demand. We currently have a market share of 48% in India.

Financial performance

EBITDA for FY2013–14 was up by 41.8% at US$287.3 million, compared with US$202.6 million in the previous year. This increase was due to lower CoP, Indian rupee depreciation and higher volumes, but was also partially offset by lower LME prices which dropped by 10%.

Financial performance

	(in US$ million, except as stated)		
	FY2013–14	FY2012–13	% Change
Revenue	**1,785.4**	1,837.8	(2.9)%
EBITDA	**287.3**	202.6	41.8%
EBITDA Margin	**16.1%**	11.0%	–
Depreciation and amortisation	**174.7**	191.2	(8.6)%
Operating Profit before special items	**112.5**	11.4	–
Share in Group operating profit (%)	**5.2**	0.4	
Capital Expenditure	**165.3**	424.1	(61.0)%
Sustaining	**18.3**	41.2	(55.6)%
Growth	**147.1**	382.9	(61.6)%

Further MTM foreign exchange losses on operational payables were decreased by ~US$27.4 million as a result of the prudent step of taking forward cover on US dollars. This helped to increase EBITDA and operating profit was also higher at US$112.5 million.

Projects

We commenced operation of the Korba-III 325kt smelter, achieving first metal tapping in Q4. We produced around 900 tonnes of aluminium with power sourced from the BALCO 810MW power plants. Of the first 84 pots, 36 pots had been started as at 31 March 2014. We can support up to 84 pots with the existing power plants at BALCO. We expect to ramp up the 325ktpa BALCO-III Aluminium smelter in Q2 FY2014–15 once the Korba 1,200MW power plant is operational. The first unit of this power plant is expected to be synchronized in Q1 FY2014–15.

The Company expects to commence mining coal from its Durgapur coal block in Chattisgarh once we receive the mining lease and lease deed as well as the requisite permission from the DGMS/ Coal Controller of Mines, expected by the end of Q2. Mining operations are likely to commence in Q3 FY2014–15 and excavation of coal is expected by Q4 FY2014–15.

THE COMING YEAR

Outlook

We are optimistic that our existing facilities will continue to operate at above their rated capacities in the coming year. We are focused on putting the new capacities and the associated power plants into operation. We are also working on feedstock security in terms of bauxite sourcing, alumina sourcing and the coal block start-up at BALCO.

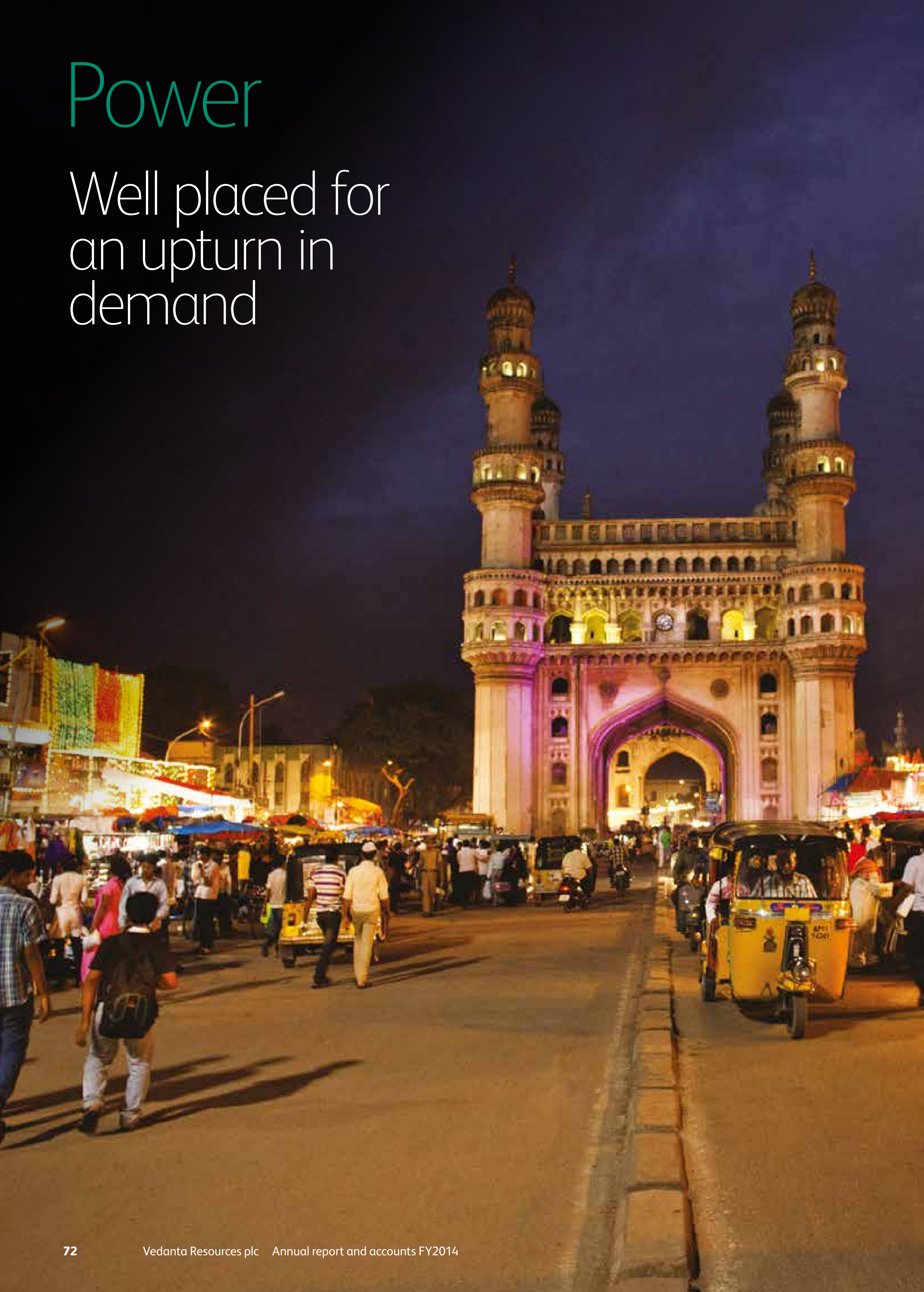
We also expect a progressive start-up of new pot lines at our Jharsuguda smelter, once we have permission from the authorities to use power from our 2,400MW power plant.

The resulting increase in volumes, combined with operational efficiencies and an expected higher proportion of value-added products, should provide improved returns.

We are working on securing captive feed for the Alumina refinery, but will not access Niyamgiri or other deposits without the prior consent of local communities. We will also work with OMC to help them meet their MoU commitment to us from other regional resources.

Power

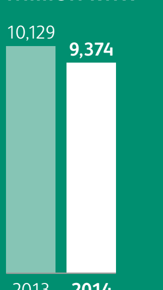
Well placed for an upturn in demand



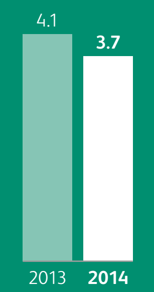
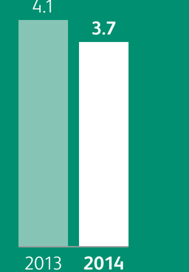
Power key metrics

Pwr

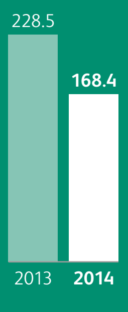
Power sales in million kwh



Unit costs (US cents/kwh)

EBITDA (US$m)



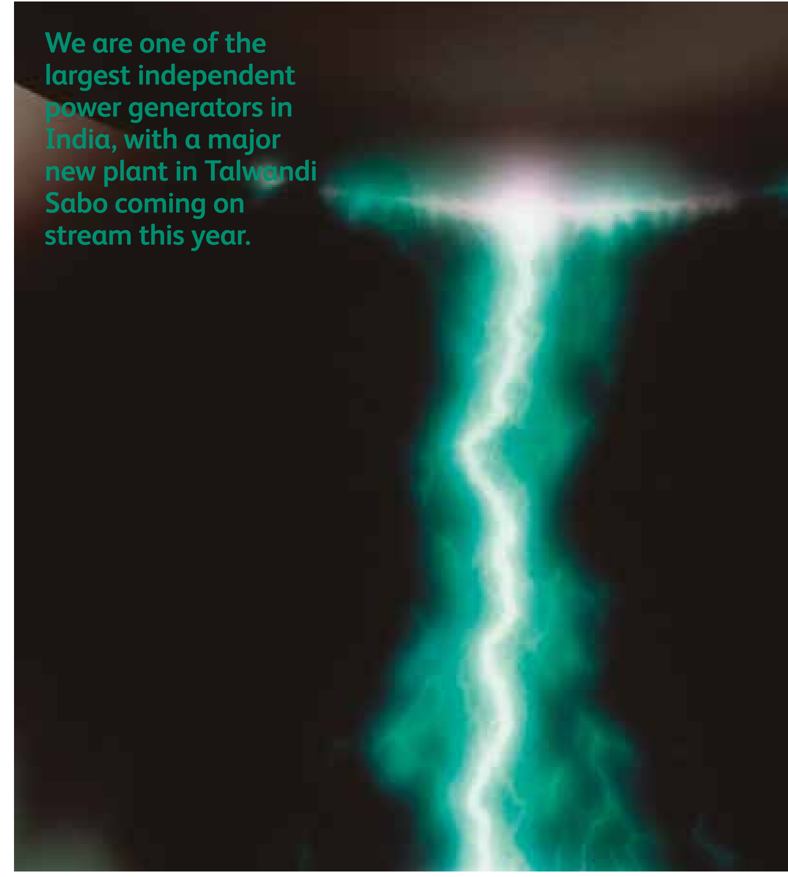
Operational review
continued

"We experienced a period of distribution challenges and low customer demand that led to lower sales even though there was unmet end-user demand. Despite this, we were generally pleased with progress during the year.

We recorded:
- Increased sales of 7,625 million units, up 1% from the previous year, from the Jharsuguda 2,400MW power plant
- Synchronisation of the first 660MW unit of the 1,980MW Talwandi Sabo power plant

Although the near-term outlook for sales remains weak, the completion of several steps being taken by the Government should enhance grid connectivity and the market environment for power generators."

SK Roongta, CEO, Power



Operational review continued
Power

1

HOW WE PERFORMED
Production performance

	FY2013–14	FY2012–13	% Change
Power Sales (MU)	**9,374**	10,129	(7.5)%
MALCO and Wind Energy	**1,359**	1,358	0.1%
BALCO 270MW	**390**	1,241	(68.6)%
Jharsuguda 2,400MW[1]	**7,625**	7,530	1.3%

1 Includes production under trial run nil million units in FY2013–14 vs 795 million units in FY2012–13.

Unit costs

	FY2013–14	FY2012–13	% Change
Sales realisation (US cents/Kwh)	**5.9**	6.5	(10.3)%
Cost of production (US cents/Kwh)	**3.7**	4.1	(10.1)%

Strategic priorities

- Enhancing access to power transmission facilities
- Working with the Government on coal sourcing
- Completing the 1,980MW Talwandi Sabo power project

Operations
Overall power sales declined over the year to 9,374 million units, a fall of 7.5% on the previous year. This was mainly due to lower sales by the BALCO 270MW power plant, resulting from lower power tariffs and weak demand. This was partially offset by marginal higher volumes from the Jharsuguda 2,400MW power plant. It operated at a 40% plant load factor ('PLF') but was affected by weak demand and transmission constraints.

Market
Capacity of more than 23,000MW has been added in India over the last five years by independent power producers ('IPPs'). This is derived from mainly thermal sources at around 68% and renewables at around 13%. Although this has not exceeded the Government's target, more capacity has been added than in the preceding 15 years. Per capita consumption of electricity in the country was about 917.18kwh in 2013.

Unit costs
We saw an improvement in average power generation costs in FY2013–14, falling to 3.7 US cents per unit compared with 4.1 US cents per unit in the previous year. This was driven by the Indian rupee's depreciation translating into lower costs in US dollar terms.

Average power sales prices were lower in FY2013–14 at US cents 5.9 per unit compared with US cents 6.5 per unit in the previous year.

Financial performance
EBITDA decreased significantly in FY2013–14 at US$168.4 million compared with the previous year's US$228.5 million, primarily as a result of the lower tariff currently being recognised from the power supply company Gridco in Odisha where the interpretation of the tariff agreement is subject to ongoing dispute. Other factors like lower PLF as a result of lower demand, but better variable costs largely offset each other.

1
Turbine Generator of the 1,215MW Power Plant, Jharsuguda, **Sesa Sterlite.**

2
Turbine generator, **Talwandi Sabo project.**

As a result operating profit was also reduced by 48.1% to US$68.9 million coupled with higher depreciation of the Indian rupee.

THE COMING YEAR

Projects

The boiler light-up of the first 660MW unit of the 1,980MW Talwandi Sabo power plant was achieved in Q3, followed by the synchronisation. Coal logistics were established in Q4 and we expect to commence trial runs in Q1 FY2015.

Outlook

We are focused on commissioning and ramping-up the Talwandi Sabo power plant.

Our exposure to third party sales will reduce as we gradually ramp up our Aluminium smelter production at Jharsuguda. We also anticipate that with the improvement in the economic climate and industrial performance generally, the demand and hence the open market price for power is expected to recover significantly in the next few years.

2

Port Business

We commissioned the Vizag General Cargo Berth ('VGCB') in Q4 FY2013. There has been a continuous increase in the tonnage handled at VGCB, and during FY2014 we handled 4.7 million tonnes and generated an EBITDA of US$4 million.

VGCB is one of the deepest coal terminals on the eastern coast of India, which enables docking of large Capesize vessels.

Board of Directors

Anil Agarwal (61) 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
Chairman: Nominations Committee.

Navin Agarwal (53) 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 the supervision 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
Chairman: Executive Committee.

MS Mehta (58) Chief Executive Officer

Background and experience
In March 2014, Mr Mehta stepped down as Chief Executive Officer of the Board following his appointment in October 2008. Prior to this he held key managerial and operating roles within the Vedanta Group, in particular, chief executive officer of Hindustan Zinc. 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 a master's degree from the Indian Institute of Management, Ahmedabad.

Date of appointment
Mr Mehta was appointed to the Board in October 2008 and stepped down on 31 March 2014.

Committee membership
Member: Sustainability and Executive Committees.

Tom Albanese (57) Chief Executive Officer

Background and experience
Effective 1 April 2014, Mr Albanese is appointed the Chief Executive Officer and a director of Vedanta Resources plc. In September 2013, Mr Albanese was appointed Chairman of Vedanta Resources Holdings Limited, the holding company of Sesa Sterlite Limited and Konkola Copper Mines. He is also a director of Franco-Nevada Corporation, a Toronto-based gold and metal streaming company. From 2007 to January 2013, Mr Albanese was chief executive officer of Rio Tinto Plc. Mr Albanese joined Rio Tinto in 1993 when the company acquired Nerco Minerals, where he was chief operating officer from 1989 to 2000. Mr Albanese joined Nerco Minerals in 1985 as an analyst, prior to working as an engineer from 1981 to 1983 on an Alaskan gold project acquired by Nerco. Mr Albanese previously served on the boards of Ivanhoe Mines Limited, Palabora Mining Company and Turquoise Hill Resources Limited. In addition, he is a member of the Board of Visitors, Duke University, Fuqua School of Business. Mr Albanese holds a bachelor's degree in mineral economics and a master's degree in mining engineering from the University of Alaska.

Date of appointment
Mr Albanese was appointed to the Board on 1 April 2014. Mr Albanese was also appointed Chief Executive Officer of Vedanta's main operating company, Sesa Sterlite Limited, on 1 April 2014.

Aman Mehta (67) Senior Independent Director and 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, India. Mr Mehta had a 36-year career at Hong Kong and Shanghai Banking Corporation ('HSBC') where he held a number of executive positions such as chairman and chief executive officer of HSBC USA Inc, deputy chairman of HSBC Bank, Middle East and chief executive officer of HSBC Asia Pacific, a position he held until his retirement. He was also previously a non-executive director of MGF Emaar Limited, ING Group N.V. and a director of the Indian Council for research on international economic relations. Mr Mehta has a degree in economics from Delhi University. Mr Mehta has 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
Chairman: Audit Committee.
Member: Nominations and Remuneration Committees.

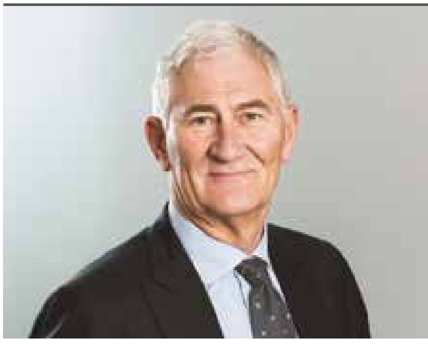
Euan Macdonald (74) Non-Executive Director

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 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
Member: Audit, Nominations and Remuneration Committees.

Geoffrey Green (64) Non-Executive Director



Background and experience
Mr Green was a partner of a leading international law firm, Ashurst LLP from 1983 to 2013, and formerly served as Ashurst's senior partner and chairman of its management board for 10 years until 2008. He then served as head of the firm's expanding Asian practice from 2009 to 2013, based in Hong Kong. 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 and their boards on a wide variety of corporate and governance issues; he brings to the Board a strong understanding of UK regulatory and strategic matters. Mr Green has a degree in law from Cambridge University and qualified as a solicitor at Ashurst LLP.

Date of appointment
Mr Green joined the Board in August 2012.

Committee membership
Member: Remuneration Committee.

Deepak Parekh (70) Non-Executive Director

Background and experience
Mr Parekh is the chairman of Housing Development Finance Corporation, India's leading financial services conglomerate with a presence in banking, asset management, life insurance, general insurance, real estate, venture funds and education loans. He is the non-executive chairman of GlaxoSmithkline Pharmaceuticals and Siemens, in India. Mr Parekh is also on the boards of Exide, Mahindra & Mahindra, Indian Hotels and the international board of DP World in the UAE. In addition, he is on the advisory boards of several Indian and multinational corporations. Mr Parekh was the first international recipient of the Institute of Chartered Accounts in England and Wales outstanding achievement award in 2010.

Date of appointment
Mr Parekh joined the Board in June 2013.

Committee membership
Member: Audit and Nominations Committees.

Senior management team

The Executive Committee and senior management team support the Board and oversee the implementation of the Group's strategic initiatives set by the Board. Mr Navin Agarwal stepped down as Chair of the Executive Committee on 31 August 2013, and was replaced by Mr Albanese on 1 September 2013. On 31 March 2014, Mr MS Mehta stepped down from the Executive Committee which comprises the following members:

Tarun Jain

Whole-time Director, Sesa Sterlite Limited ('Sesa Sterlite')

Mr Jain joined Sesa Sterlite in 1984 and has nearly 30 years of experience in finance, accounts, audit, taxation and company secretarial. He is responsible for corporate finance, corporate strategy, business development and mergers and acquisitions at Sesa Sterlite. 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 and whole-time Director, Sesa Sterlite Limited

Mr Jalan is the Chief Financial Officer of Vedanta Resources plc and whole-time Director of Sesa Sterlite. He is a fellow member of the Institute of Chartered Accountants of India. Mr Jalan has over 35 years of experience in finance, accounts, audit, taxation, secretarial and legal matters. Prior to joining Sesa Sterlite in 2001 he worked with Aditya Birla Group as the Executive President of Birla Copper.

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 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 of Mines responsible for the overall operations at all mining units. He is also a Director of Madanpur South Coal Company Limited. Mr Joshi has a mining engineering degree and a post graduate diploma in economic evaluation of mining projects from the School of Mines, Paris. He also has a first class Mine Manager's Certificate of Competency.

Rajagopal Kishore Kumar

Chief Executive Officer (Africa, Base Metals)

Mr Kumar joined the Group in April 2003, and served as Chief Executive Officer of Sesa Sterlite and Konkola Copper Mines in Zambia from June 2004 to December 2006, before being appointed as Chief Executive Officer, Africa (Base Metals). Mr Kumar 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 Limited for 12 years.

P Elango

Interim Chief Executive Officer and whole-time Director, Cairn India Limited

Mr Elango served as Interim Chief Executive Officer from August 2012 to May 2014, and whole-time Director from January 2013 to May 2014, of Cairn India. Mr Elango joined Cairn India in January 1996 and served as director of strategy and business services. He was involved in both commercial and asset management functions of Cairn India. Mr Elango has over 20 years' experience in the Indian oil and gas sector, 10 years of which were with the state-owned Oil and Natural Gas Corporation. He holds a master's degree in management studies from the Annamalai University of Tamil Nadu.

Mr Elango stepped down from his position on 2 May 2014, and Mr Sudhir Mathur, Chief Finance Officer, has taken over the additional responsibility as interim Chief Executive Officer.

Jeyakumar Janakaraj

Chief Executive Officer and whole-time Director, Konkola Copper Mines ('KCM')

Mr Janakaraj joined Sterlite Copper in September 1995. In July 2002, he moved to HZL to head the Group's expansion projects. From 1992 to 1995, Mr Janakaraj worked at Essar Steel. Mr Janakaraj has a bachelor's degree in Mechanical Engineering from PSG College of Technology, Coimbatore. In 2006 and 2008, he was recognised by the Indian Institute of Metals for his contribution to the Indian non-ferrous sector.

Mr Janakaraj stepped down from his position on 15 August 2013. On 12 May 2014, Steven Din was appointed Chief Executive Officer of KCM reporting to Mr Kishore Kumar, Chief Executive Officer of Base Metals, Africa. Mr Din has over 20 years of experience in the resources industry. Mr Din's most recent role was Chief Executive Officer of minerals for Essar in Zimbabwe. Prior to this Mr Din was Managing Director of Strategic Projects for Rio Tinto in Senegal.

Sushil Kumar Roongta

Managing Director of Aluminium & Power 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 for almost four decades, before being appointed as Commercial Director in 2004 and later as Chairman of the Board in August 2006. Mr Roongta has a bachelor's degree in engineering and a post graduate diploma in Business Management in International Trade. He serves as an independent director on the Boards of Neyveli Lignite Corporation Limited, Shipping Corporation of India Limited, Jubilant Industries Limited, Hindustan Petroleum Corporation Limited and ACC Limited.

PK Mukherjee

Whole-time Director, Sesa Sterlite Limited

Mr Mukherjee joined Sesa Goa Limited in April 1987. In April 2006, he was appointed as Executive Director of Sesa Goa and the Group's iron ore division. Mr Mukherjee has 34 years of experience in finance, accounts, costing, taxation and general management. He has a bachelor's degree in Commerce from Calcutta University.

Mr Mukherjee stepped down from his position on 31 March 2014. The iron ore division is currently being managed by an interim management committee comprising Mr Pramod Unde and Mr Akhilesh Joshi.

Dilip Golani

Director, Management Assurance and Information Technology

Mr Golani currently heads the Group's Management Assurance function, a position he also previously held from April 2000 to July 2004. Mr Golani headed the Sales and Marketing function at HZL 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. He has over 25 years of experience. Mr Golani has a degree in Mechanical Engineering and a post graduate degree in Industrial Engineering and Management.

A Thirunavukkarasu

President, Group Human Resources

Mr Thirunavukkarasu joined the Group in April 2004 and became Senior Vice President, copper division, heading the human resources, total quality management, corporate social responsibility and public relation 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. He holds a bachelor's degree in Literature and a master's degree in Social Work from Loyola College, Chennai.

M Siddiqi

Group Director, Projects

Mr Siddiqi joined the Group in 1991 and rising through several operational roles, he led the set up of the Group's large Aluminium and Power projects including BALCO smelters and captive power plants. He also played a key role in setting up the Copper smelter at Tuticorin. Prior to his appointment as Group Director of 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. Mr Siddiqi has a Mechanical Engineering degree from the Indian Institute of Technology, New Delhi.

Corporate Governance report

Anil Agarwal Chairman

Dear Shareholder,

As Chairman, I am responsible for ensuring that the Board operates effectively. Throughout the year we have continued to develop our practices to reflect the evolution of the Group's business transformation and Board composition.

In my statement last year, I outlined that we had undertaken a review of the composition needs of the Board in the light of the Group's changing strategy and the length of tenure of our Directors.

The Board

In March 2014, Mr MS Mehta stepped down as Chief Executive Officer after serving on the Board since October 2008. The Board thanks Mr Mehta for his vision and leadership in that role over the past six years and for his outstanding contribution to the success and development of the Group since 2000, and I wish him well in the future. Replacing Mr Mehta, I am delighted to announce the appointment of Mr Tom Albanese as Chief Executive Officer with effect from 1 April 2014. As the former chief executive officer of Rio Tinto, Mr Albanese brings the vital experience necessary to drive growth and innovation throughout the Group.

In August 2013, following the conclusion of the Company's Annual General Meeting, Mr Naresh Chandra also stepped down from the Board having served nearly nine years with the Group. On behalf of the Board, I would like to thank Mr Chandra for his significant commitment, financial expertise and enthusiasm which he brought to the Group during his tenure.

Following a review by the Board and Nominations Committee the search for two new Non-Executive Directors culminated with the appointment of Mr Geoffrey Green in 2012 and Mr Deepak Parekh in 2013. In the light of these new appointments, I am very pleased that we have been able to attract strong and diverse talent to the Board over the past 18 months.

The new appointments to the Board ensure a new perspective and fresh outlook while the longer serving members of the Board provide stability, and the knowledge and experience of the Group. I believe that taking time to ensure that a new Non-Executive understands his duties and responsibilities as a Director is a prudent step. Together with the Board and the Nominations Committee, I continue to review the composition of the Board to ensure that there is an appropriate balance of skills, experience, independence and diversity represented on the Board, together with the length of tenure of Mr Aman Mehta and Mr Euan Macdonald, as Non-Executive Directors.

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. 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 and the Group has recently appointed a female independent Non-Executive Director to the Board of Sesa Sterlite. Further information on our progress is given in the Nominations Committee report on pages 98 and 99.

Board effectiveness and evaluation
Having undertaken an internally-facilitated review of Board effectiveness in 2013, I led the review process again this year with the engagement of an external facilitator. Further information on the process and outcome of the evaluation exercise is provided within this report on pages 88 to 89. The priorities identified provide very useful feedback to strengthen our Board processes.

The governance year ahead
During the year it is the intention to carry out a detailed review of our policies and procedures to ensure they are relevant, align with recent changes and reflect best practice.

Annual General Meeting
This year our Annual General Meeting will be held at 3.00pm on 1 August 2014 at The Lincoln Centre and I would encourage you to attend and participate in the meeting.

Yours sincerely,

Anil Agarwal
Chairman
14 May 2014

Corporate Governance report continued

Applying the UK Corporate Governance Code

The UK Corporate Governance Code (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 2014, fully complied with all the provisions of the Code, with the exception of the following:

Code Provision A.3.1

Mr Anil Agarwal was appointed as Executive Chairman in 2005. Mr Agarwal was the founder of the businesses of Vedanta Resources and steered the growth of the Group since its inception in 1976 including the flotation of Vedanta Resources Plc on the London Stock Exchange. This meant that Mr Agarwal did not meet the independence criteria as defined in the Code on his appointment in 2005 because he was previously the Chief Executive and, through Volcan Investments Limited ('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 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, having a controlling interest in the Company, 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 role 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 duties of the Board are set out in its terms of reference including those matters specifically reserved for decision by the Board:

- Setting the strategic objectives of the Group;
- Ensuring that adequate resources are provided to enable the Group to meet the objectives;
- Monitoring the progress made by management against the Group's objectives;
- Setting the Group's risk appetite and ensuring risk is effectively managed and robust internal controls and risk management systems are in place;
- Approval of the Group's annual and half year reports and financial statements;
- Declaration of the interim dividend and the recommendation of the final dividend;
- Approval of the business plan and capital expenditure budget of the Group;
- Approval of major capital projects in excess of defined thresholds; and
- Approval of major acquisitions and disposals of assets in excess of defined thresholds.

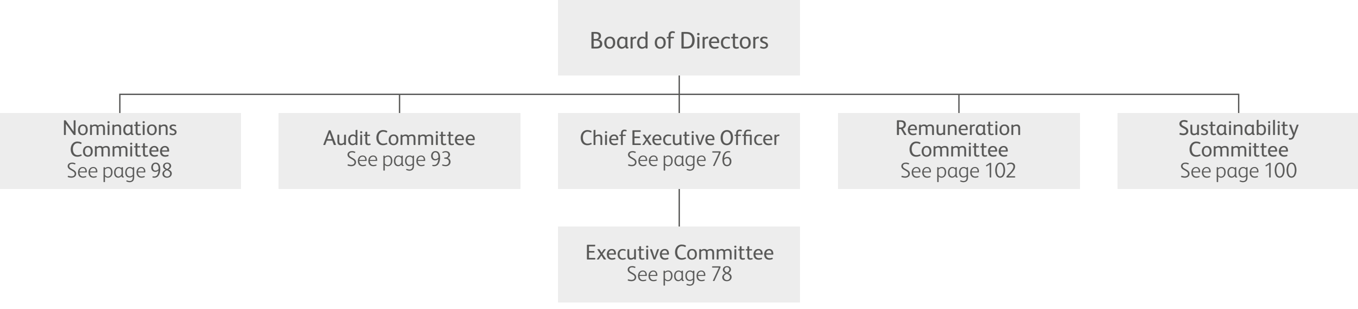
The Board's terms of reference also set out those matters which must be reported to the Board such as details of fatalities and the adoption or material amendment to the Group policies relating to business conduct, environment and health and safety.

How the Board operates

The Board meets on a regular basis and met formally on seven 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.

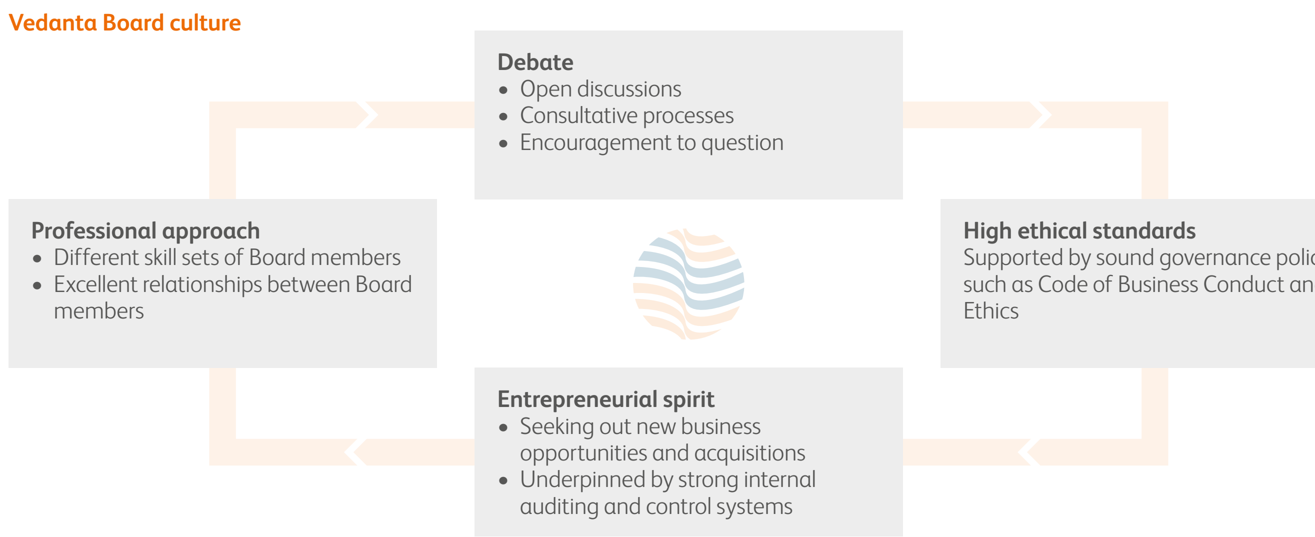
Corporate governance framework

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.



Leadership
The Company is headed by an effective Board which is collectively responsible for the long-term success of the Company.

Vedanta Board culture



The role of our 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 (including Advisory Forums and Chairman Workshops)
- Management
- Stakeholders

Corporate Governance report continued

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. Prior to a Board meeting the Board also routinely receives detailed information on business and financial performance, ongoing projects, fund raising initiatives, activities of the Board Committees and investor relations, with presentations and verbal updates given by the Executive Directors and senior management as appropriate.

Board activities during the year

In fulfilling their remit under the key Board responsibilities of strategy, performance, risk and internal controls and governance the Directors considered the following main items of business during the year:

Area of responsibility	Items considered
Strategy	Production growth across portfolio with a focus on returns: • Disciplined capital allocation; • Low risk and phased development; • Sustained operational excellence and cost efficiencies; and • Active engagements with Governments. Reduce gearing from increasing fee cash flow: • Production ramp-up from well-invested assets; • Generate positive free cash flow from well-invested assets from all businesses; and • Utilise cash flows to deleverage balance sheet. Add R&R on our existing portfolio of assets to drive long-term value: • Continued focus to more than replace production. Sustainability • Preserve and enhance our licence to operate. Consolidation and simplification of Group structure.
Performance	• 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 heads of the operating subsidiaries; • Monitoring the financial performance of the Group and the financing of debt, currency hedging and covenant compliance; • Reviewing and approving the Company's preliminary announcement of its financial results, the annual report and accounts and half year report; • Approving the Group business plan for the year ahead; • Declaring the interim dividend and recommending the final dividend; and • Monitoring the Group's health and safety record and initiatives.
Risk and internal controls	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.
Governance	• Reviewing the composition of the Board and approving the appointment of new Non-Executive Directors and Chief Executive Officer; • Consideration and approval of Non-Executive Directors' fees; • Reviewing project proposals and approving Group capital expenditure in excess of applicable thresholds; • Receiving reports from each of the Board Committees; • Reviewing the results of annual performance evaluation of the Board and its Committees; • Receiving regular updates on corporate governance and other regulatory developments; and • Receiving updates from investor relations in respect of investor sentiment, share price performance and investor feedback.

Division of responsibilities
There is a clear division of responsibilities at the head of the Company between the functioning of the Board and the executive responsibility for the operation of the Company's business.

The Board has an established policy which sets out the key responsibilities of the Executive Chairman, Deputy Executive Chairman, Chief Executive Officer and Senior Independent Director. The Board maintains an ongoing monitoring procedure for timely review and update of all policies and procedures and, in recognition of the increased role and expanding responsibilities of the newly appointed Chief Executive Officer, the division of responsibilities policy will be reviewed in 2014.

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 Group's strategy in conjunction with the Chief Executive Officer;
- Development of fund raising initiatives;
- Global investor relations;
- Oversight of the execution of Greenfield 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 environmental, social and governance 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.

Non-Executive Directors
The Non-Executive Directors constructively challenge and help develop proposals on strategy.

The role of the Non-Executive Directors

The responsibilities of the Non-Executive Directors are set out in their letters of appointment. The key elements of the Non-Executive Directors role are to:

- Constructively challenge and help develop proposals on strategy;
- Scrutinise performance of management in meeting objectives and monitor performance;
- Satisfy themselves on the integrity of financial information and ensure risk and control systems are robust; and
- Determine appropriate levels of remuneration and take a prime role in appointing Executive Directors and succession planning.

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 Chair. The Group Company Secretary acts as the secretary to the Board, Audit, Nomination 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.

Corporate Governance report continued

The Executive Committee
The Executive Committee acts as a conduit between management and the Board and during the year ended 31 March 2014 comprised of the Executive Directors and members of senior management whose biographies are given on pages 76 to 79. 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 Albanese, keeps the Board informed of the Executive Committee's activities through his standing reports to the Board.

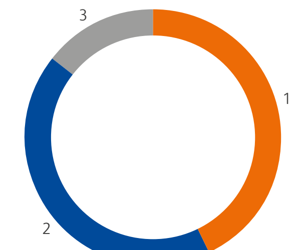
The Finance Standing Committee
The Finance Standing Committee is an ad-hoc sub-Committee to which authority is delegated by the Board for approval of certain matters such as routine bank and financing issues. It comprises five members; Executive Chairman, Deputy Executive Chairman, Chief Executive Officer, Chief Financial Officer and Director of Finance. 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 93 to 102.

Effectiveness
The Board and its Committees have the appropriate balance of skills, experience and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively.

The Board of Directors
As at the date of this report, the Board, chaired by Mr 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. There is a variety of experience and skills represented on the Board including operational, mining, financial and governance as can be seen from the Directors' biographies on pages 76 and 77.

Board skill set



1 Mining and Resources
2 Finance and Banking
3 Legal and Governance

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 both on appointment, annually prior to recommending their re-election by shareholders and when any Director's circumstances change and warrant a re-evaluation.

Prior to his appointment in June 2013 the independence of Deepak Parekh was considered by the Board. As Mr Parekh has had no prior connections with the Group the Board concluded that he is an independent Non-Executive Director.

Board membership and attendance
The table below is a record of Director's attendance at Board meetings held during the year:

Name	Date of appointment	Attendance at Board meetings	Percentage attendance
Executive Directors			
Anil Agarwal	16 May 2003	5/7	72%
Navin Agarwal	24 November 2004	7/7	100%
MS Mehta (stepped down from the Board on 31 March 2014)	1 October 2008	7/7	100%
Non-Executive Directors			
Naresh Chandra (stepped down from the Board on 1 August 2013)	18 May 2004	3/3	100%
Aman Mehta	24 November 2004	6/7	86%
Euan Macdonald	23 March 2005	7/7	100%
Geoffrey Green	1 August 2012	7/7	100%
Deepak Parekh	1 June 2013	3/3	100%

Tom Albanese was appointed to the Board on 1 April 2014.

The Board has 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, until his retirement from the firm in 2013. Mr Green was Senior Partner of Ashurst and then head of the firm's practice in Asia, based in Hong Kong. As such he had no involvement in advising the Group over the last five years. Other than occasional consultancy work Mr Green has no further business relationship with Ashurst LLP. The Board has 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.

Two of the Company's Non-Executive Directors, Messrs Aman Mehta and Euan Macdonald will have served on the Board for nine years at the date of the 2014 Annual General Meeting and they were therefore subject to a particularly rigorous review of their independence. Mr Aman Mehta also serves as Non-Executive Director 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 absents himself in the event of any conflict arising from their directorships at Cairn India Limited. In the opinion of the Board, Mr Macdonald does not have any business relationship and he is not involved in any transaction or circumstance that would interfere with the exercise of independent judgement in carrying out the responsibilities of a director. Accordingly, the Board concluded that the tenure of Mr Mehta and Mr Macdonald does not materially affect their ability to exercise independent judgement or act in the best interests of the Group. Furthermore, the renewal of Non-Executive Director service agreements is subject to rigorous review and based on annual reappointment. For these reasons, and following a consideration of any other factors that may impair independent judgement, the Board is unanimously of the opinion that Messrs Mehta and Macdonald are considered to be independent and impartial. While their total length of appointment would not normally exceed nine-years, in the light of the continuing search for additional non-executive directors and to ensure the smooth transition of any new and incoming Non-Executive Director, the Board has invited Messrs Mehta and Macdonald to serve on the Board for a further year following the nine-year anniversary of their appointment, subject to the proposed resolution to reappoint them at the 2014 Annual General Meeting.

Finally, the Board once again reviewed whether any conflicts of interest arose from Messrs Mehta and 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 the Company 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.

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 pages 182 to 184.

The Board reviewed any potential conflict of interest for Mr Geoffrey Green from his previous role at Ashurst LLP. The fees paid to Ashurst LLP during the year amounted to US$195,037 (2013: 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.

Relationship agreement

At the time of the Company's Listing in 2003, it entered into a relationship agreement with Volcan (the 'Relationship Agreement'), its majority shareholder, to regulate the ongoing relationship between them. A new Relationship Agreement was entered into in December 2011 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 Financial Conduct Authority has recently introduced a number of measures in the Listing Rules to enhance the protection for minority shareholders. One of the most important changes will be the requirement for listed companies with a controlling shareholder to have in place a Relationship Agreement. The existing Relationship Agreement will be reviewed during the year ahead to ensure compliance with the new requirements.

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.

Corporate Governance report continued

Commitment
All Directors allocate sufficient time to the Company to discharge their responsibilities effectively.

All 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 expected time commitment of the Company's Non-Executive Directors is set out in their letters of appointment. Non-Executive 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 Non-Executive Directors letters of appointment are available on request to the Company Secretary.

Development, information and support
All Directors receive an induction on joining the Board and regularly update and refresh their skills and knowledge. The Board receives in a timely manner information in a form and of a quality appropriate to enable it to discharge its duties.

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, Mr Parekh attended the induction and orientation programme consisting of meetings with and presentations from senior management, and meetings with the Non-Executive Directors. 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, Vedanta Values and an update on the implementation of the Anti-Bribery policy across the Group. In addition, in 2013, Mr Green attended INSEAD's International Directors Programme to further develop the essential skills required of a Director.

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 and presentations from the senior management of Konkola Copper Mines, Zambia, and Cairn India.

In September 2013, Mr Albanese joined the Group as Chairman of Vedanta Resources Holdings Limited before being appointed Chief Executive Officer effective April 2014. This structured appointment process provided Mr Albanese with the opportunity to participate in a comprehensive and tailored orientation programme essentially to familiarise him with the Group's operations, the business environment and the markets in which we operate, as well as to build a link with our employees and an understanding of the Group's main relationships. The orientation includes meetings with other Board members, the executive team, senior management and visits to the operating sites of the Group:

- Alumina refinery at Lanjigarh, India;
- Aluminium smelters in India (operated by Bharat Aluminium Company and Vedanta Aluminium);
- Rampura Agucha Zinc mine in Rajasthan, India (operated by Hindustan Zinc);
- Black Mountain Zinc mine, South Africa;
- Skorpion Zinc mine in Karas, Namibia;
- Iron ore mine in Goa, India (operated by Sesa Sterlite);
- Iron ore mine, Western Cluster, Liberia (operated by Sesa Sterlite);
- Copper smelter in Tuticorin, India (operated by Sesa Sterlite);
- Konkola Copper mine, Zambia;
- Copper mines, Tasmania (in 2014), Australia;
- Oil fields in Rajasthan (in 2013) and Andhra Pradesh (in 2014), India (operated by Cairn India); and
- Coal based thermal power plant in Punjab, India (operated by a subsidiary of Sesa Sterlite).

The objectives of the programme are also to maximise Mr Albanese's contributions to Board deliberations, to enable him to make informed decisions with regard to matters of the Group, and to give him a greater insight into the legal and ethical framework in which he must conduct himself.

The orientation and training programme for Mr Albanese has continued following his appointment to the Board with a focus on internal management meeting attendance to provide him with opportunities to meet key talent within the Group, as well as additional operational site visits to deepen his understanding of key business risks and issues.

Evaluation
The Board undertakes a formal and rigorous annual evaluation of its own performance and that of its Committees and individual Directors.

The Board undertakes regular evaluations of its own performance as well as that of the various Board Committees. In previous years the performance evaluations were led by the Executive Chairman supported by the Company Secretary. The review consisted of a detailed questionnaire tailored to the Board and each Committee with a subsequent discussion of results and agreement of relevant actions. As required by the Code, an externally facilitated evaluation was conducted in 2014 and is reported on below.

Choice of evaluator

The choice of external evaluator was a key consideration for the Nominations Committee. The brief was to find a company used to dealing with Board members who would provide a bespoke service to address the specific requirements of the evaluation. Prism Cosec ('Prism') was chosen to conduct the process due to their ability to engage meaningfully with the Directors. Prism also provided occasional corporate governance advice to the Company on an ad hoc basis (the fees for such work have not been material). Prism's knowledge of the background and development of Vedanta was also an important factor enabling them to carry out an effective and targeted process.

Evaluation process

A series of discussion topics on which to base individual interviews with the Directors was agreed. These covered questions on:

- The external environment for resources companies;
- The Board's strategic response;
- Strategy and risk;
- Key priorities for the Board;
- Committee structure and operation of the Committees;
- Sustainability and CSR; and
- Any other business.

The findings from the evaluation exercise were discussed with the Chairman and reviewed by the whole Board before a set of actions were agreed.

Main recommendations

Summary

The Board evaluation exercise was undertaken shortly after the appointment of Mr Albanese, the newly appointed Chief Executive Officer, and therefore a number of the recommendations were aligned to significant changes which were already in progress concerning the way in which the Company is managed.

The underlying processes of the Board and its Committees were generally considered to be working well, although there were areas where further improvements could be made.

The Board's strengths

A number of strengths emerged from the evaluation exercise which were:

- The current Board and Committee processes work effectively with agenda preparation and information flows operating well;
- Dialogue within Board meetings is encouraged and debate is managed well;
- Financial information is comprehensive and the Board has an effective grasp on financial matters;
- The positive performance evaluation of the Chairman of the Board and the collaborative relationship with the Board; and
- Good progress has been made on certain key priorities over the past year e.g. Group structure.

A series of actions will be identified in response to the recommendations of the review, as follows:

Theme	
Strategic discussion:	Broader consideration of strategic issues outside India was encouraged, particularly within Asia and Africa.
Risk:	Further work on the strategic oversight of risk was encouraged.
Board process:	The format, structure and process for Board papers and the timetable and locations of Board meetings should be reviewed. The induction and ongoing development programme should be restructured and developed for Directors.
Audit Committee:	The Audit Committee should consider increasing the number of meetings to allocate more time to (a) the Committee obligations as set out in its terms of reference, and (b) the increasing accountability that it has to report on its own activities.
Nomination Committee:	The Committee should continue to identify the optimum balance of skills, background and experience to develop and inform the Board recruitment process over the coming months. Board diversity should be strengthened.
Remuneration Committee:	The Board as a whole should continue to monitor the effectiveness of communication with analysts and shareholders concerning the Board's Remuneration Policy.
Sustainability:	The governance of sustainability should be revisited. The membership of the Sustainability Committee should be reviewed to create greater accountability from management in this area.

Committee evaluation

The independently facilitated evaluation of the Board has embraced certain aspects of the role of the Board Committees and, as a result of this, a number of the recommendations from the Board evaluation process are being considered for each Committee. Consequently, the Committees will evaluate their own performance later in 2014, in order to consider how those recommendations from the main evaluation exercise have been implemented and identify further steps that they consider need to be taken to ensure their continued effectiveness as Committees.

Chairman's performance

Every year the Chairman's performance is evaluated by the Non-Executive Directors. The process is led by the Senior Independent Director and the conclusions of the evaluation are fed back to the Chairman with a number of actions to be completed over the year ahead.

Corporate Governance report continued

Re-election
All Directors are submitted for re-election at regular intervals, subject to continued satisfactory performance.

In accordance with the Code which requires that the Directors of FTSE 350 companies should be subject to annual election by shareholders, all of the Company's Directors will stand for re-election at the Company's 2014 Annual General Meeting.

Accountability

Financial and business reporting
The Directors present a fair, balanced and understandable assessment of the Company's position and prospects.

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; and
  - 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 management information system accuracy for each operating company.
- External auditor assurance:
  - Full year audit and interim review are carried out on the published financial statements.
- Review by the Audit Committee of:
  - Year-end reporting plans;
  - Legal, tax and accounting issues;
  - Consideration of the financial statements and disclosures in accordance with financial reporting standards; and
  - 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 risk matrix/significant risks/status of risks/mitigating factors.
- Considers/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 internal audit.
- 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 and heads a strong team supported by Ernst & Young. During the year, the MAS team played a key role in the review of the compliance of Sesa Sterlite and its subsidiaries with the obligations imposed by the US Sarbanes-Oxley Act 2002, including documenting internal controls as required by section 404 of the Act. The effectiveness of internal controls is assessed by Vedanta's own administration and certified by independent auditors, as set forth in the Act.

Risk management and internal control
The Board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The Board maintains a sound risk management and internal control system.

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. Full details of principal risks and uncertainties are contained in the Strategic report on pages 32 to 38.

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 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 also review the quarterly accounts of the Group subsidiary boards.

MAS have 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.

The Executive Committee and Audit Committee regularly review reports related to the Group's internal control framework in order to satisfy the internal control requirements of the Code (Internal Control: Revised Guidance for Directors) and section 404 of the Sarbanes-Oxley Act 2002. 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.

Corporate Governance report continued

Dialogue with shareholders

There is a dialogue with shareholders based on the mutual understanding of objectives. The Board as a whole is responsible for ensuring that a satisfactory dialogue with shareholders takes place.

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. Upon request the Senior Independent Director and other Non-Executive Directors are available to meet with major investors to discuss any specific issues. The Board is also kept abreast of shareholder sentiment through periodic detailed investor relations reports to the Board.

Timeline of key investor relations activities 2014

Month	Activity
April 2013	Q4 2013 Production update
May 2013	Full year 2013 results announcement Roadshows in London Bond Roadshows in London, Boston, New York, Los Angeles, Singapore and Hong Kong
July 2013	Q1 2014 Production and EBITDA update Annual Report and Accounts release
August 2013	Annual General Meeting
September 2013	Broker conference in London and US
October 2013	Q2 2014 Production update Extraordinary General Meeting
November 2013	Half year 2014 results announcement Roadshows in London
December 2013	Shareholder Circular
January 2014	Q3 2014 Production and EBITDA update Shareholders Meeting Extraordinary General Meeting
February 2014	Broker conference in US Mining conference in Africa

Routine communication activities include:

- Press releases to the market and media on key developments throughout the year;
- Meetings with institutional investors, analysts and brokers and site visits to the Group's major operations;
- Ongoing dialogue with shareholders and other interested parties by email, letters and meetings arranged through our Investor Relations team; and
- A wide range of information on the Company and its operations is available on our website including the Annual Report and Accounts, half yearly results, sustainability report, market announcements, press releases, share price and links to subsidiary company websites.

Constructive use of the Annual General Meeting

The Board uses the Annual General Meeting to communicate with investors and encourages participation.

The Board welcomes the opportunity to communicate with the Company's shareholders at the Annual General Meeting, leading to full and frank discussions on a variety of topics of interest to shareholders. 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. The 2014 AGM will be held at 3.00pm on 1 August 2014 at The Lincoln Centre, 18 Lincoln's Inn Fields, London WC2A 3ED. 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.

The 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, Chair	4/4	100 %
Naresh Chandra (stepped down August 2013)	2/2	100 %
Euan Macdonald	4/4	100 %
Deepak Parekh (appointed June 2013)	2/2	100 %

As shown in Mr Mehta's biography on page 77, 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. In addition Mr Parekh is a qualified Chartered Accountant. All members of the Committee have had extensive prior senior management experience in large international organisations 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 Board has established formal and transparent arrangements for considering how they should apply the corporate reporting and risk management and internal control principles and for maintaining an appropriate relationship with the Company's auditors.

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.
- Where requested by the Board, review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.
- 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 and monitoring thereof.
- Discuss with the external auditor the nature and scope of the audit.
- Approve the remuneration of the external auditor.
- 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.
- Review reports from the audit committees of the Group's main subsidiary companies confirming that there are no material adverse issues that are likely to impact 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.

The Audit Committee report continued

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 to report on issues and facilitate discussions with the external auditor. The Committee meets with representatives from the external auditor without management being present bi-annually. 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 on the previous page 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 polices used is considered, accounting judgements are reviewed and the external audit findings discussed. Details of financial reporting procedures in place are given on page 90 of the Corporate Governance report.	• Review and approval of preliminary announcement, annual report and financial statements. • Review of key significant issues for year-end audit (further detail on page 96). • Six monthly reviews of significant accounting issues and receipt of reports on key accounting issues. • Review and approval of the half year report. • Discussions on impairment reviews. • Review of all pending tax issues. • Review of Audit Committee report for the annual report and accounts. • 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, risk management and governance Details of the Company's internal control and risk management processes are discussed on pages 90 and 91. 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 reports from subsidiary company audit committees. • Review of feedback from performance evaluation of the Audit Committee. • Briefing and consideration of new requirements in respect of audit tendering and UK Corporate Governance Code changes. • Briefing on cyber security and update and review of UK Bribery Act requirements.
The Audit and external auditor	• Review of the significant audit risks with the external auditors during the interim review and final year audit. • Consideration of external audit findings and review of significant issues raised. • 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 and recommendation for reappointment of the external auditor. • Consideration of the external audit fee. • Review of the management representation letter. • Review of the audit plan, scope of the 2014 external audit of the financial statements and key risks areas for the 2014 audit.

Area of responsibility	Activities
Internal audit	• Review of internal audit observations and monitoring of implementation of any corrective actions identified. • Review of the performance of the internal audit function. • Review of 2013–14 internal audit plan. • Review Anti-Bribery policy and its implementation. • Review of whistleblower cases. • Review of cyber security.

Annual Report review

At the request of the Board, the Audit Committee considered whether the 2014 Annual Report and Accounts was fair, balanced and understandable and whether it provided the necessary information for shareholders and stakeholders to assess the Company's performance, business model and strategy. Such assessments are provided in the Chairman's and Chief Executive Officer's statement and the Strategic report of this Annual Report. The Audit Committee and the Board are satisfied that the Annual Report and Accounts meet this requirement as both positive and negative developments in the year were considered at length. In justifying this statement the Audit Committee has considered the robust process which operates in creating the Annual Report and Accounts, including:

- Evaluation and verification of the inputs from the business functions, to include the well-established financial reporting system within Vedanta to ensure accuracy and consistency;
- Progress through various levels of review, including review by the Executive Committee and senior management across the Group;
- Consideration is given to the completeness of the information and to ensuring that there are no significant omissions to enable shareholders to assess the Company's performance;
- Management Assurance Services conduct internal audit reviews with conclusions and recommendations presented to the Audit Committee;
- Revisions to regulatory requirements are considered and incorporated to include the UK Corporate Governance Code;
- Advice is also received by the Audit Committee from external advisers in order to make the recommendation to the Board that the Annual Report and Accounts as a whole is fair, balanced and understandable;
- Members of the Audit Committee receive an advance draft of the Annual Report enabling them to assess and challenge whether the various reports within the Annual Report are consistent and in line with their understanding of the business;
- A meeting of the Audit Committee is held to formally review and sign-off the draft Annual Report; and
- A meeting of the Board is held to review and provide final sign-off.

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. Whistleblowing procedures have proved to be robust in that reported cases are thoroughly investigated and appropriate actions taken.

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 process

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.

Significant issues

The preparation of financial statements requires management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. The Committee reviews whether the Group's accounting policies are appropriate, and management's estimate and judgements applied in the financial statements are reasonable. The Committee also focused on the disclosures made in the financial statements. Views of statutory auditors on these significant issues were also considered by the Committee.

The Audit Committee Report continued

The significant issues that were considered by the Audit Committee emerging from the audit process are outlined below:

Significant issues	How these issues were addressed
Impairment assessment of alumina refinery assets at Lanjigarh and iron ore business at Goa and Karnataka. More information is provided in Note 2(b) to the financial statements.	Impairment assessment of alumina refinery assets at Lanjigarh is considered as a significant issue due to the challenges in obtaining regulatory approvals for the refinery expansion and delays in obtaining bauxite mining approvals. The significant assumptions of timing of approvals was put through a stress test by the Committee and other assumptions of discount rates and commodity prices were reviewed by the Committee. The mining ban at Karnataka was lifted and production commenced in December 2013. The Supreme Court lifted the mining ban at Goa and business is currently awaiting issue of renewed mining leases for the commencement of mining operations at Goa. The timing of start-up of operations post regulatory approvals which was the key consideration was reviewed by the Committee. The Committee was also informed that the impairment assessment approach and assumptions are consistent across all business segments. With the existence of sufficient headroom over carrying value of assets it was concluded that no impairment is required.
Revenue recognition across the business: – provisional pricing sale of goods; – oil and gas revenue; and – power tariff with GRIDCO.	The Committee reviewed the process and compliance around the Group revenue recognition policy and its consistent application. The Committee also sought management's view on revenue recognition principles. The Committee was satisfied that the cut off procedures, transfer of risks and process followed for the pricing of goods were consistent and it concluded that these risks have been mitigated. Further receivables from GRIDCO, (which are being appealed following a tariff determination assessment by the Orissa Electricity Regulatory Commission) was assessed by the Committee together with revenue recognition in terms of the requirements of IAS 18. The tariff determination basis was also supported by an opinion from external legal counsel.
Litigation, environmental and regulatory risks. Refer to Note 37 to the financial statements.	A comprehensive legal paper was placed before the Committee for its consideration. The mitigating factors were discussed by the Committee with senior management. The Committee also reviewed the probable, possible and remote analysis carried out by management and disclosure of contingent liabilities in the financial statements. In all significant disputes the management assessment was supported by legal opinions from external legal counsel.
Taxation. Additional information on these matters are disclosed in Note 37 to the financial statements	A comprehensive tax paper outlining taxation disputes in respect of withholding taxes following past acquisitions, eligibility of tax incentives and output taxes and other matters was placed before the committee for its consideration. The Committee discussed these tax issues and reviewed the assessment of probable, possible and remote analysis and the process followed by management. The contingent liability disclosure was also reviewed by the Committee. In certain cases, views of tax experts supporting the managements assessment was also provided to 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, and the next rotation will take place in 2017.

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.
- 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. Similarly, the Companies Act 2013, enacted in India provides that companies put their external audit contract out to tender on completion of two terms of five years. Accordingly, the Audit Committee are of the view that it will be less disruptive and potentially more effective if the Company align the tender of the UK external audit contract with the requirements on auditor rotation of Indian subsidiaries, which is due to occur in 2017.

The Audit Committee, with the assistance of the Chief Financial Officer and the Company Secretary, has considered at length its position on retendering the audit contract and agreed to put the audit contract out to tender no later than 2017, in line with Financial Reporting Council recommended transitional arrangements and the Companies Act enacted in India. This situation will be kept under strict review and if circumstances change consideration will be given to bringing forward the date of the tender process.

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 (on page 147) to the financial statements.

Performance and reappointment of the external auditor

Vedanta recognises the current requirements of the UK Corporate Governance Code (the 'Code') and transitional guidance in relation to audit tendering, and also notes the proposed European Union text on Audit Regulation and Directive and the UK Competition Commission response to conduct further consultation on auditor tendering.

During the year, the Audit Committee reviewed the effectiveness of current auditors using a survey comprising a range of questions covering objectivity, quality and efficiency. The Committee concluded that the results of the survey were positive; it was considered that the current auditors continue to provide a high quality audit. The Committee was satisfied with the external audit process and that the independence of the external auditors was not compromised after taking into account the assessment by the Audit Committee that the current auditors continue to be objective, independent and effective, and the proposed resolution to reappoint them at the 2014 Annual General Meeting. For these reasons, the Committee recommended to the Board that a resolution to reappoint them be considered at the 2014 Annual General Meeting.

The year ahead

It is expected that the Financial Reporting Council will introduce changes to the Code and guidance in respect of risk management, internal controls and going concern reporting following the Sharman report. In addition it is anticipated that EU regulation and proposals from the Competition Commission on audit tendering will be coming into force during 2014. The Audit Committee will be keeping these developments under review to ensure compliance within required timescales.

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

- Implement findings from Board Evaluation process.
- Continued review of cyber security risks and controls.
- Focus on oversight of Anti-Bribery Act policies and procedures.

Aman Mehta
Chairman, Audit Committee
14 May 2014

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 comprises the following Directors and met on five occasions during the year.

	Number of meetings attended	Percentage attendance
Anil Agarwal, Chairman	5/5	100%
Naresh Chandra (stepped down August 2013)	3/3	100%
Euan Macdonald	5/5	100%
Aman Mehta	5/5	100%
Deepak Parekh (appointed August 2013)	2/2	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, experience and diversity of its members and recommend changes to the composition that are deemed necessary.
- Review the 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.
- 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

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 activities during the year

The focus this year has continued to be on issues of diversity, succession planning and Board composition due to the Committee's awareness of the tenure of its Non-Executive Directors. Both the Committee and Board have discussed at length the need for refreshing of the Board and at the recommendation of the Committee, one new Non-Executive Director was appointed to the Board in 2012 and a further Non-Executive Director in 2013.

Recruitment process

When considering new appointments to the Board, the Nominations Committee oversees the preparation of a criteria specification that is provided to an independent specialist search agency retained to conduct a global search. In 2013, Spencer Stuart, a specialist search agency was instructed to consider a wide range of candidates taking into account geographical location, nationality, gender, specific skills, knowledge and experience, and the process culminated in the appointment of Mr Deepak Parekh to the Board.

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

Area of responsibility	Item
Board composition and succession planning	• Review of skills, experience and diversity and approving key search criteria for recruitment of new Non-Executive Directors. • Engagement of search consultancy to aid in recruitment process. • Review of candidates and recommendation of the appointment of a new Non-Executive Director. • Keeping under review potential candidates to address gender balance on the Board. • Review of succession planning for executive management.
Governance	• Evaluation of the Committee's performance. • Approval of disclosures in the Nominations Committee Report in the Annual Report.
Non-Executive Director independence	• Review of the independence of each of the Non-Executive Directors prior to recommending their reappointment by shareholders at the Annual General Meeting.

As part of the continual cycle to refresh the Board and to address the issue of gender diversity, the Committee is leading the 2014 process to recruit new independent Non-Executive Directors to succeed Mr Aman Mehta and Mr Euan Macdonald who plan to step down from the Board when suitable candidates have been identified*. The Committee has considered comprehensive search briefs with an emphasis on recruiting female members with UK listed company experience to the Board.

Spencer Stuart has no other connection with the Group other than to provide recruitment consultancy services to the Nominations Committee.

Succession planning

Succession planning during the year turned to a focus on executive management. The Nominations Committee had been considering for some time the recruitment of a new Chief Executive Officer to replace Mr MS Mehta when he retired as part of the succession planning process. Tom Albanese was identified as a potential candidate after an extensive search. Mr Albanese joined Vedanta Resources Holdings Limited, the holding company of Sesa Sterlite Limited and Konkola Copper Mines, as its Chairman on 16 September 2013. This gave the Committee a further opportunity to review his skills and suitability before recommending his appointment as Chief Executive Officer to the Board. The Board confirmed his appointment with effect from 1 April 2014.

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. Board diversity has been considered from a number of aspects, including but not limited to age, gender, race and ethnic origin, cultural and educational background. 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's diversity policy has an aspirational target of achieving a minimum of 25% 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 8.4% of the overall employee population within the Group whereas the percentage of female representation across the Group's professional population is 12.4%. 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. Initiatives this year included reviewing the barriers to women with children in returning to work. By supporting equal opportunities we will ensure that the pool of women from which management can be drawn will increase. In April 2014, Ms Lalita Gupte was appointed to the board of Sesa Sterlite Limited as an independent Non-Executive Director of that company, and Ms Roma Balwani joined the Group as Head of Communications and Corporate Social Responsibility.

The year ahead

The Nominations Committee objectives for the coming year are:

- Review plans for nurturing talent and improving the gender balance within the Group.
- Continued focus on succession planning for the Board in order to ensure a balance of skills, experience and diversity.
- A commitment to increasing the participation of women across all levels of the business, not least the Board of Directors.

Anil Agarwal
Chairman, Nominations Committee
14 May 2014

* In the interim, and to ensure the smooth transition of any new and incoming Non-Executive Director, the Nominations Committee recommended that Mr Mehta and Mr Macdonald serve on the Board for a further year following the nine year anniversary of their appointment.

Sustainability Committee report

Euan Macdonald, 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.

"This year I was pleased to assume the Chairmanship of Vedanta's Sustainability Committee. In overseeing my responsibilities as laid down by the Board and in managing Vedanta's business sustainably, I will be guided by the three pillars of Responsible Stewardship, Building Strong Relationships and Adding and Sharing Value, which together have proven to be a valuable model for the Company's sustainable growth.

Over the course of the year, the Committee was particularly concerned to focus on the unacceptably high number of fatalities suffered across our business; to understand their root causes and to monitor the business response through the 'Key Safety Focus Areas' programme, launched to strengthen our mitigation of safety risks. The Committee also recognised that subsidiary businesses needed to improve their stakeholder engagement and change management processes. We recommended that with regards to human rights and child labour compliance subsidiaries businesses need to be extra vigilant at the loading and unloading operations in remote areas. Water, energy and waste consumption targets were also reviewed by the Committee and we emphasised the importance of having robust plans to ensure these targets are met. The Committee further recommended the hiring of a Group safety adviser to help and support Group companies on the safety related issue.

I would also like to take this opportunity to thank management across our subsidiary businesses for their commitment to VSAP, which has been a demanding exercise."

Membership and attendance

The Sustainability Committee comprises the following Directors and met on four occasions during the year.

	Number of meetings attended	Percentage attendance
Naresh Chandra, Chair (stepped down August 2013)	1/1	100%
Euan Macdonald, Chair (appointed August 2013)	3/3	100%
MS Mehta (stepped down April 2014)	4/4	100%
Jeyakumar Janakaraj (stepped down May 2013)	1/1	100%
Kishore Kumar (appointed September 2013)	3/3	100%

Tom Albanese was appointed to the Sustainability Committee on 1 April 2014.

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 Chief Sustainability Officer acted as secretary of the Committee and Group subsidiary company Chief Executives or their representatives were invited to attend the meetings.

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.
- To review and report to the Board on the performance of the Group with respect to the implementation of a sustainability framework.

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. • Overseeing the action plan emerging from Vedanta's Sustainability Assurance programme (VSAP). • Review and approval of sustainability objectives and targets.
Health and safety	• Review of safety statistics and incidents. • Monitoring and follow up of action plans in respect of fatal accidents. • Review of Key Safety Focus Area 2013–14. • Review of Behavioral safety initiatives at HZL.
Environment	• Reviewing the Group's initiatives for reduction in specific water and energy consumption. • Monitoring and follow up of higher category environment incident. • Review of waste utilisation plans and statistics.
System development systems and performance reporting	• Reviewing the implementation of Scott Wilson recommendations. • Review of Group SAP-EHS IT Solution. • Review of performance evaluation of the Sustainability Committee and review of terms of reference. • Review and approval of the Group's Sustainable Development Report 2012–13.
Community engagement	• Overseeing the internal risk assessment on human rights and child labour. • Review of expectations cited by stakeholders during the 2013 Annual General Meeting.

Details on each of the above initiatives can be found in the Company's Sustainability Report 2013–14 and on the Company's website at www.sustainability.vedantaresources.com/home.

Euan Macdonald
Chairman, Sustainability Committee
14 May 2014

Remuneration Committee letter

Euan Macdonald, Chairman, Remuneration Committee

Dear Shareholder,

During the course of the year, the Remuneration Committee (the 'Committee') has undertaken a full review of our remuneration structures and practices. In previous years, we received feedback from a number of investors and proxy advisers that our remuneration structures were not fully aligned with usual practice for a UK-listed company. Many of our practices have evolved to meet the needs of an executive population based largely in India and we are conscious of the need to balance this with the expectations of our investors. We are therefore grateful for this input and have taken it into account when developing new arrangements.

The proposed key changes to the remuneration policy are as follows:

- Formalising the structure of the annual bonus and introducing bonus deferral for half of any bonus earned.
- Replacing the existing Employee Share Ownership Plan ('ESOP') with the Performance Share Plan ('PSP') for Executive Directors. PSP awards will have a three-year performance period and an additional two-year holding period on all vested shares.
- A clawback provision will apply to both the annual bonus plan and PSP.
- Introducing shareholding guidelines of 200% of base compensation for all Executive Directors.

The Committee members and I believe that the changes set out above represent a significant step forward for our remuneration policies – both in terms of driving sustained long-term performance, and in alignment with good governance practices. I hope that you will share this view and support our proposals.

During the year conditions have remained challenging, due to a mining ban on iron ore, the temporary shutdown of the Tuticorin smelter and Lanjigarh refinery, volatile commodity prices and industry-wide inflationary trends and various other short-term issues. These factors have been reflected in the profit performance for the year.

In spite of this, the Company was able to deliver solid operational performance, the completion of the Group simplification project and strong cost management performance. All of these factors were considered and reflected in the incentives for the year. Accordingly, the 2013–14 annual bonus outcome for the Executive Directors was determined at 44% of base compensation, while the threshold performance targets in respect of the ESOP awards granted on 16 May 2013 were not met and the awards lapsed in full.

During the year, Mr MS Mehta retired as Chief Executive Officer and following an extensive search process, we are delighted that he was succeeded by Mr Tom Albanese on 1 April 2014. Mr Albanese's remuneration package is structured to deliver a market competitive level of base compensation combined with significant performance related incentives. As part of his employment contract his annual bonus opportunity will be limited to 50% of base compensation for 2014–15. From 2015–16 onwards his annual bonus opportunity will be increased in line with that of the other Executive Directors. Details of the remuneration paid to Mr MS Mehta on his departure are set out on page 109.

This is the first year in which we are formally required to report on remuneration under the new format required by the Department of Business, Innovation and Skills legislation. This year's report on remuneration therefore comprises two parts: the Directors' Remuneration Policy Report which sets out our policy on Directors' pay and which will be subject to a binding shareholder vote; and the Annual Report on Remuneration, which provides details of the remuneration earned by Directors in the past financial year as well as the way in which we propose to operate in the coming year, and will be subject to an advisory vote.

We hope that we will receive your support on both parts of the Remuneration Report at the forthcoming AGM.

Yours sincerely,

Euan Macdonald
Chairman of the Remuneration Committee

Directors' Remuneration Policy report

This part of the report sets out the remuneration policy for the Company and has been prepared in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The policy has been developed taking into account the principles of the UK Corporate Governance Code 2012 and the views of our major shareholders and describes the policy to be applied from 2014–15 onwards. The policy report will be put to a binding shareholder vote at the 2014 AGM and the policy will take formal effect from 1 April 2014.

Policy overview

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.

The Committee ensures 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.

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.

The 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 Committee 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.

How the views of shareholders are taken into account

The Committee considers the AGM to be an opportunity to meet and communicate with investors and considers shareholder feedback received in relation to the AGM each year and guidance from shareholder representative bodies more generally. This feedback, plus any additional feedback received during any meetings from time to time, is then considered as part of the Company's annual review of the remuneration policy.

In addition, the Committee will seek to engage directly with major shareholders and their representative bodies should any material changes be proposed to the remuneration policy. Details of votes cast for and against the resolution to approve last year's remuneration report and any matters discussed with shareholders during the year are set out in the Annual Report on Remuneration.

How the views of employees are taken into account

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. Employees may be eligible to participate in the annual bonus arrangement and receive awards under the ESOP or PSP. Opportunities and performance metrics may vary by employee level with specific business metrics incorporated where possible.

The Committee does not formally consult with employees in respect of the design of the Executive Directors' remuneration policy, although the Committee will keep this under review.

Directors' Remuneration Policy report

continued

Summary of the remuneration policy for Directors

The following table sets out the key aspects of the remuneration policy for Directors:

Element of pay	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base compensation[1]	Reflects individual's experience and role within the Group. Reward for performance of everyday activities.	The Committee reviews base compensation annually, taking account of the scale of responsibilities, the individual's experience and performance. Changes are implemented with effect from 1 April each year. Base compensation is paid in cash on a monthly basis. Base compensation is typically set with reference to a peer group of UK-listed mining comparator companies. Comparisons are also made against positions of comparable status, skill and responsibility in the metals and mining industries globally, and in the manufacturing and engineering industries more generally.	There is no prescribed maximum annual increase. Base compensation increases are applied in line with the annual review and are competitive within the UK and Indian market and internationally for comparable companies. The Committee is also guided by the general increase for the employee population but on occasions may need to recognise, for example, development in role and/or change in responsibility.	Business and individual performance are considered when setting base compensation.
Taxable benefits	To provide market competitive benefits.	Benefits vary by role and are reviewed periodically. Benefits are set in line with local market practices.	The value of benefits is based on the cost to the Company and is not predetermined.	n/a
Pension	To provide for sustained contribution and contribute towards retirement planning.	Directors receive pension contributions into their personal pension plan or local provident scheme. Contribution rates are set in line with local market practices.	Annual contribution of up to 15% of base compensation for the Deputy Executive Chairman and 20% of base compensation for the Chief Executive Officer. The Executive Chairman does not receive post-retirement benefits.	n/a

Element of pay	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Annual bonus	Incentivises executives to achieve specific, predetermined goals during the financial year.	50% paid in cash and 50% deferred into shares which will vest 40% after the first year, and 30% after the second and third years, subject to continued employment. Determined by the Committee after year-end, based on performance against the pre-determined financial and non-financial metrics. Not pensionable. Clawback provisions apply for overpayments due to misstatement or error and other circumstances.	Up to 150% of base compensation per annum.	The bonus is measured against a balanced scorecard of performance metrics. At least 50% of the bonus potential will be based on financial performance and the remainder of the bonus potential will be based on operational, strategic and sustainability measures. The Committee has the ability to adjust the bonus outturn if it believes that the outturn is not reflective of the Group's underlying performance or warranted based on the Health, Safety and Environment ('HSE') record.
Performance Share Plan ('PSP')	Encourage and reward strong performance aligned to the interests of shareholders.	Annual grant of nominal-cost options which vest after three years, subject to Company performance and continued employment. There is an additional holding period of two years post-vesting. Clawback provisions apply for overpayments due to misstatement or error and other circumstances.	Up to 150% of base compensation per annum.	PSP awards are subject to a performance condition based on relative total shareholder return ('TSR'). 30% of an award will vest for achieving median performance, increasing pro rata to full vesting for the achievement of stretch performance targets. The Committee has the ability to adjust the PSP outturn if it believes that the outturn is not reflective of the Group's underlying performance or warranted based on the HSE record.
Share ownership guidelines	To increase alignment between executives and shareholders.	Executive Directors are required to retain any vested shares (net of tax) under the Group's share plans until the guideline is met. Any new Executive Director will have a period of five years from recruitment or promotion to the Board to build up their shareholding to the required level.	200% of base compensation for Executive Directors[2].	n/a
Non-Executive Directors' fees	To attract and retain high calibre Non-Executive Directors through the provision of market competitive fees.	Fees are paid in cash. Fees are determined based on the significant travel and time commitments, the risk profile of the Company and market practice for similar roles in international mining groups.	As for the Executive Directors, there is no prescribed maximum annual increase. The Committee is guided by the general increase for the employee population but on occasions may need to recognise, for example, development in role and/or change in responsibility.	Business and individual performance are considered when setting fees.

1 Base compensation includes base salary plus fixed cash allowances and statutory benefits, which are a normal part of the fixed remuneration package for employees in India.

2 A similar requirement but with a lower salary multiple applies to members of the Executive Committee.

Directors' Remuneration Policy report

continued

Selection of performance metrics

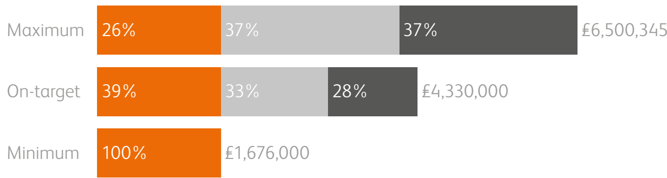
The annual bonus is based against a balanced scorecard of financial, operational, sustainability and strategic metrics. The mix of targets will be reviewed each year by the Committee to ensure that they remain appropriate to reflect the priorities for the Group in the year ahead. A sliding scale of targets is set to encourage continuous improvement and challenge the delivery of stretch performance.

The PSP is based on relative TSR performance, which provides an external assessment of the Company's performance against the market. It also aligns the rewards received by executives with the returns received by shareholders. A sliding scale of challenging performance targets is set. The Committee will review the choice of performance measures and the appropriateness of the performance targets prior to each PSP grant. The Committee reserves the discretion to set different targets for future awards, without consulting with shareholders, providing that, in the opinion of the Committee, the new targets are no less challenging in light of the circumstances at the time than those used previously. The targets for awards granted under this remuneration policy are set out for shareholder approval in the Annual Report on Remuneration.

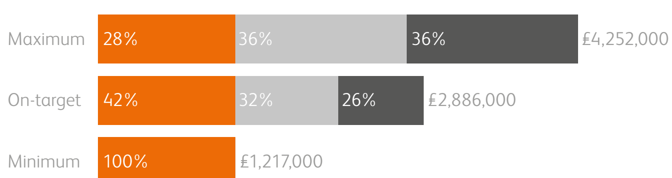
Remuneration scenarios for Executive Directors

The charts below illustrate how the Executive Directors' remuneration packages vary at different levels of performance under the ongoing policy, which will apply from 1 April 2014, subject to shareholder approval. Two years' illustrations have been included for the Chief Executive Officer to show the impact of the maximum annual bonus opportunity for 2014–15 and 2015–16.

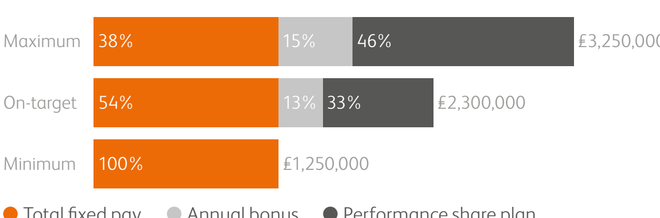
Executive Chairman



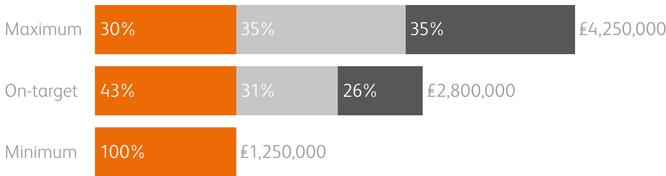
Deputy Executive Chairman



Chief Executive Officer – 2014–15



Chief Executive Officer – 2015–16



Notes

1. Base compensation levels are based on those applying on 1 April 2014 (converted at a rate of INR99.029% : £1).
2. The value of taxable benefits is based on the cost of supplying those benefits (as disclosed) for the year ending 31 March 2014 in the case of Messrs Anil Agarwal and Navin Agarwal. Mr Tom Albanese's benefits have been estimated at 5% of base compensation.
3. The value of pension receivable by the Deputy Executive Chairman and Chief Executive Officer in 2014–15 is taken to be 15% and 20% of base compensation respectively.
4. The on-target level of bonus assumed to be 60% of the maximum annual bonus opportunity.
5. The on-target level of the PSP assumed to be 50% of the face value of the award at grant.
6. Share price movement and dividend accrual have not been incorporated into the values shown above.

Approach to recruitment and promotions

The remuneration package for a new Executive Director i.e. base compensation, taxable benefits, pension, annual bonus and long-term incentive awards, would be set in accordance with the terms of the Company's prevailing approved remuneration policy at the time of appointment and would reflect the experience of the individual.

The base compensation for a new executive may be set below the normal market rate, with phased increases over the first few years, as the executive gains experience in their new role. Annual bonus potential will be limited to 150% of base compensation and long-term incentives will be limited to 150% of base compensation per annum.

In addition the Committee may offer additional cash and/or share-based elements when it considers these to be in the best interests of the Company (and therefore shareholders) to take account of remuneration relinquished when leaving the former employer and would reflect the nature, time horizons and performance requirements attaching to that remuneration.

For an internal Executive Director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment may continue, provided that they are put to shareholders for approval at the earliest opportunity.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation expenses and continuing allowances as appropriate.

For the appointment of a new Chairman or Non-Executive Director, the fee arrangement would be set in accordance with the approved remuneration policy at that time.

Service contracts for Executive Directors

The Committee reviews the contractual terms for new Executive Directors to ensure these reflect best practice.

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 Anil 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 Sesa Sterlite Limited which expires on 31 July 2018, with a notice period of three months or base compensation in lieu thereof.

Mr Tom Albanese has a separate letter of appointment with the Company and Sesa Sterlite Limited on a fixed three-year term which expires on 31 March 2017, but which may be terminated by not less than three months' notice. Provision is made in Mr Tom Albanese's contract for payment to be made in lieu of notice on termination which is equal to three months' base compensation and benefits.

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, and available for inspection at the AGM.

Payments for loss of office

The Executive Directors' service contracts provide for pay in lieu of notice in respect of base compensation, as set out above.

The annual bonus may be payable with respect to the period of the financial year served although it will be pro-rated for time and paid at the normal payout date. Any share-based entitlements granted to an Executive Director under the Company's share plans will be determined based on the relevant plan rules.

The default treatment under the PSP is that any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances, such as death, ill-health, disability, retirement or other circumstances at the discretion of the Committee, 'good leaver' status may be applied. For good leavers, awards will normally vest on the original vesting date, subject to the satisfaction of the relevant performance conditions at that time and reduced pro rata to reflect the proportion of the performance period actually served. However, the Committee has discretion to determine that awards vest at an earlier date and/or to disapply time pro-rating, although it is envisaged that this would only be applied in exceptional circumstances. Any such incidents, where discretion is applied by the Committee, will be disclosed in the next year's Annual Report on Remuneration.

The default treatment for deferred annual bonus awards is that any outstanding awards lapse on cessation of employment. However, in certain 'good leaver' circumstances (as described under the PSP above) awards will normally vest in full on the original vesting date.

In determining whether an executive should be treated as a good leaver or not, the Committee will take into account the performance of the individual and the reasons for their departure.

In the event of a change of control all unvested awards under the deferred annual bonus and long-term incentive arrangements would vest, to the extent that any performance conditions attached to the relevant awards have been achieved. The award will, other than in exceptional circumstances, be pro-rated for the period of the financial year served.

Letters of appointment for Non-Executive Directors

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 in the performance of their duties for the Company. 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.

Legacy arrangements

For avoidance of doubt, in approving this Directors' Remuneration Policy Report, authority is given to the Company to honour any commitments entered into with current or former Directors (such as the vesting of past share awards) that have been disclosed to and approved by shareholders in this and previous Remuneration Reports. Details of any payments to former Directors will be set out in the Annual Report on Remuneration as they arise.

Annual Report on remuneration

Annual Report on Remuneration

This part of the report has been prepared in accordance with Schedule 8 of the Large- and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and 9.8.6R of the UK's Listing Rules. The Annual Report on Remuneration will be put to an advisory shareholder vote at the 2014 AGM. The information on pages 109 to 113 has been audited.

Membership of the Remuneration Committee

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:

Name	Meetings attended	Percentage attendance
Euan Macdonald (Chairman)	4/4	100%
Aman Mehta	4/4	100%
Geoffrey Green	2/2	100%
Naresh Chandra	2/2	100%

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 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.

Advisers to the Committee

The Committee retained New Bridge Street ('NBS'), a trading name of Aon plc, to provide independent advice on remuneration matters. NBS is a signatory to the Remuneration Consultants Group's Code of Conduct, which requires its advice to be objective and impartial. Neither NBS nor any part of Aon plc provided other services to the Company during the year. The Committee has reviewed the operating processes in place at NBS and is satisfied that the advice it receives is objective and independent. 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. The fees paid to NBS in respect of work carried out in 2013–14 were £81,659. 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, Executive Directors' remuneration and benefits and remuneration policy applicable to the wider employee population within the Group.
- The Executive Directors provide input on remuneration packages for the senior management group to ensure parity amongst senior management 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.
- Ernst & Young LLP review and confirm the Company's TSR performance in respect of the Long-Term Incentive Plan. Ernst & Young also provide tax and internal audit services to the Group.

Statement of shareholder voting

At the 2013 Annual General Meeting, a resolution was proposed to shareholders to approve the Directors' Remuneration Report for the year ended 31 March 2013. This resolution received the following votes from shareholders:

	2013 AGM	
Votes cast in favour	168,599,957	77.49%
Votes cast against	48,980,191	22.51%
Total votes cast	217,580,148	100%
Abstentions	187,876	

During the year, the Committee consulted the Company's major shareholders on the decision to make amendments to the structure of the short- and long-term incentive arrangements. Based on the feedback from the 2013 AGM a new policy was developed, which sought to address investor concerns and this was shared informally with major shareholders and governance bodies in early 2014. The majority of those consulted indicated their support and several investors reverted with suggestions for further revisions and the Committee incorporated the majority of these suggestions into the final policy which is set out in the Directors' Remuneration Policy Report.

Directors' remuneration earned in 2013–14 (Audited)

The table below summarises Directors' remuneration received during the year ended 31 March 2014 and the prior year for comparison.

		Base compensation including salary or fees £000	Taxable Benefits £000[7]	Pension £000[8]	Annual bonus £000[9]	Long-term incentives £000[10]	Total £000[11]
Executive Directors							
Anil Agarwal[1]	2013–14	1,608	68	–	700	–	2,376
	2012–13	1,475	46	–	590	445	2,556
Navin Agarwal[2, 3, 4]	2013–14	916	52	140	390	–	1,498
	2012–13	953	49	147	417	303	1,869
MS Mehta[2, 3, 5]	2013–14	391	2	31	140	–	564
(left on 31 March 2014)	2012–13	391	–	31	147	135	704
Non-Executive Directors							
Naresh Chandra	2013–14	52	–	–	–	–	52
(left on 1 August 2013)	2012–13	182	–	–	–	–	182
Geoffrey Green	2013–14	92	–	–	–	–	92
(appointed 1 August 2012)	2012–13	53	–	–	–	–	53
Euan Macdonald	2013–14	131	–	–	–	–	131
	2012–13	100	–	–	–	–	100
Aman Mehta[6]	2013–14	137	–	–	–	–	137
	2012–13	155	–	–	–	–	155
Deepak Parekh	2013–14	83	–	–	–	–	83
(appointed 1 June 2013)	2012–13	–	–	–	–	–	–

1 Mr Anil Agarwal's taxable 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.

2 For the financial year ended 31 March 2014, Mr Navin Agarwal received a Sterlite salary of INR79,835,046 excluding medical and leave travel allowances, Vedanta fees of £85,000 and Cairn India Limited fees of INR140,000. Mr MS Mehta received a Sterlite salary of INR28,651,081 excluding medical and leave travel allowances and Vedanta fees of £85,000.

3 The value of the remuneration paid to Messrs Navin Agarwal and MS Mehta during the year differs from the base compensation levels on page 114 due to fluctuations in the INR/sterling exchange rates during the year.

4 Mr Navin Agarwal's taxable benefits in kind include housing and related benefits, club membership, and use of a car and driver.

5 Mr MS Mehta's taxable benefits in kind include use of a car and driver.

6 The fees paid to Mr Aman Mehta includes the salary of £2,494 paid by Cairn India Limited and its subsidiaries after it became a subsidiary of the Group.

7 Non-Executive Directors are reimbursed for expenses incurred while on Company business. No other benefits are provided to Non-Executive Directors.

8 All of the Group's pension schemes are based on cash contribution and do not confirm an entitlement to a defined benefit. Pension contributions are made into the Deputy Executive Chairman and Chief Executive Officer's personal pension schemes (or local provident fund) and will become payable on the retirement, normally at age 58. The Executive Chairman does not receive pension benefits.

9 Amounts shown for 2013–14 relate to the payment of the annual bonus for the year ended 31 March 2014. Further details of this payment are set out below.

10 Amounts shown for 2013–14 relate to the vesting of the 2013 ESOP award. The performance period for this award ended on 31 March 2014 and the performance conditions did not meet the threshold targets resulting in nil vesting.

11 The exchange rate applicable as at 31 March 2014 was INR96.2325 to £1; and at 31 March 2013 was INR82.3209 to £1.

Annual Report on remuneration

continued

Annual bonus

The annual bonus for the 2013–14 financial year was based on performance against a balanced scorecard of financial and sustainability measures and strategic projects. Performance against these targets is set out below:

		Executive Chairman weighting	Deputy Executive Chairman weighting	Chief Executive Officer weighting	Actual	% of maximum
Financial	EBITDA	20%	20%	25%	US$4.49bn	
	Profit after tax	10%	15%	15%	US$0.99bn	
	Free cash flow	20%	15%	20%	US$3.02bn	
Strategic	Group simplification project	15%	20%	15%		
	Gender diversity initiatives	15%	10%	5%		
Sustainability	Sustainability scorecard[1]	10%	10%	10%		
	Serious injury avoidance	10%	10%	10%		
	Total	**100%**	**100%**	**100%**		
	Bonus achieved[2]					
	Anil Agarwal					44%
	Navin Agarwal					44%
	MS Mehta					44%

1 Sustainability scorecard measures include resource use and management, stakeholder engagement and management, compliance and training, incident investigation and change management.

2 For each element of the annual bonus, zero bonus is paid for nil performance increasing to full payment at stretch performance.

The bonus payment in relation to performance in the 2013–14 financial year will be payable wholly in cash. Achievement of performance levels envisaged in the business plan proved to be more challenging than expected in view of the continuing mining ban, and the closure of the Tuticorin smelter and Lanjigarh refinery. The Remuneration Committee analysed the factors affecting the current year performance and also considered the initiatives put in place to address disruptions to production as well as the completion of Group simplification in August 2013. Based on these factors the Committee awarded a bonus of 44% to each of the Executive Directors.

Vesting of long-term incentive awards

ESOP awards granted and vested during the year

The following award was granted to the Executive Directors on 16 May 2013:

	Type of award	Basis of award granted (% of base compensation)	Share price at date of grant	Number of shares over which award was granted	Face value of award (£'000)	% of face value that would vest at threshold performance	Vesting determined by performance over
Anil Agarwal	Nominal-cost option	93%	£12.72	125,000	£1,590	30%	One financial year to 31 March 2014
Navin Agarwal	Nominal-cost option	87%	£12.72	85,000	£1,081	30%	
MS Mehta	Nominal-cost option	97%	£12.72	38,000	£483	30%	

The performance conditions attached to the above award and actual performance against these conditions is as follows:

Metric	Performance condition	Threshold target	Stretch target	Actual performance	Vesting level
Market Capitalisation of Vedanta Resources plc (50%)	Relative TSR vs. a bespoke group of 15 companies	Median	Upper decile	Ranked 10th	Nil%
Weighted average score of Group businesses (40%)	Balanced business scorecard based on financial, operational and strategic measures for 15 business units[1]	85%	90%	55%	Nil%
Sustainability (10%)	Sustainability scorecard[2] and Lost Time Injuries Frequency Rate			34%	Nil%
Total vesting					Nil%

1 Scorecard measures include volume, cost of production, free cash flow, EBITDA, gross working capital, asset optimisation, mine planning and development, stakeholder relations and project milestones.

2 Sustainability scorecard measures include resource use and management, stakeholder engagement and management, compliance and training, incident investigation and change management.

Share plan awards

The table below shows the Directors' interests in the Company's share plans:

		31 March 2013 Number of shares	Granted in 2013–14 Number of shares	Vested in 2013–14 Number of shares	Lapsed in 2013–14 Number of shares	31 March 2014 Number of shares	Exercise price US cents	Award price £	Earliest/latest exercise date
Anil Agarwal									
1 August 2011	LTIP[1]	73,500	–	–	–	73,500	0.1	17.20	1 Aug 14 – 1 Jan 15
24 September 2012	ESOP[2]	125,000	–	22,500	80,000	22,500	0.1	10.56	24 Sep 13 – 16 Mar 16
16 May 2013	ESOP[3]	–	125,000	–	125,000	–	0.1	12.72	16 May 14 – 16 Nov 16
Navin Agarwal									
1 August 2011	LTIP[1]	57,500	–	–	–	57,500	0.1	17.20	1 Aug 14 – 1 Jan 15
24 September 2012	ESOP[2]	85,000	–	15,300	54,400	15,300	0.1	10.56	24 Sep 13 – 16 Mar 16
16 May 2013	ESOP[3]	–	85,000	–	85,000	–	0.1	12.72	16 May 14 – 16 Nov 16
MS Mehta									
1 August 2011	LTIP[1]	21,000	–	–	–	21,000	0.1	17.20	1 Aug 14 – 1 Jan 15
24 September 2012	ESOP[2]	38,000	–	6,840	24,320	6,840	0.1	10.56	24 Sep 13 – 16 Mar 16
16 May 2013	ESOP[3]	–	38,000	–	38,000	–	0.1	12.72	16 May 14 – 16 Nov 16
Total		**648,000**	**248,000**	**44,640**	**406,720**	**196,640**			

1 The vesting of LTIP awards is subject to measurement of the Company's performance in terms of 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:

- Anglo American
- BHP Billiton
- Rio Tinto
- GlencoreXstrata
- Vale
- Antofagasta
- Grupo Mexico
- Hindalco
- Alcoa
- 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. 40% of an award will vest for the achievement of median TSR, increasing on a straight-line basis to full vesting for the achievement of upper quartile TSR.

2 In respect of the ESOP awards made on 24 September 2012 the performance targets were partially met therefore only 36% of the grant vested as a result 50% of the shares vested on 24 September 2013. 30% and 20% of the shares will vest on 24 September 2014 and 24 September 2015 respectively, subject to continued employment.

3 The threshold performance targets in respect of the ESOP awards granted on 16 May 2013 were not met and the awards lapsed in full.

Annual Report on remuneration
continued

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.

From 1 April 2014 Mr Tom Albanese has undertaken the role of Chief Executive Officer and is a non-executive director at Franco-Nevada Corporation where he will retain any remuneration paid to him. None of the other Executive Directors currently receive fees for non-executive appointments with other companies.

Directors' interests in ordinary shares
The interests of the Directors in the shares of the Company as at the year end are set out below.

	Beneficially owned at 31 March 2013 or on appointment	Beneficially owned at 31 March 2014 or on departure	Outstanding LTIP and ESOP awards (not subject to performance)	Shareholding as a % of base compensation[3]	Shareholding requirement met?
Anil Agarwal[1]	173,042,443	185,856,132	–	99562%	Yes
Anil Agarwal[2]	87,240	109,740	22,500		
Navin Agarwal[1]	223,160	188,460	15,300	154%	No
MS Mehta (left on 31 March 2014)	41,857	48,697	6,840	n/a	n/a
Naresh Chandra (stepped down on 1 August 2013)	–	–	–	n/a	n/a
Geoffrey Green	–	–	–	n/a	n/a
Euan Macdonald	–	–	–	n/a	n/a
Aman Mehta	–	–	–	n/a	n/a
Deepak Parekh (appointed 1 June 2013)	–	–	–	n/a	n/a

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 185,856,132 Vedanta ordinary shares are registered in the name of Volcan Investments Limited, which is a company owned by a family trust.
3 Based on a share price of £9.02 as at 31 March 2014.
4 Mr Tom Albanese was appointed Chief Executive Officer on 1 April 2014 held 65,250 shares on this date.

No changes in the above Directors' interests have taken place between 31 March 2014 and the date of this report.

Payments to past Directors (Audited)
No payments were made to past Executive Directors during the year ended 31 March 2014.

Payments for loss of office (Audited)
No payments were made in respect of loss of office during the year ended 31 March 2014. Mr MS Mehta left the business on 31 March 2014 and his remuneration was processed in line with his contractual terms and conditions. No payments for compensation or loss of office were paid to, or receivable by, any Executive Director.

Percentage change in remuneration levels
The table below shows the movement in base compensation, taxable benefits and annual bonus for the Executive Chairman between the 2012–13 and 2013–14 financial years, compared to that for the average employee.

	% change
Executive Chairman (£'000)	
Base compensation	nil%
Taxable benefits	48%
Bonus	4%
Average per employee (£'000)	
Base compensation	11%
Taxable benefits	nil%
Bonus	6%

Relative importance of the spend on pay

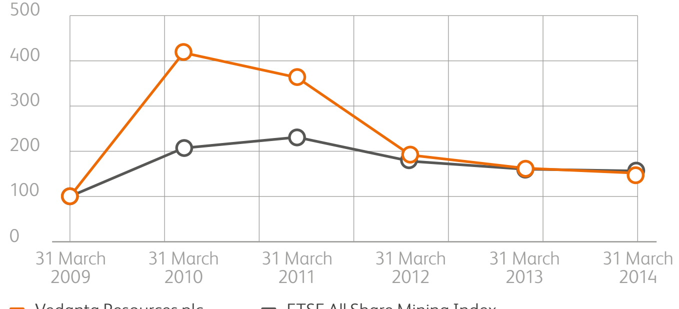
The table below shows the movement in spend on staff costs between the 2012–13 and 2013–14 financial years, compared to dividends.

	2012–13	2013–14	% change
Staff costs	US$725.6m	801.6	11%
Number of staff	31,071	29,154	6%
Dividends	US$153.5m	US$162.5	6%

Performance graph and Executive Chairman pay

The graph below shows the TSR in respect of the Company over the last five financial years, compared with the TSR for the FTSE All Share Mining Index. The FTSE All Share Mining Index was chosen as it is the most relevant to compare the Company's performance against its peers.

Total shareholder return (£)



Source: Thomson Reuters
This graph shows the value, by 31 March 2014, of £100 invested in Vedanta Resources plc on 31 March 2009 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.

The total remuneration figures for the Executive Chairman during each of the last five financial years are shown in the table below. The Executive Chairman's remuneration is shown since he is the highest-paid Executive Director. Consistent with the calculation methodology for the single figure for total remuneration, the total remuneration figure includes the total annual bonus and long-term incentive award based on that year's performance. The annual bonus payout and long-term incentive award vesting level as a percentage of the maximum opportunity are also shown for each of these years.

	Year ending 31 March				
£'000	2010	2011	2012	2013	2014
Total remuneration	£1,378	£2,066	£2,010	£2,556	£2,376
Annual bonus (%)	30%	43%	39%	40%	44%
LTIP/ESOP vesting (%)	n/a[1]	40%	n/a[1]	36%	nil%

1 Due to the timings of long-term incentive grants, there were no awards with performance periods ending during these financial years.

Annual Report on remuneration
continued

Remuneration decisions taken in respect of the financial year ending 31 March 2015

Base compensation

In setting base compensation for 2014–15, the Committee considered external market data and the increase in base compensation for the senior management group and the workforce generally, where the average increase across the Group will be 10%. This increase will not apply to the Executive Directors and accordingly base compensation will be as follows:

	Base compensation from 1 April 2013 £000	Base compensation from 1 April 2014 £000	% increase
Anil Agarwal	1,608	1,608	nil
Navin Agarwal[1]	1,118	1,012	9%
Tom Albanese[2]	–	1,000	n/a

1 Mr Navin Agarwal's salary increased in Indian currency terms by 9%, although currency movements have led to a reduction in the sterling equivalent versus last year. The value of the base compensation paid to Mr Navin Agarwal during the coming year may also differ in sterling terms to that stated here if there are fluctuations in the INR/sterling exchange rates.

2 Mr Tom Albanese has undertaken the role of Chief Executive Officer since 1 April 2014.

Annual bonus awards to be granted in 2014–15

For the 2014–15, the annual bonus opportunity will be increased to 150% of base compensation for Messrs Anil Agarwal and Navin Agarwal. Under the terms of his employment contract, Mr Tom Albanese's annual bonus opportunity will be limited to 50% of base compensation for 2014–15. The annual bonus will be based on a balanced scorecard of financial, strategic and sustainability measures and in the case of Messrs Anil Agarwal and Navin Agarwal will be weighted 50%, 30% and 20% respectively and in the case of Mr Tom Albanese, 60%, 20% and 20%. An underpin will operate where the bonus outturn may be scaled back at the discretion of the Committee if the outturn is not reflective of the Group's underlying performance or warranted based on the HSE record. The Committee has chosen not to disclose, in advance, the performance targets for the forthcoming year as these include items which the Committee considers commercially sensitive. Full retrospective disclosure of the targets and performance against them will be seen in next year's Annual Remuneration on Report.

PSP awards to be granted in 2014–15

Subject to shareholder approval of the new PSP plan, the Executive Directors' 2014 PSP opportunity will be 150% of base compensation. The 2014–15 PSP award will be subject to the following performance conditions:

Performance condition	Threshold target (30% vesting)	Stretch target (100% vesting)	End measurement point
Relative TSR vs a bespoke group of 15 companies[1]	Median	Upper quintile	Final three months of the performance period i.e. three months to 31 March 2017

1 The full list of companies against whose performance Vedanta's TSR is measured is as follows Alcoa, Anglo American, Antofagasta, BHP Billiton, Boliden, Dragon Oil, First Quantum, GlencoreXstrata, Grupo Mexico, Hindalco Industries, OZ Minerals, Petrofac, Rio Tinto, Tullow Oil and Vale.

An underpin will operate where the PSP award may be scaled back at the discretion of the Committee if vesting is not reflective of the Group's underlying performance or warranted based on the HSE record.

In order to improve the alignment of interest between the Executive Directors and shareholders, a holding period will be attached to vested PSP awards, requiring the vested shares to be held (net of tax) for a further two years.

Non-Executive Directors fees

As detailed in the remuneration policy, fees for the Non-Executive Directors are determined by the Board, based on the significant travel and time commitments, the risk profile of the Company and market practice for similar roles in international mining groups. A summary of current fees is as follows:

	2013–14 £000	2014–15[1] £000
Board membership		
Non-Executive Director	85	85
Senior Independent Non-Executive Director	15	18
Committee membership		
Audit Committee Chairman	20	20
Remuneration Committee Chairman	17.5	17.5
Nominations Committee Chairman	–	–
Sustainability Committee Chairman	20	20
Member of Audit Committee	10	10
Member of Remuneration Committee	10	10
Member of Nominations Committee	7.5	7.5
Member of Sustainability Committee	–	–

1 Increase to take effect from 1 April 2014.

Approval of the Directors' Remuneration Report

The Directors' Remuneration Report, including both the Directors' Remuneration Policy Report and Annual Remuneration on Report, was approved by the Board on 14 May 2014.

Euan Macdonald
Chairman of the 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 auditor's report, for the year ended 31 March 2014.

The purpose of the Directors' Report is to provide shareholders with certain statutory information about the Company, its Directors and operations. The Strategic 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.

Strategic Report
The Strategic Report 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 Strategic Report can be found on pages 2 to 75.

Corporate Governance
In accordance with the Financial Conduct 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 80 to 92. The Corporate Governance Report is incorporated into this Directors' report by reference. Information referred to in DTR7.2.6 is located in this Directors' Report.

The Strategic Report 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 Strategic Report 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.

Important events subsequent to the year end
Events since the balance sheet date are summarised in Note 42 on page 186 of the financial statements.

Greenhouse gas emissions reporting
Disclosures required in respect carbon dioxide emissions may be found in the Strategic Report on page 27.

Dividends
The Directors recommend a final dividend for the year ended 31 March 2014 of 39 US cents per ordinary share (2013: 37 US cents per ordinary share). Subject to shareholders approving this recommendation at the Annual General Meeting on 1 August 2014, the final dividend will be paid on 8 August 2014 to shareholders on the register of members as at 11 July 2014.

Taken together with the interim dividend of 21 US cents per ordinary share paid to shareholders on 19 December 2013, the total dividend for the year is 61 US cents per ordinary share (2013: 58 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 76 to 77 and details of the Directors who held office during the year ended 31 March 2014 are shown in the Corporate Governance Report on page 80. 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 103 to 115.

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.

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 the 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$3.7 million (2013: US$0.97 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.

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 2014 and 11 June 2014, 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	185,856,132	69.60 %
Standard Life Investments Ltd	21,040,913	7.87 %

1 The voting rights at 31 March 2014 were 267,070,324 ordinary shares (net of treasury shares and shares held in Global Depositary Receipt).

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 2014 the issued share capital of the Company was comprised of 298,182,135 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 34 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 34 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.

The Directors' report continued

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 1 August 2013, 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 2014 Annual General Meeting or on 1 October 2014, whichever is the earlier. A resolution to obtain a further authority will be proposed at the 2014 Annual General Meeting.

During the year the Company did not purchase any shares under its previously announced share buyback programme.

As at 31 March 2014, the Company held a total of 24,206,816 ordinary shares in treasury equal to 8.12% (FY2013: 8.13%) of the issued share capital.

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 (current outstanding US$73 million) 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$750 million 6.75% bonds due in 2016, US$750 million 9.5% bonds due 2018, US$1,200 million 6% bonds due in 2019, US$900 million 8.25% bonds due in 2021, US$500 million 7.125% bonds due in 2023 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 28 to the financial statements.

Going concern
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 Negative outlook from Standard and poor's and Stable outlook from both Moody's and Fitch. 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 liquidity, 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 financing risks.

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.

Annual General Meeting
The eleventh Annual General Meeting of the Company will be held on 1 August 2014 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
14 May 2014

Vedanta Resources plc
2nd Floor, Vintners Place
68 Upper Thames Street
London EC4V 3BJ
Registered in England Number 4740415

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare 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 elected 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 the parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group 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.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, 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;
- the strategic 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; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board

Tom Albanese
Chief Executive Officer
14 May 2014

D D Jalan
Chief Financial Officer
14 May 2014

Independent Auditor's Report

To the Members of Vedanta Resources plc

Opinion on financial statements of Vedanta Resources plc

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, and the related notes 1 to 58. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Going concern

As required by the Listing Rules we have reviewed the directors' statement contained within the Strategic Report that the Group is a going concern. We confirm that:

- we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk

Impairments

There is a risk associated with the assessment of the recoverable amount of certain operating assets and development projects, specifically the Lanjigarh expansionary program within the Aluminium business unit which remains on hold pending environmental clearances being obtained and the operations in Goa and Karnataka within the Iron Ore business unit subject during the year to state-wide bans on iron ore mining.

For more information see note 2b in the financial statements that provide further details and disclosures to this matter.

How the scope of our audit responded to the risk

We have:

- reviewed management's assessment as to whether indicators of impairment exist for operating assets and development projects, specifically, in relation to the Lanjigarh expansionary project and the iron ore operations in Goa and Karnataka;
- obtained and assessed the valuation models used to determine the value in use or fair value less costs to sell of the relevant asset by challenging the key assumptions made by management in relation to these models, including the expected timings of approvals and renewal of licences, commodity prices, discount rate applied, source of reserve and production estimates, potential resources to reserves conversion ratios, exchange rates, and operating and capital expenditure estimates, by reference to independent third party evidence and consultation with operational management.
- assessed whether assumptions had been determined and applied on a consistent basis across the Group; and
- assessed the procedures performed by management during the year to progress the approval of environmental clearances.

Revenue recognition

IAS 18 Revenue and the Group's revenue recognition policy permits revenue to be recognised only when the risks and rewards of ownership have transferred from the seller to the buyer.

The risk is related to:

- inappropriate recognition of sales made on a bill and hold or consignment basis;
- incorrect valuation of provisionally priced sales (where the pricing is only finalised based on market prices subsequent to the balance sheet date);
- the value of regulated sales made to the Grid Corporation of Odisha Limited ("Gridco") where a dispute regarding the interpretation of the tariff agreement is pending appelate tribunal resolution; and
- the calculation of Cairn's oil and gas sales on an entitlement basis.

We have reviewed the application of the Group's revenue recognition policy and:

- reviewed the terms of bill and hold agreements to conclude on the point at which risk and reward transfer takes place;
- recalculated the value of provisional pricing adjustments and validating the assumptions used to third party data where possible;
- challenged management in respect of whether the Gridco trade receivables are recoverable through the review of state regulatory commission and the appellate tribunal rulings, review of the underlying power purchase agreements and the external legal opinions received and the involvement of Deloitte power specialists to re-assess the tariff calculations; and
- reviewed the terms of Cairn's profit sharing agreement and tested the underlying entitlement calculations.

Litigation, environmental and regulatory risk

Given the significant number of legal claims a risk exists that the Group may not have adequately provided for liabilities. There is also a risk of the Group's reputation being brought into disrepute resulting in financial and reputational damage. The Group continues to be involved in a high number of legal claims. As it is not unusual for claims to remain outstanding for a number of years, there has been a resultant steady increase in the number of cases over time with the regulatory environment becoming increasingly complex and regulators focusing on the environmental and social impacts. These ongoing claims, environmental and regulatory enquiries are a threat to the future operations as well as the Group's current financial performance and reputation.

For more information see notes 37 and 41 in the financial statements that provide further details and disclosures to this matter.

We have:
- challenged management regarding their assessment of the probability of success in these cases, and the magnitude of any potential loss;
- focused our procedures on the terms and conditions of mining licenses and performed procedures to gain assurance over the compliance and validity of all mining licences and environmental clearances; and
- inspected external legal opinions and other evidence that supports factual information in management's responses.

We have considered the impact of these procedures on the financial statements and whether the disclosures therein are in accordance with IAS 37 Provisions, contingent liabilities and contingent assets.

Taxation

There is a risk the Group's aggregated taxation exposure in all jurisdictions, including the exposure to withholding taxes following past acquisitions, financing and transfer pricing arrangements, sales taxes and recognition of deferred taxation assets and liabilities, may not have been adequately valued and disclosed in the financial statements due to the complexities, timescales for resolution and the need to negotiate with various tax authorities.

For more information see notes 12, 30 and 37 in the financial statements that provide further details and disclosures to this matter.

We reviewed all potential taxation exposures within the Group and, through discussions with the Group's taxation department, the tax specialists within the audit team and review of relevant documentation, including external legal advice, we evaluated the appropriateness of the provisions raised and contingent liability disclosures.

We considered, in the context of our tax specialists' prior experience of similar issues, the Group's exposure to withholding taxes following past acquisitions, the current tax exposure following the Group's internal restructuring, transfer pricing arrangements and deferred taxation assets and liabilities recognised to assess whether these matters were appropriately reflected and disclosed in the financial statements.

The Audit Committee's consideration of these risks is set out on pages 93 to 97.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

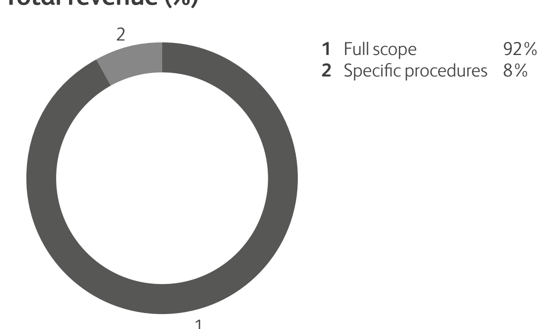
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group to be US$75 million, which is approximately 5% of normalised pre-tax profit and below 1% of equity. Pre-tax profit has been normalised by adjusting for specific one-off items: an estimated pre-tax profit for the suspended operations impacted by the mining bans in Goa and Karnataka and the interest expense associated with the expansionary programs on hold which would ordinarily be capitalised. Normalised pre-tax profit is considered a more appropriate and less volatile measure reflecting the underlying scale of the Group.

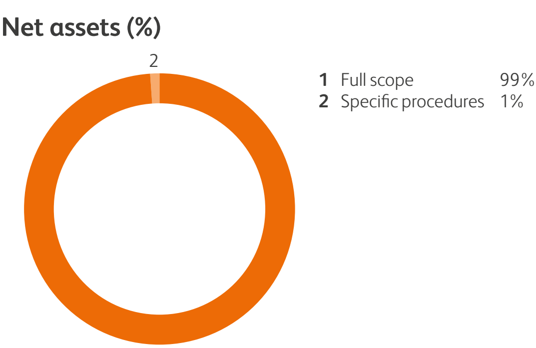
We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of US$1.5 million, as well as differences below that threshold which, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

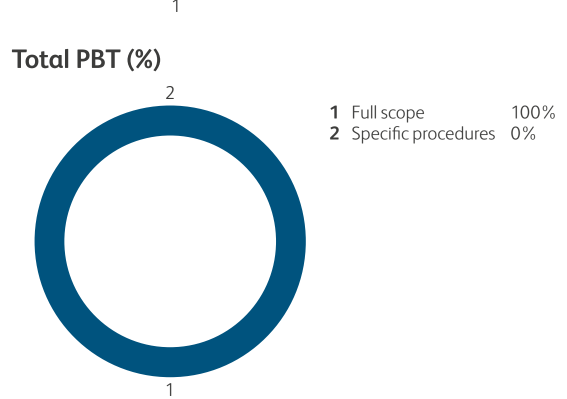
Total revenue (%)



Net assets (%)



Total PBT (%)



Independent Auditor's Report continued

To the Members of Vedanta Resources plc

Our group audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level. Based on that assessment, we focused our group audit scope primarily on the audit work at 15 locations. Eleven of these were subject to a full audit, whilst the remaining four were subject to an audit of specified account balances where the extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the Group's operations at those locations. These 15 locations represent the principal business units and account for 100% of the Group's net assets, revenue and profit before tax offset on consolidation by losses elsewhere in the Group. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work at the 15 locations was executed at levels of materiality applicable to each individual entity which were lower than Group materiality.

At the parent entity level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information not subject to audit or audit of specified account balances.

The Group audit team continued to follow a programme of planned visits that has been designed so that the Senior Statutory Auditor or a senior member of the Group audit team visits each of the locations where the group audit scope was focused at least once every five years. At each six month reporting date we include the component audit partners and teams in our team briefing, discuss their risk assessment, and review documentation of the findings from their work.

Opinion on other matters 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 Strategic Report and 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

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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 are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.

Corporate Governance Statement

Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the company's compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

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. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team, strategically focused second partner reviews and independent partner reviews.

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.

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 and 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.

Andrew Kelly (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
14 May 2014

Consolidated Income Statement

(US$ million except as stated)	Note	**Year ended 31 March 2014**	Year ended 31 March 2013[1]
Revenue	4	12,945.0	14,640.2
Cost of sales		(10,043.2)	(11,334.9)
Gross profit		**2,901.8**	**3,305.3**
Other operating income		84.0	90.3
Distribution costs		(237.6)	(295.0)
Administrative expenses		(460.1)	(528.9)
Special items	5	(138.0)	(41.9)
Operating profit	9	**2,150.1**	**2,529.8**
Investment revenue	6	687.7	669.0
Finance costs	7	(1,355.7)	(1,189.9)
Other gains and losses (net)	8	(364.0)	(285.2)
Profit before taxation		**1,118.1**	**1,723.7**
Net tax expense	12	(128.7)	(46.1)
Profit for the year		**989.4**	**1,677.6**
Attributable to:			
Equity holders of the parent		(196.0)	162.0
Non-controlling interests		1,185.4	1,515.6
		989.4	**1,677.6**
Earnings per share (US cents)			
Basic (loss)/earnings per ordinary share	13	(71.7)	59.4
Diluted (loss)/earnings per ordinary share	13	(71.7)	58.3

1 The comparative information has been restated so as to reflect the adoption of new accounting pronouncements, details of which have been set out in Note 40.

Consolidated Statement of Comprehensive Income

(US$ million)	Year ended 31 March 2014	Year ended[1] 31 March 2013
Profit for the year	**989.4**	**1,677.6**
Income and expenses recognised directly in equity:		
Items that will not be reclassified subsequently to income statement:		
Remeasurement of net defined benefit plans	(4.2)	(6.3)
Tax effects on items recognised directly in equity	1.5	2.1
Total (a)	**(2.7)**	**(4.2)**
Items that may be reclassified subsequently to income statement:		
Exchange differences arising on translation of foreign operations	(1,239.6)	(707.9)
Change in fair value of available-for-sale financial assets	(0.1)	(1.3)
Change in fair value of cash flow hedges deferred in reserves	(47.1)	(60.5)
Tax effects arising on cash flow hedges deferred in reserves	(3.7)	(1.4)
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	(0.9)	94.8
Tax effects arising on cash flow hedges transferred to income statement	0.3	(5.3)
Total (b)	**(1,291.1)**	**(752.1)**
Other comprehensive expense for the year (a+b)	(1,293.8)	(756.3)
Total comprehensive (expense)/income for the year	**(304.4)**	**921.3**
Attributable to:		
Equity holders of the parent	(773.8)	(121.4)
Non-controlling interests	469.4	1,042.7

1 The comparative information has been restated so as to reflect the adoption of new accounting pronouncements, details of which have been set out in Note 40.

Consolidated Balance Sheet

(US$ million)	Note	As at year ended 31 March 2014	As at year ended 31 March 2013[1]
Assets			
Non-current assets			
Goodwill	15	16.6	16.6
Intangible assets	16	108.6	–
Property, plant and equipment	17	31,043.5	33,132.6
Financial asset investments	18	1.7	2.4
Other non-current assets	19	132.1	113.4
Financial instruments (derivatives)	28	16.2	–
Deferred tax assets	30	1,223.7	847.1
		32,542.4	**34,112.1**
Current assets			
Inventories	20	1,742.5	1,965.6
Trade and other receivables	21	1,739.9	1,706.0
Financial asset investments	18	–	18.2
Financial instruments (derivatives)	28	54.0	31.1
Current tax assets		357.6	147.0
Liquid investments	22	8,568.5	5,781.5
Cash and cash equivalents	23	369.4	2,200.2
		12,831.9	**11,849.6**
Total assets		**45,374.3**	**45,961.7**
Liabilities			
Current liabilities			
Short-term borrowings	24	(2,437.0)	(3,705.7)
Convertible bonds	27	(1,921.5)	(694.4)
Trade and other payables	26a	(4,690.0)	(4,563.7)
Financial instruments (derivatives)	28	(118.7)	(44.5)
Retirement benefits	32	(4.8)	(8.3)
Provisions	29	(88.7)	(68.4)
Current tax liabilities		(29.3)	(125.3)
		(9,290.0)	**(9,210.3)**
Net current assets		**3,541.9**	**2,639.3**
Non-current liabilities			
Medium and long-term borrowings	24	(12,512.7)	(10,452.6)
Convertible bonds	27	–	(1,740.1)
Trade and other payables	26b	(203.3)	(232.2)
Financial instruments (derivatives)	28	(27.4)	(28.0)
Deferred tax liabilities	30	(4,960.1)	(4,996.6)
Retirement benefits	32	(58.1)	(58.4)
Provisions	29	(336.0)	(362.6)
Non-equity non-controlling interests	35	(11.9)	(11.9)
		(18,109.5)	**(17,882.4)**
Total liabilities		**(27,399.5)**	**(27,092.7)**
Net assets		**17,974.8**	**18,869.0**

(US$ million)	Note	**As at year ended 31 March 2014**	As at year ended 31 March 2013[1]
Equity			
Share capital	34	29.8	29.8
Share premium		198.5	196.8
Treasury shares		(556.9)	(556.9)
Share-based payment reserve	31	46.9	29.0
Convertible bond reserve		80.1	302.9
Hedging reserve		(50.4)	(22.2)
Other reserves		471.6	789.3
Retained earnings		3,790.8	3,632.6
Equity attributable to equity holders of the parent		4,010.4	4,401.3
Non-controlling interests		13,964.4	14,467.7
Total equity		**17,974.8**	**18,869.0**

1 The comparative information has been restated so as to reflect the adoption of new accounting pronouncements, details of which have been set out in Note 40.

Financial Statements of Vedanta Resources plc, registration number 4740415 were approved by the Board of Directors on 14 May 2014 and signed on behalf by

Tom Albanese
Chief Executive Officer

Consolidated Cash Flow Statement

(US$ million)	Note	Year ended 31 March 2014	Year ended 31 March 2013[1]
Operating activities			
Profit before taxation		1,118.1	1,723.7
Adjustments for:			
Depreciation and amortisation		2,203.1	2,337.2
Investment revenue		(687.7)	(669.0)
Finance costs		1,355.7	1,189.9
Other gains and losses (net)		364.0	285.2
Loss/(profit) on disposal of property, plant and equipment		4.4	(11.6)
Write-off of unsuccessful exploration costs		10.8	51.8
Share-based payment charge		32.9	25.5
Impairment of mining reserves and assets		81.6	–
Other non-cash items		48.3	(0.1)
Operating cash flows before movements in working capital		**4,531.2**	**4,932.6**
Decrease/(increase) in inventories		75.0	(347.0)
(Increase)/decrease in receivables		(123.4)	29.8
Increase in payables		678.8	323.9
Cash generated from operations		**5,161.6**	**4,939.3**
Dividends received		1.0	91.4
Interest income received		337.8	362.7
Interest paid		(1,115.3)	(1,150.9)
Income taxes paid		(861.6)	(897.4)
Dividends paid		(162.5)	(153.5)
Net cash inflow from operating activities		**3,361.0**	**3,191.6**
Cash flows from investing activities			
Purchases of property, plant and equipment and intangibles		(2,185.3)	(2,221.2)
Proceeds on disposal of property, plant and equipment		9.3	63.4
Purchase of liquid investments	25	(2,857.0)	(941.7)
Sale of financial asset investments		18.2	158.1
Net cash used in investing activities		**(5,014.8)**	**(2,941.4)**
Cash flows from financing activities			
Issue of ordinary shares		0.0	0.1
Dividends paid to non-controlling interests of subsidiaries		(345.9)	(257.4)
Acquisition of additional interests in subsidiary		–	(33.5)
(Decrease)/increase in short-term borrowings	25	(2,832.7)	159.9
Proceeds from long-term borrowings	25	5,429.7	2,307.9
Repayment of long-term borrowings	25	(2,299.0)	(2,352.4)
Net cash used in financing activities		**(47.9)**	**(175.4)**
Net (decrease)/increase in cash and cash equivalents	25	**(1,701.7)**	**74.8**
Effect of foreign exchange rate changes	25	(129.1)	180.4
Cash and cash equivalents at beginning of year		2,200.2	1,945.0
Cash and cash equivalents at end of year	23	**369.4**	**2,200.2**

1 The comparative information has been restated so as to reflect the adoption of new accounting pronouncements, details of which have been set out in Note 40.

Consolidated Statement of Changes in Equity

(US$ million)	Attributable to equity holders of the Company										
	Share capital	Share premium	Treasury shares	Share-based payment reserves	Convertible bond reserve	Hedging reserve	Other reserves*[1]	Retained earnings*	Total	Non–controlling interests*	Total equity
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	–	–	–	–	–	–	–	162.0	162.0	1,515.6	1,677.6
Other comprehensive income for the year	–	–	–	–	–	33.4	(316.8)	–	(283.4)	(472.9)	(756.3)
Total comprehensive income for the year						**33.4**	**(316.8)**	**162.0**	**(121.4)**	**1,042.7**	**921.3**
Convertible bond transfers (Note 27)	–	–	–	–	(79.1)	–	–	79.1	–	–	–
Transfers[2]	–	–	–	–	–	–	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[3]	–	–	–	–	–	–	–	–	–	(86.5)	(86.5)
Recognition of share-based payment (Note 31)	–	–	–	25.5	–	–	–	–	25.5	–	25.5
At 31 March 2013	**29.8**	**196.8**	**(556.9)**	**29.0**	**302.9**	**(22.2)**	**789.3**	**3,632.6**	**4,401.3**	**14,467.7**	**18,869.0**

(US$ million)	Attributable to equity holders of the Company										
	Share capital	Share premium	Treasury shares	Share-based payment reserves	Convertible bond reserve	Hedging reserve	Other reserves[1]	Retained earnings	Total	Non–controlling interests	Total equity
At 1 April 2013	**29.8**	**196.8**	**(556.9)**	**29.0**	**302.9**	**(22.2)**	**789.3**	**3,632.6**	**4,401.3**	**14,467.7**	**18,869.0**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(196.0)**	**(196.0)**	**1,185.4**	**989.4**
Other comprehensive income for the year	–	–	–	–	–	(28.2)	(549.6)	–	(577.8)	(716.0)	(1,293.8)
Total comprehensive income for the year						**(28.2)**	**(549.6)**	**(196.0)**	**(773.8)**	**469.4**	**(304.4)**
Convertible bond transfers (Note 27)	–	–	–	–	(110.7)	–	–	110.7	–	–	–
Repayment of convertible bond	–	–	–	–	(111.6)	–	–	(3.9)	(115.5)	–	(115.5)
Conversion of convertible bond	0.0	1.7	–	–	(0.5)	–	–	–	1.2		1.2
Transfers[2]	–	–	–	–	–	–	231.9	(231.9)	–	–	–
Dividends paid	–	–	–	–	–	–	–	(162.5)	(162.5)	(345.9)	(508.4)
Change in non-controlling interests due to merger (Note 35)	–	–	–	–	–	–	–	626.8	626.8	(626.8)	–
Exercise of LTIP/STIP awards	0.0	–	–	(15.0)	–	–	–	15.0	0.0	–	0.0
Recognition of share-based payment (Note 31)	–	–	–	32.9	–	–	–	–	32.9	–	32.9
At 31 March 2014	**29.8**	**198.5**	**(556.9)**	**46.9**	**80.1**	**(50.4)**	**471.6**	**3,790.8**	**4,010.4**	**13,964.4**	**17,974.8**

* The comparative information has been restated so as to reflect the adoption of new accounting pronouncements, details of which have been set out in Note 40.

Consolidated Statement of Changes in Equity continued

1 OTHER RESERVES COMPRISE

(US$ million)	Currency translation reserve	Merger reserve[4]	Investment revaluation reserve	General reserves	Total
At 1 April 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)
Remeasurements	–	–	–	(1.7)	(1.7)
Transfer from retained earnings[2]	–	–	–	97.6	97.6
At 31 March 2013	**(1,064.2)**	**4.4**	**1.2**	**1,847.9**	**789.3**
Exchange differences on translation of foreign operations	(548.5)	–	–	–	(548.5)
Remeasurements	–	–	–	(1.1)	(1.1)
Transfer from retained earnings[2]	–	–	–	231.9	231.9
At 31 March 2014	**(1,612.7)**	**4.4**	**1.2**	**2,078.7**	**471.6**

2 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$2.5 million of debenture redemption reserve and remeasurement reserve related to net defined benefit liability of US$1.1 million.

3 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 increase in 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.

4 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

General information

Vedanta Resources plc is a company incorporated in the United Kingdom and is a London listed diversified global natural resources major. The Group produces aluminium, copper, zinc, lead, silver, iron ore, oil & gas and commercial energy. Vedanta has operations in India, Zambia, Namibia, South Africa, Ireland, Liberia, Australia and Sri Lanka. These financial statements are presented in US dollars, which is the functional currency of the Company.

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 32 (amended) – Offsetting Financial Assets and Liabilities
IAS 36 (amended) – Disclosure of non-financial assets impairment
IAS 39 (amended) – Novation of Derivatives and Continuation of Hedge Accounting
Amendments to IAS 36 (May 2013) Recoverable amount disclosures for non-financial assets
Amendments to IFRS 10, IFRS 12 and IAS 27 (Oct 2012) Investment entities
Annual Improvements to IFRSs: 2009–2011 Cycle (May 2012)
Amendments to IFRS 1 (March 2012) Government loans
IAS 28 (revised May 2011) Investment in associates and joint ventures
Amendments to IAS 12 (Dec 2010) Deferred tax: Recovery of underlying assets

The Directors anticipated that the adoption of these standards and interpretation in future periods will have no material impact on the financial statements of the Group.

Adoption of new and revised standards

Group has adopted with effect from 1 April 2013, the following new and revised standards and interpretations. Their adoption has not had any significant impact on the amounts reported in the financial statements.

The following new accounting standards and amendments became effective in the current reporting period:

IAS 1: Presentation of items of other comprehensive income (Amended)

This amendment to IAS 1, requires entities to separate items presented in other comprehensive income that can be recycled in income statements at a future period separately from items that will not be recycled in future periods together with their tax effect. These amendments have been applied retrospectively and affected the presentation of items of comprehensive income and had no impact on the financial performance of the Group.

IAS 19: Employee benefits – (revised)

The revised IAS 19 standard on employee benefits has introduced amendments to the accounting for defined benefits plans. It requires all actuarial gains and losses arising on defined benefits plans to be recognised immediately in other comprehensive income and requires the expected return on plan assets which is recognised in the income statement to be calculated based on the rate used to discount the defined benefit obligation. This differs from the Group's previous policy which was to charge any actuarial gain/losses in the income statement. Hence the Group has recognised all actuarial gains and losses arising on defined benefits plans to other comprehensive income.

The Group has applied the standard retrospectively in accordance with the transitional provisions. As a result, the adoption of the amendment in IAS 19 has not materially impacted the financial statement. Impact on the Group financial statement is set out in Note 40.

IFRS 7: Disclosure – Offsetting financial assets and financial liabilities

IFRS 7 requires additional disclosures in connection with assets and liabilities which are offset under a master netting agreement. The amendments to IFRS 7 have not impacted the Group's financial statements.

IFRS 13: Fair value measurement

IFRS 13 provides for a framework for measuring fair value when such measurements are required or permitted by other standards. IFRS 13 also requires specific disclosures on fair values. These disclosures replace some of the existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. The application of IFRS 13 has not materially affected the fair value measurements carried out by the Group. The adoption of IFRS 13 resulted in additional disclosure in the financial statements. The impact and disclosures are set out in Note 28 to the financial statements for the year ended 31 March 2014.

Notes to the Financial Statements
continued

1. Presentation of financial statements continued

IFRIC 20: Stripping costs in the production phase of a surface mine

IFRIC 20 specifies the accounting for costs associated with waste removal (stripping) during the production phase of a surface mine. When the benefit from the stripping activity is realised in the current period, the stripping costs are accounted for as the cost of inventory. When the benefit is the improved access to ore in future periods, the costs are recognised as a non-current asset, if certain criteria are met. After initial recognition, the stripping activity asset is depreciated on a systematic basis (unit of production method) over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

As a result of adoption of IFRIC 20, the two key changes to the Group's existing accounting policy is upon initial recognition of the stripping assets and its depreciation based on a unit of production basis compared to recognising it in the income statement. Accordingly, the application of IFRIC 20 has resulted in increased capitalisation of stripping costs and depreciation and consequential adjustment to cost of sales and inventories. Comparatives numbers have been restated to give the retrospective impact of adopting IFRIC 20. The impact is given in Note 40.

The Group has early adopted the following accounting standards and amendments which are endorsed by EU but is effective for the accounting periods beginning on or after 1 January 2014:

IFRS 10: Consolidated financial statements

IFRS 10 establishes the principal for the preparation and presentation of consolidated financial statements with a new definition of control. The investor controls an investee when it is exposed to, or has rights to variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee. This definition replaces the pervious guidance on control and consolidation under IAS 27 (Separate Financial Statements) and SIC 12 (Consolidation-Special Purpose Entities). IFRS 10 does not have any impact on the financial statements of the Group.

IFRS 11: Joint arrangements

IFRS 11 (Joint Arrangements) replaced IAS 31 (Interest in Joint Ventures) and requires investments in joint arrangements classified as either joint ventures or joint operations based on the rights and obligations of the parties to the arrangement. Under IFRS 11, investments in joint arrangements are classified as either joint ventures or joint operations based on the rights and obligations of the parties to the arrangement. In a joint venture, the parties sharing joint control of the arrangement have rights to the net assets and must account for their interests in the arrangement using the equity method. In a joint operation, the parties have rights to the assets and obligations for the liabilities and must account for the assets and liabilities, revenues and expenses for which they have rights or obligations including their share of such items held or incurred jointly. The standard removes the option to account for joint ventures using proportionate consolidation and instead joint arrangements that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method. IFRS 11 does not have any impact on the financial statements of the Group.

IFRS 12: Disclosure of interest in other entities

IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or unconsolidated structured entities. IFRS 12 requires an entity to disclose information that enables users of financial statements to evaluate the nature and risk associated with the interest in other entities. These disclosures are set out within the relevant notes to the financial statements for the year ended 31 March 2014.

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 Strategic 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 46.

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. Control is evidenced where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns.

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

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

2(a) Accounting policies continued

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

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

Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is considered when there is contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

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

Restatement

The Group has restated the financial performance and position for the year ended 31 March 2013 to give effect of the new accounting pronouncements that became applicable with effect from the accounting period beginning from 1 April 2013 (Note 40).

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 recognised when the significant risks and rewards of ownership of the goods sold are transferred to the customer.
- 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.

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 & 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.

Notes to the Financial Statements
continued

2(a) Accounting policies continued
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 (2008 revised), the cost of the acquired group of assets or equity is allocated to the individual identifiable assets acquired based on their relative fair value.

Intangible assets
Intangibles assets are measured at cost less accumulated amortisation and accumulated impairment losses, if any. The Group determines the amortisation period as the period over which the future economic benefits will flow to Group after taking into account all relevant facts and circumstance. Amortisation method, residual values and estimated useful life of intangible assets are reviewed annually and more frequently if events or changes in circumstances indicate a potential impairment. The Group don't have any intangible assets for which useful life is indefinite.

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

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

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

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

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

The stripping cost incurred during the production phase of a surface mine is deferred to the extent the current period stripping cost exceeds the average period stripping cost over the life of the mine and recognised as an asset if such cost provides a benefit in terms of improved access to ore in future periods and certain criteria are met. Deferred stripping costs are included in mining properties within property, plant and equipment and disclosed as a part of mining properties. After initial recognition, the stripping activity asset is depreciated on a unit of production method over the expected useful life of the identified component of the ore body.

In circumstances where a mining property is abandoned, the cumulative capitalised costs relating to the property are written-off in the period in which it occurs i.e. when the Group determines that the mining property will provide sufficient and sustainable returns relative to the risks and the Group decides to proceed with the mine development.

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

2(a) Accounting policies continued

Relating to oil & gas assets – Exploration & 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, are not amortised or depreciated, within exploration and evaluation assets until such time as the exploration phase on the licence area is complete or commercial reserves have been discovered.

Exploration expenditure incurred in the process of determining oil & 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.

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 & 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

Financial assets

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

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

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

The allowance accounts in respect of trade and other receivables are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written-off against the financial asset directly.

Non-financial assets

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.

2(a) Accounting policies continued

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 weighted average basis; except at Cairn where stores and spares are valued at FIFO basis
- Finished products are valued at raw material cost plus costs of conversion, comprising labour costs and an attributable proportion of manufacturing overheads based on normal levels of activity; and by-products and scrap are valued at net realisable value

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

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 Other Comprehensive Income and is not recycled to the income statement.

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

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

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

Notes to the Financial Statements
continued

2(a) Accounting policies continued

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.

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 with the exception of KCM and Cairn which has a US dollar functional currency as that is the currency of primary economic environment in which it operates. In the financial statements of individual Group companies, transactions in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in other currencies are translated into the functional currency at exchange rates prevailing on the balance sheet date.

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 and exchange differences on foreign currency borrowings relating to asset 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.

2(a) Accounting policies continued

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.

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.

Notes to the Financial Statements
continued

2(a) Accounting policies continued

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.

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.

Financial instruments fair value through profit and loss

Held for trading financial assets

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

Derivative financial instruments

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

Derivative financial instruments are initially recorded at their fair value on the date of the derivative transaction and are 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.

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.

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 & 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.

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 IFRS 6 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 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 & 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 program 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

The Group has considered that the delay in obtaining regulatory approval for the expansion of the alumina refinery at Lanjigarh and regulatory approval for bauxite mining as an indication of impairment. Hence, the Group have reviewed the carrying value of its property, plant and equipments at Lanjigarh as at balance sheet date, estimated the recoverable amounts of these assets and concluded that there was no impairment because the recoverable amount (estimated based on value in use) exceeded the carrying amounts.

The key assumptions and estimates used in determining the value in use of these assets were:

- The State of Odisha has abundant bauxite resources and under the terms of the memorandum of understanding ('MOU') with the Government of Odisha, management is confident that bauxite will be made available in the short to medium-term. The Company is also considering purchase/sourcing bauxite from alternate sources to support the existing and expanded refinery operations. In the initial years, the Company has assumed that bauxite will be purchased from third party suppliers in India and other countries, till the bauxite is sourced from our own mines.
- The State of Odisha has taken certain measures including reservation of areas for mining operations or undertaking prospecting and the constitution of a Ministerial Committee for the formulation of a policy for the supply of ores to Odisha-based industries on a long-term basis.
- The management expects that the conditions for the construction of the alumina refinery will be fulfilled and it is assumed that the approval for the expansion of the refinery would be received for commencement of production by fiscal 2018.

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2(b) Critical accounting judgement and estimation uncertainty continued
Management expects that the mining approvals for mining and the statutory approvals for the expansion project will be received as anticipated. Additionally the Group carries out impairment assessment for carrying value of these assets, every half year and challenges these assumptions.

As at 31 March 2014 the carrying amount of property plant and equipment related to alumina refinery operations at Lanjigarh and related mining assets is US$1,231 million (31 March 2013: US$1,423.6 million).

Assessment of impairment of Karnataka and Goa iron ore mines
Karnataka mining
The mining ban in Karnataka was lifted on 17 April 2013. The Group has complied with all conditions for the recommencement of operations, and mining operations resumed in December 2013 with a production 1.5 million tonnes during the year. The carrying value of assets as at 31 March 2014 is US$260.4 million (31 March 2013: US$296 million).

Goa mining
The Supreme Court passed an order on 21 April 2014 whereby the ban was lifted, subject to certain conditions. The key conditions are as follows
- The maximum annual excavation for Goa has been limited to 20 million tonnes until the Expert Committee issues determines the final annual capacity of mining at Goa.
- All mining leases in the State of Goa are suspended and State Government would grant mining leases in accordance with the Mines and Minerals (Development and regulation) Act, 1957.
- 10% of the sale price of the iron ore sold by the mining lessees to be contributed to a separate fund.
- Out of the sale proceeds of excavated ore, the leaseholders would be paid only the average cost of excavation of iron ore and the balance amount to be allocated amongst various affected stakeholders and the Government of Goa.

Vedanta is expecting to start mining activities at iron ore mines at Goa in the second half of fiscal 2015, after receipt of all regulatory clearances and approving of mining leases. Management has reviewed the carrying value of the assets as at balance sheet date, estimated the recoverable amounts of these assets and concluded that there was no impairment because the recoverable amount (estimated based on value in use) exceeded the carrying amounts.

The carrying value of assets affected as at 31 March 2014 is US$1,045.0 million (31 March 2013: US$799 million).

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 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 outflows may take place over many years in the future and hence the carrying amounts of provisions and liabilities are regularly reviewed and adjusted to take into account the changing circumstances and other factors that influence the provisions and liabilities.

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 considers the strike price of the options to be at fair value, which is effectively nil, and hence the call options have 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 company incorporated in the United Kingdom under the Companies Act 2006. 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.

The following tables present revenue and profit information and certain asset and liability information regarding the Group's reportable segments for the year ended 31 March 2014 and 31 March 2013. Items after operating profit are not allocated by segment.

(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 2014 and 31 March 2013

Year ended 31 March 2014

(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	2,181.7	661.4	3,092.8	266.4	3,399.8	964.5	1,782.1	579.4	12,928.1	16.9	12,945.0
Inter-segment sales	13.7	–	–	0.7	5.0	306.9	3.3	42.3	371.9	(371.9)	–
Segment revenue	**2,195.4**	**661.4**	**3,092.8**	**267.1**	**3,404.8**	**1,271.4**	**1,785.4**	**621.7**	**13,300.0**	**(355.0)**	**12,945.0**
Segment RESULT											
EBITDA[1]	1,145.0	213.4	2,347.0	(24.2)	197.9	156.3	287.3	168.4	4,491.1	0.1	4,491.2
Depreciation and amortisation[2]											(2,203.1)
Special items (Note 5)											(138.0)
Operating profit											2,150.1
Investment revenue											687.7
Finance costs											(1,355.7)
Other gains and losses (net)											(364.0)
PROFIT BEFORE TAXATION											**1,118.1**
Segments assets	6,557.8	902.2	21,094.4	2,043.6	1,642.6	2,422.8	6,976.4	3,184.3	44,824.1	104.2	44,928.3
Unallocated assets											446.0
TOTAL ASSETS											**45,374.3**
Segment liabilities	(258.7)	(310.7)	(5,142.9)	(1,104.2)	(2,123.0)	(1,458.8)	(5,121.5)	(2,115.9)	(17,635.7)	(85.2)	(17,720.9)
Unallocated liabilities											(9,678.6)
TOTAL LIABILITIES											**(27,399.5)**
Other segment information											
Additions to property, plant and equipment	345.7	44.2	649.1	43.6	56.1	150.5	165.2	289.4	1,743.8	1.5	1,745.3
Depreciation and amortisation	(114.8)	(137.3)	(1,413.4)	(45.8)	(42.1)	(171.5)	(174.7)	(99.1)	(2,198.7)	(4.4)	(2,203.1)
Impairment losses (Note 5)	–	(47.5)	–	–	–	(23.1)	(11.0)	–	(81.6)	–	(81.6)

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 Transfer prices between operating segment sales are on an arm's length basis in a manner similar to transactions with third parties except from power segment sales amounting to US$36.6 million for the year ended 31 March 2014 (March 2013: US$9.8 million), which is at cost.

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3. Segmental information continued
***Year ended 31 March 2013 (Restated)*[1]**

(US$ million)	Zinc-India	Zinc-International	Oil & gas	Iron Ore	Copper-India/Australia	Copper-Zambia[2]	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	1,393.2	1,835.8	631.7	14,574.9	65.3	14,640.2
Inter-segment sales	–	–	–	1.2	2.1	349.6	2.0	37.3	392.2	(392.2)	–
Segment revenue	**2,263.3**	**797.2**	**3,223.4**	**442.5**	**3,991.1**	**1,742.8**	**1,837.8**	**669.0**	**14,967.1**	**(326.9)**	**14,640.2**
Segment RESULT											
EBITDA[1]	1,182.5	294.5	2,440.3	84.9	219.1	257.3	202.6	228.5	4,909.7	(0.8)	4,908.9
Depreciation and amortisation											(2,337.2)
Special items (Note 5)											(41.9)
Operating profit											2,529.8
Investment revenue											669.0
Finance costs											(1,189.9)
Other gains and losses (net)											(285.2)
PROFIT BEFORE TAXATION											**1,723.7**
Segments assets	6,165.9	1,132.7	20,581.8	2,239.6	2,129.2	2,448.6	7,644.7	3,338.3	45,680.8	115.8	45,796.6
Unallocated assets											165.1
TOTAL ASSETS											**45,961.7**
Segment liabilities	(229.8)	(621.8)	(4,794.0)	(1,367.8)	(2,478.6)	(1,492.7)	(5,537.8)	(1,318.5)	(17,841.0)	(86.9)	(17,927.9)
Unallocated liabilities											(9,164.8)
TOTAL LIABILITIES											**(27,092.7)**
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	(110.1)	(183.9)	(1,434.9)	(84.3)	(43.2)	(193.7)	(191.2)	(95.9)	(2,337.1)	(0.1)	(2,337.2)

1 The comparative information has been restated so as to reflect the adoption of new accounting pronouncements, details of which have been set out in Note 40.
2 This segment has been restated as a result of reallocation of intercompany sales via an external agent.

(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.

(US$ million)	**Year ended 31 March 2014**	Year ended 31 March 2013 (Restated)
India	8,234.1	9,477.6
China	1,742.0	2,113.0
Far East Asia	1,003.2	672.5
Middle East	724.2	829.2
Europe	537.0	1,003.0
Africa	213.0	278.1
Asia Others	83.8	133.5
UK	19.1	–
Other	388.6	133.3
Total	**12,945.0**	**14,640.2**

3. Segmental information continued

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	
	As at 31 March 2014	As at 31 March 2013	**Year ended 31 March 2014**	Year ended 31 March 2013 (Restated)
Australia	24.3	31.9	8.1	19.6
India	27,548.7	29,386.9	1,497.7	1,973.8
Zambia	2,091.7	2,135.6	150.9	259.8
Namibia	204.6	285.9	13.4	5.9
Ireland	69.7	155.3	19.6	20.0
South Africa	375.2	412.1	27.5	23.4
Sri Lanka	787.6	785.9	–	60.3
Other	200.7	71.8	28.1	46.5
Total	**31,302.5**	**33,265.4**	**1,745.3**	**2,409.3**

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

4. Total revenue

(US$ million)	**Year ended 31 March 2014**	Year ended 31 March 2013
Revenue from sales of goods	12,945.0	14,640.2
Other operating income	84.0	90.3
Investment revenue	687.7	669.0
	13,716.7	**15,399.5**

5. Special items

(US$ million)	**Year ended 31 March 2014**	Year ended 31 March 2013
Voluntary retirement schemes (redundancy costs)	(15.1)	(9.4)
Impairment of mining reserves and assets[1]	(81.6)	–
Acquisition & restructuring related costs[2]	(2.6)	(4.7)
Land regularisation fee[3]	(16.6)	–
Provision for contractor dispute[4]	(22.1)	–
Tuticorin plant compensation[5]		(18.4)
Project cost write off[6]	–	(9.4)
	(138.0)	**(41.9)**

1 Impairment for the year ended 31 March 2014 includes:
- US$47.5 million, impairment of mining reserve and land assets at Lisheen. This is as a result of fall in the forecasted LME prices of Zinc and Lead.
- US$11.0 million, impairment of mining assets of Jharsuguda Aluminium at Lanjigarh as the MOEF has rejected the Stage II forest clearance for the Niyamgiri mining project.
- US$23.1 million, impairment of COP F&D mining assets of KCM at Nchanga, Zambia as the mine has been put under maintenance following a dispute with the mining contractor.

2 Acquisition related costs include costs of Group simplification and restructuring and other acquisition related costs.

3 Payments made pursuant to amendment during the Year ended 31 March 2014 under the Land Revenue Code for regulating mining dumps at Goa.

4 Relates to a provision recognised following a dispute with a mining contractor at Copper Zambia.

5 The Supreme Court of India, had issued the final judgement dated 2 April 2013 on Sesa 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.

6 Write off of initial project cost at Copper Zambia, as the project was not deemed economically viable.

The tax effect of the special items during the year ended 31 March 2014 is US$29.4 million.

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6. Investment revenue

(US$ million)	Year ended 31 March 2014	Year ended 31 March 2013
Interest income on loans and receivables	31.3	29.7
Interest income on cash and bank balances	202.3	183.3
Change in fair value of financial assets held for trading	383.5	188.9
Profit on disposal of financial assets held for trading	65.1	115.5
Dividend income on financial assets held for trading	0.9	89.9
Profit on sale of available-for-sale investment	–	56.1
Foreign exchange gain/(loss) on cash and liquid investments	4.8	6.7
Capitalisation of interest income	(0.2)	(1.1)
	687.7	**669.0**

7. Finance costs

(US$ million)	Year ended 31 March 2014	Year ended 31 March 2013
Interest on loans, overdrafts and bonds	1,031.1	929.9
Coupon interest on convertible bonds (Note 27)	108.7	138.7
Accretive interest on convertible bonds (Note 27)	187.2	168.9
Other borrowing and finance costs	83.5	147.0
Total interest cost	**1,410.5**	**1,384.5**
Unwinding of discount on provisions (Note 29)	21.8	27.6
Net interest on defined benefit arrangements (Note 32)	6.8	6.1
Capitalisation of borrowing costs (Note 17)[1]	(83.4)	(228.3)
	1,355.7	**1,189.9**

1 All borrowing costs are capitalised using rates based on specific borrowings.

8. Other gains and (losses) (net)

(US$ million)	Year ended 31 March 2014	Year ended 31 March 2013
Foreign exchange gains and losses	(370.0)	(336.2)
Qualifying exchange losses capitalised (Note 17)	73.0	86.3
Change in fair value of financial liabilities measured at fair value	(1.1)	(5.3)
Change in fair value of embedded derivative on convertible bonds (Note 27)	4.7	24.7
Loss arising on qualifying hedges and non-qualifying hedges	(70.6)	(54.7)
	(364.0)	**(285.2)**

9. Profit for the year has been stated after charging/(crediting):

(US$ million)	Year ended 31 March 2014	Year ended 31 March 2013
Depreciation & amortisation	2,203.1	2,337.2
Costs of inventories recognised as an expense	4,014.2	4,364.7
Auditor's remuneration for audit services	2.4	2.9
Research and development	0.5	0.5
Loss/(profit) on disposal of property, plant and equipment	4.4	(11.6)
Provision for receivables	35.5	–
Impairment of mining reserves and assets	81.6	–
Staff costs	801.6	725.6
Net foreign exchange losses	320.2	262.0

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 2014	Year ended 31 March 2013
Fees payable to the Company's auditor for the audit of Vedanta Resources plc annual accounts	0.8	0.7
The audit of the Company's subsidiaries pursuant to legislation	1.6	2.2
Total audit fees	**2.4**	**2.9**
Fees payable to the Company's auditor and their associates for other services to the Group		
Other services pursuant to legislation[1]	1.3	1.3
Tax services[2]	0.5	0.4
Corporate finance services[3]	0.6	2.2
Other services[4]	0.4	0.3
Total non-audit fees	**2.8**	**4.2**
Total fees paid to the Company's auditor	**5.2**	**7.1**
Audit fees payable to other auditors of the Group's subsidiaries	0.5	0.5
Non-audit fees payable to other auditors of the Group's subsidiaries	0.1	0.1
Total fees paid to other auditors	**0.6**	**0.6**

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

11. Employee numbers and costs

Average number of persons employed by the Group in the year

Class of business	Year ended 31 March 2014	Year ended 31 March 2013
Zinc	7,681	8,056
– India	5,797	6,164
– International	1,884	1,892
Iron ore	3,708	4,376
Copper	9,142	9,891
– India/Australia	1,268	1,347
– Zambia	7,874	8,544
Aluminium	6,404	6,840
Power	349	358
Oil & gas	1,734	1,416
Other	136	134
	29,154	**31,071**

Costs incurred during the year in respect of employees and Executive Directors

(US$ million)	Year ended 31 March 2014	Year ended 31 March 2013
Salaries and wages	726.3	650.7
Defined contribution pension scheme costs (Note 32)	25.7	26.2
Defined benefit pension scheme costs (Note 32)	16.7	23.2
Share-based payments charge	32.9	25.5
	801.6	**725.6**

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12. Tax

(US$ million)	Year ended 31 March 2014	Year ended 31 March 2013
Current tax:		
UK Corporation tax	19.3	0.9
Foreign tax		
– India	494.4	855.3
– Australia	(0.8)	16.1
– Africa and Europe	37.7	39.3
– Other	3.7	6.6
	554.3	**918.2**
Deferred tax: (Note 30)		
Current year movement in deferred tax	(425.6)	(872.1)
	(425.6)	**(872.1)**
Total tax expense	**128.7**	**46.1**
Effective tax rate	**11.5%**	**2.7%**

Consequent to the effectiveness of the scheme of merger (Note 44), tax effects on current/deferred tax has been given effect to in the financial statements for the year ended 31 March 2014.

The deferred tax benefit recycled from equity to the income statement is US$0.3 million (2013: US$5.3 million). The tax rate has gone up during the year from 2.7% to 11.5% largely on account of a credit of US$290 million in Cairn India due to reorganisation in previous year. The impact of tax reversal of US$257 million during the year on account of the Sesa Sterlite merger was largely offset by creating deferred tax liability on fair values at Cairn India on account of increase in surcharge by 5% and certain one time provisions.

Deferred tax recognised in the income statement:

(US$ million)	Year ended 31 March 2014	Year ended 31 March 2013
Accelerated capital allowances	(463.1)	(307.1)
Unutilised tax losses	517.1	9.2
Other temporary differences	371.6	(574.2)
	425.6	**(872.1)**

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$6,662.7 million (2013: US$7,248.4 million).

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 2014 is as follows:

(US$ million)	Year ended 31 March 2014	Year ended 31 March 2013
Accounting profit before tax	**1,118.1**	**1,723.7**
At Indian statutory income tax rate of 33.99% (2013: 32.45%)	380.0	559.3
Unrecognised tax losses	110.6	270.9
Disallowable expenses/Dividend Distribution Tax/Other permanent differences	133.4	48.2
Non-taxable income	(63.0)	(106.9)
Impact relating to changes in tax rate	407.4	211.3
Tax holiday and similar exemptions	(642.0)	(959.9)
Minimum alternative tax	(31.3)	(0.8)
Adjustments in respect of previous years	9.5	24.0
Sesa Sterlite merger impact	(175.9)	–
At effective income tax rate of 11.5% (2013: 2.7 %)	**128.7**	**46.1**

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.

24,206,816 treasury shares are excluded from the total outstanding shares for the calculation of EPS.

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

(US$ million)	Year ended 31 March 2014	Year ended 31 March 2013
Net (loss)/profit attributable to equity holders of the parent	**(196.0)**	**162.0**

(US$ million except as stated)	Year ended 31 March 2014	Year ended 31 March 2013
Weighted average number of ordinary shares for basic earnings per share (million)	273.5	272.9
Effect of dilution:		
Share options	8.0	4.8
Adjusted weighted average number of ordinary shares for diluted earnings per share	**281.5**	**277.7**

Earnings per share based on (loss)/profit for the year

Basic earnings per share on (loss)/profit for the year

(US$ million except as stated)	Year ended 31 March 2014	Year ended 31 March 2013
(Loss)/profit for the year attributable to equity holders of the parent (US$ million)	(196.0)	162.0
Weighted average number of shares of the Company in issue (million)	273.5	272.9
Earnings per share on (loss)/profit for the year (US cents per share)	**(71.7)**	**59.4**

Diluted earnings per share on (loss)/profit for the year

(US$ million except as stated)	Year ended 31 March 2014	Year ended 31 March 2013
(Loss)/profit for the year attributable to equity holders of the parent (US$ million)	(196.0)	162.0
(Loss)/profit for the year after dilutive adjustment (US$ million)	**(196.0)**	**162.0**
Adjusted weighted average number of shares of the Company in issue (million)	273.5	277.7
Diluted earnings per share on (loss)/profit for the year (US cents per share)	**(71.7)**	**58.3**

The effect of 8 million (2013: 4.8 million) potential ordinary shares, which relate to share option awards under the LTIP scheme, on the attributable loss for the year is anti-dilutive and thus these shares are not considered in determining basic EPS. However the effect of these awards on underlying attributable earnings is dilutive and hence the potential ordinary shares are considered in determining underlying EPS below.

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

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

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 2014	Year ended 31 March 2013
(Loss)/profit for the year attributable to equity holders of the parent		(196.0)	162.0
Special items	5	138.0	41.9
Other losses/(gains)		364.0	285.2
Tax and non-controlling interest effect of special items and other losses/gains		(212.6)	(121.2)
Underlying attributable profit for the year		**93.4**	**367.9**

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13. Earnings per share continued

Basic earnings per share on underlying profit for the year (non-GAAP)

(US$ million except as stated)	Year ended 31 March 2014	Year ended 31 March 2013
Underlying profit for the year (US$ million)	93.4	367.9
Weighted average number of shares of the Company in issue (million)	273.5	272.9
Earnings per share on Underlying Profit for the year (US cents per share)	**34.2**	**134.8**

Diluted earnings per share on Underlying Profit for the year (non-GAAP)

(US$ million except as stated)	Year ended 31 March 2014	Year ended 31 March 2013
Underlying profit for the year (US$ million)	93.4	367.9
Adjusted weighted average number of shares of the Company (million)	281.5	277.7
Diluted earnings per share on Underlying Profit for the year (US cents per share)	**33.2**	**132.5**

14. Dividends

(US$ million)	Year ended 31 March 2014	Year ended 31 March 2013
Amounts recognised as distributions to equity holders:		
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
Interim dividend paid during the year: 22 US cents per share (2012–13: 21 US cents per share)	60.7	57.5
	162.5	**153.5**
Proposed for approval at AGM		
Equity dividends on ordinary shares:		
Final dividend for 2013–14: 39 US cents per share (2012–13: 37 US cents per share)	107.5	101.8

15. Goodwill

(US$ million)	Year ended 31 March 2014	Year ended 31 March 2013
Cost (gross carrying amount)	16.6	21.3
Accumulated impairment losses	–	(4.7)
Net carrying amount at 31 March	**16.6**	**16.6**

Goodwill is allocated for impairment testing purposes to the following Cash Generating Units ('CGU's'). The allocation of goodwill to CGU's is as follows:
- US$12.2 million Copper India.
- US$4.4 million Iron ore business.

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 2014. 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. Intangible assets

Intangible assets include port concession rights to operate a general cargo berth for handling coal at the outer harbour of the Visakhapatnam port on the east coast of India, rights to use treated water from sewage treatment plant at Zinc India operations and software licences.

(US$ million)	Port concession rights	Others	Total
Cost			
As at 1 April 2013	–	–	–
Addition	1.1	8.3	9.4
Transfer from tangible assets	98.1	8.0	106.1
Foreign exchange differences	0.7	(1.5)	(0.8)
As at 31 March 2014	**99.9**	**14.8**	**114.7**
Accumulated amortisations			
As at 1 April 2013	–	–	–
Charge for the year	3.5	3.0	6.5
Foreign exchange differences	–	(0.4)	(0.4)
As at 31 March 2014	**3.5**	**2.6**	**6.1**
Net book value			
As at 1 April 2013	–	–	–
As at 31 March 2014	**96.4**	**12.2**	**108.6**

Vizag General Cargo Berth Private Limited ('VGCB'), a special purpose vehicle, was incorporated for the coal berth mechanisation and upgrades at Visakhapatnam port. VGCB is owned by Sesa Sterlite and Leighton Welspun Contractors Private Limited in the ratio of 74 : 26. The project is to be carried out on a design, build, finance, operate, transfer basis and the concession agreement between Visakhapatnam Port and VGCB was signed in June 2010. In October 2010, VGCB was awarded with the concession after fulfilling conditions stipulated as a precedent to the concession agreement. Visakhapatnam Port has provided, in lieu of a licence fee, an exclusive licence to VGCB for designing, engineering, financing, constructing, equipping, operating, maintaining, and replacing the project/project facilities and services. The concession period is 30 years from the date of the award of the concession. The capacity of an upgraded berth would be 10.18mmtpa and that the Visakhapatnam Port would be entitled to receive a 38.10% share of the gross revenue as royalty. VGCB is entitled to recover a tariff from the user(s) of the project facilities and services as per its tariff notification. The tariff rates are linked to the Wholesale Price Index ('WPI') and would accordingly be adjusted as specified in the concession agreement every year. The ownership of all infrastructure assets, buildings, structures, berths, wharfs, equipment and other immovable and movable assets, constructed, installed, located, created or provided by VGCB at the project site and/or in the port's assets pursuant, to a concession agreement, would be with VGCB until expiry of this concession agreement. The cost of any repair, replacement or restoration of the project facilities and services shall be borne by VGCB during the concession period. VGCB has to transfer all its rights, titles and interest in the project facilities and services free of cost to Visakhapatnam Port at the end of the concession period

Revenue from construction contract of service concession arrangements on exchanging construction services for the port concession rights, recognised in the consolidated statements of income for the year ended 31 March 2014, is US$1.1 million (2013: US$65.3 million).

The intangible asset of right to use the sewage treatment plant is amortised over 25 years. Software licences are amortised over a period of three years.

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17. 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 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)	–	–	–	–
Additions due to prior period restatement (Note 40)	14.7	–	–	–	–	–	–	–	14.7
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 1 April 2013	**3,192.7**	**146.5**	**1,158.9**	**10,663.9**	**6,661.2**	**7,849.9**	**10,054.5**	**98.3**	**39,825.9**
Additions	49.9	15.7	133.0	272.6	581.0	387.1	253	53.0	1,745.3
Transfers	50.7	3.1	2.1	205.3	(270.8)	–	–	9.6	–
Transfers to intangible	–	–	–	(8.0)	(98.0)	–	–	–	(106.0)
Reclassification from accumulated depreciation	133.8	–	(2.4)	(202.6)	–	–	–	(1.1)	(72.3)
Impairment of assets	(66.6)	–	(4.0)	–	(11.0)	–	–	–	(81.6)
Unsuccessful exploration costs	–	–	–	–	–	–	(10.8)	–	(10.8)
Disposals	(7.4)	(0.7)	(12.6)	(251.4)	(2.7)	–	–	(0.9)	(275.7)
Foreign exchange differences	(245.3)	(4.1)	(104.7)	(745.3)	(613.2)	–	(22.9)	(4.3)	(1,739.8)
At 31 March 2014	**3,107.8**	**160.5**	**1,170.3**	**9,934.5**	**6,246.5**	**8,237.0**	**10,273.8**	**154.6**	**39,285.0**
Accumulated depreciation									
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	2,334.3
Disposals	–	–	0.3	(13.6)	–	–	–	–	(13.3)
Additions due to prior period restatement (Note 40)	2.7	–	–	–	–	–	–	–	2.7
Reclassification to cost	–	–	–	(0.9)	–	–	–	–	(0.9)
Foreign exchange differences	(73.8)	(0.4)	(12.4)	(117.9)	–	–	–	(1.5)	(206.0)
At 1 April 2013	**1,474.8**	**57.8**	**184.2**	**3,164.2**	**17.8**	**1,756.3**	**14.3**	**23.9**	**6,693.3**
Charge for the year	162.3	0.9	43.4	580.5	–	1,401.1	–	8.4	2,196.6
Disposal	(6.6)	–	(10.7)	(233.7)	–	–	–	(0.2)	(251.2)
Reclassification to cost	39.3	0.2	(6.3)	(107.3)	–	–	–	1.8	(72.3)
Foreign exchange differences	(106.8)	(0.7)	(15.7)	(199.8)	–	–	–	(1.9)	(324.9)
At 31 March 2014	**1,563.0**	**58.2**	**194.9**	**3,203.9**	**17.8**	**3,157.4**	**14.3**	**32.0**	**8,241.5**
Net book value									
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 1 April 2013	1,717.9	88.7	974.7	7,499.7	6,643.4	6,093.6	10,040.2	74.4	33,132.6
At 31 March 2014	**1,544.8**	**102.3**	**975.4**	**6,730.6**	**6,228.7**	**5,079.6**	**10,259.5**	**122.6**	**31,043.5**

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 2014, land with a carrying value of US$122.8 million (31 March 2013: US$102.3 million) was not depreciated. During the year ended 31 March 2014, interest and foreign exchange losses capitalised was US$156.4 million (31 March 2013: US$314.6 million).

2 Certain property, plant and equipment are pledged as collateral against borrowings, the details related to which have been described in Note 24 on Borrowings.

18. 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 2014	Year ended 31 March 2013
At 1 April	**20.6**	**209.6**
Disposal	(16.4)	(171.9)
Movements in fair value	–	(14.1)
Exchange difference	(2.5)	(3.0)
At 31 March	**1.7**	**20.6**

Analysis of financial asset investments

(US$ million)	Year ended 31 March 2014	Year ended 31 March 2013
Quoted	1.7	2.4
Unquoted	–	18.2

(US$ million)	Year ended 31 March 2014	Year ended 31 March 2013
Current	–	18.2
Non-current	1.7	2.4

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.

In April 2013, the Group disposed its investment in Andhra Pradesh Gas Power Corporation Limited ('APGPCL') for a consideration of US$18.1 million.

19. Other non-current assets

(US$ million)	As at 31 March 2014	As at 31 March 2013
Deposits, advances and other receivables due after one year	132.1	113.4
	132.1	**113.4**

20. Inventories

(US$ million)	As at 31 March 2014	As at 31 March 2013
Raw materials and consumables	952.9	1,288.4
Work-in-progress	557.7	459.6
Finished goods	231.9	217.6
	1,742.5	**1,965.6**

Inventories with a carrying amount of US$879.5 million (2013: US$1,119.4 million) have been pledged as security against certain bank borrowings of the Group. There were no material inventory write-offs during the period.

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21. Trade and other receivables

(US$ million)	As at 31 March 2014	As at 31 March 2013
Trade receivables	706.0	781.3
Amounts due from related parties (Note 38)	8.5	14.0
Prepayments	61.2	79.0
Deposits with governments	169.9	60.0
Other receivables	794.3	771.7
	1,739.9	**1,706.0**

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.

22. Liquid investments

(US$ million)	As at 31 March 2014	As at 31 March 2013
Bank deposits	2,655.3	2,980.9
Other investments	5,913.2	2,800.6
	8,568.5	**5,781.5**

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.

23. Cash and cash equivalents

(US$ million)	As at 31 March 2014	As at 31 March 2013
Cash at bank and in hand	202.8	199.6
Short-term deposits[1]	166.6	2,000.6
	369.4	**2,200.2**

1 Includes US$88.8 million (2013: US$87.2 million) of cash held in short-term deposit accounts that is restricted in use as it relates to unclaimed dividends, 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.

24. Borrowings

(US$ million)	As at 31 March 2014	As at 31 March 2013
Bank loans	10,916.2	11,192.0
Bonds	4,017.9	2,881.0
Other loans	15.6	85.3
Total	**14,949.7**	**14,158.3**
Borrowings are repayable as:		
Within one year (shown as current liabilities)	2,437.0	3,705.7
More than one year	12,512.7	10,452.6
Total	**14,949.7**	**14,158.3**

24. Borrowings continued

At 31 March 2014, the Group had available US$2,370.6 million (2013: US$3,353.0 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. The Group facilities are subject to certain financial and non-financial covenants. During the year ended 31 March 2014, the Group has complied with all the covenants attached to the borrowing facilities, except for certain facilities at BALCO and KCM, for these non-compliance the waiver letters have been received from the lender. 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 2014 were as follows:

BALCO

Non-convertible debentures ('NCDs')

BALCO issued NCDs of US$83.2 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 first instalment of NCD due for repayment was paid in November 2013. As at 31 March 2014, the amount outstanding is US$55.5 million repayable in equal annual instalments in November 2014 and November 2015.

During the year BALCO also issued NCDs of US$83.2 million to the Kotak Mahindra Bank, Axis Bank Limited and Wipro Limited at an interest rate of 8.58% per annum (Series – I) and 8.60% per annum (Series – II). The debentures are secured and have the first pari passu charge on the fixed assets of BALCO. The debentures are repayable in two equal instalments on November 2015 and May 2016.

Project buyers' credit

As at 31 March 2014, BALCO has extended credit terms relating to the purchase of property, plant and equipment of US$114.5 million (2013: US$215.2 million) at an average interest rate of US$LIBOR plus 174 basis points. Project buyers' credits have an average maturity of September 2014.

External commercial borrowings

BALCO has obtained an External Commercial Borrowing loan from the State Bank of India, London of US$200 million at an interest rate of six months US$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 the DBS Bank Singapore of US$24.8 million at an interest rate of six months US$LIBOR plus 345 basis points secured by first pari passu charges on all movable fixed assets including plant and machinery related 1,200MW power project and 3.25 LTPA Smelter projects both present and future along with secured lenders. First instalment due for repayment of US$8.3 million was paid in November 2013. The balance of two equal instalments are due for repayment in November 2014 and November 2015. As at 31 March 2014, the amount outstanding is US$16.5 million.

Commercial paper

During the year, BALCO has issued commercial paper to various asset management companies for the funding of project loan repayment and other payable. As at 31 March 2014, BALCO had an outstanding balance of US$186.4 million (2013: US$126.9 million) bearing a coupon rate of 10.08% per annum.

Sesa Sterlite Limited

Term loan

Jharsuguda Aluminium has obtained a US$1,599.6 million loan from the State Bank of India ('SBI') at a floating interest rate of SBI bank base rate plus 175 basis points, secured by a first priority charge by way of a pledge 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 Aluminium division for the project. During the current year, the amount drawn under this facility was US$233.0 million and US$788.7 million had been repaid as per the terms of the facility.

During the year, Jharsuguda Aluminium had also obtained a US$299.5 million loan from the Axis Bank at an interest rate of 10.50% per annum, secured by a first charge by way of a mortgage/pledge of movable/immovable all present and future fixed assets of Aluminium division for the project. The same is repayable from a period of February 2017 to February 2019.

During the year, Jharsuguda 2,400MW power plant obtained a US$165.6 million loan from the Axis Bank at an interest rate of 10.50% per annum. The loan is secured by way of a mortgage and charge on all the immovable properties, both present and future, of Jharsuguda 2,400MW power plant except for IPP Agricultural Land and a second charge by way of a pledge on all the movable fixed assets of the Power division. As at 31 March 2014, the amount outstanding is US$165.6 million. The same is repayable in September 2014.

During the year, Jharsuguda 2,400MW power plant has obtained a US$66.4 million loan from the Canara Bank at an interest rate of 11.20% per annum. The loan is secured by way of a mortgage and charge on all the immovable properties, both present and future, of Jharsuguda 2,400MW power plant except for IPP Agricultural Land and a second charge by way of a pledge on all the movable fixed assets of the Power division. As at 31 March 2014, the amount outstanding is US$66.4 million. The loan is repayable in 16 quarterly instalments from the end of the quarter starting after the moratorium period.

Short-term loans

Iron Ore 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 110 basis points. These loans were obtained to meet the working capital requirements of Iron Ore Sesa. As at 31 March 2014, the amount outstanding is US$48.5 million (2013: US$167.6 million).

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24. Borrowings continued

NCDs

Jharsuguda Aluminium has issued NCDs of US$66.6 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 building) of the issuer to the extent of 1.33 times the issued amount. Debentures are repayable in three equal annual instalments starting October 2013. First instalment due for repayment of US$22.2 million was paid in October 2013. The balance of two instalments are due for repayment in October 2014 and October 2015. As at 31 March 2014, the amount outstanding is US$44.4 million.

Sesa Sterlite Limited (erstwhile Sterlite Industries India Limited) Copper had issued NCDs in three trenches for US$83.2 million, US$199.7 million and US$416.0 million with an interest rate of 9.24%, 9.17% and 9.10% per annum respectively. Out of the total NCDs US$199.7 million are secured by way of a mortgage on the immovable property of Sesa Sterlite Limited situated at Sanaswadi in the state of Maharashtra and also by way of a pledge on the movable fixed assets of Aluminium division with a security cover of 1.25 times the face value of outstanding NCDs at all times during the tenure of NCDs. The balance NCDs of US$499 million are secured by way of a mortgage on the immovable property of Sesa Sterlite Limited situated at Sanaswadi in the state of Maharashtra and also by way of a pledge on the movable fixed assets of Jharsuguda's 2,400MW power plant with a security cover of 1.25 times the face value of outstanding NCDs at all time during the tenure of NCDs. Of the total outstanding NCDs, US$83.2 million is repayable in December 2022, US$416.0 million in April 2023 and US$199.7 million in July 2023. The NCDs have put and call options respectively at the end of five years from the respective date of allotment. As at 31 March 2014, the amount outstanding is US$698.8 million.

Sesa Sterlite Limited (erstwhile Sterlite Industries India Limited) had also issued NCDs in three tranches for US$83.2 per tranche with an interest rate of 9.24%, 9.40% and 9.40% per annum respectively. The NCDs are secured by way of a mortgage on the immovable property of Sesa Sterlite Limited situated at Sanaswadi in the state of Maharashtra and also by way of a pledge on the movable fixed assets of Jharsuguda's 2,400MW power plant with a security cover of 1.25 times the face value of outstanding NCDs at all times during the tenure of NCDs. Of the total outstanding NCDs, US$83.2 million is repayable in October 2022, US$83.2 million in November 2022 and US$83.2 million in December 2022. The NCDs have put and call options respectively at the end of five years from the respective date of allotment of the NCDs. As at 31 March 2014, the amount outstanding is US$249.6 million.

External commercial borrowing

Jharsuguda Aluminium has obtained an External Commercial Borrowing 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 Aluminium division, 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 2014, the amount outstanding is US$25.0 million (2013: US$70.0 million)

Jharsuguda Aluminium 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 Aluminium division. The repayment is to be made in three equal instalments starting from April 2015. As at 31 March 2014, the amount outstanding is US$500 million (2013: US$500 million).

During the year ended 31 March 2013, a part of the 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 points having a subservient charge on all present and future movable assets of Jharsuguda Aluminium. The entire loan is repayable in July 2015. As at 31 March 2014, the amount outstanding is US$44.5 million (2013: US$44.5 million).

Project buyers' credit

As at 31 March 2014, Jharsuguda Aluminium had extended credit terms relating to purchases of property, plant and equipment amounting to US$21.8 million (2013: US$156.3 million). These loans bear average interest at LIBOR plus 200 basis points. These are secured by all of the fixed assets of Jharsuguda Aluminium, 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 2014.

Commercial papers

During the year, Jharsuguda's 2,400MW Power Plant has issued commercial paper to various asset management companies for funding project payable. As at 31 March 2014, the outstanding balance was US$257.1 million (2013: US$9.0 million) and the bearing coupon rate of 10.26%.

During the year Iron Ore Sesa has issued commercial papers for periods ranging up to one year at interest rates ranging between 9.70% to 10.15%. The commercial paper is used to meet working capital requirements of the Iron Ore division and are repayable in the next financial year. As at 31 March 2014, the outstanding balance is US$280.2 million (2013: US$432.5 million).

Twin Star Mauritius Holdings Limited ('TMHL')

Term loan

In May 2013 the Group tied up a term loan facility of US$1,200 million borrowed by TMHL through a syndicate of banks with Standard Chartered Bank ('SCB') as facility agent to partly refinance US$2,664 million drawn to meet the funding requirements for the acquisition of a 28.5% stake in Cairn India Limited in December 2011. The facility bears an interest rate of LIBOR plus 275 basis points and is due for repayment in four equal annual instalments starting June 2015. The facility of US$2,664 million due for repayment is US$1,350.0 million in June 2013 and US$1,314.4 million in December 2014 was fully prepaid in June 2013.

24. Borrowings continued

Talwandi Sabo

NCDs

Talwandi Sabo has issued NCDs of US$250.0 million to the 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 Sesa Sterlite Limited. Debentures have a 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 2014, Talwandi Sabo has accessed buyers credit in respect of purchase of capital goods of US$481.0 million (2013: US$430.0 million) at an average rate of six months US$LIBOR plus 184 basis points. The average maturity of the project buyers' credit is August 2014.

VGCB

NCDs

During the year, VGCB has issued NCDs of US$49.9 million to IDFC Limited at a rate of 9% per annum to refinance the existing term loan from Axis Bank. The debentures are secured by 1.1 times the face value of outstanding debentures, by way of a charge on the fixed assets of VGCB at all times during the currency of the debentures. Debentures have tenure of three years with put and call options at the end of second year.

KCM

A term loan facility of US$700 million (2013: US$700 million) 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$400 million ('Facility B') drawn down on various dates with the last amount drawn in December 2012. The loan is secured against the fixed assets of KCM. Interest is payable quarterly at three months LIBOR plus 350 basis points for Facility A and three months US$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 repayment terms are being negotiated and the documentation is under progress. The principal outstanding under this loan as at 31 March 2014 is US$590.9 million (2013: US$672.7 million).

A general short-term banking facility incorporating multiple sub-facilities amounting to US$50 million (31 March 2013: US$50 million) was provided by Stanbic Bank. The facility was agreed upon on 1 June 2011. Interest is payable monthly at three months US$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 2014 under this facility is US$49.9 million (2013: US$21.5 million).

A general short-term banking facility incorporating multiple sub-facilities amounting to US$85 million (2013: US$85 million) was provided by Standard Chartered Bank Zambia. The facility was agreed upon on 26 May 2011. Interest is payable monthly at three months US$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 2014 under this facility is US$49.6 million (2013: US$49.6 million) and an Employee Liability Bond amounting to US$35 million (2013: 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. US$500 million bonds due in January 2014 were duly paid.

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 June 2013, the Company issued US$1,200 million, 6% bonds due January 2014 and US$500 million, 7.125% bonds due in May 2023.

All the above bonds are issued in the United States of America ('USA') pursuant to Rule 144A of the US Securities Act of 1933 ('Securities Act') and outside of the USA in compliance with Regulations 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.

Term loan

In December 2010, the Company obtained a loan from the ICICI Bank for US$180.0 million repayable US$90.0 million in December 2014 and the balance of US$90.0 million in December 2015 and bears an interest rate of three months GBP LIBOR plus 385 basis points.

In January 2011, the Company obtained a loan from the ICICI Bank for US$150.0 million repayable US$75.0 million in January 2016 and the balance of US$75 million in January 2017 and bears interest rate of three months US$LIBOR plus 389 basis points.

In July 2011, the Company obtained a loan from the ICICI Bank for US$500.0 million repayable US$250.0 million in January 2018 and the balance of US$250.0 million in July 2018 and bears an interest rate of three months US$LIBOR plus 390 basis points.

In March 2012, the Company obtained a loan of US$300.0 million with the Standard Chartered Bank. The loan bears an interest rate of LIBOR plus 415 basis points and is due for repayment in June 2015.

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24. Borrowings continued
In December 2012, the Company obtained a syndicated loan with the State Bank of India as an agent for US$595.0 million repayable in four equal instalments in February 2017, August 2017, July 2018 and January 2019. The loan bears an interest rate of three months US$LIBOR plus 440 basis points.

In March 2013, the Company entered into a three year facility agreement with the Deutsche Bank as an agent for an amount of US$185.0 million. The loan bears an interest rate of US$LIBOR plus 315 basis points.

In March 2013, the Company entered into two facility agreements with the ICICI bank for amounts of 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 of two instalments being 40% each). The US$180.0 million facility is repayable in three equal annual instalments beginning February 2017.

In April 2013, the Company entered into a US$150 million facility with the Bank of America Merrill Lynch out of which US$75 million was drawn and repaid in full during the year. An interest of US$LIBOR plus 315 basis points was payable on the loan.

In April 2013, the Company entered into a Standby Letter of Credit agreement arranged by the Axis Bank for an amount of US$150 million at a LC commission of 1% per annum payable quarterly. The facility is funded by the Bank of India to the extent of US$148.5 million and bears an interest rate at three months US$LIBOR plus 290 basis points. The facility is repayable is two equal annual instalments starting in April 2017.

In October 2013, the Company entered into a syndicated facility agreement with the Standard Chartered Bank as facility agent for borrowing up to US$500 million at an interest rate of US$LIBOR plus 357 basis points repayable to the extent of 50% in October 2017 and balance in January 2018.

In November 2013, the Company entered into a two-year Revolving Credit Facility arranged by The Royal Bank of Scotland and Standard Chartered Bank for borrowing up to US$100 million at an interest rate US$LIBOR plus 250 basis points. As at 31 March 2014, US$81 million has been drawn against this facility.

In December 2013, the Company entered into a facility agreement with the Bank of India for borrowing up to US$100 million at an interest rate of US$LIBOR plus 357 basis points repayable to the extent of 50% in October 2017 and balance in January 2018.

Non-equity non-controlling interests
As at 31 March 2014, 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.

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.

25. Movement in net debt[1]

				Debt due within one year	Debt due after one year		
(US$ million)	Cash and cash equivalents	Liquid investments	Total cash and liquid investments	Debt carrying value	Debt carrying value	Debt-related derivatives[2]	Total Net Debt
At 1 April 2012	**1,945.0**	**4,940.3**	**6,885.3**	**(4,151.6)**	**(12,803.8)**	**5.7**	**(10,064.4)**
Cash flow	74.8	941.7	1,016.5	(159.9)	44.5	–	901.1
Other non-cash changes[3]	–	158.7	158.7	(221.8)	339.7	(10.2)	266.4
Foreign exchange differences	180.4	(259.2)	(78.8)	133.2	226.9	–	281.3
At 1 April 2013	**2,200.2**	**5,781.5**	**7,981.7**	**(4,400.1)**	**(12,192.7)**	**(4.5)**	**(8,615.6)**
Cash flow	(1,701.7)	2,857.0	1,155.3	2,832.7	(3,130.7)	–	857.3
Other non-cash changes[3]	–	344.4	344.4	(2,942.3)	2,385.7	18.3	(193.9)
Foreign exchange differences	(129.1)	(414.4)	(543.5)	151.2	425.0	–	32.7
At 31 March 2014	**369.4**	**8,568.5**	**8,937.9**	**(4,358.5)**	**(12,512.7)**	**13.8**	**(7,919.5)**

1 Net (debt)/cash being total debt reduced by cash and cash equivalents and liquid investments, as carried at fair value under IAS 32 and 39.
2 Debt related derivatives exclude derivative financial assets and liabilities relating to commodity contracts and forward foreign currency contracts.
3 Other non-cash changes comprises of 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$344.4 million (2013: US$158.7 million) of fair value movement in investments.

26. Trade and other payables
(a) Current trade payables

(US$ million)	As at 31 March 2014	As at 31 March 2013
Trade payables	2,170.2	2,424.5
Bills of exchange payable	1,509.5	1,428.0
Accruals and deferred income	362.4	349.7
Other trade payables	647.9	361.5
	4,690.0	**4,563.7**

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

Interest bearing trade payables amount to US$1,615.2 million (2013: US$1,813.9 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 the trade and other payables are not materially different from the carrying values presented.

(b) Non-current trade payables

(US$ million)	As at 31 March 2014	As at 31 March 2013
Other trade payables	203.3	232.2
	203.3	**232.2**

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. The fair value of the non-current trade payables are not materially different from the carrying values presented.

27. Convertible bonds

(US$ million)	Year ended 31 March 2014	Year ended 31 March 2013
A. VRJL	1,177.1	1,056.0
B. VRJL II	65.7	753.6
C. FCCB – Sesa Sterlite	678.7	624.9
	1,921.5	**2,434.5**

A. Vedanta Resource Jersey Limited ('VRJL') 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. Conversion option exercised before 15 August 2012 were convertible at US$36.48 per share. Conversion options exercised on or after 15 August 2012 were convertible at US$35.58 per share.

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

During the year the Company received notice from bondholders amounting to US$1.7 million to exercise the option to convert the bonds into equity shares of Vedanta Resources plc in accordance with the provisions of the Offer circular dated 9 July 2009. During the year ended 31 March 2014 US$1.7 million of bonds were converted into 48,850 equity shares of Vedanta Resources plc.

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 2014	Year ended 31 March 2013
Opening liability	**1,056.0**	**1,009.7**
Effective interest cost	191.0	115.2
Conversion of Convertible bonds	(1.2)	–
Coupon interest paid/accrued	(68.7)	(68.9)
Closing liability	**1,177.1**	**1,056.0**

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27. Convertible bonds continued

The US$1,250 million convertible bond has a put option exercised by bond holders in July 2014. Management has assessed the possibility of bondholders exercising the put option as likely and accordingly the bond is now being amortised to July 2014 resulting in an additional US$70 million interest expense being recognised in respect of accumulated amortisation in the current year.

The interest charged for the year is calculated by applying an effective interest rate of 17.3% (March 2013: 11.2%).

The fair value of the convertible bond as at 31 March 2014 is US$1,241.7 million (31 March 2013: US$1,194.1 million).

B. Vedanta Resource Jersey II Limited ('VRJL – II') issued 4.0% US$883 million guaranteed convertible bonds on 30 March 2010. The bonds 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 option 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 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.

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 in the previous year to reflect the revised amortised value of the bond liability.

At the inception, the net proceeds of the convertible issue was 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 was not recorded within equity due to the existence of partial cash settlement terms within the bond which prevent the adoption of compound financial instrument accounting.

(US$ million)	Year ended 31 March 2014	Year ended 31 March 2013
Opening liability	**753.6**	**681.6**
Effective interest cost	11.9	107.3
Repayment of bond	(694.3)	–
Coupon interest paid/accrued	(5.5)	(35.3)
Closing liability	**65.7**	**753.6**

The interest charged for the year is calculated by applying an effective interest rate of 15% (2013: 15%).

The fair value of the convertible bond as at 31 March 2014 was US$72.5 million (31 March 2013: US$880.2 million).

C. Sesa Sterlite Limited 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 Sesa Sterlite Limited. 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. Pursuant to the effectiveness of Group simplification scheme in August 2014 (Note 44) conversion rate has changed to 25.7213 ADS every US$1,000 principal amount of notes which is equal to a conversion price of approximately US$38.88 per ADS. Sesa Sterlite has the option (subject to the terms of the bond) to redeem the convertible bond at any time after 4 November 2012.

Sesa Sterlite Limited had also 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 Sterlite Limited. 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 Sterlite has the option (subject to certain conditions) to redeem the convertible bond at any time after 30 October 2012. As at 31 March 2014, the outstanding closing balance is US$216.8 million (2013: US$216.8 million).

As the functional currency of Sesa Sterlite Limited 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 its 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).

27. Convertible bonds continued

The following table shows the movements in the Sesa Sterlite Limited bonds during the year on an aggregated basis:

(US$ million)	Year ended 31 March 2014	Year ended 31 March 2013
Opening liability	**624.9**	**599.0**
Effective interest cost	92.9	85.0
Coupon interest paid	(34.4)	(34.4)
Decrease in fair value of derivative component	(4.7)	(24.7)
Closing liability (including derivative component of US$nil, March 2013: US$4.7 million)	**678.7**	**624.9**

The interest charged for the year is calculated by applying an effective interest rate of 12.7% (March 2013: 12.7%) for 4% US$500 million convertible notes and 19.4% (March 2013: 19.4%) for 5% US$500 million convertible notes.

The fair value of the convertible bonds as at 31 March 2014 was US$721.3 million (31 March 2013: US$708.8 million).

28. 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 2014[1]	As at 31 March 2013
Financial assets		
At fair value through profit or loss		
– Held for trading	8,568.5	5,781.5
– Financial instruments (derivatives)	70.2	31.1
Cash and cash equivalents	369.4	2,200.2
Loan and receivables		
– Trade and other receivables	1,278.1	1,706.0
– Other non-current assets	132.1	113.4
Available-for-sale investments		
– Financial asset investments held at fair value	1.7	2.4
– Financial asset investments held at cost	–	18.2
Total	**10,420.0**	**9,852.8**
Financial liabilities		
At fair value through profit or loss		
– Financial instruments (derivatives)	–	(72.5)
Designated into fair value hedge	(146.1)	–
– Borrowings[2]	–	(4.7)
Financial liabilities at amortised cost	–	–
– Trade and other payables	(4,772.6)	(4,795.9)
– Borrowings[3]	(16,871.2)	(16,588.1)
Total	**(21,789.9)**	**(21,461.2)**

1 Non-financial assets and liabilities have been excluded from the above disclosure from 2013–14.
2 Includes embedded derivative liability portion of convertible bonds US$nil million (2013: US$4.7 million).
3 Includes amortised cost liability portion of convertible bonds US$1,921.5 million (2013: US$2,429.8 million).

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

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

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

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

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28. Financial instruments continued

Adoption of IFRS 13: Fair Value Measurement, has resulted in some minor changes to the method of valuation of financial derivatives instruments during the period. The credit risk arising from the non-performance by counterparties i.e. credit value adjustment ('CVA') and debit value adjustment ('DVA') of their contractual financial obligations have been adjusted in fair value of financial derivatives The net impact of CVA/DVA adjustment has resulted in a gain of US$1.4 million during the year ended 31 March 2014. Changes in the fair value of the financial derivative instruments attributable to the change in the credit risk, resulted in a decrease in the fair value of such instruments US$1.7 million during the year ended 31 March 2014.

The below table summarises the categories of financial assets and liabilities measured at fair value:

(US$ million)	As at 31 March 2014	
	Level 1	Level 2
Financial assets		
At fair value through profit or loss		
– Held for trading	8,568.5	–
– Financial instruments (derivatives)	–	70.2
Available-for-sale investments		
– Financial asset investments held at fair value	1.7	–
Total	**8,570.2**	**70.2**
Financial liabilities		
At fair value through profit or loss		
– Financial instruments (derivatives)	–	(146.1)
Total	**–**	**(146.1)**

	As at 31 March 2013	
	Level 1	Level 2
Financial assets		
At fair value through profit or loss		
– Held for trading	5,781.5	–
– Financial instruments (derivatives)	–	31.1
Available-for-sale investments		
– Financial asset investments held at fair value	2.4	–
Total	**5,783.9**	**31.1**
Financial liabilities		
At fair value through profit or loss		
– Financial instruments (derivatives)	–	(72.5)
Designated into fair value hedge		
– Borrowings	–	(4.7)
Total	**–**	**(77.2)**

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$16,973.8 million (2013: US$16,420.2 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 financials assets the carrying value is considered to approximate fair value.

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

The 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 33).

28. Financial instruments continued

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 fund raising including strategic treasury initiatives are handled by a central team while short-term funding for routine working capital requirements is delegated to subsidiary companies. A monthly reporting system exists to inform senior management of investments, debt, currency, commodity and interest rate derivatives. The Group has a strong system of internal control which enables effective monitoring of adherence to Group policies. The internal control measures are supplemented by regular internal audits.

The investment portfolio at our Indian entities is independently reviewed by CRISIL Limited and our portfolio has been rated as 'Very Good'.

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.

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. KCM also does hedging for its custom smelting operations, where back to back hedging is used to mitigate pricing risks.

For the mining assets in Australia and Zambia, part of the production may be hedged to secure cash flows on a selective basis.

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28. Financial instruments continued

Aluminium
The requirement of the primary raw material, alumina, is partly met from own sources and the rest is purchased primarily on negotiated price terms. Sales prices are linked to the LME prices. At present the Group on selective basis hedges the aluminium content in outsourced alumina to protect its margins.

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

Zinc and lead
The sales prices are linked to the LME prices. The Group 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 of Indian operations 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 2014, the value of net financial liabilities linked to commodities (excluding derivatives) accounted for on provisional prices was a liability of US$454.1 million (2013: liability of US$702.4 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 2014.

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 2014:

(US$ million except as stated)	Closing LME as at 31 March 2014 US$	Effect on profit of a 10% increase in the LME 31 March 2014 (US$ million)	Effect on total equity of a 10% increase in the LME 31 March 2014 (US$ million)
Commodity price sensitivity			
Copper	6,636	5.3	5.3
Zinc	1,981	1.2	1.2
Lead	2,041	0.5	0.5

(US$ million except as stated)	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)
Commodity price sensitivity			
Copper	7,583	5.5	5.5
Zinc	1,871	11.3	11.3
Lead	2,094	–	–

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 purchased at Sterlite Copper's custom smelting operations is US$54.2 million (2013: US$65.1 million), which is a pass through in nature and as such will not have any impact on the profitability.

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

(a) Liquidity
The Group requires funds both for short-term operational needs as well as for long-term investment programmes mainly in growth projects. The Group generates sufficient cash flows from the current operations which together with the available cash and cash equivalents and liquid financial asset investments provide liquidity both in the short-term as well as in the long-term. Anticipated future cash flows, together with undrawn committed facilities of US$1,526.2 million, and cash and liquid investments of US$8,937.9 million as at 31 March 2014, are expected to be sufficient to meet the ongoing capital investment programme and liquidity requirement of the Group in the near future.

28. Financial instruments continued

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 (2013: 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 33 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 2014

(US$ million) Payment due by period[1]	<1 year	1–2 years	2–5 years	>5 years	Total
Trade and other payables	4,644.9	163.1	–	–	4,808.0
Bank and other borrowings	3,521.0	2,292.6	10,113.1	2,972.5	18,899.2
Convertible bonds	2,060.3	–	–	–	2,060.3
Derivative liabilities	118.7	–	27.3	–	146.1
Total	**10,344.9**	**2,455.7**	**10,140.5**	**2,972.5**	**25,913.6**

1 Including interest payable.

At 31 March 2013

(US$ million) 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 2014, the Group had access to funding facilities of US$19,241.8 million of which US$2,370.6 million was not yet drawn, as set out below.

(US$ million) Funding facilities	Total facility	Drawn	Undrawn
Less than 1 year	6,640.7	4,358.5	2,282.2
1–2 years	1,487.7	1,487.7	–
2–5 years and above	11,113.4	11,025.0	88.4
Total	**19,241.8**	**16,871.2**	**2,370.6**

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**

(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. However all new long-term borrowing exposures are being hedged. Vedanta has hedged some of its non-US dollar borrowings into US dollar borrowings by entering into cross-currency swaps.

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28. Financial instruments continued

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

(US$ million)	At 31 March 2014		At 31 March 2013	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
US$	2,517.9	15,716.0	2,009.8	14,971.3
INR	7,697.2	5,597.3	7,670.4	5,917.5
Kwacha	–	128.1	–	390.9
JPY	–	0.2	0.2	12.2
AUD	5.3	13.2	7.1	21.6
CAD	0.1	–	0.2	–
EURO	105.6	56.4	103.4	86.6
ZAR	28.7	26.5	41.5	23.3
NAD	30.5	6.1	19.3	22.0
Others	34.7	246.1	0.7	15.8
Total	**10,419.9**	**21,789.9**	**9,852.8**	**21,461.2**

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 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 2014		
	Closing exchange rate	Effect of 10% strengthening of US dollar on net earning	Effect of 10% strengthening of US dollar on total equity
INR	60.0998	(406.5)	(367.0)
Australian dollar	1.0787	(0.2)	(0.2)
Euro	0.7278	8.3	19.6
Kwacha	6.2514	(11.6)	(11.6)

(US$ million)	31 March 2013		
	Closing exchange rate	Effect of 10% strengthening of US dollar on net earnings	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

The sensitivities are based on financial assets and liabilities held at 31 March 2014 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 2014, the Group's net debt of US$7,919.5 million (2013: US$8,615.6 million net debt) comprises cash, cash equivalents and liquid investments of US$8,937.9 million (2013: US$7,981.7 million) offset by debt of US$16,871.2 million (2013: US$16,592.8 million) and debt derivative asset of US$13.8 million (2013: Liability of US$4.5 million).

The Group is exposed to interest rate risk on short-term and long-term floating rate instruments and on the refinancing of fixed rate debt. The Group's policy is to maintain a balance of fixed and floating interest rate borrowings and the proportion of fixed and floating rate debt is determined by current market interest rates. As at 31 March 2014, 48.7% (2013: 42.6%) 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. Additionally, the investments portfolio at our Indian entities is independently reviewed by CRISIL Limited, and our investment portfolio has been rated as 'Very Good'.

28. Financial instruments continued

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

(US$ million)	At 31 March 2014 Floating rate financial assets	Fixed rate financial assets	Equity investments	Non-interest bearing financial assets	At 31 March 2013 Floating rate financial assets	Fixed rate financial assets	Equity investments	Non-interest bearing financial assets
Financial assets	5,784.9	3,259.7	1.7	1,303.5	4,285.6	3,854.4	20.8	1,661.3
Derivative assets	–	–	–	70.2	–	–	–	31.1
Total financial assets	**5,784.9**	**3,259.7**	**1.7**	**1,373.7**	**4,285.6**	**3,854.4**	**20.8**	**1,692.4**

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

(US$ million)	At 31 March 2014 Floating rate financial liabilities	Fixed rate financial liabilities	Non-interest bearing financial liabilities	At 31 March 2013 Floating rate financial liabilities	Fixed rate financial liabilities	Non-interest bearing financial liabilities
Financial liabilities	8,996.0	9,478.4	3,169.4	9,633.4	8,756.7	2,998.2
Derivative liabilities	–	–	146.1	–	–	72.6
Total financial liabilities	**8,996.0**	**9,478.4**	**3,315.5**	**9,633.4**	**8,756.7**	**3,070.8**

The weighted average interest rate on the fixed rate financial liabilities is 8.0% (2013: 7.6%) and the weighted average period for which the rate is fixed is 4.5 years (2013: 3.06 years).

Considering the net debt position as at 31 March 2014 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 2014

(US$ million) Change in interest rates	Effect on profit for the year	Effect on total equity
0.5%	41.5	41.5
1.0%	83.1	83.1
2.0%	166.1	166.1

At 31 March 2013

(US$ million) Change in interest rates	Effect on profit for the year	Effect on total equity
0.5%	47.7	47.7
1.0%	95.4	95.4
2.0%	190.7	190.7

(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. Other than the exception of a single customer in our oil & gas business, 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 2014 and no 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. The history of trade receivables shows a negligible provision for bad and doubtful debts. Therefore, the Group does not expect any material risk on account of non-performance by any of our counterparties.

The Group's maximum gross exposure to credit risk at 31 March 2014 is US$10,420.0 million (2013: US$9,852.8 million).

Notes to the Financial Statements
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28. Financial instruments continued

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 2014:

(US$ million)	2014	2013
Less than 1 month	44.7	26.9
Between 1–3 months	79.8	32.3
Between 3–12 months	23.0	31.1
Greater than 12 months	96.6	38.7
Total	**244.1**	**129.0**

Derivative financial instruments

The fair value of all derivatives is separately recorded on the balance sheet within other financial assets (derivatives) and other financial liabilities (derivatives), current and non-current. In addition, the derivative component of certain convertible bonds is shown as part of the overall convertible bond liability (Note 27). Derivatives that are designated as hedges are classified as current or non-current depending on the maturity of the derivative.

Embedded derivatives

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

Cash flow hedges

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

The fair value of the Group's open derivative positions at 31 March 2014, recorded within financial instruments (derivative) is as follows:

	As at 31 March 2014		As at 31 March 2013	
(US$ million)	Liability	Asset	Liability	Asset
Current				
Cash flow hedges				
– Commodity contracts	(0.3)	0.7	–	16.4
– Forward foreign currency contracts	(5.1)	0.1	(1.0)	–
Fair value hedges				
– Commodity contracts	(0.1)	0.6	(0.8)	–
– Forward foreign currency contracts	(84.1)	14.5	(19.4)	2.6
Non-qualifying hedges				
– Commodity contracts	(1.1)	5.5	(0.6)	0.1
– Forward foreign currency contracts	(26.6)	0.6	(7.4)	–
– Interest Rate Swap	(1.4)	–	–	–
– Other (Foreign currency swap)	–	–	(12.0)	12.0
Hedge of net investment in foreign operations	–	32.0	(3.3)	–
Total	**(118.7)**	**54.0**	**(44.5)**	**31.1**
Non-current				
Cash Flow hedges				
– Commodity contracts	–	2.0	–	–
Fair Value Hedges				
– Forward foreign currency contracts	(0.1)	–	–	–
– Cross currency swap	–	14.2	–	–
Non-qualifying hedges				
– Interest rate swap	(27.3)	–	(23.6)	–
– Others (Foreign Currency Swap)	–	–	(4.4)	–
Total	**(27.4)**	**16.2**	**(28.0)**	**–**
Grand Total	**(146.1)**	**70.2**	**(72.5)**	**31.1**

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

The cash flows related to majority of cash flow hedges above are expected to occur during the year ended 31 March 2015 and consequently may impact the income statements for that year depending upon the change in the commodity prices and foreign exchange rate movements.

28. Financial instruments continued

Non-qualifying hedges

The majority of these derivatives comprise interest rate swaps and foreign currency forward contracts which are economic hedges but which do not fulfil the requirements for hedge accounting of IAS 39 Financial Instruments: Recognition and Measurement 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 2012	**(55.6)**	**(15.1)**	**(70.7)**
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	**3.6**
At 1 April 2013	**(22.2)**	**(17.4)**	**(39.6)**
Amount recognised directly in equity	(30.3)	(20.9)	(51.2)
Amount transferred to income statement	(0.4)	(0.2)	(0.6)
Exchange difference	2.5	1.3	3.8
At 31 March 2014	**(50.4)**	**(37.2)**	**(87.6)**

29. Provisions

(US$ million)	Restoration, rehabilitation and environmental	KCM Copper Price Participation	Other	Total
At 1 April 2012	**274.0**	**98.0**	**33.1**	**405.1**
Charged to income statement	26.8	–	3.3	30.1
Unwinding of discount	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 1 April 2013	**303.6**	**100.1**	**27.3**	**431.0**
(Released)/Charged to income statement	(7.1)	(8.5)	6.2	(9.4)
Unwinding of discount (Note 7)	17.1	4.7	–	21.8
Cash paid	(3.6)	(6.9)	(3.3)	(13.8)
Exchange differences	(3.5)	(0.1)	(1.3)	(4.9)
At 31 March 2014	**306.5**	**89.3**	**28.9**	**424.7**
Current 2014	5.7	70.0	13.0	88.7
Non-current 2014	300.8	19.3	15.9	336.0
	306.5	**89.3**	**28.9**	**424.7**
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**

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 2% to 9%, become payable on closure of mines and are expected to be incurred over a period of one to 15 years. Within India, the principal restoration and rehabilitation provisions are recorded within Cairn India where a legal obligation exists relating to the oil & 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.

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29. Provisions continued

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 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.

KCM and ZCCM agreed for final settlement of Copper Price Participation liability. The total amount that to be paid was 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 2014, one instalment of US$6.9 million is paid. Total liability that remains outstanding is US$97.8 million as at 31 March 2014. The provision recognised has been discounted at 7.5% to take into account the expected timings of the various payments and recognised as a liability at US$89.3 million as at 31 March 2014.

Other

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

30. 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 and Sesa Sterlite Limited (post the reorganisation).

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 2014	As at 31 March 2013
Accelerated capital allowances	6,185.0	5,711.8
Unutilised tax losses	(901.7)	(381.2)
Other temporary differences	(1,546.9)	(1,181.1)
	3,736.4	**4,149.5**
Recognised as:		
Deferred tax liability provided	4,960.1	4,996.6
Deferred tax asset recognised	(1,223.7)	(847.1)
	3,736.4	**4,149.5**

Unrecognised deferred tax assets

(US$ million)	As at 31 March 2014	As at 31 March 2013
On Unutilised tax losses and unabsorbed depreciation	**(372.7)**	**(533.1)**

The above relates to the tax effect on US$750.9 million (2013: US$627.1 million) of unutilised tax losses of the Company and VRHL which have no expiry period, US$642 million untilised tax losses of Twin Star Mauritius Holdings Limited which is subject of Mauritius tax regime and can be carried forward for a period of five years and US$371.3 million of unutilised tax losses and capital allowances for Malco Energy Limited ('MEL') which is 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 the foreseeable future.

Deferred tax asset

(US$ million)	As at 31 March 2014	As at 31 March 2013
At 1 April	**847.1**	**402.8**
Credited to income statement	459.3	474.5
Charged directly to equity	(3.3)	(0.5)
Acquisitions	–	–
Foreign exchange differences	(79.4)	(29.7)
At 31 March	**1,223.7**	**847.1**

30. Deferred tax continued

The Group has US$1,135.1 million of unutilised tax losses at KCM (2013: US$1,263.4 million) which expire in the period 2014 to 2022. The Group has US$1,634.2 million of unutilised tax losses at SSL which is 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.

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 2014	As at 31 March 2013
At 1 April	**4,996.6**	**5,460.2**
Charged/(credited) to income statement	33.7	(403.5)
Charged directly to equity	2.4	4.8
Foreign exchange differences	(72.6)	(68.1)
Prior year adjustments	–	3.2
At 31 March	**4,960.1**	**4,996.6**

31. 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') and Employee Share Ownership Plan (the 'ESOP')

The LTIP and ESOP 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 Mr Navin Agarwal and Mr MS Mehta, salary means the aggregate of their salary payable by Vedanta and their CTC payable by Sesa Sterlite Limited. Mr MS Mehta superannuated on 31 March 2014. The maximum value of shares that can be awarded to members of the wider management group is calculated by reference to the grade average CTC and individual grade of the employee. The performance condition attaching to outstanding awards is as follows:

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

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 award and three years for all other awards, with no retesting being allowed.

Notes to the Financial Statements
continued

31. Share-based payments continued

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

The exercise period is six months from the date of vesting. 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 2013	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 2014
2010	1 January 2013–1 July 2013	10	2,000	–	–	–	(2000)	–
2010	1 October 2013–1 April 2014	10	6,700	–	–	(4,020)	(2,680)	–
2011	1 January 2014 –1 July 2014	10	2,700	–	–	–	–	2,700
2011	1 April 2014–1 October 2014	10	72,950	–	(5,450)	–	–	67,500
2011	1 July 2014–1 January 2015	10	19,000	–	(2,500)	–	–	16,500
2011	1 August 2014–1 February 2015	10	2,394,350	–	(208,800)	–	–	2,185,550
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	1,01,750	–	(3,400)	(550)	–	97,800
2012	24 September 2013–24 March 2016	10	4,538,650	–	(393,350)	(1,398,186)	(366,366)	2,380,748
2012	1 October 2012–1 April 2016	10	3,500	–	(3,500)	–	–	–
2013	16 May 2014–16 October 2016	10	–	3,963,750	(209,200)	–	–	3,754,550
			7,153,600	**3,963,750**	**(826,200)**	**(1,402,756)**	**(371,046)**	**8,517,348**

Year of grant	Exercise date	Exercise price US cents per share	Options outstanding 1 April 2013	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 2014
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**

In the year ended 31 March 2014, 2,228,956 options lapsed in total and 371,406 options vested. As at 31 March 2014, 8,517,348 options remained outstanding and 345,230 options were exercisable at the year end. The weighted average share price for the share options exercised during the year was £8.5.

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.

31. Share-based payments continued

The assumptions used in the calculations of the charge in respect of the LTIP awards granted during the year are set out below:

	ESOP May 2013
Date of grant	16 May 2013
Number of instruments	3,824,050
Exercise price	US$0.10
Share price at the date of grant	GBP12.72
Contractual life	1 year/2 years/3 years
Expected volatility	36.6%/51.0%/48.0%
Expected option life	1.5 years/2.5 years/3.5 years
Expected dividends	2.98%
Risk free interest rate	0.31%
Expected annual forfeitures	10% p.a
Fair value per option granted	GBP8.2/GBP7.9/GBP7.6/GBP12.2/GBP11.9/GBP11.6

The Group recognised total expenses of US$32.8 million and US$25.5 million related to equity settled share-based payment transactions in the year ended 31 March 2014 and 31 March 2013 respectively.

32. 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 the Iron Ore Segment) of the salary of the employee.

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

Superannuation

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

Pension Fund

The Pension Fund was established in 1995 and is managed by the Government of India. The employee makes no contribution to this fund but the employer makes a contribution of 8.33% of salary each month subject to a specified ceiling per employee. This must be provided for every permanent employee on the payroll.

At the age of superannuation, contributions cease and the individual receives a monthly payment based on the level of contributions through the years, and on their salary scale at the time they retire, subject to a maximum ceiling of salary level. The Government funds these payments, thus the Group has no additional liability beyond the contributions that it makes, regardless of whether the central fund is in surplus or deficit.

Australian Pension Scheme

The Group also operates defined contribution pension schemes in Australia. The contribution of a proportion of an employee's salary into a superannuation fund is a compulsory legal requirement in Australia. The employer contributes 9.25% of the employee's gross remuneration where the employee is covered by the industrial agreement and 12.25% 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 and the member makes monthly contributions.

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

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

Skorpion Zinc Provident Fund, Namibia
The Skorpion Zinc Provident Fund is a defined contribution fund and is compulsory to all full time employees under the age of 60. Company contribution to the fund is a fixed percentage of 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 809.

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 pays 5% with the option to make Additional Voluntary Contributions ('AVC's') if desired. Executive contributions are 15% by Lisheen and a minimum of 5% by the employee with the option to make AVC's if desired. Death benefit is three times salary for employees and four times salary for executives. Pension and Life Cover ceases at 65.

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

(b) Defined benefit schemes
India
The Gratuity schemes are defined benefit schemes which are open to all Group employees in India who have a minimum of five years of service with their employing company. These schemes are funded 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 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.

Sesa Sterlite
The Iron ore, Aluminium and copper division of Sesa Sterlite contribute to the LIC Fund based on an actuarial valuation every year. Sesa Sterlite's Gratuity scheme is accounted for on a defined benefit basis. The latest actuarial valuation was performed as at 31 March 2014 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 2014. A provision is recognised based on the latest actuarial valuation which was performed as at 31 March 2014 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 2014 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 2014 using the projected unit actuarial method.

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 2014 using the projected unit actuarial method. At that date the fund was in deficit.

32. Retirement benefits continued

Zambia

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

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

As at 31 March 2014, membership of pension schemes across SSL, BALCO, HZL, MEL, TSPL, KCM and Cairn stood at 25,286 employees (31 March 2013: 26,690). The deficits, principal actuarial assumptions and other aspects of these schemes are disclosed in further detail in notes (d) and (e) below.

(c) Pension scheme costs

Contributions of US$62.9 million and US$nil in respect of defined benefit schemes were outstanding and prepaid respectively as at 31 March 2014 (2013: US$67.0 million and US$nil respectively).

Contributions to all pension schemes in the year ending 31 March 2015 are expected to be around US$6.7 million.

(US$ million)	Year ended 31 March 2014	Year ended 31 March 2013
Defined contribution pension schemes	25.7	26.2
Defined benefit pension schemes	16.7	15.7
Total expense	**42.4**	**41.9**

(d) Principal actuarial assumptions.

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

	MEL		BALCO		Sterlite Copper[1]		HZL		KCM		Jharsuguda Aluminium[1]		Iron ore Sesa[1]		Cairn	
Particulars	**March 2014**	March 2013	**March 2014**	March 2013	**March 2014**	March 2013	**March 2014**	March 2013	**March 2014**	March 2013	**March 2014**	March 2013	**March 2014**	March 2013	**March 2014**	March 2013
Discount rate	9.0%	8.0%	9.0%	8.0%	9.0%	8.0%	9.0%	8.0%	17.9%	16.6%	9.0%	8.0%	9.0%	8.0%	9.0%	8.0%
Salary increases	5.0%	5.0%	3.0% –5.0%	3.0% –5.0%	6.0%	5.5%	5.5%	5.5%	5.0%	5.0%	6.0%	5.5%	7.0%	5.0% –7.5%	12.0%	12.0%
Number of employees	76	75	3,578	3,787	1,131	1,277	5,532	5,876	7,230	7,837	2,765	2,800	3,119	3,505	1,614	1,277

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

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

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

(e) Balance sheet recognition

At 31 March 2014

(US$ million)	MEL	BALCO	Sterlite Copper[1]	HZL	KCM	Jharsuguda Aluminium[1]	Iron ore Sesa[1]	Cairn	Total
Fair value of pension scheme assets	0.2	–	3.2	27.9	–	1.4	8.2	4.9	45.8
Present value of pension scheme liabilities	(0.2)	(21.2)	(3.4)	(29.4)	(35.5)	(1.7)	(9.8)	(7.5)	(108.7)
Deficit in pension scheme recognised in balance sheet	–	(21.2)	(0.2)	(1.5)	(35.5)	(0.3)	(1.6)	(2.6)	(62.9)
Deferred tax	–	7.2	0.1	0.5	10.6	0.1	0.6	0.9	20.0
Net pension liability	**–**	**(14.0)**	**(0.1)**	**(1.0)**	**(24.9)**	**(0.2)**	**(1.0)**	**(1.7)**	**(42.9)**

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32. Retirement benefits continued

At 31 March 2013

(US$ million)	MEL	BALCO	Sterlite Copper[1]	HZL	KCM	Jharsuguda Aluminium[1]	Iron ore Sesa[1]	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)**

(f) Amounts recognised in income statement in respect of defined benefit pension schemes:

At 31 March 2014

(US$ million)	MEL	BALCO	Sterlite Copper[1]	HZL	KCM	Jharsuguda Aluminium[1]	Iron ore Sesa[1]	Cairn	Total
Current service cost	–	0.7	0.3	1.3	5.6	0.2	0.6	1.2	9.9
Net Interest cost	–	1.5	0.1	0.3	4.5	0.1	0.1	0.2	6.8
Total charge to income statement	**–**	**2.2**	**0.4**	**1.6**	**10.1**	**0.3**	**0.7**	**1.4**	**16.7**

At 31 March 2013

(US$ million)	MEL	BALCO	Sterlite Copper[1]	HZL	KCM	Jharsuguda Aluminium[1]	Iron ore Sesa[1]	Cairn	Total
Current service cost	–	0.7	0.4	1.5	5.1	0.2	0.6	1.1	9.6
Net Interest cost	–	1.4	0.1	0.2	3.6	–	0.7	0.1	6.1
Total charge to income statement	**–**	**2.1**	**0.5**	**1.7**	**8.7**	**0.2**	**1.3**	**1.2**	**15.7**

(g) Amounts recognised in the Statement of Comprehensive Income:

At 31 March 2014

(US$ million)	MEL	BALCO	Sterlite Copper*	HZL	KCM	Jharsuguda Aluminium[1]	Iron ore Sesa[1]	Cairn	Total
Actuarial (gains)/losses on defined benefit obligation	(0.1)	1.0	(0.6)	0.5	2.4	0.4	1.3	0.1	5.0
Actuarial (gains)/losses on defined (gains)/losses on plan asset	–	–	–	(0.6)	–	–	(0.1)	(0.1)	(0.8)
Remeasurement of the net defined benefit liability (asset)	**(0.1)**	**1.0**	**(0.6)**	**(0.1)**	**2.4**	**0.4**	**1.2**	**–**	**4.2**

At 31 March 2013

(US$ million)	MEL	BALCO	Sterlite Copper[1]	HZL	KCM	Jharsuguda Aluminium[1]	Iron ore Sesa[1]	Cairn	Total
Actuarial (gains)/losses on defined (gains)/losses on defined benefit obligation	–	2.0	–	3.4	–	0.1	0.7	0.7	6.9
Actuarial (gains)/losses on defined (gains)/losses on plan asset	–	–	–	(0.5)	–	–	–	(0.1)	(0.6)
Remeasurement of the net defined benefit liability (asset)	**–**	**2.0**	**–**	**2.9**	**–**	**0.1**	**0.7**	**0.6**	**6.3**

1 Jharsuguda Aluminium earlier 'VAL', Iron ore Sesa earlier 'Sesa Goa' and Sterlite Copper earlier 'Sterlite' became divisions of Sesa Sterlite Limited post merger (Note 44).

32. Retirement benefits continued

(h) Movements in the present value of defined benefit obligations

The movement during the year ended 31 March 2014 of the present value of the defined benefit obligation was as follows:

At 31 March 2014

(US$ million)	MEL	BALCO	Sterlite Copper[1]	HZL	KCM	Jharsuguda Aluminium[1]	Iron ore Sesa[1]	Cairn	Total
At 1 April	**(0.2)**	**(23.2)**	**(4.0)**	**(35.3)**	**(32.4)**	**(1.4)**	**(9.6)**	**(6.8)**	**(112.9)**
Current service cost	–	(0.7)	(0.3)	(1.3)	(5.6)	(0.2)	(0.6)	(1.2)	(9.9)
Gratuity benefits paid	–	3.1	0.1	6.2	9.5	0.3	1.5	0.3	21.0
Interest cost of scheme liabilities	–	(1.5)	(0.3)	(2.5)	(4.6)	(0.1)	(0.8)	(0.5)	(10.3)
Remeasurement gains/(losses)	0.1	(1.0)	0.6	(0.5)	(2.4)	(0.4)	(1.3)	(0.1)	(5.0)
Exchange difference	–	2.1	0.4	4.0	–	0.1	1.0	0.8	8.4
At 31 March	**(0.1)**	**(21.2)**	**(3.5)**	**(29.4)**	**(35.5)**	**(1.7)**	**(9.8)**	**(7.5)**	**(108.7)**

At 31 March 2013

(US$ million)	MEL	BALCO	Sterlite Copper[1]	HZL	KCM	Jharsuguda Aluminium[1]	Iron ore Sesa[1]	Cairn	Total
At 1 April	**(0.2)**	**(23.5)**	**(3.6)**	**(37.5)**	**(26.1)**	**(0.9)**	**(0.9)**	**(5.3)**	**(106.9)**
Current service cost	–	(0.7)	(0.4)	(0.4)	(5.1)	(0.2)	(0.2)	(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	–	(1.9)	(0.3)	(2.7)	(4.2)	(0.1)	(1.3)	(0.4)	(10.9)
Remeasurement gains/(losses)	–	(2.0)	–	(3.4)	–	(0.1)	(0.17)	(0.7)	(6.9)
Exchange difference	–	2.4	0.2	4.0	–	(0.3)	0.4	0.3	7.0
At 31 March	**(0.1)**	**(23.2)**	**(4.0)**	**(35.3)**	**(32.4)**	**(1.4)**	**(9.6)**	**(6.8)**	**(112.9)**

1 Jharsuguda Aluminium earlier 'VAL', Iron ore Sesa earlier 'Sesa Goa' and Sterlite copper earlier 'Sterlite' became divisions of Sesa Sterlite Limited post merger (Note 44).

(i) Movements in the fair value of plan assets

(US$ million)	As at 31 March 2014	As at 31 March 2013
At 1 April	**46.2**	**47.8**
Contributions received	18.5	12.1
Benefits paid	(18.0)	(14.4)
Remeasurement gain	0.8	0.1
Interest income	3.5	4.1
Foreign exchange differences	(5.2)	(3.5)
At 31 March	**45.8**	**46.2**

(j) Five year history

Defined benefit pension plan

(US$ million)	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012	As at 31 March 2011	As at 31 March 2010
Experience losses arising on scheme liabilities	(5.0)	(6.9)	(7.0)	(20.4)	(11.3)
Difference between expected and actual return on plan assets	0.8	0.6	–	–	–
Fair value of pension scheme assets	45.8	46.2	47.8	39.3	32.6
Present value of pension scheme liabilities	(108.7)	(112.9)	(106.9)	(96.1)	(69.3)
Deficits in the schemes	(62.9)	(66.7)	(59.1)	(56.8)	(36.7)

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32. Retirement benefits continued

(k) Sensitivity analysis

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

(US$ million)	Increase/ (decrease) in defined benefit obligation
Discount rate	
Increase by 0.50%	(4.7)
Decrease by 0.50%	5.1
Salary increase	
Increase by 0.50%	5.0
Decrease by 0.50%	(4.6)

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

(l) Risk analysis

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

Investment risk

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

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

Interest risk

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

Longevity risk/life expectancy

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

Salary growth risk

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

33. 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 2014	As at 31 March 2013
Total equity	**17,974.8**	**18,869.0**
Net debt	7,919.5	8,615.6
Total capital	25,894.3	27,484.6
Gearing	**30.6%**	**31.4%**

The reduction in the gearing ratio compared against the 2013 ratio is due to an 8% decrease in the net debt of the Group set off against a decrease of 5% 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 2013.

34. Share capital

Authorised	At 31 March 2014 Number	At 31 March 2014 US$ million	At 31 March 2013 Number	At 31 March 2013 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 2014 Number	At 31 March 2014 US$ million	At 31 March 2013 Number	At 31 March 2013 US$ million
Ordinary shares of 10 US cents each	298,182,135	29.8	297,583,010	29.8
Deferred shares of £1 each	50,000	–	50,000	–
	298,232,135	**29.8**	**297,633,010**	**29.8**

During the year ended 31 March 2014, the Company issued 550,275 shares to the employees pursuant to the LTIP scheme (2013: 674,965 shares).

Further during the year ended 31 March 2014, the Company issued 48,850 shares on conversion of the convertible bonds issued by Group's subsidiary.

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

As on 31 March 2014, 6,904,995 ordinary shares which were issued on the conversion of certain convertible bonds issued by one of the Group's subsidiaries are held through a Global Depositary Receipts and carry no voting rights.

During the year ended 31 March 2014, the Company did not buy back any shares under its share buy-back programme (2013: nil). At 31 March 2014, the total number of shares held in treasury was 24,206,816 (2013: 24,206,816).

35. Non-controlling interests ('NCI')

The Group consists of a parent Company, Vedanta Resources plc, incorporated in UK and a number of subsidiaries held directly and indirectly by the Group which operate and are incorporated around the world. Note 43 to the financial statements lists details of the material interests in the subsidiaries.

Non-controlling interests that are material to the Group relate to Hindustan Zinc Limited ('HZL'), Cairn India Limited ('Cairn') and Sesa Sterlite Limited ('SSL')[2].

As on 31 March 2014, NCIs hold an economic interest of 62.15%, 65.74% and 41.70% respectively in HZL, Cairn and SSL. The respective NCI holdings in the previous year were 62.34%, 50.24% and 44.87% respectively. The changes in NCI during the current year were pursuant to the effectiveness of the Group simplification scheme in August 2014, details of which is set out in Note 44.

Principal place of business of HZL, Cairn and SSL is in India (Note 43).

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

(US$ million)	**Year ended 31 March 2014**					Year ended 31 March 2013					
Particulars	**HZL**	**Cairn**	**SSL[2]**	**Others[1]**	**Total**	HZL	Cairn	SIIL[2]	SGL[2]	Others[1]	Total
Profit Attributable to NCI	713.1	553.4	117.1	(198.1)	1,185.4	783.2	646.3	119.5	(2.1)	(31.3)	1,515.6
Equity Attributable to NCI	3,997.5	10,520.1	777.2	(1,330.4)	13,964.4	3,809.4	7,931.7	1,995.3	1,357.1	(625.8)	14,467.7
Dividends paid to NCI	(88.9)	(190.4)	(59.3)[3]	(7.3)	(345.9)	(79.1)	(84.0)	(55.3)	(16.6)	(22.4)	(257.4)

1 Others consist of Investment subsidiaries of SSL and other Individual non-material subsidiaries.
2 Merged during the year ended 31 March 2014. Refer Note 44.
3 Including dividends paid by SIIL during year ended 31 March 2014, before merger.
4 For principal activities, country of incorporation and immediate holding company of the above subsidiaries refer Note 43.

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35. Non-controlling interests ('NCI') continued
Summarised financial information in respect of Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below are on a 100% basis and before inter-company eliminations:

(US$ million) Particulars	As at 31 March 2014			As at 31 March 2013			
	HZL	Cairn	SSL[2]	HZL	Cairn	SIIL[2]	SGL[2]
Non-current assets	2,011.7	16,208.4	9,844.0	1,907.0	16,667.0	3,304.7	3,908.3
Current assets	4,666.5	4,908.3	2,236.8	4,432.1	3,875.0	4,108.8	356.0
Current liabilities	(235.7)	(718.5)	(5,952.1)	(194.3)	(549.7)	(1,763.0)	(754.4)
Non-current liabilities	(10.6)	(4,395.6)	(4,264.8)	(34.1)	(4,204.7)	(897.4)	(485.4)
Net assets	**6,431.9**	**16,002.6**	**1,863.9**	**6,110.7**	**15,787.6**	**4,753.1**	**3,024.5**

Particulars	Year ended 31 March 2014			Year ended 31 March 2013			
	HZL	Cairn	SSL[2]	HZL	Cairn	SIIL[2]	SGL[2]
Revenue	2,224.8	3,092.8	4,682.7	2,300.4	3,223.4	3,472.6	375.4
Profit for the year	1,146.3	905.8	(402.8)	1,256.3	1,287.3	284.6	(2.9)
Other comprehensive income	(3.5)	–	4.9	2.0	–	(5.2)	(4.3)

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

(US$ million)	Year ended 31 March 2014				
	HZL	Cairn	SSL[2]	Others	Total
Changes in NCI due to reorganisation scheme	**(9.7)**	**2,372.5**	**(342.7)[5]**	**(2,646.9)**	**(626.8)**

5 Including changes in merged entities.

36. Joint arrangements
Joint operations
The Group's principal licence interests in oil & gas business are joint operations. 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

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 2014	As at 31 March 2013
Capital commitments contracted but not provided	**2,702.7**	**2,305.9**

37. Commitments, guarantees and contingencies continued

Commitments at primarily related to the expansion projects:

	As at 31 March 2014	As at 31 March 2013
HZL	446.7	510.7
KCM	6.6	61.3
Jharsuguda Aluminium	621.0	631.6
Jharsuguda 2,400MW Power Plant	31.5	31.8
BALCO	73.2	114.4
Talwandi Sabo	141.9	317.6
Sterlite Copper	236.6	277.2
Cairn	1,052.3	327.7
Total	**2,609.8**	**2,272.3**

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 2014, US$234.9 million of guarantees were advanced to banks, suppliers etc. in the normal course of business (2013: US$217.1 million). The Group has also entered into guarantees and bonds advanced to the customs authorities in India of US$727.2 million relating to the export and payment of import duties on purchases of raw material and capital goods including export obligations (2013: US$1,638.8 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$18.9 million is outstanding as of 31 March 2014 (2013: US$22.1 million).

Export obligations

The Indian entities of the Group have export obligations of US$3,789.9 million (2013: US$4,013.4 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$478.4 million (2013: US$501.7 million), reduced in proportion to actual exports, plus applicable interest.

Contingencies

MEL claims with Tamil Nadu Electricity Board ('TNEB')

TNEB is claiming US$17.0 million from MEL for an electricity self-generation levy for the period from May 1999 to June 2003. This claim has arisen since the commissioning of MEL'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$55.6 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 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 Group through its subsidiaries Richter Holdings Limited ('Richter') and Westglobe Limited ('Westglobe') in 2007 acquired the entire stake in Finsider International Company Limited based in the United Kingdom. Finsider at that point in time held 51% stake in erstwhile Sesa Goa Limited. In October 2013, the Indian Tax Authorities ('Tax Authorities') have served an order on Richter and Westglobe for alleged failure to deduct withholding tax on capital gain on the indirect acquisition of shares in April 2007. The Tax Authorities held that Richter and Westglobe were assessed in default for non-deduction of tax while making payment for acquiring the shares in 2007. The Tax Authorities determined the liability for such non-deduction of tax as US$145.8 million comprising of tax and interest in case of Richter and US$97.1 million in case of Westglobe. Being aggrieved, Richter and Westglobe filed appeals before first appellate authority. As regards constitutional validity of retrospective amendment made by Finance Act 2012 for imposing obligation to deduct tax on payments made against an already concluded transaction, writ petitions were filed in the High Court of Karnataka and the hearing is in progress. Richter and Westglobe believe that they are not liable for such withholding tax and intends to defend the proceedings.

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37. Commitments, guarantees and contingencies continued

Cairn India: Income Tax

In March 2014, Cairn India received a show cause notice from the Indian Tax Authorities ('Tax Authorities') for not deducting withholding tax on the payments made to Cairn UK Holdings Limited ('CUHL') UK, for acquiring shares of Cairn India Holdings Limited ('CIHL'), as part of their internal reorganisation. Tax authorities have stated in the said notice that a short-term capital gain has accrued to CUHL on transfer of the shares of CIHL to Cairn India, in financial year 2006–2007, on which tax should have been withheld by the Company. The Company believes that the transaction is not liable for any withholding tax on account of retrospective amendment by insertion of Explanation 5 to Section 9(1)(i) of Indian Income Tax Act 1961 and that Cairn India intends to defend its position before the Tax Authorities, as well as taking appropriate legal course by way of filing writ petitions challenging the constitutional validity of retrospective amendment.

Sesa Sterlite Limited: Contractor claim

Shenzhen Shandong Nuclear Power Construction Co. Limited ('SSNP') subsequent to terminating the EPC contract invoked arbitration as per the contract alleging non-payment of their dues towards construction of a 210MW co-generation power plant for 6mtpa expansion project, and filed a claim of US$296 million. SSNP also filed a petition under Section 9 of the Arbitration and Conciliation Act, 1996 before the Bombay High Court praying for interim relief. The Bombay High Court initially dismissed their petition, but on a further appeal by SSNP, the Division Bench of the Bombay High Court directed Jharsuguda aluminium to deposit a bank guarantee for an amount of US$29.8 million as a security, being a prima facie representation of the claim, until arbitration proceedings are completed. Jharsuguda Aluminium has deposited a bank guarantee of equivalent amount. Management is of the opinion that this claim is not valid under the terms of the contract with SSNP and it is unlikely that SSNP can legally sustain the claim and accordingly, no provision is considered necessary.

Miscellaneous disputes – SSL, HZL, MEL, BALCO, Cairn and Lisheen

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

The approximate value of claims against the Group companies total US$1,150.1 million (2013: US$1,212.7 million), of which US$30.2 million (2013: US$27.2 million) is included as a provision in the Balance Sheet as at 31 March 2014.

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

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 2014.

Sterlite Technologies Limited ('STL')

(US$ million)	**Year ended 31 March 2014**	Year ended 31 March 2013
Sales to STL	102.3	205.2
Reimbursement of expenses	0.3	0.1
Purchases	0.0	4.7
Net Interest Received	0.2	0.3
Net amounts receivable at year end	5.4	10.5

Sterlite Technologies Limited is related by virtue of having the same controlling party as the Group, namely Volcan. Pursuant to the terms of the Shared Services Agreement, dated 5 December 2003, entered into by the Company and STL, the Company provides various commercial services in relation to STL's businesses on an arm's length basis and at normal commercial terms. For the year ended 31 March 2014, the commercial services provided to STL were performed by certain senior employees of the Group on terms set out in the Shared Services Agreement. The services provided to STL in this year amounted to US$0.03 million (2013: US$0.04 million).

Vedanta Foundation

During the year US$0.7 million was paid to the Vedanta Foundation (2013: US$1.3 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 erstwhile Sea Goa Limited, the Sesa Goa Community Foundation Limited, a charitable institution, became a related party of the Group on the basis that key management personnel of the Group have significant influence on the Sesa Goa Community Foundation Limited. During the year ended 31 March 2014, US$0.8 million (2013: US$0.7 million) was paid to the Sesa Goa Community Foundation Limited.

38. Related party transactions continued

The Anil Agarwal Foundation

During the year, nil (2013: US$0.01 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 2014	Year ended 31 March 2013
Reimbursement of expenses	–	0.1
Loan balance receivable	2.7	7.3
Receivable at year end	0.4	0.4
Net Interest received	0.4	0.6

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

Vedanta Medical Research Foundation

(US$ million)	Year ended 31 March 2014	Year ended 31 March 2013
Donation	0.9	4.8

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 2014	Year ended 31 March 2013
Reimbursement of expenses	–	0.3
Net amount receivable at the year end	0.2	0.2
Dividend paid	102.1	94.1

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

Public and Political Awareness Trust

(US$ million)	Year ended 31 March 2014	Year ended 31 March 2013
Donation	0.02	0.9

Public and Political Awareness Trust is a related party by virtue of being controlled by members of Agarwal family.

Ashrust LLP

(US$ million)	Year ended 31 March 2014	Year ended 31 March 2013
Payments made during the year	0.3	0.7
Amount payable at year end	–	0.2

Ashurst LLP, is a related party of the Group on the basis that an Independent Director of the Group was a partner in the legal firm Ashurst LLP during the year ended 31 March 2014.

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38. Related party transactions continued
Remuneration of key management personnel

(US$ million)	Year ended 31 March 2014	Year ended 31 March 2013
Short-term employee benefits	13.6	17.3
Post-employment benefits	0.9	0.7
Share-based payments	3.1	4.0
Termination benefits	0.3	0.0
	17.9	**22.0**

Relatives of key management personnel

(US$ million)	Year ended 31 March 2014	Year ended 31 March 2013
Salary paid	0.4	0.4
	0.4	**0.4**

39. Share transactions
a. Call option – HZL

In pursuance to the Government of India's policy of disinvestment and the Share Purchase Agreement and a Shareholder's Agreement ('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 Group had two call options to purchase all of the Government of India's shares in HZL at fair market value. The Group exercised the first call option on 29 August 2003 and acquired an additional 18.9% of HZL's issued share capital. The Company also acquired additional 20% of the equity capital in HZL through an open offer, increasing its shareholding to 64.9%. The second call option provides Group the right to acquire the Government of India's remaining 29.5% share in HZL. This call option is subject to the right of the Government of India to sell 3.5% of HZL shares to HZL employees. The Group exercised the second call option via its letter dated 21 July 2009. The Government of India disputed the validity of call option and has refused to act upon the second call option. Consequently the Company invoked arbitration and filed a statement of claim. The arbitration proceedings are under progress in early stages. The next date of hearing is fixed on 13 September 2014.

b. Call option – BALCO

The Group purchased a 51.0% holding in BALCO from the Government of India on March 2, 2001. Under the terms of the shareholder's agreement ('SHA') for BALCO, the Group has a call option that allows it to purchase the Government of India's remaining ownership interest in BALCO at any point from 2 March 2004. The Group exercised this option on 19 March 2004. However, the Government of India has contested the valuation and validity of the option and contended that the clauses of the SHA violate the provision of Section 111A of the (Indian) Companies Act, 1956 by restricting the rights of Government of India to transfer its shares and that as a result such provisions of the SHA were null and void. Subsequently the Group referred the matter to arbitration as provided in the SHA and the majority award of the arbitral tribunal rejected the claims of the Group on the ground that the clauses relating to the call option, the right of first refusal, the 'tag-along' rights and the restriction on the transfer of shares violate the (Indian) Companies Act, 1956 and are not enforceable.

The Group challenged the validity of the majority award under section 34 of the Arbitration and Conciliation Act, 1996 in the High Court of Delhi and sought for setting aside the arbitration award to the extent that it holds these clauses ineffective and inoperative. The Government of India also filed an application before the High Court of Delhi to partially set aside the arbitral award in respect of certain matters involving valuation. The High Court of Delhi passed an order dated 10 August 2011 directing our application and the application by the Government of India to be heard together as they arise from a common arbitral award. The matter is currently pending before the High Court of Delhi and scheduled for final hearing on 21 August 2014.

On 9 January 2012, the Group offered to acquire the Government of India's interests in HZL and BALCO for US$2,577.7 million and US$296.5 million, respectively. The Group has, by way of letters dated 10 April 2012 and 6 July 2012, sought to engage with the Government of India on the same terms as the offer. This offer was separate from the contested exercise of the call options, and Group proposed to withdraw the ongoing litigations in relation to the contested exercise of the options should the offer be accepted. To date, the offer has not been accepted by the Government of India and therefore there is no certainty that the acquisition will proceed.

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

40. Accounting policy changes – Restatement

Consequent to amendments in new accounting standards as enumerated in Note 1, the Group has restated the statement of financial performance and position of the Group for the year ended 31 March 2013 so as to show the impact of applicable accounting standards for the Group. The impact of adoption of these new accounting standards is as follows:

(US$ million)	As reported at 31 March 2013	IFRIC 20	IAS 19 (R)	As restated at 31 March 2013
Continuing operations				
Revenue[1]	14,640.2	–	–	14,640.2
Cost of sales[1]	(11,352.7)	11.5	6.3	(11,334.9)
Gross profit	**3,287.5**	**11.5**	**6.3**	**3,305.3**
Other operating income	90.3	–	–	90.3
Other operating costs	(865.8)	–	–	(865.8)
Operating profit	**2,512.0**	**11.5**	**6.3**	**2,529.8**
Finance costs (net)	(806.1)	–	–	(806.1)
Profit before taxation	**1,705.9**	**11.5**	**6.3**	**1,723.7**
Tax expense	(40.1)	(3.9)	(2.1)	(46.1)
Profit for the year	**1,665.8**	**7.6**	**4.2**	**1,677.6**
Attributable to:				
Equity holders of the parent	157.4	2.9	1.7	162.0
Non-controlling interests	1,508.4	4.7	2.5	1,515.6
Earnings per share (US cents)				
Basic earnings per ordinary share	57.7	1.1	0.6	59.4
Diluted earnings per ordinary share	56.7	1.0	0.6	58.3

1 Restated as a result of reallocation of inter-company sales via an external agent.

(US$ million)	As reported at 31 March 2013	IFRIC 20	IAS 19 (R)	As restated at 31 March 2013
Profit for the year	**1,665.8**	**7.6**	**4.2**	**1,677.6**
Income and expenses recognised directly in equity:				
Items that will not be reclassified subsequently to income statement:				
Actuarial gain/(losses) on post retirement defined benefit plan.	–	–	(6.3)	(6.3)
Tax effects on items recognised directly in the equity	–	–	2.1	2.1
Total (a)	**–**	**–**	**(4.2)**	**(4.2)**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	(707.9)	–	–	(707.9)
Other comprehensive income	(37.5)	–	–	(37.5)
Tax effect on other comprehensive income	(6.7)	–	–	(6.7)
Total (b)	**(752.1)**	**–**	**–**	**(752.1)**
Other comprehensive income for the year (a+b)	**(752.1)**	**–**	**(4.2)**	**(756.3)**
Total comprehensive income for the year	**913.7**	**7.6**	**–**	**921.3**
Attributable to:				
Equity holders of the parent	(124.3)	2.9	–	(121.4)
Non-controlling interests	1,038.0	4.7	–	1,042.7

(US$ million)	As reported at 31 March 2013	IFRIC 20	IAS 19 (R)	As restated at 31 March 2013
Property, plant and equipment	33,120.6	12.0	–	33,132.6
Inventories	1,966.1	(0.5)	–	1,965.6
Deferred tax liabilities	(4,992.7)	(3.9)	–	(4,996.6)
Other reserves	791.0	–	(1.7)	789.3
Retained earnings	3,628.0	2.9	1.7	3,632.6
Equity attributable to equity holders of the parent	4,398.4	2.9	–	4,401.3
Non-controlling interests	14,463.0	4.7	–	14,467.7

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41. Konkola Copper Mines: Value Added Tax
An assessment of output tax amounting to US$600 million has been raised by the Zambia Revenue Authority ('ZRA') covering the years 2011, 2012 and the first quarter of 2013. The basis of assessment is that KCM has not provided all the documentary evidence that is required under Rule 18 of the Value Added Tax Rules to prove an export and as a consequence, all sales of product that were zero rated in the returns have been standard rated by assessment. KCM has filed for judicial review of the ZRA's decision to standard rate the export products. After legally analysing the interpretation of Rule 18, management believes that KCM has got a reasonably strong arguable defence in the case.

42. Subsequent events
There are no subsequent events that were identified which may have a bearing on the understanding of the financial statements.

43. List of subsidiaries
The financial statements comprise the financial statements of the following subsidiaries:

		The Company's economic percentage holding				Immediate percentage holding	
Subsidiaries	Principal activities	**31 March 2014**	31 March 2013	Country of incorporation	Immediate holding company	**31 March 2014**	31 March 2013
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')[1]	Financing company	–	100.00%	Great Britain	VR plc	–	100.00%
Vedanta Jersey Investments Limited ('VJIL')	Financing company	100.00%	100.00%	Jersey (CI)	VR plc	100.00%	100.00%
Indirect Subsidiaries of the parent Company							
Sesa Sterlite Limited ('SSL')(earlier Sesa Goa Limited)	Copper smelting, iron ore mining, aluminium mining, refining and smelting, power generation	58.29%	55.13%	India	Twin Star	46.20%	3.83%
Bharat Aluminium Company Limited ('BALCO')	Aluminium mining and smelting	29.73%	29.59%	India	SSL[3]	51.00%	–
Copper Mines of Tasmania Pty Limited ('CMT')	Copper mining	58.29%	58.02%	Australia	MCBV	100.00%	100.00%
Fujairah Gold	Gold & silver processing	58.29%	58.02%	UAE	CMT	98.00%	100.00%
Hindustan Zinc Limited ('HZL')	Zinc and mining and smelting	37.85%	37.66%	India	SSL[3]	64.92%	–
The Madras Aluminium Company Limited[4]	Energy generation	–	94.81%	India	Twin Star	–	78.80%
Monte Cello BV ('MCBV')	Holding company	58.29%	58.02%	Netherlands	SSL[3]	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	79.42%	79.42%	Zambia	VRHL	79.42%	79.42%
Sterlite Energy Limited ('SEL')[4]	Energy generation	–	58.02%	India	Sterlite	–	100.00%
Sesa Resources Limited ('SRL')	Iron ore	58.29%	55.13%	India	SSL	100.00%	100.00%
Sesa Mining Corporation Private Limited	Iron ore	58.29%	55.13%	India	SRL	100.00%	100.00%
Sterlite Industries (India) Limited ('Sterlite')[4]	Copper smelting	–	58.02%	India	Twin Star	–	54.64%
Sterlite Infra Limited ('SIL')	Non-trading	58.29%	58.02%	India	SSL[3]	100.00%	–
Thalanga Copper Mines Pty Limited ('TCM')	Copper mining	58.29%	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%
MALCO Energy Limited ('MEL') (earlier Vedanta Aluminium Limited)	Power generation[5]	100.00%	87.61%	India	SSL[3]	100.00%	–

43. List of Subsidiaries continued

Subsidiaries	Principal activities	The Company's economic percentage holding		Country of incorporation	Immediate holding company	Immediate percentage holding	
		31 March 2014	31 March 2013			**31 March 2014**	31 March 2013
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	58.29%	58.02%	Netherlands	THL Zinc Holding B.V.	100.00%	100.00%
THL Zinc Ventures Limited	Financing company	58.29%	58.02%	Mauritius	SIL	100.00%	100.00%
Twin Star Energy Holdings Limited ('TEHL')	Holding company	100.00%	100.00%	Mauritius	BFM	100.00%	–
THL Zinc Limited	Financing company	58.29%	58.02%	Mauritius	THL Zinc Ventures Ltd	100.00%	100.00%
Sterlite (USA) Inc.	Financing company	58.29%	58.02%	USA	SSL[3]	100.00%	–
Talwandi Sabo Power Limited	Energy generation	58.29%	58.02%	India	SSL[3]	100.00%	–
Konkola Resources plc	Holding company	100.00%	100.00%	Great Britain	VRHL	100.00%	100.00%
Twin Star Mauritius Holdings Limited ('TMHL')	Holding company	58.29%	100.00%	Mauritius	TEHL	100.00%	100.00%
THL Zinc Namibia Holdings (Pty) Limited ('VNHL')	Mining and exploration	58.29%	58.02%	Namibia	THL Zinc Ltd	100.00%	100.00%
Skorpion Zinc (Pty) Limited ('SZPL')	Acquisition of immovable and movable properties	58.29%	58.02%	Namibia	VNHL	100.00%	100.00%
Namzinc (Pty) Limited ('SZ')	Mining	58.29%	58.02%	Namibia	SZPL	100.00%	100.00%
Skorpion Mining Company (Pty) Limited ('NZ')	Mining	58.29%	58.02%	Namibia	SZPL	100.00%	100.00%
Amica Guesthouse (Pty) Ltd	Accommodation and catering services	58.29%	58.02%	Namibia	SZPL	100.00%	100.00%
Rosh Pinah Healthcare (Pty) Ltd	Leasing out of medical equipment and building and conducting services related thereto	40.22%	40.03%	Namibia	SZPL	69.00%	69.00%
Black Mountain Mining (Pty) Ltd	Mining	43.13%	42.94%	South Africa	THL Zinc Ltd	74.00%	74.00%
THL Zinc Holding BV	Financing company	58.29%	58.02%	Netherlands	Sterlite Infra	100.00%	100.00%
Lisheen Mine Partnership	Mining partnership firm	58.29%	58.02%	Ireland	VLML	50.00%	50.00%
Pecvest 17 Proprietary Ltd.	Investment company	58.29%	58.02%	South Africa	THL Zinc Ltd	100.00%	100.00%
Vedanta Lisheen Holdings Limited ('VLHL')	Investment company	58.29%	58.02%	Ireland	THL Zinc Holding BV	100.00%	100.00%
Vedanta Exploration Ireland Limited[2]	Exploration company	58.29%	–	Ireland	VLHL	100.00%	–
Vedanta Lisheen Mining Limited ('VLML')	Mining	58.29%	58.02%	Ireland	VLHL	100.00%	100.00%
Killoran Lisheen Mining Limited	Mining	58.29%	58.02%	Ireland	VLHL	100.00%	100.00%
Killoran Lisheen Finance Limited	Investment company	58.29%	58.02%	Ireland	VLHL	100.00%	100.00%
Lisheen Milling Limited	Manufacturing	58.29%	58.02%	Ireland	VLHL	100.00%	100.00%
Vizag General Cargo Berth Private Limited	Infrastructure	43.63%	42.94%	India	SSL[3]	74.00%	–
Paradip Multi Cargo Berth Private Limited	Infrastructure	43.13%	42.94%	India	SSL[3]	74.00%	–
Sterlite Ports Limited ('SPL')	Investment company	58.29%	58.02%	India	SSL[3]	100.00%	–
Maritime Ventures Private Limited[2]	Infrastructure	58.29%	–	India	SPL	100.00%	–

Notes to the Financial Statements
continued

43. List of Subsidiaries continued

Subsidiaries	Principal activities	The Company's economic percentage holding		Country of incorporation	Immediate holding company	Immediate percentage holding	
		31 March 2014	31 March 2013			**31 March 2014**	31 March 2013
Sterlite Infraventures Limited	Investment company	58.29 %	58.02 %	India	SSL[3]	100.00 %	–
Bloom Fountain Limited ('BFM')	Investment company	58.29 %	55.13 %	Mauritius	SSL	100.00 %	100.00 %
Western Clusters Limited	Mining company	58.29 %	55.13 %	Liberia	BFM	100.00 %	100.00 %
Ekaterina Limited ('EKTL')[4]	Investment company	–	100.00 %	Mauritius	Twin Star	–	64.54 %
Goa Energy Limited	Energy generation	58.29 %	55.13 %	India	SSL	100.00 %	100.00 %
Sesa Sterlite Mauritius Holdings Limited[2]	Financing company	100.00 %	–	Mauritius	VRHL	100.00 %	–
Vedanta Finance UK Limited[2]	Financing company	100.00 %	–	Great Britain	Welter	100.00 %	–
Valliant (Jersey) Limited	Financing company	100.00 %	100.00 %	Jersey (CI)	VRJL–II	100.00 %	100.00 %
Sesa Sterlite US LLC[1]	Investment company	–	100.00 %	USA	VRHL	–	100.00 %
Sesa Sterlite US Corporation[1]	Investment company	–	100.00 %	USA	VRHL	–	100.00 %
Cairn India Limited	Oil & gas exploration, development and production	34.30 %	49.76 %	India	TMHL	38.73 %	38.68 %
Cairn India Holdings Limited	Investment company	34.30 %	49.76 %	Jersey	Cairn India Limited	100.00 %	100.00 %
Cairn Energy Holdings Limited	Investment company	34.30 %	49.76 %	Scotland	Cairn India Holdings Limited	100.00 %	100.00 %
Cairn Energy Hydrocarbons Ltd	Exploration & production	34.30 %	49.76 %	Scotland	Cairn India Holdings Limited	100.00 %	100.00 %
Cairn Exploration (No. 7) Limited	Exploration & production	34.30 %	49.76 %	Scotland	Cairn India Holdings Limited	100.00 %	100.00 %
Cairn Exploration (No. 6) Limited	Exploration & production	34.30 %	49.76 %	Scotland	Cairn India Holdings Limited	100.00 %	100.00 %
Cairn Exploration (No. 4) Limited[1]	Exploration & production	–	49.76 %	Scotland	Cairn India Holdings Limited	–	100.00 %
Cairn Exploration (No. 2) Limited	Exploration & production	34.30 %	49.76 %	Scotland	Cairn India Holdings Limited	100.00 %	100.00 %
Cairn Energy Gujarat Block 1 Limited	Exploration & production	34.30 %	49.76 %	Scotland	Cairn India Holdings Limited	100.00 %	100.00 %
Cairn Energy Discovery Limited	Exploration & production	34.30 %	49.76 %	Scotland	Cairn India Holdings Limited	100.00 %	100.00 %
Cairn Petroleum India Limited[1]	Exploration & production	–	49.76 %	Scotland	Cairn India Holdings Limited	–	100.00 %
Cairn Energy Cambay B.V.	Exploration & production	34.30 %	49.76 %	Netherlands	Cairn Energy Cambay Holding B.V.	100.00 %	100.00 %
Cairn Energy India West B.V.	Exploration & production	34.30 %	49.76 %	Netherlands	Cairn Energy India West Holding B.V.	100.00 %	100.00 %
Cairn Energy Gujarat B.V.	Exploration & production	34.30 %	49.76 %	Netherlands	Cairn Energy Gujarat Holding B.V	100.00 %	100.00 %

43. List of Subsidiaries continued

Subsidiaries	Principal activities	The Company's economic percentage holding		Country of incorporation	Immediate holding company	Immediate percentage holding	
		31 March 2014	31 March 2013			**31 March 2014**	31 March 2013
Cairn Energy India Holdings B.V.[1]	Holding company	–	49.76%	Netherlands	Cairn Energy Group Holdings B.V.	–	100.00%
Cairn Energy Group Holdings B.V.[1]	Holding company	–	49.76%	Netherlands	Cairn Energy Netherlands Holdings B.V.	–	100.00%
Cairn Energy Netherlands Holdings B.V.	Holding company	34.30%	49.76%	Netherlands	Cairn Energy Holdings Limited	100.00%	100.00%
Cairn Energy Gujarat Holding B.V.[1]	Holding company	–	49.76%	Netherlands	Cairn Energy India Holdings B.V.	–	100.00%
Cairn Energy India West Holding B.V.[1]	Holding company	–	49.76%	Netherlands	Cairn Energy India Holdings B.V.	–	100.00%
Cairn Energy Cambay Holding B.V.[1]	Holding company	–	49.76%	Netherlands	Cairn Energy India Holdings B.V.	–	100.00%
Cairn Energy Australia Pty Limited	Holding company	34.30%	49.76%	Australia	Cairn Energy Group Holdings B.V.	100.00%	100.00%
CEH Australia Limited[1]	Holding company	–	49.76%	British Virgin Island	Cairn Energy Australia Pty Limited	–	100.00%
Cairn Energy Asia Pty Limited[1]	Holding company	–	49.76%	Australia	Cairn Energy Australia Pty Limited	–	68.18%
Cairn Energy Investments Australia Pty Limited[1]	Holding company	–	49.76%	Australia	Cairn Energy Asia Pty Limited	–	100.00%
Wessington Investments Pty Limited[1]	Holding company	–	49.76%	Australia	Cairn Energy Asia Pty Limited	–	100.00%
Sydney Oil Company Pty Limited[1]	Holding company	–	49.76%	Australia	Cairn Energy Investments Australia Pty Limited	–	100.00%
Cairn Energy India Pty Limited	Exploration & production	34.30%	49.76%	Australia	Cairn Energy Australia Pty Limited	100.00%	–
CEH Australia Pty Limited	Holding company	34.30%	49.76%	Australia	CEH Australia Limited	100.00%	100.00%
CIG Mauritius Holdings Private Limited	Investment company	34.30%	49.76%	Mauritius	Cairn India Limited	100.00%	100.00%
CIG Mauritius Private Limited	Investment company	34.30%	49.76%	Mauritius	CIG Mauritius Holding Private Limited	100.00%	100.00%
Cairn Lanka (Pvt) Ltd	Exploration & production	34.30%	49.76%	Sri Lanka	CIG Mauritius Pvt Ltd	100.00%	100.00%
Cairn South Africa Pty Limited	Exploration & production	34.30%	49.76%	South Africa	Cairn Energy Hydrocarbons Limited	100.00%	100.00%

Notes to the Financial Statements
continued

43. List of Subsidiaries continued

1 Dissolved during the year.
2 Incorporated during the year.
3 Acquired by SSL during the year pursuant to the Scheme of Amalgamation (earlier subsidiaries of Sterlite) (Note 44).
4 Merged with SSL during the year pursuant to the Scheme of Amalgamation (Note 44).
5 Pursuant to the Scheme of Amalgamation.

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.

44. Group restructuring:

Pursuant of the Scheme of Amalgamation (the 'Scheme') sanctioned by the Indian and Mauritius Courts, Group's subsidiary companies viz. Sterlite Energy Limited, Sterlite Industries (India) Limited, Aluminium Business of Vedanta Aluminium Limited, Ekaterina Limited and Residual business of Madras Aluminium Company Limited merged with Sesa Goa Limited ('SGL') (A subsidiary of the Group).Bloom Fountain Limited, a subsidiary of Sesa Goa Limited acquired a 38.7% stake in Cairn India Limited ('Cairn'). Consequent to this, Cairn became a subsidiary of SGL. By way of a slump sale agreement dated 19 August 2013 between Vedanta Aluminium Limited ('VAL') and SSL, the power business consisting of 1,215MW thermal power facility situated at Jharsuguda and 300MW co-generation facility (90MW operational and 210 MW under development) at Lanjigarh, was transferred on a going concern basis at its carrying value.

Subsequently, the name of SGL has been changed to Sesa Sterlite Limited ('SSL').

These transactions are within subsidiaries of the Company and will not have any acquisition accounting impact other than change in the economic shareholding percentage. The simplification exercise has resulted in simplifying the structure, cross holding and aligning the debt with cash flow and change in economic holding percentage mainly in VAL and Cairn. VAL's effective holding has changed from 87.6% to 58.3% whereas Cairn's reduced from 49.8% to 34.3%.

45. Ultimate controlling party

At 31 March 2014, the ultimate controlling party of the Group was Volcan, which is controlled by persons related to the Executive Chairman, Mr Anil Agarwal. Volcan is incorporated in the Bahamas, and does not produce Group accounts.

46. Company Balance Sheet

(US$ million)	Note	31 March 2014	31 March 2013
Non-current assets			
Tangible fixed assets	48	0.7	0.6
Investments in subsidiaries	49	1,061.8	1,061.8
Investment in preference shares of subsidiaries	50	1.7	178.9
Financial asset investment	51	0.1	0.1
Derivative asset		14.1	–
		1,078.4	**1,241.4**
Current assets			
Debtors due within one year	52	1,225.7	788.8
Debtors due after one year	52	5,405.2	4,899.3
Current asset investments	53	14.8	89.5
Cash at bank and in hand		0.5	0.6
		6,646.2	**5,778.2**
Creditors: amounts falling due within one year			
Trade and other creditors	54	(98.5)	(68.9)
External borrowings	54	(89.7)	(499.3)
Loan from subsidiary	54	(1,249.5)	(1,059.9)
Derivative liability	54	–	(4.5)
		(1,437.7)	**(1,632.7)**
Net current assets		**5,208.5**	**4,145.5**
Total assets less current liabilities		**6,286.9**	**5,386.9**
Creditors: amounts falling due after one year			
Loan from subsidiary	55	(339.8)	(1,069.8)
External borrowings	55	(5,483.6)	(3,481.4)
		(5,823.4)	**(4,551.2)**
Net assets		**463.5**	**835.7**
Capital and reserves			
Called up share capital	56	29.8	29.8
Share premium	56	198.5	196.8
Share-based payment reserve	56	46.9	29.0
Convertible bond reserve	56	80.1	302.9
Other reserves	56	(2.2)	(2.2)
Treasury shares	56	(490.6)	(490.6)
Retained earnings	56	601.0	770.0
Equity shareholders' funds	56	**463.5**	**835.7**

Financial Statements of Vedanta Resources plc, registration number 4740415 were approved by the Board of Directors on 14 May 2014 and signed on behalf by

Tom Albanese
Chief Executive Officer

Notes to the Financial Statements
continued

47. 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 except preference shares which are stated at fair value.

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$128.3 million (2013: loss of US$15.7 million)

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

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

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

Cash and cash equivalents
Cash 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 FRS 26 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.

47. Company accounting policies continued

Convertible bonds

The Convertible bonds issued by VRJL and VRJL-II (Note 54) are accounted for as a compound instrument. The gross proceeds (net of issue costs) were lent to the Company by VRJL and VRJL-II. The equity component has been recognised in a separate reserve of the Company and is not subsequently 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 28 to the financial statements of the Group for the period ended 31 March 2014.

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 Group 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 Group 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 57)

Debtors

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

Creditors

Creditors are stated at their nominal value.

Notes to the Financial Statements
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48. Company tangible fixed assets

(US$ million)	
Cost	
At 1 April 2012	1.5
Additions	0.4
At 31 March 2013	**1.9**
Additions	0.4
At 31 March 2014	**2.3**
Accumulated depreciation	
At 1 April 2012	1.2
Charge for the period	0.1
At 31 March 2013	**1.3**
Charge for the period	0.3
At 31 March 2014	**1.6**
Net book value	
At 1 April 2012	0.3
At 31 March 2013	**0.6**
At 31 March 2014	**0.7**

49. Investments in subsidiaries

(US$ million)	
Cost	
At 1 April 2012	1,061.8
At 1 April 2013	1,061.8
At 31 March 2014	**1,061.8**

At 31 March 2014, the Company held 144,538,524 shares in VRHL (2013: 144,538,524 shares), being 100% of VRHL's issued equity share capital. The Company also held one deferred share in VRHL (2013: one). At 31 March 2014, the Company held two shares in Vedanta Finance Jersey Limited ('VFJL') (2013: two), two shares in Vedanta Resources Jersey Limited ('VRJL') (2013: two), two shares in Vedanta Resources Jersey II Limited ('VRJL-II') (2013: two), two shares in Vedanta Jersey Investment Limited ('VJIL') (2013: 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 43.

50. Investment in preference shares of subsidiaries

(US$ million)	
Fair value	
At 1 April 2013	178.9
Additions	1.7
Disposal	(178.9)
At 31 March 2014	**1.7**
As 1 April 2012	178.9
Additions	–
At 31 March 2013	**178.9**

As at 31 March 2014, the Company held 1,700,000 preference shares in Vedanta Resources Jersey Limited ('VRJL') (2013: 178,916,000 in Vedanta Finance Jersey Limited ('VFJL'))

The investment in preference shares of VFJL was fully redeemed during the year.

During the year VRJL received notice from the bondholders to exercise the option to convert US$1,700,000 bonds into equity shares of the Company in accordance with the provisions of the Offer circular and accordingly 17 preference shares with a nominal value of US$100,000 each were issued by VRJL to the Company.

51. Financial asset investment

(US$ million)	
Fair value	
At 1 April 2013	0.1
Fair value movement	–
At 31 March 2014	0.1
At 1 April 2012	0.3
Fair value movement	(0.2)
At 31 March 2013	**0.1**

The investment relates to an equity investment of shares in Victoria Gold Corporation. At 31 March 2014, the investment in Victoria Gold Corporation was revalued and no gain/loss (2013: loss of US$0.2 million) was recognised in equity.

52. Company debtors

(US$ million)	31 March 2014	31 March 2013
Amounts due from subsidiary undertakings	6,626.3	5,680.0
Prepayments and accrued income	4.4	7.8
Other taxes	0.2	0.3
Total	**6,630.9**	**5,688.1**
Debtors due within one year	1,225.7	788.8
Debtors due after one year	5,405.2	4,899.3
Total	**6,630.9**	**5,688.1**

Amounts due from subsidiary undertakings

At 31 March 2014, the Company had loans due from VRHL of US$1,214.6 million (2013: US$1,501.9 million) which represented the funds being loaned to other Group companies for funding the subsidiaries. Out of the total loan, US$579.3 million bears interest at US$ six months LIBOR plus 350 basis points, US$500 million at 5.8%, US$31.2 million at 5.9%, US$42.0 million at 9.7%, and US$62.2 million at US$Libor plus 367 basis points.

During the year the Company entered into a Deed of Assignment with Vedanta Resources Jersey II Limited ('VRJL-II'), wherein the Company assigned all the rights to the VRJL-II:

- US$1,625 million facility agreement dated 28 November 2011 between the Company as Lender and TMHL as borrower
- US$750 million facility agreement dated 7 July 2011 between the Company as Lender and TMHL as borrower
- US$750 million facility agreement dated 7 July 2011 between the Company as Lender and TMHL as borrower
- US$100 million facility agreement dated 7 July 2011 between the Company as Lender and TMHL as borrower were assigned to the VRJ2

At 31 March 2014, the Company had loan of US$4,732.6 million from Vedanta Resources Jersey II Limited. Out of the total loan US$119.2 million bears interest at US$Libor plus 352 basis points, US$1,578.5 million at 7.45%, US$1,200 million at 6.50%, US$284.8 million at 7.18%, US$50 million at 3.15%, US$750 million at 7.25% and US$750 million at 8.75%.

In addition to the loans, the Company was owed US$634.7 million of accrued interest from VRHL and Vedanta Resources Jersey II Limited (2013: US$523.6 million).

53. Company current asset investments

(US$ million)	31 March 2014	31 March 2013
Bank term deposits	14.8	89.5
Total	**14.8**	**89.5**

Notes to the Financial Statements
continued

54. Company creditors: amounts falling due within one year

(US$ million)	**31 March 2014**	31 March 2013
Accruals	(98.5)	(68.9)
External borrowings	(89.7)	(499.3)
Loan from subsidiary	(1,249.5)	(1,060.0)
Derivative liability	–	(4.5)
Total	**(1,437.7)**	**(1,632.7)**

The external borrowings as at 31 March 2014 represent a loan from ICICI of US$180 million, of which US$90 million is repayable in December 2014. Loans from subsidiaries include a loan of US$1,192.8 million from VRJL relating to its issue of US$1,250 million convertible bonds (bond issued in July 2009). VRJL believes that bondholders will exercise the above put option in July 2014 and accordingly the above loan has been classified from amounts falling due after one year to amounts falling due within one year. During 2014, interest was charged at the effective interest rate of 17.32%.

55. Company creditors: amounts falling due after one year

(US$ million)	**31 March 2014**	31 March 2013
Loan from subsidiary	(339.8)	(1,069.8)
External borrowings	(5,483.6)	(3,481.4)
Total	**(5,823.4)**	**(4,551.2)**

Loan from subsidiaries include a loan of US$59.8 million due to Richter Holdings Limited, US$280.0 million due to Vedanta Finance UK Limited.

In December 2010, the Company 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 July 2011, Vedanta issued US$750 million, 6.75% bonds due June 2016, and US$900 million, 8.25% bonds due June 2021. As at 31 March 2014, the outstanding amount under this facility is US$1,650.0 million.

In December 2012, the Company obtained a syndicated loan with the State Bank of India as an agent for US$595.0 million repayable in four equal instalments in February 2017, August 2017, July 2018 and January 2019. The loan bears an interest rate of three months US$LIBOR plus 440 basis points.

In March 2013, the Company entered into a three year facility agreement with the 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 2014, the outstanding amount under this facility is US$185.0 million.

In April 2013, the Company entered into a Standby Letter of Credit agreement arranged by the Axis Bank for an amount of US$150 million at a commission of 1% per annum payable quarterly. The facility is funded by the Bank of India to the extent of US$148.5 million and bears an interest rate at three months US$LIBOR plus 290 basis points. The facility is repayable is two equal annual instalments starting April 2017. As at 31 March 2014, the outstanding amount under this facility is US$148.5 million.

In June 2013, the Company issued US$1,200 million, 6.00% bonds due January 2019, and US$500 million, 7.125% bonds due May 2023.

In December 2013, the Company entered into a facility agreement with the Bank of India for borrowing up to US$100 million at an interest rate of US$LIBOR plus 357 basis points repayable to the extent of 50% in October 2017 and balance in January 2018. As at 31 March 2014, the outstanding amount under this facility is US$100 million.

Of the US$1,250 million non-convertible bond issued during 2008, US$500 million has been repaid in January 2014 and the remaining US$750 million is due for repayment in July 2018.

56. Company reconciliation of movement in equity shareholders' funds

	Share capital	Share premium	Share-based payment reserve	Convertible bond reserve	Treasury shares	Retained earnings	Other reserves	Total
Equity shareholders' funds at 1 April 2013	**29.8**	**196.8**	**29.0**	**302.9**	**(490.6)**	**770.0**	**(2.2)**	**835.7**
Loss for the year	–	–	–	–	–	(128.3)	–	(128.3)
Dividends paid	–	–	–	–	–	(162.5)	–	(162.5)
Exercise of LTIP awards	0.0	–	(15.0)	–	–	15.0	–	–
Recognition of share-based payments	–	–	32.9	–	–	–	–	32.9
Exercise of conversion of bonds	0.0	1.7	–	(0.5)	–	–	–	1.2
Convertible bond reserve transfer	–	–	–	(110.7)	–	110.7	–	–
Repayment of convertible bond	–	–	–	(111.6)	–	(3.9)		(115.5)
Equity shareholders' funds at 31 March 2014	**29.8**	**198.5**	**46.9**	**80.1**	**(490.6)**	**601.0**	**(2.2)**	**463.5**

57. Company contingent liabilities

a. The Company has guaranteed US$1,250 million convertible bonds issued by VRJL (2013: US$: 1,250 million), of the above US$1.7 million has been converted during the year. See Note 27 to the financial statements for further details on the convertible bonds.

b. The Company has given a corporate guarantee to Jharsuguda Aluminium, for an amount of US$3,506.5 million up to 31 March 2014.

c. The Company has given a corporate guarantee to Konkola Copper Mines for an amount of US$185 million up to 31 March 2014.

d. The Company has guaranteed US$883 million convertible bonds issued by VRJL-II (2013: US$883 million). During the year US$809.8 million was repaid to the bondholders on exercise of put option. See Note 27 to the financial statements for further details on the convertible bonds.

e. The Company has guaranteed US$170 million for a loan facility entered by Valliant Jersey Limited with ICICI bank and US$180 million for a loan facility entered by Vedanta Finance Jersey Limited with ICICI bank.

f. The Company has guaranteed US$500 million for a syndicated facility agreement entered by Welter Trading Limited with Standard Chartered Bank as facility agent.

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

58. Company share-based payment

The Company had certain LTIP awards outstanding as at 31 March 2014. See Note 31 to the financial statements for further details on these share-based payments.

Five year summary

Summary consolidated income statement

(US$ million except as stated)	**Year ended 31 March 2014**	Year ended 31 March 2013[1]	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
Revenue	**12,945.0**	**14,640.2**	**14,005.3**	**11,427.2**	**7,930.5**
EBITDA	**4,491.2**	**4,908.9**	**4,026.3**	**3,566.8**	**2,295.9**
Depreciation and amortisation	(2,203.1)	(2,337.2)	(1,408.4)	(869.0)	(563.0)
Special items	(138.0)	(41.9)	(230.2)	(163.5)	(67.3)
Operating profit	**2,150.1**	**2,529.8**	**2,387.7**	**2,534.3**	**1,665.6**
Share in consolidated profit of associate	–	–	92.2	–	–
Profit before interest and taxation	**2,150.1**	**2,529.8**	**2,479.9**	**2,534.3**	**1,665.6**
Net finance (costs)/investment revenues	(1,032.0)	(806.1)	(734.5)	149.0	176.0
Profit before taxation	**1,118.1**	**1,723.7**	**1,745.4**	**2,683.3**	**1,841.6**
Net tax expense	(128.7)	(46.1)	(516.7)	(649.5)	(330.4)
Profit after taxation	**989.4**	**1,677.6**	**1,228.7**	**2,033.8**	**1,511.2**
Non-controlling interests	(1,185.4)	(1,515.6)	(1,168.9)	(1,263.0)	(908.9)
Profit attributable to equity shareholders in parent	**(196.0)**	**162.0**	**59.8**	**770.8**	**602.3**
Dividends	(162.5)	(153.5)	(144.0)	(129.9)	(117.9)
Retained (loss)/profit	**(358.5)**	**8.5**	**(84.2)**	**640.9**	**484.4**
Basic earnings per share (US cents per share)					
On profit for the financial year	(71.7)	59.4	21.9	283.2	219.6
On underlying profit for the financial year	34.2	134.8	142.2	262.8	199.2
Dividend per share (US cents per share)	61.0	58.0	55.0	52.5	45.0

1 Restated.

US$ million except as stated)	**31 March 2014**	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Goodwill	16.6	16.6	16.6	12.2	12.2
Intangible assets	108.6	–	–	162.1	–
Property, plant and equipment	31,043.5	33,132.6	34,141.8	17,189.5	14,326.7
Financial asset investments	1.7	2.4	209.6	304.2	201.2
Total fixed assets	**31,170.4**	**33,151.6**	**34,368.0**	**17,668.0**	**14,540.1**
Stocks	1,742.5	1,965.6	1,704.1	1,924.6	1,260.6
Debtors	1,739.9	1,706.0	1,795.9	1,328.6	1,019.9
Cash and liquid investments	8,937.9	7,981.7	6,885.3	7,777.0	7,239.4
Total	**12,420.3**	**11,653.3**	**10,385.3**	**11,030.2**	**9,519.9**
Short-term borrowings	(4,358.5)	(4,400.1)	(4,151.6)	(3,045.1)	(1,012.6)
Other current liabilities	(4,931.5)	(4,810.2)	(3,995.6)	(3,485.0)	(2,670.3)
Total current liabilities	**(9,290.0)**	**(9,210.3)**	**(8,147.2)**	**(6,530.1)**	**(3,682.9)**
Net current assets	**3,541.9**	**2,639.8**	**2,415.0**	**4,515.4**	**5,837.0**
Total assets less current liabilities	**36,084.3**	**36,751.4**	**37,330.9**	**22,168.1**	**20,377.1**
Long-term borrowings	(12,512.7)	(12,192.7)	(12,803.8)	(6,707.4)	(7,161.0)
Other long-term liabilities	(230.7)	(260.2)	(196.1)	(247.3)	(351.1)
Provisions and deferred tax assets	(5,354.2)	(5,417.6)	(6,356.0)	(1,706.4)	(1,413.5)
Total long-term liabilities	**(18,097.6)**	**(17,870.5)**	**(18,899.5)**	**(8,656.1)**	**(8,925.6)**
Equity non-controlling interests	(13,964.4)	(14,467.7)	(13,768.9)	(8,030.1)	(6,729.1)
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	**4,010.4**	**4,401.3**	**4,650.6**	**5,648.9**	**4,710.5**

Turnover

(US$ million)	**2014**	2013	2012	2011	2010
Zinc	2,856.8	3,060.5	3,206.8	2,378.4	1,672.2
India	2,195.4	2,263.3	2,316.1	2,159.5	1,672.2
International	661.4	797.2	890.7	218.9	–
Oil & gas	3,092.8	3,223.4	882.5	–	–
Iron ore	267.1	442.5	1,690.9	1,979.5	1,222.5
Copper	4,676.2	5,733.9	5,915.0	5,253.2	3,825.2
India/Australia	3,404.8	3,991.1	4,205.2	3,428.2	2,741.4
Zambia	1,271.4	1,742.8	1,709.8	1,825.0	1,083.8
Aluminium	1,785.4	1,837.8	1,873.5	1,779.6	1,110.4
Power	621.7	669.0	458.3	124.0	115.6
Other	(355.0)	(326.9)	(21.7)	(87.5)	(15.4)
Group	**12,945.0**	**14,640.2**	**14,005.3**	**11,427.2**	**7,930.5**

EBITDA

(US$ million)	**2014**	2013	2012	2011	2010
Zinc	1,358.4	1,477.0	1,610.8	1,320.9	993.2
India	1,145.0	1,182.5	1,244.8	1,219.6	993.2
International	213.4	294.5	366.0	101.3	–
Oil & gas	2,347.0	2,440.3	713.0	–	–
Iron ore	(24.2)	84.9	721.4	1,174.1	673.0
Copper	354.2	476.4	685.9	681.4	317.7
India/Australia	197.9	219.1	298.0	241.5	165.9
Zambia	156.3	257.3	387.9	439.9	151.8
Aluminium	287.3	202.6	182.5	352.7	258.3
Power	168.4	228.5	122.0	43.9	57.0
Other	0.1	(0.8)	(9.3)	(6.2)	(3.3)
Group	**4,491.2**	**4,908.9**	**4,026.3**	**3,566.8**	**2,295.9**

EBITDA margin

(%)	**2014**	2013	2012	2011	2010
Zinc	47.5	48.3	50.2	55.5	59.4
India	52.2	52.2	53.7	56.5	59.4
International	32.3	36.9	41.1	46.3	–
Oil & gas	75.9	75.7	80.8	–	–
Iron ore	(9.1)	19.2	42.7	59.3	55.1
Copper	7.6	8.3	11.6	13.0	8.3
India/Australia	5.8	5.5	7.1	7.0	6.1
Zambia	12.3	14.8	22.7	24.1	14.1
Aluminium	16.1	11.0	9.7	19.8	23.3
Power	27.2	34.2	26.6	35.4	49.3
Group	**34.7**	**33.5**	**28.7**	**31.2**	**29.0**

Five year summary continued

Production

(000's mt)	**2014**	2013	2012	2011	2010
Aluminium	794	774	675	641	533
BALCO	252	247	246	255	268
Jharsuguda Aluminium	542	527	430	386	264
Copper	471	569	526	521	507
Sterlite Copper	294	353	326	304	334
KCM	177	216	200	217	173
Iron Ore (WMT)	1,577	4,212	15,598	21,075	21,412
Zinc total	874	822	904	721	578
HZL	749	677	759	712	578
Skorpion	125	145	145	50	–
Zinc and Lead MIC	239	280	299	44	–
BMM	67	87	85	17	–
Lisheen	172	193	214	27	–
Oil & gas – Gross production	79.8	74.9	20.5	–	–
Oil & gas – Working interest	50.1	46.7	12.1	–	–

Cash costs of production

(US cents/lb)	**2014**	2013	2012	2011	2010
Aluminium – BALCO Plant – II	80.8	86.2	87.2	80.9	69.6
BALCO (Other than Alumina)	49.1	52.8	53.3	45.7	39.1
Aluminium – Jharsuguda Aluminium	72.6	84.8	99.2	82.6	77.2
Copper – Sterlite Copper	9.7	8.7	0.0	4.0	10.4
Copper – KCM	238.4	255.1	236.8	197.5	184.4
Zinc including Royalty – HZL	44.7	44.5	45.8	44.9	38.6
Zinc without Royalty – HZL	37.4	37.1	37.8	36.7	31.7
Zinc COP – Skorpion	56.7	54.5	57.8	52.7	–
Zinc COP – BMM	52.2	54.3	63.8	59.4	–
Zinc COP – Lisheen	50.1	42.8	41.9	41.6	–
Oil & gas (Opex) (US$/boe)	4.1	3.5	4.4	–	–

Cash costs of production in INR

(INR/mt)	**2014**	2013	2012	2011	2010
Aluminium – BALCO Plant – II	107,728	103,526	92,143	81,299	72,717
BALCO (Other than Alumina)	65,430	63,433	56,344	45,898	40,868
Aluminium – Jharsuguda Aluminium	96,893	101,779	104,892	88,396	80,710
Copper – Sterlite Copper	12,994	10,704	(3)	4,062	10,872
Zinc including royalty	59,561	53,446	48,423	45,119	40,319
Zinc without royalty	49,834	44,550	40,003	36,831	33,073

Capital expenditure

(US$ million)	**2014**	2013	2012	2011	2010
Sustaining	321.6	390.2	386.2	239.5	184.4
Expansion	1,424.7	2,019.1	2,398.2	2,471.3	3,679.6
Total capital expenditure	**1,746.3**	**2,409.3**	**2,784.4**	**2,710.8**	**3,864.0**

Net cash/(debt)

(US$ million)	**2014**	2013	2012	2011	2010
Zinc	**4,513.6**	**4,243.7**	**3,779.9**	**3,779.5**	**2,628.6**
India	4,344.6	4,044.8	3,573.8	3,403.4	2,628.6
International	169.0	198.9	206.1	376.1	–
Oil & gas	3,911.9	3,102.4	1,552.7	–	–
Iron Ore	(512.1)	(744.2)	(563.6)	1,983.2	96.6
Copper	(882.3)	(1,244.0)	(588.0)	146.3	996.9
India/Australia	(159.0)	(492.8)	120.6	396.0	1,288.2
Zambia	(723.3)	(751.2)	(708.6)	(249.7)	(291.3)
Aluminium	(3,204.0)	(4,311.9)	(4082.4)	(3,145.3)	(2,320.2)
Power	(737.0)	(696.2)	(1,156.3)	(433.5)	(270.8)
Other	(11,009.5)	(8,965.4)	(9,006.7)	(4,300.4)	(2,078.3)
Group	**(7,919.5)**	**(8,615.6)**	**(10,064.4)**	**(1,970.3)**	**(947.2)**

Gearing

(%)	**2014**	2013	2012	2011	2010
Gearing	30.6	31.4	35.3	12.6	7.5

Group free cash flow

(US$ million)	**2014**	2013	2012	2011	2010
Group free cash flow	3,016.6	3,534.7	2,533.8	2,347.3	1,814.3

Capital employed

(US$ million)	**2014**	2013	2012	2011	2010
Capital employed	25,894.3	27,476.7	28,483.9	15,649.3	12,373.6

ROCE

(%)	**2014**	2013	2012	2011	2010
ROCE	14.9	17.5	11.3	21.0	19.9

Production and reserves summary

Copper

Copper production summary

Facility	Product	Year ended 31 March 2014 mt	Year ended 31 March 2013 mt
Tuticorin	Copper anode	301,120	349,845
	Sulphuric acid	835,798	1,060,519
	Phosphoric acid	116,340	119,793
	Copper cathode	151,592	191,858
	Copper rods	22,105	52,404
Silvassa	Copper cathode	142,842	161,296
	Copper rods	100,948	119,451
KCM	Copper cathode	177,018	216,059

Copper mining summary

		Ore mined		Copper concentrate		Copper in concentrate	
Mine	Type of mine	31 March 2014 mt	31 March 2013 mt	31 March 2014 mt	31 March 2013 mt	31 March 2014 mt	31 March 2013 mt
Mt Lyell (CMT)	Underground	1,739,223	2,519,464	73,341	107,212	17,839	26,047
Konkola (KCM)	Underground	6,203,219	8,987,373	258,762	345,804	72,428	106,462

Copper mine resource and reserve summary

		Resources				Reserves	
Mine	Type of mine	Measured and indicated million mt	Copper grade %	Inferred million mt	Copper grade %	Proved and probable reserves million mt	Copper grade %
Mt Lyell (CMT)	Underground	20.1	1.12	21.2	0.94	–	–
Konkola (KCM)	Underground	144.9	1.87	327.3	3.05	280.7	1.27

Resources are additional to Reserves.

Aluminium, alumina and bauxite

Aluminium production summary

Company	Year ended 31 March 2014 mt	Year ended 31 March 2013 mt
BALCO	252,035	246,940
Jharsuguda Aluminium	542,252	527,037

Alumina production summary

Company	Year ended 31 March 2014 mt	Year ended 31 March 2013 mt
Jharsuguda Aluminium	524,060	527,052

Bauxite production summary

Company	Year ended 31 March 2014 mt	Year ended 31 March 2013 mt
BALCO – Mainpat	–	230,137
BALCO – Bodai Daldali	472,155	705,870

Bauxite mine resource and reserve summary

Mine	Resources: Measured and indicated million mt	Resources: Aluminium grade %	Resources: Inferred million mt	Resources: Aluminium grade %	Reserves: Proved and probable reserves million mt	Reserves: Aluminium grade %
BALCO						
Mainpat	5.6	48.2	0.6	48.0	3.1	46.3
Bodai Daldali	4.7	48.7	0.3	49.2	2.8	46.1
Total BALCO	**10.3**	**48.3**	**0.9**	**48.4**	**5.9**	**46.2**
Jharsuguda Aluminium						
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 2014 mt**	Year ended 31 March 2013 mt
HZL		
Zinc	749,167	676,921
Lead	122,596	118,316

Zinc and lead mining summary

a) Metal mined and metal concentrate

Mine	Type of mine	Ore mined: **31 March 2014 mt**	Ore mined: 31 March 2013 mt	Zinc concentrate: **31 March 2014 mt**	Zinc concentrate: 31 March 2013 mt	Lead concentrate: **31 March 2014 mt**	Lead concentrate: 31 March 2013 mt	Bulk concentrate: **31 March 2014 mt**	Bulk concentrate: 31 March 2013 mt
Rampura Agucha[1]	Open cut	5,953,138	6,177,679	1,290,377	1,334,412	96,136	110,441	–	–
Rajpura Dariba	Underground	610,242	554,354	52,212	39,860	12,241	9,164	–	13,623
Sindesar Khurd	Underground	1,723,253	1,585,150	105,562	101,480	60,128	60,164	–	–
Zawar	Underground	1,003,600	304,680	–	–	–	–	68,432	21,745
Total		**9,290,233**	**8,621,863**	**1,448,151**	**1,475,752**	**168,505**	**179,769**	**68,432**	**35,368**

1 Includes development ore mt from Kayar.

b) Metal in concentrate ('MIC')

Mine	Type of mine	Zinc concentrate: **31 March 2014 mt**	Zinc concentrate: 31 March 2013 mt	Lead concentrate: **31 March 2014 mt**	Lead concentrate: 31 March 2013 mt
Rampura Agucha	Open cut	664,072	677,299	58,001	65,631
Rajpura Dariba	Underground	26,457	25,183	5,291	5,102
Sindesar Khurd	Underground	53,633	52,602	31,254	32,156
Zawar	Underground	25,734	9,587	15,274	2,640
Total		**769,896**	**764,671**	**109,820**	**105,529**

Production and reserves summary
continued

Zinc and lead mine resource and reserve summary
Zinc India

Mine	Resources: Measured and indicated million mt	Zinc grade %	Lead grade %	Inferred million mt	Zinc grade %	Lead grade %	Reserves: Proved and probable reserves million mt	Zinc grade %	Lead grade %
Rampura Agucha	17.4	15.3	2.1	34.5	9.9	2.2	57.5	13.7	1.8
Rajpura Dariba	21.3	6.9	2.4	22.9	7.1	1.9	10.0	6.4	1.6
Zawar	23.9	5.0	1.8	44.7	4.9	2.3	9.9	3.8	1.9
Kayad	1.1	13.1	2.0	0.4	7.0	1.0	6.2	10.4	1.5
Sindesar Khurd	30.8	5.1	3.2	47.9	3.7	2.2	20.4	4.6	2.6
Bamnia Kalan	5.4	4.5	1.6	10.9	3.8	1.7	–	–	–
Total	**99.9**	**7.3**	**2.4**	**161.2**	**5.8**	**2.2**	**103.9**	**10.1**	**2.0**

Resources are additional to reserves.

Zinc International

Mine	Resources: Measured and indicated million mt	Zinc grade %	Lead grade %	Inferred million mt	Zinc grade %	Lead grade %	Reserves: Proved and probable reserves million mt	Zinc grade %	Lead grade %
Skorpion	3.6	10.20	–	–	–	–	3.5	9.13	–
BMM									
– Deeps	14.2	2.62	2.51	–	–	–	11.7	2.63	2.84
– Broken Hill	–	–	–	–	–	–	–	–	–
– Swartberg	18.8	0.56	2.88	24.4	0.53	2.61	2.8	0.50	2.53
– Gamsberg	154.6	6.23	0.53	59.7	7.80	0.22	–	–	–
Lisheen	1.9	14.23	2.42	0.2	14.45	2.22	1.7	10.46	1.72

Resources are additional to reserves.

Zinc production summary

Company	**Year ended 31 March 2014 mt**	Year ended 31 March 2013 mt
Skorpion	124,924	145,342

Zinc and lead mining summary:
a) Metal mined and metal concentrate

Mine	Type of mine	Ore mined: **31 March 2014 mt**	Ore mined: 31 March 2013 mt	Zinc concentrate: **31 March 2014 mt**	Zinc concentrate: 31 March 2013 mt	Lead concentrate: **31 March 2014 mt**	Lead concentrate: 31 March 2013 mt
Skorpion	Underground	1,252,092	1,664,282	–	–	–	–
BMM	Underground	1,395,534	1,518,540	59,942	78,457	53,221	68,986
Lisheen	Underground	1,287,932	1,458,396	282,159	317,413	34,409	39,129
Total	Underground	**3,935,558**	**4,641,218**	**342,101**	**395,870**	**87,630**	**108,115**

b) Metal in concentrate ('MIC')

Mine	Type of mine	Zinc in concentrate: **31 March 2014 mt**	Zinc in concentrate: 31 March 2013 mt	Lead in concentrate: **31 March 2014 mt**	Lead in concentrate: 31 March 2013 mt
BMM	Underground	28,999	38,577	37,574	48,883
Lisheen	Underground	151,021	169,485	21,408	23,407
Total		**180,020**	**208,062**	**58,902**	**72,290**

Iron ore

Iron ore production summary

Company	Year ended 31 March 2014 Million wmt	Year ended 31 March 2013 Million wmt
Sesa Sterlite Limited		
Saleable Iron Ore	1.5	4.2
Goa	–	3.1
Karnataka	1.5	–
Orissa	–	–
Dempo	–	1.1

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 %
Iron ore Sesa	152.3	52.17	80.4	45.87	198.4	55.37
Western Cluster	1,961.0	32.00	1,689.0	30.19	172.0	35.10

Comprises mines that Sesa Sterlite Limited 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 2014, attributable to certain properties owned by Cairn India, are summarised by field below, expressed in 10^3bbl of oil and condensate and 10^6ft^3 of sales gas:

Fields	Gross Reserves					
	Proved		Probable		Possible	
	Oil and Condensate (10^3bbl)	Sales Gas (10^6ft^3)	Oil and Condensate (10^3bbl)	Sales Gas (10^6ft^3)	Oil and Condensate (10^3bbl)	Sales Gas (10^6ft^3)
CB-OS/2 PSC						
– CB-X	–	–	–	–	–	–
– Gauri	163	693	109	862	92	2,378
– Lakshmi	6,045	6,739	6,928	9,807	7,432	11,220
CB-OS/2 PSC Total	6,208	7,432	7,037	10,669	7,524	13,598
RJ-ON-90/1 PSC						
– Aishwariya	29,725	–	8,025	–	7,944	–
– Bhagyam	42,835	–	33,726	–	9,644	–
Kameshwari West	70	–	51	–	21	–
– Mangala	192,339	–	52,873	–	36,678	–
NE	1,224	–	240	–	190	–
NI	1,101	–	311	–	168	–
– Raageshwari Shallow	1,402	–	1,032	–	206	–
Raageshwari South	114	–	88	–	37	–
– Raageshwari Deep	1,433	11,300	5,054	71,668	–	–
– Saraswati	903	–	431	–	687	–
RJ-ON-90/1 PSC Total	271,146	11,300	101,831	71,668	55,575	–
PKGM-1 Licence						
– Ravva	17,260	29,989	11,237	15,466	7,766	11,959
Grand Total	**294,614**	**48,721**	**120,105**	**97,803**	**70,865**	**25,557**

Note: Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.

Production and reserves summary

continued

Estimates of the proved, probable, and possible oil, condensate, and sales-gas reserves, as of 31 March 2014, attributable to the working interests of certain properties owned by Cairn India, are summarised by field below, expressed in 10^3bbl of oil and condensate and 10^6ft^3 of sales gas:

Fields	Working Interest Reserves Summary					
	Proved		Probable		Possible	
	Oil and Condensate (10^3bbl)	Sales Gas (10^6ft^3)	Oil and Condensate (10^3bbl)	Sales Gas (10^6ft^3)	Oil and Condensate (10^3bbl)	Sales Gas (10^6ft^3)
CB-OS/2 PSC						
– CB-X	–		–	–	–	–
– Gauri	65	277	44	345	37	951
– Lakshmi	2,418	2,696	2,771	3,923	2,973	4,488
CB-OS/2 PSC Total	2,483	2,973	2,815	4,268	3,010	5,439
RJ-ON-90/1 PSC						
– Aishwariya	20,808	–	5,618	–	5,561	–
– Bhagyam	29,985	–	23,608	–	6,751	–
Kameshwari West	49	–	36	–	15	–
– Mangala	134,637	–	37,011	–	25,675	–
NE	857	–	168	–	133	–
NI	771	–	218	–	118	–
– Raageshwari Shallow	981	–	722	–	144	–
Raageshwari South	80	–	62	–	26	–
– Raageshwari Deep	1,003	7,910	3,538	50,168	–	–
– Saraswati	632	–	302	–	481	–
RJ-ON-90/1 PSC Total	189,803	7,910	71,283	50,168	38,904	–
PKGM-1 Licence						
– Ravva	3,884	6,748	2,528	3,480	1,747	2,691
Grand Total	**196,170**	**17,631**	**76,626**	**57,916**	**43,661**	**8,130**

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 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 have been used throughout.

Oil & gas reserves and resources have been prepared according to the Petroleum Resources Management Systems ('PRMS') approved in March 2007 by the Society of Petroleum Engineers, the world Petroleum Council, the American Association of Petroleum Geologist, and the Society of Petroleum Evaluation Engineers.

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 3pm, UK time, on 1 August 2014

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 Jharsuguda Aluminium (a division of Sesa Sterlite Limited), 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 the 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 Health, Safety and Environment, each with its own terms of reference

Businesses
The Aluminium Business, the Copper Business, the Zinc, Lead, Silver, Iron Ore, Power and Oil & 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

CO_2
Carbon dioxide

CMT
Copper Mines of Tasmania Pty Limited, a company incorporated in Australia

Combined Code or the Code
The Combined Code on Corporate Governance published by the Financial Reporting Council in June 2008 & updated them from time to time

Company or Vedanta
Vedanta Resources plc

Company financial statements
The audited financial statements for the Company for the year ended 31 March 2014 as defined in the Independent Auditors' 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, Sesa Sterlite Limited, Sterlite Copper, the proceeds of which are to be applied for to for expansion of 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 Sterlite Limited, Iron ore 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

Glossary and definitions continued

Copper Business
The copper business of the Group, comprising:
- A copper smelter, two refineries and two copper rod plants in India, trading through Sesa Sterlite 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 $
United States dollars, the currency of the United States of America

DRs
Depositary receipts of 10 US cents, issuable in relation to the US$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 2012 as defined in the Independent Auditors' 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

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

Iron Ore Sesa
Iron ore Division of Sesa Sterlite Limited, comprising of a Iron ore mines in Goa and Karnataka in India

Jharsuguda 2,400MW power plant
Power Division of Sesa Sterlite Limited, comprising of a 2,400MW power plant in Jharsuguda in Odisha in India

Jharsuguda Aluminium
Aluminium Division of Sesa Sterlite Limited, comprising of an aluminium refining and smelting facilities at Jharsuguda and Lanjigarh in Odisha in India

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 filled 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

Glossary and definitions continued

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 & Gas Business
The Group's subsidiary, Cairn India Limited is involved in the business of exploration, development and production of oil & 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 licence 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 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 Sterlite Limited ('SSL') (earlier Sesa Goa Limited)
Sesa Sterlite Limited, a company incorporated in India engaged in the business of Copper smelting, Iron Ore mining, Aluminium mining, refining and smelting and Energy generation

SEWT
Sterlite Employee Welfare Trust, a long-term investment plan for Sterlite senior management

Sterlite Copper
Copper Division of Sesa Sterlite Limited comprising of a copper smelter, two refineries and two copper rod plants in India

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

SHGs
Self help groups

SID
Senior Independent Director

SO_2
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

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 revised guidance on internal control for directors on the Combined Code issued by the Turnbull Review Group in October 2005

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

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 2014

	2014	2013
Number of shareholders:	**4,137**	3,924
Number of shares in issue:	**298,182,135**	297,583,010

By size of holding

	Shareholders %		Shares %	
	2014	2013	**2014**	2013
500 and under	**59.85**	56.32	**0.18**	0.18
501 to 1,000	**15.01**	14.35	**0.15**	0.14
1,001 to 10,000	**17.45**	19.09	**0.72**	0.77
10,001 to 100,000	**5.32**	7.31	**2.54**	3.34
100,001 to 1,000,000	**1.72**	2.27	**7.01**	7.45
Over 1,000,000	**0.65**	0.66	**89.40**	88.12
	100.00	100.00	**100.00**	100.00

Annual General Meeting
The AGM will be held on 1 August 2014 at 3pm. 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 2014 final dividend, the completed forms must be received by the Registrar by 14 July 2014.

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 11 July 2014. 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 14 July 2014. 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	9 July 2014
Record date	11 July 2014
2013 final ordinary dividend payable	8 August 2014

Other dates

Annual General Meeting	1 August 2014
2014 half year results announced	November 2014

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.

Contacts

Investor Relations
For investor enquiries, please contact:

Mr Ashwin Bajaj
Senior Vice President, Investor Relations
Vedanta Resources plc
16 Berkeley Street
London W1J 8DZ
Telephone: +44 (0) 20 7659 4732 (London)
+91 22 6646 1531 (Mumbai)
Email: ir@vedanta.co.in

Registered office
Vedanta Resources plc
2nd Floor
Vintners Place
68 Upper Thames Street
London EC4V 3BJ

Company Secretary
Deepak Kumar

Head office
16 Berkeley Street
London W1J 8DZ
Telephone: +44 (0) 20 7499 5900
Fax: +44 (0) 20 7491 8440

Registered number
4740415

Auditors
Deloitte LLP
2 New Street Square
London EC4A 3BZ

Solicitors
Ashurst LLP
Broadwalk House
5 Appold Street
London EC2A 2HA

Latham & Watkins LLP
99 Bishopsgate
London EC2M 3XF

Awards and accolades FY2014

Oil & Gas
Cairn India Ltd received the following awards/recognition:

- 'World's fastest growing Energy company' in the 2013 Platts Top 250 Global Energy Company Rankings.
- The Oil Industry Safety Directorate (OISD) Safety Award for the Cross country crude oil pipeline in 2013.
- FICCI Corporate Social Responsibility Award – 2013.

In 2013, Cairn India's Mangala Oil and Gas field was granted the third FICCI Safety Systems Excellence Awards for Manufacturing – 2013.

Zinc-Lead-Silver
Hindustan Zinc Ltd ('HZL') received the following awards/recognition:

- The Udaipur Chamber of Commerce and Industry 2013 Corporate Social Responsibility Award.
- Commendation certificate at the CII – ITC Sustainability Awards.

HZL's Chanderiya Smelting Complex received the following awards/recognition:

- Indian Manufacturing Excellence Award 2013 by Frost & Sullivan.
- Ram Krishna Bajaj National Quality Award – 2013 for Business Excellence.
- State Level Bhamashah Award 2013.

Zinc International's Lisheen Mine received the Bank of Ireland Community Spirit Award 2013 for its Business in the Community project.

Zinc International's Skorpion Mine was rewarded with the 'National Energy Conservation Award 2013', by the Indian Government's Ministry of Power.

Aluminium and Power
Bharat Aluminium ('BALCO') received the following awards/recognition:

- Awards in both The Community development and Best use of CSR practices in manufacturing sector categories by the Global CSR Excellence & Leadership Awards, presented by the World CSR congress 2014.
- Best CSR practices award in the Indian mining sector at the National CSR Conclave Awards held in March 2014.
- Shristi Good Green Governance Award 2013.
- CII – Best Environment Practice Award 2013 in the Innovative Category.
- 'Sita Ram Rungta Social Awareness Award' for the Bodai-Daldali Bauxite Mines.

Sesa Sterlite Ltd's Aluminium and Power plant at Jharsuguda (500kt smelter and power plant) received the following awards:

- Frost & Sullivan's Green Manufacturing Excellence Award 2013
- Frost & Sullivan's The Economic Times India Manufacturing Excellence Awards 2013
- 14th National Award for Excellence in Energy Management by CII
- Best CSR Practices Award 2013 for Women Empowerment and Community Development Initiatives by Think Media Inc
- CII Odisha Award 2013 for Best Practices in Environment, Health and Safety
- 'Outstanding and Noteworthy Accomplishments' in the Sector at the 6th India Power Awards 2013 by the Council of Power Utilities
- National Energy Conservation Award 2013 by BEE
- National Award for Best CSR Practice at the National CSR Conclave
- The Odisha CSR Conclave Award 2014 for Support and Improvement in Quality Education Award and Innovative Efforts for Sustainable Growth Award
- Recognition by the Odisha CSR conclave 2014 for Support and Improvement in Quality Education and Innovative projects for Sustainable Growth
- Greentech CSR and the Greentech Environment award 2014
- World HRD congress 2013 Employer branding award in the 'Managing health at work' category

Copper
Sesa Sterlite Ltd's Copper Smelting plant at Tuticorin received the following awards:

- Safety Innovation Award 2013 from the Institution of Engineers (India)
- The CII EHS 2013 '3 Star Appreciation Award' in recognition of its efforts in Environment, Health and Safety Practices

Creative Partnerships Australia awarded the Copper Mines of Tasmania ('CMT') and Queenstown Heritage and Arts Festival the 2013 Toyota Community Award

Konkola Copper Mines received a 'Four Star' grading for its overall approach to safety management systems as per the best practice benchmarks by the British Safety Council

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Vedanta Resources plc
5th Floor, 16 Berkeley Street
London W1J 3DZ
Tel: +44 (0) 20 7499 5900
Fax: +44 (0) 20 7491 8440

vedantaresources.com