We are Vedanta

Vedanta Resources plc
Annual report and accounts FY2015

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

Our 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.

Our brand

The refreshed logo signifies Vedanta's approach to a triple bottom line that focuses on people, planet and prosperity in its areas of operations. A leaf, an unmistakable 'symbol of life' which has now been included in the Vedanta globe and the new colour green, symbolise Vedanta's ethical credentials. The colour blue reflects Vedanta's distinct virtues of integrity and professionalism.

The globe represents the centricity and dependence on natural resources found in the earth as well as the responsibility that Vedanta has towards communities.

Our assets

Oil & Gas

- Cairn India is one of India's largest private sector oil & gas companies
- Interest in seven blocks in India, and one each in Sri Lanka and South Africa
- Contributes to ~27% of India's domestic crude oil production

Zinc-Lead-Silver

- Zinc operations in India, Namibia, South Africa and Ireland
- World's second largest and India's largest zinc miner
- Operators of the world's largest zinc mine at Rampura Agucha, India
- One of the largest silver producers globally with an annual capacity of 16moz

Iron Ore

- Operations in India and Liberia
- Goa iron ore exported, with Karnataka iron ore sold domestically
- Large iron ore deposit in Liberia

Copper

- Smelting and mining operations across India, Australia and Zambia
- Largest custom copper smelter and copper rods producer in India
- Integrated copper mining and smelting operations in Zambia

Aluminium

- The largest aluminium producer in India with a capacity of 2.3mt
- Strategically located large-scale assets with integrated power from captive power plants in the Indian states of Chhattisgarh and Odisha

Power

- 3.2GW of commercial power generation capacity
- Largest supercritical unit in India operational at Talwandi Sabo Power plant
- One of the largest producers of wind power in India

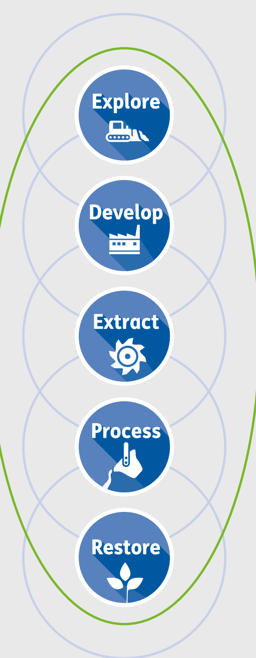
see page 50

01 Strategic report We are Vedanta

Business model

Vedanta develops and operates world class resource assets, generating and sharing sustainable, long-term value for all its stakeholders across the resource lifecycle.

see page 20



Strategic framework

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

Strategic priorities

- Production growth and operational excellence, with a focus on returns
- Reduce gearing and improve free cash flow
- Continue to add reserves and resources in our existing portfolio of assets to drive long-term value
- Simplify Group structure through consolidation
- Protect and preserve our licence to operate

see page 24

Anil Agarwal, Chairman

see page 10

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

Tom Albanese, CEO

see page 13

We have continued to focus on improving our operational performance and enhancing production, delivering record volumes of zinc and aluminium, despite volatile commodity markets.

Strategic report

Highlights	02
Vedanta at a glance	04
Essential to transforming India	06
Chairman's statement	10
Chief Executive Officer's statement	13
Market overview	16
Business model	20
Strategic capabilities and relationships	22
Strategic framework	24
Key performance indicators	26
Principal risks and uncertainties	28
Sustainable development report	36
Finance review	44
Review of operations	50
– Oil & Gas	50
– Zinc-Lead-Silver	54
– Iron Ore	60
– Copper	64
– Aluminium	68
– Power	72

Corporate governance and Directors' reports

Board of Directors	76
Executive Committee	78
Corporate governance report	80
Audit Committee report	92
Nominations Committee report	98
Sustainability Committee report	101
Statement by the Remuneration Committee Chairman	103
Directors' remuneration policy report	104
Annual report on remuneration	109
The Directors' report	116
Directors' responsibilities statement	120

Financial statements

Independent Auditor's report	121
Consolidated income statement	126
Consolidated statement of comprehensive income	127
Consolidated balance sheet	128
Consolidated cash flow statement	130
Consolidated statement of changes in equity	131
Notes to the financial statements	133

Additional information

Five year summary	210
Production and reserves summary	214
Glossary and definitions	221
Shareholder information	226
Contacts	IBC

Investor presentations
www.vedantaresources.com

Online annual report
ar2015.vedantaresources.com

Sustainability website
sustainability.vedantaresources.com

Online sustainability report
sd.vedantaresources.com/SustainableDevelopment2014-15

Highlights

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

Group highlights

Financial highlights

- Revenue of US$12.9 billion in line with the previous year
- EBITDA[1] of US$3.7 billion (FY2014: US$4.5 billion), adjusted EBITDA margin of 38%[2] (FY2014: 45%)
- Underlying Earnings/(Loss) Per Share[3] of (14.2) US cents (FY2014: 14.7 US cents)
- Basic Earnings Per Share (EPS) of (654.5) US cents primarily on account of an impairment of US$4.5 billion (net of tax)
  - Non-cash impairment reflecting lower commodity price
- Free cash flow after growth capex of US$1.0 billion (FY2014: US$1.3 billion)
- Gross debt reduced by US$0.6 billion in H2 FY2015 and US$0.2 billion in FY2015 with gross debt at US$16.7 billion in FY2015 (FY2014: US$16.9 billion)
- Net debt up by US$0.5 billion to US$8.5 billion; US$0.8 billion spent on increasing our stake in subsidiaries, Vedanta Limited and Cairn India Limited
- Credit rating changed from BB to BB- by S&P, Moody's retained at Ba1 with change in outlook to negative mainly on account of lower oil prices
- Final dividend of 40 US cents per share, full year dividend 63 US cents per share, up 3%

Business highlights

- Record full-year mined metal production at Zinc India; better positioned for underground transition
- Copper India: Record production
- Copper Zambia: Production for the full year lower; KDMP Shaft # 1 back online and production improving at Konkola
- Record full year aluminium and alumina production; started new Jharsuguda-II and Korba-II smelters
- Recommenced iron ore production at Karnataka, final approval awaited at Goa; record annual production of pig iron
- Iron ore export duty in India reduced from 30% to 10% for less than 58% Fe iron ore, effective 1 June 2015
- Oil & Gas production normalised after the planned shutdown in Q2 FY2015

Caption: Operator at packing area of Jharsuguda aluminium casthouse.

Revenue (US$bn)

Year	US$bn
15	12.9
14	12.9
13	14.6
12	14.0
11	11.4

EBITDA (US$bn)

Year	US$bn
15	3.7
14	4.5
13	4.9
12	4.0
11	3.6

Free cash flow post capex (US$bn)

Year	US$bn
15	1.0
14	1.3
13	1.5
12	0.1
11	(0.2)

Dividend per share (US cents)

Year	US cents
15	63.0
14	61.0
13	58.0
12	55.0
11	52.5

Consolidated Group results

(in US$ millions, except as stated)	FY2015	FY2014
Revenue	**12,878.7**	12,945.0
EBITDA[1]	**3,741.2**	4,491.2
EBITDA[1] margin (%)	**29.1%**	34.7%
EBITDA margin excluding custom smelting[2] (%)	**38.0%**	44.9%
Operating profit before special items	**1,735.5**	2,288.1
Loss attributable to equity holders	**(1,798.6)**	(196.0)
Underlying attributable profit[3]	**(38.9)**	40.2
Basic (loss)/earnings per share (US cents)	**(654.5)**	(71.7)
Earnings per share on underlying profit (US cents)	**(14.2)**	14.7
ROCE (excluding project capital work in progress and exploratory assets and one-time impairment charge) (%)	**8.7%**	14.9%
Total dividend (US cents per share)	**63.0**	61.0

1 Earnings before interest, taxation, depreciation, amortisation/impairment and special items.
2 Excludes custom smelting revenue and EBITDA at Copper and Zinc-India operations as custom smelting has different business economics.
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. In the prior period, the underlying attributable profit included the net tax benefit from the Sesa Sterlite merger offset by a deferred tax charge due to the change in tax rates at Cairn India.

Throughout this year, we have remained focused on our stated strategic priorities. Our diversified portfolio has enabled us to withstand global volatility in commodity prices.

Mr Anil Agarwal, Chairman of Vedanta Resources plc

Group highlights

Resilient performance in falling crude oil environment

We have revised capex but continue to focus on opportunities, with Cairn delivering the largest exploration and appraisal programme in its history. We spent US$1.1 billion in FY2015 out of US$3 billion, retaining flexibility on spend going forward.

see page 50

Ramping up aluminium

Production reached record levels at Lanjigarh and we have initiated a number of innovative, cost-saving projects. The new Korba-II smelter and Jharsuguda-II smelter started production with significant ramp up planned in 2016.

see page 68

Improving production volumes at Copper India

Higher production volumes at Copper India, while maintenance work at Konkola reduced production in Zambia. An easing of documentation requirements for VAT refunds in Zambia will enable us to increase utilisation rates of the smelter.

see page 64

Resuming operations at Sesa Goa

Production recommenced at Karnataka and in Goa, environment restrictions were lifted, with Vedanta allocated an interim annual mining quantity of 5.5mt of saleable ore. We are implementing cost reductions to counter the low-price environment.

see page 60

Vedanta at a glance

Vedanta Resources

Listed on LSE

79.4%

Konkola Mines

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

Copper

see page 64

Businesses
Copper Zambia (KCM)

Production volume
Mined metal 116kt
Finished copper 169kt

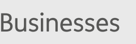
EBITDA
US$(4)m

R&R life
25+ years

Cost curve position
4th Quartile

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

Oil & Gas



see page 50

Businesses
Cairn India

Production volume
212k boepd
(average daily gross operating production)

EBITDA
US$1,477m

R&R life
15+ years

Cost curve position
1st Quartile

Zinc-Lead-Silver

see page 54

Businesses
Zinc India (HZL)
Zinc International

Production volume
887kt
312kt

EBITDA
US$1,193m
US$181m

R&R life
25+ years
20+ years

Cost curve position
1st Quartile
2nd Quartile

62.9%

Vedanta Limited

(formerly Sesa Sterlite Limited)
Listed on NSE, BSE and NYSE

Iron Ore

see page 60

Businesses
India Iron Ore Operations
Liberia Iron Ore Project

Production volume[1]
0.6mt

EBITDA
US$31m

R&R life[2]
20+ years

Cost curve position
1st Quartile

1 Production at Karnataka suspended until February 2015 and suspended for the full financial year at Goa.
2 Excluding Liberia.

Copper

see page 64

Businesses
Tuticorin smelter, India
Copper Mines of Tasmania
(under care & maintenance)

Production volume
Copper cathodes 362kt

EBITDA
US$281m

Cost curve position
2nd Quartile

Aluminium

see page 68

Businesses
BALCO
Jharsuguda and Korba Smelters
Lanjigarh Refinery

Production volume
Aluminium 877kt
Alumina 977kt

EBITDA
US$416m

Cost curve position
2nd Quartile

Power

see page 72

Businesses
MALCO
HZL Wind Power
Jharsuguda and Talwandi Sabo Power Plants

Power sales
9,859 million KWh

EBITDA
US$154m

Essential to transforming India

Pwr

Power

The availability of power in India is increasing, but demand outstrips supply leading to a substantial power shortage. Around 280 million people in India do not have basic electricity connections and the Government aims to supply power to all homes by 2019. Vedanta is one of India's largest private power generators.

see page 72

8.7GW

Power generation capacity at Vedanta

Essential to transforming India

The new Indian Government has a mandate for economic growth and job creation. As a local resources company Vedanta can play a key role in supporting these Government initiatives.

ZLS Zinc

Galvanising accounts for more than 75% of zinc demand in India. The Indian Government's focus on infrastructure projects such as upgrading railway stations, building new airports and roads; developing 100 smart cities; rural electrification projects and investment in transmission corridors will all boost the country's zinc requirements. Vedanta is the leading producer of zinc in India with a 78% share in the domestic market.

see page 54

78%

Vedanta's share in India's domestic zinc market

O&G

Oil & Gas

Oil & Gas contributes to approximately 37% of India's primary energy consumption and the demand continues to rise, with 77% of requirement being imported. Vedanta produced 27% of India's domestic crude oil in FY2015 and is well-positioned to reduce the country's energy import burden.

see page 50

27%

India's domestic crude oil produced by Vedanta

Cu

Copper

Copper demand in India is expected to grow at 9%–10%, ahead of economic growth in India. Vedanta can contribute by ensuring availability of the right quality of copper to the manufacturing sector. Currently Vedanta not only serves over 800 small and medium enterprises (SMEs) in the downstream industry for the critical electrical sector, but is also the major supplier of copper to the country's defence sector.

see page 64

800

SMEs in India are supplied copper by Vedanta

Chairman's statement

A diversified portfolio that is delivering consistent performance in a challenging market.

Anil Agarwal, Chairman

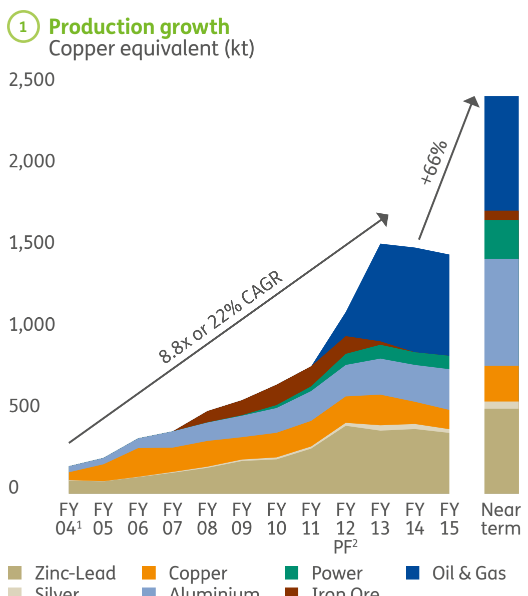
My vision for the future is to continue to fulfil Vedanta's potential while helping to advance the world's largest democratic developing nation economically, socially and sustainably. India is richly-endowed with the natural resources that will fuel its future growth and raise the living standards of its population of 1.2 billion people. We are working with our employees, communities and Government to help unlock India's vast resource potential.

Highlights of the year

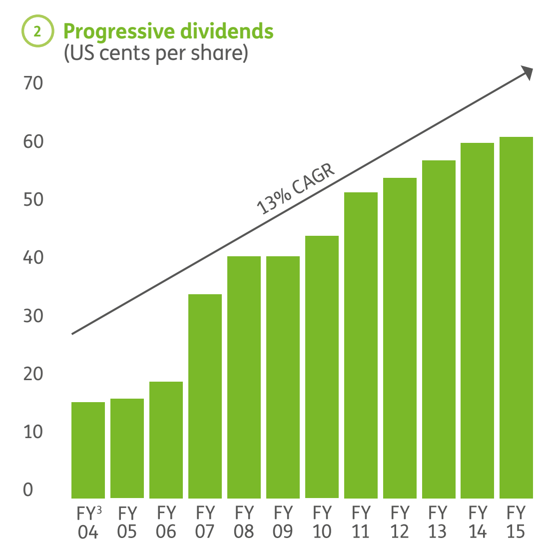
This year I was delighted to welcome Tom Albanese to his position as Vedanta's Chief Executive. His strong industry experience is already making a difference and he has demonstrated that he shares my vision for building an ethical, sustainable business.

The election of a new government in India is also beginning to have a positive impact on the business environment we operate in and I believe that the country will benefit from the progressive reforms being proposed by the Government.

1 **Production growth**
Copper equivalent (kt)



2 **Progressive dividends**
(US cents per share)



This Government is firmly committed to supporting a fast-growing Indian economy, to shape business policy and make it easier for the private sector to create economic value. We are among the largest contributors to the exchequer in India and play a strong role in nation building. Vedanta makes important, long-term contributions to local and regional economies, paying around US$15 billion in taxes, royalties and other levies in total over the past three years alone.

Reflecting on another productive year, we have proven that we are well-positioned to capitalise on India's abundant natural resource opportunities. Despite the volatility in global commodity prices, we have delivered a sound financial and operating performance. To reflect this challenging market environment, we have implemented a series of initiatives aimed at reducing capital and operating costs across the Group, which will maintain our financial strength.

Financial performance

Throughout this year, we have remained focused on our stated strategic priorities. We have started to ease back on capital expenditure and concentrated on increasing production through optimising our core assets.

We've seen unprecedented declines in oil and iron ore prices, though zinc and aluminium prices were relatively more resilient. These affected Group EBITDA, which decreased by 17% to US$3.7 billion (FY2014: US$4.5 billion). However, our diversified portfolio allowed us to maintain robust adjusted EBITDA margins of 38% on the back of our diversified portfolio.

The substantial drop in oil prices during the year has led to a revaluation of our Oil & Gas business and a US$4.5 billion (net of tax) writedown. This is a reflection on the reality of oil prices today and doesn't affect our strategy in any way. We remain committed to being a diversified resources player, capitalising on our strengths.

Gross debt reduced by US$0.2 billion in FY2015 and US$0.6 billion in H2 FY2015. However, net debt has increased by US$0.5 billion, mainly due to US$0.8 billion spent on increasing our stake in Vedanta Limited (formerly Sesa Sterlite) and Cairn India during H1 FY2015. Our final dividend of 40 US cents per share, taking the full year dividend up by 3%, reflects our continued confidence in the strength and prospects of the business.

The fundamentals for our business remain sound, but we have to navigate this downturn. We operate in cyclical markets and at this point in the cycle our focus is on productivity, efficiency and preserving value and I am confident that this will happen given the strength of our businesses and dedication of our people.

We will continue to implement initiatives to contain capital expenditure and operating costs to maintain financial strength during this period of weaker commodity prices. At the same time we will preserve our portfolio of assets with attractive long-term growth prospects and a strong resource position. We also aim to maintain a strong balance sheet, with a focus on maximising free cash flows, deleveraging and returns to investors.

> We continue to contain capital expenditure and operating costs to maintain financial strength.

1 **Production growth**

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 FY2015. Power rebased using FY2015 realisations, copper custom smelting capacities rebased at TC/RC for FY2015, iron ore volumes refers to sales with prices rebased at average 56/58% FOB prices for FY2015.
2 PF refers to pro forma for Cairn India acquisition.

2 **Progressive dividends**

Dividends have been paid out every year, across the commodity cycle, increasing progressively from 17.0 US cents per share 11 years ago to 63.0 US cents per share this year.

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

Chairman's statement continued

I am amazed at what we have achieved over the past 11 years. We have created a value-based and empowered organisation that is well-positioned for its next stage of growth.

Sustainability

Sustainable development is at the core of Vedanta's operations. Our Sustainability Framework comprises of four pillars: Responsible Stewardship, Building Strong Relationships, Adding and Sharing Value and Strategic Communications. Our Sustainability Framework has a set of policies, with technical and management standards aligned to international standards, to enable significant improvement in the way we do business.

Social development is fundamental to any country's growth and we are focused on platforms for education, healthcare, nutrition and sanitation that benefit around four million people every year. We work closely with local governments, NGOs and academic institutions to help ensure that our programmes benefit as many people as possible around our communities. I remain committed to collaborating on mutually beneficial partnerships that will further our positive impact on communities and uphold our licence to operate in all our areas of operations with rising expectations of corporate social responsibility.

Vedanta now employs, either directly or indirectly, approximately 82,000 people globally. While we are encouraged that there is an improvement in the safety performance of the Group this year, I am saddened that we experienced eight fatalities. Our efforts across Vedanta, to achieve a 'Zero Harm' culture is a personal priority for our CEO, Mr Tom Albanese and me.

Governance

In 2014, we welcomed Katya Zotova, who joined the Vedanta Board as a Non-Executive Director, and became a member of the Nominations and Remuneration Committees. She brings a wealth of oil & gas sector experience to the Board and her perspective will be invaluable as we drive sustainable improvement and growth in our global business.

Diversity is a business imperative as well as an expectation by society. We have set ourselves some challenging targets in this area and I am pleased with the progress we are making. Today, we have a strong management team with diverse backgrounds, including three female executives in front line positions.

I'd like to thank my energetic and hard-working Vedanta team – I am amazed at what we have achieved over the past 11 years and their contribution is immense. Together we have created a value-based and empowered organisation that is well-positioned for the next stage of its growth. I would also like to acknowledge all my fellow Directors for their sound guidance and contribution.

Vedanta's role in transforming India

The winds of change for economic growth in India are blowing strongly. A country of almost 1.2 billion people, India is the largest democracy in the world, rich in human and natural resources. Vedanta has a very important role to play in ensuring that India is able to benefit from these resources and become self-sufficient in energy supply. India spends a significant proportion of its foreign exchange on importing oil, and local resources companies including Vedanta can help redress this balance.

The new Government has a mandate for economic growth and job creation. We support its reforms, such as the auctioning of natural resources and the 'Make in India' programme, which is designed to transform India into a global manufacturing hub. India has so much to offer, and by implementing important changes such as making it an easier place to do business, by opening up the country to foreign investment, and improving infrastructure and productivity, it will inevitably create jobs, particularly for our young people, and bring further prosperity to the country.

Outlook

Going forward, our overall strategic priorities remain the same, to build a resilient portfolio which enables us to withstand a volatile commodity environment and continue to deliver long-term value to our shareholders. Group simplification is key and looking forward over the next year, Tom Albanese and I will be putting greater focus on this. The recent name change of Sesa Sterlite Limited to Vedanta Limited is a significant milestone, which reflects Vedanta's commitment to strengthen the linkage between our businesses, communities and stakeholders across the globe.

In terms of market conditions, India is at an inflection point, with its metals and energy demand poised to explode as its GDP potentially doubles over the next decade. Vedanta is a vehicle for new potential investment opportunities in a fast growing economy. Over the next few years, we are likely to see the demand for all our commodities and commercial power increase substantially as the Government of India's focus on 'Make in India' and infrastructure investments start yielding results. As a large and responsible corporation, Vedanta is well-positioned to participate in this journey, and I look forward to our future.

Anil Agarwal
Chairman
13 May 2015

Chief Executive Officer's statement

Making progress against our strategic priorities.

Tom Albanese, Chief Executive Officer

We have continued to focus on improving our operational performance and enhancing production, delivering record volumes of zinc and aluminium, and delivering free cash flow in volatile commodity markets.

At the end of my first year as Chief Executive, I am pleased with the progress we have made against the key operational priorities I set last year and the continued momentum of the Company towards its strategic objectives, against the backdrop of volatile global commodity markets.

Progress against operational priorities

The highlights for the year include the ramping up of our world-class aluminium assets, following the approximate US$8 billion investment programme, to reach record production levels. We are now well positioned for an accelerated growth in 2016 with progressive ramp up of the new smelters at Korba and Jharsuguda. The total mined metal production for zinc and lead also reached a historic high, supported by strong performance of the Rampura Agucha mine, one of the largest and lowest cost zinc mines in the world.

Chief Executive Officer's statement continued

1 Diversified portfolio

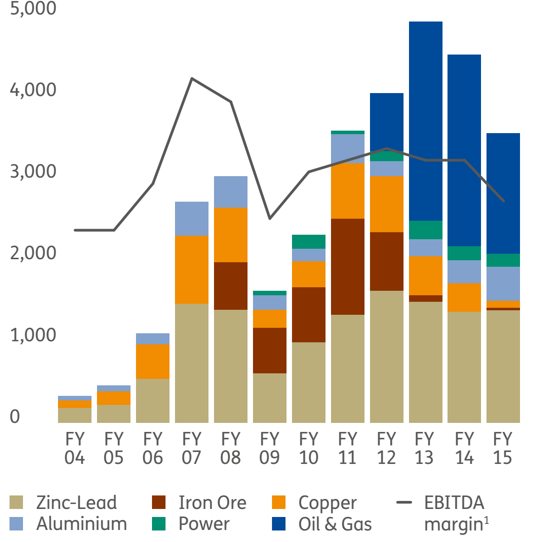
A broad natural resources portfolio diversified across base metals, bulks and Oil & Gas has delivered consistent EBITDA margins in excess of 30% over the past 11 years.

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

2 Cash flow and growth capex

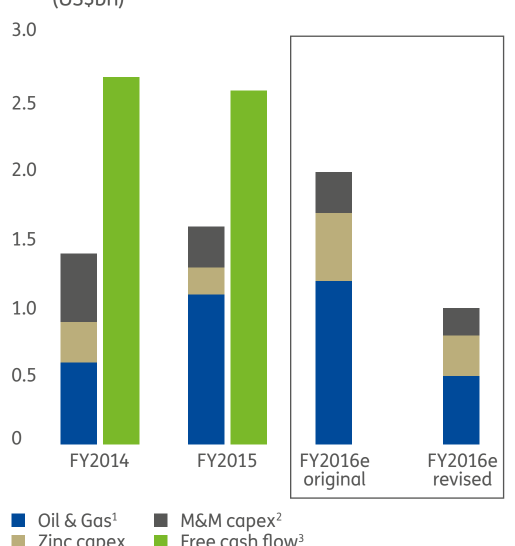
In a volatile commodity price environment, Vedanta is revising capex downwards and prioritising capital to high-return, low-risk projects. This will maximise cash flows, giving the flexibility to invest further as oil prices improve.

EBITDA by segment (US$m)



2 Optimising capex to drive cash flow generation

(US$bn)



1 Capex net to Cairn India; subject to Government of India approval.
2 M&M refers to metals and mining and power, excludes zinc; excludes capex on Lanjigarh refinery expansion and Tuticorin smelter.
3 Free cash flow after sustaining capex but before growth capex.

The year also saw significant progress being made in development of underground mines at Rampura Agucha and Sindesar Khurd (SK). Our Oil & Gas business delivered a robust performance with Mangala and Aishwariya fields performing as expected, and strong contributions coming from offshore assets. Our Oil & Gas business will now reap the benefits from the high-impact Enhanced Oil Recovery (EOR) project in Rajasthan. Looking ahead, increasing gas production in the Raageshwari Deep Gas field and development at Barmer Hill will continue to provide us with growth options.

Though our copper smelter in India recorded the highest-ever production and best-in-class operational efficiencies during the year, the turnaround at Konkola Copper Mines (KCM) in Zambia continues to present challenges. Volumes and ore grade were lower at the Nchanga mine complex and the rehabilitation programme of shafts have affected production in Konkola Deeps. However, with the new management team and operating strategy in place, we have already started seeing positive momentum in the last quarter. While it was disappointing that iron ore mining at Goa did not resume last year, this has had less of a material impact due to decline in iron ore prices globally. We have made some progress on this front during the year. Mining in Karnataka resumed in February 2015 and we have been allocated an interim annual capacity of 5.5mt of saleable ore in Goa where mining is expected to recommence post the monsoon season, after receipt of the remaining approvals from the Government. Export duty has now been reduced to 10% for <58% grade iron ore.

Market environment

The volatility of global commodity prices has dampened our financial results, and this has slowed down the pace of our deleveraging programme. That said, I was pleased to see reduction in our gross and net debt in the second half, despite lower oil prices.

Recognising the current commodity environment we are implementing a series of initiatives to reduce capital and operating costs across all our businesses to maintain financial strength and a strong balance sheet.

Looking forward we see demand and supply rebalancing with more robust pricing as a consequence. China's slowdown is moving to a more sustainable level of growth and Vedanta's position as low-cost operator of long-life mines will serve it well as global demand returns to more normal levels.

As a non-Indian, I had the privilege of being in India during the election campaign and I have great expectations that the new government will get India's economy up and running, in contrast to the slowdown in China and stagnation in Europe. The pace of change has inevitably been slower than the early optimism suggested but progress on coal and energy policies and clarity on iron ore mining are encouraging. The step towards the auction of coal blocks, which we participated in, is a critical part of the journey to make India self-sufficient in coal. Today, India is one of the largest importers of coal, despite its huge reserves, and coal must be a key feature of the Government's energy strategy.

Licence to operate
Safety has been a key priority at Vedanta as it is a weak link in our otherwise robust sustainability programme. The best businesses are the safest businesses and there has been a marked improvement in our results this year. Although I am encouraged by our progress, I am saddened by eight fatalities and there remains much more to do on our journey towards achieving a 'Zero Harm' culture.

My personal focus is on raising the levels of safety consciousness across the Group and ensuring that we invest more in safety management alongside raising standards, expectations and accountabilities.

Maintaining our licence to operate is at the heart of the Group strategy and essential for our access to resources, people and capital. I am a firm believer that being a responsible miner is critical to a sustainable future and our corporate social responsibility (CSR) programme must be world class.

In my first year as CEO, I have been struck by the sheer breadth and depth of our community development initiatives. We have very strong CSR programmes around child health care and education, water, sanitation, livelihood and the empowerment of women. The sector is now increasingly seeing ethics and integrity overlapping with the sustainable development agenda, and so we have added Strategic Communication as a fourth pillar to our sustainability model, to ensure transparent dialogue with our stakeholders. This reflects our commitment to become a corporate citizen who will not act without the consent of local communities.

Our long-term success is only partly attributable to our core facilities; people, performance and innovation are all equally important. This year we have made great strides in water and energy management, with various improvement initiatives including enhanced operating efficiencies resulting in water and energy savings surpassing our targets.

It is critical to our success that we have the highest quality of workforce and I have been incredibly impressed by the professional capability and leadership ability demonstrated by our employees – from our recent graduates to our senior executives. We have set up an innovation task force as part of our drive to encourage innovation across our business units. This includes the engineers within the Group and will extend to universities and other avenues. We have also invigorated the initiatives for developing high potential talents through our 'ACT UP' and Leaders Connect Programmes, to create leadership succession at all levels across the organisation.

Progress against strategic priorities
Our key strategic priorities remain unchanged. We have ramped up production and optimised opex and capex across our businesses and reduced gross debt by US$0.2 billion (US$16.7 billion in FY2015). We continue to focus on optimising our assets, maintaining positive free cash flows, efficiently refinancing upcoming maturities and deliver on our priority of deleveraging.

The long-life nature of our resource base underpins our track record of adding more to our reserves and resources (R&R) than we extract and we continue to use our exploration skills to expand the potential of our ore bodies and petroleum reservoirs going forward. As we can only book reserves against the duration of our leases and our current oil & gas lease in Rajasthan expires in 2020, our oil & gas reserve schedule does not accurately reflect the strong exploration success and potential of the Rajasthan basin. The renewal of this lease is currently under consideration by the Government of India.

I acknowledge shareholder feedback that we need to simplify Vedanta's Group structure and we intend to put greater focus on this in the coming year to make Vedanta easier to understand and more attractive to invest in.

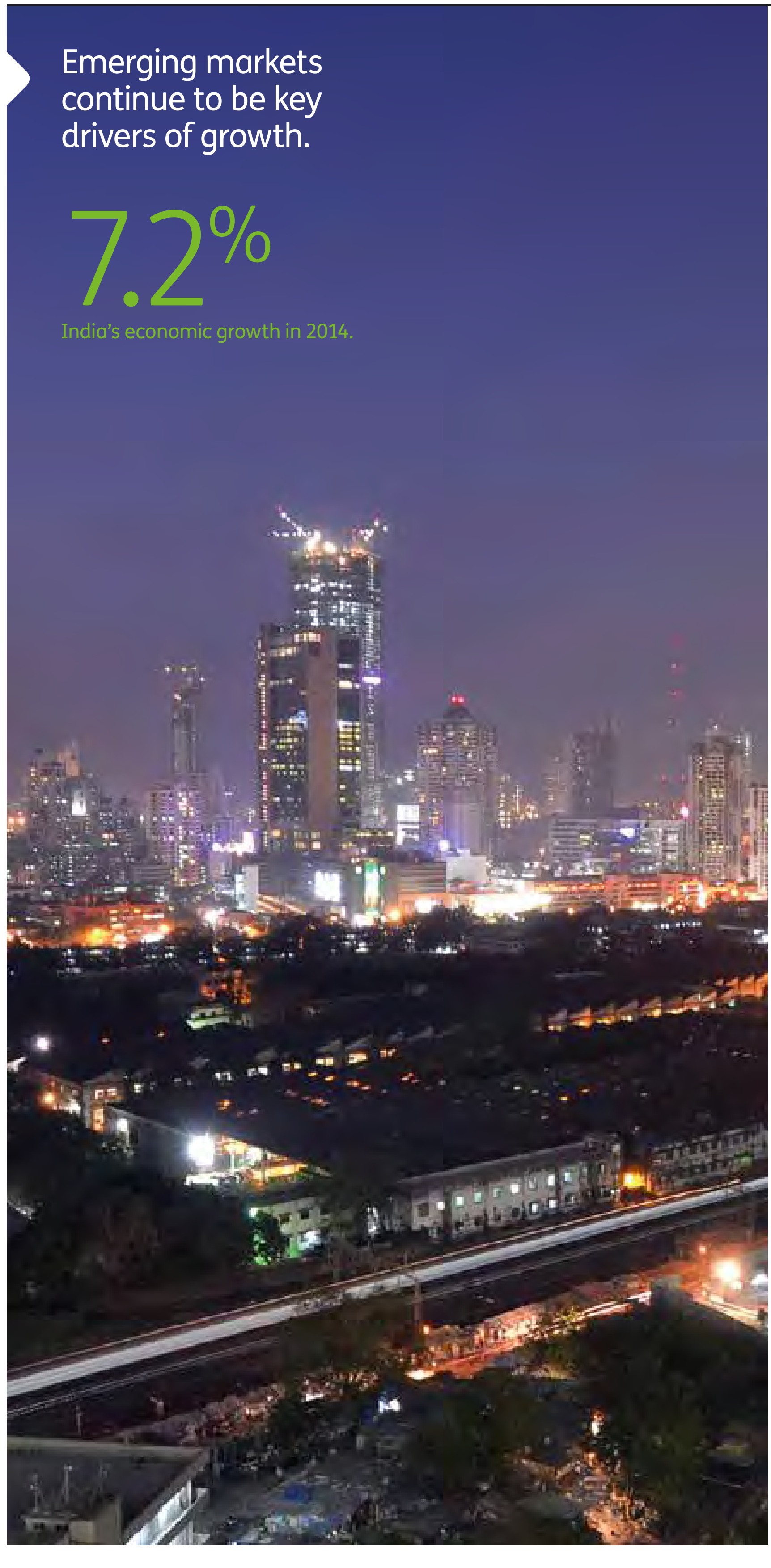
Looking forward
There is much to do on the operational front in FY2016; to move aluminium above its current operating level of 38% capacity, secure a local source of bauxite for our refineries and smelters, stabilise KCM, restart iron ore mining in Goa, and ensure our Oil & Gas business is positioned for robust performance notwithstanding weak oil prices. We need to continue strengthening our balance sheet through further deleveraging and delivering a simpler corporate structure.

We will continue to have a relentless focus on costs alongside rising capacity utilisation thus driving value growth. Looking forward over the next few years, we expect the worst of the sector oversupply to be behind us and Vedanta will be well placed to take advantage of future growth in India and globally, as a premier developer and innovator of choice. This will position the Company and its shareholders for a long period of profitable value creation.

Tom Albanese
Chief Executive Officer
13 May 2015

Vedanta is well-positioned to meet India's need for commodities, while operating at global standards of sustainable development.

Market overview



Emerging markets continue to be key drivers of growth.

7.2%

India's economic growth in 2014.

Global economy

Global gross domestic product (GDP) increased by 2.6% in 2014, according to World Bank Global Prospect Report 2015. There was a notable divergence in performance, however, between the world's major economies. The US started off weakly but the economy recovered through the spring and summer. The Chinese economy had a stronger start and slowed in the second half of the year, and growth dipped slightly below the government's 7.5% target. Europe's growth remained weak in 2014, and The European Central Bank announced significant easing measures in the summer. Activity remained fragile in emerging economies.

According to the World Bank Global Prospects Report 2015, global growth is expected to rise moderately, to 3% in 2015 and average about 3.3% through 2017. High income countries are likely to see growth of 2.2% in 2015–17, up from 1.8% in 2014, on the back of gradually recovering labour markets, ebbing fiscal consolidation, and still-low financing costs. In developing countries, as the domestic headwinds that held back growth in 2014 ease and the recovery in high-income countries slowly strengthens, growth is projected to gradually accelerate, rising from 4.4% in 2015 and 5.4% in 2017. Lower oil prices will contribute to diverging prospects for oil exporting and importing countries, particularly in 2015.

Indian economy

As the world economy faces subdued conditions and uncertainties, the Indian economy is poised to accelerate. Growth is expected to rebound given political certainty, positive policy measures, low commodity prices and improved business confidence.

Internally, the decisive outcome of the national elections buoyed sentiment and boosted expectations of major economic reforms. The Government has already initiated reforms including diesel price deregulation, natural gas price reforms, steps towards more flexible labour markets and reforms in the coal, mining and telecommunication sector. In addition, the launch of the 'Make in India' campaign has further boosted sentiment.

The focus on infrastructure investment, aided by a focus on certain industries with significant impact on the overall economic growth, will drive demand for aluminium, zinc, copper and iron ore.

As a large net importer of crude oil, the decline in crude prices has a positive impact in India. Going forward, this could improve growth prospects and ease inflation pressures increasing disposable incomes for consumers, lower input costs for energy-intensive sectors and lower current account deficit amongst others.

Prices in US$ per tonne unless otherwise indicated	FY2015	FY2014	% Change
Copper	**6,558**	7,103	(7.7)
Aluminium	**1,890**	1,773	6.6
Zinc	**2,177**	1,909	14.0
Lead	**2,021**	2,092	(3.4)
Silver (TOz)	**18**	21	(14.3)
Iron Ore (63 Fe Grade)	**70**	115	(39.1)
Crude per bbl	**85**	108	(21.3)

The IMF Survey in March 2015 estimates that real GDP growth will rise to 7.2% in 2014–2015, and continue at that level in 2015–2016, as a result of the revival in industrial and investment activity.

The Indian Government is now focused on improving the business climate and reviving manufacturing growth, with the target of improving India's ranking in the World Bank's Ease of Doing Business survey. Initiation of economic reforms and renewed optimism, together with low crude oil prices, augurs well for the Indian economy.

Zinc

The global demand for zinc increased by 4.3% in 2014 to 13,881kt. Refined zinc production growth declined from 3.9% to 3.3% in 2014, highlighting the widening gap between the global zinc demand and its supply. Combined with reductions in LME stocks, this resulted in moderate price rises during the year. Global zinc consumption is expected to grow steadily by around 4%–5% in the coming years and the closure of some large mines such as Century and Lisheen, will create further shortage in supply. New mines and upcoming projects such as Vedanta's Gamsberg project will help offset the gap to an extent.

The outlook for demand in India remains positive with CAGR of around 6%, driven by a strong galvanising sector which accounts for 75% of demand. With a 78% share of the Indian market and a high quality rating for its LME registered brands, HZL is well positioned to take advantage of these positive developments.

Lead

During 2014, global lead demand increased to 11,621kt, a growth of 3.7%, while primary refined lead production growth was 4.9%. Chinese demand which accounted for about 45% of global lead demand in 2014, grew by 4.5% in 2014 compared to 6.6% in 2013.

In 2015, we expect a continued increase in demand, led by the Chinese expansion in automotive output and construction of mobile phone base stations, requiring lead-acid batteries for back-up power. Amid falling fuel prices and interest rates, as well as Government promotion for foreign investments, India is expected to be among the world's top four auto-producers, leading to a substantial increase in lead consumption in the country.

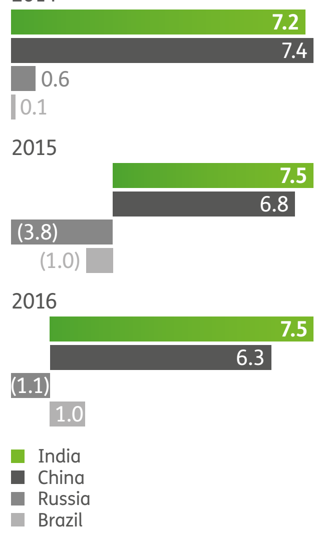
Copper

World copper consumption is estimated to have totalled 22.6mt in 2014, 8% higher than 2013, despite slowing economic growth in key emerging economies. China remained the main driver of world copper consumption in 2014 accounting for 46% of the world's refined copper consumption.

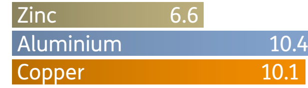
The availability of copper concentrates increased during the year following the resumption of Indonesian exports and new mines such as Caserones and Sierra Gorda starting production and TC/RCs improved considerably over the year.

World refined production is forecast to increase by 4.8% to 23.5mt in 2015, with moderating growth rates in China thereafter leading to growth in demand softening to 3.9%. Vedanta is one of the major exporters to China and also holds the highest market share in India where demand is expected to grow at 6%–8%. With its LME registered copper, Vedanta is well positioned to meet increasing demand for refined copper in India's critical electrical sector.

India: fastest growing major economy in 2015[1]



India's metal consumption growth rate FY2015[2] (%)



1 IMF World Economic Outlook Database, April 2015.
2 Includes secondary and value added consumption from all sources.

Market overview continued

Aluminium demand in India is growing strongly, spurred by large infrastructure investments. Government programmes such as 'Make in India' and electricity and housing for all, will drive increasing demand from the electrical sector.

Aluminium

Global aluminium consumption rose by 7.6% to 54mt in 2014, primarily driven by China, which leads in supply as well as demand. World-wide aluminium supply is outpacing demand, with subsequent pressure on pricing and premiums. In 2014 LME aluminium cash prices remained almost flat at US$1,866 but high LME stocks and lead time for delivery led to higher metal premiums.

Looking forward, primary aluminium demand is forecast to grow by 5% per annum up to 2020, driven by the transport sector and substitutions in favour of aluminium, but the release of LME inventories and consistently high production in China will keep prices soft over the coming year.

Aluminium demand from India is growing strongly, spurred by large infrastructure investments. Government programmes such as 'Make in India' and 'electricity and housing for all' will drive increased demand from the electrical power, transport and construction industries. There are new opportunities for the downstream industry in India to develop value added products, including alloys for defence and automobile applications. Vedanta's portfolio is focused more on the value added products and demand for its rods, billets and rolled products is likely to increase substantially.

Iron ore

The global iron ore trade is estimated to have increased 9% in 2014 to 1.3 billion tonnes supported by increases in supply from Australia and Brazil. Record iron ore production in 2014, combined with weak demand fundamentals in China, put pressure on prices which dropped by 47% during the calendar year.

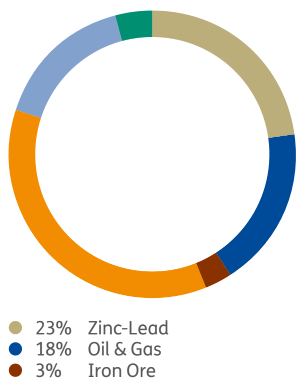
This reflected the market shift into oversupply with high stocks building in Chinese ports in addition to resilient domestic production. For 2015, lacklustre Chinese steel consumption growth is likely to dampen prices and the major miners are turning their focus to cutting production costs and increasing productivity.

In India demand for steel is forecast to rise as the Indian Ministry of Steel plans to increase steel production to 300mt by 2025 and investment in new capacity is under way leading to a projected growth rate in demand for steel of 5.3%. As Vedanta iron ore mines come back into production, it will help service the projected demand growth.

Revenue by geography

- 61% India
- 10% China
- 9% Middle East
- 5% Europe
- 9% Far East others
- 2% Africa
- 1% Asia others
- 3% Others

Revenue by commodity



- 23% Zinc-Lead
- 18% Oil & Gas
- 3% Iron Ore
- 36% Copper
- 16% Aluminium
- 4% Power

Oil & Gas

Following three years of relative stability and averaging around US$100 per barrel, oil prices have fallen sharply since mid 2014, a result of supply side pressure. New supply sources, notably from North America, have added to this imbalance. For 2014, oil demand grew by just 0.7% vis-à-vis 2013 when it grew at 1.4%. However, 2015 is forecasted to see growth of 1.2%.

The Indian oil & gas market is characterised by very high dependence on oil & gas imports, importing over 75% of its domestic requirements. Petroleum imports constitute more than 35% of India's total gross imports, leading the Government of India to drive for increased domestic production to reduce the energy import burden of the country by at least 10% per annum, until 2022. As one of the largest crude oil producers in India, Vedanta is well-positioned to support this vision.

Vedanta's market position

Vedanta is positioned well with a diversified spread across many commodity classes, enabling it to adjust to economic cycles and offset market downturns. The Government of India's vision of higher domestic production to reduce India's dependence on imports and the 'Make in India' programme are expected to accelerate demand in the Indian metal market, creating a positive environment for Vedanta in its domestic market in the near term and globally in the medium term.

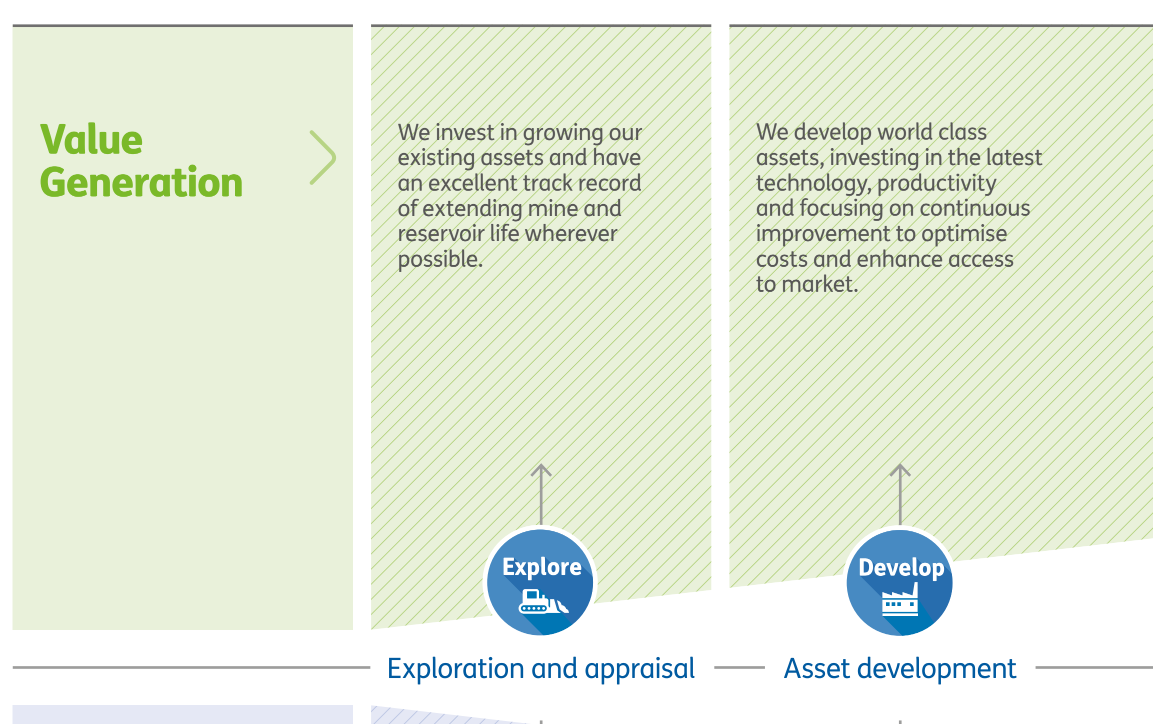
Business model

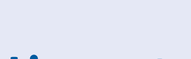
What we do and how we add value

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; our lenders 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 sustainable development in all aspects of our business with a well-developed sustainability framework which underpins everything that we do.

Vedanta develops and operates world class assets, generating and sharing sustainable, long-term value for all its stakeholders across the resource lifecycle.





We invest in local infrastructure and water supplies to the benefit of local businesses and communities.

see page 38

Growing our assets generates direct and indirect employment through sourcing of local labour, goods and services.

see page 42

We operate low cost mines and oil & gas fields, capitalising on our diverse portfolio to optimise production across commodity cycles, and capitalise on our strong position in India and our proximity to emerging markets.

We focus on operational excellence and high asset utilisation to deliver top quartile cost performance and strong cash flow, selectively converting some of our primary metals into higher margin products such as sheets, rods, bars, and rolled products in our aluminium, copper and zinc businesses.

We manage our long-life mines and assets to deliver value across the life cycle and return them back to a natural state after the end of their useful life.

Extract
Extraction

Process
Processing and value addition

Restore
End of life restoration

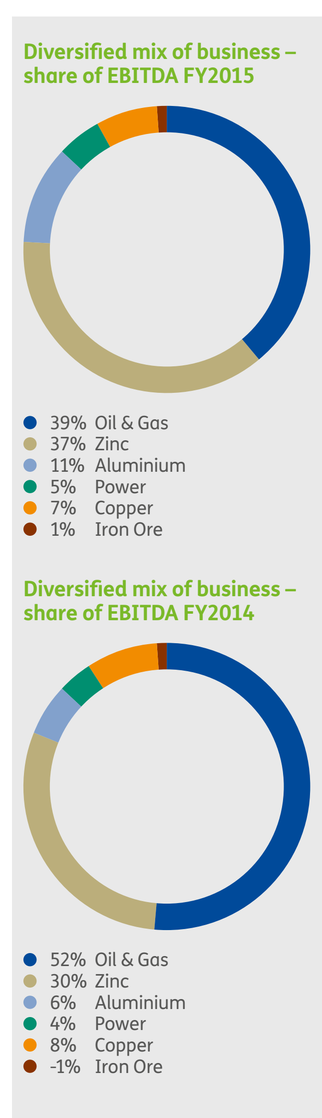
Moving into full production generates value for all stakeholders:

- We provide personal development, training and healthcare for employees
- We invest in community initiatives around our assets
- We initiate environmental projects to minimise the impact of our operations and increase bio-diversity
- We develop close relationships with customers and suppliers
- We generate a consistent dividend stream for shareholders and significant tax contributions to host governments

We work closely with local communities and regional governments to rehabilitate our mines and restore the natural habitat.

see page 40

Strategic capabilities and relationships



Margins FY2015	
Oil & Gas	62%
Zinc India	51%
Zinc International	31%
Aluminium	20%
Power	23%
Copper Zambia	(0.4)%
Iron Ore/Pig Iron	10%
Group (adjusted)[1]	**38%**

1 Excludes custom smelting at Copper and Zinc India Operation.

Strategic capabilities

World class assets
We have a diverse portfolio of high-quality assets that we invest in to secure long-term value delivery throughout the commodity cycle. Our long-life, low-cost assets have benefited from a significant investment programme over the last few years, with capital expenditure this year reduced to US$1 billion in line with subdued market conditions. This will maintain our competitive position in Tier one of the global cost curve for Zinc, Iron Ore and Oil & Gas and help move Aluminium and Copper into lower quartiles in the near term.

A skilled workforce
Key to our operational excellence is our 82,000 strong workforce, which includes over 11,000 skilled professionals such as geologists, mining engineers, technicians and commercial managers. We provided 756,643 hours in health & safety training, to ensure we develop and protect our people. We attract and retain the talent we need through high quality programmes such as the STAR programme that aims to develop 800+ high potential employees; the Mining Academy set up at Rajasthan to develop an employee pool with enhanced underground mining skills and Technical Act Up, a structured programme to develop technically proficient employees.

Technology and innovation
We encourage a culture of innovation both internally and through collaboration with external networks to drive productivity and maintain our competitive position. We test out new ideas in our R&D laboratory and invest in pilot scale studies, followed by feasibility studies for commercial viability.

Financial strength
We have a strong financial profile with cash and liquid investments of US$8.2 billion and a diversified, balanced debt portfolio with a net debt of US$8.5 billion. We are delivering positive free cash flow and continue to deleverage our balance sheet.

Licence to operate
Our investment in sustainability is key to our protecting and preserving our licence to operate. We promote a culture of transparency and integrity, focusing on protecting the health and safety of our employees, minimising our impact on the environment and investing in our local communities.

Relationships

Governments
India
The Indian Government is focused on easing the bureaucracy in doing business to attract new investments in infrastructure and to accelerate growth.

Vedanta is working to get easier access to raw materials (e.g. coal and bauxite) where the new Mining and Mineral Regulation will provide for auctions of natural resources. Coal block auctions already conducted during the year were a step towards addressing the country wide coal issue.

The Government is prioritising energy security and is taking steps in that direction including evaluation of revenue sharing models and uniform licensing policy for hydrocarbon reserves. Cairn India is currently working with the Government on the extension of the Profit Sharing Contract (PSC) in Rajasthan.

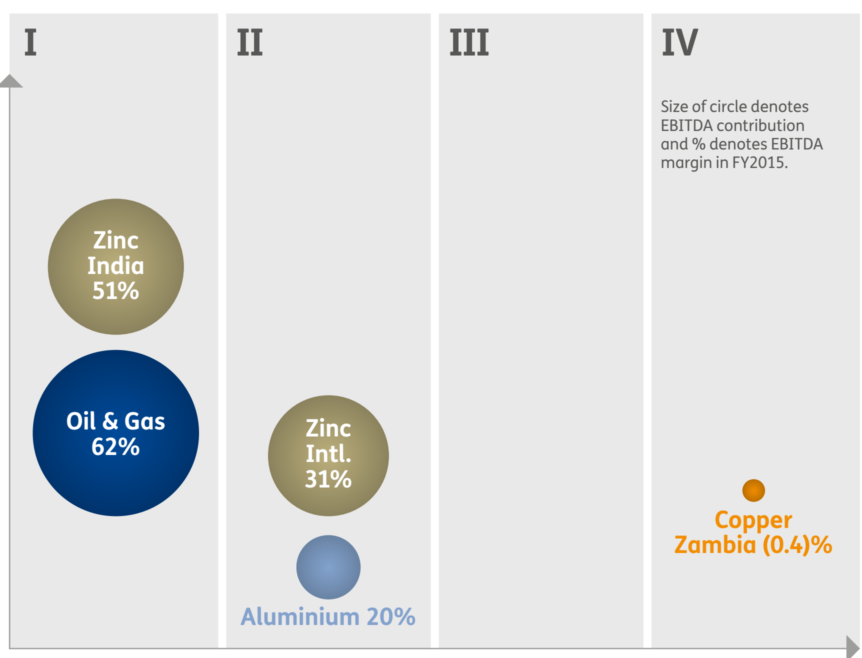
Relationships with State Governments are equally important and we continue to work with the Governments of the states where we operate.

Africa
As a major employer in Zambia and Southern Africa, with nearly 16,000 employees and contractors, Vedanta is committed to working with the local Governments.

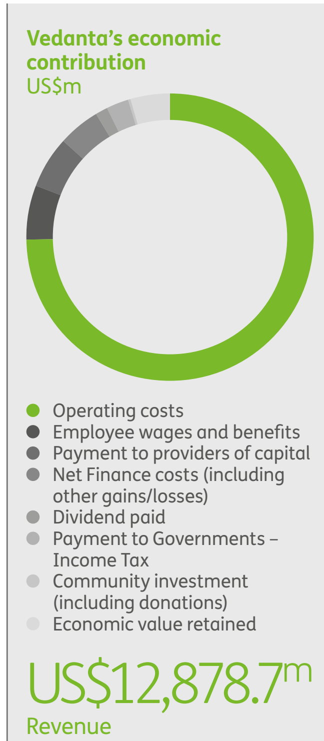
Employees
In addition to investing in training and development for its 82,000 employees, opportunities for employee engagement exist at every level within the Company. Over 2,000 employees have attended the Chairman's workshop in the last five years, the CEO visits sites around the Company on a regular basis and there are forums to cover local issues including welfare, gender diversity, sustainability and safety.

Customers and suppliers
Vedanta has strong relationships with its customers and suppliers and also contributes to the industry by participating in industry bodies. Vedanta aims to set high standards for contractual integrity and quality of product. Supply chain management is treated as a critical skill, underpinned by investment in IT and integrated systems.

Competitive position on global cost curve



Vedanta's economic contribution
US$m



US$12,878.7m
Revenue

Communities
Key to our license to operate is our relationship with the communities where we operate. We work with local community groups and village councils to discuss any grievances, for example in relation to land and resettlement issues. Our community programmes benefit over 4.1 million people in India and Africa and we invested US$43.0 million this year on these community initiatives including building and supporting schools, hospitals and on environmental projects to improve bio-diversity around our assets.

Shareholders
The Company actively engages with shareholders to listen to their views with the Executive members of the Board undertaking an ongoing schedule of meetings with institutional investors, analysts and brokers.

Over the last 11 years, Vedanta has returned US$1.6 billion to shareholders, an average return of 8% per annum.

Dividends have been paid out every year, across the commodity cycle, increasing progressively from 17.0 US cents per share 11 years ago to 63.0 US cents per share this year.

Lenders
Vedanta has a balanced debt portfolio, with a diversified range of funding sources and a balanced maturity profile. It maintains close communications with its lenders, through meetings, presentations and ongoing communication throughout the year.

Strategic framework

Strategy

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

Progress against strategic priorities

Strategic priorities		What we said we would do[1]
Production growth across the portfolio with a focus on returns		• Commence and stabilise production from aluminium and power assets • Commence production from BALCO coal block • Resume Iron Ore operations at Goa • Continue focus in securing coal and bauxite • Provide a safe way to resume copper mining 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
Reduce gearing from increasing free cash flow		• Deleverage balance sheet with increase in free cash flow (FCF) after project capex
Continue to add R&R in our existing portfolio of assets to drive long-term value		• Achieve reserve replacement of 150% in the next three years at Rajasthan Oil & Gas • Continue focus on exploration at all our mines
Simplify Group structure		• Realise synergies of Sesa Sterlite merger • Pursue buy-out of HZL and BALCO minority interests
Protect and preserve our licence to operate		• Focus on eliminating fatalities • Target to reduce LTIFR (operations and projects) to 0.51 • All sites to review their needs and impact assessments and SEPs by 2015–16 • Ensure 100% coverage of Human Rights and Code of Conduct training for all new hires • Structured community development programme

1 Source of data: Annual Report FY2014.

What we have achieved	Focus areas
• Achieved record annual production in alumina, aluminium and at Copper India and Zinc India • Started idle aluminium smelting capacity progressively by ramping up 84 and 82 pots in Korba and Jharsaguda respectively • Restarted iron ore operations in Karnataka • Secured coal blocks for BALCO in auction	• Achieve full capacity across businesses • Aluminium and Power: Ramp-up pots; secure domestic bauxite and coal; commence production from Chotia coal block • Zinc India: Ramp-up of Rampura Agucha Underground and Sindesar Khurd mine • Oil & Gas: Ramp-up EOR at Mangala; increase gas production • KCM: Deliver operational turnaround • Iron Ore: Recommence operations at Goa
• Gross debt reduced by US$0.2 billion in FY2015 • Optimising capex and opex across businesses	• Maintain positive FCF despite current market volatility • Renew efforts to reduce net gearing in the medium term from current higher level post impairments • Efficiently refinance upcoming maturities
• Zinc India: net R&R addition of 10mt • Oil & Gas: Gross 2P reserve addition of 16 million boe • Gamsberg 250kt project approved and commenced	• Optimise oil exploration activities, while preserving growth options • Leverage expertise of central mining exploration group • Identify next generation of resources at Barmer Hill and satellite fields • Phased development of Gamsberg
• Achieved synergies from Sesa Sterlite merger • Realised synergies of US$50 million in operating costs and procurement in FY2015	• Pursue further simplification • Realise US$1.3 billion of procurement and marketing synergies over four years
• Decline in fatal accidents and LTIFR • Achieved water and energy saving targets • Around four million beneficiaries of our community initiatives	• Achieve zero harm • Implement biodiversity management plans at all sites • Proactive engagement with local communities prior to accessing resources

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.

Revenue

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

Commentary
Total revenue for the year FY2015 was US$12.9 billion, in line with the previous year despite a weaker commodity environment. Primarily, the fall in Oil & Gas revenue, as a result of lower Brent prices, has been offset by increased revenue in Zinc, Iron Ore, Copper, Aluminium and Power. Revenue was up in Zinc India 7.4% and Aluminium 16.6% due to higher prices and premia. Copper India volumes were higher. Lower volumes at our Copper Zambia and Zinc International businesses also reduced revenue.

EBITDA

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 FY2015 was lower by 16.7% at US$3,741.2 million as compared to US$4,491.2 million in FY2014 primarily due to lower commodity and oil prices and a higher profit petroleum share to the Government of India. Whilst higher production volumes in Copper India, the recommencement of iron ore production in Karnataka and the commissioning of a new power plant at Talwandi Sabo helped EBITDA, this was more than offset by lower volumes in the Zinc businesses, Oil & Gas and Copper Zambia.

Free cash flow post capex

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.

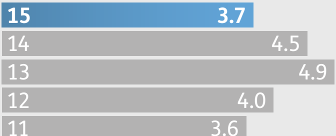
Commentary
Free cash flow post capex was US$1.0 billion in FY2015 as compared to US$1.3 billion in FY2014 and reduced mainly due to a lower EBITDA as a result of weaker commodity prices, with a lower amount spent on sustaining and growth capex to preserve cash in the challenging environment.

Capex spent

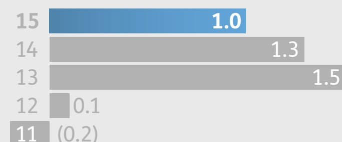
Description
This represents the amount invested in our organic growth programme during the year.

Commentary
Expansion capital expenditure during the year was US$1,531 million as compared to US$1,425 million.

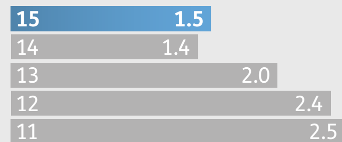
EBITDA (US$bn)



Free cash flow post capex (US$bn)



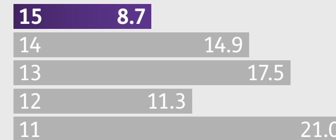
Capex spent (US$bn)



ROCE

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 earn a post-tax return above the weighted average cost of capital consistently. To have consistency in comparison, the effect of one time non-cash impairment charges have been taken out in calculating ROCE for FY2015.

Commentary
ROCE without project capital work in progress and exploration assets in FY2015 was 8.7% as compared to 14.9% in the previous year.



Underlying EPS

Description

This represents net profit attributable to equity shareholders and is stated before special items and their attributable tax (including taxes classified as special items) 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 (14.2) US cents per share was lower compared to the previous year of 14.7 US cents per share. This was reflected by weak commodity prices and lower volumes resulting in lower EBITDA, which includes one time provision of 7% Gridco receivables of US$44 million and US$88 million exploration costs written-off at Cairn India pertaining to a deep gas well in the Ravva production block. Furthermore, it reduced due to the higher tax charge which was partially offset by lower depreciation and amortisation and the lower net interest expense.

Dividends

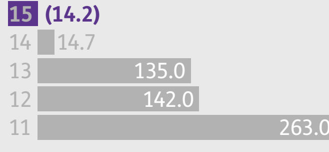
Description

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 63 US cents per share this year, up 3%.

Underlying EPS (US cents)



Dividend per share (US cents)

Year	Value
15	63.0
14	61.0
13	58.0
12	55.0
11	52.5

LTIFR

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 continue reducing LTIFR with a 0.46 in FY2015. The continuous fall in LTIFR shows our commitment towards zero harm work environment.

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 FY2015, the ratio of female employees increased to 8.6% of total employees. We initiated special recruitment drives to provide career advancement for women, including planned rotation through corporate functions.

CSR footprint

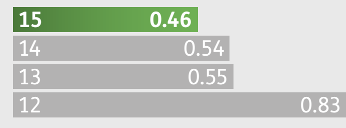
Description

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

Commentary

We benefited around 4.0 million people this year through our community development projects comprising community health, nutrition, education, water and sanitation, sustainable livelihood, women empowerment and bio-investment.

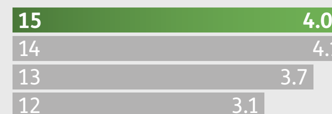
LTIFR (million man hours)



Women in the workforce (%)

Year	Value
15	8.6
14	8.4
13	8.1
12	8.2

CSR footprint (million beneficiaries)



Principal risks and uncertainties

Vedanta's businesses are exposed to a variety of risks inherent to an international oil & gas mining and resources organisation. The nature of operations for resource companies operations is long-term, resulting in the identification of several ongoing risks. Resource companies also carry a significant element of constantly-evolving risks.

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

It is essential to have in place necessary systems to manage these risks, while balancing the relative risk/reward equations demanded by stakeholders. Our management systems, organisational structures, processes, standards, and code of conduct together form our internal control systems, which govern how we conduct the Group's business and manage all associated risks. Materiality and tolerance for risk are key considerations in our decision-making.

Risk management is embedded in our critical business activities, functions and processes. It helps Vedanta meet its objectives through aligning operating controls with mission and vision. Our risk management framework is designed to be a simple, consistent and clear format for managing and reporting risks from the Group's businesses to the Board. It is a multi-layered risk management framework, aimed at effectively mitigating the various risks our businesses are exposed to over the course of their operations and 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 risk matrix. At least once a quarter, formal discussions on risk management take place in business level review meetings throughout the Group. At these meetings, each business reviews its risks, and any change in the nature and extent of the major risks since the last assessment, also control measures established for the risk and further action plans. Control measures in the Turnbull risk matrix are also periodically reviewed by business management teams to verify their effectiveness.

All Vedanta risk management review meetings are chaired by business chief executive officers and attended by COO/CFO, senior management and functional heads. Risk officers are formally nominated at all operating businesses, and Group level. The role of the risk officer is to create awareness of risk at senior management level and to develop and nurture a risk management culture within all businesses.

Risk mitigation plans form an integral part of the 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 the risk management framework in the businesses is anchored with their leadership team.

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 identifying and assessing any changes in risk exposure, reviewing all risk control measures and approving remedial actions, where appropriate.

The Audit Committee is supported by the Risk Management Committee, which helps evaluate the design and operating effectiveness of the risk mitigation programme and control systems.

Additional key risk governance and oversight committees include:

- CFO Committee – has an oversight on any treasury-related risks. This committee comprises the Group Chief Financial Officer, business Chief Financial Officers and Treasury Heads at respective businesses.
- Group Capex Sub-Committee – evaluates capex risks while reviewing any capital investment decisions, and institutes a risk management framework in all expansion projects.
- Vedanta Board Level Sustainability Committee – looks at sustainability related risks. This committee is headed by a Non-Executive Director, and other members are the Group Chief Executive Officer and other business leaders.

Every business division in the Group has developed its own risk matrix of Top 20 risks, which are reviewed at Business Management Committee level. Business divisions have developed individual risk registers, depending on the size of their operations and the number of SBUs/locations. These risks are reviewed in SBU level meetings.

Our principal risks have been assessed according to impact and likelihood, and 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 Vedanta meet its objectives, there can be no guarantee that our risk management activities will mitigate or prevent these or other risks from occurring.

Risk	Impact	Mitigation
Delay in commencement of production facilities in aluminium business	Some of our projects have been completed (pending commissioning) or are nearing completion. The timing, implementation and cost of these expansion projects is subject to a number of risks, including a delay in obtaining necessary approvals, which may delay or prevent us from commencing commercial operations at some of these projects, availability of power at commercially reasonable rates etc.	We continue our efforts to secure key raw material linkages for our alumina/aluminium business. We are also pursuing multiple options for bauxite sourcing with the Government of Odisha. Volumes are gradually ramping up across our Aluminium and Power businesses and we have received the approval to start our 1,200MW power plant in Korba. We are pursuing the deemed CPP route under the Electricity Act to resolve availability of power at Jharsuguda on commercially viable terms. Infrastructure-related challenges are being addressed, with requisite approvals for the commencement of production facilities being pursued. A strong management team is in place and continues to work towards sustainable low production costs, operational excellence and securing key raw material linkages.
Challenges in resumption, continuation of Iron Ore business	The iron ore business has faced temporary suspension and Goa iron ore is yet to commence its operation.	The Honourable Supreme Court (The Court) in India lifted the ban on mining in the State of Goa, in April 2014, subject to certain conditions. The Indian Ministry of Environment and Forests has also revoked its earlier order, which had kept environment clearances for iron ore mines in Goa in abeyance. Vedanta has been allocated with an interim annual mining quantity of 5.5mt of saleable ore based on the state wide cap of 20mtpa for FY2015 which the Group expects to be progressively increased in the coming years. Mining is expected to commence post monsoons, after receipt of remaining approvals from the Indian Government. We are working towards securing the necessary permissions for commencement of operations. Aggressive cost reduction initiatives are also under way at our Iron Ore business.
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 an underground mining operation. Difficulties in managing this transition may result in challenges in achieving stated business milestones.	We are working with internationally renowned engineering and technology partners towards ensuring a smooth transition from open pit to underground mining, with a major focus on safety aspects. 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 and contractors in our system with underground mining expertise. Our employees are also gaining experience working abroad in underground mines to accentuate skill development. Stage gate process is in place to ensure we frequently review risk and remedy. Robust quality control procedures have also been implemented to check safety and quality of services, design, and actual physical work. Additional output from cut V of the open pit as well as ramp up from some of the mines is expected to smoothen this transition.

Principal risks and uncertainties continued

Risk	Impact	Mitigation
Operational turnaround at KCM	Lower production and higher cost at KCM may impact our profitability.	We are reviewing our operations and engaging with all stakeholders in light of operating challenges, issues in VAT refunds and a new Mineral Royalty Tax regime. We are committed to improving KCM operating performance. We are implementing the pivot strategy at Konkola to focus on profitable areas of production and reviewing operations and engaging with all stakeholders. Government authorities are proceeding in resolving policy tangles in the resources industry and enabling faster approvals. Our focus is on improving equipment availability to increase extraction rates, and experienced operators are being introduced into critical positions. Several cost-saving initiatives and restructuring reviews are also under way at KCM to preserve cash.
Discovery risk	The increased production rates from our growth oriented operations places demand on exploration and prospecting initiatives to replace reserves 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.	Our strategic priority is 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 and agencies are working closely with our exploration team to build on this target. We continue to work towards long-term supply contracts with mines.
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 extending Cairn's Production-Sharing Contract beyond 2020, or extension at less favourable terms, may have implications.	We are in continuous dialogue with the Indian Government and relevant stakeholders. The Production-Sharing Contract has certain in-built options for extension; Cairn has already applied for an extension and the matter is being pursued with all stakeholders.
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.	Asset utilisation and cost of production (CoP) continues to be a priority. We carry out periodic benchmarking of CoP and other operational efficiencies with the objective of being in the top decile in all the businesses on CoP. We have employed reputable consultancy firms to advise on improving overall operational efficiencies. A structured asset optimisation programme operates in the Group, and the role of the asset optimisation function in each business has been enlarged and elevated in the organisation structure. We are also pursuing savings and synergy initiatives in procurement and marketing in order to reduce costs and improve performance of our operations. The procurement initiatives include aspects such as optimising supplier portfolio and combining purchasing at Group level, combining logistics activities, improve asset flexibility to process a wider range of commodities and develop closer relationships with key vendors to get benchmark performance.

Risk	Impact	Mitigation
Fluctuation in commodity prices (including oil)	Prices and demand for the Group's products are expected to remain volatile/uncertain and strongly influenced by global economic conditions. Volatility in commodity prices and demand may adversely affect our earnings, cash flow and reserves.	The Group has a well-diversified portfolio which acts as a hedge against fluctuations in commodities and delivers cash flows through the cycle. Vedanta considers exposure to commodity price fluctuations to be an integral part of the Group's business and its usual policy is to sell its products at prevailing market prices and not to enter into price hedging arrangements other than for businesses of custom smelting and purchased alumina, 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 Group monitors the commodity markets closely to determine the effect of price fluctuations on earnings, capital expenditure and cash flows. The CFO Committee reviews all commodity-related risks and suggests necessary courses of action as needed by business divisions. Our focus is on cost control and cost reduction.
Currency exchange rate fluctuations	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.	Vedanta does not speculate in forex. We have developed robust controls in forex management to hedge currency risk liabilities on a back-to-back basis. The CFO Committee reviews our forex-related matters periodically and suggests necessary courses of action as may be needed by businesses from time to time, and within the overall framework 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.
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.	Vedanta, together with its business divisions, monitors regulatory and political developments on a continuous basis. Our focus has been on communicating responsible mining credentials through representations to Government and industry associations. We continue to demonstrate the Group's commitment to sustainability through actively engaging with proactive environmental, safety and CSR practices, including local community, media and NGOs. We are SOX and SEC-related compliant organisations. 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 and Corruption guidelines is also in place.
Tax related matters	Our businesses are in a tax regime and change in any tax structure may impact our profitability.	Vedanta has a robust organisation in place at business and Group level to handle tax-related matters. We engage, consult and take opinion from reputed tax consulting firms. Reliance is placed on appropriate legal opinion and precedence. Recently the Government has taken an aggressive stance against some of our Group companies in regards to their tax matters. We continue to take appropriate legal opinions and actions on these matters to mitigate the impact of these actions on the Group and its subsidiaries.

Principal risks and uncertainties continued

Risk	Impact	Mitigation
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 is in place at respective businesses for information and IT security. IT security policies and procedures are defined at individual businesses. We seek to manage cyber security risk through increased standards, ongoing monitoring of threats and awareness initiatives throughout the organisation. An IT system is in place to monitor logical access controls. We continue to carry out IT security reviews by experts periodically and improve IT security standards.
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.	Establishing and maintaining close links with stakeholders is an essential part of our journey as a sustainable business. Our endeavour is to integrate our sustainability objectives into long-term planning. Vedanta's approach to community development is holistic, long-term, integrated and sustainable, and is governed by two key considerations; the needs of the local people, and the development plan in line with the UN Millennium Development Goals. The Board's Corporate Social Responsibility (CSR) Committee decides the focus areas of all CSR activities, budget and programmes to be undertaken by businesses. Our business leadership teams have periodic engagements with all local communities to establish relations based on trust and mutual benefit. Our focus is on local consent prior to accessing resources. We seek to identify and minimise potential negative operational impacts and risks through responsible behaviour – acting transparently and ethically, promoting dialogue and complying with commitments to stakeholders. We implement sustainability controls through the Vedanta Sustainable Development Framework aligned to IFC, ICMM and OECD standards. We work with and partner with global think tanks and institutional bodies such as WBCSD, CII and IUCN, and have introduced structured community development programmes to reduce water, energy and carbon consumption. 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. Further details of the Group's CSR activities are included in the Sustainability section.

Risk	Impact	Mitigation
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 for Vedanta. Compliance with international and local regulations and standards, and protecting our people, communities and the environment from harm and our operations from business interruptions, are our key focus areas. Vedanta's Board Sustainability Committee is chaired by a Non-Executive Director and includes the Group Chief Executive Officer, and meets 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. We have implemented a set of standards to align our sustainability framework in line with international practices. A structured sustainability assurance programme continues to operate in all business divisions. It covers environment, health, safety, community relations and human rights aspects, and embeds our operational commitment to HSE. HSE experts are also inducted from reputed Indian and global organisations to bring in best-in-class practices. Each business has 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. Fatal accidents and injury rates have declined. We are implementing programmes to eliminate fatalities and control injuries. Our leadership remains focused on a zero-harm culture across the organisation. Consistent application of 'Life-Saving' performance standards and quantitative risk assessments for all the critical areas/formal identification of process safety risks and focusing on the management of controls. We continue to improve on our safety investigations and follow-up processes. Further details of our HSE-related activities are included in the Sustainability section.

Principal risks and uncertainties continued

Risk	Impact	Mitigation
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 to widen our talent pool. We have a talent management system in place to identify and develop internal candidates for critical management positions and processes to identify suitable external candidates. Our performance management system is designed to provide reward and remuneration structures and personal development opportunities to attract and retain key employees. A structured programme maps critical positions and ensures all such positions are filled with competent resources. Our progressive HR policies and strong HR leadership have ensured that career progression, job rotation and job enrichment are focus areas for our businesses. We have established the Mining Academy in Rajasthan to develop an employee pool with enhanced underground mining skills. We also have a structured programme to develop a technically proficient employee pool.
Loss of assets or profit due to natural calamities	Our operations may be subject to a number of circumstances not wholly within the Group's control. These include damage to or breakdown of equipment or infrastructure, unexpected geological variations or technical issues, extreme weather conditions and natural disasters, any of which could adversely affect production and/or costs.	Vedanta has taken appropriate Group insurance cover to mitigate this risk. We have appointed an external agency to review the risk portfolio and adequacy of this cover and to assist us in our insurance portfolio. Our underwriters are reputed institutions and have capacity to underwrite our risk. There is an established mechanism of periodic insurance review in place at all entities. However, any occurrence not fully covered by insurance could have an adverse effect on the Group's business.
The Group's reported results could be adversely affected by the impairment of assets	The change in carrying value of assets depends on various assumptions. The change in any of those assumptions may impact the useful life and its carrying value.	We maintain a close watch on various business drivers that could impact impairment assessment. There is continuous focus, monitoring and periodic review of our assets. We also periodically review the assumptions, carry out testing and reassess the useful life of these assets with the help of reputable firms. Vedanta reviews the carrying value of its assets and long-term price assumptions. In view of the steep drop in oil prices, the Company has impaired US$4.5 billion (net of tax) of carrying values.

Risk	Impact	Mitigation
Liquidity risk	The Group may not be able to meet its payment obligations when due or be 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 current operations which, together with the available cash and cash equivalents and liquid financial asset investments, provide short-term and long-term liquidity. The volume ramp up and our efforts to optimise opex and capex are expected to provide cash flow that will reduce gearing in the medium term. Cairn India has announced a reduction in capex, which will help to maintain positive free cash flows at current oil prices and retain the flexibility to invest in growth projects as oil price improves and costs are further optimised. Anticipated future cash flows and undrawn committed facilities 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 sufficient experience in raising and refinancing debt (c.US$35 billion over the past decade) and has in the past been able to tap diverse sources of funding to meet its needs. This will help mitigate the execution risk around this risk. The Group has a strong Balance Sheet that gives sufficient flexibility to raise further debt should the need arise. The Group is further committed to further simplify the structure which will help improve cash fungibility and hence lower liquidity risk.

Sustainable development report

Commit, Connect, Care. Our Approach to Sustainability

We are committed to partnering nations in their journey of growth, by exploring the potential of natural resources. In doing so, we are **committed** to ensure a zero harm culture for our planet and people. Our transparent and continuous engagement with our stakeholders **connect** working partnerships and builds long-lasting relationships with our stakeholders. We **care** by demonstrating a purpose beyond profits.

Visit our interactive online Sustainable Development Report 2014–15 at sd.vedantaresources.com/ SustainableDevelopment2014-15

Our strategy to sustainable development
Alongside delivering high-quality assets and low-cost operations, our Sustainable Development Model is integral to Vedanta's core business strategy and helps us conduct our business in line with our values of trust, entrepreneurship, innovation, excellence, integrity and sustainability.

It is made up of three pillars Responsible Stewardship, Building Strong Relationships and Adding & Sharing Value, based on our strategy to deliver long-term sustainability as shown in the diagram. In FY2015 we added a fourth pillar: Strategic Communications, this reflects our dedication to transparency and to engage with all stakeholders. All these pillars capture the steps we must take to ensure a long-term, successful future for our business – meeting our strategic goals of growth, long-term value and sustainable development. The development of our Sustainable Development Framework over the last few years provides us with a robust structure to deliver this supported by our Sustainable Development Model pillars.

Our model and framework is aligned to global best practice standards, including the United Nations Global Compact's (UNGC) 10 principles, the International Finance Corporation, the International Council on Mining and Metals and the Organisation for Economic Cooperation and Development. This consistently rigorous approach has helped us win over 40 awards from external agencies during the year, which are detailed in our Sustainable Development Report 2014–15.

Implementing our strategy
We have created a management framework to put our Sustainable Development Model into practice. We are committed to ensuring this Framework is followed and managed in all our operations and new projects as part of our sustainability journey. Our goal is for the Framework to be delivered by all employees and embedded in every decision we take, ensuring what we do is safe, ethical and transparent.

Highlights of the year

4.0 million[1]
beneficiaries of our community investment (2014: 4.1 million)

US$42 million
invested in community development (2014: US$49 million)

40 million tonnes of CO_2 equivalent
carbon footprint (2014: 37 million tonnes of CO_2 equivalent)

1 Some beneficiaries may have been involved in more than one project.

Our sustainability approach reflects the local needs and requirements of our communities and includes stakeholder feedback. Continuous internal auditing is fundamental to keeping us on track and the Vedanta Sustainability Assurance Programme (VSAP) drives compliance with the Framework. Results and action plans are reviewed by our Executive and Sustainability Committees.

Going forward, global partnerships such as our involvement with the World Business Council for Sustainable Development, UNGC and the Global Reporting Initiative will become increasingly important to challenge ourselves to go further. We also intend to share more experiences with sector peers and other global businesses.

Sustainability governance

Embedding sustainability into day-to-day business requires leadership from all levels, and ultimate accountability lies with the Vedanta Board. The Board oversees and reviews sustainability performance of the Group through its Sustainability Committee and Executive Committee. The committee's Chairman and Group CEO regularly updates the Board on its progress. Our policies and guidance notes are available to all employees through the corporate website, subsidiary portals and through periodic awareness-training sessions.

Our business gives rise to a number of social and environmental impacts, both positive and negative. Along with our stakeholders, we prioritise which of these issues we will tackle, and when. The process by which we determine what is material, i.e. what is most significant to our stakeholders and our business is referred to as completing a materiality review, detailed in our Sustainable Development Report 2014–15.

In FY2015, we repeated our materiality review to understand if stakeholder priorities had changed. We found that ethics and integrity, community engagement and impact, public policy and advocacy, child and forced labour have become more prominent issues over the year, while other priorities remain consistent with the previous year and therefore we have focused on providing greater detail on these issues in our SD Report.

A fair and transparent business

Our Code of Business Conduct and Ethics (the Code) provides a set of principles to guide our employees, while our Sustainable Development Framework outlines best practice standards that drive improvement consistently across all operations.

The Code covers issues from human rights, insider trading and political contributions; to competition, conflicts of interest and confidentiality. It provides guidelines for all businesses to assist employees in meeting high standards of personal and professional integrity. Training in our Code is mandatory for all new hires. In total 24,068 man hours of training in Human Rights and Code of Business Conduct and Ethics was given to all our employee's and contractors.

A key focus is absolute intolerance to fraud, bribery and corruption and we welcome the Indian Government's policy in recent years to confront this. Despite our predominant presence being in India, we are held to account by laws in the United States, United Kingdom and Europe, due to our dual listing. Therefore, if we suspect malpractice anywhere in our operations, we undertake a rigorous investigation under the UK Fraud and Bribery Act.

We report to global standards of excellence

In line with the Strategic Communications pillar of our Sustainable Development Model, our reporting is transparent, credible and rigorous. It covers the full scope of our operations; is aligned to the Global Reporting Initiative (GRI) G4 and is externally verified. It also integrates all 10 principles of the United Nations Global Compact and all eight Millennium Development Goals.

Looking ahead

- Publish a tax report in the next financial year
- Expand leadership training in ethics and integrity
- Build more partnerships with best practice organisations such as the UN and WBCSD
- Join collaborative industry initiatives to share best practice

0.46
lost time injury frequency rate (2014: 0.54)

US$4.6 billion[2]
tax payments to exchequers (2014: US$5.3 million).

2,325
full-time female employees (2014: 2,329)

100%
periodic medical examinations for all applicable employees (2014: 100%)

2 This includes direct and indirect taxes.

US$61.5 million
invested in environment initiatives (2014: US$57 million)

88%
of sites certified to ISO 14001 environmental standard (2014: 83%)

4,635
village meetings held (2014: 3,538)

756,643
safety training hours delivered to all staff (2014: 810,000)

0
category 4 or 5 (severe) environmental incidents (2014: 1)

100%
of subsidiary businesses have biodiversity management plans in place or in preparation (2014: 63%)

55%
non-hazardous waste recycling rate: (2014: 74%)

100%
Assurance of all sites by our internal audit programme (VSAP) (2014: 100%)

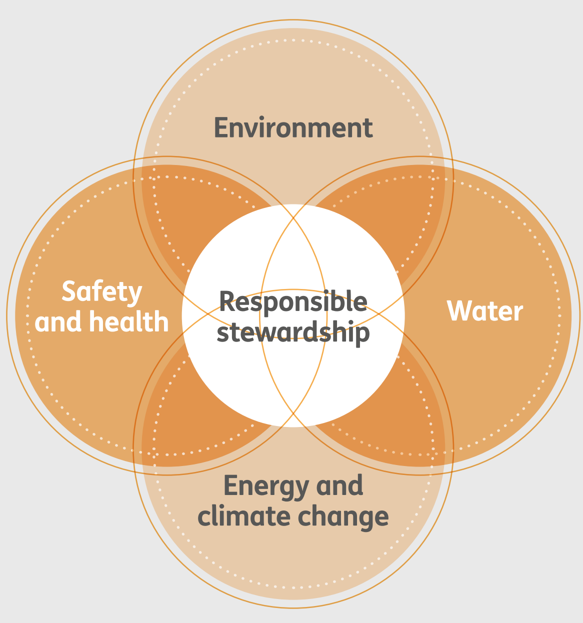
Sustainable development report continued

Responsible stewardship

Objectives and targets FY2015	Status	Performance FY2015	Objectives and targets FY2016
Occupational health and safety			
Achieve zero fatal accidents.	Not achieved	8 Fatalities (5 In India and 3 in Africa).	Achieve zero fatal accidents.
Loss Time Injury Frequency Rate (LTIFR) to be less than or equal to 0.51.	Achieved	LTIFR (Vedanta): 0.46.	Re-establish LTIFR base performance as per recently released ICMM reporting guidelines and enable future reduction in LTIFR targets.
Behaviour-based safety training module to be rolled out to other businesses.	Achieved	Successfully rolled out at HZL.	Implement Safety Interactions at two businesses in addition to HZL.
Environment			
Water Savings – 2.49 MCM.	Achieved	Early commissioning of innovative water recovery initiatives and implementation of water resource management plan has led to a water saving of 7.38 MCM.	Water Saving: 2.39 MCM.
Energy Savings – 0.87 Million GJ.	Achieved	Internal benchmarking and technological process intervention has led to an energy savings: 0.92 Million GJ.	Energy Saving: 0.88 Million GJ.
By 2015-16, all sites to have Biodiversity Management Plan in place.	In progress	All our sites have either BMP in place or are on course to meet our FY2016 target.	By 2015-16, all sites to have Biodiversity Management Plan in place.

Achieved · Not achieved · In progress

What we focus on:



Safety and health

Protecting the safety, health and wellbeing of those who work for us is a business imperative. Our stakeholders recognise this and have rated safety and health as our highest strategic priority.

In a geographically diverse business like ours, where attitudes to health and safety can vary, fostering a culture of zero harm is no easy challenge. Our Sustainable Development Framework points us to the highest recognised global standards, while continuous auditing and decisive leadership drive compliance.

In FY2015, 756,643 hours of safety training were delivered to employees and contractors on subjects including working at height, permit to work, job safety analysis, first aid, incident reporting and safe behaviour.

We are seeing tangible outcomes of this safety drive, with fewer fatalities and lost time injuries. However, **any** unsafe incident is entirely unacceptable and tragically, eight employees died due to work-related causes over the year. Five were in India and three in Africa. Each fatality has been fully investigated with each subsidiary company's Chief Executive or Chief Operating Officer presenting a detailed appraisal of the root causes of each fatality to the Board's Sustainability Committee and updating them on action plans in response.

During the reporting year, all sites conducted medical examinations for staff. In Liberia we conducted screenings for Ebola and supported employees and their communities with aid parcels. A further 87 sites became OHSAS 18001 certified (FY2014: 85%) for occupational health and safety management.

Looking ahead

- Achieve zero fatal accidents
- Re-establish LTIFR base performance as per recently released ICMM reporting guidelines and enable future reduction in LTIFR targets
- Implement safety performance standards: >75% of critical elements in the standards to be implemented across the business
- Implement Safety Interactions at two businesses in addition to HZL

Environment

We are conscious that our operations give rise to negative environmental impacts, from gas and particulate emissions and hazardous waste, to water extraction and landscape modification. We manage our footprint to the most stringent global standards throughout the project life cycle and, over FY2015, invested US$61.5 million to research new and innovative ways of protecting the environment and to bring efficiency savings to our bottom line.

We have developed specific environmental objectives and targets and review performance particularly with regard to energy and water management. We are proud to report zero serious environmental incidents over the year (compared to one in FY2014). Our goal is to obtain ISO 14001 certification at all sites and 46/52 operations are now certified. All subsidiary businesses have been assessed with environmental gaps identified in energy, water management, greenhouse gas emissions and biodiversity management plans. Action plans are now in place to address these.

Water

As well as championing the universal right to water, we also strive to reduce our operational consumption. Our mining, smelting and refining processes use considerable quantities of water, often in regions of drought.

Our approach is outlined in our Water Policy and delivered through our Water Management Standard. We facilitate the integration of water management into decision-making processes for new and existing projects, which helps ensure all necessary measures to avoid, minimise or, in some cases, compensate for the impacts of our projects that are in place. This includes an obligation for all our subsidiary businesses to conduct a water screening assessment to identify sensitive water resources, aquatic habitats and any known or suspected water resource constraints in proximity to each operation.

Most of our subsidiary businesses now have a Water Resources Management Plan in place to eliminate, minimise, mitigate and manage impacts on water resources. Total water conservation levels reached 7.38 million cubic meters (MCM), against a target of 2.49MCM for FY2015.

Most of our operational processes have been designed to be 'zero discharge', where the generated waste water is treated and recycled for cooling and other applications. In addition to these initiatives, effluent and sewage treatment plants are installed at many locations for reusing water at primary locations.

Energy and climate change

As an extractive industry, we have a profound responsibility to address the planet's undisputed warming and to adapt to future impacts. It remains a high-profile challenge, with many of our operating countries (such as India, Australia and African nations) predicted to experience the worst impacts of a changing climate.

Our Energy and Carbon Policy mandates that all subsidiary businesses must apply global best practice to minimise greenhouse gas (GHG) emissions and energy use, looking to energy management standards such as ISO 50001, and deploying the latest technology to optimise efficiencies. 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, 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) as defined under the World Business Council for Sustainable Development (WBCSD) and World Resource Institute (WRI) GHG protocols.

During FY2015, we conducted internal benchmarking on energy consumption among all our subsidiaries, and we are pleased to report that we met our energy targets over the year, saving 0.92 million gigajoules.

The right to water

A staggering 1.8 billion people worldwide lack access to safe drinking water, while 4 billion are without adequate sanitation. In India, the Government has announced that all households will have 'complete' sanitation by 2019.

In 2014–15, we pledged universal access to safe Water, Sanitation and Hygiene (WASH) in the workplace, an initiative of the World Business Council for Sustainable Development, which brings businesses together to create a sustainable future. Going forward, we will be using a modified version of the WASH water tool appropriate to our operations.

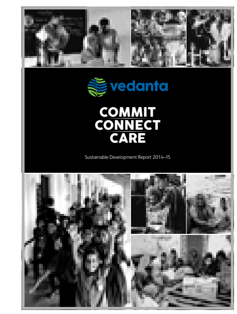
"It has been highly valuable to have Vedanta Resources on board the WASH Pledge. The Company is at the forefront of leadership on WASH issues not only in the Indian business space but also in its industry. The Company is sending a strong message to the global business community that business can and should make a concrete contribution to the societal goals surrounding water, sanitation and hygiene."
Joppe Cramwinckel, Director of the WBCSD's Water Cluster

Green House Gas Emissions (tonnes of Co_2 equivalent)

Sector	Scope I Emission (tCO_2e)		Scope II Emission (tCO_2e)	
	2014-15	2013-14	2014-15	2013-14
Zinc India	4,774,105	4,576,813	160,924	174,083
Zinc International	48,019	40,034	703,955	770,296
Aluminium	19,450,763	18,317,289	583,164	15,419
Copper India/Australia	1,221,132	1,230,907	74,175	174,593
Copper Africa	107,597	110,512	5,460	13,513
Iron Ore business	2,437,164	1,378,925	6,813	5,515
Oil & Gas Sector	1,242,675	1,051,143	45,025	7,347
Power Sector	8,993,299	9,243,526	2,188	6,444
Total	38,274,754	35,949,149	1,581,703	1,167,209

Looking ahead

- Implement actions identified in each business's environmental management plan
- Implement biodiversity management plans at all sites
- Implement WASH pledge action plan
- Explore potential further global or industry partnerships to share best practice



For more information about our environment and impacts, approach and mitigation strategy, please refer to our online Sustainable Development Report 2014–15.

Sustainable development report continued

Building strong relationships

Objectives and Targets FY2015	Status	Performance FY2015	Objectives and targets FY2016
Community relations			
Implementation of SEP to be monitored. All sites to review their needs and impact assessments.	↘	Needs base assessment completed at major Indian sites whereas remaining sites to be completed.	All sites to complete needs assessment. Pilot social impact assessment for Indian sites.
Implementation of grievance systems to be monitored.	↗	Community Grievance Management system at all Vedanta operations.	Roll out of SAP based programme management tool for community grievance development and stakeholder engagement.
Ensuring 100% coverage of Human Rights and Code of Conduct training for all new hires.	↗	Code of Conduct/Human Rights training for all new starters undertaken as part of induction programme.	Capacity building and refresher course-E-Learning module on Code of Conduct to be implemented.

Our ongoing dialogue with those affected by our presence is now firmly embedded in our Sustainable Development Model. Two-way communication, humility and transparency help us connect with stakeholders and build a business fit for the future.

What we focus on:

Stakeholder engagement

We stand by our philosophy of transparency and believe that anyone should be able to voice their opinions; that they should be listened to; and that they can expect a considered and constructive response. This is the basis for connecting with others and building strong relationships.

To illustrate the importance we place in this, we have added Strategic Communications as a fourth pillar to our Sustainable Development Model. This reflects the emphasis we place on partnership-working and also global trends of consumerism in emerging markets meaning that more people than ever have an interest in commodity production. We have identified six stakeholder groups that have a significant interest in our operations, formally consulting with every group on other issues throughout the year.

- Communities
- Shareholders and investors
- Industry (suppliers, customers, peers)
- Employees
- Civil society (non-governmental and other organisations)
- Governments

Looking ahead

- Conduct an externally-moderated stakeholder engagement workshop on sustainability
- Consolidate all stakeholder engagements through a centralised IT system

Human rights

Our Human Rights Policy is aligned to the UN Guiding Principles on Business and Human Rights and includes strict prohibition of child and forced labour – either directly or through contract labour. Additionally, our Code of Conduct commits us to comply with all relevant national laws and regulations, underpinning our approach to protecting the fundamental rights of our employees and contract workforce.

Human rights training is an integral part of our Sustainable Development Framework with around 27,068 man hours of training on Human Rights and the Code of Conduct given in FY2015. We support collective bargaining and recognise unions, with systems for employee development, remuneration and grievance redress. Our rigorous Environmental and Social Impact Assessments (ESIA) include the obligation to undertake human rights screening in all new acquisition activities (none in FY2015).

Under the leadership of the Vedanta Sustainability Committee, we carried out internal due diligence on the UN Human Rights principles for all Vedanta operations. This included risk assessments to

identify potential human rights and child labour related risks. The assessment confirmed that the Human Rights Policy is being effectively implemented by all units. The assessment further highlighted the need for periodic internal capacity building around implementing our human rights standards.

Protecting children and indigenous people

Despite operating in countries where the risk of child labour may be high, during FY2015 no instances of child labour in our operations came to the Group's attention. We ensure that contractors and vendors understand our expectations with guidance provided to sites to eliminate any breach. We also carry out periodic inspections of our remote mine locations and require age proof identification for all contract workers.

The Group's standards and guidance note on the subject was rolled out to support the implementation of our related technical standard. The core aim of the standard is to enable our project teams to engage, negotiate and partner with these vulnerable groups in a manner that avoids negative impacts and risks for all stakeholders, especially the indigenous peoples and vulnerable tribes. It also outlines our desire to create opportunities for positive economic and social development, within the context of the unique requirements of these groups.

Community engagement

We are privileged visitors to some of the world's most remote and underdeveloped regions. We have a duty to respect, learn from and create a shared understanding with those who host us. Connecting with our communities is not just the right thing to do, it is fundamental to our licence to operate.

We believe local communities, particularly indigenous peoples, have the right to participate in decision making about access to natural resources and engage with them through Group meetings, public hearings, grievance mechanisms, cultural events, and philanthropical activities via The Vedanta Foundation.

Our community grievance processes are a key step in preventing concerns from escalating into significant issues or disputes, risking the viability of operations.

Our community grievance processes are a key step in preventing concerns from escalating into significant issues or disputes, risking the viability of operations. All public grievances are resolved as per our Grievance Redressal Technical Standard. All community incidents and grievances are recorded and categorised as negligible (1), minor (2), moderate (3), serious (4) or disastrous (5), and captured on a monthly basis.

Vedanta's biggest-ever community needs assessment, India

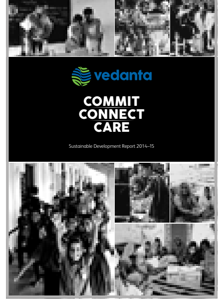
Understanding community needs and expectations is a complex and sensitive process. In FY2015, we completed our most comprehensive, structured and collaborative community engagement to date. In partnership with governmental and non-governmental organisations, a detailed needs assessment was carried out for every community adjacent to our sites.

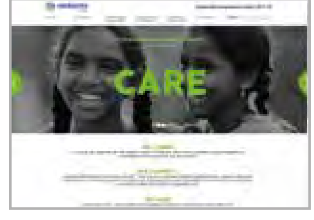
Drawing on dedicated local personnel to act as conduits between business and community, we undertook around 3,500 village and community meetings and around 260 panchayat meetings (village self-governments). Each community group had the opportunity to voice their opinions; the main concerns we heard were around livelihoods and the environment (primarily water and soil quality).

Going forward, we will be working with communities to help them understand our business better, including a focus on environmental hazards. A challenge will be managing expectations arising from this consultation. For example, where we cannot provide employment we will explore vocational training, entrepreneurship options (focusing on women) and other employability routes. The needs assessment will be repeated in three to four years' time. It will be followed with rigorous assessment of projects against the needs of the community.

No category 4 or 5 incidents were recorded in FY2015, although lower-level incidents such as village road blockages and strikes were recorded, particularly related to employment and contractor issues, infrastructure projects and some operational issues including land and traffic management.

Caption: Need base assessment exercise at TSPL, Punjab.





For more information on how we engaged, material aspects identified and the progress we made on these material aspects, please refer to our online Sustainable Development Report 2014–15

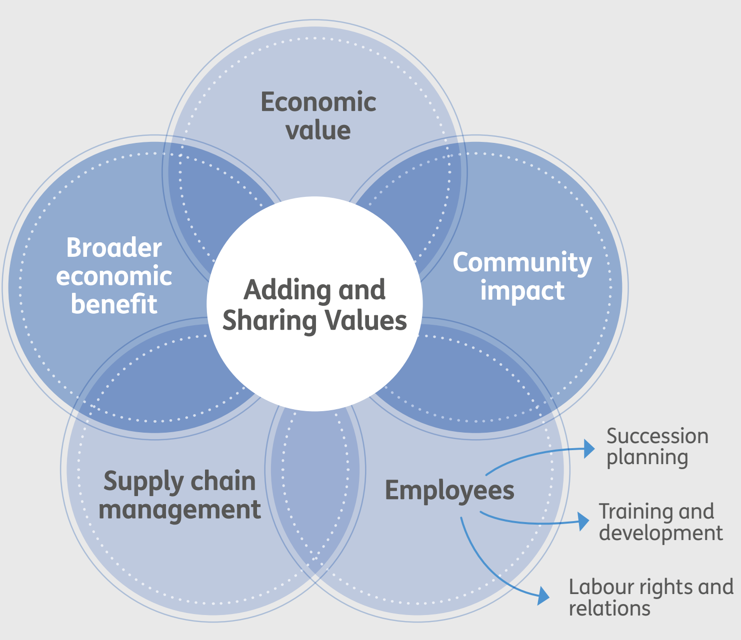
Sustainable development report continued

Adding and sharing value

Objectives and Targets FY2015	Status	Performance FY2015	Objectives and targets FY2016
Human Resources			
Roll-out of Technical ACT UP in all Group companies for the specified technical roles.	↗	Pilot assessment completed for two skill sets (Smelting & Mining) in Sterlite Copper and HZL respectively. Roll-out plan for other skill sets in all the businesses are in place.	To include 1,000 eligible employees for the Technical Assessment.
Identification of next set of 50 stars for an intensive programme preparing the next generation for leadership roles.	↗	Phase I of the programme successfully completed including 50 high-potential stars in a structured development programme.	Phase II planned covering the next 50 high-potential stars for the next development programme.
25% of Vedanta Board to be female by 2015–16.	⊖	Ms Zotova joined Vedanta Board this year.	25% of Vedanta Board to be female by 2015–16 (all appointments to be made on merit).
Continue to focus on diversity with an objective to ensure 15% of women recruited are at a professional or graduate level.	↗	15% of women recruited were at a professional level.	Continue to focus on diversity with an objective to ensure 15% of women recruited are at a professional or graduate level.

We care by demonstrating a purpose beyond profit.

What we focus on:



Economic value

We make an important contribution to socio-economic development through job creation, taxes, access to commodities and infrastructure, community empowerment and social mobility. In doing so we demonstrate that our business has a purpose beyond profit.

Employees

Around 82,000 people work hard at Vedanta every day to make it the success that it is. Every single employee can expect to be inspired to meet their potential; to feel empowered and united under shared values.

Our strategy is to build a culture of high-performance, entrepreneurial innovation, while caring for and supporting everyone who works with us. To safeguard our future competitiveness, we also seek to identify and develop leadership skills; create a fair workplace free from discrimination; and respect human rights above all else.

We are proud of the diversity of backgrounds we come from – different perspectives help us solve the complex challenges we face and make us more responsive to future risks and opportunities. Creating an inclusive workforce starts in the community and continues through our talent and development programmes. It means focusing specifically on equal opportunities for women, where we know we need to significantly improve our performance.

It is beneficial for our business to hire people who understand the market and can engage effectively with contractors and suppliers. Ensuring managers are from the local area is particularly important in helping us relate to the issues faced by neighbouring communities, thus connecting our business and sustainability strategies.

Over the reporting period, across our business, the total percentage of senior management who are locally hired is: India (87%), Australia (nil), Zambia (67%), Namibia (nil), Ireland (100%) and South Africa (75%). We believe that we must invest in developing and retaining key talent to drive innovation and efficiency within the business. In this regard, our attrition rate has remained stable and this year was reported at less than 5%.

Community impact

The communities in and around our operations should get a fair share of the benefits, whether through employment, trade and enhanced infrastructure, or greater empowerment to voice opinion.

Our community investment strategy focuses on health, education, livelihoods and environment. In FY2015, we invested US$42m benefiting around 4.0m people globally through building hospitals, schools and infrastructure, developing employability skills, and engaging in community programmes. Please refer to our online Sustainable

Development Report 2014–15 to find details and activities on areas of focus over the year.

We believe that volunteering is a means of contributing to our local communities and a way to engage our employees, particularly when employees co-create community initiatives. Employee volunteering has brought many additional advantages: it has fostered a greater sense of responsibility among our staff and helped create a more motivated team and united culture.

Our role in industry
As the largest producer of aluminium, crude oil, copper and zinc-lead in India we make a significant contribution to the development and maturity of many markets. Due to the scale of our operations, we generate opportunities for downstream industries and support services, which has led to the growth of other industries which are capitalising on the increased availability of domestic raw materials.

Sourcing locally benefits local economies and governments, contributes to reducing our carbon footprint and can improve skills development and training in areas such as health and safety, as well as making improvements to local infrastructure.

All our activities are focused on ensuring customer needs are met in an appropriate and timely manner, including assisting our customers with technical issues and product development for first use. Customer satisfaction surveys are conducted periodically by external third parties.

In FY2014, SAP – Supplier Relation Management systems – were rolled out across the business. No cases of non-compliance with relevant regulations, anti-competitive behaviour, anti-trust, monopoly and voluntary codes concerning the health and safety impacts of our products and services were reported. Similarly, no significant fines for non-compliance with laws and regulations concerning the provision and use of products and services were reported.

Our role in society
Positive relationships with our shareholders and lenders ensure that we are able, through access to finance, to expand and grow our business. As many lenders are aligned to the Equator Principles and International Finance Corporation standards, our Sustainable Development Framework and Model act as important tools.

In order to meet the economic commitments that the business has with its finance providers, we invest in projects and businesses to drive the development of the Group asset base and increase production, and therefore sales.

We have a progressive dividend policy and have returned US$1.6 billion in dividends to shareholders since the IPO in 2004. 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.

At a broader level, we are committed to contributing to the development of democracy and democratic processes in the countries where we operate. We do this in a number of ways, including through membership of industry organisations and international bodies. In addition to contributing US$4.6 billion to host governments in tax revenue over the year and employing around 82,000 people directly and indirectly, we also supported governments in building infrastructure such as roads, housing, sanitation and healthcare facilities.

Championing women entrepreneurs, India

Sterlite Copper has been creating and supporting Sakhi (self-help groups) for rural women for 10 years and has formed 1,056 groups over this period, reaching 15,251 women participants. The Sakhis bring together governmental organisations and six non-governmental organisations (NGOs) under Vedanta's vision of developing women entrepreneurs to create social mobility and economic empowerment.

Training is offered in book-keeping, leadership and decision-making, and members receive assistance to grow income-generating enterprises ranging from prawn pickle processing to dried flower production; candle making to rabbit rearing.

Groups are based on principles of fairness and democracy and are born out of a needs assessment to understand the issues and barriers facing women. For example, many women have reported a lack of access to credit as a barrier and thus microfinance has become a key focus of Sakhis.

As a result of these self-help groups, women are earning an average of US$48 a month more than they were previously, a relatively large sum in rural Tamil Nadu. Furthermore, many have secured loans ranging from US$800 to over US$6,000 to grow their enterprises. The collective savings of the Group during the reporting period was US$642,000, a milestone in the Sakhi goal of being self-sufficient in funding.

Caption: 'Sakhi' – Women self-help group members at Sterlite Copper – Tuticorin

Finance review

Financial highlights

- Revenue of US$12.9 billion
- EBITDA of US$3.7 billion, EBITDA margin of 38%[1]
- Free cash flow after growth capex of US$1 billion
- Gross debt reduced by US$200 million
- Full year dividend of 63 US cents per share

1 Excluding custom smelting.

Our total revenue for the year was US$12.9 billion, in line with the previous year and despite a weaker commodity environment. We believe this demonstrates the underlying strength of our diversified portfolio of assets.

Vedanta delivered EBITDA of US$3.7 billion, a decrease of 17% due to the negative impact of the commodity price environment, lower volumes and consequently higher unit costs across a number of businesses, principally the Zinc operations, Cairn India and Copper Zambia. Average Brent for the year was down 21% and LME copper down 8%. Iron ore prices were down 39%, however this did not have a material impact on EBITDA given the low production volumes. Strong operational performances at Copper India and Aluminium and a better price environment for Zinc and Aluminium mitigated some of the downside.

Average EBIDTA margin (excluding custom smelting) for the year continues to remain healthy at 38%, despite the weaker commodity prices largely due to continued strength in our Zinc businesses and improving margins in Aluminium and Copper India.

Special items principally include asset impairments of US$4.5 billion (net of tax) in FY2015. This largely relates to the Oil & Gas business, and was triggered by a steep fall in Brent prices which were down 50% in Q4 compared to the beginning of the year.

Excluding special items, profit before tax was down only 12% despite a higher decline in EBITDA, largely owing to lower net interest and lower depreciation charges. Profit after tax at $751 million, was down 32%. The tax charge was higher in FY2015 in comparison to FY2014 primarily due to the effect of a one-off tax credit in FY2014. Underlying EPS at loss (14.2) US cents was lower than FY2014 at 14.7 US cents.

Consolidated operating profit before special items

(in US$ million, except as stated)	FY2015	FY2014	% Change
Oil & Gas	**206.6**	933.6	(77.9)%
Zinc	**1,129.2**	1,106.3	2.1%
India	**1,059.4**	1,030.2	2.8%
International	**69.8**	76.1	(8.4)%
Iron Ore	**(10.9)**	(70.0)	–
Copper	**38.5**	140.6	(72.7)%
India/Australia	**229.5**	155.8	47.2%
Zambia	**(191.0)**	(15.2)	–
Aluminium	**275.9**	112.6	145.0%
Power	**88.0**	69.3	27.0%
Others	**8.2**	(4.3)	–
Total Group operating profit before special items	**1,735.5**	2,288.1	(24.1)%

Consolidated operating profit variance analysis

(In US$ million)		
Operating profit before special items for FY2014		2,288.1
Volume – operations		(153.2)
Volumes – CMT – temporary shutdown		(37.2)
Prices		(182.0)
– LME/LBMA/Brent	(328.7)	
– Premium	146.7	
Foreign exchange fluctuation		87.1
Cash cost of production		(301.1)
Profit petroleum		(121.3)
Depreciation		155.7
Amortisation		41.5
Others		(42.1)
Operating profit before special items for FY2015		**1,735.5**

Note: Of the total operating profit variance above US$552 million, US$750 million (total operating profit variance less depreciation and amortisation variance as above) is the EBITDA variance.

Volumes

Whilst higher production volumes in Copper India, the recommencement of iron ore production in Karnataka and the commissioning of a new power plant at Talwandi Sabo helped increase operating profit, this was more than offset by lower volumes in our Zinc businesses, Oil & Gas and Copper Zambia.

In our Zinc International business, production was affected by a few unplanned maintenance shut downs and a fire at Skorpion in January 2015. Production also declined as the Lisheen mine nears the end of its life.

In India, zinc production volumes in the first half of the year were affected by lower mined metal production and the temporary lower silver grades at Sindesar Khurd.

In our Oil & Gas business, volumes were marginally lower as a result of a 10-day planned maintenance shutdown in the first half, and a temporary disruption of gas production.

Production at Copper Zambia was primarily affected by remediation and critical maintenance being carried out on the shafts and lower grades at Nchanga.

Together the above factors impacted operating profit before special items by US$153.2 million.

CMT, our copper mines in Australia remains under care and maintenance following a mud rush incident in January 2014 reducing operating profit by US$37.2 million.

Prices

The operating profit before special items of a number of our businesses have been significantly affected by the changes in commodity prices.

Oil & Gas: Brent prices fell sharply in the second half of FY2015 reducing operating profit by US$543 million.

Copper: Average LME copper prices were down 8% in FY2015 compared to the previous year adversely affecting Zambian operating profit by US$61 million.

Lead and Silver: Average lead prices were down 3% and silver down 15%, together these reduced operating profit by US$40 million.

Power: Lower energy prices, following reduced short-term demand, had an adverse effect of US$38 million.

These negative impacts totalling US$682 million were partly offset by increases in the average zinc and aluminium prices of 14% and 7% respectively. This, in combination with stronger premia in both the businesses, resulted in a positive offset of US$439 million (zinc US$279 million, aluminium US$160 million). Stronger TcRc's in Copper India contributed US$39 million, giving an overall adverse net price impact of US$182 million.

Foreign exchange fluctuation

Local currencies weakened versus the US dollar, increasing our profitability by reducing locally denominated costs in US dollar terms.

The Indian rupee: US$ exchange rate at the beginning of FY2015 was 60.10 Indian rupees per US$, closing at 62.59 Indian rupees per US$ at the year end. The average exchange rate for FY2015 was 61.15 Indian rupees per US$, a marginal increase of 1.1% compared to the average of 60.50 Indian rupees per US$ for FY2014. This improved operating profits by US$87 million. In FY2015 the movements in currencies other than the India rupee had a nil net impact compared to the prior year.

Costs of production

Unit costs across our businesses have been affected by lower volumes, regulatory headwinds in the form of higher royalties and coal availability:

- **Oil & Gas:** Costs were adversely affected by US$99 million due to higher processing and well maintenance costs and the expense of the 10 day planned shutdown.
- **Zinc India:** A negative effect of US$93 million, principally comprised higher royalty charges of US$56 million (including contributions to a new 'District Mineral Fund' at 33% of the royalty rate), together with long-term wage settlements and coal cost increases also driven by regulatory issues.
- **Aluminium:** Whilst operating profit in our Aluminium business has improved on the back of stronger prices and premia, the business has suffered higher coal and alumina costs, due to regulatory sourcing issues leading to an overall adverse impact of US$75 million.
- **Copper Zambia:** The additional costs incurred in addressing the shaft and equipment availability issues, combined with the US$15 million effect of the higher royalty rate, reduced profitability by US$55 million.

Information regarding exchange rates against the US dollar

	Average FY2015	Average FY2014	**As at 31.3.15**	As at 31.3.14
Indian rupee	**61.15**	60.50	**62.59**	60.10
Australian dollar	**0.87**	0.93	**0.76**	0.93
South African rand	**11.06**	10.11	**12.10**	10.58
Kwacha	**6.45**	5.54	**7.59**	6.25

Income statement

(in US$ million, except as stated)	**FY2015**	FY2014	% change
Revenue	**12,878.7**	12,945.0	(0.5)%
EBITDA	**3,741.2**	4,491.2	(16.7)%
EBITDA margin (%)	**29.1%**	34.7%	–
EBITDA margin without custom smelting (%)	**38.0%**	44.9%	–
Special items	**(6,744.2)**	(138.0)	–
Depreciation	**(1,254.6)**	(1,410.5)	(11.1)%
Amortisation	**(751.1)**	(792.6)	(5.2)%
Operating (loss)/profit	**(5,008.7)**	2,150.1	–
Operating (loss)/profit w/o special items	**1,735.5**	2,288.1	(24.2)%
Net interest expense	**(554.6)**	(752.1)	(26.3)%
Other gains and (losses)	**(76.9)**	(279.9)	–
(Loss)/profit before taxation	**(5,640.2)**	1,118.1	–
Profit before taxation w/o special items	**1,104.0**	1,256.1	(12.1)%
Income tax expense – others	**(352.6)**	(158.0)	–
Income tax credit (special items)	**2,205.1**	29.4	–
Effective tax rate w/o special items (%)	**31.9%**	12.6%	–
(Loss)/profit for the year	**3,787.7**	989.4	–
Profit for the year w/o special items	**751.4**	1,098.1	(31.6)%
Non-controlling interest	**(1,988.1)**	1,185.4	
Non-controlling interest w/o special items	**826.5**	1,221.1	(32.3)%
Non-controlling interest w/o special items (%)	**110.0%**	111.2%	–
Attributable (loss)/profit	**(1,798.6)**	(196.0)	–
Attributable (loss)/profit w/o special items	**(74.7)**	(123.0)	–
Underlying attributable (loss)/profit	**(38.9)**	40.2	–
Basic (loss)/earnings per share (US cents per share)	**(654.5)**	(71.7)	–
Earnings per share w/o special items (US cents per share)	**(27.2)**	(45.0)	–
Underlying earnings per share (US cents per share)	**(14.2)**	14.7	–

The adverse cost impacts above, were partially mitigated by US$33 million of positive unit cost variances. These included higher acid credits at the Copper smelter at Tuticorin leading to lower net costs and improved efficiency at our power plant in Jharsuguda.

The net effect of the above was an adverse impact of around US$301 million on the operating profit before special items.

Profit petroleum

The change in government share of profit petroleum in Rajasthan block at Cairn India from 30% to 40% in FY2015 resulted most of the increase.

Finance review continued

Consolidated revenue – detail

(in US$ million, except as stated)	FY2015	FY2014	% change
Zinc	**2,943.9**	2,856.8	3.1%
India	**2,357.0**	2,195.4	7.4%
International	**586.9**	661.4	(11.3)%
Oil & Gas	**2,397.5**	3,092.8	(22.5)%
Iron Ore	**326.5**	267.1	22.2%
Copper	**4,777.8**	4,676.2	2.2%
India/Australia	**3,700.7**	3,404.8	8.7%
Zambia	**1,077.1**	1,271.4	(15.3)%
Aluminium	**2,081.9**	1,785.4	16.6%
Power	**671.9**	621.7	8.1%
Eliminations	**(320.8)**	(355.0)	–
Revenue	**12,878.7**	12,945.0	(0.5)%

Consolidated EBITDA

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

(in US$ million, except as stated)	FY2015	FY2014	% Change	EBITDA margin % FY2015	FY2014
Oil & Gas	**1,476.8**	2,347.0	(37.1)%	**61.6%**	75.9%
Zinc	**1,373.3**	1,358.4	1.1%	**46.6%**	47.5%
India	**1,192.5**	1,145.0	4.1%	**50.6%**	52.2%
International	**180.8**	213.4	(15.3)%	**30.8%**	32.3%
Iron Ore	**31.4**	(24.2)	–	**9.6%**	(9.1%)
Copper	**277.2**	354.2	(21.7)%	**5.8%**	7.6%
India/Australia	**281.0**	197.9	42.0%	**7.6%**	5.8%
Zambia	**(3.8)**	156.3	–	**(0.4)%**	12.3%
Aluminium	**415.5**	287.3	44.6%	**20.0%**	16.1%
Power	**153.8**	168.4	(8.7)%	**22.9%**	27.1%
Others[1]	**13.2**	0.1	–		–
Total	**3,741.2**	4,491.2	(16.7)%	**29.0%**	34.7%

1 Includes port business.

Balance sheet

(In US$ million, except as stated)	31 March 2015	31 March 2014
Goodwill	**16.6**	16.6
Intangible assets	**101.9**	108.6
Tangible fixed assets	**23,352.0**	31,043.5
Other non-current assets	**1,807.0**	1,373.7
Cash and liquid investments	**8,209.8**	8,937.9
Other current assets	**3,501.6**	3,894.0
Gross debt	**(16,667.8)**	(16,871.2)
Other current and non-current liabilities	**(8,063.7)**	(10,528.3)
Net assets	**12,257.4**	17,974.8
Shareholders' equity	**1,603.1**	4,010.4
Non-controlling interests	**10,654.3**	13,964.4
Total equity	**12,257.4**	17,974.8

Depreciation

The Oil & Gas business realised a lower depreciation charge of US$120 million in the year. The expense is based on production, divided by the Group's economic interest, which has increased as the interest accruing to partners has fallen in line with lower prices.

In accordance with its accounting policy, the Group carried out a review of the useful life of its assets. This was based on technical studies performed by an independent external agency and applying their recommendations with effect from 1 October 2014 resulted in a US$71 million lower net charge compared to FY2014.

The capitalisation of one unit of TSPL and 84 pots at Korba-II contributed to an increase in depreciation of US$8 million. The further commissioning of pots in Aluminium and the continued staged commissioning of power plants at BALCO IPP and TSPL, will increase the depreciation charge in FY2016.

Amortisation

The reduction in amortisation charges in FY2015 compared to the previous year was US$42 million, mainly attributable to lower volumes at Cairn India and Zinc International.

Others

An exploratory asset write off of US$129 million, largely pertaining to a deep gas well in the Ravva production block, offset by higher profitability from our smaller businesses (pig iron, phosphoric acids and precious metal), leads to a net reduction in operating profit before special items of US$42 million.

Revenue

Overall revenues, as explained earlier, were stable in FY2015. The table below indicates the movement by segment. Primarily, the fall in Oil & Gas revenue, as a result of lower Brent prices, has been offset by increased revenue in Zinc, Iron Ore, Copper, Aluminium and Power.

EBITDA for FY2015 is lower by 16.7% at US$3,741 million. This was primarily due to reduction in Oil & Gas, Copper Zambia, Zinc International and Power businesses.

Further detail on the year-on-year variations are provided in the operational review.

EBITDA margin

In FY2015 EBITDA margin was 29% as compared to 35% in FY2014. EBITDA margin excluding custom smelting was 38.0% and reduced from 44.5% in FY2014. The main drivers across key businesses were:

- **Oil & Gas:** The sharp decline in crude oil prices and the Ravva exploration asset write off.

- **Zinc India:** Higher prices and premia offset by higher royalty and wage settlement costs.
- **Zinc International:** Higher prices offset by unit cost increases.
- **Copper:** Improvement in smelting margins in Copper India with higher TcRc's; higher per unit costs as well as lower prices in Copper Zambia; and the full year effect of Australian assets being under care and maintenance.
- **Aluminium:** Higher costs driven coal and bauxite sourcing offset by higher prices and premia.

Special items

Special items of US$6,744 million include a non-cash impairment charge of US$6,642 (US$4,504 million net of tax) relating to the Oil & Gas business and US$52 million in Copper Zambia.

The impairment in Oil & Gas was triggered by the steep fall in Brent oil prices. The non-cash charge includes US$5,854 million (US$3,716 million net of tax) on the Rajasthan and other units which includes both producing and exploratory assets and US$788 million on the Sri Lankan exploratory block. Key assumptions include the short-term (five years) oil price and the long-term nominal oil price of US$84 per barrel increasing at 2.5% per annum. The assumptions selected were consistent with the various available analyst pricing.

The charge at the Vedanta Resources plc level is greater than that announced previously by Vedanta Limited (formerly Sesa Sterlite Limited) as additional carrying value was previously recognised on the acquisition of Cairn India in FY2012, as under IFRS were on 100% basis with a corresponding non-controlling interest, whereas under Indian Generally Accepted Accounting Principles the fair value uplift only arose on the economic interest acquired. This non-cash impairment charge will not have any impact in the future operating or earnings capacity of the underlying assets.

Copper Zambia impairment charge arose on the underground assets at Nchanga where the Upper Ore Body project started in 2008 was suspended due to ground conditions and existing mine infrastructure constraints.

Other special items include the provision in respect of an investment in the cancelled coal block of the Company pursuant to a Supreme Court decision in September 2014, and a US$8 million provision in respect of a contractor dispute in Copper Zambia.

Net interest

Finance costs decreased by 4% to US$1,387 million in FY2015 (FY2014: US$1,440 million). This is largely due to refinancing at lower interest rates. The average borrowing cost of the Group is 7.5% per annum (8.0% in FY2014).

Investment revenue increased to US$833 million, (FY2014: US$688 million), mainly at Zinc India and Cairn India, driven by higher treasury income on account of mark-to-market (MTM) gains accruing in a falling interest rate environment in India where most of the Group's cash and investments reside. The combination of significantly higher investment revenues and lower finance cost led to a decrease of US$198 million in net interest expense for the year.

Other gains and losses

Other gains and losses include the impact of mark-to-market (MTM) on foreign currency borrowings, primarily at our Indian businesses and dollar denominated cash deposits at the Oil & Gas business. Depreciation in the Indian rupee against the US dollar during FY2015 was only around 1% against an unprecedented 10% in FY2014. The FY2015 MTM cost of US$77 million was thus significantly lower than US$280 million in FY2014.

Taxation

The Effective Tax Rate (ETR) in FY2014 was primarily lower as a result of a tax credit of US$176 million which arose on the restructuring of the Indian subsidiary Vedanta Limited (formerly Sesa Sterlite Limited).

The tax charge, excluding special items, in FY2015 is US$352 million (effective tax rate 32%) compared with US$158 million (effect tax rate 13%) in FY2014.

Tax charge (with special items) in FY2015 includes a credit of US$2,205 million relating to the corresponding non-cash impairment charge and other special items described earlier.

Attributable (loss)/profit

Attributable loss (before special items) was US$(75) million as compared to US$(123) million in the previous year, mainly driven by the weak commodity prices resulting in lower EBITDA, which includes a one time provision of 7% Gridco receivables US$45 million and exploratory asset write off at Cairn India US$88 million pertaining to a deep gas well in the Ravva production block. Further, it reduced due to the higher tax which was partially offset by lower depreciation and amortisation and the lower net interest expense. The attributable loss (including special items) at US$(1,799) million (FY2014 at US$196 million) is significantly greater largely due to the non cash impairments in the Oil & Gas business.

Earnings per share

Basic EPS at loss (654.5) US cents (FY2014 loss (71.7) US cents) decreased significantly primarily as a result of the special items described above. Excluding the impact of specials items and other gains and losses, the underlying EPS was loss (14.2) US cents per share (FY2014 14.7 US cents).

Despite lower EBITDA, our average EBITDA margin excluding custom smelting remained healthy at 38%.

Our net debt has reduced since FY2012 whilst our operating free cash flow in FY2015 was US$1 billion.

Finance review continued

Debt

Particulars	Total	FY2016	FY2017	FY2018	FY2019	FY2020	Beyond FY2020
Debt at Vedanta Resources plc	7.8	0.4	2.0	1.0	2.6	0.3	1.5
Debt at subsidiaries	8.4	2.1	1.3	1.7	1.7	0.7	0.9
Total debt	**16.2**	**2.5**	**3.3**	**2.7**	**4.3**	**1.0**	**2.4**

The movement in fund flow is set out below.

Fund flows

(in US$ million, except as stated)	31 March 2015	31 March 2014
Fund flow		
EBITDA	**3,741**	4,491
Operating exceptional items	**(50)**	(138)
Working capital movements	**131**	395
Changes in non-cash items	**203**	151
Sustaining capital expenditure	**(221)**	(322)
Movement in capital creditors	**(288)**	(320)
Sale of tangible fixed assets	**26**	9
Net interest	**(362)**	(710)
Tax paid	**(602)**	(861)
Expansion capital expenditure[1]	**(1,531)**	(1,425)
Free cash flow post capex	**1,047**	**1,270**
Acquisition of minorities	**(819)**	–
Dividend paid to equity shareholders	**(171)**	(163)
Dividend paid to non-controlling interests	**(340)**	(346)
Sale of fixed asset investments	**–**	17
Other movement[2]	**(258)**	(82)
Movement in net debt	**(541)**	696

1 On an accrual basis.
2 Includes foreign exchange movements.

Shareholder's equity was US$1,603 million at 31 March 2015 compared to US$4,010 million at 31 March 2014 reflecting largely the impact of the impairments and other special items of US$4,539 million, adverse currency translation impact due to depreciation of the operating currencies against US dollar (mainly, the Indian rupee) of US$291 million, a decrease in equity attributable to shareholders by US$175 million on account of both the Cairn share buyback and stake acquisition in Vedanta Limited (formerly Sesa Sterlite Limited) representing difference between acquisition price and book value and the US$171 million dividend payment.

Tangible fixed assets

During the year, we invested US$1,752 million in property, plant and equipment; comprising of US$1,531 million on our expansion and improvement projects and US$221 million spent on sustaining capital expenditure. Expansion project expenses were US$1,080 million in our Oil & Gas business at Cairn India; US$167 million at Zinc India; US$142 million in the Power business mainly at Talwandi Sabo, US$145 million in our Aluminium business.

Net debt

Gross debt as at 31 March 2015 was US$16,668 million (31 March 2014: US$16,871 million). This reduction was mainly driven by the repayment of maturing debt (c.US$500 million of FCCBs) in the Copper business out of operating cash flows and devaluation of rupee denominated debt largely offset by the increase in borrowings primarily to fund capital expenditure in projects and some short-term operational needs.

The average debt in FY2015 was US$17,074 million. Given the significant repayments of debt in the second half of the year and lower capex in general, the closing debt position was lower at US$16,668 million. The debt reduction in the second half was approximately US$600 million, driven by strong capital rationing and working capital management in a difficult commodity price environment.

Of our total gross debt (excluding working capital loans) of US$16.2 billion debt at our subsidiaries is US$8.4 billion, with the balance in the holding company. The future maturity profile of debt (in US$ billion) of Vedanta Resources plc is as follows:

A US$350 million loan has been arranged with the State Bank of India (SBI) at Vedanta Resources plc (of which US$25 million had been drawn as at 31 March 2015), to meet the upcoming debt maturities.

Of the US$2.1 billion debt maturing in subsidiaries during FY2016, almost US$1.6 billion is in the Aluminium and Power businesses. These maturities mainly relate to short-term loans which are expected to be refinanced from long-term sources in view of the softer interest rate regime in the Indian market. Cash and liquid investments were US$8,210 million at 31 March 2015 (31 March 2014: US$8,938 million).

Net debt increased by US$540 million to US$8,460 million at 31 March 2015 (31 March 2014: US$7,920 million). This increase is mainly due to the outflow of US$820 million in first half of the year towards the share buyback by Cairn India and the acquisition of a 5% stake in Vedanta Limited (formerly Sesa Sterlite Limited) by Vedanta Resources plc.

Project capex

Capex in progress	Status	Capex (US$Mn)	Spent up to March 2014	Spent up to March 2015	Unspent as on 31 March 2015
Cairn India	Phase wise completion (US$500 million to be spent in FY2016 and retain the flexibility to invest balance US$1.4 billion as oil prices improve and costs bottom out)	3,030	–	1,080	1,949
Total capex in progress – Oil & Gas		**3,030**	**–**	**1,080**	**1,949**
Aluminium Sector					
BALCO – Korba-II 325ktpa Smelter and 1,200MW power plant (4x300MW)	Smelter: 84 post capitalised in September 2014	1,872	1,721	98	53
Lanjigarh Refinery (Phase II) – 4mtpa	Awaiting approval	1,570	809	–	761
Jharsuguda 1.25mtpa smelter	Potline-wise commissioning: 1st phase of 50 pots started	2,920	2,500	35	385
Power sector					
Talwandi 1,980MW IPP	Unit II under trial run	2,150	1,869	142	139
Zinc sector					
Zinc India (mines expansion)	Phasewise completion	1,500	435	167	898
Zinc International					
Gamsberg mining project	Capex rephased	630	–	5	625
Skorpion refinery conversion		152	–	4	148
Total capex in progress – Metals & Mining		**10,794**	**7,334**	**451**	**3,009**

Capex flexibility	Status	Capex (US$mn)	Spent up to March 2015	Spent in FY2015	Unspent as at 31 March 2015
Copper sector					
Tuticorin smelter 400ktpa	EC awaited	367	129	–	239
Total capex flexibility		367	129	–	239
Total capex (excl. Cairn)		**11,161**	**7,463**	**451**	**3,247**
Total capex (incl. Cairn)		**14,191**	**7,463**	**1,531**	**5,197**

The Group's net gearing has gone from 30.6% to 40.8% with 7.3% of this change relating to the non-cash impairments in the year and their corresponding effect on net assets.

Credit rating

The downward pressure on metal and oil prices has impacted the Company's credit rating. In January 2015, the rating agency Moody's revised the outlook on the Company's ratings to 'Negative' from 'Stable', while maintaining the rating at 'Ba1'. S&P recently revised the Company rating to 'BB-' from 'BB', with the outlook on the rating to 'Negative'.

Review of operations

Cairn delivered the largest exploration and appraisal programme in its history.

Caption: Employee at Rajasthan Oil Field, Cairn India.

O&G Oil & Gas

> The reduction in oil prices over the past year cannot be ignored, and we have taken sensible steps to defer capex for the time being in line with the economic background.

Mayank Ashar
CEO, Oil & Gas

Key metrics

Production – Average daily gross operated production (boepd)

Year	Value
15	211,671
14	218,651

EBITDA (US$m)

Year	Value
15	1,477
14	2,347

Direct operating costs (US$/bbl)

Year	Value
15	5.8
14	3.9

Caption: Employee at Ravva, Cairn India.

Results

During the year we achieved:

- 211,671boepd, down 3%.
- In the Rajasthan block, the Aishwariya field crossed a production threshold of 30,000boepd in Q4 FY2015.
- Cairn India made 12 new discoveries and drilled and tested 1.5 billion boe of in-place hydrocarbons.
- Focus on completing polymer flood EOR project at Mangala, infill drilling in onshore fields and maintenance projects at the Mangala Port Terminal.

Revised FY2016 capex from US$1.2 billion to US$0.5 billion.

Review of operations

Caption: Employees at Mangala Processing Terminal, Cairn India.

Production performance

	Unit	FY2015	FY2014	% Change
Gross production	boepd	**211,671**	218,651	(3.2)%
Rajasthan	boepd	**175,144**	181,530	(3.5)%
Ravva	boepd	**25,989**	27,386	(5.1)%
Cambay	boepd	**10,538**	9,735	8.2%
Oil	bopd	**204,761**	209,378	(2.2)%
Gas	mmscfd	**41**	56	(25.5%
Net production – working interest	boepd	**132,663**	137,127	(3.3)%
Oil	bopd	**130,050**	134,116	(3.0)%
Gas	mmscfd	**16**	18	(13.2)%
Gross production	mboe	**77.3**	79.8	(3.2)%
Working interest production	mboe	**48.4**	50.1	(3.3)%

Operations

	FY2015	FY2014	% Change
Average Brent prices (US$/barrel)	**85.4**	107.6	(20.6)%

Financial Performance
(in US$ million, except as stated)

	FY2015	FY2014	% Change
Revenue	**2,397.5**	3,092.8	(22.5)%
EBITDA	**1,476.8**	2,347.0	(37.1)%
EBITDA margin (%)	**61.6%**	75.9%	–
Depreciation	**572.6**	692.4	(17.3)%
Acquisition related amortisation	**697.6**	721.0	(3.2)%
Operating profit	**206.6**	933.6	(77.9)%
Share in Group operating profit (%)	**11.9%**	40.8%	–
Capital expenditure	**1,080.1**	649.4	66.3%
Sustaining	**–**	–	–
Projects	**1,080.1**	649.4	66.3%

Oil & Gas

Operations

Average gross production for FY2015 was 211,671 barrels of oil equivalent per day (boepd), 3% lower than the previous year. This was largely on account of planned maintenance activity at Mangala Processing Terminal at Rajasthan, higher-than-expected water cuts at Bhagyam in Rajasthan and suspension of gas sales at Ravva for around three months as a result of the breakdown of the OMGC gas pipeline. This was partially offset by higher production at Cambay and better performance of the Mangala field in Rajasthan. In the Rajasthan block, the Aishwariya field crossed a production threshold of 30,000boepd in Q4 2015.

Both offshore assets have performed exceptionally well during the year. The Ravva block achieved over 30,000bopd in Q4 FY2015 after three and a half years, driven by successful application of 4D seismic technology, better-than-expected results from the infill drilling programme and the contribution from the RE-6 exploration well. Production at Cambay grew 8% year-on-year, driven by successful well interventions and ramp-up.

Gas development in the Raageshwari Deep Gas (RDG) field in Rajasthan continues to be a priority. Management Committee approval has been received for the RDG Field Development Plan for 100 million standard cubic feet per day (mmscfd) production and work on execution, planning and contracting is under way. In FY2015, RDG gas production was 16mmscfd and is expected to increase to 25mmscfd during FY2016.

Crude oil prices fell sharply in the second half of FY2015 as a result of increasing supply, a lower demand outlook and OPEC's decision to maintain production levels. Average Brent prices for the year reduced 21% to US$85.4/bbl compared to FY2014.

Financial performance

Revenue for the year was US$2,398 million, (after profit and royalty sharing with the Government of India), driven by weaker crude prices. As a result, EBITDA for FY2015 was lower by 37% at US$1,477 million. Overall operating costs in Rajasthan were US$5.8/bbl, an increase compared with US$3.9/bbl in FY2014 due to higher processing and increased well maintenance costs.

In line with global peers, we have revised capex for FY2016 from US$1.2 billion to US$0.5 billion, while deferring the rest. Of this around 45% has been allocated to core fields, 40% to growth projects and remaining 15% for exploration. Further, we will undertake projects that are economically viable at current oil prices, while actively re-engineering projects and renegotiating contracts to improve viability. We have spent US$1.1 billion in FY2015 out of the announced programme of US$3.0 billion, thus retaining the flexibility to invest the remaining US$1.4 billion in the future as oil prices improve and more projects clear investment thresholds.

In the core fields, our focus continues to be completing the polymer flood EOR project at Mangala, continued infill drilling in our onshore fields and maintenance projects at Mangala Port Terminal.

The Management Committee approved the Raageshwari Deep Gas FDP for 100mmscfd and contracting for this project is currently under way. The two key packages for this project will be the pipeline and the gas terminal EPCs. Likewise, an application has been submitted to PNGRB regarding the authorisation of a pipeline under their policy for Tie-in Provisions. The Terminal EPC is presently in the tendering process and the gas project is expected to be completed by the end of FY2017 subject to regulatory approvals.

Exploration and development

Since the recommencement of exploration in the Rajasthan block in March 2013, across FY2014–FY2015, Cairn India has made 12 new discoveries and has drilled and tested 1.5 billion boe of in-place hydrocarbons with an additional 0.8 billion boe drilled but yet to be tested. Additionally, Cairn has discovered 2C of 183 million boe in Rajasthan since resuming exploration. An additional 166 million boe of Prospective 2C has been drilled and awaits testing.

In FY2015, Cairn delivered the largest Exploration and Appraisal programme in its history, with 12 exploration and 22 appraisal wells drilled; totalling 34 wells during the year. Of the exploration wells drilled in the year, nine encountered hydrocarbons. In FY2015, six additional discoveries were announced taking the total number of discoveries since resuming exploration to 12.

During the next financial year, activity will continue to be focused upon appraisal of the Raageshwari Deep Gas Field and the key oil discoveries at DP, NL and V&V, with the objective of progressing these discoveries to development. Future programmes will also focus on identification of additional prospects that will act to replenish the inventory of exploration prospects.

At the KG offshore block, detailed planning for the exploration drilling campaign is under way and drilling is anticipated in the first half of FY2016. In South Africa, the Group continues to interpret the 3D and 2D seismic data across its block and add to Prospective inventory with parallel discussions ongoing with our joint venture partner on contractual terms. In Sri Lanka, whilst the Group has taken a non-cash impairment charge, it will continue to seek solutions and options to farm out interests.

The coming year

Outlook

Despite the partial deferral of capex, we expect production volumes to increase in FY2016 driven by our planned investment in the polymer flood at Mangala, the infill drilling across the Mangala Bhagyam and Aishwariya fields, infrastructure debottlenecking and maintenance projects.

Additionally, production upside in the near-term will come from other growth projects where we retain the flexibility and agility to switch on projects as they clear investment thresholds as oil prices improve.

In exploration, Cairn India will prioritise capital allocation for low-risk, high-potential prospects. Cairn India plans to spend around 15% of next year's capex on appraisal, testing and seismic activity across our assets.

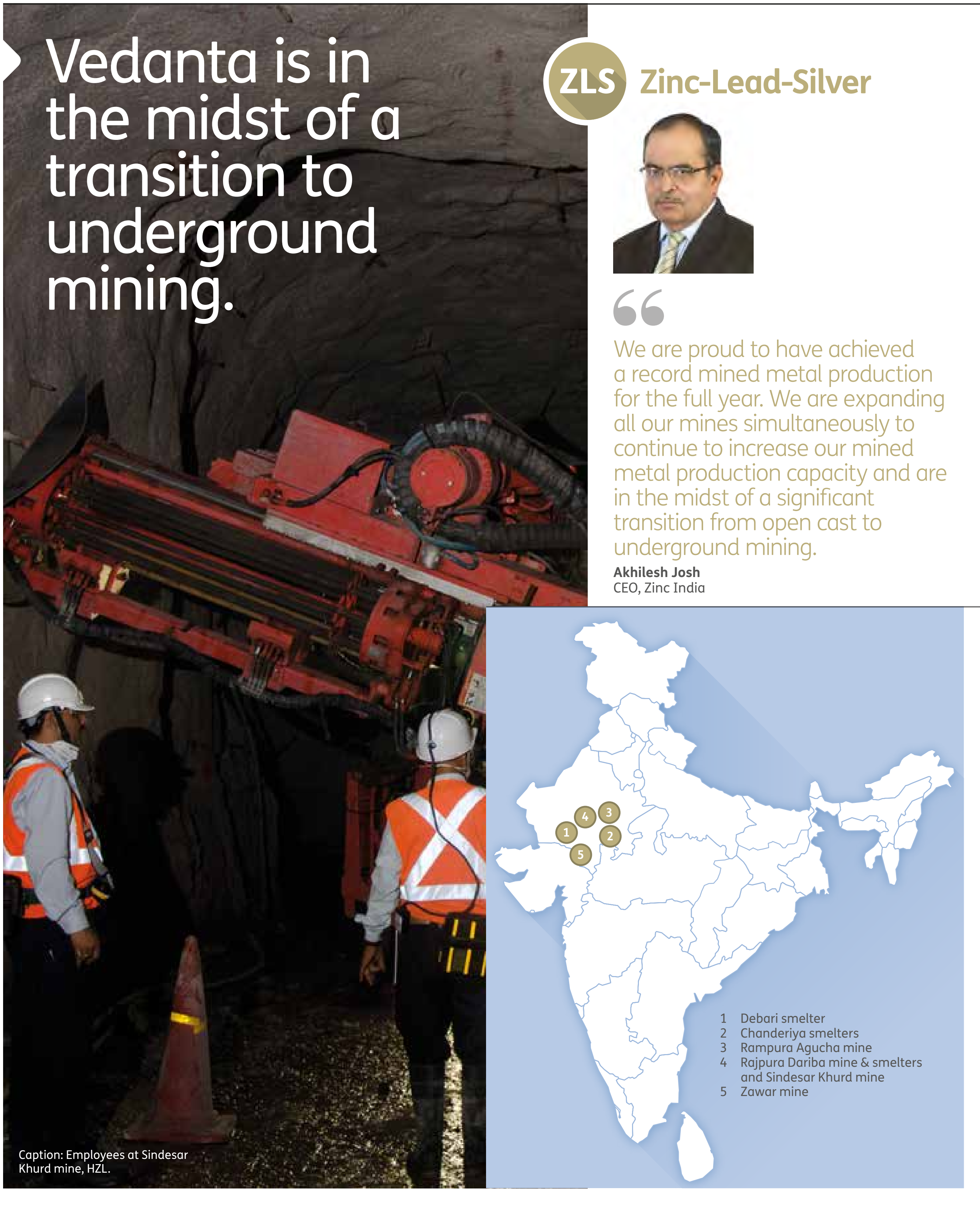
Our strategic priorities

- Rajasthan development.
- Sustaining production at MBA fields through EOR, drilling campaign and facilities upgrade.
- To target world-class recovery and next generation of resources at Barmer Hill.
- Leverage gas potential through phased development ramp-up.
- Increase recovery from mature assets through infill drilling, technology adoption and development of satellite fields.
- Continue exploration and appraisal programme across the portfolio, focusing on Rajasthan.
- Pursue extension of Production Sharing Contracts.

Review of operations

Vedanta is in the midst of a transition to underground mining.

ZLS Zinc-Lead-Silver



"We are proud to have achieved a record mined metal production for the full year. We are expanding all our mines simultaneously to continue to increase our mined metal production capacity and are in the midst of a significant transition from open cast to underground mining.

Akhilesh Josh
CEO, Zinc India

Caption: Employees at Sindesar Khurd mine, HZL.

Key metrics
Zinc India

Production – Zinc mined metal (kt)

Year	Value
15	887
14	880

Production – Refined zinc (kt)

Year	Value
15	734
14	749

Production – Refined lead (kt)

Year	Value
15	127
14	123

Production – Saleable silver (moz)

Year	Value
15	10.53
14	11.24

R&R (mt)

Year	Value
15	375.1
14	365.1

EBITDA (US$m)

Year	Value
15	1,192.5
14	1,145.0

Unit costs (US$ per tonne)

Year	Value
15	1,093
14	978

Zinc International

Production – Refined zinc (kt)

Year	Value
15	102
14	125

Production – Zinc-lead minted metal (kt)

Year	Value
15	209
14	239

EBITDA (US$m)

Year	Value
15	180.8
14	213.4

Unit costs (US$ per tonne)

Year	Value
15	1,393
14	1,167

While volumes lowered and production costs this year increased due to exceptional circumstances, there are some exciting new opportunities opening up. We continue to focus on increasing the mine life of our assets and are particularly excited about the potential from Gamsberg, which would replace depleted production from other mines.

Deshnee Naidoo
CEO, Zinc International & CMT

Review of operations

Caption: Employees at underground mine, HZL.

Production performance

	FY2015	FY2014	% Change
Production (kt)			
Total mined metal	887	880	0.8%
Zinc	774	770	0.6%
Lead	113	110	2.7%
Zinc refined metal – total	734	749	(2.1)%
Integrated	721	743	(3.0)%
Custom	13	6	110.1%
Lead refined metal – total[1]	127	123	3.7%
Integrated	105	111	(4.8)%
Custom	22	12	81.1%
Saleable silver – total (moz)[2]	10.53	11.24	(6.3)%
Integrated	8.56	9.66	(11.4)%
Custom	1.97	1.58	24.8%

1 Excluding captive consumption of 8kt vs 7kt in FY2015 vs FY2014.
2 Excluding captive consumption of 1,293 thousand ounces vs 1,232 thousand ounces in FY2015 vs FY2014.

Operations

	FY2015	FY2014	% Change
Average zinc LME cash settlement prices (US$/T)	2,177	1,909	14.0%
Average lead LME cash settlement prices (US$/T)	2,021	2,092	(3.4%)
Average silver prices (US$/ounce)	18.1	21.4	(15.3%)

Unit Costs

	FY2015	FY2014	% Change
Unit costs[1]			
Zinc (US$ per tonne)	1,093	978	11.7%
Zinc (other than royalty) (US$ per tonne)	868	817	6.2%

1 With IFRIC 20 impact.

Zinc India

Operations

Mined metal production for the full year was 887,000 tonnes, marginally higher than a year ago, achieving a new annual record. Production in the second half of FY2015 was higher than the first half. This increase is in line with the mine plans for Rampura Agucha and Sindesar Khurd.

Integrated refined zinc, lead and silver metal production reduced by 3%, 5% and 11% respectively over FY2014 due to lower mined metal production in the first half and lower silver grades at the Sindesar Khurd mine. In accordance with its mine plan, silver grade is expected to improve in the next year. However, higher mined metal production volumes over the second half of FY2015 added to the mined metal inventory, a large part of which will be consumed in FY2016.

Zinc prices gathered strength during the year despite a weak start. This was driven by improving demand in India and the continued global demand-supply gap. LME zinc prices averaged US$2,177 per tonne compared to US$1,909 per tonne over the same period in FY2014, an increase of 14%. Lead average prices weakened by 3% on the back of marginally higher supply and lower demand. Average silver prices reduced significantly by 15% in line with the general weakness in precious metals against the backdrop of a stronger US dollar.

Unit costs

The unit cost of zinc production increased by 12% to US$1,093 per tonne, compared to FY2014. This was due to a higher royalty, higher landed coal cost and increased employee expense due to long-term wage settlements partly offset by higher acid credits and lower fuel costs. In India the zinc and lead royalty rates were increased from 8.4% to 10.0% and from 12.7% to 14.5% respectively, effective 1 September, 2014. At these levels, these are amongst the highest in the world and higher than other base metals. In addition, an amount equal to 35% of royalty was provided with effect from 12 January 2015 for the contribution to the proposed District Mineral Fund (DMF) (33%) and National Mineral Exploration Trust (NMET) (2%), ahead of notification for these under the Mines and Mineral Development and Regulation (Amendment) Act 2015 (MMDRA).

Financial performance

EBITDA for FY2015 increased to US$1,193 million, compared with US$1,145 million during FY2014. This increase was mainly due to higher zinc LME prices and premia, which were partially offset by a reduction in lead and silver prices, lower metal sales volumes and higher cost of production.

Projects

HZL is in the midst of a transition from open cast to underground mining. Historically, open cast mining has accounted for about 80% of total MIC production, which in future will be replaced by underground mines. Open cast production will gradually taper off and by FY2021, all production will be from the underground mines. The announced expansion of Rampura Agucha open pit will extend open pit life giving a sufficient cushion for underground transition. The ultimate open pit depth will go down by 50 metres to 420 metres, with preparatory work having started in Q4 FY2015. Underground expansion is progressing well, and for FY2016, significant progress is expected in terms of mine development and ore production.

HZL is enhancing its ore production capacity in Sindesar Khurd by 50%, from 2mt to 3mt. The shaft sinking project at Sindesar Khurd is ahead of schedule with the main shaft sinking almost complete, having reached the depth of over 1km of the planned depth of 1.05km. Development of associated infrastructure is also progressing well and production from the shaft is planned to commence ahead of schedule, in the latter half of 2018.

The progress of the underground shaft project at Rampura Agucha is behind schedule and has reached a depth of 650 metres of the planned depth of 950 metres. With the planned extension of the open cast mine, overall production from Rampura Agucha is expected to remain on track.

Exploration

During the year, gross additions of 19.4mt were made to reserves and resources (R&R), prior to a depletion of 9.4mt. Total R&R at 31 March 2015 were 375.1mt, containing 35.3mt of zinc-lead metal and 970moz of silver. Overall mine life continues to be over 25 years.

Outlook

Significant progress is expected in terms of mine development and ore production from the underground mine projects. Rampura Agucha will continue to provide the majority of mined metal in FY2016, although overall production from this mine will be less than in FY2015. The gap in production will be made up primarily by higher volumes from Sindesar Khurd.

In FY2016, mined metal production is expected to be higher from FY2015, while integrated refined metal production, including silver, will be significantly higher as the Company will process the available mined metal inventory from the previous year.

The cost of production excluding royalties is expected to remain stable. There would be an additional outflow to the District Mineral Fund and National Mineral Exploration Trust in accordance with the MMDRA 2015 as mentioned earlier.

Our strategic priorities

- Progress on 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 production volumes.
- Rampura Agucha open cast mine life extension.
- Asset optimisation and operational efficiencies to maintain cost leadership.
- And continuing focus on adding reserves and resources through exploration.

Financial performance
(in US$ million, except as stated)

	FY2015	FY2014	% Change
Revenue	2,357.0	2,195.4	7.4%
EBITDA	1,192.5	1,145.0	4.1%
EBITDA margin (%)	50.6%	52.2%	–
Depreciation and amortisation	133.2	114.8	16.0%
Operating (loss)/profit before special items	1,059.3	1,030.2	2.8%
Share in group operating profit (%)	61.0%	45.0%	–
Capital expenditure	222.7	346.0	(35.6)%
Sustaining	56.1	102.7	(45.4)%
Growth	166.6	243.3	(31.5)%

Review of operations

Caption: Employee at Black Mountain mine.

Production performance

	FY2015	FY2014	% Change
Total production (kt)	312	364	(14.3)%
Production – mined metal (kt)			
BMM	59	67	(11.9)%
Lisheen	150	172	(12.8)%
Skorpion (refined metal)	102	125	(18.2)%

Unit costs

	FY2015	FY2014	% Change
Zinc (US$ per tonne) CoP	1,393	1,167	19.4%

Financial performance
(in US$ million, except as stated)

	FY2015	FY2014	% Change
Revenue	586.9	661.4	(11.3)%
EBITDA	180.8	213.4	(15.3)%
EBITDA margin (%)	30.8%	32.3%	–
Depreciation	85.7	90.3	(5.1)%
Acquisition related amortisation	25.4	47.0	(46.0)%
Operating profit before special items	69.7	76.1	(8.4)%
Share in Group operating profit (%)	4.0%	3.3%	–
Capital expenditure	39.7	44.6	(10.9)%
Sustaining	30.4	29.3	3.8%
Growth	9.3	15.3	(39.2)%

Zinc International

Production performance
Mined metal output for FY2015 was 14% lower compared with FY2014, primarily due to lower production at Lisheen by 22,000 tonnes, unplanned disruptions at Skorpion and lower ore grades.

The Lisheen mine, which is near the end of its life, is expected to end production in mid-FY2016. At Skorpion, production was lower by 23,000 tonnes. This was primarily due to a fire incident in the cell house, resulting in the refinery shutting-down during January 2015 for 23 days, followed by a gradual ramp-up. The production loss was also due to a lower zinc feed grade (FY2015: 8.7% vs FY2014: 9.6%).

The production at BMM was 12% down due to lower ore grades and the change in mining methods.

Unit costs
The unit cost of production increased to US$1,393 per tonne, up from US$1,167 per tonne in FY2014. This was mainly driven by reduced volumes and increasing treatment and refining charges. Due to unplanned disruptions, maintenance expenses were higher, resulting in increased cost of production.

Financial performance
EBITDA reduced by 15% to US$181 million for FY2015 due to lower volumes and higher costs, partially offset by higher zinc prices.

Projects
Gamsberg will partially replace the loss of production from Lisheen and restore production to over 300ktpa. Project execution is in the final stages of planning. Capex has been rephased in line with the Group strategy of optimising capex and focusing on critical pre-stripping and associated activities. The first ore production is planned for FY2018, and the ramp-up to full production will be in line with the revised capex profile.

Outlook

In FY2016 production volume is expected to be c.220-230kt.

Cost of production is expected to be in the range of c.US$1,450/t-US$1,500/t despite the mines going deeper.

At Skorpion, plans are in place to extend the mine from FY2017 to FY2019. This is being achieved by deepening the current open pit to access additional reserves. Mine production will end in FY2019 and oxide ore processing will continue until FY2020 from stockpiles.

At BMM, near-mine resource potential remains high. The Company is taking a focused approach to improve confidence in other deposits within the mining licence, to firm up its plan for the next five years.

Our strategic priorities

- Execution of the Gamsberg project in a phased manner.
- Extending the mine life at Skorpion.
- Smooth closure of the Lisheen mine.

Caption: Skorpion mine operations.

Review of operations

Caption: Iron Ore mine, Goa.

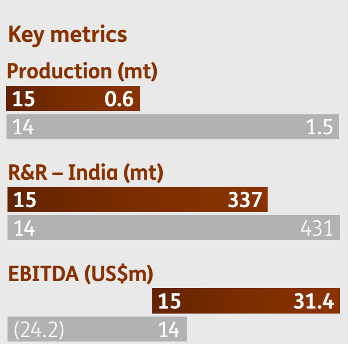
Earnings in Vedanta's iron ore business increased compared to a loss the year before.

Fe Iron Ore

"With limited production this year, we focused on aggressive cost reduction initiatives to reduce losses. As our mines return to production and domestic demand expands, we remain positive about the future."

Kishore Kumar
CEO, Iron Ore

Key metrics



Results

During the year we achieved:

- Annual capacity of 2.29mtpa recommenced at Karnataka, with sales expected to resume Q1 FY2016.
- Production of pig iron ramped up to record production of 611kt.
- Increase in capacity at pig iron plant from 625kt to 700kt.
- Operating losses comfortably lower at US$(10.9) million.

In 2015, The Ministry of Environment and Forests revoked its earlier suspension order for iron ore mines in Goa and we are expecting to resume mining operations in Goa and recommencing exports.

Caption top: Employees at Sesa Iron Ore operations.
Caption bottom: Employee at laboratory, Iron Ore operations.

Review of operations

Production performance

	FY2015	FY2014	% Change
Production			
Saleable ore (mt)	**0.6**	1.5	(59.0)%
Goa	**–**	–	–
Karnataka	**0.6**	1.5	(59.0)%
Pig iron (kt)	**611**	510	19.8%
Sales			
Iron ore (mt)	**1.2**	0.0	–
Goa	**–**	–	–
Karnataka	**1.2**	0.0	–
Pig iron (kt)	**605**	544	11.3%

Financial performance

(in US$ million, except as stated)

	FY2015	FY2014	% Change
Revenue	**326.5**	267.1	22.2%
EBITDA	**31.4**	(24.2)	–
EBITDA margin (%)	**9.6%**	(9.1)%	–
Depreciation	**35.8**	33.9	5.7%
Acquisition related amortisation	**6.5**	11.9	(45.5)%
Operating (loss) before special items	**(10.9)**	(70.0)	(84.4)%
Share in Group operating profit (%)	**(0.6)%**	(3.1)%	–
Capital expenditure	**36.9**	43.6	(15.2)%
Sustaining	**36.9**	14.1	–
Growth	**–**	29.5	–

Caption top: Ore pile at Sesa Iron Ore operations.

Iron Ore

Operations

At Karnataka, production recommenced at an annual capacity of 2.29mtpa on 28 February 2015, following receipt of all requisite clearances and approvals. About 0.3mt of saleable ore was produced during the quarter and the sales are expected to resume in Q1 FY2016 through the existing e-auction procedures managed by the Government.

During the quarter, the Ministry of Environment and Forests revoked its earlier order which had kept the environment clearances for iron ore mines in Goa in abeyance. We have been allocated an interim annual mining quantity of 5.5mt of saleable ore. Mining is expected to commence after the monsoon season, following the expected receipt of the remaining approvals from the Government.

With effect from 1 June 2015, the export duty on low grade iron ore (< 58% Fe) has been reduced from 30% to 10% and it will improve the prospects for Goan iron ore prices in this cycle of depressed iron ore prices.

Production of pig iron ramped up from 510kt in FY2014 to a record production of 611kt. In March 2015, further de-bottlenecking of the pig iron plant was completed resulting in an increase in capacity from 625kt to 700kt.

Iron ore spot prices averaged US$67.5 (FOB) for 62% Fe grade a tonne over FY2015 and price pressures intensified as the year progressed.

Financial performance

EBITDA in FY2015 increased to US$31.4 million, compared with a loss of US$(24.2) million in the previous year, due to higher volumes and improved margin from the pig iron business. In FY2015 operating losses were significantly lower at US$(10.9) million.

Outlook

Approval for commencing production at 5.5mt saleable ore capacity received and expect to resume operations post monsoons. An aggressive cost-reduction agenda is being implemented to effectively counter the current low price environment.

The pace of the Liberia project execution has been impacted by the Ebola virus situation for most of the year. The Company expects to progress exploration and commission a feasibility study in early FY2017.

Our strategic priorities

- Ramping-up Karnataka mines to its capacity.
- Resuming mining operations in Goa and recommencing exports.
- Work with Government for removal of cap on mining capacity.
- Complete feasibility work at Western Cluster.

Caption: Sesa Goa.

Review of operations

Earnings for Copper-India were significantly higher than the previous year.

Cu Copper

I am pleased to announce that with our focus on operational efficiencies and cost of production, we have delivered a significant increase in EBITDA and operating profit.

P. Ramnath
CEO, Copper India

Caption: Employees at Tuticorin smelter.

Key metrics
Copper India and Australia

Production – Copper cathodes (kt)

15	362
14	294

Production – Copper mined metal (kt)

15	0
14	18

EBITDA (US$m)

15	281.0
14	197.9

Unit costs (US cents per lb)

15	4.2
14	9.7

Copper Zambia

Production – Mined metal (kt)

15	116
14	128

Production – Finished copper (kt)

15	169
14	177

EBITDA (US$m)

15	(3.8)
14	156.3

Unit costs (US cents per lb)

15	257.7
14	238.4

Results
During the year we achieved:

- Copper cathode production at Tuticorin record 362,000 tonnes.
- Cost of production at Tuticorin reduced due to higher volumes, lower input costs and higher by-product credits.
- Mined metal in Zambia reduced due to maintainence shutdowns.

It has been a difficult year for Copper Zambia due to higher unit costs of production, lower volumes and lower metal prices. We are working hard to improve operational costs and realise cost efficiency. We are also planning for the future and will start to examine new mining options for the year ahead.

Steven Din
CEO, Copper Zambia

3 Konkola and Nchanga copper mines and Nchanga smelter, Zambia

5 Mt Lyell mine, Australia

Review of operations

Production performance

	FY2015	FY2014	% Change
Production (kt)			
India – cathode	362	294	23.1%
Australia – mined metal content	0	18	–

Operations

	FY2015	FY2014	% Change
Average LME cash settlement prices (US$ per tonne)	6,558	7,103	(7.7)%
Realised TCs/RCs (US cents per lb)	21.4	16.6	29.2%

Unit costs

	FY2015	FY2014	% Change
Unit conversion costs (CoP) – (US cents per lb)	4.2	9.7	(56.8)%

Financial performance

(in US$ million, except as stated)

	FY2015	FY2014	% Change
Revenue	3,700.7	3,404.8	(8.7)%
EBITDA	281.0	197.9	42.0%
EBITDA margin (%)	7.6%	5.8%	–
Depreciation and amortisation	51.6	42.1	22.6%
Operating profit before special items	229.4	155.7	47.2%
Share in Group operating profit (%)	13.2%	6.8%	–
Capital expenditure	29.6	56.2	(47.3)%
Sustaining	29.6	37.3	(20.6)%
Growth	–	18.9	–

Caption top: KCM Konkola Mine, Zambia.

Copper India and Australia

Operations

FY2015 copper cathode production at Tuticorin was a record 362,000 tonnes, despite the 23-day planned maintenance shutdown in Q1. The 160MW power plant at Tuticorin continued to operate at a Plant Load Factor of 86%.

Our copper mine in Australia remains under care and maintenance and we continue to evaluate various options for its restart.

Over FY2015, average LME copper price fell by 8% while treatment and refining charges (TCs/RCs) increased by 29%.

Unit costs

At the Tuticorin smelter, the cost of production decreased from 9.7 US cents per lb to 4.2 US cents per lb, mainly due to higher volumes, lower input costs (fuel and power) and higher by-product credits.

Recently, we have seen some pressure on copper prices but treatment and refining charges are expected to remain relatively strong. Global treatment and refining charges for 2015 have so far settled at higher levels compared to 2014, and we expect to realise over 24 US cents per lb for FY2016.

Financial performance

EBITDA for FY2015 was US$281.0 million, significantly higher compared with US$197.9 million in the previous year. This increase was mainly driven by higher volumes, with improved operational efficiencies, higher treatment and refining charges, and lower cost of production. Operating profit was US$229.4 million in FY2015, an improvement from US$155.7 million in the previous year.

Outlook

Production is expected to be stable around 400kt with no planned maintenance activities scheduled in FY2016.

Our strategic priorities

- Sustaining operating efficiencies and reducing our cost profile.
- 400ktpa project to expand capacity along with the flexibility to handle multiple grades of concentrate.

Copper Zambia

Production performance

	FY2015	FY2014	% Change
Production (kt)			
Mined metal	116	128	(9.5)%
Finished copper	169	177	(4.6)%
Integrated	117	124	(5.9)%
Custom	52	53	(1.3)%

Unit costs (integrated production)

	FY2015	FY2014	% Change
C1 cash costs (US cents per lb)[1]	257.7	238.4	8.1%
Total cash costs (US cents per lb)[2]	329.1	334.0	(1.5)%

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

Financial performance

(in US$ million, except as stated)

	FY2015	FY2014	% Change
Revenue	1,077.1	1,271.4	(15.3)%
EBITDA	(3.8)	156.3	(102.4)%
EBITDA margin (%)	(0.4)%	12.3%	–
Depreciation and amortisation	187.2	171.5	9.2%
Operating (loss)/profit before special items	(191.0)	(15.3)	–
Share in Group operating profit (%)	(11.0)%	(0.7)	–
Capital expenditure	57.9	150.9	(61.6)%
Sustaining	57.9	114.2	(49.3)%
Growth	–	36.7	(100.0)%

Operations

FY2015 mined metal production was 10% lower at 116kt. Production at the Konkola underground mine was negatively affected as remediation and critical maintenance was being carried out at the shafts. Shaft #1 resumed partial hoisting in March 2015 and work at Shaft #4 is expected to be completed by Q3 FY2016. At Nchanga, FY2015 mined production was affected by lower grades and a transformer failure at the Tailings Leach Plant (TLP). During the year, TLP primary copper production was at 52,000 tonnes (56,000 tonnes in FY2014).

Production from the Upper Ore Body at the Nchanga underground was suspended in November 2014 pending a review of an appropriate mining method to exploit this ore body.

Copper custom production was marginally lower by 1%, constrained by blending challenges from concentrates available in the market.

On 23 February 2015, the Government amended the documentation requirements to reclaim VAT on future exports. This will enable us to resume purchase and treatment of third-party concentrate and thereby increase the smelter utilisation.

Unit costs (integrated production)

The unit cost of production without royalty, logistics, depreciation, interest and sustaining capex increased to 257.7 US cents per lb in FY2015, 8.1% higher than the previous year. This was mainly due to the lower volumes and higher maintenance costs.

Financial performance

EBITDA in FY2015 was US$(4) million compared with US$156 million in the previous year, impacted by the lower volumes explained above, higher unit costs and lower metal prices. These factors also contributed to an operating loss before special items of US$191 million for FY2015.

Outlook

Konkola mine

KCM is focusing on running the Konkola mining operations efficiently through its Pivot strategy, which focuses on three key production areas, thereby resulting in improved equipment availability and productivity. There is also a programme under way to increase the number of underground workshops and the training of frontline employees.

Smelter and refinery

While the Konkola mine ramps up production levels, we have the opportunity to increase the utilisation rate of the smelter by treating third party concentrates, from both within Zambia and from other countries. This has been positively assisted by the decision of the Government of Zambia to amend Rule 18, which has eased the documentation requirements for VAT refunds.

Nchanga operations

At Nchanga, we are focused on sustaining and improving the operations at the Tailings Leach Plant by treating copper refractory ore stockpiles and old tailings. Open pit and underground operations at Nchanga are approaching the end of their economic life, and therefore experiencing low grades and high unit costs.

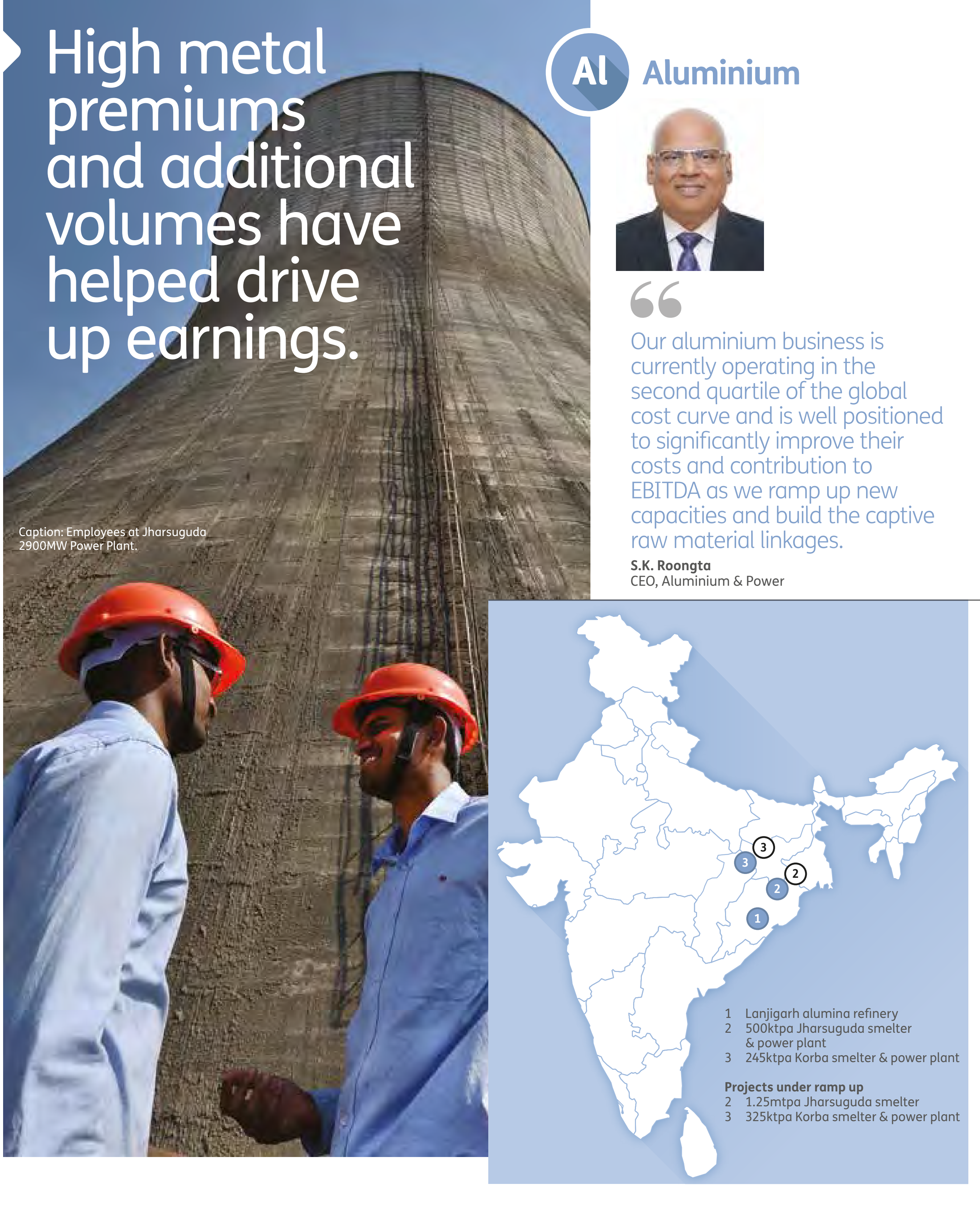
Production is expected to ramp-up after first quarter. FY2016 total production is expected to be 190-210kt with integrated production of 120-130kt at C1 cost of 225 US cents per lb.

Our strategic priorities

- Focus on profitable production at Konkola, with the 'Pivot strategy' and maintenance work around the shaft infrastructure and mobile fleet to increase capacity.
- Ensure that Tailings Leach Plant operations continue reliably, and roll-out an effective preventative maintenance programme.
- Increase smelter utilisation by filling spare capacity with purchased concentrates.
- Realise cost efficiency, driven by volume growth and other measures
- Improve productivity.

Review of operations

High metal premiums and additional volumes have helped drive up earnings.



Caption: Employees at Jharsuguda 2900MW Power Plant.

Al Aluminium

> Our aluminium business is currently operating in the second quartile of the global cost curve and is well positioned to significantly improve their costs and contribution to EBITDA as we ramp up new capacities and build the captive raw material linkages.

S.K. Roongta
CEO, Aluminium & Power

1 Lanjigarh alumina refinery
2 500ktpa Jharsuguda smelter & power plant
3 245ktpa Korba smelter & power plant

Projects under ramp up
2 1.25mtpa Jharsuguda smelter
3 325ktpa Korba smelter & power plant

Key metrics

Production – Alumina (kt)

Year	Value
15	977
14	524

Production – Total aluminium (kt)

Year	Value
15	877
14	794

EBITDA (US$m)

Year	Value
15	415.5
14	287.3

Unit costs – Alumina (US$ per tonne)

Year	Value
15	356
14	358

Unit costs – Hot metal production (US$ per tonne)

Year	Value
15	1,755
14	1,658

We initiated a number of innovative and cost saving projects to increase operational efficiencies. Pot-lines and other facilities including billet and wire rods are now working at much higher than designed capacities, with improved recovery and quality.

Results

During the year we achieved:

- Record production at Lanjigarh, achieving 98% of permitted capacity of 1mt.
- Stable production at Jharsuguda I and Korba I smelters.
- Start-up of first pot line at Jharsuguda II smelter.
- Improved operational efficiencies offset higher cost of production.

Caption top: Employees reviewing plan at BALCO.
Caption bottom: Employee at BALCO cast house.

Review of operations

Caption: Employee with ingots at cast house, Jharsuguda.

Production performance

	FY2015	FY2014	% Change
Production (kt)			
Alumina – Lanjigarh	977	524	86.4%
Aluminium – Jharsuguda I	534	542	(1.4%)
– Jharsuguda II[1]	19	–	–
Aluminium – Korba I	253	252	0.7%
– Korba II[2]	71	1	–
Total aluminium	877	794	10.4%

1 Including trial run production of 19kt in FY2015.
2 Including trial run production of 24kt in FY2015.

Unit costs

(US$ per tonne)

	FY2015	FY2014	% Change
Alumina cost	356	358	(0.6)%
Aluminium hot metal production cost	1,755	1,658	3.6%
Jharsuguda I CoP	1,630	1,602	1.8%%
Jharsuguda I smelting cost	907	889	2.0%
BALCO CoP	1,961	1,781	6.9%
BALCO smelting cost	1,270	1,082	12.2%

	FY2015	FY2014	% Change
Average LME cash settlement prices (US$ per tonne)	1,890	1,773	6.6%

Financial performance

(in US$ million, except as stated)

	FY2015	FY2014	% Change
Revenue	2,081.9	1,785.4	16.6%
EBITDA	415.5	287.3	44.6%
EBITDA margin (%)	20.0%	16.1%	–
Depreciation and amortisation	139.6	174.7	(20.1)%
Operating profit before special items	275.9	112.5	145.1%
Share in Group operating profit (%)	15.9%	4.9%	–
Capital expenditure	142.0	165.3	(14.1)%
Sustaining	9.5	18.3	(47.9)%
Growth	132.5	147.1	(9.9)%

Aluminium

Operations

At the Lanjigarh Alumina refinery, FY2015 production reached record levels, allowing us to achieve 98% of the permitted capacity of 1mt. Production numbers for FY2015 are not comparable to the previous year, due to the temporary suspension of production which was lifted in July 2013.

In FY2015, production was stable at the 500kt Jharsuguda I and 245kt Korba I smelters.

We initiated a number of innovative and cost saving projects to increase operational efficiencies. Pot-lines and other facilities including billet and wire rods are now working at much higher than designed capacities, with improved recovery and quality.

Unit costs

In FY2015, alumina cost of production was US$356 per tonne, almost flat compared with FY2014.

The cost of production of hot metal at Jharsuguda I was US$1,630 per tonne and increased by 2.0%, compared to US$1,602 per tonne in FY2014. The increase was due to higher purchased alumina prices and higher e-auction coal prices, partially offset by improved captive coal availability and lower power consumption.

The cost of production at the 245kt Korba I increased to US$1,904 per tonne from US$1,781 per tonne in FY2014. This increase was due to higher alumina and coal costs, as captive coal availability reduced by a further 25% this year. However, this was partially offset by the improved operational efficiencies.

Average LME prices for aluminium for the year were US$1,890, an increase of 7% on the previous year's average price level of US$1,773.

Caption top: Jharsuguda Plant.

Financial performance
FY2015 EBITDA was up 44.6% at US$416 million, compared with US$287 million in the previous year. This was primarily due to higher LME prices and premia on metals, as well as additional volume from the new Korba II smelter.

Projects
During the year, progress was made in securing raw material for our alumina refinery, with the Government of Odisha granting Prospecting Licenses (PLs) for three laterite deposits. The exploration work is ongoing and we expect to start production in FY2016 after receipt of the Mining Leases (ML). The approval for expansion of the Lanjigarh Alumina refinery has reached the final stages and environmental clearance is expected soon.

At the new 325kt Korba II smelter, 84 pots were commissioned during the year and produced 71,000 tonnes, which includes 19,000 under trial run. Ramp-up to full capacity will take place during H1 FY2016, along with the ramp-up of the 1,200MW power plant. Out of the two captive power units of 300MW each, the first unit is expected to be commissioned in Q1 FY2016. The BALCO 270MW power plant will be available for captive consumption as a back-up for pot ramp-up support.

We have also commenced the start-up of the first pot line of 312.5kt of the 1.25mtpa Jharsuguda II smelter, using surplus power from the 1,215MW power plant. 82 pots have been started during the last quarter of FY2015 and are under trial run. Ramp-up of the remaining pots of the first pot-line is expected to commence in end of Q1 FY2016, using power from one 600MW unit of the 2,400MW power plant.

In the recent coal block auctions conducted by the Government, BALCO was successful in securing two coal mines which are ready for production; Chotia Block with reserves of 15.5mt and annual production capacity of 1mtpa; and Gare Palma IV/1 Block with reserves of 44mt and capacity of 6mtpa.

We will commence production at the Chotia mine over the next few months after transfer of the mining lease and other statutory approvals. BALCO has appealed regarding Government's rejection of its winning bid for the Gare Palma IV/1 block and the matter is sub judice.

Outlook
During FY2016, the Company will focus on ramping up production from the Korba II and Jharsuguda II smelters as well as increasing the alumina production at Lanjigarh Refinery beyond 1mtpa post receipt of approvals.

The Company has Prospecting Licences for three laterite mines in Odisha and exploration is in progress. We expect to commence mining in the second half of FY2016.

Our strategic priorities
- Secure captive refinery feed to realise the full potential of cost efficiencies and increase capacity utilisation.
- Ramp-up Aluminium capacity.
- Laterite mining.
- Commencement of coal block operations at BALCO.
- Lanjigarh refinery expansion to 4mpta.

Review of operations

With additional power units sold, we are pleased to have achieved strong EBITDA.

Pwr Power

Caption: Employees near turbine at Jharsuguda 2,400MW power plant.

"We are focused on completing the Talwandi Sabo power plant project. We also anticipate that with the improvement in the economic climate and industrial performance, demand and hence the open market price for power is expected to recover over the next few years.

S.K. Roongta
CEO, Power

Key metrics

Power sales in million kwh

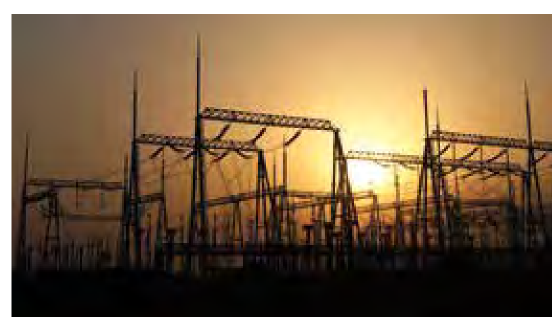
Year	Value
15	9,859
14	9,374

EBITDA (US$m)

Year	Value
15	153.8
14	168.4

Unit costs (US cents/kwh)

Year	Value
15	3.5
14	3.7



Caption: Switchyard, 2,400MW Jharsuguda Power Plant.

Caption: Employees at 2,400MW Power Plant.

Over the next 12 months, we are focusing on enhancing access to power transmission facilities and completing the 1,980MW Talwandi Sabo power project.

Results

During the year:

- 2,400MW power plant had lower plant load factor of 39% due to lower market demand.
- Average power generation costs improved due to lower coal costs.
- Commissioned first unit of Talwandi Sabo Power Plant.

Review of operations

Production performance

	FY2015	FY2014	% Change
Power Sales (MU)	9,859	9,374	5.2%
MALCO and Wind Energy	1,341	1,359	(1.3)%
BALCO 270MW	89	390	(77.2)%
600MW[1]	10	–	–
Jharsuguda 2,400MW	7,206	7,625	(5.5)%
Talwandi Sabo (TSPL)[2]	1,213	–	–

1 Includes production under trial run 10 million units in FY2015.
2 Includes production under trial run 264 million units in FY2015.

Unit sales and costs

	FY2015	FY2014	% Change
Sales realisation (US cents/kwh)	5.3	5.9	(9.1)%
Cost of production (US cents/kwh)	3.5	3.7	(5.2)%

Financial performance
(US$ million, except as stated)

	FY2015	FY2014	% Change
Revenue	671.9	621.7	8.1%
EBITDA	153.8	168.4	(8.7)%
EBITDA margin (%)	22.9%	27.1%	
Depreciation and amortisation	65.8	99.1	(33.6)%
Operating profit before special items	88.0	69.4	26.8%
Share in Group operating profit (%)	5.1%	3.0%	–
Capital expenditure	142.2	288.9	(50.8)%
Sustaining	–	5.8	–
Project	142.2	283.1	(49.7)%

Caption top: Turbine at Talwandi Sabo Power Plant.

Power

Operations
The Jharsuguda 2,400MW power plant operated at a lower Plant Load Factor (PLF) of 39% during FY2015 due to lower market demand and transmission constraints for some regions. However, during FY2016 capacity utilisation is expected to go up significantly as we ramp-up the plant for additional aluminium pot-lines.

Out of the two 300MW units of the 1,200MW Korba Power Plant destined for commercial power, one 300MW unit is currently under trial run, and will be commissioned during Q1 FY2016; the second commercial unit is expected to be commissioned during Q2 FY2016.

At the Talwandi Sabo power plant, the first 660MW unit has started commercial power generation with another unit synchronised. The 1,980MW power plant is expected to ramp-up to capacity during FY2016.

Unit sales and costs
Average power sale prices were lower in FY2015 at 5.3 US cents per unit compared with 5.9 US cents per unit in the previous year due to lower demand.

During FY2015, average power generation costs improved, falling to 3.5 US cents per unit compared with 3.7 US cents per unit in the previous year on account of a lower coal cost.

Financial performance

EBITDA remained at a similar level despite lower demand and tariffs, following additional power sold from the newly commissioned unit at the Talwandi Sabo power plant.

Outlook

During FY2016, we will continue to increase capacity utilisation at Jharsuguda and bring new capacity onstream at Korba and Talwandi Sabo.

Our strategic priorities

- Enhance access to power transmission facilities.
- Complete the 1,980MW Talwandi Sabo power project.

Port business

The Vizag General Cargo Berth (VGCB) tonnage handled increased by 48% to 7mt as compared to 4.7mt in FY2014 and generated an EBITDA of US$13.0 million.

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

Caption: Turbine at 2,400MW Jharsuguda Power Plant.

76 Corporate governance and Directors' reports

Board of Directors

L-R
Geoffrey Green
Navin Agarwal
Anil Agarwal
Tom Albanese
Euan Macdonald
Deepak Parekh
Aman Mehta
Katya Zotova

Committee membership key
† Audit Committee
✣ Nominations Committee
❖ Sustainability Committee
✱ Remuneration Committee

Anil Agarwal, 62 ✣
Executive Chairman

Background and experience
Mr Agarwal founded the Group in 1976 and has over three decades of entrepreneurial and mining experience. He has helped to shape the Group's strategic vision and under his leadership, Vedanta has grown from an Indian domestic miner into a global natural resources group with a world class portfolio of large, diversified, structurally low-cost assets which are capable of generating strong cash flow.

Mr Agarwal is also a director of Sterlite Technologies Limited, Conclave PTC Limited and the Anil Agarwal Foundation.

Date of appointment
Mr Agarwal was appointed to the Board in May 2003 and became the Executive Chairman in March 2005. Mr Agarwal is Chairman of the Nominations Committee.

Navin Agarwal, 54
Executive Vice Chairman

Background and experience
Mr Agarwal has over 25 years of senior management experience within the Group and is currently the Chairman of the Company's principal subsidiary Vedanta Limited and Cairn India Limited. He is the Chairman of the Group's Human Resources Advisory Committee and has championed personnel training and development initiatives to grow the talent pipeline for senior management succession planning within the Group. He has also been instrumental in promoting a culture of continuous improvement in business processes and nurtured the Management Assurance practice across the Group. He is a member of the Procurement, Marketing and Sustainable Development and Communications Advisory Committees. Mr Agarwal was formerly the Chairman of the Executive Committee until 31 August 2013.

Date of appointment
Mr Agarwal was appointed to the Board in November 2004 and became the Executive Vice Chairman in June 2005.

Tom Albanese, 57 ❖
Chief Executive Officer

Background and experience
Mr Albanese is the Company's Chief Executive Officer, Chairman of the Executive Committee, Chief Executive Officer of Vedanta Limited and Chairman of Konkola Copper Mines plc. He is responsible for implementing the strategy set by the Board to deliver growth of the business through sustained operational excellence within a safe, zero harm environment. Mr Albanese is also a non-executive director of Franco-Nevada Corporation, a Toronto-based gold and metal streaming company.

Prior to joining Vedanta, Mr Albanese was chief executive officer of Rio Tinto plc from 2007-2013, having joined Rio Tinto in 1993 on its acquisition of US energy company, Nerco Minerals, where he was chief operating officer from 1989-2000. At Rio Tinto plc, he held a series of management positions including overseeing the acquisition and integration of North Limited into the group's operations, chief executive of the Industrial Minerals group in 2000, and chief executive of the copper group and head of exploration in 2004. Mr Albanese has also previously served on the Boards of Ivanhoe Mines Limited, Palabora Mining Company and Turquoise Hill Resources Limited. He 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 in April 2014.

Aman Mehta, 68 † ✣ ✱
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 an long career spanning over three decades 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. His strong financial background and global executive experience have been beneficial in providing effective oversight through rigorous challenge to the Board and the Audit Committee.

Date of appointment
Mr Mehta was appointed to the Board in November 2004 and is Chairman of the Audit Committee.

Euan Macdonald, 75 ❖ † ✜ ✱
Non-Executive Director

Background and experience
Mr Macdonald has extensive 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. As Chairman of the Remuneration Committee, Mr Macdonald led the successful consultation with the Company's major shareholders on executive remuneration to better understand and address shareholder concerns. He 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 and is Chairman of the Sustainability and Remuneration Committees.

Geoffrey Green, 65 ✱
Non-Executive Director

Background and experience
Mr Green was a partner of a leading international law firm, Ashurst LLP from 1983 to 2013 and served as Ashurst's senior partner and chairman of its management board for 10 years until 2008. He was subsequently appointed as head of the firm's expanding Asian practice from 2009 to 2013, based in Hong Kong. Mr Green is currently also the non-executive chairman of the Financial Reporting Review Panel, one of the main subsidiary bodies of the Financial Reporting Council. Mr Green has a wealth of knowledge in respect of the UK corporate governance, regulatory 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 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.

Deepak Parekh, 71 † ✜
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 also serves as a director 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.

Ekaterina (Katya) Zotova, 37 ✜ ✱
Non-Executive Director

Background and experience
Ms Zotova has a wide range of commercial experience in the oil & gas industry including strategy, portfolio management, finance and mergers and acquisitions. She is currently a Principal at L1 Energy LLP, previously called Pamplona Global Energy Fund. Prior to this, Ms Zotova was Head of International Acquisitions and Divestments for Citigroup's oil and gas division focusing on oil majors and national oil companies. She has also previously held a variety of upstream commercial roles during a 14 year career at Royal Dutch Shell including Head of Portfolio Management for upstream International. She has a summa cum laude degree in finance and management from the Academy of National Economy in Moscow and an MBA from Rotterdam School of Management/ Columbia Business School.

Date of appointment
Ms Zotova joined the Board in August 2014.

Executive Committee

The Executive Committee oversees the Group's operations and implementation of the strategic initiatives which are set by the Board. It is led by Mr Albanese and comprises of the Executive Vice Chairman and the following members of senior management:

Tarun Jain
Director of Finance and Whole Time Director, Vedanta Limited (formerly Sesa Sterlite Limited)
Mr Jain joined the Group in 1984 and has over 30 years of executive experience in finance, accountancy, audit, taxation and corporate governance. He is responsible for corporate finance, business development and mergers and acquisitions at Vedanta Limited. 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, Vedanta Limited
Mr Jalan has over 36 years of senior management experience covering business improvement, corporate finance, accountancy, audit, taxation, corporate governance and legal matters. Prior to joining the Group in 2001, he was Executive Joint President of Birla Copper at the Aditya Birla Group. He is a fellow of the Institute of Chartered Accountants of India.

Mayank Ashar
Managing Director and Chief Executive Officer of Cairn India Limited (Cairn India)
Mr Ashar was appointed as the Managing Director and Chief Executive Officer of Cairn India in November 2014. He has a wealth of experience spanning over 36 years in the international oil & gas industry. He has previously held various senior management and top leadership roles in global organisations such as British Petroleum, Petro-Canada and Suncor Energy and was formerly President of Irving Oil Limited. During his career, Mr Ashar has helped to deliver industry-leading business results and demonstrated expertise in driving strategic growth, delivering operational efficiency and executing large, complex capital intensive projects. In recognition of his operational excellence and large scale project management leadership in the oil sands with Suncor Energy, Mr Ashar was named as the Operations Executive of the Year by the Canadian Business Magazine in 2003. He has a masters in engineering and an MBA from the University of Toronto, Canada.

Roma Balwani
President-Group Communications, Sustainability and Corporate Social Responsibility
Ms Balwani was appointed as President-Group Communications, Sustainability and Corporate Social Responsibility in April 2014. She has a rich and diverse experience with a career spanning over 30 years at Mahindra & Mahindra and Aptech. Prior to joining the Group, she was Chief Communications Officer at Mahindra & Mahindra Limited. Ms Balwani has received several prestigious communications related accolades and was the first Indian to receive the SABRE Award for outstanding individual achievement. She is a member of the global advisory committee of the World Communication Forum at Davos, the PR Committee of the Bombay Chamber of Commerce and Industry and the Association of Business Communicators of India.

Mukesh Bhavnani
Group Legal Counsel and Chief Compliance Officer
Mr Bhavnani was appointed as Group Legal Counsel and Head of Compliance in April 2015. Prior to joining the Group, he was Group General Counsel and Company Secretary at Bharti Enterprises. He has over 37 years of senior management experience in legal, compliance, company secretarial and corporate affairs within organisations including Essar Group, Sony Entertainment, Max New York Life and Coca Cola India.

Steven Din
Chief Executive Officer and Whole Time Director, Konkola Copper Mines (KCM)
Mr Din was appointed Chief Executive Officer of KCM in May 2014. He has over 20 years of experience in the natural resources industry, with over 15 years of African mining and oil & gas experience. Prior to joining the Group, Mr Din was chief executive officer of minerals for Essar in Zimbabwe. He was also previously managing director of Strategic Projects for Rio Tinto in Senegal, chief financial officer of Palabora Copper Mines in South Africa and managing director and president of Rio Tinto Simandou in Guinea.

Dilip Golani
Director, Management Assurance
Mr Golani currently heads the Group's Management Assurance function, a position he had also previously held from April 2000 to July 2004. Mr Golani has over 25 years of experience and previously headed the Sales and Marketing function at Hindustan Zinc 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. Mr Golani has a degree in mechanical engineering and a post graduate degree in industrial engineering and management.

Akhilesh Joshi
Chief Executive Officer and Whole Time Director, Hindustan Zinc Limited (HZL)
Mr Joshi joined Hindustan Zinc Ltd in 1976 and was appointed as Chief Executive Officer and Whole Time Director of HZL in February 2012. In October 2008, he became Chief Operating Officer and Whole Time Director of HZL. Prior to this, he was the Senior Vice President (Mines), responsible for the overall operations at all mining units. Mr Joshi has a Mining Engineering degree from MBM Engineering College, Jodhpur and a Post Graduate Diploma in Economic Evaluation of Mining Projects from School of Mines, Paris. He also has a first class Mine Manager's Certificate of Competency. He has received several prestigious awards for his outstanding contribution in the field of mining technology and non-ferrous metal sector in India.

Rajagopal Kishore Kumar
Chief Executive Officer, Iron Ore
Mr Kumar joined the Group in April 2003 and has held various executive roles including Chief Executive Officer of Sterlite Copper from 2007 to 2008, Chief Executive Officer of KCM from 2008 to 2011, Chief Executive Officer of Zinc International from 2011-2013 and Chief Executive Officer, Africa (Base Metals) from 2013 to 2015. He was appointed as Chief Executive Officer of the Group's Iron Ore businesses with effect from February 2015 and is leading the revival of profitable, low cost iron ore mining operations in Goa and Karnataka as well as developing the Liberian Project. Mr Kumar has nearly 30 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 worked at Hindustan Lever Limited for 12 years.

Rajesh Padmanabhan
President and Group Chief Human Resources Officer
Mr Padmanabhan was appointed in June 2014 to spearhead the Group's human resources function. His responsibilities include driving the Group's people strategy and transformation, leadership building, talent management, capability building, total rewards and performance management. Prior to joining the Group, he was the Chief Human Resources Officer for Capgemini India since 2010. Mr Padmanabhan has over three decades of global industry experience in finance, systems and human resources in companies like Patni Computer Systems, The Oberoi Group, Essel Propack, and the ICICI group in a variety of roles. He has a double masters in finance and human resources from the University of Mumbai.

Abhijit Pati
Chief Executive Officer, Aluminium
Mr Pati was appointed as Chief Executive Officer of the Group's aluminum business in March 2015 and is responsible for the Jharsuguda Smelters, Lanjigarh Alumina and BALCO. He joined the Group in 2008 and, with his wealth of knowledge over 26 years in the industry, has been a significant driver of Jharsuguda's growth. Mr Pati is a graduate chemical engineer from the University of Calcutta and holds an MBA from IMI Delhi.

Sushil Kumar Roongta
Managing Director of Aluminium & Power
Mr Roongta is currently 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 its Commercial Director in 2004 and later as chairman of its board in August 2006. He is also an independent director on the Boards of ACC Limited, Jubilant Industries Limited and chairperson of the Board of Governors, IIT, Bhubaneswar. Mr Roongta has a bachelor's degree in engineering and a post graduate diploma in business management in International Trade. Mr Roongta is due to retire from the Group in June 2015 following a long and successful career.

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 and copper refinery at Silvassa. 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 38 years of industry experience. Mr Siddiqi has a mechanical engineering degree from the Indian Institute of Technology, New Delhi and a PG Diploma in Management from AIMA, New Delhi.

Corporate governance report

Anil Agarwal, Executive Chairman

We have made encouraging progress in improving the Group's safety record and reaching our goal of becoming a zero harm environment. This is a key part of good corporate governance which is embedded within the culture Vedanta culture.

Dear Shareholder,
I am delighted to introduce the Company's 2015 Corporate Governance Report. I strongly believe that good corporate governance is a key driver of performance and is fundamental to the Group's long-term success. We therefore endeavour to promote good corporate governance which is embedded within the culture of our organisation and underpins everything we do, rather than simply as the adherence to a set of rules.

Vedanta business and brand alignment

The Company's key operating subsidiary, Sesa Sterlite Limited was renamed Vedanta Limited to harness the value of the Vedanta brand and strengthen the links between our business, communities and stakeholders. The rebranding is a significant milestone and helps to promote a united and aligned identity to enable us to deliver world class excellence with low cost operations and greater value for our shareholders.

Sustainability and safety

We have made encouraging progress during the year on improving the Group's safety record and reaching our goal of becoming a zero harm environment. Whilst there has been a step change in safety consciousness across the Group, it is disappointing that despite our efforts we had eight tragic fatalities during the year and advancing safety management across the Group remains a key priority of management for the year ahead.

Board composition

As Chairman, I am responsible for leading the Company's Board of Directors (the Board or the Directors) and ensuring that it operates effectively to deliver long-term value for shareholders. During the year, we undertook a review of the balance of skills, knowledge and experience on the Board. As Messrs Aman Mehta and Euan Macdonald have both served as Non-Executive Directors on the Company's Board for over nine years, succession planning has been a key priority. We have been focused on the search for suitable candidates with relevant experience in the natural resources industry to succeed them and successfully appointed Katya Zotova as a Non-Executive Director on 1 August 2014. Ms Zotova has a wealth of experience in the oil & gas industry having previously worked at Royal Dutch Shell and Citigroup's oil & gas division. Her industry knowledge and experience will be highly beneficial to the Board in developing the Group's strategy. I am pleased that the Company continues to have a strong, well balanced and diverse Board with a wide range of skills and experience including mining, oil & gas, corporate financial, legal and regulatory experience.

In line with our succession planning requirements, we continue to seek an additional candidate to join the Board with the relevant skills and experience to succeed Mr Mehta as the Chairman of the Audit Committee. As the majority of our businesses are based in India, we feel it would be beneficial to the Company to find candidates who have some experience of doing business in India while maintaining diversity of thought on the Board. We have appointed a Board recruitment consultant to identify suitable candidates with the relevant criteria determined by the Board and we hope to announce further appointments in due course. However, in order to promote smooth transition and orderly succession, we recommend that Messers Mehta and Macdonald be reappointed as Non-Executive Directors for another year until no later than the conclusion of the Company's 2016 Annual General Meeting. The Nominations Committee undertook a thorough review of Messrs Mehta and Macdonald and concluded that they remain independent and continue to provide rigorous objective and constructive challenge to Board discussions.

Diversity and inclusion

We have previously made a commitment to achieve a minimum 25% female representation on the Board by 2015 as we believe that significant benefit can be achieved from a well-balanced and diverse board. We have made progress towards that objective with the appointment of Ms Zotova during the year. We are aware that we can do more in respect of this and it remains a key priority of the Board to make further appointments based on merit taking into account the diversity and other requirements of the Board and candidates' skills and experience.

The Board also recognises the importance of encouraging diversity in all forms including gender as well as developing employees across the Group to provide for future succession to management roles. We continue to address the historical gender imbalance in leadership roles within the natural resources sector and have made a number of senior female appointments during the year including the President – Group, Sustainability, Corporate Social Responsibility and Communications, the Chief Executive Officer of Zinc International and Group Head of Treasury. Further information on our progress is given in the Nominations Committee report on pages 98 to 100.

Talent development and senior management succession planning

Our people are our biggest asset for the delivery of business results and long-term shareholder value. We have renewed our commitment to nurturing and developing talent within the Group and reviewed career growth opportunities, learning and development and reward and recognition programmes within the Group. The 'Leadership Connect' programme was started to build the Group's leadership capability and ensure a pipeline of suitably qualified candidates for future succession to senior management positions within the Group. Another objective of the programme is to create leaders who can drive engagement within their teams to deliver superior performance for the Group.

Board effectiveness and evaluation

Following the external facilitation of our Board evaluation last year, we carried out a detailed review of the Board's effectiveness which was managed wholly in-house this year. This was done through the use of targeted questionnaires and we have produced an action plan to address the issues raised and strengthen our Board processes. Further information on the process and outcome of the evaluation exercise is provided within this report on pages 88 to 89.

Annual General Meeting

The Company's 2015 Annual General Meeting will be held at 3.00pm on 3 August 2015 at Ironmongers' Hall and I would encourage you to attend and participate in the meeting.

Yours sincerely,

Anil Agarwal
Executive Chairman
13 May 2015

Corporate governance report continued

Compliance with 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 2012 edition of the Code which is available on the Financial Reporting Council's website at https://www.frc.org.uk/corporate/ukcgcode.cfm. 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 on pages 116 to 119.

Statement of Compliance with the Code

It is the Board's view that the Company has, throughout the financial year ended 31 March 2015, 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 Executive 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.1.1

Two of the Company's Non-Executive Directors, Messrs Aman Mehta and Euan Macdonald have served on the Board for over nine years and Mr Mehta also serves as a non-executive director on the board of Cairn India Limited. As a consequence, the Board was mindful of the risk of their independence becoming compromised and undertook a particularly rigorous assessment of their independence and potential for conflicts of interest. Mr Mehta does not have any business relationship with the Group other than his directorship at Cairn India and Vedanta Resources plc. As he absents himself from discussions in the event of any conflict of interest and continues to actively participate in Board discussions and provide robust challenge to management, the Board concluded that his independent judgement was not compromised and he remained impartial. Mr Macdonald does not have any business relationship with the Group and is not involved in any transaction or circumstance that would interfere with the exercise of his independent judgement in carrying out the responsibilities of a Director. Accordingly, the Board is satisfied that the tenure of Messrs Mehta and Macdonald does not affect their ability to exercise independent judgement or act in the best interests of the Group and has determined them to be independent.

Code Provision B.2.1

By virtue of the size of its shareholding in the Company, Volcan Investments Limited (Volcan) is a controlling shareholder for the purposes of the Listing Rules and was required to enter into an agreement with the Company to ensure compliance with the independence provisions set out in the Listing Rules (Relationship Agreement). Under the Relationship Agreement, Volcan will be consulted on all appointments to the Board. The Nominations Committee therefore works collaboratively with Volcan when making appointments to the Board and, to this extent, differs from the process set out in Code Provision B.2.1 which stipulates that the Nominations Committee should lead the process for Board appointments.

Leadership and the role of the Board

The Company is headed by a strong and effective Board of Directors which is collectively accountable to shareholders for promoting the long-term success of the Group through the creation and delivery of sustainable shareholder value. The Board does this by setting strategic priorities and risk appetite, ensuring that adequate resources are available for the attainment of the objectives and reviewing management's performance in delivering the strategy.

As part of its decision making processes the Board considers the long-term consequences of its decisions, the interests of various stakeholders including employees, the impact of the Group's operations on the environment and the need to maintain high standards of business. This is achieved through a prudent and robust risk management framework and internal controls and strong governance processes.

Duties of the Board

The duties of the Board are set out in its terms of reference including those matters specifically reserved for decision by the Board. The Board's terms of reference were reviewed and updated during the year and in addition to the above include:

- 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 any material restructuring or reorganisation of the Group;
- Approval of major capital expenditure projects in excess of defined thresholds;
- Approval of major acquisitions and disposals of assets in excess of defined thresholds;
- Approval of a variety of major decisions that are determined by their nature to have a significant likely impact for the Group;
- Approval of any appointments to or removals from the Board of Directors.

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

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.

Board of Directors

- **Executive Chairman** see page 84
  - **Chairman's Committee** see page 86
- **Chief Executive Officer** see page 85
  - **Executive Committee** see page 85
    - **Advisory Committees** see page 85
      - Procurement Advisory Committee
      - Marketing Advisory Committee
      - Human Resources Advisory Committee
      - Sustainable Development and Communications Advisory Committee
      - Finance Advisory Committee
      - Technology & Innovation Advisory Committee
- **Finance Standing Committee** see page 85
- **Board Committees**
  - **Nominations Committee** see page 98
  - **Audit Committee** see page 92
  - **Remuneration Committee** see page 109
  - **Sustainability Committee** see page 102

Role of the Board

- Provide entrepreneurial leadership and set strategic direction for the Group
- Review the Group's risk environment and set risk appetite
- Approve the Group's business plans and capital expenditure budgets
- Assess adequacy of financial and human resources to attain strategic objectives
- Monitor delivery of strategic objectives by management
- Support management in their delivery of objectives
- Provide constructive challenge to management on assumptions
- Provide oversight of risk management and internal control framework
- Engage with and report to shareholders on business performance
- Engage with and report to other stakeholders on their areas of concern

Delegation
Recommendation

Corporate governance report continued

Board culture

Debate
- Open discussions
- Consultative processes
- Encouragement to question
- Constructive challenge
- Collective decision making

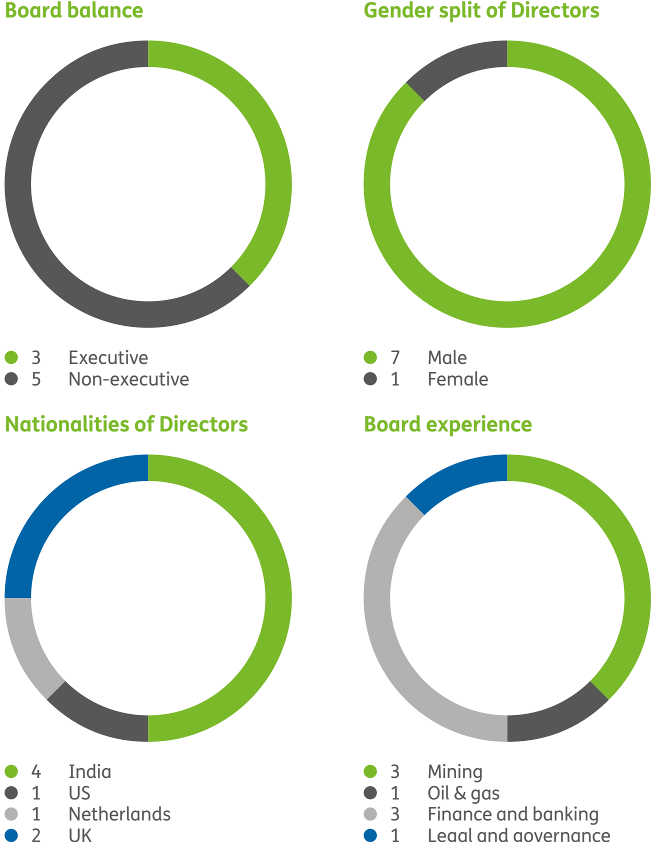
High ethical standards
Supported by sound governance policies such as Code of Business Conduct and Ethics

Entrepreneurial spirit
- Seeking out new business opportunities and acquisitions
- Underpinned by strong risk management framework and internal control systems

Professional approach
- Different skill sets of Board members
- Excellent relationships between Board members

Board membership

At the date of this Report, the Board is comprised of eight members, who will each seek re-election by shareholders at the forthcoming Annual General Meeting of the Company. This includes the Executive Chairman, Executive Vice Chairman, Chief Executive Officer and five independent Non-Executive Directors. There is a variety of skills and global executive experience represented on the Board including mining, oil & gas, strategic, financial, operational and governance as can be seen from the biographical details of the Directors which are set out on pages 76 and 77.



Division of responsibilities

There is a clear division between the functioning of the Board in providing effective oversight and the executive responsibility for the operation of the Company's business. The Board has an established policy which prescribes how it discharges its mandate. This policy sets out the roles and responsibilities of the Executive Chairman, Executive Vice Chairman, Chief Executive Officer, Senior Independent Director and Non-Executive Directors and was updated in 2014 following a review of all Group policies and procedures. The respective responsibilities are set out below:

The role of the Executive Chairman

The Executive Chairman is responsible for:
- Leading the Board and ensuring that it has the resources required to function effectively;
- Developing succession plans for Board appointments for Board approval;
- Helping to identify strategic priorities to enhance shareholder value;
- Formulating strategic plans for the Board's consideration and approval;
- Identifying new business opportunities in line with the strategic plans approved by the Board;
- Engaging with the Company's shareholders and other stakeholders such as governments, communities and employees to ensure that an appropriate balance is maintained between the various interests;
- Providing leadership to the senior management team;
- Upholding the highest standards of integrity, probity and governance at Board level and throughout the Group;
- Facilitating active engagement by all Directors and fostering an environment in which Non-Executive Directors can freely provide constructive challenge;
- Evaluating the performance of the Board, Board committees and individual Directors and acting on the results of such evaluation;
- Reviewing the training needs of the Directors for the fulfillment of their duties; and
- Ensuring that new Directors participate in a full, formal and tailored induction programme.

The role of the Executive Vice Chairman

The Executive Vice Chairman supports the Executive Chairman in his leadership of the Board and is responsible for:
- Supporting the Executive Chairman in ensuring that the Board functions effectively;
- Supporting the Executive Chairman in identifying new business opportunities;
- Supporting the development of the Group's oil & gas strategy;
- Supporting the development of the Group corporate structure to greater align strategic priorities and enhance shareholder value;
- Guiding the execution of the Group's manpower strategy;
- Providing oversight of the development of top talent throughout the Group; and
- Strengthening the Group's procurement capability and focusing management attention on critical areas.

The role of the Chief Executive Officer

The Chief Executive Officer is responsible for:

- Ensuring effective implementation of Board decisions;
- Developing operational business plans for Board approval;
- Providing leadership to the senior management team for the delivery of the Group's operational business plans following Board approval;
- Providing oversight and management of all of the Group's operations, business activities and performance including environmental, social, governance, health and safety, sustainability, investor relations and external communications;
- Managing the Group's risk profile in line with the risk appetite set by the Board;
- Ensuring that prudent and robust risk management and internal control systems are in place throughout the Group;
- Recommending annual budgets to the Board for approval;
- Making recommendations to the Remuneration Committee on remuneration policy and executive remuneration; and
- Supporting the Executive Chairman in maintaining effective communications with various stakeholders.

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;
- Acting as an intermediary for shareholders who wish to raise concerns that they have been unable to resolve through the normal channels of communication;
- Acting as a sounding board for the Executive Chairman and serving as an intermediary for the Non-Executive Directors where necessary; and
- Meeting with the Non-Executive Directors at least once a year to appraise the Executive Chairman's performance and on such other occasions as are deemed appropriate.

The role of the Non-Executive Directors

The Non-Executive Directors are responsible for helping to develop the Company's strategy and providing rigorous, objective and constructive challenge to create accountability and drive performance. The responsibilities of the Non-Executive Directors include:

- Helping management to develop the Company's strategic objectives by drawing on their own business and commercial experience and challenging assumptions;
- Scrutinising management's performance in delivering against the strategy;
- Satisfying themselves on the integrity of financial information and ensuring that risk and control systems are robust; and
- Determining appropriate levels of remuneration, succession planning and participating in the appointment of Executive Directors.

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 (together, the Board Committees).

All of the Board Committees are authorised to obtain legal or other professional advice as necessary at the expense of the Company, 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 Board 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, Nominations and Remuneration Committees while the President-Group Communications, Sustainability and Corporate Social Responsibility acts as the secretary to the Sustainability Committee. The terms of reference of each of the Board Committees was reviewed and updated during the year and are available on the Company's website at www.vedantaresources.com or by request to the Company Secretary.

Details of the membership, terms of reference and attendance at the meetings of the Audit, Nominations, Remuneration and Sustainability Committees are given in their respective reports on pages 92 to 115.

The Executive Committee

The Executive Committee acts as a conduit between management and the Board and during the year ended 31 March 2015 comprised of the Executive Vice Chairman, the Chief Executive Officer and members of senior management whose biographies are given on pages 78 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, Executive Vice 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.

Advisory Committees

The Company has established a number of Advisory Committees which meet monthly to review and make recommendations to the Executive Committee regarding matters which significantly shape each business function of the Group at an operational level. The recommendations from the Advisory Committees define the overall scope and strategy within which each business function develops policies, procedures and guidelines. The Advisory Committees include Procurement, Marketing, Human Resources, Sustainable Development and Communications, Finance and Technology and Innovation Advisory Committees.

Corporate governance report continued

Chairman's Committee

The Chairman's Committee meets monthly and comprises of Messrs Anil Agarwal, who chairs the Chairman's Committee, Navin Agarwal, Tom Albanese, Tarun Jain and DD Jalan. The Committee is a management committee which was established to support the functioning of the Board and ensure that the business of the Board and its Committees is properly planned and aligned with management. The Chairman's Committee provides a forum for the Chief Executive Officer to report to the Executive Chairman on the Company's operational performance and key issues impacting performance and for the members to deliberate on how best to align performance with the strategic objectives set by the Board.

How the Board operates

The Board meets on a regular basis and met formally on six occasions during the year, of which five were scheduled Board meetings and one was called at short notice. 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. The Non-Executive Directors, led by the Senior Independent Director also met during the year without the Executive Directors present to appraise the Executive Chairman's performance amongst other matters.

Strategy development

During the year, a separate meeting was held by the Directors to consider and test the long-term strategy of the Company. At this strategy meeting, the Board considered its strategic direction in light of external factors such as regulatory environments and commodity market developments and agreed its strategic focus and priorities for the year ahead. In addition, the Non-Executive Directors made site visits to the Group's operations at Cairn India and Hindustan Zinc to enable them to get a better understanding of the operational and strategic issues facing the businesses.

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.

At the request of the Directors, the Chief Executive Officer also provides a monthly report to the Board on key operational issues and other matters of importance to the Group.

Board activities during the year

Strategy

- Consolidation and simplification of Group structure;
- Approval of capital expenditure for the Group's Zinc International project at Gamsberg;
- Review of corporate branding to achieve strategic brand alignment across the Group;
- Consideration of the Group's oil & gas strategy in low oil price environments;
- Review of the Group's aluminium and power strategy;
- Review of the business turnaround strategy of the Group's African copper business KCM;
- Sustained operational excellence and cost efficiencies;
- Focus on active engagements with governments on mining and regulatory developments;
- Sustainable development and linkage of initiatives to license to operate philosophy;
- Waste recycling strategy;
- Coal block auctions by the Government of India;
- Focus on talent management and senior management succession planning; and
- Review of strategy in respect of the hire of contractors across the Group.

Performance

- Reviewing the progress of the Group's restructuring plans;
- Reviewing the progress of the Group's major capital projects;
- Reviewing the progress of the operational turnaround of KCM;
- Monitoring the operational performance of the Group against the business plan for the year 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;
- Monitoring the Group's health and safety record and initiatives to promote a zero harm environment;
- Reviewing the Group's position following the receipt of a withholding tax claim by Cairn India from the Indian tax authorities;
- Receiving updates on major litigation and their impact on the Group; and
- Receiving a report from the Audit Committee on the effectiveness of the Group's internal controls and risk management systems.

Governance

- Review of the Group's key corporate governance processes and documents;
- Review of Directors' independence and conflicts of interest;
- Reviewing the composition of the Board and approving the appointment of a new Non-Executive Director;
- 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 the annual performance evaluation of the Board and its Committees and developing action plans which address the feedback received;
- Receiving regular updates on corporate governance and other regulatory developments; and
- Receiving updates from management in respect of investor sentiment, share price performance and investor feedback; and
- Receiving updates on the reported allegations of corporate espionage against an employee of Cairn India and the implementation of the anti-bribery and corruption policy across the Group.

Board attendance

The Company requires its Directors to attend all meetings of the Board and any Board Committees on which they serve and to devote sufficient time to the Company's business. The Directors are also 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 fulfill their role as a Director. The Company's Non-Executive Directors are expected to spend a minimum of 20 days per annum on the Company's business with greater time commitment during periods of heightened strategic and commercial activity as set out in their letters of appointment. The Non-Executive Directors letters of appointment are available on request from the Company Secretary.

The attendance of the Directors at Board meetings held during the year is shown in the following table and the Directors' attendance at Board Committee meetings is provided in the respective Board Committee reports.

Name	Date of appointment	Attendance at Board meetings	Percentage attendance
Executive Directors			
Anil Agarwal[1]	16 May 2003	4/6	67%
Navin Agarwal	24 November 2004	6/6	100%
Tom Albanese	1 April 2014	6/6	100%
Non-Executive Directors			
Aman Mehta	24 November 2004	6/6	100%
Euan Macdonald	23 March 2005	6/6	100%
Geoffrey Green	1 August 2012	6/6	100%
Deepak Parekh[3]	1 June 2013	5/6	83%
Katya Zotova[2]	1 August 2014	3/4	75%

1 Mr Agarwal was unable to attend two meetings of the Board due to prior commitments and a meeting being called at short notice.
2 Since her appointment to the Board, Ms Zotova has attended all meetings of the Board except one which was called at short notice.
3 Mr Parekh was unable to attend one meeting of the Board due to a prior commitment and the meeting being called at short notice.

Board independence

In accordance with the Code, it is the Company's policy that at least half the Board comprises of independent Non-Executive Directors to ensure that an appropriate balance is maintained between Executive and Non-Executive Directors for effective governance and no individual or small group of Directors can dominate the decision making process. The Board undertakes an evaluation of each Director's independence on appointment, annually prior to recommending their re-election by shareholders as well as when any Director's circumstances change and warrant a re-evaluation.

The Board undertook a detailed evaluation of Ms Katya Zotova's independence prior to her appointment in August 2014. As Ms Zotova had no prior connections with the Group, the Board was satisfied of her independence and concluded that she could act as an Independent Non-Executive Director on the Company's Board.

During the year, the Board also considered the independence of Mr Geoffrey Green who carries out occasional consultancy work for Ashurst LLP, a leading international law firm that is engaged by the Group to provide legal advice on various matters. As Mr Green had no involvement in advising the Group over the last five years, the Board was satisfied that he remains independent of character and judgement. The Board also considered Mr Green's appointment as Chair of the Financial Reporting Review Panel and determined that there were no conflicts of interest arising out of the appointment.

Two of the Company's Non-Executive Directors, Messrs Aman Mehta and Euan Macdonald have served on the Board for over nine years and their independence was therefore subject to a particularly rigorous review. As Mr Mehta also serves as Non-Executive Director on the Board of Cairn India Limited, the Board considered the potential conflicts of interest arising from that appointment. As Mr Mehta absents himself from discussions in the event of any conflict of interest and continues to actively participate in Board discussions and provide robust challenge to management, the Board concluded that his independent judgement was not compromised and he remains impartial. Mr Macdonald does not have any business relationship with the Group and is not involved in any transaction or circumstance that would interfere with the exercise of his independent judgement in carrying out the responsibilities of a Director. Accordingly, the Board concluded that the tenure of Messrs Mehta and Macdonald does not materially affect their ability to exercise independent judgement or act in the best interests of the Group.

Following the review of the Non-Executive Directors' independence, 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.

Board succession planning has been at the forefront of Board considerations during the year and the search for new Non-Executive Directors to succeed Messrs Mehta and Macdonald is ongoing. While the Board is committed to refreshing the composition of the Board and the total length of appointments would not normally exceed nine years, in order to ensure a smooth transition the Board has invited Messrs Mehta and Macdonald to serve on the Board for up to a further year subject to approval by shareholders at the 2015 Annual General Meeting. It is anticipated that further appointments will be made during the year to allow Messrs Mehta and Macdonald to retire from the Board following a suitable transition period.

Corporate governance report continued

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 39 on pages 196 to 197.

The Board reviewed any potential conflict of interest for Mr Geoffrey Green arising from his previous role as a partner of and current consultancy role at Ashurst LLP. The fees paid to Ashurst LLP during the year amounted to US$344,179 (2014: US$195,037) 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

The Relationship Agreement which had originally been entered into at the time of admission of the Company's shares to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange plc's main market for listed securities (Listing) in 2003 between the Company and its majority shareholder, Volcan and was subsequently amended in December 2011 was reviewed and updated again in November 2014 in order to ensure compliance with the revised Listing Rules for the protection for minority shareholders which came into force in May 2014.

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 and that all agreements and transactions between the Company, on the one hand, and Volcan and/or any of its respective group undertakings and/or persons acting in concert with it or its group undertakings, on the other hand, will be at arm's length and on a normal commercial basis. Under the terms of the Relationship Agreement, Volcan, the Agarwal family and their associates will not take any action that would prevent the Company from complying with its obligations under the Listing Rules. Furthermore, 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. As the Board is comprised of a majority of independent Non-Executive Directors and Vedanta's ability to operate independently of Volcan is protected by the Relationship Agreement, the Board considers that there are adequate safeguards for the protection of minority shareholder interests.

The Audit Committee is responsible for reviewing matters arising in relation to the Relationship Agreement and related party transactions on behalf of the Board. During the year, there were no contracts of significance between the Company, or its subsidiary undertakings, and the controlling shareholder. The Company has complied with the independence provisions in the Relationship Agreement and so far as the Company is aware, the controlling shareholder and any of its associates have complied with the independence provisions and the procurement obligation included in the Relationship Agreement.

Induction, training and development

The Board is committed to the ongoing development of its employees and 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, Ms Zotova attended the induction and orientation programme consisting of meetings with and presentations from senior management, meetings with the Non-Executive Directors and a site visit to the operations of Cairn India, Hindustan Zinc and some of the Group's corporate social responsibility projects. She also received induction materials including the Company's articles of association, Board charter and terms of reference, Share Dealing Code, Cairn India Prospectus, Code of Business Conduct and Ethics, Vedanta Values and an update on the implementation of the anti-bribery policy across the Group.

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 KCM, BALCO, Zinc International, Hindustan Zinc and Cairn India.

Mr Albanese's structured induction programme has continued during the year with further site visits to various Group operations to develop his understanding of the business environment and the markets in which the Group operates, as well as to engage with employees and other stakeholders. The Board receives information in a timely manner in a form and of a quality appropriate to enable it to discharge its duties.

Following feedback from the Directors, a programme of site visits to the Group's operations will form part of the Board induction for all future Board appointments.

Board evaluation

The effectiveness of the Board is of paramount importance to the overall success of the Group and the Company undertakes a formal and rigorous annual evaluation of the Board and its Committees, the Directors and the Chairman to assess their performance. Following the external facilitation of the Board and Board Committee evaluations by Prism in 2014, this year the performance evaluations were led by the Executive Chairman supported by the Company Secretary. The review consisted of detailed questionnaires tailored to the Board and each Committee.

The findings from the evaluation exercise were discussed with the Executive Chairman and reviewed by the whole Board before a set of actions were agreed. The feedback from the Directors suggested that the underlying processes of the Board and its Committees were operating well overall with a collaborative and professional relationship between the Directors.

The actions which were agreed following the Board and Committee evaluations include:

Board composition
The search for new Non-Executive Directors would continue as part of Board succession planning process to (a) encourage more women on the Board; (b) increase mining and other extractive industry experience on the Board; and (c) refresh the composition of the Board Committees.

Strategic discussion
The Board will dedicate additional time specifically to consider, develop and test the Group's strategy particularly in light of the difficult operating environments and volatile markets.

Operational
Management will focus on delivering stability to the Group in a difficult operating environment through capital rephrasing, cost management initiatives, exercising financial and fiscal prudence; continuing the simplification of the Group's financial structure and focus on deleveraging; focus on safety and linkage of corporate social responsibility initiatives to the Group's license to operate.

Board orientation and induction
The induction programme for new Directors will be reviewed and strengthened to provide the Directors' with a better understanding of their role and responsibilities, the Group's businesses and the operational challenges faced.

Board administration
The Company will review its arrangements for the administration of Board and Committee meetings including the Board meeting materials and minutes.

Directors' performance
The Executive Chairman reviewed the individual performance of each of the Executive Directors in their capacity as Directors and the Non-Executive Directors and concluded that they each make an active contribution to Board discussions and demonstrate full commitment to their role.

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

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:

1) 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.
2) External auditor assurance:
   - Full year audit and interim review are carried out on the published financial statements.
3) 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.
4) The Internal Audit function provides an independent assurance in respect of processes, physical verification and management information system accuracy for operating companies.
5) 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.

Corporate governance report continued

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

The Board
- Sets 'risk appetite'
- Reviews significant reported risks

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

Management Assurance Services (MAS)
- 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
- Reviews findings in respect of the risk management and internal control framework with senior management and reports to the Audit Committee
- Investigates whistleblower cases

The head of MAS attends all the Vedanta Executive Committee and Audit Committee meetings. During the year, the MAS team supported the respective business teams at Vedanta Limited and its subsidiaries towards compliance with the US Sarbanes-Oxley Act 2002 requirements (the Act), 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 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 is designed to be a simple, consistent and clear mechanism for managing and reporting risks of the Group's businesses to the Board. Risk management is embedded in all critical business activities, functions and processes. The framework helps the organisation meet its objectives through alignment of operating controls to the mission and vision of the Group.

Management systems, organisational structures, processes, standards and code of conduct together form the system of internal control that govern how the Group conducts its business and manages the associated risks.

The Group has a multi-layered risk management framework aimed at effectively mitigating the various risks which its businesses are exposed to in the course of their operations as well as in their strategic actions. Risks are identified at the individual business level for existing operations as well as for ongoing projects through a consistently applied methodology, using the Turnbull matrix.

Risks are continually reviewed with formal discussion on risk management taking place at 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 to mitigate 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 chief executive officers and attended by chief risk officers, senior management and functional heads. Risk officers have been formally nominated at all operating businesses as well as Group level whose role is to create awareness of risks at senior management level and to develop risk management culture within the businesses. 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. Risk mitigation plans form an integral part of the key performance indicators for process owners.

The Audit Committee aids the Board in this process by reviewing the actions taken by management to identify risks, assess any changes in the Group's risk exposure, reviewing risk control measures and by approving remedial actions, where appropriate.

The Audit Committee is in turn supported by the Risk Management Committee 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 Chief Financial Officer, 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.
- Sustainability Committee which reviews sustainability related risks. This Committee is chaired by a Non-Executive Director and attended by the Chief Executive Officer, 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 is reviewed at business management committee level. In addition, business divisions have also developed their own risk registers depending on size of operations and number of subsidiary business units/locations. Full details of principal risks and uncertainties are contained in the strategic report on pages 28 to 35.

A consistently applied methodology is used to identify risks to operations and projects at the operating subsidiary level. 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 internal control process by which the Board obtains assurance. 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 Chairman of the Audit Committee 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 periodically.

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.

Communications with shareholders

The Company values communication with its shareholders and actively engages with them on a wide range of issues to ascertain their views. The Company maintains an ongoing dialogue and schedule of meetings with institutional investors, analysts, brokers and fund managers which is attended by the Chief Executive Officer and managed by the Investor Relations team. During the year, in order to further promote engagement with the Company's investor community, a Capital Markets Day was held in London and attended by several members of the Executive Committee and senior management to provide a corporate and financial overview of the Group and updates on the key businesses by the respective business leaders. This was followed by a site visit to the Group's operations at Hindustan Zinc, Cairn India and Jharsuguda.

A Sustainable Development Investor Day has been planned for mid-2015 to enhance engagement with the Company's stakeholders on sustainability and corporate social responsibility matters.

The main channels of communication with the investment community are through the Executive Chairman, Chief Executive Officer, Chief Financial Officer and Director, 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 and views on various issues through periodic detailed investor relations reports to the Board.

Routine engagement activities include:

- Press releases to the market and media on key developments throughout the year;
- Regular meetings between the Chief Executive Officer, Chief Financial Officer and institutional investors, analysts and brokers;
- Site visits by institutional investor representatives, analysts and brokers to the Group's major operations;
- Ongoing dialogue with shareholders and other interested parties by email, letters and meetings arranged through the Investor Relations and Group Communications teams;
- A wide range of information on the Company and its operations which is made available on the Company's website including the annual report and accounts, half yearly results, sustainability report, market announcements, press releases, share price and links to subsidiary company websites; and

The Board also 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 chairs of the Audit, Remuneration, Nominations and Sustainability Committees attend the AGM in order to answer questions from shareholders. The 2015 AGM will be held on at 3.00pm on 3 August 2015 at The Ironmongers Hall, Shaftesbury Place, London EC2Y 8AA. 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.

Audit Committee report

Aman Mehta, Chairman, Audit Committee

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

This Audit Committee 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 five occasions during the year.

	Number of meetings attended	Percentage attendance
Aman Mehta, Chair	5/5	100%
Euan Macdonald	5/5	100%
Deepak Parekh	4/5	80%

As shown in his biography on page 76, Mr Mehta has had extensive executive and non-executive experience with a strong financial background in large listed companies. The Board is therefore satisfied that Mr Mehta has recent and relevant financial experience. Mr Parekh is a qualified Chartered Accountant and has ongoing executive experience. 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 Audit Committee receives high quality and detailed information from management and the internal and external auditor regularly which is reviewed, discussed and challenged by the Audit 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, 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 the Group's 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 the Group's 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; and
- 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 Audit Committee can be found on the Company's website at www.vedantaresources.com and are also available on request from the Company Secretary.

Operation of the Audit Committee

The Audit 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, other members of the senior management team and the external auditor regularly attend meetings at the invitation of the Audit Committee to report on issues and facilitate discussions with the external auditor. The Audit 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 Audit Committee's activities. The Committee's agenda is based on its remit outlined above 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 Audit Committee's key duties to monitor the integrity of the Company's 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 89 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 pages 95 and 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 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 89 to 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 the performance evaluation of the Audit Committee; • Review of new regulatory requirements in respect putting the Company's external audit contract out to tender; • Reviewing the Group's cyber security controls; • Receiving updates on the implementation of the Vedanta Code of Business Conduct and Ethics and UK Bribery Act training across the Group.

Audit Committee report continued

Area of responsibility	Activities
The audit and external auditor	• Review of the significant audit risks with the external auditors during interim review and year end 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 2015 external audit of the financial statements and key risk areas for the 2015 audit.
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 2014–15 internal audit plan; • Review of the Group's anti-bribery policy and its implementation; • Review of whistleblower cases.

Annual report review

At the request of the Board, the Audit Committee considered whether the 2015 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

All Vedanta employees, regardless of position, are expected to observe high ethical standards. Each employee is expected to follow the Vedanta Code of Business Conduct and Ethics, and employees in key positions are required to complete the Annual Code of Conduct Certification form. The annual certification process reinforces our commitment to ethical practices and Code of Business Conduct and Ethics, promoting an ethical culture.

The Group's Whistleblower Policy forms part of 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 issues of concern in confidence.

As per the Whistleblower Policy adopted by various businesses in the Group, all complaints are reported to the Director – MAS who is independent of operating management and businesses. Dedicated email addressess and a centralised database have been created to facilitate the receipt of complaints and for ease of reporting. The Company has a 24x7 ethics helpline where employees can place anonymous complaints against ethics violations as per the policy of the Company. All employees and stakeholders can register their integrity related concerns either by calling on a toll free number or by writing on the web based portal. The hotline also provides multiple local language options.

Following an investigation, established cases are brought to the Group Ethics Committee for decision making. This Committee brings uniformity and consistency in the decision making process following investigation of the reported incidents. All cases are taken to their logical closure. A summary of cases along with outcome of the investigations and actions taken is presented periodically to the audit committees of respective businesses as well as at Group level.

During the year, the composition of the Group Ethics Committee which reviews the Group's whistleblower programme was also refreshed to strengthen the Committee to carry out its role in promoting an uncompromising approach to integrity, ethics, compliance and good corporate governance. The Group Ethics Committee is comprised of Mr Akhilesh Joshi, Mr Dilip Golani, Mr Rajesh Padmanabhan, Mr Abhijit Pati, Mr Mukesh Bhavnani and Ms A Sumathi, Head of Environment.

Fraud and UK 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.

During the year, the Audit Committee was made aware that the government authorities in India were investigating allegations of corporate espionage against an employee of Cairn India and employees of some other companies not connected with the Group. Cairn India has in place a comprehensive compliance programme and controls and follows the highest levels of integrity in the conduct of its businesses. Nevertheless, Cairn India is undertaking a further review of its controls in light of the allegations made in the matter.

During the year, the Vedanta Code of Business Conduct and Ethics was also reviewed and updated to promote the zero tolerance approach and embed this within the culture of the Group.

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 (the 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 Audit 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. The views of statutory auditors on these significant issues were also considered by the Committee.

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: • Rajasthan producing assets in the Group's Oil & Gas business • Copper operations in Zambia • Alumina refinery assets as Lanjigarh • Iron ore business at Goa and Karnataka More information is provided in Note 2(b) and Note 5 to the financial statements	Impairment assessment of Rajasthan producing assets within the Oil & Gas business was considered as a significant issue considering the significant decline in the crude oil prices. The Committee has reviewed the significant assumptions including the oil price and discount rate. An impairment charge of US$2,162.1 million has been recognised against these assets. Impairment assessment of copper operations in Zambia was considered as a significant issue considering the decline in copper prices and other operational challenges. The significant assumptions of commodity prices and discount rate were reviewed by the Committee. An impairment charge of US$52.3 million has been recognised against these assets. Impairment assessment of alumina refinery assets at Lanjigarh was considered as a significant issue due to the pending environment clearances for the refinery expansion and delays in obtaining bauxite mining approvals. The significant assumptions of timing of approvals were put through a stress test by the Committee and other assumptions of discount rates and commodity prices were reviewed by the Committee. The mining operations at Karnataka were resumed towards the end of February 2015. The State Government of Goa has renewed the mining leases and the business is awaiting other approvals for the commencement of mining operations at Goa. The Committee reviewed the timing of start-up of operations post regulatory approvals which was the key consideration. The Committee was also informed that the impairment assessment approach and assumptions were consistent across all business segments. With the existence of sufficient headroom over carrying value of assets it was concluded that no impairment was required for Lanjigarh assets and Goa and Karnataka iron ore assets.

Audit Committee report continued

Significant issues	How these issues were addressed
Impairment assessment of evaluation and exploration (E&E) assets More information is provided in Note 2(b) and Note 5 to the financial statements	Considering the significant downward pressure on oil and other commodity prices, the impairment of E&E assets is considered a significant issue. The significant assumptions of oil and iron ore prices and the discount rate were reviewed by the Committee. An impairment charge of US$3,691.9 million has been recognised against oil & gas E&E assets primarily relating to Rajasthan block. Further an impairment charge of US$788.1 million has been recognised relating to exploratory wells in Sri Lanka. Considering the excess of recoverable value over carrying value of assets it was concluded that that no impairment was required for the iron ore assets.
Revenue recognition across the business: • provisional pricing for sale of goods; • oil & gas revenue; • 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 is under appeal 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 38 to the financial statements.	A comprehensive legal paper was reviewed by the Committee and the mitigating factors were discussed with senior management, including head of legal. The Committee also reviewed the probable, possible and remote analysis carried out by management and the disclosure of contingent liabilities in the financial statements. In respect of all significant disputes, management's assessment was supported by legal opinions from external legal counsel.
Taxation. Additional information on these matters are disclosed in Note 38 to the financial statements	A comprehensive tax paper outlining taxation disputes in respect of withholding taxes relating to 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 management 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. Accordingly, Mr A Kelly will retire as the audit partner for the Company's audit and will be succeeded by Mr Chris Thomas. The audit partner responsible for the audit of the 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; and
- Appointment of the external auditor for non-audit services.

These policies are based on the APB Ethical Standards for Auditors and are regularly reviewed to ensure they are in line with best practice. These controls provide the Audit Committee with confidence that the independence of Deloitte in their audit function will be maintained. The Audit Committee was satisfied with the external audit process and that the independence of the external auditors was not compromised.

Performance of the external auditor

During the year, the Audit Committee reviewed the effectiveness of Deloitte LLP using a survey comprising a range of questions covering objectivity, quality and efficiency. The Audit Committee concluded that the results of the survey were positive and considered that they continue to provide a high quality audit.

Reappointment of the external auditor

The Committee has concluded that Deloitte LLP remain objective, independent and effective and accordingly recommended to the Board that a resolution to reappoint them be considered at the 2015 Annual General Meeting. Following approval by the Board, a resolution to reappoint the incumbent auditor, Deloitte LLP, has been proposed at the forthcoming Annual General Meeting. The Audit Committee is also responsible for determining the auditors' remuneration on behalf of the Board, subject to the approval of shareholders at the forthcoming Annual General Meeting.

Provision of non-audit services by the external auditor

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

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

External audit tender

Vedanta recognises the current requirements of the Code and transitional guidance in relation to audit tendering and rotation under the European Union text on Audit Regulation and Directive and the UK Competition Markets Authority Order.

In order to ensure good corporate governance and that the services of the external auditor remained of the highest quality, the Audit Committee has recommended that the provision of external audit services be put to tender in 2015 in respect of the provision of external audit services for the financial year ending 31 March 2017. The timing of the tender process has been aligned with the rotation of the external audit contracts of the Group's Indian subsidiaries in order to enhance the effectiveness and reduce any potential disruption of the tender process. Under the Indian Companies Act 2013, companies are required to rotate their external audit contract on completion of two terms of five years.

As Deloitte LLP has served as the Company's external auditor for over ten years, in accordance with transition provisions of the Competition and Markets Authority order, Deloitte LLP will resign as the Company's external auditor following the completion of the external audit for the year ending 31 March 2016.

The year ahead

The Committee will be overseeing the tender process for the appointment of the external auditor for the fiscal year commencing 1 April 2016. The Committee is also focused on preparing for the new requirements that the Company will be expected to comply with under the 2014 UK Corporate Governance Code including the requirement for a Viability Statement.

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

- implement findings from Board evaluation process; and
- focus on oversight of anti-bribery policies and procedures.

Aman Mehta
Chairman, Audit Committee
13 May 2015

Nominations Committee report

Anil Agarwal, Chairman, Nominations Committee

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.

This Nominations Committee 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 three occasions during the year.

	Number of meetings attended	Percentage attendance
Anil Agarwal, Chairman	3/3	100%
Euan Macdonald	3/3	100%
Aman Mehta	3/3	100%
Deepak Parekh	3/3	100%
Katya Zotova[1]	1/1	100%

1 This refers to the number of meetings of the Nominations Committee attended during the year which the Director was entitled to attend following her appointment to the Committee.

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; and
- Recommend to the Board whether to reappoint a Non-Executive Director either at the end of their term of office or when put forward for re-election, having regard to their performance and ability to continue to contribute to the Board. The Nominations 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 Nominations Committee's awareness of the tenure of its Non-Executive Directors. Both the Nominations Committee and Board have discussed at length the need for refreshing of the Board and at the recommendation of the Nominations Committee, one new Non-Executive Director was appointed to the Board in 2014.

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; • Continued 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	• Considering the results of the Nominations Committee's annual evaluation; • Approval of disclosures in the Nominations Committee report in the Company's 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.

Recruitment process
When considering new appointments to the Board, the Nominations Committee reviews the balance of skills, experience and diversity on the Board to identify those criteria which are determined to be key to strengthening the effectiveness of the Board. These criteria form the basis of the search for new appointments to the Board. During the year, the Nominations Committee continued its work with independent Board recruitment agency, Spencer Stuart to conduct a global search for new Non-Executive Directors to succeed Messrs Mehta and Macdonald who have served on the Board for over nine years. Spencer Stuart was provided with a brief to identify candidates that had relevant experience of the extractive industries. The brief also requested the inclusion of more female candidates on candidate shortlists to address the lack of gender diversity on the Board and meet the aspirational target of achieving 25% of women on the Board by 2015. While the Nominations Committee is committed to addressing the gender imbalance, the Board is of the view that any appointments to the Board should be based on merit rather than to fulfil targets. Following the recruitment drive, Ms Katya Zotova was appointed as a Non-Executive Director. Ms Zotova has a wealth of knowledge and experience in the oil & gas industry having previously spent over a decade at Royal Dutch Shell, working on a number of commercial upstream roles and as Head of International Acquisitions and Divestments for Citigroup's oil & gas division. Ms Zotova's experience is of significant benefit to the Group in developing its oil & gas strategy. Spencer Stuart has no other connection with the Group other than to provide recruitment consultancy services to the Nominations Committee.

The search of additional Board candidates is ongoing and it is expected that further appointments will be made in due course.

Succession planning
As part of the Board's succession planning arrangements, the Nominations Committee has initiated a review of the composition of the Board Committees and details will be announced in due course. In addition to ongoing Board succession planning, during the year there was also significant focus on succession planning for senior management roles across the Group. Tom Albanese, Chief Executive Officer has continued the leadership review to assess the current leadership of the businesses and identify potential successors as part of a drive to have the right leadership in place for the delivery of the Group's strategic objectives. As Mr SK Roongta is expected to retire from the Group later in the year, Mr Abhijit Pati was appointed as CEO – Aluminium in March 2015. In May 2015, Mr Ajay Dixit was appointed as Chief Executive Officer, Power and will lead the consolidation of the Group's entire Power operations and develop the Power vertical. Following the review, a number of changes were made to the senior management structure to help provide the necessary focus to grow our businesses and deliver superior value to all stakeholders. Mr Kishore Kumar was appointed as CEO-Iron Ore Business to lead the revival of the Group's profitable low cost mining operations in Karnataka and Goa and to develop the Group's Liberian Iron Ore project. In 2015, Ms Deshnee Naidoo was appointed as CEO, Zinc International.

Nominations Committee report continued

Talent development and senior management succession planning

Our people are our biggest asset for the delivery of business results and long-term shareholder value. We have renewed our commitment to nurturing and developing talent within the Group and reviewed career growth opportunities, learning and development and reward and recognition programmes within the Group. The 'Leadership Connect' programme was started to build leadership capability and ensure a pipeline of suitably qualified candidates for future succession to senior management positions within the Group. Another objective of the programme is to create leaders who can drive engagement within their teams to deliver superior performance for the Group.

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 that 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. The Board has a wide range of knowledge and expertise including mining, oil & gas, corporate finance, banking, diplomacy and governance and the 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. While we have made some progress towards this target following Ms Zotova's appointment, we acknowledge that more needs to be done and this remains a top priority for the Nominations Committee. The Nominations Committee is also addressing the lack of gender diversity across its employee population and feel that 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 8.64% of the overall employee population within the Group whereas the percentage of female representation across the Group's professional population is 11.24%. In order to achieve our target for women on the Board, we ensure that female 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. Ms Roma Balwani joined the Group as President – Group Communications, Sustainability and Corporate Social Responsibilty and Ms Deshnee Naidoo was appointed as the CEO of Zinc International.

The year ahead

The Nominations Committee objectives for the coming year are:

- Review progress made on 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; and
- Appointment of additional Non-Executive Directors to succeed Messers Mehta and Macdonald.

Anil Agarwal
Chairman, Nominations Committee
13 May 2015

Sustainability Committee report

Euan Macdonald, Chairman, Sustainability Committee

The Vedanta Sustainability Framework has enabled significant improvements in the way we do business.

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

Vedanta's business model is to deliver operational excellence while demonstrating world class standards for governance, safety and social responsibility in the locations of the operations. This approach is fundamental to gain and maintain our license to operate and is vital to capture loyalty and insulate the company against crisis. The Sustainability Model, comprising of three pillars: Responsible Stewardship, Building Strong Relationships and Adding & Sharing Value was further strengthened this year with the addition of a new fourth pillar – Strategic Communications, that reflects our commitment to complete transparency and emphasises our principles of community dialogue and mutual respect, including free prior informed consent to access natural resources. The Sustainability Model guides us to ensure a long-term, sustainable future of our business operations, meeting our growth targets, and creating long-term value for all our stakeholders.

The Vedanta Sustainability Framework has enabled significant improvements in the way we do business. The Group's vastly improved safety performance is testament that robust practices and processes can have a direct impact on performance. In 2014-15, we began to see tangible outcomes of our safety drive, with far fewer fatalities and lost time injuries. However, any unsafe incident is entirely unacceptable and I am deeply saddened that eight people lost their lives while working at Vedanta. Each subsidiary company's Chief Executive presented a detailed appraisal of the root causes and action plans to the Committee. We maintained our focus on containing our impact on air, water and land use, to achieve our target for Water savings and Energy savings this year. As the businesses have met many of our goals, we have set escalated benchmarks.

As we enter a new phase of our sustainability journey, the Committee recommended businesses to join WBCSD – WASH pledge, Global Compact Network – Women Empowerment Principles and other charters, to contribute towards establishing formal partnerships with national and international bodies on the cause of Sustainable Development. The Committee also advocated the internal committee to review gap assessment against UN principles of Human Rights and recognised that the subsidiary businesses need to improve their stakeholder engagement and management processes.

We are using the Vedanta Sustainability Assurance Programme (VSAP) as our internal sustainability risk management tool to ensure framework compliance. As a result of follow up audit process, review and implementation of action plans each of the business – operational sites and mines have made the SMART objectives in line with our framework requirements and now monitor the performance at a regular intervals. I take this opportunity to thank the management across our businesses for their commitment to VSAP, which has been a demanding exercise.

Sustainability Committee report continued

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

	Number of meetings attended	Percentage attendance
Euan Macdonald, Chair	4/4	100%
Tom Albanese	4/4	100%
Kishore Kumar	4/4	100%

The President – Group Communication, Sustainable Development and CSR acted as secretary of the Committee and all invited CEO's or their HSE representatives attended the meetings.

Responsibilities of the Sustainability Committee
The responsibilities of the Sustainability Committee are set out in its terms of reference which are available on the Company's website www.vedantaresources.com from the Company Secretary. The President, Group Communication, Sustainable Development and CSR acted as secretary of the Committee and group's subsidiary companies' Chief Executives or their representatives were invited to attend the meetings.

The main responsibilities of the Sustainability Committee are:

- To advise on sustainability policies and framework, clearly setting out the commitments of the group to manage matters of sustainable development effectively;
- To review and approve targets for sustainability performance and report to the Board with respect to their appropriateness and assess progress towards achieving those targets;
- To recommend initiatives required to institutionalise a sustainability culture through involvement of leadership, employees and communities at all levels;
- To review and report to the Board, the performance of the Group and the Group companies with respect to the implementation of the Vedanta Sustainability Framework through the Sustainability Assurance Programme so that sustainability and reputation related risks are assessed, controlled and managed effectively; and
- To approve the Sustainability Report prior to publication.

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	• Review and update Sustainable Development Policies; • Providing oversight of the progress made on the development of the sustainability model and framework; • Review the implementation of the action plan emerging from Vedanta's Sustainability Assurance programme (VSAP); • Review & approve sustainable development objectives and targets; • Review & approve sustainable development initiatives, charters and partnerships.
Health and Safety	• Review of safety incidents and performance; • Overseeing the implementation of action plans with respect to fatal accidents; • Ratification of Group's safety performance standards; • Review of High Potential Incidents and other leading indicators.
Environment	• Overseeing the Group's initiatives for reduction in specific water and energy consumption; • Monitoring and follow ups of higher category environment incidents; • Review of fly ash management plans and statistics; • Review of biodiversity initiatives and action plans.
System development systems and performance reporting	• Reviewing the implementation of IESC close-out audit recommendations of URS final report (October 2013); • Overseeing the implementation of Group wide 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 2013-14.
Community relation and engagement	• Ratification of the Group's community relation framework; • Overseeing the implementation of strategic CSR projects; • Review the progress on the Group's Human Right's programme and initiatives; • Review of important stakeholder engagements.

Details on each of the above initiatives can be found in the Company's Sustainable Development Report 2014-15 and on the Company's website at www.sustainability.vedantaresources.com/home.

Euan Macdonald
Chairman, Sustainability Committee
13 May 2015

Statement by the Remuneration Committee Chairman

Dear Shareholder,
On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2015. The report sets out details of the Remuneration Policy, which received shareholder approval in 2014 (and is restated here for ease of reference), together with our Annual Report on Remuneration which details the remuneration paid to the Directors last year and the intended application of the policy for the current financial year.

Role of the Remuneration Committee

Following a full and detailed review of the Remuneration Policy during 2014, this was a quieter year for the Committee, in which we focused on ensuring that the new Remuneration Policy was implemented diligently. Particular matters which the Committee considered were as follows:

- Introduction of the new PSP as set out in the policy last year;
- Introduction of new share ownership guidelines of 200%;
- Introduction of the Deferred Share Bonus Plan, requiring the deferral of 50% of the annual bonus for Executive Directors, and improvement to the structuring of the annual bonus plan including revision of its performance metrics;
- Introduction of withholding and recovery provisions (claw-back) in both the annual bonus and LTIP;
- Freezing of salary for 2015/16;
- Introduction of a new subsidiary share plan for Vedanta Limited; and
- Consultation relating to bonus metrics.

Performance and Reward in the year to 31 March 2015

Despite the challenging macroeconomic environment, the Group's performance on various financial and production parameters has been encouraging and noteworthy. Vedanta's performance during 2014 is largely impacted on account of headwinds faced due to the significant fall in global commodity prices. The fall in short to medium-term oil prices has impacted on our reported financial results in respect of carrying some goodwill value of certain oil and gas assets with impairment charges booked in the income statement as set out in the financial review. We fully recognise the impact of the overall decline in market conditions has had on our shareholders. We propose, for our Executive Directors, for 2015 no increase to their fixed compensation.

For determining bonus, the business performance for the year has been evaluated in terms of the metrics approved for the year 2014-15. Following evaluation against the set metrics, the achievement of targets is 37.2% of the maximum, and subsequently a bonus of 55.8% of salary is proposed for the Executive Chairman and Vice Chairman. Mr Tom Albanese's contract for the fiscal year 1 April 2014 to 31 March 2015, entitled him to an incentive bonus up to a maximum of 50% of salary. Considering his contributions and performance during the year, the Committee determined that he should receive a bonus payout of 37.20% of salary. Under the remuneration policy, all the Executive Directors' bonuses will be paid half in cash, with the balance in deferred shares.

Under the Company's legacy Long-Term Incentive Plan (LTIP), the final 2011 award lapsed in August 2014 as a result of the TSR performance condition not being met.

Remuneration for the year ending 31 March 2016

Recognising the challenging market context, the Remuneration Committee has determined that there should be no salary increases for the Executive Directors for this year. No changes will be made to the fees of the Non-Executive Directors.

The Committee intends to make limited changes to the proposed implementation of the Remuneration Policy for this year. Consistent with our policy, this means a bonus maximum of 150% of salary for the Executive Directors, accompanied by a scorecard of targets which will be linked to our financial, sustainability and strategic performance.

The Executive Directors will receive Performance Share Plan awards valued at 150% of salary this year, with vesting based entirely on Vedanta's Total Shareholder Return (TSR) performance relative to a peer group of comparators. We have made some changes to the composition of the TSR comparators group to reflect those companies listed both in the UK and internationally, which are felt to be of most relevance to Vedanta's diversified structure, and the new group is set out in the Annual Report on Remuneration.

Conclusion

Since we are not proposing any changes to our remuneration policy this year, there will only be an advisory vote on 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 the policy in the coming year. However, for clarity, we have reproduced the Remuneration Policy which was approved by shareholders in 2014.

We hope that we will receive your support the policy for the Annual Report on Remuneration at the forthcoming AGM.

Yours sincerely,

Euan Macdonald
Chairman, Remuneration Committee

Directors' Remuneration Policy report

The Company's Remuneration Policy was put to a vote at the 2014 AGM and was approved by 99.93% of shareholders which voted. There is no requirement to vote on the policy in 2015 unless any changes to the policy are proposed, and the Committee does not intend to make any such changes at this time. The policy is set out for information only; the charts showing remuneration scenarios on page 107 have been updated to reflect the intended implementation of the policy for 2015.

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 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 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 LTIP. 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.

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 pre-determined.	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

Directors' Remuneration Policy report continued

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

Element of pay	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
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.

Selection of performance metrics

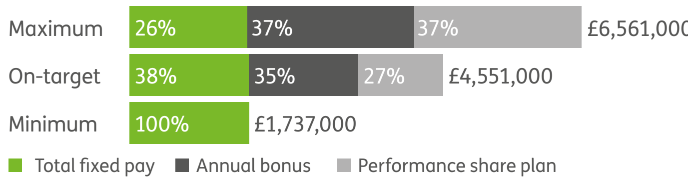
The annual bonus is based against a balanced scorecard of financial, operational, sustainability and strategic metrics. The mix of targets will be reviewed each year by the Committee to ensure that they remain appropriate to reflect the priorities for the Group in the year ahead. A sliding scale of targets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

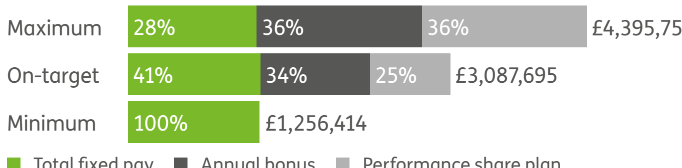
Remuneration scenarios for Executive Directors

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 2015.

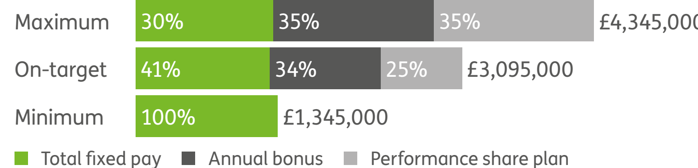
Executive Chairman
2015/16



Deputy Executive Chairman
2015/16



Chief Executive Officer
2015/16



Notes
1 Base compensation levels are based on those applying on 1 April 2015. In the case of Navin Agarwal, who receives most of his salary in INR, the salary is converted at a rate of INR98.5641: £1.
2 The value of taxable benefits is based on the cost of supplying those benefits (as disclosed) for the year ending 31 March 2015 in the case of all the Executive Directors.
3 The value of pension receivable by the Deputy Executive Chairman and Chief Executive Officer in 2015/16 is taken to be 15% and 20% of base compensation respectively.
4 The on-target level of bonus assumed to be 2/3rd 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.

Directors' Remuneration Policy report continued

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 Vedanta Limited (Formerly known as (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 Vedanta Limited (Formerly known as 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

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 2015 AGM. The information on pages 110 to 114 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)	3/3	100%
Aman Mehta	3/3	100%
Geoffrey Green	3/3	100%
Katya Zotova[1]	1/1	100%

1 This refers to the number of meetings of the Remuneration Committee held during the year which the Director was entitled to attend following her appointment to the Committee.

The Committee's responsibilities are set out in its terms of reference, which are available on the Company's website at www.vedantaresources.com or on request from the Company Secretary. The Committee's terms of reference were reviewed during the year, and no further amendments have been made in the year ended 31 March 2015.

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. NBS does not provide any other services to the Company. Other pay information for employees below Board level is provided to the Company by Aon in India. The Committee considers that this enables a global perspective to be achieved. Where relevant, NBS reviews the work of Aon India to ensure that the advice is appropriate for a UK plc context and internally consistent. 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 2014/15 were £119,360 (excluding VAT). This fee predominantly related to the development and roll out of the new Remuneration Policy and implementation of the new PSP and Deferred Bonus scheme, together with providing ad hoc advice to the Remuneration Committee. Other advisers to the Committee during the year and their roles are set out below.

- Mr Rajesh Padmanabhan (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 2014 Annual General Meeting, resolutions were proposed to shareholders to approve the Directors' Remuneration Policy for the year ended 31 March 2014. This resolution received the following votes from shareholders:

	Directors' Remuneration Policy		Annual report on remuneration	
Votes cast in favour	240,062,105	99.93%	224,605,024	93.32%
Votes cast against	1,630,575	0.67%	16,073,242	6.68%
Total votes cast	241,692,680		240,678,267	
Abstentions	731,195		1,745,608	

	PSP	%
Votes cast in favour	239,724,271	99.31
Votes cast against	1,671,224	0.69
Total votes cast	241,395,495	87.5
Abstentions	1,025,344	

During the year, the Committee wrote to the Company's major shareholders to provide detail, on the performance measures selected for the annual bonus, and to set out plans for a share scheme within the business. Those shareholders who responded indicated their support for the proposals under consultation, with constructive feedback which was duly considered by the Committee.

Annual report on remuneration continued

Directors' remuneration earned in 2014/15 (Audited)

The table below summarises Directors' remuneration received during the year ended 31 March 2015 and the prior year for comparison.

		Base compensation including salary or fees £000	Taxable benefits £000	Pension £000[7]	Annual bonus £000[8]	Long-term incentives £000[9]	Total £000[10]
Executive Directors							
Anil Agarwal[1]	**2014/15**	**1,608**	**129**	**–**	**897**	**–**	**2,634**
	2013/14	1,608	146[12]	–	700	–	2,454
Navin Agarwal[2, 3]	**2014/15**	**968**	**53**	**153**	**533**	**–**	**1,707**
	2013/14	916	52	140	390	–	1,498
Tom Albanese[4, 11]	**2014/15**	**1,000**	**95**	**215**	**372**	**–**	**1,682**
	2013/14	0	0	0	0	0	0
Non-Executive Directors[6]							
Geoffrey Green	**2014/15**	**95**	**–**	**–**	**–**	**–**	**95**
	2013/14	92	–	–	–	–	92
Euan Macdonald	**2014/15**	**140**	**–**	**–**	**–**	**–**	**140**
	2013/14	131	–	–	–	–	131
Aman Mehta[5]	**2014/15**	**140**	**–**	**–**	**–**	**–**	**140**
	2013/14	137	–	–	–	–	137
Deepak Parekh	**2014/15**	**102**	**–**	**–**	**–**	**–**	**102**
	2013/14	83	–	–	–	–	83
Katya Zotova (appointed 1 August 2014)	**2014/15**	**68**	**–**	**–**	**–**	**–**	**68**

1 Mr Anil Agarwal's taxable benefits in kind include provision of a car, fuel and driver in the UK and India for business purposes, housing benefit (in India) and club membership and medical cover.
2 For the financial year ended 31 March 2015, Mr Navin Agarwal received a Vedanta Limited salary of INR8,56,33,845 excluding medical and leave travel allowances, Vedanta fees of £85,000, Cairn India Limited fees of INR1,40,000 as sitting fee and Hindustan Zinc Ltd fees of INR1,270,000.
3 Mr Navin Agarwal's taxable benefits in kind include housing and related benefits, club membership, and use of a car and driver.
4 The taxable benefits paid to Tom Albanese include an amount of around £56,000 paid to him as part of personal taxation and legal advice that he received at the time of his recruitment, housing allowance, car and driver in India and medical cover.
5 The fees paid to Mr Aman Mehta excludes the salary of £78,850 paid by Cairn India Limited (2014: £78,530).
6 Non-Executive Directors are reimbursed for expenses incurred while on Company business. No other benefits are provided to Non-Executive Directors.
7 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.
8 Amounts shown for 2014/15 relate to the payment of the annual bonus for the year ended 31 March 2015. Further details of this payment are set out below. As at the year end, £50,000 had been paid to Mr Tom Albanese with the remaining bonus amounts accrued. Further details of this payment are set out below
9 The LTIP award for 2011 lapsed in 2014 as the performance condition was not met.
10 The exchange rate applicable as at 31 March 2015 was INR98.5614 to £1 and at 31 March 2014 was INR96.2325 to £1.
11 Mr Albanese is entitled to a 3.67% Provident Fund contribution paid by the Vedanta Limited on his Indian salary as per India regulations.
12 Restated taxable benefit for 2013/14 relates to correction of the car allowance amount.

Annual bonus

The annual bonus for the 2014/15 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:

Factors	Parameters	Weighting as a percentage of total bonus	Actual achieved (£m)	Threshold performance hurdle (33% of maximum payable)	On-target performance hurdle (70% of maximum payable)	Achievement	Payout (% of max)	Payout % of total
Financial performance	EBITDA	30.00%	3,744	3,744	5,349	70.00%	33.30%	10.00%
	Free cash flow	30.00%	2,519	2,286	3,265	77.10%	42.00%	12.80%
						Subtotal financial		22.80%
Sustainability and safety scorecard	Sustainability	7.50%				72.00%		5.40%
	Safety	7.50%	The safety target was not met so no bonus was payable under this element.			0.00%		0.00%
Personal/strategic objectives	Stakeholder management and regulatory	25.00%	**Parameters:** PSA extension, divestment of Government share, simplification of Group structure, iron ore export duty and bauxite supply			36.00%		9.00%
Total		100%	Payout as a percentage of maximum payout opportunity					37.20%
Payout		150%	Paid as a percentage of base pay (calculated as per total score)					55.80%

Bonus payout table (payment scales as per approved bonus scheme) – financial performance elements	Bonus scheme			Actual
Performance achievement against target	Threshold - 70% performance	Target - 100 % performance	Stretched - 110 % performance	Refer to table above
Bonus as a % of maximum payout opportunity	33.33%	70%	100%	37.20%

Bonus achieved	% of salary
Anil Agarwal	55.8%
Navin Agarwal	55.8%
Tom Albanese	37.2%

1 For the financial elements, 33% is paid for threshold performance (which is 70% of target) increasing to full payout for stretch performance (110% of target). For other elements, zero bonus is paid for nil performance increasing to full payment at stretch performance.
2 Sustainability scorecard measures include resource use and management, stakeholder engagement and management, compliance and training, incident investigation and change management.
3 Stakeholder Management and Regulatory Development Scorecard includes PSA Extension, Divestment of Government Share, Simplification of Group Structure, Iron Ore Export Duty and Bauxite Supply.

The bonus payment in relation to performance in the 2014/15 financial year will be payable 50% on cash and 50% in shares.

For determining a bonus, the business performance for the year has been evaluated in terms of the metrics approved for the year 2014-15. Following evaluation against the set metrics, the achievement of targets is 37.2% of the maximum, and subsequently a bonus of 55.8% of salary is proposed for the Executive Chairman and Vice Chairman. Mr Tom Albanese's contract for the fiscal year 1 April 2014 to 31 March 2015, entitled him to an incentive bonus up to a maximum of 50% of salary. Considering his contributions and performance during the year, the Committee determined that he should receive a bonus payout of 37.20% of salary. Under the remuneration policy, all the Executive Directors' bonuses will be paid half in cash, with the balance in deferred shares.

Annual report on remuneration continued

Performance share plan awards granted during the year

The following award was granted to the Executive Directors on 17 November 2014 under PSP Scheme:

	Type of award	Basis of award granted (% of base compensation)	Share price at date of grant	Number of shares over which award was at granted	Face value of award (£'000)	% of face value that would vest at threshold performance
Anil Agarwal	Nominal-cost option	113%	£8.09	225,000	1,820,250	30%
Navin Agarwal	Nominal-cost option	118%	£8.09	140,000	1,132,600	30%
Tom Albanese	Nominal-cost option	138%	£8.09	170,000	1,375,300	30%

The performance condition attached to the above award is based on Vedanta Resources' Relative TSR against a comparator group of industry peers. 30% of the awards will vest at median performance, with full vesting for upper quintile performance.

The companies comprising the TSR comparator group are Anglo American, BHP Billiton, Rio Tinto, GlencoreXstrata, Vale, Antofagasta, Grupo Mexico, Hindalco, Alcoa, Dragon Oil, Boliden, First Quantum, Oz Minerals, Petrofac and Tullow Oil.

Share plan awards

The table below shows the Directors' interests in the Company's share plans:

		31 March 2014 Number of shares	**Granted in 2014/15 Number of shares**	**Vested in 2014/15 Number of shares**	**Lapsed in 2014/15 Number of shares**	**31 March 2015 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]	22,500	–	13,500	–	9,000	0.1	10.56	24 Sep 13 – 16 Mar 16
17 November 2014	PSP[3]	–	225,000	–	–	225,000	0.1	8.09	16 Nov17 – 16 May 18
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]	15,300	–	9,180	–	6,120	0.1	10.56	24 Sep 13 – 16 Mar 16
17 November 2014	PSP[3]	–	140,000	–	–	140,000	0.1	8.09	16 Nov17 – 16 May 18
Tom Albanese									
17 November 2014	PSP[3]		170,000	–	–	170,000	0.1	8.09	16 Nov17 – 16 May 18
Total		**168,800**	**535,000**	**22,680**	**131,000**	**550,120**			

1 The 2011 LTIP awards were subject to a TSR performance condition, Vedanta's performance fell short of the median of the comparator group (which represented the threshold level of performance required for a vesting), and thus all the awards lapsed.
2 In respect of the ESOP awards made on 24 September 2012, as reported previously, the performance target was met and as a result 18% of the shares vested on 24 September 2013. 10.8% and 7.2% of the shares will vest on 24 September 2014 and 24 September 2015 respectively, subject to continued employment.
3 The vesting of PSP awards is subject to measurement of the Company's performance in terms of TSR, as set out above

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.

Mr Tom Albanese is a Non-Executive Director at Franco-Nevada Corporation where he is entitled to retain any remuneration paid to him. His fees for this position in 2014/15 were $22,500. Tom was granted 75,000 stock options on 19 August 2013. They vest 1/3 on each of the first, second and third anniversary of the date of grant. The exercise price is C$46.17 per option. 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 2014 or on appointment	Beneficially owned at 31 March 2015 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]	185,836,132	187,488,102	–	583%	Yes
Anil Agarwal[2]	109,740	123,240	9,000		
Navin Agarwal[1,4]	188,460	249,300	6,120	119%	No
Tom Albanese (appointed 1 April 2014)	65,250	82,700	–	41%	No
Geoffrey Green	–	–	–	n/a	n/a
Euan Macdonald	–	–	–	n/a	n/a
Aman Mehta	–	–	–	n/a	n/a
Deepak Parekh	–	–	–	n/a	n/a
Katya Zotova (appointed 1 August 2014)					

1 Mr Anil Agarwal's holding of 187,488,102 Vedanta ordinary shares are registered in the name of Volcan Investments Limited, which is a company owned by a family trust.
2 Mr Anil Agarwal and Mr Navin Agarwal each held nominee shares in direct and indirect subsidiaries. These holdings are non-beneficial.
3 Based on a share price of £5 as at 31 March 2015.
4 51,660 shares are held by Navin Agarwal's son and wife as well, which were purchased from the market.

No changes in the above Directors' interests have taken place between 31 March 2015 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 2015.

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 2013/14 and 2014/15 financial years, compared to that for the average employee.

	% change
Executive Chairman	
Base compensation	nil%
Taxable benefits	–12%
Bonus	26%
Average per employee	
Base compensation	11%
Taxable benefits	11%
Bonus	7%

Relative importance of the spend on pay

The table below shows the movement in spend on staff costs between the 2013/14 and 2013/14 financial years, compared to dividends.

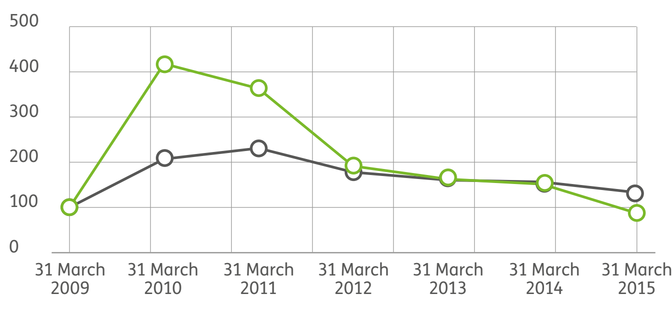
	2013/14	**2014/15**	% change
Staff costs	US$801.6	812.6	+1.38%
Number of staff	29,154	27,717	–4.93%
Dividends	US$162.5	US$171.4	+5.47%

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.

Annual report on remuneration continued

Total shareholder return (£)



Source: Thomson Reuters
This graph shows the value, by 31 March 2015, 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 six 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	**2015**
Total remuneration	£1,378	£2,066	£2,010	£2,556	£2,454	**£2,634**
Annual bonus (% of maximum)	30%	43%	39%	40%	44%	**37.2%**
LTIP/ESOP vesting (%)	n/a[1]	40%	n/a[1]	36%	nil%	**Nil%**

1 Due to the timings of long-term incentive grants, there were no awards with performance periods ending during these financial years.

Remuneration decisions taken in respect of the financial year ending 31 March 2016

Base compensation

In setting base compensation for 2015/16, 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 10.6%. Given the challenging macro-economic environment, and following the consideration of the benchmark data, no increases will be made to the salaries of the Executive Directors for 2015.

	Base compensation from 1 April 2014 £000	**Base compensation from 1 April 2015 £000**	% increase
Anil Agarwal	1,608	**1,608**	Nil
Navin Agarwal	1,046	**1,046**	Nil
Tom Albanese	1,000	**1,000**	Nil

Annual bonus awards to be granted in 2015/16

The annual bonus opportunity will be 150% of base compensation for Messrs Anil Agarwal, Navin Agarwal and Tom Albanese. The annual bonus will be based on the following metrics:

Factor	Parameter	Weighting
Financial performance (against target)	EBITDA	30%
	Free cash flow	30%
Personal objectives	Sustainability & safety scorecard	15%
	Strategic objectives & regulatory development initiatives	25%

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 Report.

PSP awards to be granted in 2015/16

The Executive Directors' 2015 PSP opportunity will be 150% of base compensation. The 2015/16 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 20 companies	Median	Upper quintile	Final three months of the performance period i.e. three months to 31 March 2018

Comparator Group

The Comparator Group comprises of companies in FTSE Worldwide Mining Index and also select companies in similar business operations and/or similar sector index. The percentage of the Shares comprised in the award that vest depends on the Company's TSR relative to the companies in the Comparator Group on the basis of a ratio of 75:25 weighting as indicated below:

Group 1 Weighting 75%	Alcoa Dragon Oil Freeport McMoRan	Anglo American First Quantum Rio Tinto	Antofagasta Glencore Xstrata Tullow Oil	BHP Billiton Grupo Mexico Vale	Boliden Hindalco Industries

Group 2 Weighting 25%	Reliance Industries Ltd. Ultratech Cement Limited	NMDC Ltd	Coal India Ltd	National Aluminium Co Ltd	ONGC

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.

As set out within the remuneration policy, 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. Following a review of fees, it was determined that no changes should be made for 2015/16, and accordingly the fees applying for this year are as follows:

Board membership	
Non-Executive Director	**85**
Senior Independent Non-Executive Director	**18**
Committee membership	
Audit Committee Chairman	**20**
Remuneration Committee Chairman	**17.5**
Nominations Committee Chairman	**–**
Sustainability Committee Chairman	**20**
Member of Audit Committee	**10**
Member of Remuneration Committee	**10**
Member of Nominations Committee	**7.5**
Member of Sustainability Committee	**–**

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 13 May 2015.

Euan Macdonald
Chairman, Remuneration Committee

The Directors' report

Purpose of the Directors' report

The Directors are pleased to present their annual report on the business of the Group, together with the financial statements and auditor's report, for the year ended 31 March 2015.

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 1 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 115. 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.

Review of business, future developments and important post balance sheet events

A review of the business and future developments of the Group is presented in the strategic report. Events since the balance sheet date are summarised in Note 43 on page 198 of the financial statements.

Greenhouse gas emissions reporting

Disclosures required in respect carbon dioxide emissions may also be found in the strategic report on page 39.

Sector	Total FY2014-15 GHG Emission (Scope 1 and 2)	Revenue (US$ million)	GHG Intensity Ratio
Zinc India	4,935,029	2,357	2,093.78
Zinc International	751,974	587	1,281.05
Copper India/Australia	1,295,307	3,701	349.99
Copper Zambia	113,057	1,077	104.97
Aluminium	20,033,927	2,082	9,622.44
Power	8,995,487	672	13,386.14
Oil & Gas	1,287,700	2,398	536.99
Iron Ore	2,443,977	327	7,473.94
Total	**39,856,457**	**13,201**	**3,019.20**

Dividends

The Directors recommend a final dividend for the year ended 31 March 2015 of 40.0 US cents per ordinary share (2014: 39.0 US cents per ordinary share). Subject to shareholders approving this recommendation at the Annual General Meeting on 3 August 2015, the final dividend will be paid on 12 August 2015 to shareholders on the register of members as at 10 July 2015.

Taken together with the interim dividend of 23 US cents per ordinary share paid to shareholders on 22 December 2014, the total dividend for the year is 63.0 US cents per ordinary share (2014: 61.0 US cents per ordinary share).

Directors

The names, date of appointment, 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 2015 are shown in the Corporate Governance Report on page 87. 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 at every Annual General Meeting. 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 on page 42.

Political donations

It is the Board's policy that neither Vedanta nor any of its subsidiary companies outside India may, under any circumstances, make donations or contributions to political organisations. Subsidiaries in India may make political donations or contributions as this is customary in India and permitted under local legislation. In exceptional circumstances, if political donations or contributions are deemed necessary in the United Kingdom and European Union for legitimate business reasons, they will not be made without the approval of the Board and shareholders at a general meeting. Any political donations made in India will be disclosed in the Company's annual report. The Company and its subsidiaries did not make any political donations during the financial year ended 31 March 2015 (2014: US$3.7 million).

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 2015 and 3 June 2015, the Company had received notifications of control of 3% or more over the Company's total voting rights and capital in issue as set out below:

Name of holder	Nature of holding	Number of ordinary shares of US$0.10 each	Percentage of total voting rights[1]
Volcan Investments Limited	Indirect	187,488,102	69.76%
Standard Life Investments (Holdings) Limited	Indirect	21,555,376	8.02%

1 The voting rights at 31 March 2015 were 268,756,369 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 (the Articles) and applicable English law concerning companies. This is a summary only and the relevant provisions of the Companies Act 2006, (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 during normal business hours (Saturdays, Sundays and public holidays excepted). They are also available from Companies House and the Company's website at www.vedantaresources.com

Amendments to the Articles

The Company's Articles may be amended only by special resolution passed by the Company's shareholders.

Share capital

As at 31 March 2015 the issued share capital of the Company was comprised of 299,868,180 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 35 of the financial statements.

6,904,995 ordinary shares of 10 US cents 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 35 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.

The Directors' report continued

With the exception of restrictions on the transfer of unpaid shares and ordinary shares held under the Company's employee share incentive plans whilst the shares are subject to the rules of the plans, there are no restrictions on the transfer rights attaching to the Company's ordinary shares or the transfer of securities in the Company.

No person holds securities in the Company carrying special rights with regard to control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions in the transfer of securities or voting rights.

Issue of shares

The powers of the Company's Directors are subject to relevant legislation and, in certain circumstances (including in relation to the issue or buying back by the Company of its shares), are subject to authority being given to the Directors by shareholders in general meeting. At the Company's 2015 Annual General Meeting, shareholders will be asked to renew the Directors' authority to allot new securities. Details are contained in the 2015 Notice of Annual General Meeting (Notice of AGM).

Subject to the provisions of the Act, the Company has authority under its Articles to allot new shares in the Company. Such authority would be exercised having regard to the Statement of Principles published by the Pre-emption Group.

Shares held in uncertificated form

Subject to the provisions of the Uncertificated Securities Regulations 2001, the Board may permit the holding of shares in any class of shares in uncertificated form and the transfer of title to shares in that class by means of a relevant system and may determine that any class of shares shall cease to be a participating security.

Dividends and distributions

Subject to the provisions of the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board. The Board may pay interim dividends if it appears to the Board that they are justified by the profits of the Company available for distribution. The treasury shares directly held by the Company are not entitled to receive a dividend.

Dividends may be declared and paid in any currency or currencies that the Board shall determine. The Board may also determine the exchange rate and the relevant date for determining the value of the dividend in any currency.

Dividend waiver

There have been no arrangements applicable under which a shareholder agreed to waive future dividends during the year ended 31 March 2015.

Purchase of the Company's own shares

The Directors had authority, under a shareholders' resolution dated 1 August 2014, 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 2015 Annual General Meeting or on 1 October 2015, whichever is the earlier. A resolution to obtain a further authority will be proposed at the 2015 Annual General Meeting. During the year the Company did not purchase any shares under its previously announced share buyback programme.

As at 31 March 2015, the Company held a total of 24,206,816 ordinary shares in treasury equivalent to 8.07% (2014: 8.12%) 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 (current outstanding US$1,134.5 million) issued in July 2009 and the US$883 million 4.0% guaranteed convertible bonds (current outstanding US$8.1 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$750m 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 employee share incentive 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 and pro rata reduction as may be applicable under the rules of the employee share incentive plans.

There are no agreements between the Company and any of 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 Act, 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/she has taken all the steps that he/she ought to have taken as a Director to make himself/herself 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. In order to ensure good corporate governance and that the services of the external auditor remained of the highest quality, the Audit Committee has recommended that the provision of external audit services be put to tender in 2015 in respect of the provision of external audit services for the financial year ending 31 March 2017. As Deloitte LLP has served as the Company's external auditor for over 10 years, in accordance with transition provisions of the Competition and Markets Authority (CMA) order, Deloitte LLP will resign as the Company's external auditor following the completion of the external audit of the financial statements for the year ending 31 March 2016.

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 and cash flow risk and foreign currency risk appears in Note 29 to the financial statements.

Interest capitalisation
The interest capitalised by the Group during the year and treatment of any related tax relief are found in Note 7.

Share allotments
During the year, there have been not been any allotment for cash of equity securities otherwise than to holders of the Company's equity shares and which has not been authorised by the Company's shareholders.

Share placing
The Company has not participated in any share placing during the year ended 31 March 2015.

Directors' emoluments
Details of the Directors' emoluments and any waiver is included in the Directors' Remuneration Report on page 110.

Long term incentive scheme
Details of the long-term incentive scheme operated by the Company are included in the Directors' Remuneration Report on page 115.

Relationship Agreement with the Company's controlling shareholder
Details of the Relationship Agreement between the Company and its controlling shareholder, Volcan Investments Limited are provided on page 88. During the year, there have been no contracts of significance between the Company or one of its subsidiaries and the controlling shareholder.

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 12th Annual General Meeting of the Company will be held on 3 August 2015 at 3pm at Ironmongers' Hall, Shaftesbury Place, London EC2Y 8AA. The Notice convening the Annual General Meeting accompanies this annual report and sets out details of the business to be considered thereof.

By order of the Board

Signed on behalf of the Board

Deepak Kumar
Company Secretary
13 May 2015

Vedanta Resources plc
5th Floor, 6 St Andrew Street,
London, EC4A 3AE

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

The Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable accounting standards, 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 position and performance, business model and strategy.

By order of the Board

Chief Executive Officer
Tom Albanese
13 May 2015

Chief Financial Officer
D D Jalan
13 May 2015

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 2015 and of the Group's loss 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 59. 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

Impairment of property, plant and equipment (PP&E) assets

There is a risk associated with the assessment of the recoverable amount of certain operating assets included within PP&E, specifically:

- the Rajasthan producing assets within the Oil & Gas business following a significant decrease in oil prices;
- the Lanjigarh expansionary program within the Aluminium business unit which remains on hold pending environmental clearances being obtained;
- the operations in Goa and Karnataka within the Iron Ore business unit as a result of lower iron ore prices and mining approval pending in Goa following state-wide bans on iron ore mining; and
- the KCM operations in Zambia following lower copper prices and continuing operational challenges.

The Group has recognised PP&E assets with a net book value of US$17,937.9 million at 31 March 2015 and has recorded impairments against PP&E of US$2,214.4 million in 2015.

For more information see Notes 2(b), 5 and 17 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:

- audited management's assessment as to whether indicators of impairment exist for operating assets, specifically, in relation to the Rajasthan producing assets, the Lanjigarh expansionary project, the iron ore operations in Goa and Karnataka and the KCM copper operations in Zambia;
- obtained and assessed the valuation models used to determine the higher of value in use or fair value less cost of disposal 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;
  - source of reserve and production estimates;
  - resources to reserves conversion ratios where applicable;
  - exchange rates; and
  - operating and capital expenditure estimates

by reference to independent third party evidence and consultation with operational management;

- benchmarking and analysis of commodity, oil and gas price assumptions against forward curves and analyst data;
- recalculated and benchmarked discount rates applied to third party evidence and involvement of Deloitte valuation specialists;
- testing the mechanical accuracy of the models used;
- 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 where these remain outstanding.

Impairment of evaluation and exploration (E&E) assets

Following significant downward pressure on oil, gas and other commodity prices, which are a key assumption in the valuation of the recoverable value of E&E assets, a new risk has been included in our audit opinion in 2015.

The assessment of the carrying value of E&E assets requires management to exercise judgement around complex areas, as described in the Group's critical accounting judgements on page 144. Economic value can often be difficult to determine given the relatively early stages of development. The areas of judgement include the group's intention to proceed with a future work programme for a prospect or licence, the likelihood of licence renewal or extension and the success of drilling and geological analysis.

The net book value of E&E assets at 31 March 2015 is US$5,414.1 million after the Group has written off E&E assets totalling US$4,480.0 million in the year.

For more information see Notes 2(b), 5 and 17 in the financial statements that provide further details and disclosures to this matter.

Independent Auditor's Report continued

To the Members of Vedanta Resources plc

We evaluated management's assessment of the potential impairment indicators on its E&E assets with reference to the criteria of IFRS 6 Exploration for and Evaluation of Mineral Resources and the Group's successful efforts accounting policy (see page 137). In 2015, the Group has reconsidered its exploration strategy and locations for future exploration focus in the context of a lower oil and commodity price environment and the availability of capital in these circumstances.

Our procedures included understanding the Group's ongoing E&E activity, by participating in meetings with operational and finance management at all key locations and obtaining evidence including reviewing minutes of board and executive committee meetings, confirmations of budget allocation, the results of on-going appraisal activity and the licensing status to assess E&E assets.

Where indicators of impairment were identified, we determined whether management provided in full for the projects that are not expected to proceed or valuations were performed where the projects are progressing but the carrying value may not be fully recoverable.

Where valuations were prepared, we challenged the key assumptions using the same approach as described under the impairment of PPE assets above.

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 during the year 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, and the resulting year-end receivable of US$114.0 million, made to the Grid Corporation of Odisha Limited ("Gridco") where a dispute regarding the interpretation of the tariff agreement is pending appellate tribunal resolution; and
- the calculation of Cairn's oil and gas sales on an entitlement basis.

For more information see Notes 2a and 4 in the financial statements that provide further details and disclosures to this matter.

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
As is the norm in extractive industries, there are a significant number of legal claims in the Group and a risk exists that the Group may not have provided adequately 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. It is not unusual for claims to remain outstanding for a number of years, 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 30, 38 and 42 in the financial statements that provide further details and disclosures to these matters.

We have:

- reviewed management's legal paper and challenged their assessment of the probability of success in these cases, the magnitude of any potential loss and their conclusions reached through discussions with the head of legal and operational management;
- inspected external legal opinions (where considered necessary) and other evidence that supports factual information in management's responses; and
- 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.

We have assessed the appropriateness of provisions and considered the impact of the procedures performed above 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 that 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.

In the current year, Cairn India received an order form the Indian Tax Authority for an amount of US$3,274.4 million relating to withholding taxes not paid on the acquisition of Cairn India by the previous owner, Cairn Energy plc.

At 31 March 2015, US$2,588.7 million has been recognised as a deferred taxation liability, US$1,252.6 million has been recognised as a deferred taxation asset and US$34.1 million has been recognised as a net current tax payable, with a total tax credit of US$1,852.5 million recorded in the consolidated income statement.

For more information see Notes 12, 31 and 38 in the financial statements that provide further details and disclosures to these matters.

We reviewed the 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 and correspondence with tax authorities, 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 description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on page 95.

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

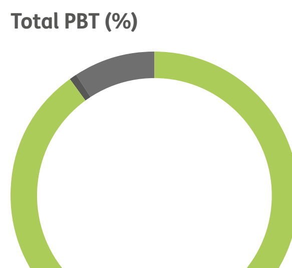
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

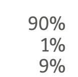
We determined materiality for the Group to be US$50 million (2014: US$75 million), which is approximately 5% (2014: 5%) of normalised profit before tax, and below 1% (2014: 1%) of equity. Profit before tax has been normalised by adjusting for specific one-off items: the impairment charges recognised on the PP&E and E&E assets during the year following a significant decrease in commodity and oil and gas prices. Normalised profit before tax 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$1.0 million (2014: US$1.5 million), as well as differences below that threshold that, 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.

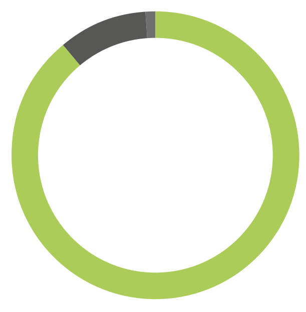
An overview of the scope of our audit

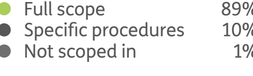
Total PBT (%)



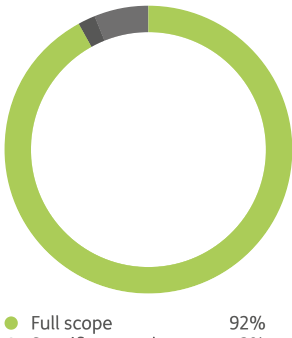


Total Revenue (%)





Net assests (%)



Full scope	92%
Specific procedures	2%
Not scoped in	6%

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 16 locations. 12 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 16 locations represent the principal business units and account for 94% (2014: 100%) of the Group's net assets, 99% (2014: 100%) of the Group's revenue and 91% (2014: 100%) of the Group's 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 16 locations was executed at levels of materiality applicable to each individual entity and 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 of the remaining components 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 ten 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 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
13 May 2015

Consolidated Income Statement

(US$ million except as stated)	Note	Year ended 31 March 2015 Before special items	Year ended 31 March 2015 Special items	Year ended 31 March 2015 Total	Year ended 31 March 2014[1] Before special items	Year ended 31 March 2014[1] Special items	Year ended 31 March 2014[1] Total
Revenue	4	12,878.7	–	12,878.7	12,945.0	–	12,945.0
Cost of sales		(10,463.9)	–	(10,463.9)	(10,043.2)	–	(10,043.2)
Gross profit		**2,414.8**	**–**	**2,414.8**	**2,901.8**	**–**	**2,901.8**
Other operating income		104.0	–	104.0	84.0	–	84.0
Distribution costs		(245.2)	–	(245.2)	(237.6)	–	(237.6)
Administrative expenses		(538.1)	–	(538.1)	(460.1)	–	(460.1)
Special items	5	–	(6,744.2)	(6,744.2)	–	(138.0)	(138.0)
Operating profit/(loss)		**1,735.5**	**(6,744.2)**	**(5,008.7)**	**2,288.1**	**(138.0)**	**2,150.1**
Investment revenue	6	832.6	–	832.6	687.7	–	687.7
Finance costs	7	(1,387.2)	–	(1,387.2)	(1,439.8)	–	(1,439.8)
Other gains and (losses) [net]	8	(76.9)	–	(76.9)	(279.9)	–	(279.9)
Profit/(loss) before taxation (a)		**1,104.0**	**(6,744.2)**	**(5,640.2)**	**1,256.1**	**(138.0)**	**1,118.1**
Tax credit – special items	12	–	2,205.1	2,205.1	–	29.4	29.4
Net tax expense – others	12	(352.6)	–	(352.6)	(158.1)	–	(158.1)
Net tax credit/(expense) (b)	12	**(352.6)**	**2,205.1**	**1,852.5**	**(158.1)**	**29.4**	**(128.7)**
Profit/(loss) for the year from continuing operations (a+b)	9	**751.4**	**(4,539.1)**	**(3,787.7)**	**1,098.0**	**(108.6)**	**989.4**
Attributable to:							
Equity holders of the parent		(74.7)	(1,723.9)	(1,798.6)	(123.0)	(73.0)	(196.0)
Non-controlling interests		826.1	(2,815.2)	(1,989.1)	1,221.0	(35.6)	1,185.4
Profit/(loss) for the year from continuing operations		**751.4**	**(4,539.1)**	**(3,787.7)**	**1,098.0**	**(108.6)**	**989.4**
Loss per share (US cents)							
Basic loss per ordinary share	13	(27.2)	(627.3)	(654.5)	(45.0)	(26.7)	(71.7)
Diluted loss per ordinary share	13	(27.2)	(627.3)	(654.5)	(45.0)	(26.7)	(71.7)

1 Restated refer Note 1.

Consolidated Statement of Comprehensive Income

(US$ million)	**Year ended 31 March 2015**	Year ended 31 March 2014
(Loss)/profit for the year from continuing operations	(3,787.7)	989.4
Income and expenses recognised directly in equity:		
Items that will not be reclassified subsequently to income statement:		
Remeasurement of net defined benefit plans	(14.0)	(4.2)
Tax effects on items recognised directly in equity	4.6	1.5
Total (a)	**(9.4)**	**(2.7)**
Items that may be reclassified subsequently to income statement:		
Exchange differences arising on translation of foreign operations	(582.0)	(1,239.6)
Change in fair value of available-for-sale financial assets (Note 18)	2.1	(0.1)
Change in fair value of cash flow hedges deferred in reserves	(27.4)	(47.1)
Tax effects arising on cash flow hedges deferred in reserves	0.8	(3.7)
Change in fair value of cash flow hedges transferred to income statement	(17.8)	(0.9)
Tax effects arising on cash flow hedges transferred to income statement	6.0	0.3
Total (b)	**(618.3)**	**(1,291.1)**
Other comprehensive loss for the year (a+b)	(627.7)	(1,293.8)
Total comprehensive loss for the year	**(4,415.4)**	**(304.4)**
Attributable to:		
Equity holders of the parent	(2,089.8)	(773.8)
Non-controlling interests	(2,325.6)	469.4
Total comprehensive loss for the year	**(4,415.4)**	**(304.4)**

Consolidated Balance Sheet

(US$ million)	Note	As at year ended 31 March 2015	As at year ended 31 March 2014
Assets			
Non-current assets			
Goodwill	15	16.6	16.6
Intangible assets	16	101.9	108.6
Property, plant and equipment	17	23,352.0	31,043.5
Financial asset investments	18	4.2	1.7
Non-current tax assets		394.0	–
Other non-current assets	19	156.0	132.1
Financial instruments (derivatives)	29	0.2	16.2
Deferred tax assets	31	1,252.6	1,223.7
		25,277.5	**32,542.4**
Current assets			
Inventories	20	1,605.7	1,742.5
Trade and other receivables	21	1,839.2	1,739.9
Financial instruments (derivatives)	29	16.6	54.0
Current tax assets		40.1	357.6
Liquid investments	22	7,856.1	8,568.5
Cash and cash equivalents	23	353.7	369.4
		11,711.4	**12,831.9**
Total assets		**36,988.9**	**45,374.3**
Liabilities			
Current liabilities			
Short-term borrowings	24	(3,179.2)	(2,437.0)
Convertible bonds	28	–	(1,921.5)
Trade and other payables	27a	(4,730.0)	(4,690.0)
Financial instruments (derivatives)	29	(45.7)	(118.7)
Retirement benefits	33	(12.7)	(4.8)
Provisions	30	(140.8)	(88.7)
Current tax liabilities		(74.2)	(29.3)
		(8,182.6)	**(9,290.0)**
Net current assets		**3,528.8**	**3,541.9**
Non-current liabilities			
Medium and long-term borrowings	24	(12,385.6)	(12,512.7)
Convertible bonds	28	(1,103.0)	–
Trade and other payables	27b	(194.3)	(203.3)
Financial instruments (derivatives)	29	(0.1)	(27.4)
Deferred tax liabilities	31	(2,588.7)	(4,960.1)
Retirement benefits	33	(61.9)	(58.1)
Provisions	30	(203.4)	(336.0)
Non-equity non-controlling interests	25	(11.9)	(11.9)
		(16,548.9)	(18,109.5)
Total liabilities		**(24,731.5)**	**(27,399.5)**
Net assets		**12,257.4**	**17,974.8**

(US$ million)	Note	As at year ended 31 March 2015	As at year ended 31 March 2014
Equity			
Share capital	35	30.0	29.8
Share premium		198.5	198.5
Treasury shares		(556.9)	(556.9)
Share-based payment reserve	32	27.4	46.9
Convertible bond reserve		38.4	80.1
Hedging reserve		(74.7)	(50.4)
Other reserves		339.9	471.6
Retained earnings		1,600.5	3,790.8
Equity attributable to equity holders of the parent		1,603.1	4,010.4
Non-controlling interests	36	10,654.3	13,964.4
Total equity		**12,257.4**	**17,974.8**

The financial statements of Vedanta Resources plc, registration number 4740415 were approved by the Board of Directors on 13 May 2015 and signed on their behalf by:

Tom Albanese
Chief Executive Officer

Consolidated Cash Flow Statement

(US$ million)	Note	Year ended 31 March 2015	Year ended 31 March 2014[1]
Operating activities			
(Loss)/profit before taxation		(5,640.2)	1,118.1
Adjustments for:			
Depreciation and amortisation		2,005.7	2,203.1
Investment revenue		(832.6)	(687.7)
Finance costs		1,387.2	1,439.8
Other gains and (losses) [net]		76.9	279.9
Loss on disposal of property, plant and equipment		4.6	4.4
Write-off of unsuccessful exploration costs		128.7	10.8
Share-based payment charge		28.6	32.9
Impairment of mining reserves and assets		6,694.4	81.6
Other non-cash items		40.8	48.3
Operating cash flows before movements in working capital		3,894.1	4,531.2
Decrease in inventories		40.0	75.0
Increase in receivables		(134.5)	(123.4)
Increase in payables		225.2	678.8
Cash generated from operations		**4,024.8**	**5,161.6**
Dividends received		0.3	1.0
Interest income received		587.7	337.8
Interest paid		(1,334.0)	(1,115.3)
Income taxes paid		(601.7)	(861.6)
Dividends paid		(171.3)	(162.5)
Net cash inflow from operating activities		**2,505.8**	**3,361.0**
Cash flows from investing activities			
Purchases of property, plant and equipment and intangibles		(2,289.1)	(2,185.3)
Proceeds on disposal of property, plant and equipment		25.7	9.3
Sale/(purchase) of liquid investments	26	671.7	(2,857.0)
Sale of financial asset investments		–	18.2
Net cash used in investing activities		**(1,591.7)**	**(5,014.8)**
Cash flows from financing activities			
Issue of ordinary shares		0.2	0.0
Dividends paid to non-controlling interests of subsidiaries		(340.4)	(345.9)
Acquisition of additional interests in subsidiaries/share buyback by subsidiary		(819.1)	–
Decrease in short-term borrowings	26	(818.8)	(2,832.7)
Proceeds from long-term borrowings	26	3,748.1	5,429.7
Repayment of long-term borrowings	26	(2,698.0)	(2,299.0)
Net cash used in financing activities		**(928.0)**	**(47.9)**
Net decrease in cash and cash equivalents	26	(13.9)	(1,701.7)
Effect of foreign exchange rate changes	26	(1.8)	(129.1)
Cash and cash equivalents at beginning of year		369.4	2,200.2
Cash and cash equivalents at end of year	23	**353.7**	**369.4**

1 Restated refer Note 1.

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company										
(US$ million)	Share capital (Note 35)	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 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**
Loss for the year	–	–	–	–	–	–	–	(1,798.6)	(1,798.6)	(1,989.1)	(3,787.7)
Other comprehensive loss for the year	–	–	–	–	–	(24.3)	(266.9)	–	(291.2)	(336.5)	(627.7)
Total comprehensive loss for the year						**(24.3)**	**(266.9)**	**(1,798.6)**	**(2,089.8)**	**(2,325.6)**	**(4,415.4)**
Convertible bond transfer (Note 28)	–	–	–	–	(41.7)	–	–	41.7	–	–	–
Transfers[2]	–	–	–	–	–	–	135.2	(135.2)	–	–	–
Dividends paid (Note 14)	–	–	–	–	–	–	–	(171.3)	(171.3)	(340.4)	(511.7)
Additional investment in subsidiary/share buyback by subsidiary	–	–	–	–	–	–	–	(175.0)	(175.0)	(644.1)	(819.1)
Exercise of LTIP awards	0.2	–	–	(48.1)	–	–	–	48.1	0.2	–	0.2
Recognition of share-based payment (Note 32)	–	–	–	28.6	–	–	–	–	28.6	–	28.6
At 31 March 2015	**30.0**	**198.5**	**(556.9)**	**27.4**	**38.4**	**(74.7)**	**339.9**	**1,600.5**	**1,603.1**	**10,654.3**	**12,257.4**

	Attributable to equity holders of the Company										
(US$ million)	Share capital (Note 35)	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/(loss) for the year	–	–	–	–	–	–	–	(196.0)	(196.0)	1,185.4	989.4
Other comprehensive loss for the year	–	–	–	–	–	(28.2)	(549.6)	–	(577.8)	(716.0)	(1,293.8)
Total comprehensive income/(loss) for the year						**(28.2)**	**(549.6)**	**(196.0)**	**(773.8)**	**469.4**	**(304.4)**
Convertible bond transfers (Note 28)	–	–	–	–	(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 (Note 14)	–	–	–	–	–	–	–	(162.5)	(162.5)	(345.9)	(508.4)
Change in non-controlling interests due to merger (Note 36)	–	–	–	–	–	–	–	626.8	626.8	(626.8)	–
Exercise of LTIP awards	0.0	–	–	(15.0)	–	–	–	15.0	0.0	–	0.0
Recognition of share-based payment (Note 32)	–	–	–	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**

132 Financial statements

Consolidated Statement of Changes in Equity continued

1. OTHER RESERVES COMPRISE

(US$ million)	Currency translation reserve	Merger reserve[3]	Investment revaluation reserve	General reserves	Total
At 1 April 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**
Exchange differences on translation of foreign operations	(263.8)	–	–	–	(263.8)
Revaluation of available-for-sale investments	–	–	1.4	–	1.4
Remeasurements	–	–	–	(4.5)	(4.5)
Transfer from retained earnings[2]	–	–	–	135.2	135.2
At 31 March 2015	**(1,876.5)**	**4.4**	**2.6**	**2,209.4**	**339.9**

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$30 million of debenture redemption reserve and US$4.5 million of remeasurement reserve.

3 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 (the Company) is a company incorporated and domiciled 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 power. Vedanta has operations in India, Zambia, Namibia, South Africa, Ireland, Liberia, Australia, UAE and Sri Lanka. These financial statements are presented in US dollars being the functional currency of the Company and all values are rounded to one decimal of the nearest million except where otherwise indicated.

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 as per the principles of Fair value measurement under IFRS 13.

Restatement

The Group has revised the presentation of forward premium on the forward covers within finance costs rather than other gains and losses, as these more appropriately reflects the substance of the transaction. US$84.1 million for the comparative year ended 31 March 2014 have been reclassified.

The following Standards have been issued but not yet effective up to the date of authorisation of these financial statements (and in some cases had not yet been adopted by EU):

IFRS 9 – Financial Instruments

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9, Financial Instruments. The standard reduces the complexity of the current rules on financial instruments as mandated in IAS 39. IFRS 9 has fewer classification and measurement categories as compared to IAS 39 and has eliminated the categories of held to maturity, available-for-sale and loans and receivables. Further it eliminates the rule based requirement of segregating embedded derivatives and tainting rules pertaining to held to maturity investments. For an investment in an equity instrument which is not held for trading, IFRS 9 permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognised in other comprehensive income would ever be reclassified to profit or loss. It requires the entity, which chooses to measure a liability at fair value, to present the portion of the fair value change attributable to the entity's own credit risk in the other comprehensive income. IFRS 9 replaces the 'incurred loss model' in IAS 39 with an 'expected credit loss' model. The measurement uses a dual measurement approach, under which the loss allowance is measured as either 12 month expected credit losses or lifetime expected credit losses. The standard also introduces new presentation and disclosure requirements. The effective date for adoption of IFRS 9 is annual periods beginning on or after 1 January 2018, though early adoption is permitted.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 – Revenue from Contracts with Customers outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The standard replaces most current revenue recognition guidance, including industry-specific guidance. The core principle of the new standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively including service revenues and contract modifications and improve guidance for multiple-element arrangements. The new Standard will come into effect on 1 January 2017 with early application permitted.

Following other standard, improvements and amendments to the standards have been issued up to the date of authorisation of these financial statements.

a) IFRS 14 – Regulatory Deferral Accounts
b) Amendments to IAS 1: Disclosure Initiative
c) Annual Improvements to IFRSs: 2012–2014 Cycle
d) Amendments to IAS 27: Equity method in separate financial statements
e) Amendments to IAS 16 and IAS 41: Bearer plants
f) Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
g) Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
h) Amendments to IAS 19: Defined benefit plans: Employee Contributions

The Group is evaluating the requirements of these standards, improvements and amendments and has not yet determined the impact on the consolidated financial statements.

Notes to the Financial Statements continued

1. Presentation of financial statements continued

Adoption of new and revised standards

The Group has adopted with effect from 1 April 2014, the following new and revised standards and interpretations. Their adoption has not had any significant impact on the amounts reported in the financial statements.

Accounting pronouncements that became effective in the current year:

Amendments to IAS 36 Impairment of Assets: Recoverable amount disclosure for Non-Financial Assets

The amendment requires the disclosure of the recoverable amount of an asset (or CGU) only in periods in which impairment is recorded or reversed in respect of that asset (or CGU). The amendment also expands and requires the disclosure when an asset's (CGUs) recoverable amount is determined on the basis of fair value less cost of disposal.

Amendments to IAS 39 Financial Instruments: Recognition and measurement: Novation of Derivatives and Continuation of Hedge accounting

The amendment states that the novation of hedging instrument should not be considered an expiration or termination giving rise to discontinuation of hedge accounting when a hedging derivative is novated. It provides relief from discontinuing an existing hedging relationship when a novation that is not contemplated in the original hedging documentation meets specific criteria.

Amendments to IAS 32 Financial Instruments: Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 (amended) – offsetting financial assets and liabilities do not change the current offsetting model in IAS 32. The current offsetting model requires an entity to offset a financial asset and financial liability in the statement of financial position only when the entity currently has a legally enforceable right of set-off and intends either to settle the asset and liability on a net basis or to realise the asset and settle the liability simultaneously. Through these amendments, IASB has clarified the meaning of 'currently have a legally enforceable right to set-off' and 'simultaneous realisation and settlement'.

The amendments clarify that to result in offset of a financial asset and financial liability, a right to set off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties. It must be legally enforceable in the normal course of business.

Amendments to IFRS 10, IFRS 12 and IAS 27 (October 2012) Investment entities

The amendments define an investment entity and introduce an exception to consolidating the investment entities. These amendments require an investment entity to measure those subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments in its consolidated and separate financial statements. The amendments also introduce new disclosure requirements for investment entities in IFRS 12 and IAS 27. The amendments also introduce new disclosure requirements related to investment entities and provide scope exemption for investment entities from IFRS 3 Business Combinations.

The Group has early adopted IFRIC 21 Levies which has been endorsed by the EU but is effective for the annual periods beginning on or after 17 June 2014

IFRIC 21 provides guidance for recognition of a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. This interpretation clarifies that the obligating event that gives rise to a liability to pay a government levy is the activity that triggers the payment of levy as set out in the relevant legislation. An entity does not have constructive obligation to pay a levy that will be triggered by operating in a future period. However, it does not include income taxes, fines and other penalties, liabilities arising from emissions trading schemes and outflows within the scope of other Standards.

This did not have any significant impact on the amounts reported in the financial statements.

The Group has not early adopted any other amendments, standards or interpretations that have been issued but are not yet effective.

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 and UK company law. The Company Balance Sheet is presented in Note 47.

2(a) Accounting policies

(i) 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 has power over the investee, 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.

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.

(ii) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable and 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. This is usually when the title passes to the customer as per the contract.

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 supplied 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.

Notes to the Financial Statements continued

2(a) Accounting policies continued

(iii) Special items

Special items are those items that management considers, by virtue of their size or incidence (including but not limited to impairment charges 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. Also tax charges related to Special items and certain one-time tax effects are considered Special. 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.

(iv) 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 are recognised at their fair value at the acquisition date, except certain assets and liabilities required to be measured as per the applicable standards.

The identifiable assets, liabilities and contingent liabilities of a subsidiary, a joint arrangement or an associate, which can be measured reliably, are recorded at their provisional fair values at the date of acquisition. The difference between the fair value of the consideration transferred (including contingent consideration and previously held non-controlling interests) and the Group's share of the fair value of the identifiable net assets on acquisition is recognised as Goodwill. Goodwill arising on acquisitions is reviewed for impairment at least annually.

Where the fair values of the identifiable assets and liabilities exceed the cost of acquisition, the surplus is credited to the income statement in the period of acquisition.

Where it is not possible to complete the determination of fair values by the date on which the first post-acquisition financial statements are approved, a provisional assessment of fair values is made and any adjustments required to those provisional fair values, and the corresponding adjustments to purchased goodwill, are finalised within 12 months of the acquisition date.

Any non-controlling interest in an acquiree is measured at fair value or as the non-controlling interest's proportionate share of the acquiree's identifiable net assets, excluding goodwill. This accounting choice is made on a transaction-by-transaction basis.

Acquisition expenses are charged to the income statement.

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, the cost of the acquired group of assets or equity is allocated to the individual identifiable assets acquired based on their relative fair value.

(v) Intangible assets

Intangible 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 the Group after taking into account all relevant facts and circumstances. Amortisation method, residual values and estimated useful life of intangible assets are reviewed annually or more frequently if events or changes in circumstances indicate a potential impairment. The Group does not have any indefinite life intangible assets.

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 license period, usually between three to 30 years.

(vi) 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 an 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 any impairment. Exploration and evaluation assets are transferred to the appropriate category of 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.

2(a) Accounting policies continued

Exploration expenditure includes all direct and allocated indirect expenditure associated with finding specific mineral resources which includes depreciation and applicable operating costs of related support equipment and facilities and other costs of exploration activities:

a. Acquisition costs – costs associated with acquisition of licences and rights to explore, including related professional fees.
b. General exploration costs – costs of surveys and studies, rights of access to properties to conduct those studies (e.g. costs incurred for environment clearance, defence clearance, etc.), and salaries and other expenses of geologists, geophysical crews and other personnel conducting those studies.
c. Costs of exploratory drilling and equipping exploratory and appraisal wells.

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 not provide sufficient and sustainable returns relative to the risks and the Group decides not 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.

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 (under oil & gas properties and/or exploration and evaluation assets as appropriate). 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 (oil & gas properties) 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 (oil & gas properties) 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.

Notes to the Financial Statements continued

2(a) Accounting policies continued

(vii) 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'.

(viii) 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.

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 and administration	30–60 years
Plant and machinery	
– Continuous process plant	15 years
– Other than Continuous process plant	40 years
– Used in manufacture of non-ferrous metals	25 years
Office equipment and fixtures	5–10 years
Motor vehicles	8–10 years

The Group reviews the residual value and useful life of an asset annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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

During the year ended 31 March 2015, in line with its accounting policy, the Group has carried out the review of the useful life of its assets. Considering the physical condition of the assets and benchmarking analysis, the Group has revised the useful life. The carrying value of the assets has been depreciated over the revised remaining useful life effective 1 October 2014.

As a result the net depreciation charge for the year is lower by US$67.4 million and profit after tax is higher by US$44.5 million (net of deferred tax impact of US$22.9 million). The changes made to the useful economic lives is expected to have an impact on the depreciation charge going forward, although the quantum per asset class will vary depending on whether the useful life has increased or decreased.

2(a) Accounting policies continued

(ix) 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

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

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

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

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

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

The carrying amount of the CGU is determined on a basis consistent with the way the recoverable amount of the CGU is determined. The carrying amount includes the deferred tax liability recognised in the fair value of the assets acquired in a business combination.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised in the income statement.

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

Notes to the Financial Statements continued

2(a) Accounting policies continued

Exploration and evaluation assets:

In assessing whether there is any indication that an exploration and evaluation asset may be impaired, the Company considers, as a minimum, the following indications:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale; and
- reserve information prepared annually by external experts.

When a potential impairment is identified, an assessment is performed for each area of interest in conjunction with the Group of operating assets (representing a cash-generating unit) to which the exploration and evaluation assets is attributed. Exploration areas in which reserves have been discovered but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is under way or planned. To the extent that capitalised expenditure is no longer expected to be recovered, it is charged to the income statement.

(x) 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 principally 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.

(xi) 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.

(xii) Inventories

Inventories and work-in-progress are stated at the lower of cost and net realisable value.

Cost is determined on the following basis:

- 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 on a 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.

(xiii) 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.

2(a) Accounting policies continued

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

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.

(xiv) 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 are 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 cost is recognised within 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.

(xv) 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.

(xvi) 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.

(xvii) 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 field. 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.

(xviii) 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.

Notes to the Financial Statements continued

2(a) Accounting policies continued

(xix) 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.

(xx) 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.

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 is reclassified to the income statement.

(xxi) 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.

(xxii) Liquid investments
Liquid investments represent short-term 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.

(xxiii) 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.

(xxiv) 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.

2(a) Accounting policies continued

(xxv) Trade payables
Trade payables are stated at their nominal value.

(xxvi) Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(xxvii) 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.

(xxviii) 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 at the date of issuance 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 of the principal amount. The embedded derivative, a financial liability, represents the value of the option that bondholders 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.

(xxix) 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 is ceased 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.

(xxx) 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.

(xxxi) Financial instruments fair valued 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. The resultant gains or losses are recognised in the income statement unless these are designated as effective hedging instruments.

Notes to the Financial Statements continued

2(a) Accounting policies continued

(xxxii) 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 a hedge of the foreign currency risk on future, highly probable, forecast sales. Amounts deferred in equity are recycled to 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 reclassified to the income statement on disposal of the foreign operations to which they relate.

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 the income statement.

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 the host contracts and the host contracts are not carried at fair value with unrealised gains or losses recognised in the income statement.

(xxxiii) 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

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

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

(i) 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.

(ii) Carrying value of exploration and evaluation assets
Where a project is sufficiently advanced the recoverability of IFRS 6 Exploration assets are assessed by comparing the carrying value to higher of fair value less cost of disposal or value in use. 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.

Details of impairment charge and the assumptions used are disclosed in Note 5.

2(b) Critical accounting judgement and estimation uncertainty continued

(iii) 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.

The impairment assessments are based on a range of estimates and assumptions, including:

Estimates/assumptions	Basis
Future production	proved and probable reserves, resource estimates and, in certain cases, expansion projects
Commodity prices	management's best estimate benchmarked with external sources of information, to ensure they are within the range of available analyst forecast
Exchange rates	management best estimate benchmarked with external sources of information
Discount rates	cost of capital risk-adjusted for the risk specific to the asset/CGU
Extension of PSC	assumed that PSC for Rajasthan block would be extended until 2030 on the same commercial terms

Other key assumptions in the impairment models based on management expectations are that government approval will be received to further increase production rates and that the Enhanced Oil Recovery programme will be successfully implemented.

Any subsequent changes to cash flows due to changes in the above mentioned factors could impact the carrying value of the assets. Details of impairment charge and the assumptions used are disclosed in Note 5.

(iv) 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.

Details of impairment charge are disclosed in Note 5.

(v) 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 fair value less costs of disposal and value in use. Recoverable value is based on the management estimates of 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 the carrying value of the assets.

(vi) Assessment of impairment at Lanjigarh Refinery

The Group has considered that the delay in obtaining environment clearances 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 has entered into agreements with various suppliers internationally and domestically to ensure the availability of bauxite to run its refinery. In the initial years, the Company has assumed that bauxite will be purchased from third party suppliers in India and other countries, until the bauxite is sourced from its own mines.
- The State of Odisha has taken certain measures including reservation of areas for mining operations or undertaking prospecting and the constitution of the Ministerial Committee for formulation of a policy for supply of ores to Odisha-based industries on a long-term basis. On 12 January 2015, the Government of India came out with an ordinance to amend the existing MMDR act. The major change is in the process of grant of concessions i.e. from a first come first served basis to a more transparent process of auction and to expedite the grant process.
- The management expects that the conditions for 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.

Management expects that 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.

Notes to the Financial Statements continued

2(b) Critical accounting judgement and estimation uncertainty continued

As at 31 March 2015, the carrying amount of property plant and equipment related to alumina refinery operations at Lanjigarh and related mining assets is US$1,165 million (31 March 2014: US$1,231 million).

(vii) Assessment of Impairment of Karnataka and Goa iron ore mines:

Karnataka mining

The mining ban in Karnataka was lifted on 17 April 2013 and the mining operations resumed in December 2013. The mining operations were suspended since August 2014 for want of environment clearances. On execution of the Mining Lease Deed and final forest clearance, the operations were resumed towards the end of February 2015. The carrying value of assets as at 31 March 2015 is US$168.1 million (31 March 2014: US$180.3 million).

Goa mining

The Ministry of Environment and Forests revoked its earlier order which had kept the environment clearances for iron ore mines in Goa in abeyance. The State Government has issued a mining policy and has lifted the ban on iron ore mining in Goa. We have been allocated with an interim annual mining quantity of 5.5mt (out of the total cap of 20mt for FY2015) of saleable ore which is expected to progressively increase in coming years.

The State Government of Goa, has renewed the mining leases and Vedanta expects to start mining activities at iron ore mines at Goa in the second half of fiscal 2016, after receipt of all other regulatory clearances. The carrying value of assets affected as at 31 March 2015 is US$736.3 million (31 March 2014: US$709.9 million).

Management has reviewed the carrying value of the assets as at the balance sheet date, estimated the recoverable amounts of these assets and concluded that there was no impairment as the recoverable amount (estimated based on fair value less costs of disposal) exceeded the carrying amounts.

(viii) Assessment of Impairment at Western Cluster Limited (WCL)

The Project in Liberia is at the exploratory stage and the Group has considered the suspension of exploration in Liberia due to the Ebola epidemic and falling iron ore prices as an indication for impairment. The Group expects to start mining activities at iron ore mines in Liberia during fiscal 2020, after receipt of all regulatory clearances and approval of mining leases. Hence, the Group has reviewed the carrying value of its property, plant and equipment at WCL 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 fair value less costs of disposal) exceeded the carrying amounts. The carrying value of assets as at 31 March 2015 is US$224.8 million.

(ix) Assessment of Impairment at Konkola Copper Mines (KCM)

The KCM operations in Zambia have experienced operational challenges, a more challenging price environment, combined with rising electricity costs and increases in mining royalties. Due to these factors, the Group has reviewed the carrying value of its property, plant and equipment at KCM as at the balance sheet date, estimated the recoverable amounts of the assets and concluded that other than the specific assets identified and disclosed in Note 5, there was no impairment because the recoverable amount (estimated based on fair value less costs of disposal) exceeded the carrying amounts. The carrying value of assets as at 31 March 2015 is US$2,010.3 million.

(x) 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 as soon as the obligation to incur such costs arises. A corresponding provision is created on the liability side. The capitalised asset is charged to the income statement over the life of the operation through the depreciation of the asset 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.

(xi) 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.

2(b) Critical accounting judgement and estimation uncertainty continued

(xii) Contingencies and commitments

In the normal course of business, contingent liabilities may arise from litigation, taxation 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.

While considering the possible, probable and remote analysis of taxation, legal and other claims, there is always a certain degree of judgement involved pertaining to the application of the legislation which in certain cases is supported by views of tax experts and/or earlier precedents in similar matters. Although there can be no assurance regarding the final outcome of the legal proceedings, the 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 38 and Note 42.

(xiii) 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, accordingly, the value of the option would be nil, and hence, the call options have not been recognised in the financial statements.

3. Segment information

The Group is a diversified natural resources group engaged in exploring, extracting and processing minerals and oil & gas. We produce zinc, lead, silver, copper, aluminium, iron ore, oil & gas and commercial power and have presence across India, Zambia, South Africa, Namibia, Ireland, Australia, Liberia, UAE and Sri Lanka. The Group is also in the business of port operations in India.

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

The components not meeting the quantitative threshold for reporting are being reported as 'Others'.

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. Business segment financial data includes certain corporate costs, which have been allocated on an appropriate basis. Inter-segment sales are charged based on prevailing market prices.

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 2015 and 31 March 2014. Items after operating profit are not allocated by segment.

Notes to the Financial Statements continued

3. Segment information continued

(a) Reportable segments

Year ended 31 March 2015

(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	2,357.0	586.9	2,397.5	311.4	3,682.7	883.5	2,078.1	552.8	12,849.9	28.8	12,878.7
Inter-segment sales[3]	–	–	–	15.1	18.0	193.6	3.8	119.1	349.6	(349.6)	–
Segment revenue	**2,357.0**	**586.9**	**2,397.5**	**326.5**	**3,700.7**	**1,077.1**	**2,081.9**	**671.9**	**13,199.5**	**(320.8)**	**12,878.7**
Segment result											
EBITDA[1]	1,192.5	180.8	1,476.8	31.4	281.0	(3.8)	415.5	153.8	3,728.0	13.2	3,741.2
Depreciation and amortisation[2]											(2,005.7)
Special items (Note 5)											(6,744.2)
Operating profit											**(5,008.7)**
Investment revenue											832.6
Finance costs											(1,387.2)
Other gains and (losses) [net]											(76.9)
LOSS BEFORE TAXATION											**(5,640.2)**
Segments assets	7,356.8	694.1	12,948.8	1,924.3	1,357.8	2,387.1	6,653.8	3,235.5	36,558.2	58.4	36,616.6
Unallocated assets											372.3
TOTAL ASSETS											**36,988.9**
Segment liabilities	(277.9)	(253.0)	(3,105.7)	(1,329.8)	(1,286.6)	(1,474.2)	(5,220.2)	(2,339.9)	(15,287.3)	(113.9)	(15,401.2)
Unallocated liabilities											(9,330.3)
TOTAL LIABILITIES											**(24,731.5)**
Other segment information											
Additions to property, plant and equipment	217.7	34.4	1,079.6	42.1	29.7	58.2	148.9	140.3	1,750.9	1.1	1,752.0
Depreciation and amortisation	(133.2)	(111.1)	(1,270.3)	(42.3)	(51.6)	(187.2)	(140.2)	(65.8)	(2,001.7)	(4.0)	(2,005.7)
Impairment losses (Note 5)	–	–	(6,642.1)	–	–	(52.3)	–	–	(6,694.4)	–	(6,694.4)

1 EBITDA is a non-IFRS measure and represents operating profit before special items, depreciation and amortisation.
2 Depreciation and amortisation is also provided to the chief operating decision maker on a regular basis.
3 Transfer prices between operating segment sales are on an arm's length basis in a manner similar to transactions with third parties except sales from power segment amounting to US$83.8 million for the year ended 31 March 2015 (March 2014: US$36.6 million), which is at cost, within the same legal entity.

3. Segment information continued

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	1,145.0	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											(2,203.1)
Special items (Note 5)											(138.0)
Operating profit											**2,150.1**
Investment revenue											687.7
Finance costs											(1,439.8)
Other gains and (losses) [net]											(279.9)
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)

(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 2015**	Percentage	Year ended 31 March 2014	Percentage
India	7,872.0	61.1%	8,234.1	63.6%
China	1,314.2	10.2%	1,742.0	13.5%
Far East Asia	1,168.4	9.1%	1,003.2	7.7%
Middle East	1,143.7	8.9%	724.2	5.6%
Europe	643.3	5.0%	537.0	4.1%
Africa	192.3	1.5%	213.0	1.6%
Asia Others	118.9	0.9%	83.8	0.6%
UK	2.2	0.0%	19.1	0.1%
Others	423.7	3.3%	388.6	3.0%
Total	**12,878.7**	**100.0%**	**12,945.0**	**100.0%**

Notes to the Financial Statements continued

3. Segment 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 2015	As at 31 March 2014	**Year ended 31 March 2015**	Year ended 31 March 2014
Australia	13.4	24.3	3.8	8.1
India	20,996.2	27,548.7	1,635.7	1,497.7
Zambia	1,905.4	2,091.7	58.2	150.9
Namibia	128.5	204.6	21.5	13.4
Ireland	37.7	69.7	12.7	19.6
South Africa	335.9	375.2	5.9	27.5
Sri Lanka	–	787.6	2.7	–
Other	213.6	200.7	11.5	28.1
Total	**23,630.7**	**31,302.5**	**1,752.0**	**1,745.3**

1 Non-current assets do not include deferred tax assets, non-current tax assets and derivative receivables.

Information about major customer

Included in revenue from the Oil & Gas segment are revenues of US$1,393.2 million (US$1,742.6 million year ended 31 March 2014), which arose from sales to the Group's largest customer. No other customer contributed 10% or more to the Group's revenue during the year ended 31 March 2015.

4. Total revenue

(US$ million)	**Year ended 31 March 2015**	Year ended 31 March 2014
Revenue from sales of goods	12,878.7	12,945.0
Other operating income	104.0	84.0
Investment revenue	832.6	687.7
Total	**13,815.3**	**13,716.7**

5. Special items

(US$ million)	**Year ended 31 March 2015**			Year ended 31 March 2014		
	Special items	**Tax effect of special items/ special tax items**	**Special items after tax**	Special items	Tax effect of special items	Special items after tax
Impairment of oil & gas assets[1a]	(6,642.1)	2,138.0	(4,504.1)	–	–	–
Impairment of mining reserves and assets[1b]	(52.3)	–	(52.3)	(81.6)	17.8	(63.8)
Total impairment charge	**(6,694.4)**	**2,138.0**	**(4,556.4)**	**(81.6)**	**17.8**	**(63.8)**
Voluntary retirement schemes (redundancy costs)[2]	–		–	(15.1)	5.1	(10.0)
Provision for receivables[3]	(36.6)	12.5	(24.1)	–	–	–
Provision for investment in coal blocks[4]	(5.4)	1.8	(3.6)	–	–	–
Acquisition & restructuring related costs[5]	0.4	–	0.4	(2.6)	–	(2.6)
Land regularisation fee[6]	–	–	–	(16.6)	–	(16.6)
Provision for contractor dispute[7]	(8.2)	–	(8.2)	(22.1)	6.5	(15.6)
Special tax item[8]	–	52.8	52.8	–	–	–
Special items	**(6,744.2)**	**2,205.1**	**(4,539.1)**	**(138.0)**	**29.4**	**(108.6)**

5. Special items continued

1 Impairment charge

During the year ended 31 March 2015, the Group has recognised:

a) Impairment charge on its oil & gas assets of US$6,642.1 million mainly relating to the Rajasthan block and Sri Lanka block, triggered by the significant fall in crude oil prices. Of this charge, US$2,162.1 million has been recorded against oil & gas properties and US$4,480.0 million against exploratory and evaluation assets. The valuation remains sensitive to price and further deterioration in long-term prices may result in additional impairment.

   For oil & gas properties, CGUs identified are on the basis of a PSC (Production Sharing Contract) level as it is the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

   The recoverable amount of the CGU, US$5,825.5 million, was determined based on the fair value less costs of disposal approach, a level-3 valuation technique in the fair value hierarchy, as it more accurately reflect the recoverable amount based on our view of the assumptions that would be used by a market participant. This is based on the cash flows expected to be generated by the projected oil or natural gas production profiles up to the expected dates of cessation of production sharing contract (PSC)/cessation of production from each producing field based on current estimates of reserves and risked resources. Reserves assumptions for fair value less costs of disposal discounted cash flow tests consider all reserves that a market participant would consider when valuing the asset, which are usually broader in scope than the reserves used in a value-in-use test. Discounted cash flow analysis, used to calculate fair value less costs of disposal uses assumption for short-term (five years) oil price and the long-term nominal price of US$84 per barrel derived from a consensus of various analyst recommendations. Thereafter, these have been inflated at a rate of 2.5%. The cash flows are discounted using the post-tax nominal discount rate of 10.32% derived from the Group's post-tax weighted average cost of capital.

   The impairment loss relates to the 'Oil & Gas' business reportable segments, however this has been shown as special items and does not form part of the segment result for the purpose of segment reporting.

   The impairment charge of US$4,480.0 million of exploratory and evaluation assets also includes a US$788.1 million impairment charge relating to exploratory wells in Sri Lanka, as the development of hydrocarbons in the said block is not commercially viable at the current prices.

b) US$52.3 million impairment charge relating to underground assets in Nchanga in Konkola Copper Mines Plc on account suspension of operations and the fall in copper prices. Of this charge, US$47.2 million has been recorded against mining property and leases and US$5.1 million against plant and equipment.

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 During the year ended 31 March 2014, voluntary retirement schemes were considered by management to be a one off in nature and therefore classified as special items. Following management's review, non-material voluntary retirement scheme costs incurred during the year have been deemed as operational costs not classified as special items.

3 In respect of iron ore mining at Goa, the Supreme Court has ruled that, out of the sale proceeds of inventory of excavated ore lying unsold, the leaseholder would be paid only the average cost of excavation. However, the carrying value includes the amortisation based on the fair value of mining reserves determined at the time of acquisition. Consequently, the excess of the carrying value of receivables over the net realisable value has been written off.

4 Relates to the provision recognised in respect of expenditure incurred on cancelled coal blocks allotted to Company's subsidiaries, pursuant to the order of the Supreme Court of India.

5 Acquisition related costs include costs of Group simplification and restructuring and other acquisition related costs.

6 Payments made pursuant to amendment during the year ended 31 March 2014 under the Land Revenue Code for regulating mining dumps at Goa.

7 Relates to a provision recognised following a dispute with a mining contractor at KCM Zambia.

8 As a result of amendments to the Zambian Mining Tax regime, effective from 1 January 2015, the tax rate on mining operations (excluding 'mineral processing' activities) was reduced from 30% to 0%. The deferred tax liability in relation to mining operations was therefore reversed in the period, resulting in a credit to the income statement of US$52.8 million. An announcement from the Zambian cabinet on 20 April 2015 stated that further amendments will be made to the Zambian Mining Tax regime, effective from 1 July 2015. The changes will include reinstating the tax rate on mining operations from 0% to 30%, and increasing the tax rate on mineral processing to 35%. These rates were not enacted as at 31 March 2015 and therefore have not been used to measure deferred tax balances at 31 March 2015. Further guidance is being sought from the Government to determine the impact of the proposed amendment.

Notes to the Financial Statements continued

6. Investment revenue

(US$ million)	Year ended 31 March 2015	Year ended 31 March 2014
Interest income on loans and receivables	29.3	31.3
Interest income on cash and bank balances	139.9	202.3
Change in fair value of financial assets held for trading	250.8	383.5
Profit on disposal of financial assets held for trading	406.1	65.1
Dividend income on financial assets held for trading	0.3	0.9
Foreign exchange gain on cash and liquid investments	6.2	4.8
Capitalisation of interest income	–	(0.2)
	832.6	**687.7**

7. Finance costs

(US$ million)	Year ended 31 March 2015	Year ended 31 March 2014[1]
Interest on loans, overdrafts and bonds (a)	1,116.8	1,115.2
Coupon interest on convertible bonds (Note 28)	86.8	108.7
Accretive interest on convertible bonds (Note 28)	76.6	187.2
Total interest charge on convertible bonds (b)	**163.4**	**295.9**
Other borrowing and finance costs (c)	194.1	83.5
Total interest cost (a+b+c)	**1,474.3**	**1,494.6**
Unwinding of discount on provisions (Note 30)	36.8	21.8
Net interest on defined benefit arrangements (Note 33)	9.2	6.8
Capitalisation of borrowing costs (Note 17)[2]	(133.1)	(83.4)
	1,387.2	**1,439.8**

1 Restated refer Note 1.
2 All borrowing costs are capitalised using rates based on specific borrowings with the interests ranging between 1.9% to 12.2% per annum except in the Aluminium segment where general borrowing costs were capitalised at a rate of 9.0% per annum.

8. Other gains and (losses) [net]

(US$ million)	Year ended 31 March 2015	Year ended 31 March 2014[1]
Gross foreign exchange gains and losses	(80.8)	(360.3)
Qualifying exchange losses capitalised (Note 17)	14.4	73.0
Net foreign exchange gains and losses	**(66.4)**	**(287.3)**
Change in fair value of financial liabilities measured at fair value	(1.1)	(1.1)
Change in fair value of embedded derivative on convertible bonds (Note 28)	–	4.7
Net (loss)/gain arising on qualifying hedges and non-qualifying hedges	(9.4)	3.8
	(76.9)	**(279.9)**

1 Restated refer Note 1.

9. Profit for the year has been stated after charging/(crediting):

(US$ million)	**Year ended 31 March 2015**	Year ended 31 March 2014
Depreciation & amortisation	2,005.7	2,203.1
Costs of inventories recognised as an expense	3,905.0	4,014.2
Auditor's remuneration for audit services	2.4	2.4
Research and development	0.8	0.5
Loss on disposal of property, plant and equipment	4.6	4.4
Provision for receivables	80.4	35.5
Impairment of mining reserves and assets	52.3	81.6
Impairment of oil & gas assets	6,642.1	–
Staff costs	812.8	801.6
Foreign exchange gains and losses[1]	82.8	305.7

1 Includes foreign exchange losses on non-operational monetary items of US$66.4 million (31 March 2014: US$287.3 million), and on operational monetary items of US$22.6 million (31 March 2014: US$23.2 million). It also includes Foreign exchange gain on cash and liquid investments of US$6.2 million (31 March 2014: US$4.8 million).

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 2015**	Year ended 31 March 2014
Fees payable to the Company's auditor for the audit of Vedanta Resources plc annual accounts	0.9	0.8
The audit of the Company's subsidiaries pursuant to legislation	1.6	1.6
Total audit fees	**2.5**	**2.4**
Fees payable to the Company's auditor and their associates for other services to the Group		
Other services pursuant to legislation[1]	1.4	1.3
Tax services[2]	0.4	0.5
Corporate finance services[3]	0.5	0.6
Other services[4]	0.2	0.4
Total non-audit fees	**2.5**	**2.8**
Total fees paid to the Company's auditor	**5.0**	**5.2**
Audit fees payable to other auditors of the Group's subsidiaries	0.4	0.5
Non-audit fees payable to other auditors of the Group's subsidiaries	0.1	0.1
Total fees paid to other auditors	**0.5**	**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.

Notes to the Financial Statements continued

11. Employee numbers and costs

Average number of persons employed by the Group in the year

Class of business	Year ended 31 March 2015	Year ended 31 March 2014
Zinc	7,428	7,681
– India	5,439	5,797
– International	1,989	1,884
Iron ore	3,465	3,708
Copper	8,710	9,142
– India/Australia	1,185	1,268
– Zambia	7,525	7,874
Aluminium	5,932	6,404
Power	358	349
Oil & gas	1,684	1,734
Other	140	136
	27,717	**29,154**

Costs incurred during the year in respect of employees and Executive Directors

(US$ million)	Year ended 31 March 2015	Year ended 31 March 2014
Salaries and wages	733.8	726.3
Defined contribution pension scheme costs (Note 33)	30.7	25.7
Defined benefit pension scheme costs (Note 33)	19.7	16.7
Share-based payments charge	28.6	32.9
	812.8	**801.6**

12. Tax

(US$ million)	Year ended 31 March 2015	Year ended 31 March 2014
Current tax:		
UK Corporation tax	(19.3)	19.3
Foreign tax		
– India	562.7	494.4
– Zambia	1.0	–
– Australia	(0.1)	(0.8)
– Africa and Europe	22.1	37.7
– Other	4.4	3.7
	570.8	**554.3**
Deferred tax: (Note 31)		
Deferred tax impact on impairment on Oil & Gas assets (Note 5)	(2,138.0)	–
Deferred tax reversal due to change in tax regime at Zambia (Note 5)	(52.8)	–
Deferred tax others	(232.5)	(425.6)
	(2,423.3)	**(425.6)**
Net tax (credit)/charge[1]	**(1,852.5)**	**128.7**
Effective tax rate	32.8%	11.5%

1 Includes tax credit on special items and tax credit – special items of US$2,205.1 million during the year ended 31 March 2015 (31 March 2014: US$29.4 million).

The deferred tax benefit recycled from equity to the income statement is US$6.0 million (2014: US$0.3 million).

12. Tax continued

During year ended 31 March 2014, consequent to Group restructuring (Note 45), the income tax returns of the Indian subsidiaries subject to the merger were refiled on a combined basis as the newly amalgamated Indian subsidiary, Vedanta Limited (formerly known as Sesa Sterlite Limited). The effective date of the merger was 1 January 2011 and refiling the tax returns from this date resulted in a lower tax liability through offsetting previously unutilised losses which arose in some merged entities in these years against taxable profits which arose in other merged entities. This resulted in a reversal of the current tax provision of US$257 million partially offset by the related net reversal of deferred tax assets of US$81.1 million. Since this was not directly related to the equity restructuring, the net tax credit of US$175.9 million was recognised in the income statement.

Tax expense

	Year ended 31 March 2015	Year ended 31 March 2014
Tax effect of Special items (Note 5)	(2,152.3)	(29.4)
Special tax item – deferred tax reversal due to a change in the tax regime in Zambia (Note 5)	(52.8)	–
Net tax credit – special items	**(2,205.1)**	**(29.4)**
Tax expense – others	352.6	158.1
Net tax (credit)/expense	**(1,852.5)**	**128.7**

Deferred tax recognised in the income statement:

(US$ million)	Year ended 31 March 2015	Year ended 31 March 2014
Accelerated capital allowances (including fair value adjustments)	(2,634.1)	(463.1)
Unutilised tax losses	203.4	517.1
Other temporary differences	7.4	371.6
	(2,423.3)	**425.6**

No deferred tax has been recognised in respect of temporary differences associated with investments in subsidiaries where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with such investments in subsidiaries is represented by the contribution of those investments to the Group's retained earnings and amounted to US$5,768.3 million (2014: US$6,662.7 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 2015 is as follows:

(US$ million)	Year ended 31 March 2015	Year ended 31 March 2014
Accounting (loss)/profit before tax	**(5,640.2)**	**1,118.1**
At Indian statutory income tax rate of 33.99% (2014: 33.99%)	(1,917.1)	380.0
Unrecognised tax losses	107.6	110.6
Disallowable expenses/other permanent differences	86.5	69.0
Dividend distribution tax	68.1	64.4
Non-taxable income	(73.0)	(63.0)
Impact of tax rate difference	118.8	256.4
Impact of increase in income tax surcharge[1]	–	151.0
Impact of change in tax regime (Note 5)	(52.8)	–
Tax holiday and similar exemptions	(238.8)	(642.0)
Minimum alternative tax	–	(31.3)
Adjustments in respect of previous years	48.2	9.5
Vedanta Limited merger impact[2]	–	(175.9)
At effective income tax rate of 32.8% (2014: 11.5%)	**(1,852.5)**	**128.7**

1 The deferred tax liability arising in respect of the fair values uplift of Cairn India increased due to an increase in the surcharge payable by Indian companies from 5% to 10%.
2 Relates to a reversal of the current tax provision of US$257 million consequent to Group restructuring (refer Note 45), partially offset by the related net reversal of deferred tax assets of US$81.1 million.

Notes to the Financial Statements continued

12. Tax continued

Certain businesses of the Group within India are eligible for specified tax incentives in the form of tax exemptions. Most of such tax exemptions are relevant for the companies operating in India. These are briefly described as under:

The location-based exemption
In order to boost industrial and economic development in undeveloped regions, provided certain conditions are met, profits of newly established undertakings located in certain areas in India may benefit from a tax holiday. Such a tax holiday works to exempt 100% of the profits for the first five years from the commencement of the tax holiday, and 30% of profits for the subsequent five years. This deduction is available only for units established up to 31 March 2012. However, such undertaking would continue to be subject to the Minimum Alternative Tax (MAT).

The Group has such types of undertakings at Haridwar and Pantnagar, which are part of Hindustan Zinc Limited (Zinc India).

Sectoral benefit – power plants
To encourage the establishment of certain power plants, provided certain conditions are met, tax incentives exist to exempt 100% of profits and gains for any 10 consecutive years within the 15-year period following commencement of the power plant's operation. The Group currently has total operational capacity of 5,039MW of thermal based power generation facilities and wind power capacity of 273MW. However, such undertakings generating power would continue to be subject to the MAT provisions.

The Group has power plants which benefit from such deductions, at the various locations of Hindustan Zinc Limited and Bharat Aluminium Company Limited (where such benefits have been drawn) and Vedanta Limited (where no benefits have been drawn).

Sectoral benefit – oil & gas
Provided certain conditions are met, profits of newly constructed industrial undertakings engaged in the oil & gas sector may benefit from a deduction of 100% of the profits of the undertaking for a period of seven consecutive years. This deduction is only available to blocks licensed prior to 31 March 2011. However, such businesses would continue to be subject to the MAT provisions.

In the Group, Cairn India Limited benefits from such deductions.

In addition, the subsidiaries incorporated in Mauritius are eligible for tax credit to the extent of 80% of the applicable tax rate on foreign source income.

The total effect of such tax holidays and exemptions was US$238.8 million for the year ended 31 March 2015 (31 March 2014: US$642.0 million).

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 2015	Year ended 31 March 2014
Net loss attributable to equity holders of the parent	**(1,798.6)**	**(196.0)**

(US$ million except as stated)	Year ended 31 March 2015	Year ended 31 March 2014
Weighted average number of ordinary shares for basic earnings per share (million)	274.8	273.5
Effect of dilution:		
Share options	4.0	8.0
Adjusted weighted average number of ordinary shares for diluted earnings per share	**278.8**	**281.5**

13. Earnings per share

Loss per share based on loss for the year

Basic loss per share on loss for the year

(US$ million except as stated)	Year ended 31 March 2015	Year ended 31 March 2014
Loss for the year attributable to equity holders of the parent (US$ million)	(1,798.6)	(196.0)
Weighted average number of shares of the Company in issue (million)	274.8	273.5
Loss per share on loss for the year (US cents per share)	**(654.5)**	**(71.7)**

Diluted loss per share on loss for the year

(US$ million except as stated)	Year ended 31 March 2015	Year ended 31 March 2014
Loss for the year attributable to equity holders of the parent (US$ million)	(1,798.6)	(196.0)
Loss for the year after dilutive adjustment (US$ million)	**(1,798.6)**	**(196.0)**
Adjusted weighted average number of shares of the Company in issue (million)	274.8	273.5
Diluted loss per share on loss for the year (US cents per share)	**(654.5)**	**(71.7)**

The effect of 4 million (2014: 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 diluted loss per share. However, the effect of these awards on underlying attributable earnings is dilutive for the year ended 31 March 2014, and hence the potential ordinary shares are considered in determining underlying EPS below.

The 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/(loss) per share based on underlying profit/(loss) for the year (non-GAAP)

Underlying earnings is an alternative earnings measure, which the management considers to be a useful additional measure of the Group's performance. The Group's underlying profit/(loss) is the profit/(loss) for the year after adding back special items, other losses/(gains) net (Note 8) and their resultant tax (including taxes classified as special items) and non-controlling interest effects. This is a non-GAAP measure.

(US$ million)	Note	Year ended 31 March 2015	Year ended 31 March 2014
Loss for the year attributable to equity holders of the parent		(1,798.6)	(196.0)
Special items	5	6,744.2	138.0
Other losses/(gains) net		76.9	279.9
Tax and non-controlling interest effect of special items (including taxes classified as special items) and other losses/(gains)		(5,061.4)	(181.7)
Underlying attributable (loss)/profit for the year		**(38.9)**	**40.2**

Basic (loss)/earnings per share on Underlying (loss)/profit for the year (non-GAAP)

(US$ million except as stated)	Year ended 31 March 2015	Year ended 31 March 2014
Underlying (loss)/profit for the year (US$ million)	(38.9)	40.2
Weighted average number of shares of the Company in issue (million)	274.8	273.5
(Loss)/earnings per share on underlying (loss)/profit for the year (US cents per share)	**(14.2)**	**14.7**

Notes to the Financial Statements continued

13. Earnings per share continued

Diluted (loss)/earnings per share on underlying (loss)/profit for the year (non-GAAP)

(US$ million except as stated)	**Year ended 31 March 2015**	Year ended 31 March 2014
Underlying (loss)/profit for the year (US$ million)	(38.9)	40.2
Adjusted weighted average number of shares of the Company (million)	274.8	281.5
Diluted (loss)/earnings per share on underlying (loss)/profit for the year (US cents per share)	**(14.2)**	**14.3**

14. Dividends

(US$ million)	**Year ended 31 March 2015**	Year ended 31 March 2014
Amounts recognised as distributions to equity holders:		
Equity dividends on ordinary shares:		
Final dividend for 2013–14: 39.0 US cents per share (2012–13: 37.0 US cents per share)	107.5	101.8
Interim dividend paid during the year: 23.0 US cents per share (2013–14: 22.0 US cents per share)	63.8	60.7
	171.3	**162.5**
Proposed for approval at AGM		
Equity dividends on ordinary shares:		
Final dividend for 2014–15: 40 US cents per share (2013–14: 39 US cents per share)	110.8	107.5

15. Goodwill

(US$ million)	**Year ended 31 March 2015**	Year ended 31 March 2014
Cost (gross carrying amount)	16.6	16.6
Accumulated impairment losses	–	–
Net carrying amount at 31 March	**16.6**	**16.6**

Goodwill is allocated for impairment testing purposes to the following Cash Generating Units (CGUs). The allocation of goodwill to CGUs is as follows:

- US$12.2 million Copper India.
- US$4.4 million arising on acquisition of Goa Energy Limited.

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 2015. 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 higher of fair value less cost of disposal (FVLCD) or value in use based on 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 a sewage treatment plant at Zinc India operations and software licences.

(US$ million)	Port concession rights[1]	Others[2]	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 1 April 2014	**99.9**	**14.8**	**114.7**
Addition	0.8	4.7	5.5
Foreign exchange differences	(4.0)	(0.9)	(4.9)
As at 31 March 2015	**96.7**	**18.6**	**115.3**
Accumulated amortisation			
As at 1 April 2013	–	–	–
Charge for the year	3.5	3.0	6.5
Foreign exchange differences	–	(0.4)	(0.4)
As at 1 April 2014	**3.5**	**2.6**	**6.1**
Charge for the year	3.6	3.9	7.5
Foreign exchange differences	0.2	(0.4)	(0.2)
As at 31 March 2015	**7.3**	**6.1**	**13.4**
Net book value			
As at 1 April 2013	–	–	–
As at 1 April 2014	96.4	12.2	108.6
As at 31 March 2015	**89.4**	**12.5**	**101.9**

1 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 Vedanta Limited and Leighton Welspun Contractors Private Limited in the ratio of 99.99 : 0.01 as on 31 March 2015 (74:26 as on 31 March 2014). 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 license fee, an exclusive license 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 the 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

2 Others include right to use of sewage treatment plant at Zinc-India which is amortised over 25 years. The carrying value was US$7.7 million as on 31 March 2015. It also includes Software licences which are amortised over a period of three years.

Notes to the Financial Statements continued

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 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	253.0	53.0	1745.3
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)
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 1 April 2014	**3,174.4**	**160.5**	**1,174.3**	**9,934.5**	**6,257.5**	**8,237.0**	**10,273.8**	**154.6**	**39,366.6**
Additions	25.8	11.1	44.2	212.3	372.8	865.0	204.2	16.6	1,752.0
Transfers	66.0	–	134.7	996.5	(1,291.4)	533.7	(439.7)	0.2	–
Unsuccessful exploration costs	–	–	–	–	–	–	(128.7)	–	(128.7)
Disposals	(7.2)	(0.7)	(0.3)	(37.4)	(0.6)	–	–	(0.3)	(46.5)
Foreign exchange differences	(133.3)	(2.4)	(62.5)	(390.8)	(226.3)	–	(1.9)	(24.0)	(841.2)
At 31 March 2015	**3,125.7**	**168.5**	**1,290.4**	**10,715.1**	**5,112.0**	**9,635.7**	**9,907.9**	**147.1**	**40,102.2**
Accumulated depreciation and impairment									
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
Impairment of assets (Note 5)	66.6	–	4.0	–	11.0	–	–	–	81.6
Disposals	(6.6)	–	(10.7)	(233.7)	–	–	–	(0.2)	(251.2)
Reclassification	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 1 April 2014	**1,629.6**	**58.2**	**198.9**	**3,203.9**	**28.8**	**3,157.4**	**14.3**	**32.0**	**8,323.1**
Charge for the year	103.6	1.8	45.9	544.4	–	1,258.1	–	44.4	1,998.2
Impairment of assets (Note 5)	47.2	–	–	5.1	–	2,162.1	4,480.0	–	6,694.4
Disposal	(2.0)	–	(0.2)	(23.2)	–	–	–	(0.1)	(25.5)
Foreign exchange differences	(82.9)	(0.3)	(15.5)	(123.2)	–	–	(0.7)	(17.4)	(240.0)
At 31 March 2015	**1,695.5**	**59.7**	**229.1**	**3,607.0**	**28.8**	**6,577.6**	**4,493.6**	**58.9**	**16,750.2**
Net book value									
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 1 April 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
At 31 March 2015	**1,430.2**	**108.8**	**1,061.3**	**7,108.1**	**5,083.2**	**3,058.1**	**5,414.1**	**88.2**	**23,352.0**

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 2015, land with a carrying value of US$125.9 million (31 March 2014: US$122.8 million) was not depreciated.
2 During the year ended 31 March 2015, interest and foreign exchange losses capitalised was US$147.5 million (31 March 2014: US$156.4 million).
3 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 2015	Year ended 31 March 2014
At 1 April	1.7	20.6
Disposal	–	(16.4)
Movements in fair value	2.1	–
Exchange difference	0.4	(2.5)
At 31 March	**4.2**	**1.7**

Financial assets investment represents quoted investments in equity shares that present the Group with an opportunity for returns through dividend income and gains in value. These securities are held at fair value based on market prices. These are classified as non-current as on 31 March 2015.

19. Other non-current assets

(US$ million)	As at 31 March 2015	As at 31 March 2014
Deposits, advances and other receivables due after one year	156.0	132.1
	156.0	**132.1**

20. Inventories

(US$ million)	As at 31 March 2015	As at 31 March 2014
Raw materials and consumables	975.8	952.9
Work-in-progress	486.0	557.7
Finished goods	143.9	231.9
	1,605.7	**1,742.5**

Inventories with a carrying amount of US$801.8 million (2014: US$879.5 million) have been pledged as security against certain bank borrowings of the Group.

21. Trade and other receivables

(US$ million)	As at 31 March 2015	As at 31 March 2014
Trade receivables	555.0	706.0
Amounts due from related parties (Note 39)	4.9	8.5
Prepayments	31.0	61.2
Deposits with Governments	281.3	169.9
Other receivables	967.0	794.3
	1,839.2	**1,739.9**

The credit period given to customers ranges from zero to 90 days. Other receivables primarily include excise balances, customs balances, advances to suppliers and claims receivables.

Notes to the Financial Statements continued

22. Liquid investments

(US$ million)	As at 31 March 2015	As at 31 March 2014
Bank deposits[1]	1,850.1	2,655.3
Other investments	6,006.0	5,913.2
	7,856.1	**8,568.5**

1 Includes US$29.8 million of bank deposits at Jharsuguda Aluminium that is restricted in use as it relates to security deposits as directed by the courts in relation to a relief claim filed by a vendor (Note 38).

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 2015	As at 31 March 2014
Cash at bank and in hand	211.6	202.8
Short-term deposits[1]	142.1	166.6
	353.7	**369.4**

1 Includes US$66.5 million (2014: US$88.8 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 2015	As at 31 March 2014
Bank loans	11,474.9	10,916.2
Bonds	4,075.4	4,017.9
Other loans	14.5	15.6
Total	**15,564.8**	**14,949.7**
Borrowings are repayable as:		
Within one year (shown as current liabilities)	3,179.2	2,437.0
More than one year	12,385.6	12,512.7
Total	**15,564.8**	**14,949.7**

At 31 March 2015, the Group had available US$2,177.9 million (2014: US$2,370.6 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 2015, the Group has complied with all the covenants attached to the borrowing facilities, except for one facility at BALCO, where the Company expected a potential breach in Net Debt to EBITDA ratio. For this expected breach, BALCO obtained a letter from the lender in February 2015 for waiver of testing of covenants for 2014–15. The Group also obtained a permanent waiver from a lender for testing of 'minimum consolidated net worth' covenant for the loans availed by the Company and at THL, MCNV, VAJL and VFJL. 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 2015 were as follows:

Vedanta Resources plc
Long-term bonds
In July 2008, the Company issued US$500.0 million bonds bearing a coupon rate of 8.75% and US$750.0 million bonds bearing a coupon rate of 9.50%. US$500.0 million bonds due in January 2014 were duly paid. As at 31 March 2015, the amount outstanding is US$750.0 million (2014: US$750.0 million).

24. Borrowings continued

In July 2011, the Company issued US$750.0 million bonds bearing a coupon rate of 6.75% and US$900.0 million bonds bearing a coupon rate of 8.25%. The same is due for repayment in June 2016 and June 2021 respectively. As at 31 March 2015, the amount outstanding is US$1,650.0 million (2014: US$1,650.0 million).

In June 2013, the Company issued US$1,200 million bonds bearing a coupon rate of 6% and US$500.0 million at a coupon rate of 7.125%. The same is due for repayment in January 2019 and May 2023. As at 31 March 2015, the amount outstanding is US$1,700.0 million (2014: US$ 1,700.0 million).

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 and (-) Ba3 by Moody's.

Term loan

In December 2010, the Company availed a facility from the ICICI Bank for US$180.0 million bearing an interest rate of three month GBP LIBOR plus 385 basis points. The first instalment of US$90.0 million due in December 2014 was duly repaid and the balance US$90.0 million is repayable in December 2015. As at 31 March 2015, the amount outstanding is US$90.0 million (2014: US$180.0 million).

In January 2011, the Company availed a facility from the ICICI Bank for US$150.0 million bearing an interest rate of three month US$LIBOR plus 389 basis points. The same is repayable as US$75.0 million in January 2016 and the balance US$75.0 million in January 2017. As at 31 March 2015, the amount outstanding is US$150.0 million (2014: US$ 150.0 million).

In July 2011, the Company availed a facility from the ICICI Bank for US$500.0 million bearing an interest rate of three month US$LIBOR plus 390 basis points. The same is repayable as US$250.0 million in January 2018 and the balance US$250.0 million in July 2018. As at 31 March 2015, the amount outstanding is US$500.0 million (2014: US$500.0 million).

In March 2012, the Company availed a facility of US$300.0 million with the Standard Chartered Bank bearing an interest rate of LIBOR plus 415 basis points. The same was due for repayment in June 2015. This loan was fully prepaid in the month of May 2014.

In December 2012, the Company availed a syndicated facility with the State Bank of India as an agent for US$595.0 million bearing an interest rate of three month US$LIBOR plus 440 basis points. The same is repayable in four equal instalments in February 2017, August 2017, July 2018 and January 2019. This loan was fully prepaid in September 2014.

In March 2013, the Company entered into a three-year facility agreement with Deutsche Bank as an agent for an amount of US$185.0 million bearing an interest rate of US$LIBOR plus 315 basis points. The same is repayable in March 2016. As at 31 March 2015, the amount outstanding is US$185.0 million (2014: US$185.0 million).

In March 2013, the Company entered into two facility agreements with the ICICI Bank for an amount 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. Of the said loan, US$170.0 million is repayable in three annual instalments beginning April 2018 (the first instalment being 20% and the balance of two instalments being 40% each) and the US$180.0 million facility is repayable in three equal annual instalments beginning February 2017. As at 31 March 2015, the amount outstanding is US$350.0 million (2014: US$350.0 million).

In April 2013, the Company entered into a Standby Letter of Credit agreement arranged by Axis Bank for an amount of US$150 million bearing an interest rate at three month US$LIBOR plus 290 basis points. The facility is repayable in two equal annual instalments in April 2017 and April 2018. As at 31 March 2015, the amount outstanding is US$148.5 million (2014: US$148.5 million).

In October 2013, the Company entered into a syndicated facility agreement with the Standard Chartered Bank as facility agent for borrowing up to US$500 million bearing an interest rate US$LIBOR plus 357 basis points. The same is repayable as two equal instalments of US$250.0 million each in October 2017 and January 2018. As at 31 March 2015, the amount outstanding is US$500.0 million (2014: US$500.0 million).

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. The same is repayable in August 2015. As at 31 March 2015, the amount outstanding is US$100.0 million (2014: US$81.0 million).

In December 2013, the Company entered into a facility agreement with the Bank of India for borrowing up to US$100 million at an interest rate US$LIBOR plus 357 basis points. The same is repayable in two equal instalments of US$50.0 million each in October 2017 and January 2018. As at 31 March 2015, the amount outstanding is US$100.0 million (2014: US$100.0 million).

In March 2014, the Company entered into a US$500 million syndicated facility agreement with Axis Bank as the lead arranger. The facility bears an interest rate of US$LIBOR plus 352 basis points. The facility was fully drawn in September 2014. The same is repayable as US$100.0 million in December 2018, US$150.0 million in March 2019 and US$250.0 million in September 2019. As at 31 March 2015, the amount outstanding is US$500.0 million.

Notes to the Financial Statements continued

24. Borrowings continued

In March 2015, the Company entered into a facility agreement with the State Bank of India for US$350 million. Out of said facility US$100 million (Undrawn US$75.0 million) bears an interest rate of US$LIBOR plus 370 basis points and is repayable in March 2020. Balance undrawn facility of US$250 million bears an interest rate of US$LIBOR plus 403 basis points with repayment in two instalments being US$100 million and US$150 million at the end of 72 and 84 months respectively after initial draw down. As at 31 March 2015, the amount outstanding is US$25.0 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 the 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 as US$1,350.0 million in June 2013 and US$1,314.4 million in December 2014 was fully prepaid in June 2013. As at 31 March 2015, the amount outstanding is US$1,200.0 million (2014: US$1,200.0 million).

In August 2014, the Group tied up a US$500 million facility with the Standard Chartered Bank and First Gulf Bank PJSC of which US$250 million is under a commodity murabaha structure (Islamic financing) and balance US$250 million is under a conventional loan structure. Out of the said facility US$287.5 million bears an interest rate of LIBOR plus 275 basis points with an average maturity of about five years from the date of first drawdown in August 2014 and balance amount of US$212.5 million bears an interest rate of LIBOR plus 340 basis points with an average maturity of about six years from the date of first drawdown in August 2014. As at 31 March 2015, the amount outstanding is US$500.0 million.

Vedanta 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 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 the Aluminium division of the project. During the current year, the total outstanding amount as at 31 March 2014 has been repaid.

In March 2014, Jharsuguda Aluminium had availed a facility of US$287.5 million from Axis Bank at an average interest rate of bank base rate plus 25 basis points per annum. In May 2014, the said facility was further enhanced by US$32.0 million. During the year, the same has been down sell to the following banks:

a) Axis Bank US$39.9 million at an average interest rate of bank base rate plus 25 basis points per annum. The facility is secured by first charge by way of mortgage/pledge of movable/immovable all present and future fixed assets of the Aluminium division for the project. The same is repayable as US$32.0 million in February 2017 and US$7.9 million in February 2018. As at 31 March 2015, the amount outstanding is US$39.9 million.
b) Bank of India – US$79.9 million at an average interest rate of Bank base rate plus 25 basis points per annum. The facility is secured by first charge by way of mortgage/pledge of movable/immovable all present and future fixed assets of the Aluminium division for the project. The same is repayable as US$32.0 million in February 2017, US$32.0 million in February 2018 and US$15.9 million in February 2019. As at 31 March 2015, the amount outstanding is US$79.9 million.
c) Corporation Bank – US$79.9 million at an average interest rate of bank base rate plus 25 basis points per annum. The facility is secured by first charge by way of mortgage/pledge of movable/immovable all present and future fixed assets of the Aluminium division for the project. The same is repayable as US$12.0 million in February 2017, US$27.9 million in February 2018 and US$40.0 million in February 2019. As at 31 March 2015, the amount outstanding is US$79.9 million.
d) Syndicate Bank – US$79.9 million at an average interest rate of bank base rate plus 25 basis points per annum. The facility is secured by first charge by way of mortgage/pledge of movable/immovable all present and future fixed assets of the Aluminium division for the project. The same is repayable as US$12.0 million in February 2017, US$27.9 million in February 2018 and US$40.0 million in February 2019. As at 31 March 2015, the amount outstanding is US$79.9 million.
e) Vijaya Bank – US$39.9 million at an average interest rate of bank base rate plus 25 basis points per annum. The facility is secured by first charge by way of mortgage/pledge of movable/immovable all present and future fixed assets of the Aluminium division for the project. The same is repayable as US$7.9 million in February 2017, US$16.0 million in February 2018 and US$16.0 million in February 2019. As at 31 March 2015, the amount outstanding is US$39.9 million.

In July 2014, Jharsuguda Aluminium has availed a facility of US$798.8 million from the State Bank of India (SBI) at a floating interest rate of SBI Base rate plus 60 basis points. The facility is secured by creating first pari passu charge by way of hypothecation of the movable fixed assets and mortgage on immovable fixed assets of the Aluminium division, both present and future. The same is repayable in quarterly instalments up to December 2021. As at 31 March 2015, the amount outstanding is US$692.2 million.

In April 2014, Jharsuguda Aluminium has availed a facility of US$319.5 million from the Bank of Baroda at a floating interest rate of bank base rate plus 25 basis points. The facility is secured by creating first pari passu charge by way of hypothecation of the movable fixed assets and mortgage on immovable fixed assets of the Aluminium division, both present and future. The same is repayable in quarterly instalments up to December 2020. As at 31 March 2015, the amount outstanding is US$316.3 million.

24. Borrowings continued

In April 2014, Jharsuguda Aluminium has availed a facility of US$319.5 million from the Bank of India at a floating interest rate of bank base rate plus 25 basis points. The facility is secured by creating first pari passu charge by way of hypothecation of the movable fixed assets and mortgage on immovable fixed assets of the Aluminium division, both present and future. The same is repayable in quarterly instalments up to December 2020. As at 31 March 2015, the amount outstanding is US$304.4 million.

In April 2014, Jharsuguda Aluminium availed a facility of US$79.9 million from the State Bank of Bikaner & Jaipur at a floating interest rate of bank base rate plus 25 basis points. The facility is secured by creating first pari passu charge by way of hypothecation of the movable fixed assets and mortgage on immovable fixed assets of the Aluminium division, both present and future. The same is repayable in quarterly instalments up to December 2020. As at 31 March 2015, the amount outstanding is US$79.1 million.

In April 2014, Jharsuguda Aluminium has availed a facility of US$163.8 million from the Syndicate Bank at a floating interest rate of the bank base rate plus 25 basis points. The facility is secured by creating first pari passu charge by way of hypothecation of the movable fixed assets and mortgage on immovable fixed assets of the Aluminium division, both present and future. The same is repayable in quarterly instalments up to December 2020. As at 31 March 2015, the amount outstanding is US$162.1 million.

In April 2014, Jharsuguda Aluminium has availed a facility of US$159.8 million from the Union Bank of India at a floating interest rate of bank base rate plus 25 basis points. The facility is secured by creating first pari passu charge by way of hypothecation of the movable fixed assets and mortgage on immovable fixed assets of the Aluminium division, both present and future. The same is repayable in quarterly instalments up to December 2020. As at 31 March 2015, the amount outstanding is US$157.4 million.

In September 2013, Jharsuguda's 2,400MW power plant has availed a facility of US$159.8 million from the Axis Bank at an interest rate of 10.50% per annum. The facility is secured by way of mortgage and charge on all the immovable properties, both present and future, of Jharsuguda's 2,400MW power plant except IPP Agricultural Land and a second charge by way of pledge on all the movable fixed assets of the Power division. As at 31 March 2014, the amount outstanding was US$159.8 million. The same has been duly repaid in September 2014.

In December 2013, Jharsuguda 2,400MW power plant has availed a facility of US$62.9 million from the Canara Bank at an interest rate of 10.2% per annum. In August 2014, this facility has further been enhanced by US$95.9 million. The facility is secured by way of mortgage and charge on all the immovable properties, both present and future, of Jharsuguda's 2,400MW power plant except IPP Agricultural Land and a second charge by way of pledge on all the movable fixed assets of the Power division. The loan is repayable in 16 quarterly instalments from end of quarter starting after the moratorium period up to December 2018. As at 31 March 2015, the amount outstanding is US$149.8 million.

Short-term loans

In January 2015, Jharsuguda Aluminium availed a short-term borrowing facility in the form of export packing credit from Bank of America at an average rate of 9.50% per annum. These loans were obtained to meet the working capital requirements. The same is repayable in April 2015. As at 31 March 2015, the amount outstanding is US$32.0 million.

In October 2014, Jharsuguda Aluminium availed a short-term borrowing facility in foreign currency in the form of pre shipment/export packing credit from the Bank of America at an average rate of LIBOR plus 65–70 basis points. These loans were obtained to meet the working capital requirements. The same is repayable as US$32.6 million in April 2015 and US$14.6 million in May 2015. As at 31 March 2015, the amount outstanding is US$47.2 million.

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 average rate of US$LIBOR plus 55 basis points. These loans were obtained to meet the working capital requirements of the Iron Ore Division. As at 31 March 2015, the amount outstanding is US$36.0 million (2014: US$48.5 million).

NCDs

In October 2008, 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. These NCDs 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 of the issued amount. These NCDs are repayable in three equal annual instalments starting October 2013. The First two instalments, due for repayment of US$22.2 million each, has been paid in October 2013 and October 2014 respectively. The balance of US$22.2 million is due for repayment in October 2015. As at 31 March 2015, the amount outstanding is US$22.2 million.

In December 2012, April 2013 and July 2013, Vedanta Limited had issued NCDs in three tranches for US$79.8 million, US$191.7 million and US$399.4 million with an interest rate of 9.24%, 9.17% and 9.10% per annum respectively. Out of the total NCDs US$191.7 million are secured by way of a mortgage on the immovable property of Vedanta Limited situated at Sanaswadi in the state of Maharashtra and also by way of pledge on the movable fixed assets of Jharsuguda Aluminium division with a security cover of 1.25 times on the face value of outstanding NCDs at all times during the tenure of NCDs. The balance NCDs of US$479.3 million are secured by way of mortgage on the immovable property of Vedanta Limited situated at Sanaswadi in the state of Maharashtra and also by way of pledge on the movable fixed assets of Jharsuguda's 2,400MW power plant with a security cover of 1.25 times on the face value of outstanding NCDs at all times during the tenure of NCDs. Of the total outstanding NCDs, US$79.8 million is repayable in December 2022, US$399.4 million in April 2023 and US$191.7 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 2015, the amount outstanding is US$671.0 million.

Notes to the Financial Statements continued

24. Borrowings continued

In October, November and December 2012, Vedanta Limited had also issued NCDs in three tranches for US$79.9 each per tranche with an interest rate of 9.24%, 9.40% and 9.40% per annum respectively. These NCDs are secured by way of a mortgage on the immovable property of Vedanta 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 on the face value of outstanding NCDs at all times during the tenure of NCDs. Of the total outstanding NCDs, US$79.9 million is repayable in October 2022, US$79.9 million in November 2022 and US$79.9 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 2015, the amount outstanding is US$239.6 million.

In October 2014, Iron Ore Sesa has also issued NCDs of US$239.7 million with an interest rate of 9.36% per annum. These NCDs are secured by way of a mortgage on the immovable property of Vedanta Limited situated at Tuticorin in the State of Tamil Nadu and also by way of first ranking pari passu charge over 'movable fixed assets' in relation to Vedanta Limited's Iron Ore Sesa business (pig iron & met coke assets) and Power Plant assets located in Goa and the Copper plant assets located at Tuticorin with a security cover of 1.25 times on the face value of outstanding NCDs at all times during the tenure of the NCDs. These NCDs are redeemable in two instalments as US$155.8 million in October 2017 and US$83.9 million in December 2017. As at 31 March 2015, the amount outstanding is US$239.7 million.

External commercial borrowing

In August 2008, Jharsuguda Aluminium 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 project of Aluminium division, both present and future, excluding assets already charged in favour of ICICI Bank and other lenders. The same was repayable in August 2014. As at 31 March 2014, the amount outstanding was US$25.0 million which has been duly repaid.

During the year Jharsuguda Aluminium obtained an External Commercial Borrowing from Axis Bank of US$500.0 million which has been refinanced by ICICI Bank and SCB at an interest rate of US$LIBOR plus 170 basis points (prior to refinancing 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 2015, the amount outstanding is US$500.0 million (2014: US$500.0 million).

During the year ended 31 March 2013, a part of intercompany borrowing from Welter Trading Limited was refinanced through Axis Bank. This has been further refinanced from Standard Chartered Bank for US$44.5 million at an interest rate of US$LIBOR plus 129 basis point (prior to refinancing 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 2015, the amount outstanding is US$44.5 million (2014: US$44.5 million).

Project buyers' credit

Jharsuguda Aluminium had extended credit terms relating to purchases of property, plant and equipment bearing an average interest rate of LIBOR plus 26–55 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 May 2015. As at 31 March 2015, the amount outstanding is US$2.0 million (2014: US$21.8 million).

Commercial papers

During the year, Jharsuguda's 2,400MW power plant has issued commercial paper to various asset management companies bearing an average coupon rate of 8.72% for funding project payables. As at 31 March 2015, the amount outstanding is US$180.5 million (2014: US$257.1 million).

During the year, Iron Ore Sesa has issued commercial papers for periods ranging up to one year bearing average interest rates ranging between 8.79% to 9.25%. These commercial papers are used to meet working capital requirements of the Iron Ore division and are repayable in the next financial year. As at 31 March 2015, the outstanding balance was US$380.2 million (2014: US$280.2 million).

KCM

A term loan facility of US$820 million (2014: US$700 million) has been obtained by KCM from Standard Bank. The term loan facility is made up of three tranches: US$300 million ('Facility A'), US$120 million ('Facility A1') and US$400 million ('Facility B') drawn down on various dates with the last amount drawn in June 2014. The facility was restructured in 2014. The loan is secured against the fixed assets of KCM and a US$400.0 million corporate guarantee from Vedanta Resources plc. Interest is payable quarterly at LIBOR plus 350 basis points for Facility A & A1 and LIBOR plus 250 basis points for Facility B. The facility is repayable in 16 quarterly instalments commencing June 2015. As at 31 March 2015, the amount outstanding is US$710.9 million (2014: US$590.9 million).

A general short-term banking facility incorporating multiple sub-facilities amounting to US$30 million (2014: US$50 million) was provided by Stanbic Bank. The facility was agreed upon on 1 June 2011. Interest is payable monthly at three month US$LIBOR plus 350 basis points. The facility is repayable strictly on demand. The tenure for the facility is 12 months. The amount drawn as at 31 March 2015 under this facility is US$27.8 million (2014: US$49.9 million).

A general short-term banking facility incorporating multiple sub-facilities amounting to US$50 million (2014: US$85 million) was provided by Standard Chartered Bank. The facility was agreed upon on 26 May 2011. The facility bears an interest rate of LIBOR plus 300 basis points. The facilities are repayable strictly on demand. The tenure for the facility is 12 months. As at 31 March 2015, the amount outstanding is US$50.0 million (2014: US$49.6 million).

24. Borrowings continued

BALCO

Non-convertible debentures (NCDs)

In November 2008, BALCO issued NCDs of US$79.9 million to the Life Insurance Corporation of India at a rate of 12.25% per annum. These NCDs are secured and have the first pari passu charge on the fixed assets of BALCO including land and buildings. These NCDs were repayable in three equal instalments in November 2013, November 2014 and November 2015. The first two instalments had been duly repaid. As at 31 March 2015, the amount outstanding is US$26.6 million repayable in November 2015.

In May 2013, BALCO issued NCDs of US$79.9 million to 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). These NCDs are secured and have the first pari passu charge on the fixed assets of BALCO. These NCDs are repayable in two equal instalments in November 2015 and May 2016. As at 31 March 2015, the amount outstanding is US$79.9 million.

In August 2014, BALCO issued NCDs of US$79.9 million to Banks and Financial Institutions arranged by Deutche Bank at an interest rate of 10.25% per annum. These NCDs are secured and have the first pari passu charge on the fixed assets of BALCO. These NCDs are repayable in August 2017. As at 31 March 2015, the amount outstanding is US$79.9 million.

Project buyers' credit

BALCO has extended credit terms relating to the purchase of property, plant and equipment at an average interest rate of US$LIBOR plus 112 basis points. Project buyers' credits have an average maturity of August 2016. As at 31 March 2015, the amount outstanding is US$59.6 million (2014: US$114.5 million).

External commercial borrowing

In August 2011, BALCO obtained an External Commercial Borrowing loan from the State Bank of India, London of US$200 million at an interest rate of six month US$LIBOR plus 260 basis points secured by first pari passu charges on all the fixed assets (excluding land) of BALCO projects both present and future along with secured lenders. The above loan is repayable in three equal annual instalments starting August 2016. As at 31 March 2015, the amount outstanding is US$200.0 million (2014: US$200.0 million).

In November 2008, BALCO has also obtained an External Commercial Borrowing loan from DBS Bank Singapore of US$24.8 million at an interest rate of six month US$LIBOR plus 345 basis points secured by first pari passu charges on all movable fixed assets including plant and machinery related to 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 has been paid in November 2013. The balance two equal instalments were due for repayment in November 2014 and November 2015. The above loan had been fully prepaid in November 2014.

Commercial paper

During the year, BALCO has issued commercial papers bearing an average coupon rate of 8.95% per annum to various asset management companies for the funding of project loan repayment and other payables. As at 31 March 2015, the amount outstanding is US$317.1 million (2014: US$186.4 million).

Talwandi Sabo

NCDs

In December 2010 and January 2011, Talwandi Sabo has issued NCDs of US$239.7 million to the ICICI Bank at a rate of 9.8% per annum. These NCDs 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 Vedanta Limited. These NCDs have tenure of 13 years and are repayable in 12 equal instalments after 10 years after allotment. These NCDs have a call option, five years after allotment. As at 31 March 2015, the amount outstanding is US$239.7 million.

In September 2014 (two tranches), November 2014 and March 2015, Talwandi Sabo has also issued NCDs of US$131.8 million in four tranches of US$19.1 million, US$28.8 million, US$32.0 million and US$51.9 million respectively at an interest rate of 9.60% per annum, 9.70% per annum, 9.27% per annum and 8.91% per annum respectively, to various asset management companies for fresh project funding and repayment of loan. These NCDs 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 Vedanta Limited. These NCDs are repayable in tranches as US$19.1 million in September 2016, US$28.8 million in September 2017, US$32.0 million in November 2017 and balance US$51.9 million in April 2018. As at 31 March 2015, the amount outstanding is US$131.8 million.

Term loan

In September 2014, Talwandi Sabo has availed a rupee term loan facility of US$79.9 million from the Kotak Mahindra Bank Limited at an interest rate of 10.10% per annum. The facility is secured by first pari passu charge on the assets of Talwandi Sabo both present and future, with an unconditional and irrevocable corporate guarantee by Vedanta Limited. The facility is repayable as first 50% of the loan amount in 24 equal quarterly instalments starting from December 2015 and balance of 50% of loan amount in March 2021. As at 31 March 2015, the amount outstanding is US$79.9 million.

Notes to the Financial Statements continued

24. Borrowings continued

Project buyers' credit

Talwandi Sabo has accessed buyers credit in respect of purchase of capital goods at an average rate of a six month US$LIBOR plus 69 basis points. The average maturity of the project buyers' credit is January 2016. As at 31 March 2015, the amount outstanding is US$177.1 million (2014: US$481.0 million).

Commercial paper

During the year, Talwandi Sabo has issued commercial paper to various asset management companies for the funding of project loan repayment bearing an average coupon rate of 9.06% per annum. As at 31 March 2015, Talwandi Sabo had an outstanding balance of US$417.0 million (2014: US$106.5 million).

VGCB

NCDs

In May 2013, VGCB has issued NCDs of US$47.9 million to IDFC Limited at a rate of 9% per annum to refinance the existing term loan from Axis Bank. These NCDs are secured by 1.1 times on the face value of outstanding debentures, by way of charge on the fixed assets of VGCB at all time during the currency of the debentures. Debentures have a tenure of three years with put and call option at the end of the second year. As at 31 March 2015, the amount outstanding is US$47.9 million.

25. Non-equity non-controlling interests

As at 31 March 2015, non-equity non-controlling interests amounts to 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.

26. 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 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 1 April 2014	**369.4**	**8,568.5**	**8,937.9**	**(4,358.5)**	**(12,512.7)**	**13.8**	**(7,919.5)**
Cash flow	(13.9)	(671.7)	(685.6)	818.8	(1,050.1)	–	(916.9)
Other non-cash changes[3]	–	250.8	250.8	294.8	(46.7)	(16.1)	482.8
Foreign exchange differences	(1.8)	(291.5)	(293.3)	65.7	120.9	–	(106.7)
At 31 March 2015	**353.7**	**7,856.1**	**8,209.8**	**(3,179.2)**	**(13,488.6)**	**(2.3)**	**(8,460.3)**

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 mark to market of embedded derivatives, interest accretion on convertible bonds and amortisation of borrowing costs for which there is no cash movement. It also includes US$250.8 million (2014: US$344.4 million) of fair value movement in investments.

27. Trade and other payables

(a) Current trade payables

(US$ million)	As at 31 March 2015	As at 31 March 2014
Trade payables	2,159.9	2,170.2
Bills of exchange payable	1,512.4	1,509.5
Accruals and deferred income	354.4	362.4
Other trade payables	703.3	647.9
	4,730.0	**4,690.0**

Non-interest bearing trade payables are normally settled on 60 to 90-day terms.

Interest bearing trade payables amount to US$1,567.5 million (2014: US$1,615.2 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 2015	As at 31 March 2014
Other trade payables	194.3	203.3
	194.3	**203.3**

Other trade payables primarily comprise amounts withheld as retentions, payable to suppliers of capital projects after 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.

28. Convertible bonds

(US$ million)	Year ended 31 March 2015	Year ended 31 March 2014
A. VRJL	1,096.4	1,177.1
B. VRJL-II	6.6	65.7
C. FCCB – Vedanta Limited	–	678.7
	1,103.0	**1,921.5**

Notes to the Financial Statements continued

28. Convertible bonds continued

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.

If the notes have not been converted, they will be redeemed at the option of the issuer on or at any time after 28 July 2013, subject to the conditions as part of the issue. Bondholders had exercised put option on 14 July 2014, accordingly bonds with a face value of US$113.8 million (9.1% of total face value) were redeemed during the year ending 31 March 2015.

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 2015	Year ended 31 March 2014
Opening liability	1,177.1	1,056.0
Effective interest cost	97.3	191.0
Conversion of Convertible bonds	–	(1.2)
Repayment of Convertible bonds	(113.8)	–
Coupon interest paid/accrued	(64.2)	(68.7)
Closing liability	**1,096.4**	**1,177.1**

The interest charged for the year is calculated by applying an effective interest rate of 8.7% (2014: 17.3%).

The fair value of the convertible bond as at 31 March 2015 is US$1,056.9 million (31 March 2014: US$1,241.7 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.

Bondholders exercised the put option in March 2015, resulting in redemption of US$65.1 million bonds during the year ending 31 March 2015. The maturity of remaining bonds is March 2017

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 been recorded within equity due to the existence of partial cash settlement terms within the bond which prevent the adoption of compound financial instrument accounting.

(US$ million)	Year ended 31 March 2015	Year ended 31 March 2014
Opening liability	65.7	753.6
Effective interest cost	8.9	11.9
Repayment of Convertible Bonds	(65.1)	(694.3)
Coupon interest paid/accrued	(2.9)	(5.5)
Closing liability	**6.6**	**65.7**

The interest charged for the year is calculated by applying an effective interest rate of 15.0% (2014: 15.0%).

The fair value of the convertible bond as at 31 March 2015 was US$7.8 million (31 March 2014: US$72.5 million).

28. Convertible bonds continued

C. Vedanta Limited issued 4% US$500 million convertible bonds (denominated in US dollars) on 29 October 2009 which were due on 30 October 2014. The bonds are convertible into American Depository Share (ADS) to be issued by Vedanta 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 (refer Note 45) conversion rate has changed to 25.7213 ADSs every US$1,000 principal amount of notes which is equal to a conversion price of approximately US$38.88 per ADS. Vedanta has the option (subject to the terms of the bond) to redeem the convertible bond at any time after 4 November 2012.

Vedanta 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 Vedanta 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. Vedanta Limited has the option (subject to certain conditions) to redeem the convertible bond at any time after 30 October 2012. As the functional currency of Vedanta 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).

The following table shows the movements in the Vedanta Limited bonds during the year on an aggregated basis:

(US$ million)	**Year ended 31 March 2015**	Year ended 31 March 2014
Opening liability	678.7	624.9
Effective interest cost	57.2	92.9
Coupon interest paid	(19.8)	(34.4)
Decrease in fair value of derivative component	–	(4.7)
Repayment of FCCB's	(716.1)	–
Closing liability	**–**	**678.7**

The interest charged for the year is calculated by applying an effective interest rate of 12.7% (2014: 12.7%) for 4% US$500 million convertible notes and 19.1% (31 March 2014: 19.4%) for 5% US$500 million convertible notes.

As at 31 March 2014, the outstanding closing balance was US$716.8 million. These convertible bonds were repaid during the year ended 31 March 2015.

Summary of convertible bond movements:

	Year ended 31 March 2015	Year ended 31 March 2014
Opening liability	1,921.5	2,434.5
Effective interest cost	163.4	295.8
Coupon interest paid	(86.8)	(108.6)
Conversion of convertible bonds	–	(1.2)
Decrease in fair value of derivative component	–	(4.7)
Repayment of bonds	(895.1)	(694.3)
Closing liability	**1,103.0**	**1,921.5**

Notes to the Financial Statements continued

29. 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 2015[1]	As at 31 March 2014[1]
Financial assets		
At fair value through profit or loss		
– Held for trading	7,856.1	8,568.5
– Financial instruments (derivatives)	16.8	70.2
Cash and cash equivalents	353.7	369.4
Loan and receivables		
– Trade and other receivables	1,132.6	1,278.1
– Other non-current assets	129.8	132.1
Available-for-sale investments		
– Financial asset investments held at fair value	4.2	1.7
Total	**9,493.2**	**10,420.0**
Financial liabilities		
At fair value through profit or loss		
– Financial instruments (derivatives)	(45.8)	(146.1)
Financial liabilities at amortised cost		
– Trade and other payables	(4,808.2)	(4,772.6)
– Borrowings[2]	(16,667.8)	(16,871.2)
Total	**(21,521.8)**	**(21,789.9)**

1 Excluding non-financial assets and liabilities.
2 Includes amortised cost liability portion of convertible bonds US$1,103.0 million (2014: US$1,921.5 million).

IFRS 13 requires additional information regarding the methodologies employed to measure the fair value of financial instruments which are recognised or disclosed in the accounts. These methodologies are categorised per the standard as:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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

The below table summarises the categories of financial assets and liabilities measured at fair value:

	As at 31 March 2015	
(US$ million)	Level 1	Level 2
Financial assets		
At fair value through profit or loss		
– Held for trading	7,856.1	–
– Financial instruments (derivatives)	–	16.8
Available-for-sale investments		
– Financial asset investments held at fair value	4.2	–
Total	**7,860.3**	**16.8**
Financial liabilities		
At fair value through profit or loss		
– Financial instruments (derivatives)	–	(45.8)
Total	**–**	**(45.8)**

29. Financial instruments continued

(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)**

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$16,790.9 million (2014: US$16,973.8 million), classified under Level 2 of fair value hierarchy. For all other financial instruments, the carrying amount is either the fair value, or approximates to 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 to 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 to fair value.

The fair value of the embedded derivative liability of the 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 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 34).

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 is independently reviewed by CRISIL Limited and our portfolio has been rated as 'Very Good' meaning highest safety.

Notes to the Financial Statements continued

29. Financial instruments continued

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 into forward contracts or similar instruments. The hedging activities are subject to strict limits set out by the Board and to a strictly defined internal control and monitoring mechanism. Decisions relating to hedging of commodities are taken at the Executive Committee level and with clearly laid down guidelines for their implementation by the 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.

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.

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 iron ore production through e-auction route as mandated by the State Government of Karnataka in India.

Provisionally priced financial instruments

On 31 March 2015, the value of net financial liabilities linked to commodities (excluding derivatives) accounted for on provisional prices was a liability of US$689.9 million (2014: liability of US$454.1 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 2015.

29. Financial instruments continued

Set out below is the impact of a 10% increase in LME prices on profit/(loss) for the year and total equity as a result of changes in value of the Group's commodity financial instruments as at 31 March 2015:

(US$ million except as stated) Commodity price sensitivity	Closing LME as at 31 March 2015 (US$)	Effect on profit/(loss) of a 10% increase in the LME 31 March 2015 (US$ million)	Effect on total equity of a 10% increase in the LME 31 March 2015 (US$ million)
Copper	6,050	(62.2)	(62.2)
Zinc	2,075	0.2	0.2
Lead	1,808	–	–

(US$ million except as stated) Commodity price sensitivity	Closing LME as at 31 March 2014 (US$)	Effect on profit/(loss) of a 10% increase in the LME 31 March 2014 (US$ million)	Effect on total equity of a 10% increase in the LME 31 March 2014 (US$ million)
Copper	6,636	(49.6)	(49.6)
Zinc	1,981	1.2	1.2
Lead	2,041	0.5	0.5

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 Vedanta Limited Copper division custom smelting operations is US$69.2 million (2014: US$54.2 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 fund based committed facilities of US$1,208.2 million, and cash and liquid investments of US$8,209.8 million as at 31 March 2015, are expected to be sufficient to meet the ongoing capital investment programme and liquidity requirement of the Group in the near future.

The Group has a strong balance sheet that gives sufficient headroom to raise further debt should the need arise. The Group's current ratings from Standard & Poor's and Moody's are BB- and Ba1 respectively (2014: BB and Ba1 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 34 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 2015

(US$ million) Payment due by period	< 1 year	1–2 years	2–5 years	> 5 years	Total
Trade and other payables	4,509.0	229.3	63.0	6.9	4,808.2
Bank and other borrowings[1]	4,171.8	2,981.0	8,730.4	3,476.1	19,359.3
Convertible bonds[1]	65.8	1,161.5	–	–	1,227.3
Derivative liabilities	45.8	–	–	–	45.8
Total	**8,792.4**	**4,371.8**	**8,793.4**	**3,483.0**	**25,440.6**

1 Includes contractual interest payment based on interest rate prevailing at the end of the reporting period.

Notes to the Financial Statements continued

29. Financial instruments continued

At 31 March 2014

(US$ million) Payment due by period	< 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[1]	3,521.0	2,292.6	10,113.1	2,972.5	18,899.2
Convertible bonds[1]	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 Includes contractual interest payment based on interest rate prevailing at the end of the reporting period.

At 31 March 2015, the Group had access to funding facilities (both fund based and non-fund based) of US$18,981.5 million of which US$2,177.9 million was not yet drawn, as set out below.

(US$ million) Funding facilities	**Total facility**	**Drawn**	**Undrawn**
Less than 1 year	5,270.9	3,189.5	2,081.4
1–2 years	3,265.4	3,265.4	–
2–5 years and above	10,445.2	10,348.7	96.5
Total	**18,981.5**	**16,803.6**	**2,177.9**

At 31 March 2014, the Group had access to funding facilities (both fund based and non-fund based) 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**

'Fund based' facilities represent contractual agreements for financial institutions to provide cash, such as cash credit limits and term loans, whereas 'non-fund based' facilities only give rise to an obligation to provide cash in certain circumstances, such as bank guarantees and letters of credit.

(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.

29. 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 2015		At 31 March 2014	
	Financial assets	**Financial liabilities**	Financial assets	Financial liabilities
US$	1,362.1	14,216.3	2,517.9	15,716.0
INR	8,019.4	7,151.8	7,697.2	5,597.3
Kwacha	1.3	38.9	–	128.1
JPY	–	–	–	0.2
AUD	0.7	9.7	5.3	13.2
CAD	–	0.3	0.1	–
EURO	75.6	59.0	105.6	56.4
ZAR	14.8	21.8	28.7	26.5
NAD	9.8	23.2	30.5	6.1
Others	9.5	0.8	34.7	246.1
Total	**9,493.2**	**21,521.8**	**10,420.0**	**21,789.9**

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 INR (Indian rupee) 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/(loss) and equity arising as a result of the revaluation of the Group's foreign currency financial instruments:

(US$ million)	31 March 2015		
	Closing exchange rate	**Effect of 10% strengthening of US dollar on net earning**	**Effect of 10% strengthening of US dollar on total equity**
INR	62.5908	(192.3)	(236.1)
Euro	0.9271	0.7	0.7

(US$ million)	31 March 2014		
	Closing exchange rate	Effect of 10% strengthening of US dollar on net earnings	Effect of 10% strengthening of US dollar on total equity
INR	60.0998	(406.5)	(367.0)
Euro	0.7278	8.3	19.6

The sensitivities are based on financial assets and liabilities held at 31 March 2015 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 2015, the Group's net debt of US$8,460.3 million (2014: US$7,919.5 million net debt) comprised cash, cash equivalents and liquid investments of US$8,209.8 million (2014: US$8,937.9 million) offset by debt of US$16,667.8 million (2014: US$16,871.2 million) and debt derivative liability of US$2.3 million (2014: asset of US$13.8 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 2015, 50.2% (2014: 48.7%) of the total debt was at a fixed rate and the balance was at a floating rate. The floating rate debt is largely linked to US dollar LIBOR. The Group also aims to minimise its average interest rates on borrowings by opting for a higher proportion of long-term debt to fund growth projects. The Group invests cash and liquid investments in short-term deposits and debt mutual funds, some of which generate a tax-free return, to achieve the Group's goal of maintaining liquidity, carrying manageable risk and achieving satisfactory returns.

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

Notes to the Financial Statements continued

29. Financial instruments continued

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

(US$ million)	At 31 March 2015 Floating rate financial assets	Fixed rate financial assets	Equity investments	Non-interest bearing financial assets	At 31 March 2014 Floating rate financial assets	Fixed rate financial assets	Equity investments	Non-interest bearing financial assets
Financial assets	5,419.6	2,820.1	4.2	1,232.5	5,784.9	3,259.7	1.7	1,303.5
Derivative assets	–	–	–	16.8	–	–	–	70.2
Total financial assets	**5,419.6**	**2,820.1**	**4.2**	**1,249.3**	**5,784.9**	**3,259.7**	**1.7**	**1,373.7**

The exposure of the Group's financial liabilities to interest rate risk is as follows:

(US$ million)	At 31 March 2015 Floating rate financial liabilities	Fixed rate financial liabilities	Non-interest bearing financial liabilities	At 31 March 2014 Floating rate financial liabilities	Fixed rate financial liabilities	Non-interest bearing financial liabilities
Financial liabilities	8,711.9	9,506.7	3,257.4	8,996.0	9,478.4	3,169.4
Derivative liabilities	2.3	–	43.5	–	–	146.1
Total financial liabilities	**8,714.2**	**9,506.7**	**3,300.9**	**8,996.0**	**9,478.4**	**3,315.5**

The weighted average interest rate on the fixed rate financial liabilities is 8.3% (2014: 8.0%) and the weighted average period for which the rate is fixed is 3.0 years (2014: 4.5 years).

Considering the net debt position as at 31 March 2015 and the investment in bank deposits, corporate bonds 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/(loss) and equity and represents management's assessment of the possible change in interest rates.

At 31 March 2015

(US$ million) Change in interest rates	Effect on profit for the year	Effect on total equity
0.5%	41.5	41.5
1.0%	82.9	82.9
2.0%	165.9	165.9

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

29. Financial instruments continued

(d) Credit risk

The Group is exposed to credit risk from trade receivables, cash and cash equivalents, liquid investments and other financial instruments.

The Group has clearly defined policies to mitigate counterparty risks. Cash and liquid investments are held primarily in debt schemes of mutual funds, bonds and bank deposits 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. During the year ended 31 March 2015 and 31 March 2014 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. 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 2015 is US$9,493.2 million (2014: US$10,420.0 million).

Of the year end trade and other receivable balance the following, though overdue, are expected to be realised in the normal course of business and hence, are not considered impaired as at 31 March 2015:

(US$ million)	2015	2014
Less than 1 month	39.1	44.7
Between 1–3 months	49.1	79.8
Between 3–12 months	40.3	23.0
Greater than 12 months	62.5	96.6
Total	**191.0**	**244.1**

Receivables amounting to US$43.8 million (31 March 2014: US$35.5 million), of the Power division of the Group have been impaired primarily as a result of an ongoing dispute in relation to a tariff agreement with a power supply company.

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 28). Derivatives that are designated as hedges are classified as current or non-current depending on the maturity of the derivative.

Embedded derivatives

Derivatives embedded in other financial instruments or other contracts are treated as separate derivative contracts, when their risks and characteristics are not closely related to those of their host contracts.

Cash flow hedges

The Group also enters into forward exchange and commodity price contracts for hedging highly probable forecast transactions and accounts for them as cash flow hedges and states them at fair value. Subsequent changes in fair value are recognised in equity until the hedged transactions occur, at which time the respective gains or losses are transferred to the income statement.

Notes to the Financial Statements continued

29. Financial instruments continued

The fair value of the Group's open derivative positions at 31 March 2015, recorded within financial instruments (derivative) is as follows:

(US$ million)	As at 31 March 2015		As at 31 March 2014	
	Liability	Asset	Liability	Asset
Current				
Cash flow hedges				
– Commodity contracts	–	2.5	(0.3)	0.7
– Forward foreign currency contracts	(0.6)	–	(5.1)	0.1
Hedge of net investment in foreign operations	–	7.9	–	32.0
Fair value hedges				
– Commodity contracts	(1.7)	3.8	(0.1)	0.6
– Forward foreign currency contracts	(20.1)	1.6	(84.1)	14.5
– Other (foreign currency swap)	(2.2)		–	–
Non-qualifying hedges				
– Commodity contracts	(1.5)	0.8	(1.1)	5.5
– Forward foreign currency contracts	(11.2)	0.0	(26.6)	0.6
– Interest rate swap	(8.2)	–	(1.4)	–
– Other (foreign currency swap)	(0.2)	–	–	–
Total	(45.7)	16.6	(118.7)	54.0
Non-current				
Cash flow hedges				
– Commodity contracts	–	–	–	2.0
Fair value hedges				
– Forward foreign currency contracts	(0.1)	0.2	(0.1)	–
– Cross currency swap	–	–	–	14.2
Non-qualifying hedges				
– Interest rate swap	–	–	(27.3)	–
Total	**(0.1)**	**0.2**	**(27.4)**	**16.2**
Grand total	**(45.8)**	**16.8**	**(146.1)**	**70.2**

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 the majority of cash flow hedges above are expected to occur during the year ended 31 March 2016 and consequently may impact the income statements for that year depending upon the change in the commodity prices and foreign exchange rate movements.

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.

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.

29. Financial instruments continued

Hedging reserve reconciliation

(US$ million)	Hedging reserves	Non-controlling interests	Total
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 1 April 2014	**(50.4)**	**(37.2)**	**(87.6)**
Amount recognised directly in equity	(17.1)	(9.5)	(26.6)
Amount transferred to income statement	(7.4)	(4.4)	(11.8)
Changes in non-controlling interests	(3.9)	3.9	–
Exchange difference	4.1	2.5	6.6
At 31 March 2015	**(74.7)**	**(44.7)**	**(119.4)**

30. Provisions

(US$ million)	Restoration, rehabilitation and environmental	KCM Copper Price Participation	Other	Total
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	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 1 April 2014	**306.5**	**89.3**	**28.9**	**424.7**
(Released)/charged to income statement	(26.9)	(1.4)	0.9	(27.4)
Unwinding of discount (Note 7)	31.8	5.0	–	36.8
Cash paid	(7.5)	(1.0)	(1.4)	(9.9)
Change in estimates	(66.1)	–	–	(66.1)
Exchange differences	(12.9)	–	(1.0)	(13.9)
At 31 March 2015	**224.9**	**91.9**	**27.4**	**344.2**
Current 2015	37.3	91.6	11.9	140.8
Non-current 2015	187.6	0.3	15.5	203.4
	224.9	**91.9**	**27.4**	**344.2**
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**

Restoration, rehabilitation and environmental

The provisions for restoration, rehabilitation and environmental liabilities represent the Management's 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%–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.

During the year ended 31 March 2015, based on the decommissioning studies the provision for restoration, rehabilitation and environment has been revised downwards by US$66.1 million, mainly related to the Rajasthan block at Cairn India.

Notes to the Financial Statements continued

30. 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. The provision recognised has been discounted at 10.3% to take into account the expected timings of the various payments and recognised as a liability at US$91.9 million as at 31 March 2015.

Other

Other includes provision on post retirement medical benefits. The expected period of utilisation is 18 years.

31. 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 Vedanta Limited (post the reorganisation) and MAT credits carried forward in Cairn India and Hindustan Zinc.

The amounts of deferred taxation on temporary differences, provided and not provided, in the accounts are as follows:

Provided – deferred tax liabilities/(assets)

(US$ million)	As at 31 March 2015	As at 31 March 2014
Accelerated capital allowances	3,478.3	6,185.0
Unutilised tax losses	(445.1)	(901.7)
Other temporary differences	(1,697.0)	(1,546.9)
	1,336.2	**3,736.4**
Disclosed as:		
Deferred tax liability	2,588.7	4,960.1
Deferred tax asset	(1,252.6)	(1,223.7)
	1,336.2	**3,736.4**

Unrecognised deferred tax assets

(US$ million)	As at 31 March 2015	As at 31 March 2014
Unutilised tax losses and unabsorbed depreciation	(471.6)	(372.7)

The above relates to the tax effect on US$1,088.3 million (2014: US$750.9 million) of unutilised tax losses of the Company, VRHL, VRJL and VRJ2 which have no expiry period; US$827.2 million (2014: US$642 million) unutilised tax losses of Twin Star Mauritius Holdings Limited which is subject to the Mauritius tax regime and can be carried forward for a period of five years; US$39.4 million of unutilised tax losses and non-refundable R&D tax credits of CMT, which can be carried forward indefinitely under the Australian tax regime; and US$344.3 million (2014: US$371.1 million) of unutilised tax losses and capital allowances for Malco Energy Limited (MEL) and Talwandi Sabo Power Limited which are subject to the Indian tax regime. Pursuant to the Indian tax regime, unutilised business tax losses expire eight years from the period in which the losses arise and, unabsorbed depreciation can be carried forward indefinitely. No deferred tax asset has been recognised on these unutilised tax losses and tax credits as there is no evidence that sufficient taxable profit will be available in the future against which they can be utilised by the respective entities.

31. Deferred tax continued

Deferred tax asset

(US$ million)	As at 31 March 2015	As at 31 March 2014
At 1 April	**1,223.7**	**847.1**
Credited to income statement	45.8	459.3
Charged directly to equity	(0.3)	(3.3)
Foreign exchange differences	(16.6)	(79.4)
At 31 March	**1,252.6**	**1,223.7**

The Group has US$1,285.8 million of unutilised tax losses in Vedanta Limited and MAT credits of US$1,898.1 million carried forward in Hindustan Zinc, Vedanta Limited and Cairn India which are subject to the Indian tax regime. Under the Indian tax regime, unutilised tax losses expire eight years from the period in which the losses arise and unabsorbed depreciation can be carried forward indefinitely. MAT credits expire 10 years from the period in which the credits arise.

Deferred tax assets in the Group have been recognised to the extent there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse.

Deferred tax liability

(US$ million)	As at 31 March 2015	As at 31 March 2014
At 1 April	**4,960.1**	**4,996.6**
Charged/(credited) to income statement[1]	(2,377.5)	33.7
Charged/(credited) directly to equity	(6.5)	2.4
Foreign exchange differences	12.6	(72.6)
At 31 March	**2,588.7**	**4,960.1**

1 Including deferred tax credit of US$2,138 million related to impairment of oil & gas assets at Cairn (Note 5).

32. 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. In 2014, the Board introduced a Performance Share Plan (PSP) which is the primary arrangement under which share-based incentives are provided to the Executive Directors and the wider management group.

The Vedanta Resources Long-Term Incentive Plan (the LTIP) and Employee Share Ownership Plan (the ESOP) and Performance Share Plan (the PSP)

The maximum value of shares that can be conditionally awarded to an Executive Director in a year is 150% of annual salary. In respect of Mr Navin Agarwal and Mr Tom Albanese, salary means the aggregate of their salary payable by the Company and their CTC payable by Vedanta Limited. 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 conditions attaching to outstanding awards are as follows:

- PSP – 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 grant date. The extent to which an award vests will depend on the Company's TSR rank against a group of peer companies at the end of the performance period and as moderated by the Remuneration Committee. Furthermore, a certain percentage of the vesting is based on continued employment with the Group until the end of the third year.
- 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:

Notes to the Financial Statements continued

32. Share-based payments continued

Vedanta's TSR performance against comparator group

	(% of award vesting)
Below median	–
At median	30
At or above upper quartile	100

The performance condition is measured by taking the Company's TSR over the three months immediately preceding the date of grant and over the three months immediately preceding the end of the performance period, and comparing its performance with that of the comparator group. 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 PSP were granted on 17 November 2014. The exercise price of the awards is 10 US cents per share and the performance period is three years, with no retesting being allowed.

- 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 until the end of the third year.

  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.
- LTIP – 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 grant date. 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 the Remuneration Committee. The vesting schedule is shown in the table below, with adjusted straight-line vesting in between the points shown and rounded 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. As on 31 March 2015 the awards outstanding are the awards issued on 1 August 2011, 1 October 2011, 1 January 2012 and 1 April 2012. The exercise price of the awards is 10 US cents per share and the performance period is three years, with no retesting being allowed.

Further details on the LTIP are available in the Remuneration Report of the annual report.

32. Share-based payments continued

The details of share options for the year ended 31 March 2015 and 31 March 2014 are presented below:

Year of grant	Exercise date	Exercise price US cents per share	Options outstanding 1 April 2014	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 2015
2011	1 January 2014–1 July 2014	10	2,700	–	–	(1,620)	(1,080)	–
2011	1 April 2014–1 October 2014	10	67,500	–	–	(41,380)	(26,120)	–
2011	1 July 2014–1 January 2015	10	16,500	–	(5,000)	(6,900)	(4,000)	600
2011	1 August 2014–1 February 2015	10	2,185,550	–	(77,550)	(1,365,934)	(623,539)	118,527
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 September 2015	10	97,800	–	–	–	–	97,800
2012	24 September 2013–24 March 2016	10	2,380,748	–	(41,238)	(1,586,513)	(384,045)	368,952
2013	16 May 2014–16 October 2016	10	3,754,550	–	(188,047)	(1,899,849)	(363,869)	1,302,785
2014	17 November 2017–17 May 2018	10	–	5,485,000	(149,500)	–	–	5,335,500
			8,517,348	**5,485,000**	**(461,335)**	**(4,902,196)**	**(1,402,653)**	**7,236,164**

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	–	–	–	(2,000)	–
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	101,750	–	(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**

In the year ended 31 March 2015, 5,363,531 options lapsed in total and 1,402,653 options exercised. As at 31 March 2015, 7,236,164 options remained outstanding and 269,282 options were exercisable at the year end. The weighted average share price for the share options exercised during the year ended 31 March 2015 was GBP8.9 (year ended 31 March 2014: GBP8.5). The weighted average maturity period for the options outstanding as on 31 March 2015 is 33 months (31 March 2014: 17 months).

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 respective schemes. 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 return indices over the period to date of grant that is commensurate with the performance period of the award. The return indices of the mining companies in the Adapted Comparator Group have been modelled based on historical movements over the period to date of grant which is also commensurate with the performance period for the option. The history of return indices 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 immediately after vesting.

Notes to the Financial Statements continued

32. Share-based payments continued

The assumptions used in the calculations of the charge in respect of the PSP/ESOP awards granted during the year ended 31 March 2015 and 31 March 2014 are set out below:

	Year ended 31 March 2015 PSP November 2014	Year ended 31 March 2014 ESOP May 2013
Number of instruments	5,485,000	3,824,050
Exercise price	US$0.10	US$0.10
Share price at the date of grant	GBP8.09	GBP12.72
Contractual life	3 years	1 year/2 years/3 years
Expected volatility	35.5%	36.6%/51.0%/48.0%
Expected option life	3 years	1.5 years/2.5 years/3.5 years
Expected dividends	4.62%	2.98%
Risk free interest rate	0.90%	0.31%
Expected annual forfeitures	10% p.a	10% p.a
Fair value per option granted	GBP6.98/GBP3.00	GBP8.2/GBP7.9/GBP7.6/GBP12.2/GBP11.9/GBP11.6

The Group recognised total expenses of US$28.6 million and US$32.8 million related to equity-settled share-based payment transactions in the year ended 31 March 2015 and 31 March 2014 respectively.

33. 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 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 the 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 9.5% of the employee's gross remuneration where the employee is covered by the industrial agreement and 12.5% 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.

33. Retirement benefits continued

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.

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 9% 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. Current membership total is 810.

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 Mining (Pty) Limited, South Africa pension and provident funds

Black Mountain Mining (Pty) Ltd has two retirement funds, both administered by Alexander Forbes, a registered financial service provider. Both funds form part of the Alexander Forbes umbrella fund and are defined contribution funds.

Membership of both funds is compulsory for all permanent employees under the age of 60.

Lisheen Mine, Ireland pension funds

Lisheen Pension Plan is for all employees. Lisheen pays 5% and employees pay 5% with the option to make Additional Voluntary Contributions (AVCs) if desired. Executive contributions are 15% by Lisheen and a minimum of 5% by the employee with the option to make AVCs if desired. Death benefit is three times salary for employees and four times salary for executives. Pension and life cover ceases at 65. On wind up of the pension schemes, the benefits will be paid out to the remaining members in accordance with the scheme rules and Irish Revenue tax regulations.

The Group has no additional liability beyond the contributions that it makes. Accordingly, this scheme has been accounted for on a defined contribution basis and contributions are charged directly to the income statement.

(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 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.

Vedanta Limited

The Iron Ore, Aluminium and Copper divisions of Vedanta Limited contributed to the LIC Fund based on an actuarial valuation every year. Vedanta Limited's Gratuity scheme is accounted for on a defined benefit basis. The latest actuarial valuation was performed as at 31 March 2015 using the projected unit credit actuarial method. At that date the fund was in deficit.

BALCO

All employees who are scheduled to retire on or before 31 March 2015 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 2015. A provision is recognised based on the latest actuarial valuation which was performed as at 31 March 2015 using the projected unit actuarial method. At that date the fund was in deficit.

HZL

HZL contributes to the LIC fund 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 2015 using the projected unit actuarial method. At that date the fund was in deficit.

Notes to the Financial Statements continued

33. Retirement benefits continued

MEL
MEL contributed to the LIC fund based on an actuarial valuation every year. The MEL Gratuity scheme is accounted for on a defined benefit basis. The latest actuarial valuation was performed as at 31 March 2015 using the projected unit credit actuarial method. At that date the fund was in surplus.

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 2015 using the projected unit actuarial method.

Cairn
Cairn contributes to the LIC fund 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 2015 using the projected unit actuarial method. At that date the fund was in deficit.

Zambia
Specified permanent employees of KCM are entitled to receive medical and retirement severance benefits. This comprises two months' basic pay for every completed year of service with an earliest service start date of 1 July 2004. Under this scheme, benefits are provided based on final pensionable pay and a full actuarial valuation of the scheme is carried out on an annual basis. The accruals are not contributed to any fund and are in the form of provisions in KCM's accounts.

On the death of an employee during service, a lump sum amount is paid to his or her dependants. This amount is equal to 60 months' basic pay for employees who joined before 1 April 2000 and 30 months' basic pay for employees who joined on or after 1 April 2000. For fixed term contract employees, the benefit payable on death is 30 months' basic pay.

As at 31 March 2015, membership of pension schemes across Vedanta Limited, BALCO, HZL, MEL, TSPL, KCM and Cairn stood at 24,456 employees (31 March 2014: 25,286). 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$74.6 million and US$nil in respect of defined benefit schemes were outstanding and prepaid respectively as at 31 March 2015 (2014: US$62.9 million and US$nil respectively).

Contributions to all pension schemes in the year ending 31 March 2016 are expected to be around US$5.6 million.

(US$ million)	**Year ended 31 March 2015**	Year ended 31 March 2014
Defined contribution pension schemes	30.7	25.7
Defined benefit pension schemes	19.7	16.7
Total expense	**50.4**	**42.4**

(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		TSPL	
Particulars	**Mar 15**	Mar 14	**Mar 15**	Mar 14	**Mar 15**	Mar 14	**Mar 15**	Mar 14	**Mar 15**	Mar 14	**Mar 15**	Mar 14	**Mar 15**	Mar 14	**Mar 15**	Mar 14	**Mar 15**	Mar 14
Discount rate	7.8%	9.0%	9.0%	9.0%	7.8%	9.0%	7.8%	9.0%	22.5%	17.9%	7.8%	9.0%	7.8%	9.0%	7.8%	9.0%	7.8%	9.0%
Salary increases	5.0%	5.0%	5.0%	3.0%–5.0%	5.3%	6.0%	5.5%	5.5%	5.0%	5.0%	6.0%	6.0%	7.0%	7.0%	10.0%	12.0%	5.5%	5.5%
Number of employees	76	76	3,059	3,578	1,078	1,131	5,286	5,532	7,281	7,230	2,738	2,765	2,372	3,119	1,569	1,614	211	131

1 Jharsuguda Aluminium earlier 'VAL', Iron ore Sesa earlier 'Sesa Goa' and Sterlite Copper earlier 'Sterlite' became divisions of Vedanta Limited post merger (refer Note 45).

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.

33. Retirement benefits continued

(e) Balance sheet recognition

(US$ million)	31 March 2015									31 March 2014								
	MEL & TSPL	BALCO	Sterlite Copper[1]	HZL	KCM	Jharsuguda Aluminium[1]	Iron Ore Sesa[1]	Cairn	Total	MEL & TSPL	BALCO	Sterlite Copper[1]	HZL	KCM	Jharsuguda Aluminium[1]	Iron Ore Sesa[1]	Cairn	Total
Fair value of pension scheme assets	0.3	–	2.5	26.8	–	1.5	9.0	4.9	**45.0**	0.2	–	3.2	27.9	–	1.4	8.2	4.9	**45.8**
Present value of pension scheme liabilities	(0.3)	(20.8)	(3.5)	(35.8)	(39.8)	(2.4)	(9.3)	(7.7)	**(119.6)**	(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	–	(20.8)	(1.0)	(9.0)	(39.8)	(0.9)	(0.3)	(2.8)	**(74.6)**	–	(21.2)	(0.2)	(1.5)	(35.5)	(0.3)	(1.6)	(2.6)	**(62.9)**
Deferred tax	–	7.1	0.3	3.1	13.5	0.3	0.1	1.0	**25.4**	–	7.2	0.1	0.5	10.6	0.1	0.6	0.9	**20.0**
Net pension liability	**–**	**(13.7)**	**(0.7)**	**(5.9)**	**(26.3)**	**(0.6)**	**(0.2)**	**(1.8)**	**(49.2)**	**–**	**(14.0)**	**(0.1)**	**(1.0)**	**(24.9)**	**(0.2)**	**(1.0)**	**(1.7)**	**(42.9)**

(f) Amounts recognised in income statement in respect of defined benefit pension schemes

(US$ million)	31 March 2015									31 March 2014								
	MEL & TSPL	BALCO	Sterlite Copper[1]	HZL	KCM	Jharsuguda Aluminium[1]	Iron Ore Sesa[1]	Cairn	Total	MEL & TSPL	BALCO	Sterlite Copper[1]	HZL	KCM	Jharsuguda Aluminium[1]	Iron Ore Sesa[1]	Cairn	Total
Current service cost	0.1	0.5	0.2	2.0	6.2	0.3	0.6	0.6	10.5	–	0.7	0.3	1.3	5.6	0.2	0.6	1.2	**9.9**
Net Interest cost	0.0	1.6	0.2	0.5	6.4	0.0	0.2	0.3	9.2	–	1.5	0.1	0.3	4.5	0.1	0.1	0.2	**6.8**
Total charge to income statement	**0.1**	**2.1**	**0.4**	**2.5**	**12.6**	**0.3**	**0.8**	**0.9**	**19.7**	**–**	**2.2**	**0.4**	**1.6**	**10.1**	**0.3**	**0.7**	**1.4**	**16.7**

(g) Amounts recognised in the Statement of Comprehensive Income

	31 March 2015									31 March 2014								
	MEL & TSPL	BALCO	Sterlite Copper[1]	HZL	KCM	Jharsuguda Aluminium[1]	Iron Ore Sesa[1]	Cairn	Total	MEL & TSPL	BALCO	Sterlite Copper[1]	HZL	KCM	Jharsuguda Aluminium[1]	Iron Ore Sesa[1]	Cairn	Total
Actuarial (gains)/losses on defined benefit obligation	0.1	3.7	0.5	6.2	2.8	0.6	0.4	(0.1)	14.2	(0.1)	1.0	(0.6)	0.5	2.4	0.4	1.3	0.1	**5.0**
Actuarial (gains)/losses on plan asset	(0.1)	–	–	–	–	–	(0.1)	–	(0.2)	–	–	–	(0.6)	–	–	(0.1)	(0.1)	**(0.8)**
Remeasurement of the net defined benefit liability (asset)	**–**	**3.7**	**0.5**	**6.2**	**2.8**	**0.6**	**0.3**	**(0.1)**	**14.0**	**(0.1)**	**1.0**	**(0.6)**	**(0.1)**	**2.4**	**0.4**	**1.2**	**–**	**4.2**

1 Jharsuguda Aluminium earlier 'VAL', Iron ore Sesa earlier 'Sesa Goa' and Sterlite Copper earlier 'Sterlite' became divisions of Vedanta Limited post merger (refer Note 45).

Notes to the Financial Statements continued

33. Retirement benefits continued

(h) Movements in the present value of defined benefit obligations

The movement during the year ended 31 March 2015 of the present value of the defined benefit obligation was as follows:

(US$ million)	31 March 2015									31 March 2014								
	MEL & TSPL	BALCO	Sterlite Copper[1]	HZL	KCM	Jharsuguda Aluminium[1]	Iron Ore Sesa[1]	Cairn	Total	MEL & TSPL	BALCO	Sterlite Copper[1]	HZL	KCM	Jharsuguda Aluminium[1]	Iron Ore Sesa[1]	Cairn	Total
At 1 April	**(0.1)**	**(21.2)**	**(3.5)**	**(29.4)**	**(35.5)**	**(1.7)**	**(9.8)**	**(7.5)**	**(108.7)**	**(0.2)**	**(23.2)**	**(4.0)**	**(35.3)**	**(32.4)**	**(1.4)**	**(9.6)**	**(6.8)**	**(112.9)**
Current service cost	(0.1)	(0.5)	(0.2)	(2.0)	(6.2)	(0.3)	(0.6)	(0.6)	(10.5)	–	(0.7)	(0.3)	(1.3)	(5.6)	(0.2)	(0.6)	(1.2)	**(9.9)**
Gratuity benefits paid	–	5.7	0.9	4.4	4.3	0.2	1.0	0.6	17.1	–	3.1	0.1	6.2	9.5	0.3	1.5	0.3	**21.0**
Interest cost of scheme liabilities	(0.1)	(1.6)	(0.3)	(2.6)	(6.6)	(0.1)	(0.9)	(0.3)	(12.5)	–	(1.5)	(0.3)	(2.5)	(4.6)	(0.1)	(0.8)	(0.5)	**(10.3)**
Remeasurement gains/(losses)	0.1	(3.7)	(0.5)	(6.2)	(2.8)	(0.6)	(0.5)	(0.0)	(14.2)	0.1	(1.0)	0.6	(0.5)	(2.4)	(0.4)	(1.3)	(0.1)	**(5.0)**
Exchange difference		0.5	0.2	–	7.0	0.1	1.3	0.1	9.2	–	2.1	0.4	4.0	–	0.1	1.0	0.8	**8.4**
At 31 March	**(0.2)**	**(20.8)**	**(3.4)**	**(35.8)**	**(39.8)**	**(2.4)**	**(9.5)**	**(7.7)**	**(119.6)**	**(0.1)**	**(21.2)**	**(3.5)**	**(29.4)**	**(35.5)**	**(1.7)**	**(9.8)**	**(7.5)**	**(108.7)**

1 Jharsuguda Aluminium earlier 'VAL', Iron Ore Sesa earlier 'Sesa Goa' and Sterlite Copper earlier 'Sterlite' became divisions of Vedanta Limited post merger (refer Note 45).

(i) Movements in the fair value of plan assets

(US$ million)	As at 31 March 2015	As at 31 March 2014
At 1 April	**45.8**	**46.2**
Contributions received	4.0	18.5
Benefits paid	(6.6)	(18.0)
Remeasurements	0.2	0.8
Interest income	3.3	3.5
Foreign exchange differences	(1.7)	(5.2)
At 31 March	**45.0**	**45.8**

(j) Five year history

Defined benefit pension plan

(US$ million)	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012	As at 31 March 2011
Experience losses arising on scheme liabilities	(14.2)	(5.0)	(6.9)	(7.0)	(20.4)
Difference between expected and actual return on plan assets	0.2	0.8	0.6	–	–
Fair value of pension scheme assets	45.0	45.8	46.2	47.8	39.3
Present value of pension scheme liabilities	(119.6)	(108.7)	(112.9)	(106.9)	(96.1)
Deficits in the schemes	**(74.6)**	**(62.9)**	**(66.7)**	**(59.1)**	**(56.8)**

33. 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 end of the reporting period while holding all other assumptions constant.

(US$ million)	Increase/ (decrease) in defined benefit obligation
Discount rate	
Increase by 0.50%	(2.6)
Decrease by 0.50%	2.7
Salary increase	
Increase by 0.50%	2.3
Decrease by 0.50%	(2.2)

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

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

Most of the Indian defined benefit plans are funded with Life Insurance Corporation of India. The Group does not have any liberty to manage the funds provided to Life Insurance Corporation of India.

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the Government of India bonds for 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.

34. 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 2015**	As at 31 March 2014
Total equity	12,257.4	17,974.8
Net debt	8,458.0	7,919.5
Total capital	**20,715.4**	**25,894.3**
Gearing	40.8%	30.6%

The increase in the gearing ratio compared to 2014 ratio is primarily due to decrease in total equity pursuant to one-time impairment charge on oil & gas assets of US$4,504.1 (net of deferred tax of US$2,138 million) (Note 5).

Notes to the Financial Statements continued

35. Share capital

Authorised	At 31 March 2015 Number	At 31 March 2015 US$ million	At 31 March 2014 Number	At 31 March 2014 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 2015 Number	At 31 March 2015 US$ million	At 31 March 2014 Number	At 31 March 2014 US$ million
Ordinary shares of 10 US cents each	299,868,180	30.0	298,182,135	29.8
Deferred shares of £1 each	50,000	–	50,000	–
	299,918,180	**30.0**	**298,232,135**	**29.8**

During the year ended 31 March 2015, the Company issued 1,686,045 shares at face value of 10 US cents per share to the employees pursuant to the Vedanta LTIP and ESOP schemes (2014: 550,275 shares).

The holders of deferred shares do not have the right to receive notice of any general meeting of the Company nor the right to attend, speak or vote at any such general meeting. The deferred shares have no rights to dividends and, on a winding-up or other return of capital, entitle the holder only to the payment of the amounts paid on such shares after repayment to the holders of ordinary shares of the nominal amount paid up on the ordinary shares plus the payment of £100,000 per ordinary share. Of the 50,000 deferred shares, one deferred share was issued at par and has been fully paid, and 49,999 deferred shares were each paid up as to one-quarter of their nominal value.

As on 31 March 2015, 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.

At 31 March 2015, the total number of treasury shares held was 24,206,816 (2014: 24,206,816).

36. Non-controlling interests (NCI)

The Group consists of a parent Company, Vedanta Resources plc, incorporated in the UK and a number of subsidiaries held directly and indirectly by the Group which operate and are incorporated around the world. Note 44 to the financial statements lists details of the interests in the subsidiaries.

Non-controlling interests that are material to the Group relate to Hindustan Zinc Limited (HZL), Cairn India Limited (Cairn) and Vedanta Limited.

As at 31 March 2015, NCIs hold an economic interest of 59.20%, 62.36% and 37.15% respectively in HZL, Cairn and Vedanta Limited. The respective NCI holdings in 2014 were 62.15%, 65.74% and 41.70% respectively. The changes in NCI during the current year were pursuant to the additional investment in shares of Vedanta Limited and buyback of ordinary shares by Cairn India details of which are set out in Note 41.

Principal place of business of HZL, Cairn and Vedanta Limited is in India (refer to Note 44).

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 2015					Year ended 31 March 2014				
Particulars	HZL	Cairn	Vedanta Limited	Others[1]	Total	HZL	Cairn	Vedanta Limited[2]	Others[1]	Total
Profit/(loss) attributable to NCI	813.8	(2,608.9)	74.7	(268.7)	(1,989.1)	713.1	553.4	117.1	(198.2)	1,185.4
Equity attributable to NCI	4,310.9	6,903.6	2,199.9	(2,760.1)	10,654.3	3,997.5	10,520.1	777.2	(1,330.4)	13,964.4
Dividends paid to NCI	(107.8)	(165.4)	(67.2)	–	(340.4)	(88.9)	(190.4)	(59.3)[3]	(7.3)	(345.9)

1 Others consist of investment subsidiaries of Vedanta Limited and other individual non-material subsidiaries.
2 Including the impact of merger during the year ended 31 March 2014. Refer to Note 45.
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 to Note 44.

36. 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 is on a 100% basis and before inter-company eliminations:

(US$ million) Particulars	As at 31 March 2015 HZL	As at 31 March 2015 Cairn	As at 31 March 2015 Vedanta Limited[2]	As at 31 March 2014 HZL	As at 31 March 2014 Cairn	As at 31 March 2014 Vedanta Limited[2]
Non-current assets	2,193.2	10,407.1	11,502.0	2,011.7	16,208.4	9,844.0
Current assets	5,305.9	3,794.8	1,614.8	4,666.5	4,908.3	2,236.8
Current liabilities	(267.9)	(957.4)	(3,576.3)	(235.7)	(718.5)	(5,952.1)
Non-current liabilities	(22.1)	(2,148.3)	(3,732.2)	(10.6)	(4,395.6)	(4,264.8)
Net assets	**7,209.1**	**11,096.2**	**5,808.3**	**6,431.9**	**16,002.6**	**1,863.9**

Particulars	Year ended 31 March 2015 HZL	Year ended 31 March 2015 Cairn	Year ended 31 March 2015 Vedanta Limited[2]	Year ended 31 March 2014 HZL	Year ended 31 March 2014 Cairn	Year ended 31 March 2014 Vedanta Limited[2]
Revenue	2,385.8	2,397.5	5,290.4	2,224.8	3,092.8	4,682.7
Profit/(loss) for the year	1,360.8	(4,193.4)	199.1	1,146.3	905.8	(402.8)
Other comprehensive income/(loss)	(5.7)	–	(37.2)	(3.5)	–	4.9

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 2015 HZL	Cairn	Vedanta Limited	Others	Total
Changes in NCI due to buyback and investment	(197.2)	(531.5)	(83.3)	167.9	(644.1)

	Year ended 31 March 2014 HZL	Cairn	Vedanta Limited[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 (refer to Note 45).

37. Joint arrangements

Joint operations

The Group's principal licence interests in the 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

Notes to the Financial Statements continued

38. 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;
- oil & gas commitments;
- mining commitments arising under production sharing agreements; and
- completion of the construction of certain assets.

(US$ million)	As at 31 March 2015	As at 31 March 2014
Capital commitments contracted but not provided	1,973.7	2,702.7

Commitments primarily related to the expansion projects:

	As at 31 March 2015	As at 31 March 2014
HZL	274.4	446.7
KCM	–	6.6
Jharsuguda Aluminium	508.6	621.0
Jharsuguda 2,400MW power plant	33.7	31.5
BALCO	69.5	73.2
Talwandi Sabo	96.1	141.9
Sterlite Copper	220.8	236.6
Cairn	700.2	1,052.3
Total	**1,903.3**	**2,609.8**

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 2015, US$365.4 million of guarantees were advanced to banks, suppliers etc. in the normal course of business (2014: US$234.9 million). The Group has also entered into guarantees and bonds advanced to the customs authorities in India of US$228.9 million relating to the export and payment of import duties on purchases of raw material and capital goods including export obligations (2014: US$727.2 million).

Cairn PSC guarantee to Government

The Group has provided a 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$15.6 million outstanding as of 31 March 2015 (2014: US$18.9 million).

Export obligations

The Indian entities of the Group have export obligations of US$2,688.0 million (2014: US$3,789.9 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$429.1 million (2014: US$478.4 million), reduced in proportion to actual exports, plus applicable interest.

Contingencies

MEL claims with Tamil Nadu Electricity Board (TNEB)

TNEB is claiming US$16.3 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. MEL has accordingly represented before the Government of Tamil Nadu Energy Secretary, Government of Tamil Nadu avide of his letter dated 20 March 2013 denied the exemption citing various reasons and asked MEL to remit US$15.7 million. MEL moved to the High Court of Madras and a stay was granted on the same.

38. Commitments, guarantees and contingencies continued

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$53.3 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 and Westglobe: 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 Vedanta Limited (formerly Sesa Sterlite 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$140.0 million in the case of Richter and US$93.2 million in the case of Westglobe, comprising tax and interest. Being aggrieved, Richter and Westglobe filed appeals before the first appellate authority. Writ petitions were filed in the High Court of Karnataka challenging the constitutional validity of retrospective amendments made by the Finance Act 2012 and in particular the imposition of obligations to deduct tax on payments made against an already concluded transaction. These Writs are pending for disposal. In the interim, the Tax Authorities disposed of the petition filed for stay for demand arising out of impugned orders. Consequent to an order received from the Tax Authorities in March 2015, any amounts payable from Vedanta Limited to Westglobe, including dividends as and when declared, must instead be paid to the Tax Authorities (up to the amount of tax assessment). Richter and Westglobe sought intervention by the High Court by filing an application. The aforementioned Writ as well as connected application are due to be heard during June 2015. Richter and Westglobe believe that they are not liable for such withholding tax and intend to defend the proceedings.

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. Pursuant to this various replies were filed with the Tax Authorities. After hearings, the Income Tax Authority, during March 2015, have issued an order by holding Cairn India as 'assessee in default' and asked to pay such demand totalling US$3,274.4 million (US$1,637.1 million being the tax element and US$1,637.1 million on account of interest). The Company has filed a Notice of Claim by invoking the Bilateral Investment Promotion Treaty between the UK and India. Cairn India has filed its appeal before the CIT (A) and filed a fresh Writ petition before Delhi High Court wherein it raised several points for assailing the aforementioned order. The hearing of the said Writ is due on 18 May 2015.

Vedanta 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$248.1 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$27.8 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 an 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 – Vedanta Limited, HZL, MEL, BALCO, Cairn, Lisheen, VRJL and VRJL-II
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 tax 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$1,370.7 million (2014: US$1,150.1 million), of which US$29.3 million (2014: US$30.2 million) is included as a provision in the balance sheet as at 31 March 2015 (including claims of US$583.1 million in respect of income tax assessments out of which US$2.3 million is included as a provision in the balance sheet as at 31 March 2015).

The Group considers that it can take steps such that the risks can be mitigated and that there are no significant unprovided liabilities arising.

Operating lease commitments: as lessee
Operating leases are in relation to the office premises, office equipment and other assets, some of which are cancellable and some are non-cancellable. There is an escalation clause in the lease agreements during the primary lease period. There are no restrictions imposed by lease arrangements and there are no sub leases. There are no contingent rents. The total of the future minimum lease payments under non-cancellable leases are as follows:

Notes to the Financial Statements continued

38. Commitments, guarantees and contingencies continued

(US$ million) Particulars	As at 31 March 2015	As at 31 March 2014
Within one year of the balance sheet date	4.9	5.1
Within two to five years from the balance sheet date	5.6	16.9
Total	**10.5**	**22.0**

Lease payments recognised as expenses during the year ended 31 March 2015, on non-cancellable leases, is US$3.9 million (31 March 2014: US$0.6 million).

39. 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 2015.

Sterlite Technologies Limited (STL)

(US$ million)	Year ended 31 March 2015	Year ended 31 March 2014
Sales to STL	126.0	102.3
Reimbursement of expenses	0.0	0.3
Purchases	2.9	0.0
Net interest received	0.6	0.2
Net amounts receivable at year end	3.7	5.4

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 2015, 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$0.02 million (2014: US$0.03 million).

Vedanta Foundation

During the year US$0.7 million was paid to the Vedanta Foundation (2014: US$0.7 million).

The 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 Sesa 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 2015, US$0.4 million (2014: US$0.8 million) was paid to the Sesa Goa Community Foundation Limited.

Sterlite Iron and Steel Limited

(US$ million)	Year ended 31 March 2015	Year ended 31 March 2014
Loan balance receivable	0.5	2.7
Receivable at year end	0.4	0.4
Net interest received	0.2	0.4

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 2015	Year ended 31 March 2014
Donation	0.7	0.9

39. Related party transactions continued

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 2015	Year ended 31 March 2014
Net amount receivable at the year end	0.4	0.2
Recovery of expenses	0.3	–
Dividend paid	115.6	102.1

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 2015	Year ended 31 March 2014
Donation	–	0.02

The Public and Political Awareness Trust is a related party by virtue of being controlled by members of the Agarwal family.

Ashurst LLP

(US$ million)	Year ended 31 March 2015	Year ended 31 March 2014
Services received during the year	0.4	0.3

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 2015.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director (whether executive or otherwise).

Remuneration of key management personnel

(US$ million)	Year ended 31 March 2015	Year ended 31 March 2014
Short-term employee benefits	15.9	13.6
Post-employment benefits	0.8	0.9
Share-based payments	2.5	3.1
Termination Benefits	–	0.3
	19.2	**17.9**

Other related party[2]

(US$ million)	Year ended 31 March 2015	Year ended 31 March 2014
Salary paid	1.0	0.4
Interest bearing salary advance[1]	1.5	–

1 Since repaid. 2 Close relative of the Executive Chairman.

Notes to the Financial Statements continued

40. 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 an additional 20% of the equity capital in HZL through an open offer, increasing its shareholding to 64.9%. The second call option provides the 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 for 8 August 2015.

(b) Call option – BALCO

The Group purchased a 51.0% holding in BALCO from the Government of India on 2 March 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 the 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 grounds 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 3 August 2015.

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 the 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 continues 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.

41. Share purchases

During the year ended 31 March 2015, the Group increased its holding in one of its subsidiaries Vedanta Limited through open market purchases. The Group purchased 135,373,715 shares of Vedanta Limited for US$629.4 million accounting for 4.55% of its equity share capital.

Also during the year ended 31 March 2015, Cairn India bought back and cancelled its 33,433,290 shares through open market purchases for US$189.7 million accounting for 1.75% of its equity share capital. The total outflow of US$819.1 on account of investment and share buy-back have been reflected as a reduction to total equity in the Statement of Changes in Equity for the year ended 31 March 2015.

42. 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 defense in the case.

Additionally KCM has US$169 million receivable on account of value added tax on Inputs that are yet to be recovered from the Zambian Government. KCM has submitted the complete documentation and got it reviewed by ZRA as per the previous Rule 18 for the period between August 2013 and December 2013. There are precedents where other companies have received refunds of such amounts from the Government on submission of documents. KCM is in the process of submitting the required documentation for the remaining months. Further, effective February 2015, Rule 18 has been amended by allowing exporters to submit transit documents issued by the customs authority in the country of transit of the goods instead of import certificates from the country of destination, as proof of export for purposes of VAT zero rating. This will make it easier to collect the refunds. The Group believes that it will receive a refund of the entire amount and there is no objective evidence of uncertainty around collectability.

43. Subsequent events

There are no subsequent events that were identified which may have a bearing on the understanding of the financial statements.

44. List of subsidiaries

The financial statements comprise the financial statements of the following subsidiaries:

Subsidiaries	Principal activities	The Company's economic percentage holding		Country of incorporation	Immediate holding company	Immediate percentage holding	
		31 March 2015	31 March 2014			**31 March 2015**	31 March 2014
Direct subsidiaries of the parent Company							
Vedanta Resources Holding Limited (VRHL)	Holding company	100.00%	100.00%	United Kingdom	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 Jersey Investments Limited (VJIL)	Financing company	100.00%	100.00%	Jersey (CI)	VR plc	100.00%	100.00%
Indirect subsidiaries of the parent Company							
Vedanta Limited (formerly Sesa Sterlite Limited)	Copper smelting, iron ore mining, aluminium mining, refining and smelting, power generation	62.85%	58.29%	India	Twin Star	46.53%	46.20%
Bharat Aluminium Company Limited (BALCO)	Aluminium mining and smelting	32.05%	29.73%	India	Vedanta Limited	51.00%	51.00%
Copper Mines of Tasmania Pty Limited (CMT)	Copper mining	62.85%	58.29%	Australia	MCBV	100.00%	100.00%
Fujairah Gold FZE	Gold and silver processing	62.85%	58.29%	UAE	CMT	98.00%	98.00%
Hindustan Zinc Limited (HZL)	Zinc and mining and smelting	40.80%	37.85%	India	Vedanta Limited	64.92%	64.92%
Monte Cello BV (MCBV)	Holding company	62.85%	58.29%	Netherlands	Vedanta Limited	100.00%	100.00%
Monte Cello Corporation NV (MCNV)	Holding company	100.00%	100.00%	Netherlands	Twin Star	100.00%	100.00%
Konkola Copper Mines PLC (KCM)	Copper mining and smelting	79.42%	79.42%	Zambia	VRHL	79.42%	79.42%
Sesa Resources Limited (SRL)	Iron ore	62.85%	58.29%	India	Vedanta Limited	100.00%	100.00%
Sesa Mining Corporation Limited	Iron ore	62.85%	58.29%	India	SRL	100.00%	100.00%
Sterlite Infra Limited (SIL)[2]	Non-trading	–	58.29%	India	Vedanta Limited	–	100.00%
Thalanga Copper Mines Pty Limited (TCM)	Copper mining	62.85%	58.29%	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)	Power generation	62.85%	58.29%	India	Vedanta Limited	100.00%	100.00%
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%	United Kingdom	Richter	60.00%	60.00%
Vedanta Resources Finance Limited (VRFL)	Financing company	100.00%	100.00%	United Kingdom	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	62.85%	58.29%	Netherlands	THL Zinc Holding B.V.	100.00%	100.00%
THL Zinc Ventures Limited	Financing company	62.85%	58.29%	Mauritius	Vedanta Limited[4]	100.00%	100.00%
Twin Star Energy Holdings Limited (TEHL)	Holding company	100.00%	100.00%	Mauritius	BFM	100.00%	100.00%
THL Zinc Limited	Financing company	62.85%	58.29%	Mauritius	THL Zinc Ventures Ltd	100.00%	100.00%
Sterlite (USA) Inc.	Financing company	62.85%	58.29%	USA	Vedanta Limited	100.00%	100.00%

Notes to the Financial Statements continued

Subsidiaries	Principal activities	The Company's economic percentage holding		Country of incorporation	Immediate holding company	Immediate percentage holding	
		31 March 2015	31 March 2014			**31 March 2015**	31 March 2014
Talwandi Sabo Power Limited	Energy generation	62.85%	58.29%	India	Vedanta Limited	100.00%	100.00%
Konkola Resources plc	Holding company	100.00%	100.00%	United Kingdom	VRHL	100.00%	100.00%
Twin Star Mauritius Holdings Limited (TMHL)	Holding company	62.85%	58.29%	Mauritius	TEHL	100.00%	100.00%
THL Zinc Namibia Holdings (Pty) Limited (VNHL)	Mining and exploration	62.85%	58.29%	Namibia	THL Zinc Ltd	100.00%	100.00%
Skorpion Zinc (Pty) Limited (SZPL)	Acquisition of immovable and movable properties	62.85%	58.29%	Namibia	VNHL	100.00%	100.00%
Namzinc (Pty) Limited (SZ)	Mining	62.85%	58.29%	Namibia	SZPL	100.00%	100.00%
Skorpion Mining Company (Pty) Limited (NZ)	Mining	62.85%	58.29%	Namibia	SZPL	100.00%	100.00%
Amica Guesthouse (Pty) Ltd	Accommodation and catering services	62.85%	58.29%	Namibia	SZPL	100.00%	100.00%
Rosh Pinah Healthcare (Pty) Ltd	Leasing out of medical equipment and building and conducting services related thereto	43.37%	40.22%	Namibia	SZPL	69.00%	69.00%
Black Mountain Mining (Pty) Ltd	Mining	43.13%	43.13%	South Africa	THL Zinc Ltd	74.00%	74.00%
THL Zinc Holding BV	Financing company	62.85%	58.29%	Netherlands	Vedanta Limited[4]	100.00%	100.00%
Lisheen Mine Partnership	Mining partnership firm	62.85%	58.29%	Ireland	VLML	50.00%	50.00%
Pecvest 17 Proprietary Ltd.	Investment company	62.85%	58.29%	South Africa	THL Zinc Ltd	100.00%	100.00%
Vedanta Lisheen Holdings Limited (VLHL)	Investment company	62.85%	58.29%	Ireland	THL Zinc Holding BV	100.00%	100.00%
Vedanta Exploration Ireland Limited	Exploration company	62.85%	58.29%	Ireland	VLHL	100.00%	100.00%
Vedanta Lisheen Mining Limited (VLML)	Mining	62.85%	58.29%	Ireland	VLHL	100.00%	100.00%
KilloranLisheen Mining Limited	Mining	62.85%	58.29%	Ireland	VLHL	100.00%	100.00%
Killoran Lisheen Finance Limited	Investment company	62.85%	58.29%	Ireland	VLHL	100.00%	100.00%
Lisheen Milling Limited	Manufacturing	62.85%	58.29%	Ireland	VLHL	100.00%	100.00%
Vizag General Cargo Berth Private Limited	Infrastructure	62.85%	43.63%	India	Vedanta Limited	99.99%	74.00%
Paradip Multi Cargo Berth Private Limited	Infrastructure	46.51%	43.13%	India	Vedanta Limited	74.00%	74.00%
Sterlite Ports Limited (SPL)	Investment company	62.85%	58.29%	India	Vedanta Limited	100.00%	100.00%
Maritime Ventures Private Limited	Infrastructure	62.85%	58.29%	India	SPL	100.00%	100.00%
Sterlite Infraventures Limited	Investment Company	62.85%	58.29%	India	Vedanta Limited	100.00%	100.00%
Bloom Fountain Limited (BFM)	Investment company	62.85%	58.29%	Mauritius	Vedanta Limited	100.00%	100.00%
Western Cluster Limited	Mining company	62.85%	58.29%	Liberia	BFM	100.00%	100.00%
Goa Energy Limited[3]	Energy generation	–	58.29%	India	Vedanta Limited	–	100.00%
Sesa Sterlite Mauritius Holdings Limited	Financing company	100.00%	100.00%	Mauritius	VRHL	100.00%	100.00%
Vedanta Finance UK Limited	Financing company	100.00%	100.00%	United Kingdom	Welter	100.00%	100.00%
Valliant (Jersey) Limited	Financing company	100.00%	100.00%	Jersey (CI)	VRJL–II	100.00%	100.00%
Cairn India Limited	Oil & gas Exploration, and production	37.64%	34.30%	India	TMHL	39.41%	38.73%

Subsidiaries	Principal activities	The Company's economic percentage holding		Country of incorporation	Immediate holding company	Immediate percentage holding	
		31 March 2015	31 March 2014			**31 March 2015**	31 March 2014
Cairn India Holdings Limited	Investment company	37.64%	34.30%	Jersey	Cairn India Limited	100.00%	100.00%
Cairn Energy Holdings Limited	Investment company	37.64%	34.30%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Energy Hydrocarbons Ltd	Exploration and production	37.64%	34.30%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Exploration (No. 7) Limited	Exploration and production	37.64%	34.30%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Exploration (No.6) Limited	Exploration and production	37.64%	34.30%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Exploration (No. 2) Limited	Exploration and production	37.64%	34.30%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Energy Gujarat Block 1 Limited	Exploration and production	37.64%	34.30%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Energy Discovery Limited	Exploration and production	37.64%	34.30%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Energy Cambay B.V.[1]	Exploration and production	–	34.30%	Netherlands	Cairn Energy Netherlands Holding B.V.	–	100.00%
Cairn Energy India West B.V.[1]	Exploration and production	–	34.30%	Netherlands	Cairn Energy Netherlands Holding B.V.	–	100.00%
Cairn Energy Gujarat B.V.[1]	Exploration and production	–	34.30%	Netherlands	Cairn Energy Netherlands Holding B.V	–	100.00%
Cairn Energy Netherlands Holdings B.V.[1]	Holding company	–	34.30%	Netherlands	Cairn Energy Holdings Limited	–	100.00%
Cairn Energy Australia Pty Limited	Investment company	37.64%	34.30%	Australia	Cairn India Holdings Limited	100.00%	100.00%
Cairn Energy India Pty Limited	Exploration and production	37.64%	34.30%	Australia	Cairn Energy Australia Pty Limited	100.00%	100.00%
CEH Australia Limited[1]	Investment company	37.64%	34.30%	Australia	Cairn Energy Australia Pty Limited	100.00%	100.00%
CIG Mauritius Holdings Private Limited	Investment company	37.64%	34.30%	Mauritius	Cairn India Limited	100.00%	100.00%
CIG Mauritius Private Limited	Investment company	37.64%	34.30%	Mauritius	CIG Mauritius Holding Private Limited	100.00%	100.00%
Cairn Lanka Private Limited	Exploration and production	37.64%	34.30%	Sri Lanka	CIG Mauritius Pvt Ltd	100.00%	100.00%
Cairn South Africa Pty Limited	Exploration and production	37.64%	34.30%	South Africa	Cairn Energy Hydrocarbons Limited	100.00%	100.00%

1 Dissolved during the year ended 31 March 2015.
2 Sterlite Infra Limited merged with Vedanta Limited during the year ended 31 March 2015.
3 GEL merged with Vedanta Limited during the year ended 31 March 2015.
4 Post merger of Sterlite Infra Limited with Vedanta Limited, Vedanta Limited became immediate parent as of 31 March 2015 (31 March 2014: Sterlite Infra Limited).

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 has power over the subsidiaries, is exposed or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries.

Notes to the Financial Statements continued

45. Group restructuring

During the year ended 31 March 2014, pursuant to the Scheme of Amalgamation (the Scheme) sanctioned by the Indian and Mauritius Courts, the Group's subsidiary companies viz. Sterlite Energy Limited, Sterlite Industries (India) Limited (SIIL), Aluminium Business of Vedanta Aluminium Limited, Ekaterina Limited and the 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 Vedanta Limited, the power business consisting of 1,215MW thermal power facility situated at Jharsuguda and 300MW co-generation facility (90MW operational and 210MW under development) at Lanjigarh, was transferred on a going concern basis at its carrying value to Vedanta Limited.

Subsequently, the name of SGL was changed to Sesa Sterlite Limited during the year ended 31 March 2014. The name of Sesa Sterlite Limited was further changed to Vedanta Limited during the year ended 31 March 2015.

These transactions are within 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 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%.

46. Ultimate controlling party

At 31 March 2015, 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.

47. Company balance sheet

(US$ million)	Note	31 March 2015	31 March 2014
Non-current assets			
Tangible fixed assets	49	0.3	0.7
Investments in subsidiaries	50	1,226.3	1,061.8
Investment in preference shares of subsidiaries	51	1.7	1.7
Financial asset investment	52	0.1	0.1
Derivative asset		–	14.1
		1,228.4	**1,078.4**
Current assets			
Debtors due within one year	53	422.7	1,225.7
Debtors due after one year	53	5,066.8	5,405.2
Current asset investments	54	33.2	14.8
Cash at bank and in hand		0.1	0.5
		5,522.8	**6,646.2**
Creditors: amounts falling due within one year			
Trade and other creditors	55	(97.2)	(98.5)
External borrowings	55	(270.4)	(89.7)
Loan from subsidiary	55	–	(1,249.5)
Derivative liability	55	(2.0)	–
		(369.6)	**(1,437.7)**
Net current assets		**5,153.2**	**5,208.5**
Total assets less current liabilities		**6,381.6**	**6,286.9**
Creditors: amounts falling due after one year			
Loan from subsidiary	56	(1,430.2)	(339.8)
External borrowings	56	(4,345.7)	(5,483.6)
		(5,775.9)	**(5,823.4)**
Net assets		**605.7**	**463.5**
Capital and reserves			
Called up share capital	57	30.0	29.8
Share premium	57	198.5	198.5
Share-based payment reserve	57	27.4	46.9
Convertible bond reserve	57	38.4	80.1
Other reserves	57	(2.2)	(2.2)
Treasury shares	57	(490.6)	(490.6)
Retained earnings	57	804.2	601.0
Equity shareholders' funds	57	**605.7**	**463.5**

The financial statements of Vedanta Resources plc, registration number 4740415 were approved by the Board of Directors on 13 May 2015 and signed on their behalf by:

Tom Albanese
Chief Executive Officer

Notes to the Financial Statements continued

48. 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, financial asset investments and derivative financial instruments 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 profit after tax for the year of the Company amounted to US$284.7 million (2014: loss of US$128.3 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.

48. Company accounting policies continued

Convertible bonds

The convertible bond issued by VRJL and VRJL-II (Note 55) 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 29 to the financial statements of the Group for the period ended 31 March 2015.

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 58).

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 continued

49. Company tangible fixed assets

(US$ million)	
Cost	
At 1 April 2013	**1.9**
Additions	0.4
At 31 March 2014	**2.3**
Additions	0.0
At 31 March 2015	**2.3**
Accumulated depreciation	
At 1 April 2013	**1.3**
Charge for the period	0.3
At 31 March 2014	**1.6**
Charge for the period	0.4
At 31 March 2015	**2.0**
Net book value	
At 1 April 2013	0.6
At 31 March 2014	**0.7**
At 31 March 2015	**0.3**

50. Investments in subsidiaries

(US$ million)	
Cost	
At 1 April 2013	1,061.8
At 1 April 2014	**1,061.8**
At 31 March 2015	**1,226.3**

At 31 March 2015, the Company held 157,538,524 shares in Vedanta Resources Holdings Limited (VRHL) (March 2014: 144,538,524 shares), being 100% of VRHL's issued equity share capital. During the year the Company had subscribed to 13,000,000 shares of VRHL under 'rights issue' at face value of US$1 with a premium of US$11.65 per share. The Company also held one deferred share in VRHL (March 2014: one). At 31 March 2015, the Company held two shares in Vedanta Finance Jersey Limited (VFJL) (March 2014: two), two shares in Vedanta Resources Jersey Limited (VRJL) (March 2014: two), two shares in Vedanta Resources Jersey II Limited (VRJL-II) (March 2014: two), two shares in Vedanta Jersey Investment Limited (VJIL) (March 2014: two), being 100% of its issued equity share capital.

VRHL is an intermediary holding company incorporated in the United Kingdom (Note 44) and registered in England and Wales. VFJL, VRJL, VJIL and VRJL-II are companies, registered and incorporated in Jersey, established to raise funds for the Vedanta Group.

51. Investment in preference shares of subsidiaries

(US$ million)	
Fair value	
At 1 April 2014	**1.7**
Additions	–
Disposal	–
At 31 March 2015	**1.7**
At 1 April 2013	**178.9**
Additions	1.7
Disposal	(178.9)
At 31 March 2014	**1.7**

As at 31 March 2015, the Company held 1,700,000 preference shares in VRJL (31 March 2014: 1,700,000 preference shares in VRJL).

52. Financial asset investment

(US$ million)	
Fair value	
At 1 April 2014	**0.1**
Fair value movement	–
At 31 March 2015	0.1
At 1 April 2013	**0.1**
Fair value movement	–
At 31 March 2014	**0.1**

The investment relates to an equity investment in the shares of Victoria Gold Corporation. At 31 March 2015, the investment in Victoria Gold Corporation was revalued and no gain or loss (2014: no gain or loss) was recognised in equity.

53. Company debtors

(US$ million)	31 March 2015	31 March 2014
Amounts due from subsidiary undertakings	5,485.6	6,626.3
Prepayments and accrued income	3.5	4.4
Other taxes	0.4	0.2
Total	**5,489.5**	**6,630.9**
Debtors due within one year	422.7	1,225.7
Debtors due after one year	5,066.8	5,405.2
Total	**5,489.5**	**6,630.9**

Amounts due from subsidiary undertakings

At 31 March 2015, the Company had loans due from VRHL of US$1,507.5 million (2014: US$1,214.6 million) which represented the funds being loaned to other Group companies for funding the subsidiaries. Out of the total loan, US$579.3 million bears interest at six month US$LIBOR plus 350 basis points, US$500 million at 5.8%, US$31.2 million at 5.9%, US$47 million at 9.7%, and US$350 million at US$LIBOR plus 367 basis points.

At 31 March 2015, the Company had loans of US$3,590.5 million (2014: US$4,732.7 million) from Vedanta Resources Jersey II Limited. Out of the total loan US$119.2 million bears interest at US$LIBOR plus 357 basis points, US$1,413.0 million at 7.45%, US$1,200 million at 6.50%, US$48.3 million at LIBOR plus 300 basis points US$60 million at 3.15% and US$750 million at 7.25%.

In addition to the loans, the Company was owed US$323.3 million of accrued interest from VRHL and Vedanta Resources Jersey II Limited (March 2014: US$634.7 million) and US$64.3 million (2014: US$44.2 million) other receivables from Group companies.

Notes to the Financial Statements continued

54. Company current asset investments

(US$ million)	31 March 2015	31 March 2014
Bank term deposits	33.2	14.8
Total	**33.2**	**14.8**

55. Company creditors: amounts falling due within one year

(US$ million)	31 March 2015	31 March 2014
Accruals	(97.2)	(98.5)
External borrowings	(270.4)	(89.7)
Loan from subsidiary	–	(1,249.5)
Derivative liability	(2.0)	–
Total	**(369.6)**	**(1,437.7)**

The external borrowings as at 31 March 2015 represent a loan from ICICI of US$90 million (2014: US$90 million), repayable in December 2015 and a loan from Deutsche Bank of US$185 million repayable in March 2016. As at 31 March 2014, loans from subsidiaries included 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). In March 2014, VRJL believed that bondholders would exercise the put option in July 2014 and accordingly the above loan was classified as amounts falling due within one year. However, bonds worth US$113.8 million were exercised by bondholders in July 2014 and since now the final maturity is in July 2016 the above loan has been classified from amounts falling due within one year to amounts falling due after one year (US$1,110.5 million). During the year ended 31 March 2015, interest was charged at the effective interest rate of 8.27% (March 2014: 17.3%).

56. Company creditors: amounts falling due after one year

(US$ million)	31 March 2015	31 March 2014
Loan from subsidiary	(1,430.2)	(339.8)
External borrowings	(4,345.7)	(5,483.6)
Total	**(5,775.9)**	**(5,823.4)**

Loans from subsidiaries include a loan of US$39.7 million due to Richter Holdings Limited, US$280.0 million to Vedanta Finance UK Limited and US$1,110.5 million to VRJL (as discussed in Note 55).

Of the US$1,250 million non-convertible bond issued during 2008, US$500 million was repaid in January 2014 and the remaining US$750 million, 9.5% bonds are due for repayment in July 2018.

In July 2011, the Company issued US$750 million, 6.75% bonds due June 2016, and US$900 million, 8.25% bonds due June 2021. As at 31 March 2015, the outstanding amount under this facility is US$1,650.0 million.

In March 2012, the Company availed a facility of US$300.0 million with Standard Chartered Bank bearing an interest rate of LIBOR plus 415 basis points. The same was due for repayment in June 2015. This loan was fully prepaid in the month of May 2014.

In December 2012, the Company obtained a syndicated loan with State Bank of India as an agent for US$595.0 million repayable in four equal instalments in February 2017, August 2017, July 2018 and January 2019. The loan bears an interest rate of three month US$LIBOR plus 440 basis points. The Company has prepaid this loan of US$595.0 million in September 2014.

In April 2013, the Company entered into a Standby Letter of Credit agreement arranged by Axis Bank for an amount of US$150 million at a commission of 1% per annum payable quarterly. The facility is funded by Bank of India to the extent of US$148.5 million and bears an interest rate three month US$LIBOR plus 290 basis points. The facility is repayable in two equal annual instalments starting April 2017. As at 31 March 2015, 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 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 the balance in January 2018. As at 31 March 2015, the outstanding amount under this facility is US$100 million.

56. Company creditors: amounts falling due after one year continued

In March 2015, the Company entered into a facility agreement with State Bank of India for borrowing up to US$350 million. US$100 million is repayable in March 2020 and bears an interest rate of US$LIBOR plus 370 basis points. US$250 million bears an interest rate of US$LIBOR plus 403 basis points repayable in two instalments being US$100 million and US$150 million at the end of 72 and 84 months respectively after initial utilisation. US$325 million still remains undrawn in this facility.

57. Company reconciliation of movement in equity shareholders' funds

(US$ million)	Share capital (Note 35)	Share premium	Share-based payment reserve	Convertible bond reserve	Treasury shares	Retained earnings	Other reserves	Total
Equity shareholders' funds at 1 April 2014	**29.8**	**198.5**	**46.9**	**80.1**	**(490.6)**	**601.0**	**(2.2)**	**463.5**
Profit for the year	–	–	–	–	–	284.7	–	284.7
Dividends paid (Note 14)	–	–	–	–	–	(171.3)	–	(171.3)
Exercise of LTIP awards (Note 32)	0.2	–	(48.1)	–	–	48.1	–	0.2
Recognition of share-based payments (Note 32)	–	–	28.6	–	–	–	–	28.6
Convertible bond transfer (Note 28)	–	–	–	(41.7)	–	41.7	–	–
Equity shareholders' funds at 31 March 2015	**30.0**	**198.5**	**27.4**	**38.4**	**(490.6)**	**804.2**	**(2.2)**	**605.7**

58. Company contingent liabilities

a) The Company has guaranteed US$1,250 million convertible bonds issued by VRJL (2014: US$1,250 million), of the above US$1.7 million has been converted during the year ended 31 March 2014 and US$113.8 million was repaid pursuant to exercise of put option during the year ended 31 March 2015. See Note 28 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$12 million up to 31 March 2015.

c) The Company has given a corporate guarantee to Konkola Copper Mines for an amount of US$619.0 million up to 31 March 2015.

d) The Company has guaranteed US$883 million convertible bonds issued by VRJL-II (2014: US$883 million). During the year ended 31 March 2014 and 31 March 2015, US$809.8 million and US$65.1 million respectively was repaid to the bondholders on exercise of put option. See Note 28 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 guaranteed US$500 million for loan facility entered by Monte Cello NV with ICICI bank.

h) The Company has guaranteed US$150 million for loan facility entered by Twin Star Holdings Limited with ICICI bank.

i) The Company has guaranteed US$100 million for revolving credit facility entered by Twin Star Holdings Limited with Royal Bank of Scotland and Standard Chartered Bank.

j) The Company has guaranteed US$500 million for a syndicated facility entered by Twin Star Holdings Limited with Axis Bank as lead arranger and facility agent.

k) The Company has guaranteed US$1,200 million for a syndicated facility entered by Twin Star Mauritius Holdings Limited with Standard Chartered Bank as facility agent.

l) The Company has guaranteed US$500 million for a loan facility entered by Twin Star Mauritius Holdings Limited with Standard Chartered Bank and First Gulf Bank PJSC of which US$250 million is under a commodity murabaha structure (Islamic financing) and balance US$250 million is under a conventional loan structure.

m) The Company has guaranteed US$1,250 million for a loan facility entered by its subsidiaries THL Zinc Limited with Cairn India Holdings Limited (Intercompany loan).

n) The Company has provided a guarantee for the Cairn India Group's obligation under the Production Sharing Contract (PSC).

59. Company share-based payment

The Company had certain LTIP awards outstanding as at 31 March 2015. See Note 32 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 2015**	Year ended 31 March 2014	Year ended 31 March 2013	Year ended 31 March 2012	Year ended 31 March 2011
Revenue	**12,878.7**	**12,945.0**	**14,640.2**	**14,005.3**	**11,427.2**
EBITDA	**3,741.2**	**4,491.2**	**4,908.9**	**4,026.3**	**3,566.8**
Depreciation and amortisation	(2,005.7)	(2,203.1)	(2,337.2)	(1,408.4)	(869.0)
Special items	(6,744.2)	(138.0)	(41.9)	(230.2)	(163.5)
Operating profit	**(5,008.7)**	**2,150.1**	**2,529.8**	**2,387.7**	**2,534.3**
Share in consolidated profit of associate	–	–	–	92.2	–
Profit before interest and taxation	**(5,008.7)**	**2,150.1**	**2,529.8**	**2,479.9**	**2,534.3**
Net finance (costs)/investment revenues	(631.5)	(1,032.0)	(806.1)	(734.5)	149.0
Profit before taxation	**(5,640.2)**	**1,118.1**	**1,723.7**	**1,745.4**	**2,683.3**
Net tax credit/(expense)	1,852.5	(128.7)	(46.1)	(516.7)	(649.5)
Profit after taxation	**(3,787.7)**	**989.4**	**1,677.6**	**1,228.7**	**2,033.8**
Non-controlling interests	1,989.1	(1,185.4)	(1,515.6)	(1,168.9)	(1,263.0)
Profit attributable to equity shareholders in parent	**(1,798.6)**	**(196.0)**	**162.0**	**59.8**	**770.8**
Dividends	(171.3)	(162.5)	(153.5)	(144.0)	(129.9)
Retained (loss)/profit	**(1,969.9)**	**(358.5)**	**8.5**	**(84.2)**	**640.9**
Basic earnings per share (US cents per share)					
On profit for the financial year	(654.5)	(71.7)	59.4	21.9	283.2
On underlying profit for the financial year	(14.2)	14.7	134.8	142.2	262.8
Dividend per share (US cents per share)	63.0	61.0	58.0	55.0	52.5

(US$ million except as stated)	**31 March 2015**	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Goodwill	16.6	16.6	16.6	16.6	12.2
Intangible assets	101.9	108.6	–	–	162.1
Property, plant and equipment	23,352.0	31,043.5	33,132.6	34,141.8	17,189.5
Financial asset investments	4.2	1.7	2.4	209.6	304.2
Total	**23,474.7**	**31,170.4**	**33,151.6**	**34,368.0**	**17,668.0**
Stocks	1,605.7	1,742.5	1,965.6	1,704.1	1,924.6
Debtors	1,839.2	1,739.9	1,706.0	1,795.9	1,328.6
Cash and liquid investments	8,209.8	8,937.9	7,981.7	6,885.3	7,777.0
Total	**11,654.7**	**12,420.3**	**11,653.3**	**10,385.3**	**11,030.2**
Short-term borrowings	(3,179.2)	(4,358.5)	(4,400.1)	(4,151.6)	(3,045.1)
Other current liabilities	(5,003.4)	(4,931.5)	(4,810.2)	(3,995.6)	(3,485.0)
Total current liabilities	**(8,182.6)**	**(9,290.0)**	**(9,210.3)**	**(8,147.2)**	**(6,530.1)**
Net current assets	**3,528.8**	**3,541.9**	**2,639.8**	**2,415.0**	**4,515.4**
Total assets less current liabilities	**28,806.3**	**36,084.3**	**36,751.4**	**37,330.9**	**22,168.1**
Long-term borrowings	(13,488.6)	(12,512.7)	(12,192.7)	(12,803.8)	(6,707.4)
Other long-term liabilities	(194.4)	(230.7)	(260.2)	(196.1)	(247.3)
Provisions and deferred tax assets	(2,854.0)	(5,354.2)	(5,417.6)	(6,356.0)	(1,706.4)
Total long-term liabilities	**(16,537.0)**	**(18,097.6)**	**(17,870.5)**	**(18,899.5)**	**(8,656.1)**
Equity non-controlling interests	(10,654.3)	(13,964.4)	(14,467.7)	(13,768.9)	(8,030.1)
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	**1,603.1**	**4,010.4**	**4,401.3**	**4,650.6**	**5,648.9**

Turnover

(US$ million)	**2015**	2014	2013	2012	2011
Zinc	2,943.9	2,856.8	3,060.5	3,206.8	2,378.4
India	2,357.0	2,195.4	2,263.3	2,316.1	2,159.5
International	586.9	661.4	797.2	890.7	218.9
Oil & gas	2,397.5	3,092.8	3,223.4	882.5	–
Iron ore	326.5	267.1	442.5	1,690.9	1,979.5
Copper	4,777.8	4,676.2	5,733.9	5,915.0	5,253.2
India/Australia	3,700.7	3,404.8	3,991.1	4,205.2	3,428.2
Zambia	1,077.1	1,271.4	1,742.8	1,709.8	1,825.0
Aluminium	2,081.9	1,785.4	1,837.8	1,873.5	1,779.6
Power	671.9	621.7	669.0	458.3	124.0
Other	(320.8)	(355.0)	(326.9)	(21.7)	(87.5)
Group	**12,878.7**	**12,945.0**	**14,640.2**	**14,005.3**	**11,427.2**

EBITDA

(US$ million)	**2015**	2014	2013	2012	2011
Zinc	1,373.3	1,358.4	1,477.0	1,610.8	1,320.9
India	1,192.5	1,145.0	1,182.5	1,244.8	1,219.6
International	180.8	213.4	294.5	366.0	101.3
Oil & gas	1,476.8	2,347.0	2,440.3	713.0	–
Iron ore	31.4	(24.2)	84.9	721.4	1,174.1
Copper	277.2	354.2	476.4	685.9	681.4
India/Australia	281.0	197.9	219.1	298.0	241.5
Zambia	(3.8)	156.3	257.3	387.9	439.9
Aluminium	415.5	287.3	202.6	182.5	352.7
Power	153.8	168.4	228.5	122.0	43.9
Other	13.2	0.1	(0.8)	(9.3)	(6.2)
Group	**3,741.2**	**4,491.2**	**4,908.9**	**4,026.3**	**3,566.8**

EBITDA margin

(%)	**2015**	2014	2013	2012	2011
Zinc	46.6	47.5	48.3	50.2	55.5
India	50.6	52.2	52.2	53.7	56.5
International	30.8	32.3	36.9	41.1	46.3
Oil & gas	61.6	75.9	75.7	80.8	–
Iron ore	9.6	(9.1)	19.2	42.7	59.3
Copper	5.8	7.6	8.3	11.6	13.0
India/Australia	7.6	5.8	5.5	7.1	7.0
Zambia	(0.4)	12.3	14.8	22.7	24.1
Aluminium	20.0	16.1	11.0	9.7	19.8
Power	22.9	27.2	34.2	26.6	35.4
Group	**29.0**	**34.7**	**33.5**	**28.7**	**31.2**

212 Additional information

Five year summary continued

Production

(000's MT)	2015	2014	2013	2012	2011
Aluminium	877	794	774	676	641
BALCO[1]	324	252	247	246	255
Jharsuguda Aluminium[2]	553	542	527	430	386
Copper	531	471	569	526	521
Sterlite Copper	362	294	353	326	304
KCM	169	177	216	200	217
Iron ore (WMT)	667	1,577	4,212	15,598	21,075
Zinc total	836	874	822	904	762
HZL	734	749	677	759	712
Skorpion	102	125	145	145	50
Zinc and lead MIC	209	239	280	299	44
BMM	59	67	87	85	17
Lisheen	150	172	193	214	27
million boe					
Oil & gas – gross production	77.3	79.8	74.9	20.5	–
Oil & gas – working interest	48.4	50.1	46.7	12.1	–

1 Including trial run production of 24,000 tonnes in 2015.
2 Including trial run production of 19,000 tonnes in 2015.

Cash costs of production

(US cents/lb)	2015	2014	2013	2012	2011
Aluminium – BALCO Plant-I	86.4	80.8	86.2	87.2	80.9
BALCO Plant-I (other than Alumina)	55.1	49.1	52.8	53.3	45.7
Aluminium – BALCO Plant-II	98.4				
BALCO Plant-II (other than Alumina)	66.9				
Aluminium – Jharsuguda Aluminium	73.9	72.6	84.8	99.2	82.6
Copper – Sterlite Copper	6.4	9.7	8.7	0.0	4.0
Copper – KCM	257.7	238.4	255.1	236.8	197.5
Zinc including royalty – HZL	49.6	44.7	44.5	45.8	44.9
Zinc without royalty – HZL	39.4	37.4	37.1	37.8	36.7
Zinc COP – Skorpion	70.1	56.7	54.5	57.8	52.7
Zinc COP – BMM	74.3	52.2	54.3	63.8	59.4
Zinc COP – Lisheen	52.8	50.1	42.8	41.9	41.6
Oil & gas (Opex) (US$/boe)	6.2	4.1	3.5	4.4	–

Cash costs of production in INR

(INR/mt)	2015	2014	2013	2012	2011
Aluminium – BALCO Plant-II	116,448	107,728	103,526	92,143	81,299
BALCO (other than Alumina)	74,258	65,430	63,433	56,344	45,898
Aluminium – Jharsuguda Aluminium	99,676	96,893	101,779	104,892	88,396
Copper – Sterlite Copper	8,639	12,994	10,704	(3)	4,062
Zinc including royalty	66,805	59,561	53,446	48,423	45,119
Zinc without royalty	53,071	49,834	44,550	40,003	36,831

Capital expenditure

(US$ million)	2015	2014	2013	2012	2011
Sustaining	221.4	321.6	390.2	386.2	239.5
Expansion	1,530.8	1,424.7	2,019.1	2,398.2	2,471.3
Total capital expenditure	**1,752.2**	**1,746.3**	**2,409.3**	**2,784.4**	**2,710.8**

Net cash/(debt)

(US$ million)	2015	2014	2013	2012	2011
Zinc	5,073.3	4,513.6	4,243.7	3,779.9	3,779.5
India	4,936.6	4,344.6	4,044.8	3,573.8	3,403.4
International	136.7	169.0	198.9	206.1	376.1
Oil & gas	2,856.9	3,911.9	3,102.4	1,552.7	–
Iron ore	(634.3)	(512.1)	(744.2)	(563.6)	1,983.2
Copper	(705.0)	(882.3)	(1,244.0)	(588.0)	146.3
India/Australia	32.5	(159.0)	(492.8)	120.6	396.0
Zambia	(737.5)	(723.3)	(751.2)	(708.6)	(249.7)
Aluminium	(4,068.2)	(3,204.0)	(4,311.9)	(4,082.4)	(3,145.3)
Power	(1,576.6)	(737.0)	(696.2)	(1,156.3)	(433.5)
Other	(9,406.4)	(11,009.5)	(8,965.4)	(9,006.7)	(4,300.4)
Group	**(8,460.3)**	**(7,919.5)**	**(8,615.6)**	**(10,064.4)**	**(1,970.3)**

Gearing

(%)	2015	2014	2013	2012	2011
Gearing	40.8	30.6	31.4	35.3	12.6

Group free cash flow

(US$ million)	2015	2014	2013	2012	2011
Group free cash flow after capital creditors	2,578.0	2,695.0	3,534.7	2,533.8	2,347.3
Group free cash flow after project capex	1,047.3	1,269.9	1,515.6	135.6	(169.0)

Capital employed

(US$ million)	2015[1]	2014	2013	2012	2011
Capital employed	25,274.1	25,894.3	27,476.7	28,483.9	15,649.3

ROCE

(%)	2015[1]	2014	2013	2012	2011
ROCE	8.8	14.9	17.5	11.3	21.0

1 Before impairment.

Production and Reserves Summary

Copper

Copper production summary

Facility	Product	**Year ended 31 March 2015 mt**	Year ended 31 March 2014 mt
Tuticorin	Copper anode	361,839	301,120
	Sulphuric acid	1,006,692	835,798
	Phosphoric acid	189,353	116,340
	Copper cathode	194,019	151,592
	Copper rods	53,400	22,105
Silvassa	Copper cathode	168,353	142,842
	Copper rods	116,939	100,948
KCM	Copper cathode	168,923	177,018

Copper mining summary

		Ore mined		Copper concentrate		Copper in concentrate mine	
	Type of mine	**31 March 2015 mt**	31 March 2014 mt	**31 March 2015 mt**	31 March 2014 mt	**31 March 2015 mt**	31 March 2014 mt
Mt Lyell (CMT)	Underground	–	1,739,223	–	73,341	–	17,839
Konkola (KCM)	Underground	5,615,327	6,203,219	214,095	258,762	64,592	72,428

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	29.9	1.08	21.7	1.06	–	–
Konkola (KCM)	Underground	164.3	1.92	317.2	3.12	264.1	1.29

Resources are additional to Reserves.

Aluminium, alumina and bauxite

Aluminium production summary

Company	**Year ended 31 March 2015 mt**	Year ended 31 March 2014 mt
BALCO[1]	323,921	252,035
Jharsuguda Aluminium[2]	553,338	542,252

1 Including trial run production of 24,000 tonnes in 2015.
2 Including trial run production of 19,000 tonnes in 2015.

Alumina production summary

Company	**Year ended 31 March 2015 mt**	Year ended 31 March 2014 mt
Jharsuguda Aluminium	976,915	524,060

Bauxite production summary

Company	**Year ended 31 March 2015 mt**	Year ended 31 March 2014 mt
BALCO – Bodai Daldali	860,710	472,155

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	3.9	48.6	0.3	49.2	2.3	48.6
Total BALCO	**9.5**	**48.4**	**0.9**	**48.4**	**5.4**	**47.4**
Jharsuguda Aluminium						
Kolli Hills and Yercaud	0.8	44.0	–	–	–	–

Resources are additional to Reserves.

Zinc and lead

Zinc and lead production summary

Company	**Year ended 31 March 2015 mt**	Year ended 31 March 2014 mt
HZL		
Zinc	733,803	749,167
Lead	127,143	122,596

Zinc and lead mining summary
(a) Metal mined and metal concentrate

Mine	Type of mine	Ore mined: **31 March 2015 mt**	Ore mined: 31 March 2014 mt	Zinc concentrate: **31 March 2015 mt**	Zinc concentrate: 31 March 2014 mt	Lead concentrate: **31 March 2015 mt**	Lead concentrate: 31 March 2014 mt	Bulk concentrate: **31 March 2015 mt**	Bulk concentrate: 31 March 2014 mt
Rampura Agucha[1]	Open cut	5,823,320	5,953,138	1,279,420	1,290,377	98,693	96,136	–	–
Rajpura Dariba	Underground	573,284	610,242	43,359	52,212	10,647	12,241	9,832	–
Sindesar Khurd	Underground	1,910,055	1,723,253	126,952	105,562	61,630	60,128	–	–
Zawar	Underground	1,056,000	1,003,600	–	–	–	–	74,186	68,432
Total		**9,362,659**	**9,290,233**	**1,449,731**	**1,448,151**	**170,970**	**168,505**	**84,018**	**68,432**

1 Includes development ore MT from Kayar.

(b) Metal in concentrate (MIC)

Mine	Type of mine	Zinc concentrate: **31 March 2015 mt**	Zinc concentrate: 31 March 2014 mt	Lead concentrate: **31 March 2015 mt**	Lead concentrate: 31 March 2014 mt
Rampura Agucha	Open cut	656,472	664,072	58,680	58,001
Rajpura Dariba	Underground	25,363	26,457	5,387	5,291
Sindesar Khurd	Underground	65,071	53,633	32,409	31,254
Zawar	Underground	27,424	25,734	16,277	15,274
Total		**774,330**	**769,896**	**112,753**	**109,820**

Production and Reserves Summary continued

Zinc and lead mine resource and reserve summary
Zinc India

Mine	Resources						Reserves		
	Measured and indicated million mt	Zinc grade %	Lead grade %	Inferred million mt	Zinc grade %	Lead grade %	Proved and probable reserves million mt	Zinc grade %	Lead grade %
Rampura Agucha	18.3	15.0	2.0	35.2	9.9	2.1	49.5	14.0	1.9
Rajpura Dariba	22.7	6.8	2.3	24.3	6.6	1.9	9.6	6.4	1.6
Zawar	25.0	4.8	1.8	49.2	4.9	2.6	9.6	3.4	1.8
Kayad	0.2	13.6	2.0	0.6	7.1	1.0	7.3	9.6	1.4
Sindesar Khurd	28.5	4.8	2.7	45.3	3.8	2.5	32.2	4.5	3.1
Bamnia Kalan	5.4	4.5	1.6	12.2	3.8	1.8	–	–	–
Total	**100.1**	**7.1**	**2.2**	**166.8**	**5.8**	**2.3**	**108.2**	**9.3**	**2.2**

Resources are additional to Reserves.

Zinc international

Mine	Resources						Reserves		
	Measured and indicated million mt	Zinc grade %	Lead grade %	Inferred million mt	Zinc grade %	Lead grade %	Proved and probable reserves million mt	Zinc grade %	Lead grade %
Skorpion	3.1	9.67	–	–	–	–	5.1	8.77	–
BMM									
– Deeps	12.9	2.60	2.50	–	–	–	9.9	2.82	2.61
– Swartberg	19.0	0.54	3.04	15.5	0.59	3.06	2.0	0.54	2.42
– Gamsberg[1]	154.6	6.23	0.53	27.4	5.41	0.47	48.6	6.6	0.51
Lisheen	1.3	14.12	2.52	0.1	12.92	2.39	0.7	9.46	1.29

1 Resources are additional to Reserves except for Gamsberg where in certified resources of 154.6 million mt includes reserves of 48.6 million mt.

Zinc production summary

Company	**Year ended 31 March 2015 mt**	Year ended 31 March 2014 mt
Skorpion	102,188	124,924

Zinc and lead mining summary
(a) Metal mined and metal concentrate

Mine	Type of mine	Ore mined		Zinc concentrate		Lead concentrate	
		31 March 2015 mt	31 March 2014 mt	**31 March 2015 mt**	31 March 2014 mt	**31 March 2015 mt**	31 March 2014 mt
Skorpion	Underground	1,344,272	1,252,092	–	–	–	–
BMM	Underground	1,437,562	1,395,534	–	59,942	–	53,221
Lisheen	Underground	1,362,776	1,287,932	244,354	282,159	30,956	34,409
Total		**4,144,610**	**3,935,558**	**244,354**	**342,101**	**30,956**	**87,630**

(b) Metal in concentrate (MIC)

Mine	Type of mine	Zinc in concentrate 31 March 2015 mt	Zinc in concentrate 31 March 2014 mt	Lead in concentrate 31 March 2015 mt	Lead in concentrate 31 March 2014 mt
BMM	Underground	27,022	28,999	32,142	37,574
Lisheen	Underground	130,897	151,021	19,265	21,048
Total		**157,919**	**180,020**	**51,407**	**58,622**

Iron ore

Iron ore production summary

Company	Year ended 31 March 2015 Million wmt	Year ended 31 March 2014 Million wmt
Vedanta Limited		
Saleable iron ore	0.667	1.577
Karnataka	0.667	1.577

Iron ore resource and reserve summary

Mine	Resources: Measured and indicated million mt	Iron ore grade %	Inferred million mt	Iron ore grade %	Reserves: Proved and probable reserves million mt	Iron ore grade %
Iron Ore Sesa	145.4	54.1	40.1	47.6	151.6	56.0
Western Cluster	1,961.0	32.00	1,689.0	30.19	172.0	35.1

Comprises mines that Vedanta Limited owns or has rights to.

Resources are additional to Reserves.

Production and Reserves Summary continued

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 2015, 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:

	Gross interest reserve summary					
	Proved		Probable		Possible	
Fields	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	409	436	201	351	161	300
Lakshmi	4,172	5,473	3,114	6,913	5,048	9,588
CB-OS/2 PSC total	**4,581**	**5,909**	**3,315**	**7,264**	**5,209**	**9,888**
RJ-ON-90/1 PSC						
Aishwariya	25,795	–	7,904	–	1,939	–
Aishwariya-Barmer Hill	1,611	–	519	–	249	–
Bhagyam	17,509	2,652	6,011	–	3,566	–
Bhagyam EOR	–	–	29,547	–	2,153	–
Guda and Guda South	–	–	3,241	–	1,078	–
Kameshwari West	70	–	51	–	21	–
Mangala	152,373	35,535	46,317	–	38,798	–
Mangala-Barmer Hill	1,822	–	758	–	266	–
NE	1,218	–	204	–	199	–
NI	1,176	–	246	–	240	–
Raageshwari Shallow	989	–	1,273	–	487	–
Raageshwari South						
Raageshwari Deep	2,464	46,777	4,811	81,976	–	–
Saraswati	763	–	361	–	175	–
Tukaram	–	–	1,692	–	514	–
RJ-ON-90/1 PSC total	**205,790**	**84,964**	**102,935**	**81,976**	**49,685**	**–**
PKGM-1 License						
Ravva	13,546	23,757	6,770	10,148	6,597	19,883
Grand total	**223,917**	**114,630**	**113,020**	**99,388**	**61,491**	**29,771**

Note: Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.

Estimates of the proved, probable, and possible oil, condensate, and sales-gas reserves, as of 31 March 2015, 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	164	174	80	140	64	120
Lakshmi	1,669	2,189	1,246	2,765	2,019	3,835
CB-OS/2 PSC total	**1,833**	**2,363**	**1,326**	**2,905**	**2,083**	**3,955**
RJ-ON-90/1 PSC						
Aishwariya	18,057	–	5,533	–	1,357	–
Aishwariya-Barmer Hill	1,128	–	363	–	174	–
Bhagyam	12,256	1,856	4,208	–	2,496	–
Bhagyam EOR	–	–	20,683	–	1,507	–
Guda and Guda South	–	–	2,269	–	755	–
Kameshwari West	49	–	36	–	15	–
Mangala	106,661	24,875	32,422	–	27,159	–
Mangala-Barmer Hill	1,275	–	531	–	186	–
NE	853	–	143	–	139	–
NI	823	–	172	–	168	–
Raageshwari Shallow	692	–	891	–	341	–
Raageshwari South						
Raageshwari Deep	1,725	32,744	3,368	57,383	–	–
Saraswati	534	–	253	–	123	–
Tukaram	–	–	1,184	–	360	–
RJ-ON-90/1 PSC total	**144,053**	**59,475**	**72,056**	**57,383**	**34,780**	**–**
PKGM-1 License						
Ravva	3,048	5,345	1,523	2,283	1,484	4,474
Grand total	**148,934**	**67,183**	**74,905**	**62,571**	**38,347**	**8,429**

Note: Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.

Production and Reserves Summary continued

Source of information

In respect of all businesses, the information has been certified by an in-house geologist on behalf of the 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 Geologists, 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 on 3 August 2015

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 Vedanta 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

Company or Vedanta
Vedanta Resources plc

Company financial statements
The audited financial statements for the Company for the year ended 31 March 2013 as defined in the Independent 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, Vedanta 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, Vedanta 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 Vedanta Limited, a company incorporated in India;
- one copper mine in Australia, trading through Copper Mines of Tasmania Pty Limited, a company incorporated in Australia; and
- an integrated operation in Zambia consisting of three mines, a leaching plant and a smelter, trading through Konkola Copper Mines PLC, a company incorporated in Zambia

CREP
Corporate responsibility for environmental protection

Cents/lb
US cents per pound

CRRI
Central Road Research Institute

CRISIL
CRISIL Limited is a rating agency incorporated in India

CSR
Corporate social responsibility

CTC
Cost to company, the basic remuneration of executives in India, which represents an aggregate figure encompassing basic pay, pension contributions and allowances

CY
Calendar year

Deferred shares
Deferred shares of £1.00 each in the Company

DGMS
Director General of Mine Safety in the Government of India

Directors
The Directors of the Company

Dollar or US$
United States dollars, the currency of the United States of America

DRs
Depositary receipts of 10 US cents, issuable in relation to the 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 2015 as defined in the Independent Auditor's Report to the members of Vedanta Resources plc

Free Cash Flow post capex
Cash flows arising from EBITDA after net interest (including gains on liquid investments and adjusted for net interest and adjusted for net interest capitalised), taxation, sustaining and expansion capital expenditure, movements in capital creditors 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

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 Vedanta Limited, comprising of iron ore mines in Goa and Karnataka in India

Jharsuguda 2,400MW Power Plant
Power Division of Vedanta Limited, comprising of a 2,400MW power plant in Jharsuguda in Odisha in India

Jharsuguda Aluminium
Aluminium Division of Vedanta 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
Kilowatt hour

KWh/d
Kilowatt 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 there from (if any) between the Government and the Contractor

Recycled water
Water released during mining or processing and then used in operational activities

PSP
The Vedanta Resources Performance Share Plan

Relationship Agreement
The agreement between the Company, Volcan Investments Limited and members of the Agarwal family which had originally been entered into at the time of the Company's Listing in 2003 and was subsequently amended in 2011 and 2014 to regulate 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

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

Vedanta Limited (formerly known as Sesa Sterlite Limited/Sesa Goa Limited)
Vedanta 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 Vedanta 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
Tonnes 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

UK Corporate Governance Code or the Code
The September 2012 edition of the UK Corporate Governance Code published by the Financial Reporting Council

Underlying EPS
Underlying earnings per ordinary share

Underlying profit/(loss)
Profit/(loss) for the year after adding back special items and other gains and losses and their resultant tax (including taxes classified as special items) 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 2015

	2015	2014
Number of shareholders:		4,137
Number of shares in issue:		298,182,135

By size of holding

	Shareholders %		Shares %	
	2015	2014	**2015**	2014
500 and under	**52.58**	59.85	**0.09**	0.18
501 to 1,000	**13.78**	15.01	**0.08**	0.15
1,001 to 10,000	**21.53**	17.45	**0.56**	0.72
10,001 to 100,000	**7.71**	5.32	**2.08**	2.54
100,001 to 1,000,000	**3.31**	1.72	**7.41**	7.01
Over 1,000,000	**1.09**	0.65	**89.77**	89.40
	100.00	100.00	**100.00**	100.00

Annual General Meeting

The AGM will be held on 3 August 2015 at 3pm at Ironmongers' Hall, Shaftesbury Place, London EC2Y 8AA. 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 2015 final dividend, the completed forms must be received by the Registrar by 13 July 2015.

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 13 July 2015. 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 13 July 2015. 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 2015
Record date	10 July 2015
2013 final ordinary dividend payable	12 August 2015

Other dates

Annual General Meeting	3 August 2015
2015 half year results announced	5 November 2015

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.

Notes

Notes

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