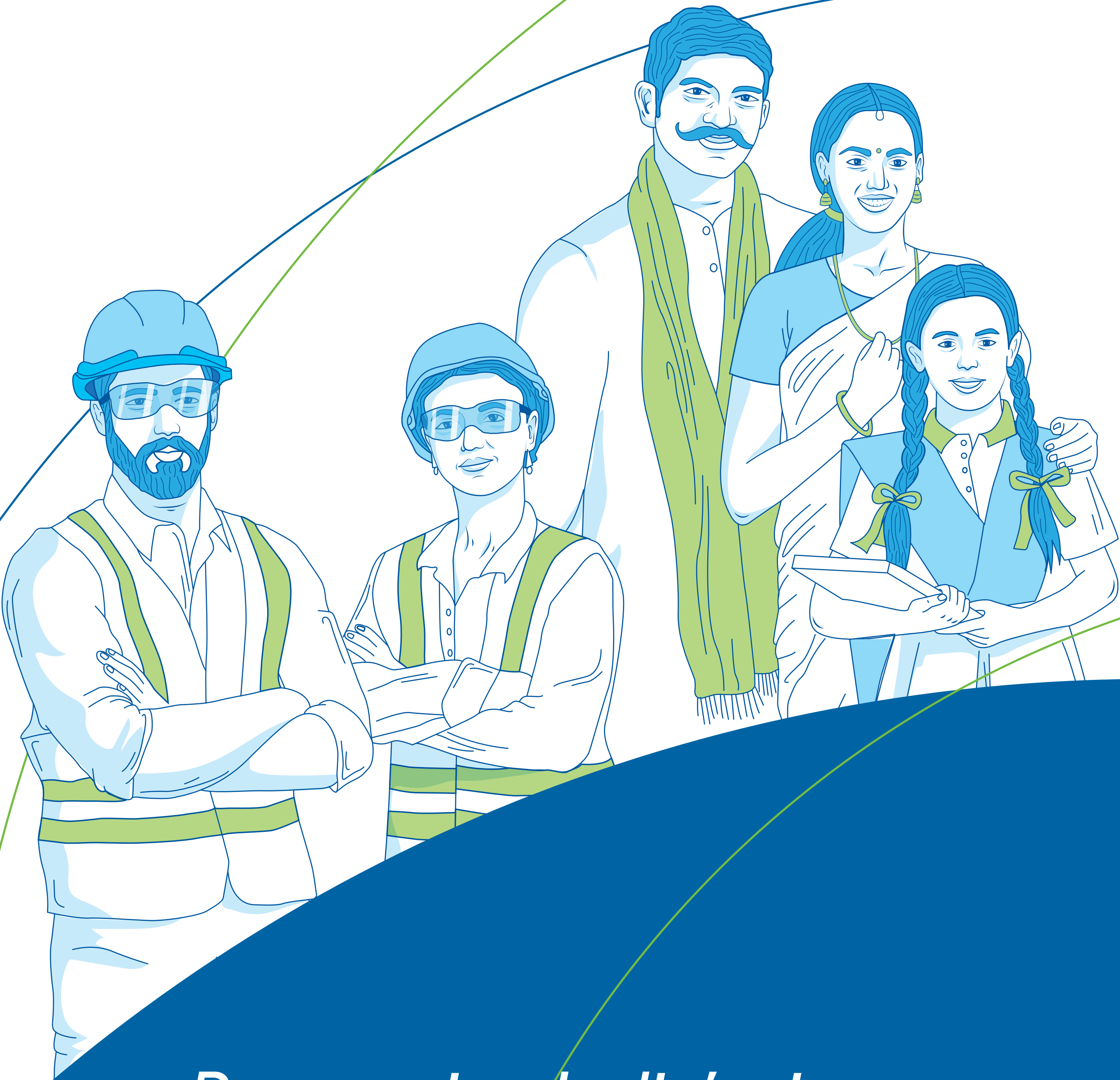
vedanta
transforming elements



Resourcing India's rise
Responsibly

INTEGRATED REPORT AND
ANNUAL ACCOUNTS **2020-21**

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Read more online at **vedantaresources.com**

Marching ahead and contributing to aatmanirbhar bharat

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Resourcing India's rise

Responsibly

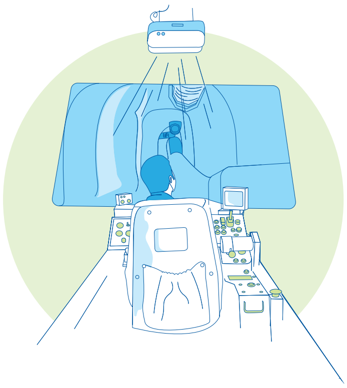
India is a land of abundant resources. Resources that help the economy grow, and create sustainable livelihoods for mns of people. At Vedanta, we continue to foster long life, structurally low cost and diverse assets with excellent potential, which drive our growth ambitions.

Our investments in smarter processes, industry-leading efficiencies, empowerment of our people, and strong corporate governance help us address the nation's growing needs for metals and minerals.

Our strategic decisions are supported by robust cash flows, disciplined capital allocation and emphasis on sustainability in everything we do. With a resilient and responsible business model, we are ideally positioned to partner India's journey towards greater self-reliance.

Powering the wheels of the automotive industry

see pages 26



Taking digital transformation to the next level

see pages 28

Cairn pushes the digital envelope farther

see pages 30

ABOUT THE REPORT

Inspired by our values, we remain committed to disclosing relevant information pertaining to our material issues with highest standards of transparency and integrity. These reports are prepared to assist our stakeholders, primarily the providers of financial capital, to make an informed assessment of our ability to create value over the short, medium and long term. They strive to demonstrate our confidence, capacity to grow and our ability to deliver on set strategies that can drive significant financial and non-financial value for everyone.

INTEGRATED THINKING AT VEDANTA

At Vedanta, we are led by an integrated thought process that powers our decision-making and enables our consistent market success.

We are led by

Mission
To create a leading global natural resource Company

Values
Trust | Entrepreneurship | Innovation | Excellence | Integrity | Care | Respect

Building on

Capitals

Financial capital | Natural capital | Intellectual capital | Manufactured capital | Social and relationship capital | Human capital

34

Focusing on

Material issues

M1 M2 M3 M4 M5 M6 M7 M8 M9 M10 M11 M12 M13

61

M Material issue

Enabled by

Strategic focus

- Continue to focus on world-class ESG performance
- Augment our reserves and resource base
- Operational excellence
- Optimise capital allocation and maintain strong balance sheet
- Delivering on growth opportunities

36

With a constant eye on

Top risks

R1 R2 R3 R4 R5 R6 R7

R8 R9 R10 R11 R12 R13

49

R Risk

Megatrends and opportunities

T1 T2 T3 T4 T5

T6 T7 T8 T9 T10

42

T Trend

Creating consistent value

For shareholders, investors and lenders	For local communities	For employees
For industry	For governments	For civil societies

HIGHLIGHTS FY2021

Financial highlights

US$11.7 bn
Revenue

1%

(FY2020: US$11.8 bn). This was primarily driven by rupee depreciation, lower power sales at TSPL, lower volume at Oil & Gas, Skorpion mine put under maintenance and care, and lower cost recovery at Oil & Gas business, partially offset by higher commodity prices, higher volumes at Zinc India, Copper, Iron Ore and Aluminium business, inclusion of FACOR in FY2021.

US$3.8 bn
EBITDA

27% y-o-y

(FY2020: US$3.0 bn)

37%
Robust adjusted EBITDA Margin[1]

(FY2020: 29%)

C. 19.4%
ROCE

(FY2020: 10.3%)

US$303 mn
Profit Attributable to equity holders (before exceptional items)

(FY2020: US$(202) mn)

US$1.3 bn
Free cash flow (FCF) post-capex

Driven by strong cash flow from operations and lower sustaining and project capital expenditure.
(FY2020: US$0.8 bn)

US$10.7 bn
Net debt

Primarily driven by dividend payment during the year, increase in working capital, stake increase in VEDL, capital expenditure partially offset by strong cash flow from operations.
(FY2020: US$ 10.0 bn)

US$5.6 bn
Strong financial position with cash and cash equivalents

(FY2020: US$5.1 bn)

C. US$4.7 bn
Contribution to the exchequer

(FY2020: US$4.6 bn)

Gross debt at
US$16.4 bn

(FY2020: US$15.1 bn), higher by $1.3 bn mainly due to the increase in borrowings at Vedanta Resources Limited standalone level.

Moody's downgraded corporate Family ratings of Vedanta Resources from B1 to B2 (and the ratings of senior unsecured notes from B3 to Caa1) and placed the ratings "under review for downgrade' in December 2020 upon failure of take private transaction and expectation of high refinancing needs and weak liquidity at VRL. On 17 February 2021, Moody's confirmed Vedanta Resources Limited's B2 Corporate Family Rating and Caa1 rating on the senior unsecured notes of the company and changed the outlook on the rating to "Negative" from ratings "under review for downgrade". The rating confirmation reflects the reduced immediate refinancing risk at VRL. Further to downgrade of VRL in March 2020 by S&P to B- with a stable outlook, S&P placed the ratings on 'Negative' outlook in October 2020 upon failure of Take private transaction. On 25th January 2021, S&P revised the outlook to 'Stable' from 'Negative' on account of reduced refinancing risk and improving liquidity position at the holding company level while affirming the ratings at 'B-'.

1. Excludes custom smelting at Copper India and Zinc India Operations.

Business highlights

ZINC INDIA

- Highest ever ore production of 15.5 mn tonnes despite disruptions on account of the pandemic
- Highest ever mined metal production of 972 kt, up 6% y-o-y
- Refined zinc-lead production of 930 kt, up 7% y-o-y

ZINC INTERNATIONAL

- Cost of production at US$1,307 per tonne, down 22% y-o-y
- Increase in Gamsberg production volume from 108 kt in FY2020 to 145 kt in FY2021
- BMM started a new product line of recovering magnetite through its tailings with potential capacity of 0.7 mn tonnes of production per annum

OIL & GAS

- Average gross operated production of 162 kboepd, down 6% y-o-y due to the impact of the pandemic on growth projects completion and natural field decline
- Key growth projects update:
  - New gas processing terminal construction completed; commissioning underway expected to add c.100mmscfd by Q1 FY22
  - Liquid handing capacity upgraded by 30%, major facility systems commissioned
  - Enhanced Oil Recovery project implemented in Bhagyam and Aishwariya Fields
  - Aishwariya Barmer Hill surface facility commissioned; wells being hooked up progressively
- Drilling activities across the portfolio in Rajasthan, North East and Cambay regions. First well KW-2-Udip drilled in Rajasthan.
- Capex growth projects update:
  - 74 wells hooked up during FY2021
  - Ravva drilling programme completed; c.11 kboepd of incremental volumes

ALUMINIUM

- Highest ever aluminium production at 1,969 kt, retaining our position as the largest aluminium producer in the country
- Highest ever alumina production from Lanjigarh refinery at 1,841 kt, up 2% y-o-y
- Lowest ever hot metal cost of production at US$1,347 per tonne, 20% lower y-o-y

POWER

- Lowest ever APC of 7.19% at the 1,980 MW TSPL plant in FY2021
- Sustained operations with zero import coal in FY2021 through coal substitution scheme of GoI (Government of India)

IRON ORE

- Goa operations remains suspended during the year due to state-wide directive from the Hon'ble Supreme Court, continuous engagement with the stakeholders for a resumption of mining operations
- Production of saleable ore at Karnataka at 5 mn tonnes, up 15% y-o-y
- Iron Ore Sales at Goa at 2.1 mn tonnes
- Value-added Business achieved highest ever EBITDA Margin of US$104/T supported by strengthening steel prices

STEEL

- Annual steel production at 1.19 mn tonnes for FY2021
- Robust margin of US$ 131 per tonne during the last quarter (c.22% EBITDA Margin)

COPPER INDIA

- Due legal process being followed to achieve a sustainable restart of the operations

VEDANTA AT A GLANCE

Vedanta Resources Limited is one of the world's foremost natural resources conglomerates, with primary interests in zinc-lead-silver, iron ore, steel, copper, aluminium, power, oil and gas. With world-class, low-cost, long-life strategic assets based in India and Africa, we are rightly positioned to create long-term value with superior cash flows.

70,000+
Direct and indirect employment

Largest
Natural resources company in India

2,300+

Nand Ghars created for social welfare

c.13.6 mn

tCO_2e in avoided emissions from 2012 baseline

Enabling resource sufficiency at scale

We cater diverse consumer markets for their primary material needs and are leaders in the segments we operate. Through our activities that generate economic, human, and social value, we responsibly support economies in their journey towards self-sufficiency.

OUR VALUE CHAIN

Exploration
We have consistently added more to our Reserves and Resources ('R&R') through brownfield and greenfield activities. This helps us to extend the lives of our existing mines and oilfields.

Asset development
We have a strong track record of executing projects on time and within budget. We take special care to develop the resource base to optimise production and increase the life of the resource. We also strategically develop processing facilities.

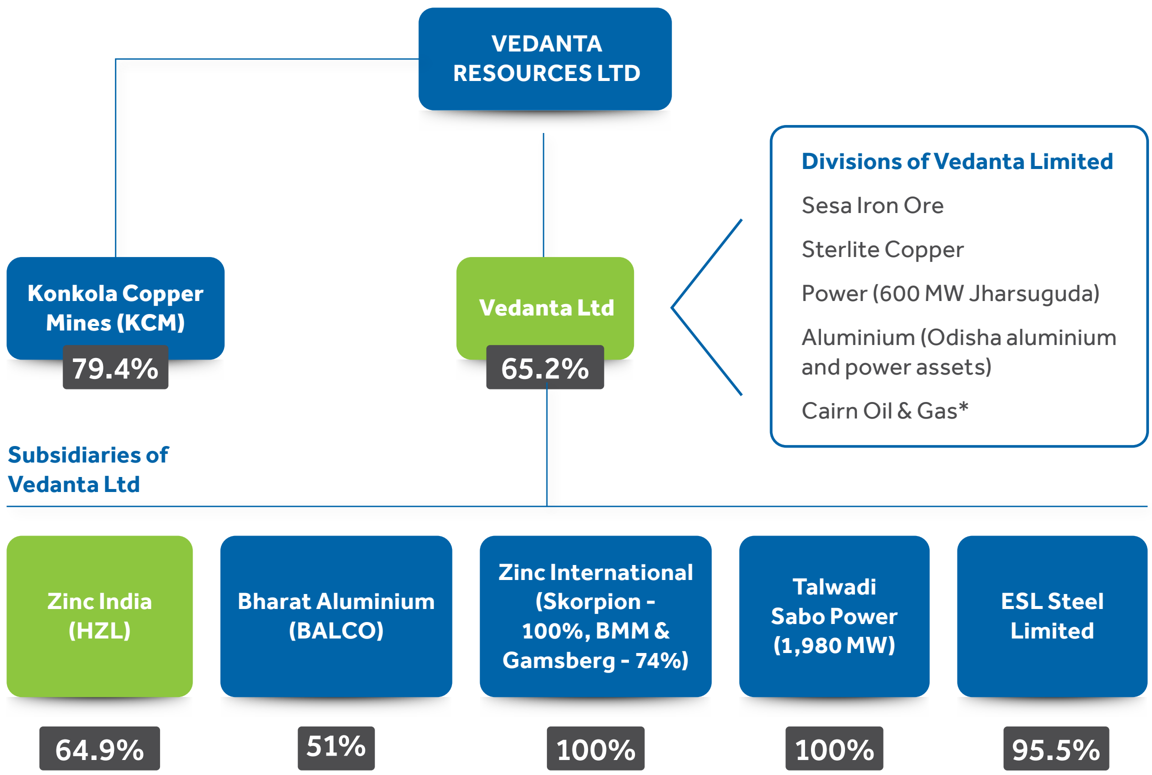
Extraction
Our operations are focused on exploring and producing metals, extracting oil & gas and generating power. We extract zinc-lead-silver, iron ore, steel, copper and aluminium. We have three operating blocks in India producing oil & gas.

OUR CORE VALUES

Our core values underpin everything we do at Vedanta. These are universal values, which guide our behaviour, as we expand into new markets and countries.

Trust	Entrepreneurship	Innovation	Excellence	Integrity	Care	Respect

A STRUCTURE THAT SUPPORTS RESPONSIBLE, VALUE-ACCRETIVE GROWTH



Listed entities   Unlisted entities

Note: Shareholding as on May 10, 2021
* 50% of the share in the RJ Block is held by a subsidiary of Vedanta Ltd

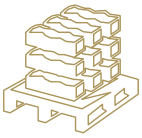
Processing
We produce refined metals by processing and smelting extracted minerals at our zinc, lead, silver, copper, and aluminium smelters, and other processing facilities in India and Africa. For this purpose, we generate captive power as a best practice measure and sell any surplus power.

Value addition
We meet market requirements by converting the primary metals produced into value-added products such as sheets, rods, bars, rolled products, etc., at our zinc, aluminium and copper businesses.

ASSET OVERVIEW

Vedanta is India's largest natural resources conglomerate with leading positions in seven key business segments.

ZINC-LEAD-SILVER



c.80%
Market share in India's primary zinc market

Business:
Zinc India (Hindustan Zinc Limited- HZL)
Zinc International

Production Volume:

Zinc India (HZL) Production Volume

715 kt	706 t	214 kt
Zinc	Silver	Lead

Zinc International
203 kt

EBITDA (In US$ mn)

1,568	120
Zinc India (HZL)	Zinc International

Asset highlights:
- World's largest fully integrated zinc-lead producer
- World's largest underground zinc-lead mine at Rampura Agucha, India
- 6th largest silver producer in the world
- Zinc India has R&R of 448 mn tonnes with mine life of 25+ years
- Zinc International has R&R of more than 566.4 mn tonnes supporting mine life in excess of 30 years
- HZL- Low-cost zinc producer, which lies in the first decile of the global zinc cost curve (2020)

Application areas:
- Galvanising for infrastructure and construction sectors
- Die-casting alloys, brass, oxides and chemicals

OIL & GAS

Operates
c.25%
of India's crude oil production

Business:
Cairn India

Production Volume:
162 kboepd
Average Daily Gross Operated Production

EBITDA (In US$ mn)
438

Asset highlights:
- World's longest continuously heated pipeline from Barmer to Gujarat Coast (c.670 km)
- Till FY2021, to deliver the capex project 256 wells have been drilled and 149 wells hooked up
- New gas processing terminal construction completed; commissioning underway expected to add c. 100 mmscfd
- Early drilling opportunities being evaluated in OALP - Rajasthan, Assam & Cambay regions. First well KW-2-Udip drilled in Rajasthan.
- Largest private sector oil & gas producer in India
- Executed one of the largest polymers EOR projects in the world
- Footprint over a total acreage of c. 65,000 sq km
- Gross proved and probable reserves and resources of 1,229 mmboe

Application areas:
- Crude oil is used by hydrocarbon refineries.
- Natural gas is mainly used by the fertiliser sector

ALUMINIUM

Largest primary aluminium producer in India

Business:
Aluminium smelters at Jharsuguda & Korba (BALCO)

Alumina refinery at Lanjigarh

Volume:
1,969 kt
Aluminium

1,841 kt
Alumina

EBITDA (In US$ mn)
1,046

Asset highlights:
- Largest aluminium installed capacity in India at 2.3 MTPA
- Integrated 5.7GW Power & 2 MTPA Alumina refinery
- c.47% market share in India among primary aluminium producers
- Diverse product portfolio – ingots, wire rods, primary foundry alloy, rolled products, billet and slab

Application areas:
- Power systems, automotive sector, aerospace, building and construction, packaging

POWER

c.9 GW
Power portfolio

Business:
Power assets at Talwandi Sabo, Jharsuguda, Korba & Lanjigarh

Volume:
11,261
mn units
Power Sales

EBITDA (In US$ mn)
190

Asset highlights:
- One of the largest power producers in the country in the private sector*
- Energy efficient, super critical 1,980 MW power plant at Talwandi Sabo

Application areas:
- 2.9 GW (c.37%) commercial power backed by Power Purchase Agreements
- 4.8 GW (c.63%) captive use

*including captive power generation

IRON ORE

One of the largest merchant iron ore miners in India and one of the largest producers and exporters of merchant pig iron in India

Business:
Iron Ore India

Volume:
5 mn dmt
Iron ore

596 kt
Pig Iron

EBITDA (In US$ mn)
245

Asset highlights:
- Karnataka iron ore mine with reserves of 76 mn tonnes, and life of 11 years
- Value-added business: 3 blast furnaces (0.8 mtpa), 2 coke oven batteries (0.5 mtpa) and 2 power plants (60MW) and one merchant coke plant of capacity 0.1 mtpa

Application areas:
- Essential for steel making
- Used in construction, infrastructure and automotive sectors

STEEL

Business:
Electrosteel India

Production Volume:
1,187 kt
Steel

EBITDA (In US$ mn)
117
Steel

Asset highlights:
- Design capacity of 2.5 mtpa
- Largely long steel product

Application areas:
- Construction, infrastructure, transport, energy, packaging, appliances and industry
- Product portfolio includes pig iron, billets, TMT bars, wire rods and ductile iron pipes

COPPER

One of the largest copper producers in India

Business:
Copper India

Production Volume:
101 kt

EBITDA (In US$ mn)
(21)

Asset highlights:
- Tuticorin smelter and refinery currently not operational

Application areas:
- Used for making cables, transformers, castings, motors and castings, and alloy-based products

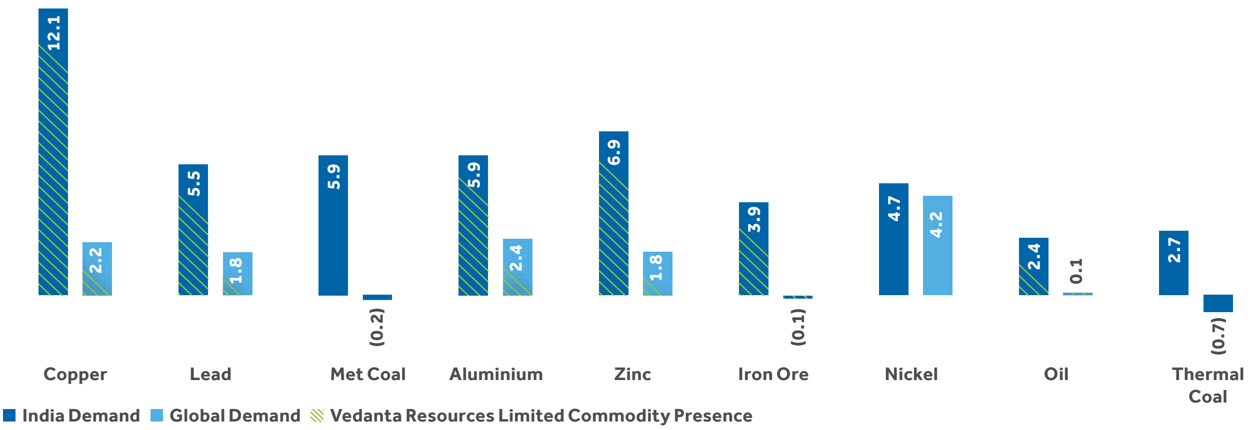
At Vedanta, our investment strategy is focused on delivering sustainable, long-term returns to our shareholders and creating value for our wider stakeholder fraternity. Natural resources form an important growth engine in the economies we operate in. Through scientific and sustainable mining, we are poised to grow attractively in the foreseeable future in these regions and contribute to regional and national growth.

Large, low-cost, long-life and diversified asset base with an attractive commodity mix

- Large-scale, diversified asset portfolio, with an attractive cost position in many core businesses, positions us to deliver strong margins and free cash flows through the commodity cycle
- An attractive commodity mix, with strong fundamentals and promising demand growth, key focus on base metals and oil.

While commodity markets suffered during the first half of 2020, due to COVID, with the base metals sector experiencing reduced demand from manufacturing, and the oil price suffering from severe demand weakness owing to travel restrictions and prolonged factory shutdowns, the second half of the year saw recovery, particularly in Vedanta's core commodities (zinc, aluminium and oil & gas). In 2021 various efforts to stimulate economic growth by governments, central banks and international institutions, together with faster vaccines roll out are likely to strengthen the recovery in these commodity markets

DEMAND 2020-2030 CAGR (%)



Source: Wood Mackenzie
Note: Oil demand CAGR shown for 2018-2030 period


Jharsuguda Facility, Odisha

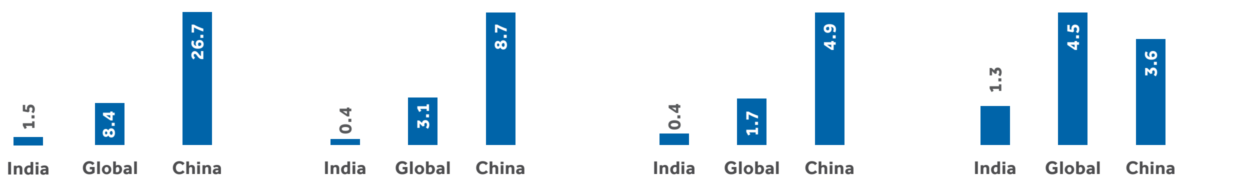
Ideally positioned to capitalise on India's growth and natural resources potential

- India's (US$2.7 trillion economy) per capita metal consumption is significantly lower than the global average, indicating significant headroom for growth
- The government's continued focus on infrastructure, urbanisation, and affordable housing (supported by low interest rates regime driven by RBI's accommodative monetary policy) will help the economy recover faster from the COVID-induced shock and generate strong demand for natural resources

VEDANTA'S COMPETITIVE ADVANTAGE IN INDIA

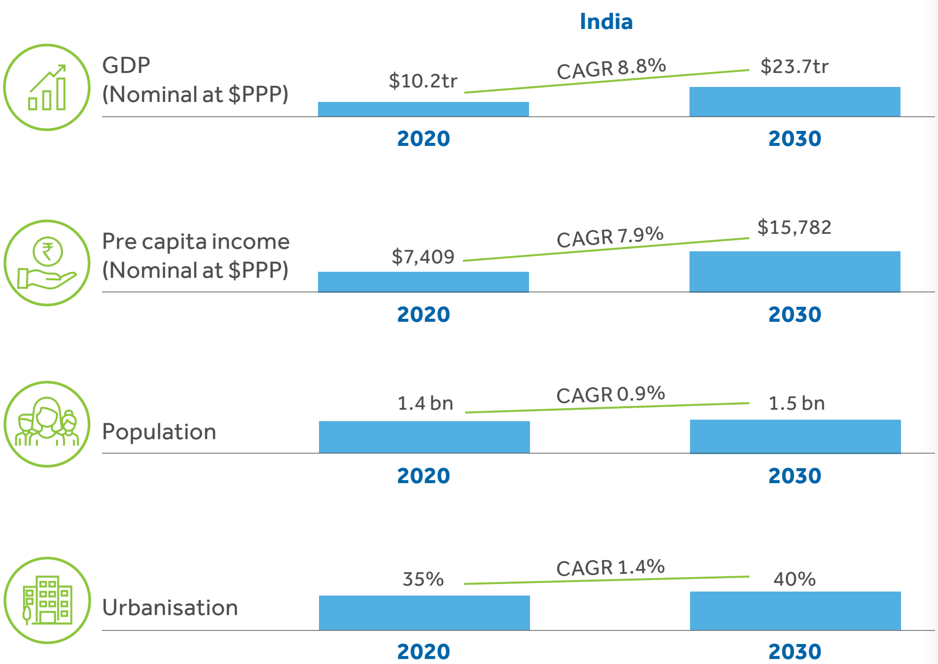
- A diversified portfolio of established operations in India
- A strong market position as India's largest base metals producer and largest private sector oil producer
- An operating team with an extensive track record of successful project execution

ALUMINIUM CONSUMPTION (KG/CAPITA) | **COPPER CONSUMPTION** (KG/CAPITA) | **ZINC CONSUMPTION** (KG/CAPITA) | **OIL CONSUMPTION** (BOE/CAPITA)



Source : Wood Mackenzie, IMF, IHS Markit, BMI, BP Energy outlook 2020
Note : All commodities demand correspond to primary demand; figures are for 2021

INDIA GROWTH POTENTIAL



Source: IHS Market

India's mineral reserves ranking globally

8th
Zinc
Reserves: 10.0 mn tonnes

Crude oil
Reserves: 4.4bn bbl

7th
Iron ore
Reserves: 5.5 bn tonnes

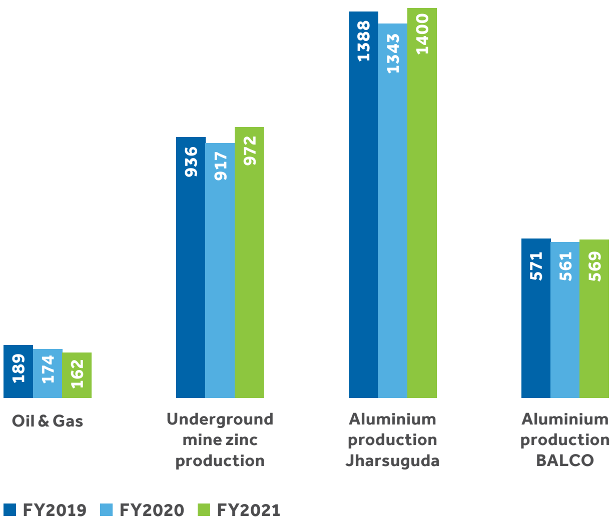
8th
Bauxite
Reserves: 660 mn tonnes

Source: USGS Mineral Commodity Summaries 2021, OPEC Annual Statistical Bulletin 2020.

World-class natural resources powerhouse with proven track record

- Our Management team has a diverse and extensive range of sectoral and global experience. They ensure that operations run efficiently and responsibly, drawing from key insights
- Disciplined approach to development, growing our production steadily across our operations with focus on operational efficiency and cost savings
- Since our listing in 2003, our assets have delivered a phenomenal production growth

PRODUCTION VOLUMES (kt)



Well-invested assets driving free cash flow growth

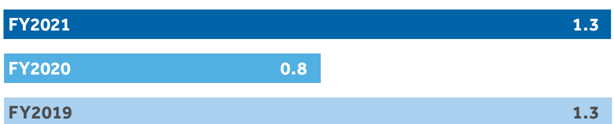
- Completed a significant proportion of our medium-term capital expenditure programme; and we are now ramping up production to take advantage of our expanded capacity
- Seeing positive outcomes of our investments, with Zinc India and aluminium delivering robust production in the past year; and we expect our Zinc International, particularly the Gamsberg project, to provide further impetus to our Zinc business, going forward
- In the Oil & Gas business, we have begun to implement our growth projects with a gross capex of US$3.4+ bn, enabling us to grow our volumes in the near term. These increases in production are leading to a strong cash flow generation

GROWTH CAPEX (US$ bn)

Operational excellence and technology driving efficiency and sustainability

- Eliminating inefficiencies across every aspect of operations
- Leveraging advanced technologies to roll out a wide range of innovation
- Rationalising the cost structure to build a leaner operating model
- Ensuring sustainable operations and delivering a positive result for all our stakeholders and society

FCF POST CAPEX (US$ bn)

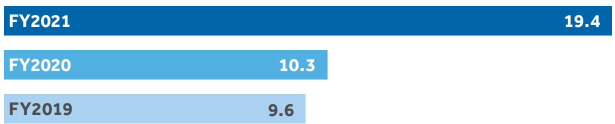


Strong financial profile

Our operating performance, coupled with optimisation of capital allocation, has helped strengthen our financials.

- Revenues of US$11.7 bn and EBITDA of US$3.8 bn
- Strong ROCE of c.19.4 %
- Deleveraging and extension of our debt maturities through proactive liability management exercises
- Strong and robust FCF of US$1.3 bn
- Cash and liquid investments of US$5.6 bn
- A strong balance sheet, with respect to Net Debt/ EBITDA (2.8x) and gearing, compared to our global diversified peers

RETURN ON CAPITAL EMPLOYED (%)



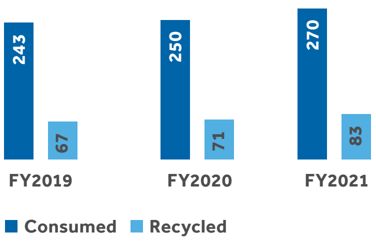
Committed to the highest standards of ESG

- Committed to be the lowest cost producer in a sustainable manner
- Aligned to our Group objective of 'Zero Harm, Zero Waste and Zero Discharge' we worked dedicatedly to setup a framework, aligned to global best practices
- Focusing on key material areas of occupational health, safety, environment, carbon, social performance and governance
- Key future programmes comprise the following: achieve highest safety level, manage zero net environmental damage, support global carbon neutrality targets and work with all stakeholders in harmony

We have made significant improvements in our investigation quality to avoid repeat accidents and promote higher reporting for all incidents. We are also duly progressing towards achieving our water and waste targets set for the year.

LTIFR

WATER CONSUMED AND RECYCLED (mil m^3)



Cairn facility

CHAIRMAN'S STATEMENT

Strength meets responsibility

DEAR STAKEHOLDERS,

The year 2020 was an unusual year for all of us. A year that was challenging on multiple fronts, but what stood out was the extraordinary resilience and adaptability of individuals and enterprises. There was a tectonic shift in the way we live or conduct our businesses, and Vedanta was no different. As a large natural resources company, we have had our fair share of challenges. However, we were quick to adapt to the emerging realties, backed by the relentless support of our dynamic workforce.

In India, where our key subsidiary Vedanta Limited has maximum footprint, we extended our support to the nation's fight against COVID-19 during its first wave through contributions to the PM CARES Fund and undertaking initiatives that positively impacted the lives of over 15 lakh people. We have now pledged c.US$20 mn to help the country in its fight against the second wave of COVID-19 along with setting up of 1,000 specialty beds in 10 locations across India. Sterlite Copper, which has a capacity to produce 1,000 tonnes of oxygen at Tuticorin, is catering to the needs of COVID patients in the region.

A YEAR OF CONTINUED EXCELLENCE AND LEARNING

Vedanta Resources Limited is one of the world's largest suppliers of natural resources, with primary operations in zinc-lead-silver, iron ore, steel, copper, aluminium, power, oil & gas. Our portfolio of world-class, low-cost, scalable assets consistently generate strong profitability and deliver robust cash flows. We are actively deleveraging our balance sheet and are raising the bar in operational excellence, across our wide canvas of operations.

During FY2021, Vedanta continued to live up to its promises to its stakeholders and operated a resilient and responsible business that contributed to a self-reliant India. Even as temporary disruptions materialised, we were able to bounce back strongly with industry-leading EBITDA margins and exceptional quarters for key businesses. We continued to deliver on all strategic levers, building on our strengths and commitment to operational excellence. We remained cash flow positive; liquidity was maintained at comfortable levels.

Anil Agarwal,
Chairman

c.US$20 mn
Pledged by Vedanta to support India during the second wave of COVID-19

It also gives me great pleasure in informing you that we performed exceedingly well on key Environmental, Social, Governance (ESG) aspects during the year. This is validated by our improved ranking in the Dow Jones Sustainability Index. It's a true reflection of our belief that business and sustainability are synergistic in nature.

While we have reasons to celebrate, we mourn the passing of eight of our colleagues. We are aggrieved by their irreplaceable loss and are supporting the bereaved families. At Vedanta, we accord paramount importance to occupational safety and employee wellbeing and continue to nurture a safety culture that results in zero harm. However, there is always room for improvement, and collective action and behavioural change alone can help bring transformational outcomes. Aligned to this, we are conducting a Group-wide review of permit to work and isolation procedure and are instating a safety alert dashboard to improve implementation of fatality learnings. Cross business safety audits and piloting of critical risk management are other supplementary initiatives supporting this.

Another key development of the year, is the appointment of Mr. A R Narayanaswamy a Non-Executive Director on our Board, who brings a host of experience with his background in management consulting, operational audit, and information technology in manufacturing and service businesses. A Chartered Accountant by profession, he has been an advisor to the Vedanta Foundation in recent years and is a lead member of the Vedanta CSR Management Committee. We hope to be guided by his extensive financial, strategic and boardroom experience, in setting new benchmarks for Vedanta. We are thankful to Mr. Deepak Parekh, Mr. Ravi Rajagopal, and Mr. Edward T Story for their contributions during their tenure with the Vedanta Board as Non-Executive Directors.

OPERATING IN A THRIVING ECONOMY

After an outlier year, India is now back on the growth trajectory, and is poised to grow by 11.5% in FY2022, according to the International Monetary Fund. The rebound is clearly evidenced by the uptick in consumption, manufacturing activity and bank credit. India is experiencing a V-shaped recovery. Global agencies such as the World Bank have acknowledged the fact that this recovery is phenomenal, given how the country has now opened up, and is organising large-scale vaccination drives on priority.

The government is also playing a key role in facilitating the economy's

Offshore facility of Cairn Oil & Gas

return to the growth path. This is clearly reflected in the Union Budget 2021, which lays extended focus on economic enablers such as infrastructure and socially important sectors such as health. Among others, the proposals to create a Development Financial Institution (DFI), monetise assets, set up new economic corridors and increase the ambit of the National Infrastructure Pipeline (NIP) are promising. These measures, in conjunction with a conducive policy environment, are expected to increase the demand for basic materials in which we specialise. The relevance of metals and mining are more pronounced today than ever, and at Vedanta, we are rightly positioned to cater to the growing needs. The clarion call for 'Aatmanirbharta'(self-reliance) is very well founded, and we are perfectly aligned to the government's vision of a self-reliant nation. In line with this, we have augmented our positioning to 'Desh Ki Zarooraton Ke Liye, Aatmanirbhar Bharat Ke Liye (For the needs of the nation, For India's self-reliance).'

GROWING IN A VITAL INDUSTRY

There is a definite focus on India's natural resources sector as a key enabler in supporting the nation's development. Apart from being a contributor to GDP, it underpins the supply of raw materials to the nation's burgeoning manufacturing sector. Development of this sector thus holds key to the nation's ambition of becoming fully self-reliant.

In recognition of this, India is turning a new leaf with the introduction of the Mines and Minerals (Development and Regulation) Amendment (MMRDA) Bill, 2021. A welcome move, its passage will significantly boost India's metals and mining industry, by inviting private participation in the exploration of key resources such as coal and gold. It is set to redefine the norms of exploration of mineral blocks and adequately utilise India's unused mineral reserves. Currently, natural resources contribute 1.75% to India's GDP, whereas in countries with similar reserves, the contribution is 7-7.5%. The MMRDA Bill is a gamechanger in this context and is expected to significantly improve the share of the sector in the national economy. It will contribute to the creation of over five mn jobs and will considerably reduce India's import dependence for basic materials.

BEING THE DEVELOPER OF CHOICE

Over the years, Vedanta has built one of the most recognised and impactful CSR programmes in India. As a natural resources player, we are inextricably linked to the communities near our operations, and have become an inalienable part of their livelihood. From here stems our deep sense of responsibility and extended obligation beyond what is mandatory.

During FY2021, we spent over US$45 mn on social development activities, spread across our core impact areas of education, health, sustainable livelihoods, women empowerment, sports and culture, environment and community development. Each Group company played its part by executing the respective CSR agenda, in line with the Group guidelines.

This year, supporting communities during the COVID-19 crisis also assumed precedence, with the distribution of nearly 25 lakh meal and ration kits, and over 7 lakh health and hygiene kits.

As we stand today, our flagship CSR initiative for women and children has touched a new milestone, with the setting up of 2,300+ Nand Ghars (women-child welfare centres) in 11 states. It continues to pave way

Building the future of India

c.9.23 mn m^3
Water savings achieved over the past four years

c.52,000
Women benefited through Nand Ghar initiative

c.65,000
Children benefited through the Nand Ghar initiative

Employees at Cairn, Oil & Gas

for the model Anganwadi (rural childcare centre) movement across India and to date, we have positively touched the lives of c.52,000 women and c.65,000 children through the initiative.

BEING NATURALLY RESPONSIBLE

Vedanta is one of the world's largest natural resources companies and we are well aware of the responsibility that rests on our shoulders. It's in this context that we have a target-oriented environmental programme. We believe that good ecology is good business and we strive our best to give back more than we take. Consequently, over the past four years, we have achieved water savings of c.9.23 mn m^3 and have implemented an active plastic protocol in three of our business units. We have also seen 100%+ fly ash utilisation.

With regards to GHG emissions, we have a vision to substantially de-carbonise our operations by 2050, and towards this extent, we have built a Group-wide carbon forum with CEO-level engagement. I'm also proud of the fact that we are among the 24 Indian companies who have signed the declaration towards carbon neutrality, in late 2020. Today, we have achieved c.13.6 mn tCO_2e in avoided emissions compared to our 2012 baseline.

BEING THE EMPLOYER OF CHOICE

Vedanta is home to thousands of skilled professionals, who seek to develop their careers aligned to our culture and facilitated by an employee-friendly, diverse, and meritocratic environment. Their efforts have been instrumental in taking Vedanta to its current stature, and their contribution to ensuring business continuity has been phenomenal during the height of the pandemic.

The safety, wellbeing and happiness of our employees is of utmost importance to us, and we are taking every measure to ensure the same. Towards this, we rolled out health programmes for our employees and business partners during the year. We also focused on telemedicine, promotion of mental health and health monitoring so that our people remained safe and secure during these trying times.

We constantly engage with best-in-class service and technology providers to ensure the highest level of safety for our employees and have managed to achieve a zero-fatality year at our largest business – Hindustan Zinc.

AHEAD WITH INDIA

As I look forward, I see an opportunity of a lifetime ahead of us. The Indian economy has regained its growth momentum and we are operating in an industry that complements this growth curve. With India's young energy, consistent governance, strong consumption, and a thriving private sector, I'm positive that the best for the nation is yet to come. At Vedanta, we are cognisant of the immense growth potential and will invest in opportunities that create value for all stakeholders. As we power ahead, we stand in solidarity with India, its ambition of being Aatmanirbhar (self-reliance) and creating a 5 trillion-dollar economy.

Best regards,
Anil Agarwal

Delivering on all fronts

GROWTH

Revenue (US$ bn)

FY2021	11.7
FY2020	11.8
FY2019	13.0

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

Commentary: In FY2021, consolidated revenue was at US$11.7 bn compared with US$11.8 bn in FY2020. This was primarily driven by rupee depreciation, lower power sales at TSPL, lower volume at Oil & Gas, Skorpion mine put under maintenance and care, and lower cost recovery at Oil & Gas business, partially offset by higher commodity prices, higher volumes at Zinc India, Copper, Iron Ore and Aluminium business, inclusion of FACOR in FY2021.

EBITDA (US$ bn)

FY2021	3.8
FY2020	3.0
FY2019	3.5

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

Commentary: EBITDA for FY2021 was at US$3.8 bn, 27% higher y-o-y. This was mainly driven by higher commodity prices, higher sales realisation from Iron ore and Steel business, increased volumes at Zinc India and Aluminium business, lower cost of production at Zinc, Aluminium and Oil & Gas business partially offset by lower brent realisation, lower cost recovery at Oil & Gas business.

FCF post-capex (US$ bn)

FY2021	1.3
FY2020	0.8
FY2019	1.3

Description: This represents net cash flow from operations after investing in growth projects. This measure ensures that profit generated by our assets is reflected by cash flow, in order to de-lever or maintain future growth or shareholder returns.

Commentary: We generated FCF of US$1.3 bn in FY2021, driven by strong cash flow from operations and lower sustaining and project capital expenditure.

Return On Capital Employed (ROCE) (%)

FY2021	19.4
FY2020	10.3
FY2019	9.6

Description: This is calculated on the basis of operating profit, before special items and net of tax outflow, as a ratio of average capital employed. The objective is to earn a post-tax return consistently above the weighted average cost of capital.

Commentary: Strong ROCE of c.19.4% in FY2021 (FY2020: 10.3%), primarily due to strong operating and financial performance coupled with lower depreciation due to impairment in Oil & Gas business in FY2020.

Adjusted EBITDA margin (%)

FY2021	37
FY2020	29
FY2019	30

Description: Calculated as EBITDA margin excluding EBITDA and turnover from custom smelting of Copper India and Zinc India businesses.

Commentary: Adjusted EBITDA margin for FY2021 was 37% (FY2020: 29%).

Net Debt /EBITDA (Consolidated)

FY2021	2.8
FY2020	3.3
FY2019	3.0

Description: This ratio represents the level of leverage of the Company. It represents the strength of the balance sheet of Vedanta Resources Limited.

Commentary: Net debt/EBITDA ratio as at 31 March 2021 was at 2.8x, compared to 3.3x as at 31 March 2020.

Interest Cover

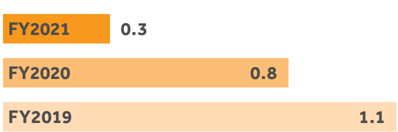
FY2021	3.7
FY2020	3.2
FY2019	3.8

Description: The ratio is a representation of the ability of the Company to service its debt. It is computed as a ratio of EBITDA divided by gross finance costs (including capitalised interest) less investment revenue.

Commentary: The interest cover for the Company was at c. 3.7 times, higher y-o-y on account of higher EBITDA.

LONG-TERM VALUE

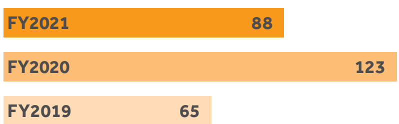
Growth capex (US$ bn)



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

Commentary: Our stated strategy is of disciplined capital allocation on high-return, low-risk projects. Expansion capital expenditure during the year stood at US$0.3 bn.

Dividend (US CENTS)



Description: Dividend per share is the total of the final dividend recommended by the Board in relation to the year, and the interim dividend paid out during the year.

Commentary: The Board has recommended a total interim dividend of 88 US cents per share this year compared with 123 US cents per share in the previous year.

Reserves and Resources (R&R)

Zinc India (mn mt)

Zinc International (mn mt)

Oil & Gas (mmboe)

Description: Reserves and resources are based on specified guidelines for each commodity and region.

Commentary:

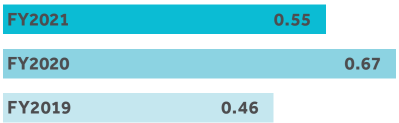
Zinc India: During the year, gross additions of 45 mn tonnes were made to reserves and resources prior to depletion of 15 mn tonnes. Overall mine life continues to be more than 25 years.

Zinc International: During the year, mineral reserves and resources at Zinc International increased by 8% to 566.4 Mt containing 30.3 Mt of metal. Gross additions to reserves and resources, after depletion, amounted to 41.3 Mt of ore and 1.8 Mt of metal. Despite depletion, reserve levels were successfully maintained at the same level as 2020, and amount to 139.7 Mt containing 8.3 Mt of metal. The most significant contributor to the addition of metal in resources was the declaration of a maiden resource at Gamsberg South (23.2 Mt @ 7.1% Zn and 0.6% Pb). Overall mine life is more than 30 years.

Oil & Gas: During FY2021, the gross proven and probable reserves and resources increased by 35 mmboe during the year.

SUSTAINABLE DEVELOPMENT

LTIFR



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

Commentary: This year, the LTIFR was 0.55. Safety remains the key focus across businesses.

Gender diversity (%)

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

Commentary: We provide equal opportunities to men and women. During the year, the ratio of female employees was 11% of total employees.

CSR footprint (million beneficiaries)

Description: The total number of beneficiaries through our community development programmes across all our operations.

Commentary: We benefited around 42 mn people this year through our community development projects comprising community health, nutrition, education, water and sanitation, sustainable livelihood, women empowerment and bio-investment. This year our large-scale COVID-19 outreach programme has further augmented the metric.

Marching ahead and contributing to **AATMANIRBHAR BHARAT**

Hindustan Zinc Limited (HZL) is aggressively pursuing the Government of India's mega drive for Atmanirbhar Bharat, and developing value-added zinc products for India's steel, auto and alloy industries. Many success stories have been meticulously crafted through the collective grit and relentless innovation focus by Team HZL.

One such project is Continuous Galvanising Grade (CGG) a zinc-aluminium alloy, which was co-developed with leading domestic steel manufacturers. The benefits of this value-added product comprise significantly low energy costs and better coating finish owing to the use of aluminium.

Electro Plating Grade (EPG) products

A successful HZL story

Another value-added product is Hindustan Zinc Die-cast Alloy (HZDA), which is now being used by domestic auto components manufacturing industry. HZL offers two variants (HZDA-3 and HZDA-5) of the product to cater to the needs of alloy makers. Earlier, Die-cast alloys were imported, and this make-in-India initiative will lead to foreign exchange savings for the country. Wide availability is another big advantage for auto components manufacturing companies.

Yet another success story for HZL is Electro Plating Grade (EPG) products. The Company has set up a digital shop to quickly address the requirements of various customers seamlessly. Indian Micro Small and Medium Industries (MSMEs) can easily have access to the products from the Company's warehouses with real-time prices benchmarked to the London Metal Exchange (LME). The Company's future plan is to develop zinc dust, which will cater to the requirements of the paints, pharma and fertiliser industries.

Special Hi-Grade Silver Ingots

HZL offers two variants

HZDA-3 and HZDA-5

Possibilities on the horizon

Aligned with the mission for a self-reliant India, we at HZL envisages several opportunities in the near and long terms and are already capitalising on many of them. HZL is now partnering with leading Indian corporates for Aatmanirbhar Bharat. The partnership with Tata Steel is a remarkable step in this direction. Tata Steel made an exception to their Two-Supplier policy by giving 100% of their annual requirement to HZL last year. HZL is providing vendor managed inventory services to Tata Steel's plants to help them rationalise their costs.

HZL is also partnering with IIT Bombay for Continuous Galvanised Rebar (CGR) benefits. IIT Bombay published a paper, which demonstrates the benefits of CGR vs epoxy-coated vs non-galvanised rebars, along with cost implications. The life of all coastal infrastructure can increase manifold at an almost equal cost compared to other options for EPC contractors.

Given the gradual migration from fossil fuel to renewables throughout the world, major investments in battery technology, involving zinc, are expected to come to India, the horizon of opportunities for HZL is growing. The Company is fully equipped to take advantage of these tailwinds to grow its business and partner a self-reliant India.

Powering the wheels of AUTOMOTIVE INDUSTRY

Aluminium's versatility makes it the metal of choice for a wide range of industries. These are aviation, aerospace, automobiles and electric vehicles, transportation, building & construction, defence, electrical distribution, and many more. As India's largest aluminium producer, our quest for product excellence stems from a mission to serve our customers better. This is centred around developing value-additions that tap into the metal's superior inherent properties to cater to the evolving market requirements.

AN ARRAY OF INDIGENOUS CAPABILITIES FOR AN IMPORT-DEPENDENT INDUSTRY

India's auto sector consumes about 4% aluminium, vis-à-vis 11% in USA and 14% in Europe, indicating a huge growth headroom. The country's foundry market for automotive components is small (only 10% of total foundry market) compared to that of the US. With increasing focus on higher performance with better safety and lower emission, this gap is going to shrink progressively.

We, at Vedanta, have tapped into the opportunity and developed indigenous capabilities to meet aluminium's growing demand. Our aluminium business was the first in India to supply Primary Foundry Alloys (PFA) to the import-dependent domestic auto sector for the manufacture of alloy wheels.

PFA's domestic market was c.250 kt in FY2020, of which 65 kt was being imported as wheels from China and other duty-free nations and c.20 kt was being supplied from BALCO. In FY2020, 160 kt PFA was imported into India, which later reduced to 98 kt in FY2021 following the capacity ramp-up from BALCO's foundry alloy line.

Our aluminium smelters across Odisha and Chhattisgarh have advanced technology-enabled cast houses. Best-in-class engineering technologies, intelligent automation, smart solutions, environmental safeguards and sustainability-focused operating procedures are integrated to create lasting value.

Equipped with in-line metal treatment facilities consisting of degassing and metal filtration unit and continuous casting technology, this ensures that our customers get the best in quality PFA.

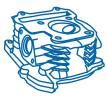
A HAWK-EYED FOCUS ON QUALITY

Our foundry alloy ingots exceed the most stringent quality requirements such as the standards set by The International Automotive Task Force (IATF). We have received the IATF-16949 certification, one of the most widely used international standards trusted by leading global automakers. We are now India's only TS-16949 and IATF-16949 accredited primary smelter. Our Centre of Quality Excellence, stringent quality assessment of raw materials and finished products have made us one of the most preferred aluminium suppliers to developed markets.

Our Customer Technical Services (CTS) team has become more advanced and intuitive to ensure complete customer fulfilment. With state-of-the-art infrastructure, engineering prowess, global technology partnerships and R&D capability to develop solutions, Vedanta is poised to bring fundamental change in India's automotive and auto-ancillary markets. To help build the future of mobility.

At Vedanta, we are relentlessly exploring the capabilities of aluminium as the

'Green Metal of the Future'

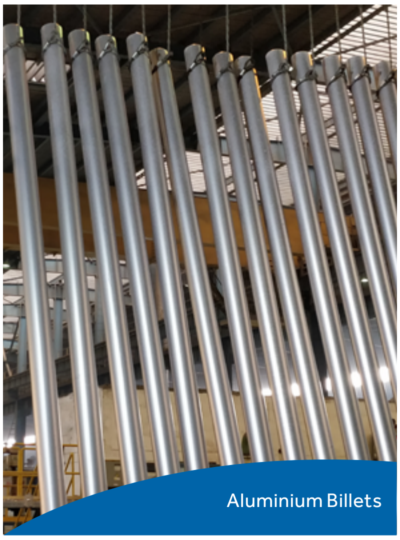


A NATURAL GROWTH PARTNER FOR INDIA'S AUTOMOTIVE SECTOR

Expanding our foundry alloy product line, we have recently launched the Aluminium Cylinder Head Alloy. This alloy was entirely being imported into India (25 kt in FY2021). The Cylinder Head Alloy leverages material design to help automakers increase efficiency of internal combustion engines for improved performance on emission control, in line with BS-VI and CAFE (Corporate Average Fuel Efficiency/ Economy) norms.

The first Indian emission regulations were idle emission limits, which have become more stringent over time following the implementation of Bharat Standards, the latest of which is BS-VI, implemented on 1 April 2020. With tighter norms and compliance to control emission of sulphur oxide, nitrogen oxide and carbon dioxide, automakers are looking for fundamental solutions such as improving the efficiency of internal combustion engines. This is where Vedanta's aluminium cylinder head alloy is helping automakers adhere to emission norms.

India's auto component sector is among the fastest growing but lags in contribution to manufacturing turnover. The country's auto component industry's aspirations of having a significant share of the global trade calls for a renewed focus on localisation on every business front, particularly with respect to sourcing raw materials. As India's leading producer of a vast array of globally acclaimed metals and value-added products, Vedanta is a natural partner for the automotive and auto ancillary industry, across their entire value chain, from large players to Micro Small and Medium Enterprises (MSMEs), for the nation's growth.



Aluminium Billets

Taking digital transformation to **THE NEXT LEVEL**

"Vedanta is focused on applying smart manufacturing technologies aimed at significantly improving HSE, driving up production volumes, reducing operating cost, improving stakeholder experiences, and enhancing ease of doing business. We are transforming into an organisation that is embracing new agile ways of working and is making digital a way of life"

Anand Laxshmivarahan R,
Interim Group Chief Digital Officer, Vedanta

Traditional businesses, which were largely looked upon as brick-and-mortar companies were slow to transform. However, they are recognising the need for faster digitalisation to expedite integration across divisions and verticals, stepping up efficiency, and reaching out to more customers and stakeholders. Besides, digitalisation has not only improved business gains, but has also enhanced safety standards. At Vedanta, we are relentlessly building on our digital backbone across all our businesses as an investment for the future.

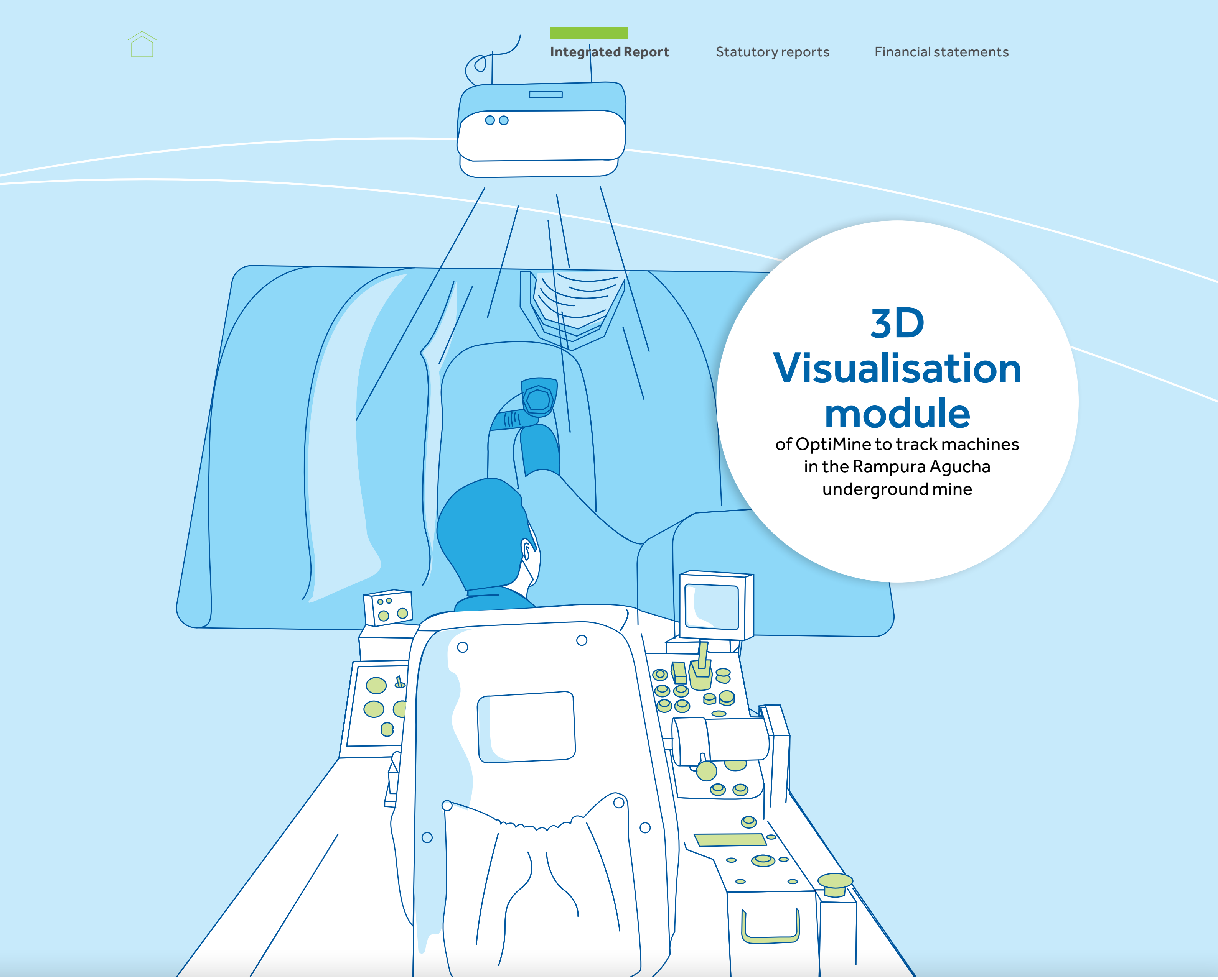
3D VISUALISATION TO REDUCE RAMP JAM

With the extensive use of 3D visualisation module of OptiMine to track machines in the Rampura Agucha underground mine, we have achieved significant improvement (9-10%) in the reduction of ramp jams from November 2020 to March 2021. The control room has played a major role in tracking daily operations and critical processes to reduce ramp jams, increase efficiency and improve average response time to clear the jams.

HAULING CYCLE TIME REDUCTION IN RA MINE

The digitalisation of the underground mine through our WiFi network has been completed at Rampura Agucha Mine and the control room setup is fully operational. Traffic awareness is being utilised now for the main decline section spanning 12 km. Traffic congestion and real-time equipment tracking are being utilised to drive operational efficiency. Mobilaris and Eurovac are our key partners in our ongoing digitalisation programme at RAUG.

LPDT Cycle time has reduced by 9-10% with improved visibility and real-time decision-making from the control room to equipment.



3D Visualisation module

of OptiMine to track machines in the Rampura Agucha underground mine

SOFT SENSOR FOR ANALYSIS AND PREDICTION FOR REAL TIME P80

A soft sensor for P80 was built by modelling the grinding process in Rampura Stream, using the historical process parameter data from Pi. The model has 97% accuracy which assists to optimise the consumable usage of grinding media and process water addition. The model ensures a consistent P80 to the downstream floatation circuit, which will help the operations team to reduce concentrate grade fluctuation. As the model acts as a soft sensor for PSI, the procurement and the operating costs of PSI are reduced. The model helps prevent over- or under-grinding by effective P80 tracking.

Leveraging digital technology at Hindustan Zinc facility

Cairn pushes the **DIGITAL ENVELOPE FARTHER**

Cairn Oil & Gas commenced project 'Nirman' in 2018-19, which laid out the Company's digital roadmap and strengthened its foundation. The year 2020-21 saw 'Project Pratham' embrace the 'digital first' approach by accelerating the existing digital projects and unveiling innovative initiatives to add more barrels to the topline, optimise cost per barrel and improve Health, Safety and Environment (HSE) practices.

Through this initiative Cairn is re-designing itself for quicker digital adoption and building competencies through reskilling and 'Act-Up' programmes. The oil and gas business has further refined its digital strategy to accomplish the vision of 'smart oilfield' that cuts across the exploration and production value chain.

EXPLORATION AND NEW FIELD DEVELOPMENT

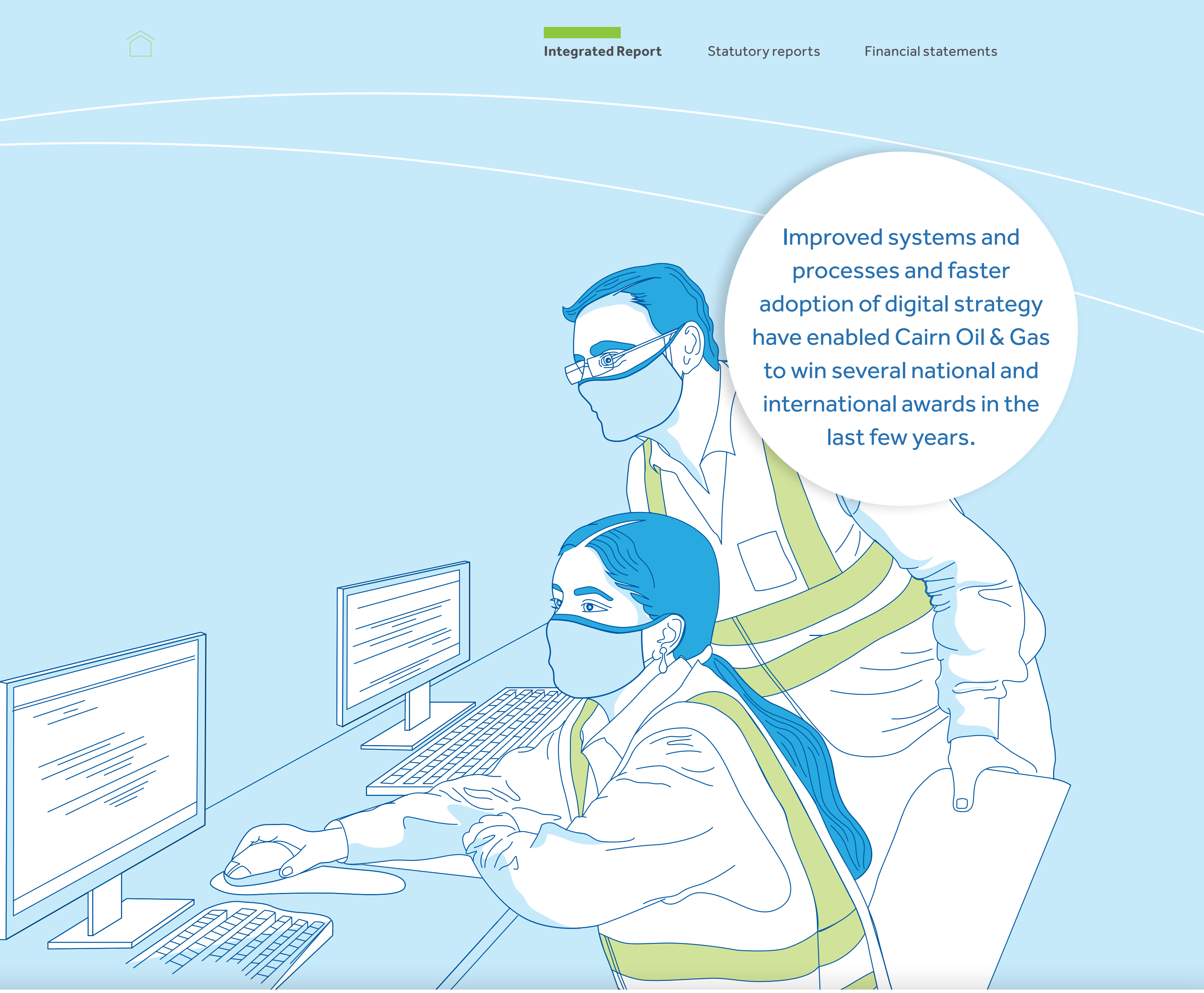
Leading to the reduction in time-to-first oil by moving to cloud-based data management and high-performance computing such as seismic data and processing on cloud, log splicing tool, and so on.

DECLINE AND RESERVOIR MANAGEMENT

To manage production-related challenges to the ageing fields using traditional first principle-based approaches augmented by new-age data driven techniques in artificial intelligence and machine learning (AI/ML) such as water flood optimisation in Aishwarya Upper Fatehgarh and Polymer optimisation in Mangala fields, well reservoir management job planning and tracking, and so on.

SURFACE AND SUB-SURFACE OPERATIONS

We are focused on reducing unwanted production losses and driving digital-led efficient work processes through programmes such as digital oilfield, Disha – smart interactive reporting and dashboards, model predictive control-based artificial lift system optimisation, satellite fields IoT-based connectivity, production reporting, and so on.



ASSET INTEGRITY AND RELIABILITY

Improvement programmes are driven to have best-in-class equipment availability. The culture is shifting from reactive to proactive maintenance through the adoption of predictive analytics-based apps, asset performance management, drone-based transmission line inspections, control room, field logbooks, among others.

HEALTH, SAFETY AND ENVIRONMENT

HSE practices are supported by digitalisation leading to Vedanta's vision of zero harm, zero discharge and zero waste. For example, HSE dashboards, contact tracing mobile app, visible felt leadership app, incident learning app, and so on.

BUSINESS PROCESS IMPROVEMENTS

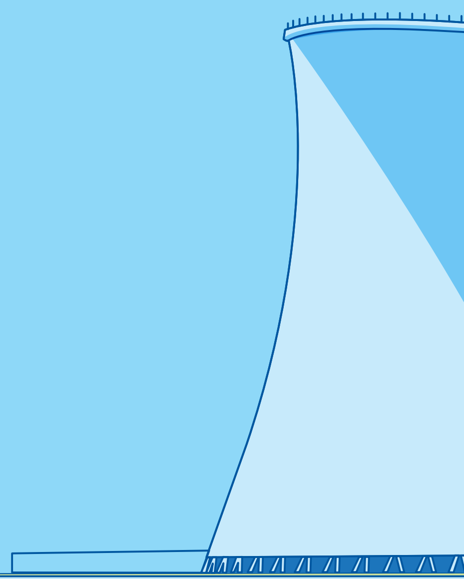
Digitally enabled supporting functions in the organisation are expected to become more efficient and productive such as HR, procurement, supply chain & logistics, finance, and so on. These functions use technologies such as upgraded ERP platform, BOTS, RPA (Robotic Process Automation), Video analytics, and so on.

Digitally optimised artificial lift system

Artificial lift systems are important and complex pumping systems that drive oil from sub-surface to surface. Digital systems such as advanced process control or model predictive control maximises production without violating any of the surface, sub-surface, well or pump constraints. Additionally, customised Artificial Lift Surveillance digital system helps avoid avoidable trips and shutdowns, thus having higher runtime resulting in enhanced production. Moreover, it helps engineers take prudent decisions that improves the run-life of these critical equipment.

VALUE-CREATION AND STRATEGY

At Vedanta, our sustainability focused and integrated business model continues to propel our value-creation process, helping deliver better for all stakeholders.



CREATING VALUE FOR STAKEHOLDERS

Shareholders, investors and lenders

A return on investment

Employees

A safe and inclusive working environment

Governments

Generating economic value for society and delivering sustainable growth

Local community and civil society

Investment in health, education and local businesses

Industry (suppliers, customers, peers, media)

Building long-term partnerships

Operating a responsible, future-proof model

CAPITALS

FINANCIAL CAPITAL

We are focused on optimising capital allocation and maintaining a strong balance sheet while generating strong free cash flows. We also review all investments, taking into account the Group's financial resources with a view to maximising returns to shareholders.

MANUFACTURED CAPITAL

We invest in best-in-class equipment and machinery to ensure we operate as efficiently and safely as possible, both at our current operations and in our expansion projects. This also supports our strong and sustainable cash flow generation.

INTELLECTUAL CAPITAL

As a relatively young Company, we are keen to embrace technological developments and encourage innovation. We encourage our people to nurture and implement innovative ideas, which will lead to operational improvements across our operations.

HUMAN CAPITAL

We have employees drawn from across the world, and their diverse skills and experience contribute to our operations. The mining and plant operations require specialised skills for which we employ qualified technical, engineering and geology experts. In addition, we create a culture which nurtures safety, innovation, creativity and diversity, which helps us meet our business goals while also enabling our employees to grow personally and professionally.

SOCIAL & RELATIONSHIP CAPITAL

We aim to forge strong partnerships by engaging with our key stakeholders, including shareholders and lenders, suppliers and contractors, employees, governments, communities and civil societies. These relationships help maintain and strengthen our licence to operate.

NATURAL CAPITAL

India and Africa have favourable geology and mineral potential. These regions provide us with world-class mining assets and extensive R&R. Additionally, operating our mines requires a range of resources including water and energy which we aim to use prudently and sustainably.

INPUTS

FINANCIAL CAPITAL

US$16.4 bn
Gross debt

US$2.3 bn
Net worth

US$5.6 bn
Cash and cash equivalents

US$0.3 bn
Capex

MANUFACTURED CAPITAL

US$13.3 bn
Plant Property and Equipment (in value terms)

HUMAN AND INTELLECTUAL CAPITAL INDICATORS

70,089
No. of employees incl contractors

7,14,757
No. of hours of training

1,481
HSE employees incl contractors

186
No. of geologists including contractors

8,33,941
No. of hours of safety training

3,259
Employees covered under mentoring and support programmes

SOCIAL AND RELATIONSHIP CAPITAL

US$45 mn
Community investment

S&P and Moody
Rated by two international rating agencies

25
Strong network of global and domestic relationship banks

4
Independent Directors

NATURAL CAPITAL

525 mn GJ
Energy consumption

270 mn m^3
Water consumed

474 mn tonnes
Coal used

13.9 mn tonnes
Fly Ash generated

15.3 mn tonnes
Fly Ash used

17.97 mn tonnes
HVLT waste generated

16.8 mn tonnes
HVLT waste recycled

R&R Zinc India
448 mn tonnes
containing 32.9 mn tonnes of zinc-lead metal and 914.2 mn ounces of silver.

R&R Zinc International
566.4 mn tonnes
containing 30.3 mn tonnes of metal

R&R Oil & Gas
1,229 mmboe
Gross proved and probable reserves and resources

ACTIVITIES

We operate across the mining value chain focusing on long-term and low-cost assets in India and Africa

EXPLORE
We invest selectively in exploration and appraisal to extend mine and reservoir life.

DEVELOP
We develop world-class assets, using the latest technology to optimise productivity.

EXTRACT
We operate low-cost mines and oil fields, with a clear focus on safety and efficiency.

PROCESS
We focus on operational excellence and high asset utilisation to deliver top quartile cost performance and strong cash flow.

MARKET
We supply our commodities to customers in a wide range of industry sectors, from automotive to construction, from energy to consumer goods.

RESTORE
We manage our long-life assets as effectively as possible and return them to a natural state at the end of their useful life.

OUTPUTS AND OUTCOMES

US$11.7 bn
Turnover

US$3.8 bn
EBIDTA

US$4.7 bn
Total exchequer contribution

88 US cents/share
Dividend paid

US$1.3 bn
FCF post-capex

c.19.4%
ROCE

2.8x
Net Debt to EBITDA

Production across various businesses

Zinc India:
1.0 mtpa
Mined metal

706 tonnes
Silver

Zinc International:
58 kt
BMM

145 kt
Gamsberg

Oil & Gas:
162 kboepd

Power:
11.3 bn kWh

Aluminium:
1.8 mtpa
Alumina

2 mtpa
Aluminium

Pig Iron:
596 kt

Copper:
101 kt

Steel:
1.2 MnT

6.49%
Attrition rate

11.23%
Diversity ratio

0.55
Lost Time Injury Frequency Rate (LTIFR)

42 mn
CSR programme beneficiaries

1,000
Nand Ghars built

1,800
Operational Nand Ghars (women-child welfare centres)

2,193
Youth benefited from employment based skills training

88 US cents/share
Interim dividends paid

US$4.7 bn
Dividends, royalty and taxes paid to the government

30.7%
Water recycled

2.03 mn m^3
Water savings

58.93 mn tCO_2e
GHG emissions: Scope 1

110%
Fly Ash utilisation rate

83 mn m^3
Water recycled

1.31 mn tCO_2e
GHG emissions: Scope 2

c.60 mn tCO_2e
GHG emitted

94%
High Volume Low Toxicity (HVLT) effect waste recycled

*before exceptional items

Focus areas integral to our decision-making

As part of our long-term roadmap, we have five strategic focus areas along which we determine our progress and deliver consistent stakeholder value. They are intricately linked to our material issues, opportunity landscape and risk management protocol, hence forming a key part of our integrated decision-making process. Progress and outlook across each of these focus areas have been summarised below.

Continue focus on world-class ESG performance

We operate as a responsible business, focusing on achieving 'zero harm, zero discharge and zero wastage', and so minimising our impact on the environment and society.

We promote social inclusion across our operations to promote inclusive growth.


Employees at BALCO facility

FY2021 update

- 8 fatalities occurred in the fiscal year; there are programmes in place to ensure better investigation quality and leadership oversight to avoid repeats
- Focus this year is on critical risks existing in our business
- Our business partner management is a key priority where new standards for BP management have been introduced along with uniform monitoring system
- LTIFR reported at 0.55
- We launched a social performance pilot project at our critical sites
- 2,300+ Nand Ghars established
- We conducted self -assessment across all BUs to establish the current capacity

Vision

Our safety vision: Everyone goes home safe

Our environment vision: Zero net environmental impact

Our health vision: No impact on employees, BPs and communities due to our operations

Our social performance vision: To become a developer of choice in our areas of operation

Carbon vision: To substantially decarbonise by 2050

Objectives for FY2025

- Zero fatality, with 2 fatality-free years
- Stack emissions to be 25% of 2018 levels. All tailing facilities to be audited and actions closed with real-time monitoring
- All performance standards to be developed, implemented and part of VSAP. Employee and community exposure monitoring. Mental health programme to be initiated.
- Achieve zero social non-compliances. Become signatories to and participants in VPSHR. Set up an external SP advisory body
- Achieve 20% reduction in GHG emission intensity from a 2012 baseline
- Ensure that 40% of all new projects to have a carbon rating of 4-star and above
- 29,000 Nand Ghars to be constructed by 2025
- Skilling and employment creation for 60,000 youths

KPIs

- Fatalities
- TRIFR
- No. of Cat 5 social incident
- GHG emission intensity
- Number of Carbon star rated projects
- Compliance tracking
- Source emissions tracking
- Personal exposure monitoring
- CSR footprint
- Gender diversity

Risks

R1 Safety and health of our employees, BPs and communities

R2 Managing positive community relationships

Augment our Reserves & Resources (R&R) base

We look at ways to expand our R&R base through targeted and disciplined exploration programmes. Our exploration teams aim to discover mineral and oil deposits safely and responsibly, to replenish the resources that support our future growth ambitions.

An employee at Cairn, Oil & Gas

FY2021 update

Zinc India

- During the year, gross additions of 45 mn tonnes were made to reserve & resource, prior to depletion of 15 mn tonnes
- Combined R&R were estimated to be 448 mn tonnes, containing 32.9 mn tonnes of zinc-lead metal and 914.2 mn ounces of silver
- Overall mine life continues to be more than 25 years

Zinc International

- Combined mineral resources and ore reserves estimated at 566.4 mn tonnes, containing 30.3 mn tonnes of metal

Oil & Gas

- Commencement of seismic acquisition and exploration drilling in OALP blocks spread across Rajasthan, Cambay & North East shall enable to unlock the resource potential
- Gross proved and probable reserves and resources of 1,229 mmboe

Objectives for FY2022

- **O&G:** Drilling commenced in Rajasthan, Cambay & North East for OALP blocks.
- **O&G:** Evaluating opportunities to commence drilling campaign of exploration and appraisal wells to build on the resource portfolio in Rajasthan.
- **On metals:** Continue to build R&R base and generate new greenfield targets for our commodities/metals

KPIs

- Total 2P+2C Reserves & Resources in O&G
- Total R&R in Zinc India & ZI

Risks

R1 Health, Safety and Environment (HSE)

R5 Discovery risk

R9 Regulatory and legal risk

Delivering on growth opportunities

We are focused on growing our operations organically by developing brownfield opportunities in our existing portfolio. Our large, well-diversified, low-cost and long-life asset portfolio offers us attractive expansion opportunities, which are evaluated based on our return criteria for long-term value creation for all stakeholders.

Gamsberg facility

FY2021 update

Zinc India

- Total mine development increased by 3% to 95 km in FY2021
- Environment clearance received for CLZS hydro smelter expansion by 84 kt and Zawar mines expansion by 8 lakhs mtpa of ore
- Back fill plants were commissioned at Zawarmala and Mochia mines

Zinc International

- Significant ramp up in Gamsberg production with 145 kt zinc MIC in FY2021

Oil & Gas

- New gas processing terminal construction completed; commissioning underway expected to add c.100 mmscfd by Q1 FY22
- Capex growth projects update:
  - 74 wells hooked up during FY2021
  - Ravva drilling programme completed; c.11 kboepd of incremental volumes
- Implementation of enhanced recovery project in Bhagyam and Aishwariya fields
- Monetisation of tight oil fields through execution of Aishwariya Barmer Hill project

ESL

- Annual steel production at 1.19 mn tonnes, down 4% y-o-y on account of reduced availability of hot metal due to lower production amidst the disruption caused by the pandemic

Objectives for FY2022

Zinc India

- Further ramp-up of underground mines towards their design capacity of 1.2 mn mtpa
- Combined paste-fill and dry tailing plant at Rajpura Dariba, which will help increase ore production from 1.2 mtpa to 2 mtpa
- Setting up 300 ktpa greenfield Zinc smelter at Doswada, Gujarat

Zinc International

- **Skorpion Refinery Conversion –** detailed BOQ generated, feasibility report being updated with latest information, target to get board approval for execution by Q1 FY22
- **Magnetite Project –** Feasibility was completed in Q4 FY21. 0.7 mtpa modular plant has been finalised. Project will be put up for approval for start of execution in Q1 FY22.
- The feasibility study for Gamsberg Phase 2 was updated. The mine design and the new reserve statement was completed with the Resource to Reserve conversion as scheduled

Oil & Gas

- Unlock the potential of the exploration portfolio comprising of OALP and PSC blocks
- Infill projects across producing fields to add volume in the near term

ESL

- Embark on the expansion journey from 1.5 to 3.0 mtpa
- To be a steelmaker amongst the top quadrant EBIDTA percentile group

KPIs

- Revenue
- ROCE
- FCF post-capex
- Growth capex

Risks

R8 Cairn related challenges

R9 Regulatory and legal risk

R12 Major project delivery

Optimise capital allocation and maintain a strong balance sheet

Our focus is on generating strong business cash flows and maintaining stringent capital discipline in investing in profitable high IRR projects. Our aim is to maintain a strong balance sheet through proactive liability management. We also review all investments (organic and acquisitions) based on our stringent capital allocation framework to maximising shareholder returns.


Employees at Black Mountain Mining lab

FY2021 update

- Free cashflow (FCF) improvement from US$0.8 bn to US$1.3 bn, up 57% y-o-y
- Net Debt (ND) increased from US$10.0 bn to US$10.7 bn.
- Net Debt/EBITDA at 2.8x on a consolidated basis

Objectives for FY2022

- Generate healthy free cash flow from our operations
- Disciplined capex across projects to generate healthy ROCE
- Improve credit ratings
- Reduce working capital


Employees at Lanjigarh Plant

KPIs

- FCF post-capex
- Net Debt/EBITDA (Consolidated basis)
- EPS (before exceptional items)
- Interest cover ratio
- Dividend

Risks

R9 Regulatory and legal risk

R10 Tax related matters

R11 Fluctuation in commodity prices (including oil) and currency exchange rates

R13 Access to capital

Operational excellence

We strive for all-round operational excellence to achieve benchmark performance across our business, by debottlenecking our assets to enhance production, supported by improved digital and technology solutions. Our efforts are focused on enhancing profitability by optimising our cost and improving realisations through prudent marketing strategies.

FY2021 update

Zinc India

- Record ore production of 15.5 mn tonnes, despite disruptions on account of COVID-19
- Mined metal production of 972 kt and refined zinc-lead production of 930 kt

Zinc International

- BMM achieved consistent production in FY2021 (58 kt)
- Gamsberg ramped up significantly with 145 kt production in FY2021 and several best demonstrated performances in ore milled tonnes, mill throughput and plant availability. Production was partly impacted by slope failure in Nov 2020, but the plant continued to operate, backed up by healthy ore stockpile
- Skorpion remained under Care and Maintenance following geotechnical instabilities in the open pit

Oil & Gas

- Average gross operated production of 162 kboepd for FY2021, impacted by COVID-19
- Liquid handing capacity upgraded by 30%, major facility systems were commissioned
- Aishwariya Barmer Hill surface facility commissioned; wells being hooked up progressively

Aluminium and Power

- Record aluminium production at the smelters at 1,969 kt, up 3% y-o-y
- Highest ever PFA sales, 28% increase y-o-y
- New products development in FY2021 such as aluminium cylinder head alloy, high speed billets, 22 kg and 10 kg ingots
- Record alumina production from Lanjigarh refinery at 1,841 kt, up 2% y-o-y due to debottlenecking of the refinery
- Locally sourced bauxite of c.3 MnT during the year (56%); alumina COP reduction by c.15% y-o-y at US$235/ T despite COVID-19 related challenges impacting businesses at large
- In FY2021, there were no fresh coal imports for our smelters, thereby reducing import dependency by c.3 mn tonnes
- Won Radhikhapur coal block in first tranche of commercial coal block auction
- FY2021 CoP for aluminium c.US$ 1,347 per tonne down by 20% y-o-y

Steel

- Increased the EBITDA margin to US$ 95 per tonne for the year (against US$ 78 per tonne in FY2020) even at dip in NSR by US$ 7 per tonne, through better control over costs
- Decrease in cost by 6 % y-o-y from US$ 418 per tonne to US$ 393 per tonne in FY2021

Copper and Iron Ore

- At Karnataka, production of saleable ore was 5 mn tonnes, 15% higher y-o-y
- In FY2021, revenue increased to US$611 mn, 25% higher y-o-y mainly due twofold increase in sales volume at Goa and improved margin at Goa, Karnataka and VAB during the year
- EBITDA increased to US$245 mn compared with US$117 mn in FY2020 was mainly due to improved margin and higher volume at Goa
- Continued engagement with the government and local communities to restart operations at Goa and Tuticorin

Overview of the Mangala Processing Terminal

Objectives for FY2022

Zinc India

- Sustain cost of production at below US$1,000 per tonne through efficient ore hauling, higher volume and grades and higher productivity through ongoing efforts in automation and digitalisation

Zinc International

- Ramp up Gamsberg to design capacity in H1 FY2022
- Restart Skorpion post completion of geotechnical studies and feasibility completion of imported zinc oxides

O&G

- Increase in near-term volumes by commissioning the gas processing terminal and completion of surface facilities for Aishwariya Barmer Hill project
- Continue to operate at a low cost-base and generate free cash flow post-capex

Aluminium

- Production at Lanjigarh refinery of around 1.8-2.0 million tonnes, with aluminium production at smelters around 2.1 -2.2 million tonnes
- Hot Metal COP, between US$1,475-US$1,575 per tonne
- Improve raw material security locally (bauxite and coal)
- Increased focus on Asset Integrity and Optimisation, Quality and Innovation and Digitalisation

Copper and Iron ore

- Continue engagement with government and relevant authorities to enable restart of operations in Goa and Tuticorin
- Increase our footprint in iron ore by continuing to participate in auctions across the country, including Jharkhand
- Securing EC for expansion of production capacity of Pig Iron plant by 1.7 LTPA
- Advocacy for removal of E-auction/trade barrier in Karnataka

Steel

- Ensuring business continuity with greater focus on Reliability Centered Maintenance
- Obtain clean Consent to Operate and environmental clearance
- Raw material securitisation through long-term contracts; approaching FTA countries for coking coal

KPIs

- EBITDA
- Adj. EBITDA margin
- FCF post-capex
- ROCE

Risks

R1 Health, Safety and Environment (HSE)

R3 Tailings dam stability

R7 Loss of assets or profit due to natural calamities

R11 Fluctuation in commodity prices (including oil) and currency exchange rates

Responsive to megatrends

Vedanta operates in a dynamic, regulated, and commoditised environment, and is influenced by megatrends that shape the industry. Key trends (Source: Deloitte) that resonate with us and we respond to in the current environment are provided below

T1 BUILDING RESILIENCE AMID VOLATILITY

The COVID-19 pandemic has altered business dimensions with uncertainty becoming the order of the day. In this light, businesses have started adapting together and separately, serving the interest of their stakeholders and ensuring business continuity. Scenario planning straddling four hypothetical scenarios that strategic leaders such as Vedanta can plan for. These include:

a. A 'passing storm' response where the overall healthcare ecosystem is bolstered post the pandemic

b. 'Good company' scenario where public-private partnerships will emerge with new ecosystems that would encourage innovation

c. 'Sunrise in the east' indicating the shift of power to eastern side of the world such as China

d. 'Lone wolves' where the pandemic situation drags on to engage stricter protocols and government surveillance

Vedanta's response: The COVID-19 pandemic is an unprecedented humanitarian and economic crisis. Our metal and mining industry has sought to respond quickly to protect the health of its employees and its communities. These steps are in response to (and often ahead of) emergency measures and lockdowns implemented by governments across the world to control the spread of the pandemic.

During these testing times, our priority is to ensure the health and safety of our employees, contractors, and stakeholders, while ensuring business continuity to the extent possible. At the Group level, we have formulated various controls to prevent the spread of infection and thereby maintaining business continuity. We formed a business COVID taskforce, formalised from diverse departments, whose tasks is to implement strong controls and SOPs/protocols, audit the respective units so as to ensure complete compliance to COVID protocols to prevent the spread of the infection and to monitor and report the proceedings to the business CEO and Group task force.


Working towards employee health and well-being

Based on 'Deloitte Insights: Tracking the trends 2021'


Captive Power Plant at the Dariba Complex

T2 WINNING BACK INVESTOR CONFIDENCE

The mining industry lost out on investor confidence owing to the far-reaching downcycle that eroded value post M&A action in the past year. The companies in the sector would now need to find new ways to deliver consistent shareholder returns; enhance their Environmental, Social and Governance (ESG) performance; and improve their capital and operational discipline. The scenario is also becoming increasingly conducive with historical lows now history.

Vedanta's response: Our focus during these times have been to ensure that we operate optimally with lowest possible cost of production.

In FY2021, we were able to sustain our low-cost advantage in aluminium by engaging structural measures. While we have optimised our coal and bauxite source mix, we also continued our journey towards improving on operational efficiencies and debottlenecking our assets for improved capacity utilisation. For Zinc India operations, we completed 1.2 MnT mined metal project activities and sustained production post-transition to a fully underground mining company.

As we look forward to the year ahead, we are operationally well positioned to deliver. In Oil & Gas, we are the largest private sector producer of crude oil in India and rank among the world's lowest cost producer with a pipeline of assets in production, development, and exploration. In Zinc, we are the world's largest fully integrated zinc-lead producer. In terms of Aluminium, we are India's largest primary aluminium producer supported by our own captive power generation. We performed exceedingly well on key Environmental, Social and Governance (ESG) aspects during the year. This is validated by improved ranking in the Dow Jones Sustainability Index.

T3 ESG–GETTING SERIOUS ABOUT DECARBONISATION

Climate change has become an accepted reality in business circles and the risks arising from the phenomenon is increasingly becoming a part of their strategic dialogue. The cost of taking action with respect to decarbonisation and renewables is also reaching parity. In this light, the focus from investment houses is now on how companies are moving from strategy to onground execution, that can show tangible results.

Vedanta's response: Vedanta has an unwavering focus on sustainability, with ESG becoming a core focus. We have a vision to sustainably decarbonise by 2050. To realise specific outcomes, we have institutionalised a separate vertical for ESG. We continuously participate in ESG forums and have a Group-wide carbon forum.

Moving towards a greener future

T4 ESG–OVERCOMING THE SOCIAL TRUST DEFICIT

There is a clear opportunity for miners to create social value that goes beyond compliance. Globally, high-profile disasters have muddled the reputation for mining and there is a tangible trust deficit that many miners experience. In this context, miners should explore creating long-term socioeconomic benefits for the communities in and around their impact zones. Measurement of the impact of CSR programmes, for example, also gains prominence in this backdrop.

Vedanta's response: Vedanta aims to be the developer of choice for communities, and an enabler for better livelihoods. Our Nand Ghar (women-child welfare centres) initiative, a novel programme aimed at women and child empowerment, has helped create significant impact in communities around our impact zones.

Bringing smiles in the community

T5 ESG–CORPORATE GOVERNANCE ADDING TO COMPETITIVE ADVANTAGE

The third pillar of ESG – Governance, is often underrated, but can have heavy repercussions if ignored as a downside risk. However, if managed prudently, good governance can change its role to a competitive advantage. Approach to issues such as human rights, ethical conduct, diversity, cybersecurity, and evolving social norms will need to gain significance in strategy making and board discussions.

Vedanta's response: Vedanta has an illustrious Board, that guides us in our present and future roadmap. Our corporate behaviour is led by our core values and policies that align to good governance.

Working towards a culture of best practices

Wire Rods Dispatch area, ESL Plant

T6 ESG–CREATING AN AGILE SUPPLY CHAIN

The pandemic has exposed supply chain risks of mining companies, which were not actively recognised before. This validates a relook at how direct and extended supply chains work, how inventory is managed and how cost structures need to be evaluated. On the mitigation front, companies need to explore alternate supply lines, and reduce risk by creating predictable operations.

Vedanta's response: Vedanta has an integrated value-chain which helps inherently mitigate supply chain risks to a large extent.

Technology deployment at plant

T7 THE PATH TOWARDS INTEGRATED OPERATIONS

The proliferation of technology in mining has unlocked several opportunities in decision making and achieving cost advantages. Digitalisation-led business integration is a key enabler, and a factor of achieving distinct competitive advantage. It results in predictable outcomes, consequently achieving better stakeholder trust.

Vedanta's response: Vedanta has been at the forefront of digitalisation in its industry and has invested in technologies that not only results in better efficiencies and integration, but also enhanced safety in operations.

T8 ADVANCING THE FUTURE OF WORK

While there has been an undercurrent of shifting workplace practices, the pandemic has brought a sea change in the way organisations manage their team, through remote operations and work-from-anywhere models. With the use of Industry 4.0 technologies, activity-heavy operations such as mining can also move to remote models, with minimal human interactions and larger system integration. Conventional ways of working now need to be re-examined and contemporary working practices should be adapted as the new normal.

Vedanta's response: Vedanta has been at the forefront of digitalisation and technology. We have various initiatives throughout the Group where remote working is used to analyse real-time data.

For example, at Cairn Oil&Gas, a pilot is being conducted to use video analytics to reduce manual monitoring efforts and leverage technology to automate the alert monitoring through business rules.

Similarly, long range ultrasonic testing-based solution is used for the real-time pipeline monitoring.

COVID Marshal is an AI and ML based video analytics application implemented in Vedanta Resources Limited which analyses the video captured through CCTVs and provides the compliance reports. The data is ingested for the compliance dashboard which can be accessed real-time by the Management.

In Oil & Gas, a pilot is also being run where drones are used for automating the survey of pipeline and rights- of-usage to ascertain erosion, exposed pipe, vegetation overgrowth, encroachments and missing/damaged signs and markers.

At Hindustan Zinc Limited, drones-based technology is leveraged to provide solutions for asset maintenance and sustainability. These solutions provide automated diagnostics from safe and frequent aerial inspections (for transmission lines, pipelines etc.) and real-time, centralised view of remote assets.

Building a digital environment

Operating in a safe environment

T9 ON THE ROAD TO ZERO HARM

The safety focus of mining companies has evolved towards zero harm, and there is a significant improvement in mining safety records. However, there is still room to improve, and companies will likely need to integrate different data pools and systems to effect better results.

Vedanta's response: Safety is a core priority area for Vedanta, and we have instated processes and practices to enable highest standards of safety for all our people.

T10 MEETING DEMAND FOR GREEN AND CRITICAL MINERALS

With the world moving towards a greener future, the demand for materials that enable cleaner energy is on the rise. This poses a clear opportunity for mining companies, as their portfolios will be shaped in response in the near future.

Vedanta's response: Vedanta is a core player in unearthing minerals such as zinc and steel, which are not only core inputs in realising renewable infrastructure, but also in contributing to circular economy.

Managing and mitigating risks in a volatile business scenario

RISK GOVERNANCE FRAMEWORK

GROUP RISK MANAGEMENT FRAMEWORK

As a global natural resources Company operating in multiple geographies, our businesses are exposed to a wide range of risks. Therefore, it is essential to have the necessary systems and a robust governance framework in place to manage risk, while balancing the risk-reward equation expected by stakeholders.

ENTERPRISE RISK MANAGEMENT

The Group has a multi-layered risk-management framework, which aims to effectively manage risks, which our businesses are exposed to in the course of their operations, as well as in their strategic actions. We identify risks at the individual business level for existing operations as well as for ongoing projects through a well-crafted methodology. Formal discussion on risk management takes place at business level review meetings at least once in a quarter. The Group's every business division has evolved its own risk matrix, which gets reviewed by the Business Management Committee. In addition, business divisions have developed their own risk registers.

Respective businesses review the risks, changes in the nature and extent of major risks since the last assessment, control measures and further action plans. The control measures stated in the risk matrix are also periodically reviewed by the business management teams to verify their effectiveness. These meetings are chaired by business

CEOs and attended by CXOs, senior management and concerned functional heads. The role of risk officers at each business and at the Group level is to create awareness on risks at the senior management level, and to develop and nurture a risk-management culture within the businesses. The Company's risk-mitigation plans are integral to the KRAs/KPIs of process owners. The governance of risk management framework in the businesses is anchored with the leadership teams.

The Audit & Risk Management Committee aids the Board in the risk management process by identification and assessment of any changes in risk exposure, review of risk-control measures and by approval of remedial actions, wherever appropriate. The Committee is, in turn, supported by the Group Risk Management Committee, which helps the Audit & Risk Management Committee in evaluating the design and operating effectiveness of the risk-mitigation programme and the control systems. The Risk Management Committee meets at least four times annually to discuss risks and mitigation measures. The Committee reviews the robustness of our framework at individual businesses and progress against actions planned for key risks.

Our risk-management framework is simple and consistent and provides clarity on managing and reporting risks to our Board. Together, our management systems, organisational structures, processes, standards and code of conduct, and ethics represent the system of internal control that governs how the Group conducts its business and manages the associated risks.

The Board shoulders the ultimate responsibility for the management of risks and for ensuring the effectiveness of internal control systems. It includes the Audit Committee's report on the risk matrix, significant risks, and mitigating actions that we have put in place. Any systemic weaknesses identified by the review are addressed by enhanced procedures to strengthen the relevant controls, and these are reviewed regularly.

The Audit Committee is in turn assisted by the Group-level Risk Management Committee in evaluating the design and effectiveness of the risk-mitigation programme and control systems. The Group Risk Management Committee (GRMC) meets every quarter and comprises the Group Chief Executive Officer, Group Chief Financial Officer and Director-Management Assurance. The Group Head-Health, Safety, Environment & Sustainability is invited to attend these meetings. GRMC discusses key events impacting the risk profile, relevant risks and uncertainties, emerging risks and progress against planned actions.

Since it is critical to the delivery of the Group's strategic objectives, risk management is embedded in business-critical activities, functions and processes. The risk-management framework helps the Company by aligning operating controls with the Group's objectives.

It is designed to manage rather than eliminate the risk of failure to achieve business objectives and provides reasonable and not absolute assurance against material misstatement or loss. Materiality and risk tolerance are key considerations in our decision-making. The responsibility for identifying and managing risks lies with every manager and business leader.

Additionally, other key risk governance and oversight committees in the Group comprise the following:

- Committee of Directors (COD) comprising Vice Chairman & Group CFO supports the Board by considering, reviewing and approving all borrowing and investment related proposals within the overall limits approved by the Board. The invitees to these committee meetings are the CEO, business CFOs, Group Head Treasury and BU Treasury Heads depending upon the agenda matters
- Sustainability Committee reviews sustainability-related risks

Jharsuguda facility

Additionally, there are various Group-level ManComs such as Procurement ManCom, Sustainability - HSE ManCom, CSR ManCom, and so on, who work on identifying risks in those specific areas and mitigating them.

Each business has developed its own risk matrix, which is reviewed by its respective management committee/executive committee, chaired by its CEO. In addition, each business has developed its own risk register depending on the size of its operations and number of SBUs/locations. Risks across these risk registers are aggregated and evaluated and the Group's principal risks are identified, and a response mechanism is formulated.

This element is an important component of the overall internal control process from which the Board obtains assurance. The scope of work, authority and resources of the Management Assurance Services (MAS) are regularly reviewed by the Audit Committee. The responsibilities of MAS include recommending improvements in the control environment and reviewing compliance with our philosophy, policies and procedures. The planning of internal audits is approached from a risk perspective. In preparing the internal audit plan, reference is made to the risk matrix, and inputs are sought from senior management, business teams and members of the Audit Committee. In addition, we refer to past audit experience, financial analysis and the prevailing economic and business environment.

R&D facility at Gamsberg, Zinc International

Despite COVID-induced disruptions Vedanta's BUs dealt with its impact extremely well, resulting in an effective response. This happens owing to the following:

- Our safety-first culture that prioritised people's health and well-being
- Our collaboration with communities, governments, and health experts ensure that leading practices are followed
- Focusing on what is critical to operations and communities, while continuing to build longer-term resilience
- Consistent response to the pandemic across the Group
- Establishment of COVID-19 taskforces under seasoned leaders
- Investments in new processes, procedures, protocols, health-testing equipment and support for workforce

As a result, our facilities remained largely operational during the pandemic, despite challenges. Rather, the disruption created an opportunity for us to identify and work on certain transformational aspects for the future. We continue to remain committed to achieve our objectives of zero harm, zero wastage and discharge, thus creating sustainable stakeholder value.

The order in which the risks appear in the section below does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their impact on Vedanta's businesses. The risk direction of each risk has been reviewed based on events, economic conditions, changes in business environment and regulatory changes during the year.

While Vedanta's risk-management framework is designed to help the organisation meet its objectives, there is no guarantee that the Group's risk-management activities will mitigate or prevent these or other risks from occurring.

The Board, with the assistance of the management conducts periodic and robust assessments of principal risks and uncertainties of the Group and tests the financial plans for each risk and uncertainty mentioned below.

SUSTAINABILITY RISKS

R1 Health, Safety and Environment (HSE)

Impact	Mitigation	Direction
The resources sector is subject to extensive health, safety and environmental laws, regulations and standards. Evolving requirements and stakeholder expectations could result in increased cost or litigation or threaten the viability of operations in extreme cases. **Emissions and climate change:** Our global presence exposes us to a number of jurisdictions in which regulations or laws have been, or are being, considered to limit or reduce emissions. The likely effect of these changes could be to increase the cost for fossil fuels, impose levies for emissions in excess of certain permitted levels, and increase administrative costs for monitoring and reporting. Increasing regulation of greenhouse gas (GHG) emissions, including the progressive introduction of carbon emissions trading mechanisms and tighter emission reduction targets, is likely to raise costs and reduce demand growth.	▪ HSE is a high-priority area for Vedanta. Compliance with international and local regulations and standards, protecting our people, communities and the environment from harm and our operations from business interruptions are key focus areas ▪ Policies and standards are in place to mitigate and minimise any HSE-related occurrences. Safety standards issued/continue to be issued to reduce risk level in high-risk areas. Structured monitoring and a review mechanism and system of positive compliance reporting are in place ▪ BU Leadership continues to emphasise on three focus areas: visible felt leadership, safety critical tasks and managing business partners ▪ The process to improve learning from incidents is currently being improved with the aim of reducing re-occurrence of similar incidents ▪ A Vedanta Critical Risk Management programme will be launched to identify critical risk controls and to measure, monitor and report the control effectiveness ▪ The Company has implemented a set of standards to align its sustainability framework with international practice. A structured sustainability assurance programme continues to operate in the business divisions covering environment, health, safety, community relations and human rights aspects, and is designed to embed our commitment at operational level ▪ All businesses have appropriate policies in place for occupational health-related matters, supported by structured processes, controls and technology ▪ To provide incentives for safe behaviour and effective risk management, safety KPIs have been built into performance management of all employees ▪ Carbon forum has been re-constituted with updated Terms of Reference and representation from all businesses. It has a mandate to develop and recommend to the ExCo and Board the carbon agenda for the Group ▪ Enhanced focus on renewable power obligations ▪ The Group Companies are actively working on reducing the GHG emissions intensity of our operations ▪ A task force team is formulated to assess end-to-end operational requirement for FGD plant. We continue to engage with various stakeholders on the matter	

Giving paramount importance to safety

R2 Managing relationship with stakeholders

Impact	Mitigation	Direction
The continued success of our existing operations and future projects are in part dependent on broad support and a healthy relationship with our respective local communities. Failure to identify and manage local concerns and expectations can have a negative impact on relations and therefore affect the organisation's reputation and social licence to operate and grow.	▪ CSR approach to community programmes is governed by the following key considerations: the needs of the local people and the development plan in line with the new Companies Act in India; CSR guidelines; CSR National Voluntary Guidelines of the Ministry of Corporate Affairs, Government of India; and the UN's sustainable development goals. ▪ Our BU teams are proactively engaging with communities and stakeholders through a proper and structured engagement plan, with the objective of working with them as partners. ▪ Business Excos factor in these inputs, and then decide upon focus areas of CSR and budgets while also aligning with strategic business priorities. ▪ All BUs follow well-laid processes for recording and resolving all community grievances. ▪ Every business has a dedicated Community Development Manager, who is a part of the BU Exco. They are supported with dedicated teams of community professionals. ▪ Our business leadership teams have periodic engagements with the local communities to build relations based on trust and mutual benefit. Our businesses seek to identify and minimise any potentially negative operational impacts and risks through responsible behaviour - acting transparently and ethically, promoting dialogue and complying with commitments to stakeholders. ▪ Stakeholder engagement is driven basis stakeholder engagement plan at each BUs by CSR and cross-functional teams. Regular social and environment risk assessment discussions are happening at BU level. ▪ Strategic CSR communication is being worked upon for visibility. Efforts continue to meet with key stakeholders, showcase our state-of the art technology, increase the organic followers and enhance engagement through social media. ▪ CSR communication and engagement with all stakeholders – within and outside communities.	◀▶

R3 Tailings dam stability

Impact	Mitigation	Direction
A release of waste material leading to loss of life, injuries, environmental damage, reputational damage, financial costs and production impacts. A tailings dam failure is considered to be a catastrophic risk – i.e. a very high severity but very low frequency event that must be given the highest priority.	▪ The Risk Management Committee included tailings dams on the Group Risk Register with a requirement for annual internal review and three-yearly external review. ▪ Operation of tailings dams is executed by suitably experienced personnel within the businesses. ▪ Third party has been engaged to review tailings dam operations, including improvement opportunities/remedial works required and the application of Operational Maintenance and Surveillance (OMS) manuals in all operations. This is an oversight role in addition to technical design and guidance arranged by respective business units. Technical guidelines are also being developed. ▪ Vedanta Tailings Management Standard has been reviewed, augmented and reissued including an annual, independent review of every dam and half-yearly CEO sign-off that dams continue to be managed within design parameters and in accordance with the last surveillance audit. Move towards dry tailings facilities has commenced. ▪ Those responsible for dam management received training from third party and will receive on-going support and coaching from international consultants. ▪ Management standard implemented with business involvement. ▪ BUs are expected to ensure ongoing management of all tailings facilities with ExCo oversight with independent third-party assessment on Golder recommendations implementation status y-o-y ▪ Digitalisation of tailings monitoring facilities is being carried out at the BU's. ▪ Tailing management standard is updated to include latest best practices in tailing management. UNEP/ICMM Global Tailings Standard incorporated into Vedanta Standard during FY2021.	◀▶

OPERATIONAL RISKS

R4 Challenges in Aluminium and Power business

Impact	Mitigation	Direction
Our projects have been completed and may be subject to a number of challenges during operationalisation phase. These may also include challenges around sourcing raw materials and infrastructure-related aspects and concerns around Ash utilisation/ evacuation.	▪ Improved LME and improved aluminium demand has led to recovery from the fall which happened last year ▪ Alumina refinery expansion from 2 mtpa to 5 mtpa being pursued ▪ Continue to pursue new coal linkages to ensure coal security. ▪ Inbound and outbound supply chain across rail, road and ocean including manpower are functioning well, with no major risks foreseen. ▪ Local sourcing of Bauxite & Alumina from Odisha. ▪ Jharsuguda facilities have ramped up satisfactorily. ▪ Project teams in place for Ash pond, Red mud, railway infrastructure and FGD. ▪ Dedicated teams working towards addressing the issue of new emission norms for power plants. ▪ Global technical experts have been inducted to strengthen operational excellence. ▪ Continuous focus on plant operating efficiency improvement programme to achieve design parameters, manpower rationalisation, logistics and cost reduction initiatives. ▪ Continuous augmentation of power security and infrastructure. ▪ Strong management team continues to work towards sustainable low-cost of production, operational excellence and securing key raw material linkages. ▪ Talwandi Saboo (TSPL) power plant matters are being addressed structurally by a competent team.	▼

R5 Discovery risk

Impact	Mitigation	Direction
Increased production rates from our growth-oriented operations place 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 and 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.	▪ Dedicated exploration cell with continuous focus on enhancing exploration capabilities. ▪ Appropriate organisation and adequate financial allocation in place for exploration. ▪ 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 programme. Exploration Executive Committee (Exco) has been established to develop and implement strategy and review projects Group wide. ▪ Continue to make applications for new exploration tenements in countries in which we operate under their respective legislative regimes. ▪ Exploration-related systems being strengthened, and standardised Group wide and new technologies being utilised wherever appropriate. ▪ International technical experts and agencies are working closely with our exploration teams to enhance our capabilities.	◀▶

R6 Breaches in IT/Cybersecurity

Impact	Mitigation	Direction
Like many 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 cybersecurity breach could have an impact on business operations.	▪ Group-level focus on formulating necessary frameworks, policies, and procedures in line with best practices and international standards. ▪ Implementation and adoption of various best-in-class tools and technologies for information security to create a robust security posture. ▪ Special focus to strengthen the security landscape of Plant Technical Systems (PTS) through various initiatives. ▪ Adoption of various international standards relating to Information Security, Disaster Recovery & Business Continuity Management, IT Risk Management and setting up internal IT processes and practices in line with these standards. ▪ Work towards ensuring strict adherence to the IT-related SOPs so as to improve operating effectiveness and continuous focus for employees to go through mandatory cybersecurity awareness training. ▪ Periodic assessment of entire IT systems landscapes and governance framework from vulnerability and penetration perspective through reputed expert agencies and addressing the identified observations in a time-bound manner.	◀▶

R7 Loss of assets or profit due to natural calamities

Impact	Mitigation	Direction
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 an appropriate Group insurance cover to mitigate this risk and Insurance Council is in place that monitors adequacy of coverage and status of claims. ▪ An external agency reviews the risk portfolio and adequacy of this cover and assists us in our insurance portfolio. ▪ Our underwriters are reputed institutions and have the capacity to underwrite our risk. ▪ 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. ▪ Continuous monitoring and periodic review of the security function. ▪ Continue to focus on capability building within the Group.	◀▶

R8 Cairn related challenges

Impact	Mitigation	Direction
Cairn India has 70% participating interest in the Rajasthan Block. The Production Sharing Contract (PSC) of the Rajasthan Block runs till 2020. The Government of India has granted its approval for a ten-year extension at less favourable terms, pursuant to its policy for extension of Pre-NELP Exploration Blocks, subject to certain conditions. Ramp up of production vs envisaged may have impact on profitability.	▪ RJ PSC 2020 extension was issued by DGH subject to certain conditions. Ongoing dialogue and communication with the Government and relevant stakeholders to address the conditions. ▪ The applicability of the Pre-NELP Extension Policy to the RJ Block is currently sub judice. ▪ Discussions within teams as well as with partners have been initiated with an objective to optimise cost across all spheres of operations. ▪ Constant engagement with vendors/partners to ensure minimal project delay based on the current situation and plan to ramp-up. ▪ The growth projects are being implemented through an integrated contracting approach. Contracts have built in mechanism for risk and reward. Rigorous project reviews with execution partners/contractors to deliver volumes and returns. ▪ Project management committee and project operating committee have been setup to provide support to the outsourcing partner and address issues on time to enable better quality control as well as timely execution for growth projects.	◀▶

COMPLIANCE RISKS

R9

Regulatory and legal risk

Impact	Mitigation	Direction
We have operations in many countries around the globe. These may be impacted because of legal and regulatory changes in the countries in which we operate resulting in higher operating costs, and restrictions such as the imposition or increase in royalties or taxation rates, export duty, impacts on mining rights/bans, and change in legislation.	▪ The Group and its business divisions monitor regulatory developments on an ongoing basis. ▪ Business-level teams identify and meet regulatory obligations and respond to emerging requirements. ▪ Focus has been to communicate our responsible mining credentials through representations to government and industry associations. ▪ Continue to demonstrate the Group's commitment to sustainability by proactive environmental, safety and CSR practices. Ongoing engagement with local community/media/NGOs. ▪ SOX-compliant subsidiaries. ▪ Common compliance monitoring system being implemented in Group companies. Legal requirements and a responsible person for compliance have been mapped in the system. ▪ Legal counsels within the Group continues to work on strengthening the compliance and governance framework and the resolution of legal disputes. ▪ Competent in-house legal organisation is in place at all the businesses and the legal teams have been strengthened with induction of senior legal professionals across all Group companies. ▪ Standard Operating Procedures (SOPs) have been implemented across our businesses for compliance monitoring. ▪ Greater focus for timely closure of key non-compliances. ▪ Contract management framework has been strengthened with the issue of boiler plate clauses across the Group which will form a part of all contracts. All key contract types have also been standardised. ▪ Framework for monitoring performance against anti-bribery and corruption guidelines is also in place.	

R10

Tax related matters

Impact	Mitigation	Direction
Our businesses are in a tax regime and changes in any tax structure or any tax-related litigation may impact our profitability.	▪ Tax Council reviews all key tax litigations and provides advice to the Group. ▪ Continue to engage with concerned authorities on tax matters. ▪ Robust organisation is in place at business and Group-level to handle tax-related matters. ▪ Continue to consult and obtain opinion from reputable tax consulting firms on major tax matters to mitigate the tax risks on the Group and its subsidiaries	

FINANCIAL RISKS

R11

Fluctuation in commodity prices (including oil) and currency exchange rates

Impact	Mitigation	Direction
Prices and demand for the Group's products may remain volatile/ uncertain and could be influenced by global economic conditions, natural disasters, weather, pandemics, such as the COVID-19 outbreak, political instability, and so on. Volatility in commodity prices and demand may adversely affect our earnings, cash flows and reserves. Our assets, earnings and cash flow are influenced by a variety of currencies due to our multi-geographic operations. Fluctuations in exchange rates of those currencies may have an impact on our financials.	▪ The Group's well-diversified portfolio acts as a hedge against fluctuations in commodities and delivers cash flows through the cycle. ▪ Pursue low-cost production, allowing profitable supply throughout the commodity price cycle. ▪ Vedanta considers exposure to commodity price fluctuations to be integral to 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. Strategic hedge, if any, is taken after appropriate deliberations and due approval from ExCo. ▪ Our Forex policy prohibits forex speculation. ▪ Robust controls in forex management to hedge currency risk liabilities on a back-to-back basis. ▪ Finance Standing Committee reviews all forex and commodity-related risks and suggests necessary courses of action as needed by business divisions. ▪ Seek to mitigate the impact of short-term currency movements 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. ▪ Notes to the financial statements in the Annual Report provide details of the accounting policy followed in calculating the impact of currency translation.	◀▶

R12

Major project delivery

Impact	Mitigation	Direction
Shortfall in achievement of expansion projects stated objectives leading to challenges in achieving stated business milestones – existing and new growth projects.	▪ Empowered organisation structure has been put in place to drive growth projects. Project Management systems streamlined to ensure full accountability and value stream mapping. ▪ Strong focus on safety aspects in the project. ▪ Geo-technical audits are being conducted by independent agencies. ▪ Engaged global engineering partner to do complete Life of Mine Planning and Capital Efficiency analysis to ensure that the project objectives are in sync with the BP and growth targets. ▪ Standard specifications and SOPs have been developed for all operations to avoid variability. Reputed contractors are engaged to ensure the completion of the project on indicated timelines. ▪ Mines are being developed using best-in-class technology and equipment and ensuring the highest level of productivity and safety. Digitalisation and analytics help improve productivity and recovery. ▪ Stage gate process to review risks and remedy at multiple stages on the way. ▪ Robust quality control procedures have also been implemented to check safety and quality of services/design/actual physical work. ▪ Use of reputed international agency for Geotech modelling and technical support, wherever required.	◀▶

R13

Access to capital

Impact	Mitigation	Direction
The Group may not be able to meet its payment obligations when due, or may 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, affecting revenue and free cash flow generation, may cause stress on the Company's ability to raise financing at competitive terms.	▪ A focused team continues to work on proactive refinancing initiatives with an objective to contain cost and extend tenor. ▪ The team is actively building the pipeline for long-term funds for near- to medium-term requirements both for refinancing and growth capex. ▪ Track record of good relations with banks, and of raising borrowings in the last few years. ▪ Regular discussions with rating agencies to build confidence in operating performance. ▪ Business teams ensure continued compliance with the Group's treasury policies that govern our financial risk management practices. ▪ CRISIL and India Ratings have revised outlook to 'Stable' from 'Negative' while affirming the respective ratings	

Building talent through teamwork

WELL-POSITIONED TO DELIVER SUSTAINABLE SOLUTIONS

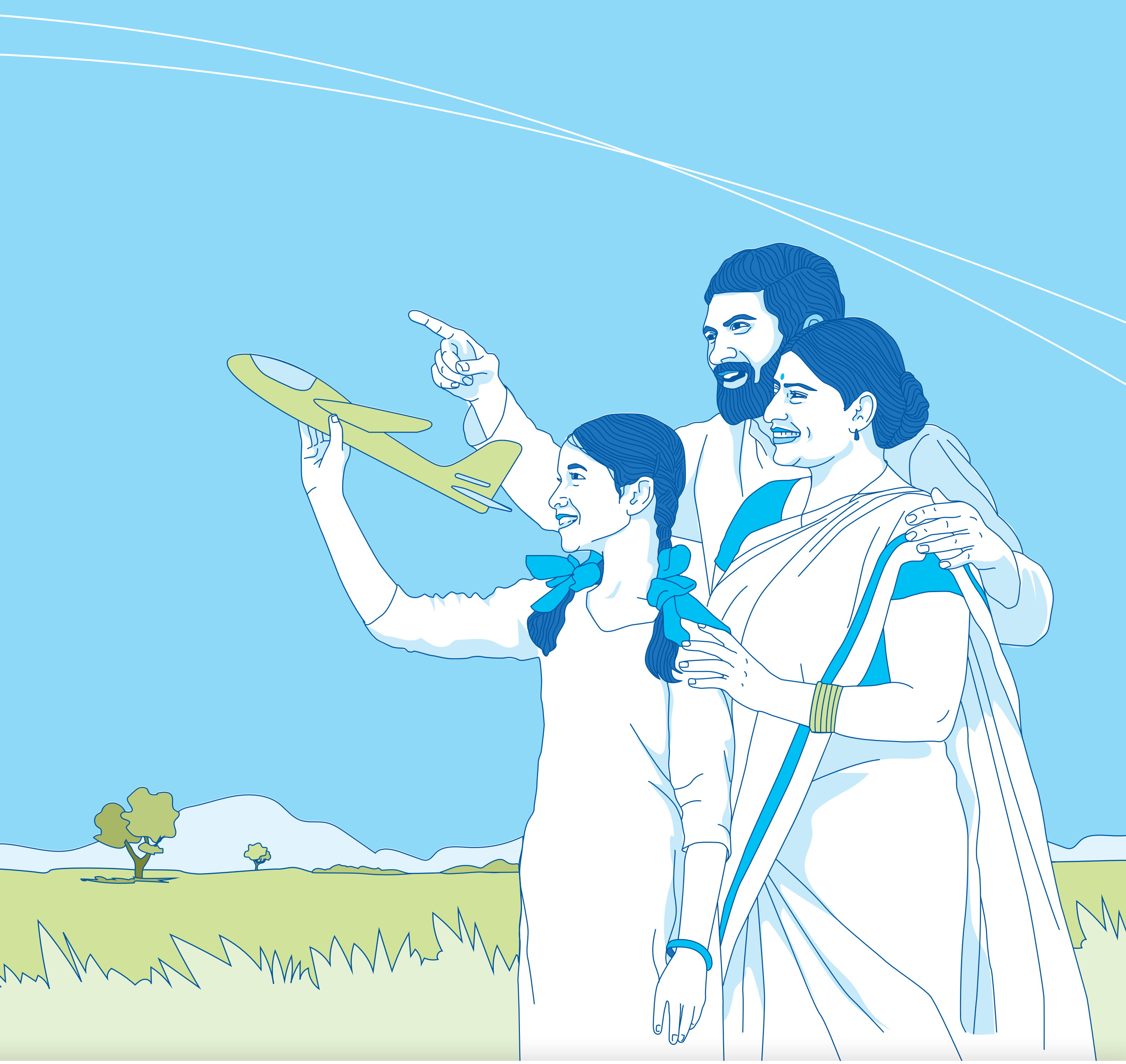
At Vedanta, our sustainability approach is driven by the overarching desire to address the expectations of our stakeholders, while delivering a strong business performance. As one of the world's leading diversified natural resource companies with business operations in multiple geographies spanning continents, we are mindful of our commitments to society, our people and the environment.

KEY STATISTICS:

42 mn
Community beneficiaries through our social investments (FY2020: 3.26 mn)

60 mn mt
Carbon footprint (FY2020: 59 mn mt)

8 fatalities
in FY2021 (FY2020: 7)



1.89 mn GJ
Energy conserved
(FY2020: 1.75 mn GJ)

c.US$45 mn
Community investment
(FY2020: US$42 mn)

30.7%
Water recycling rate
(FY2020: 29%)

A firm sustainability roadmap

Our vision is to become a developer of choice in the areas of our operations and create long-term value for all our stakeholders. To deliver on this promise, we have developed the Vedanta Sustainability Framework that enables our business units to embed sustainable business principles into their systems and procedures.

VEDANTA SUSTAINABILITY FRAMEWORK

Developed in line with global standards from international bodies such as ICMM, IFC, OECD, UNGC and SDGs, the Framework comprises several policies, standards and guidance notes, which facilitate its execution.

8
Policies

Biodiversity, Energy & Carbon, HIV-AIDS, Human Rights, Social, Supplier & Contractor Sustainability Management, Water

87
Standards & Guidance Notes

- Covering all the policy subject areas
- In line with ICMM, IFC Performance Standards, Global Reporting Initiative (GRI)

Robust monitoring

- Annual audit (VSAP) conducted at all Vedanta locations to check compliance with VSF
- Monitored by Group ExCo

Please refer to the Sustainable Development Report 2021 for more information

VEDANTA SUSTAINABILITY ASSURANCE PROCESS (VSAP)

VSAP is our sustainability risk assurance tool, which is used to assess the compliance of all our businesses with the Vedanta Sustainability Framework. This meticulously developed assurance process helps embed sustainable development into every activity that we undertake.

VSAP is an annual process with clear tracking of results by the Sustainability Committee, and the Executive Committee, which in turn reports to the Board.

EFFECTIVE ENGAGEMENT. ENHANCED STEWARDSHIP.

Our key stakeholders
At Vedanta, we engage with several stakeholder groups, while operating our business and creating measurable social impact. The infographic summarises the key stakeholder groups, who have a bearing on our operations.

VEDANTA

- Local community
- Employees
- Shareholders, investors and lenders
- Civil society
- Industry (suppliers, customers, peers, media)
- Governments

We engage continuously and effectively with our varied stakeholder groups with a view to understand their key concerns and priorities, and respond sufficiently. It further helps us maintain a pulse on our external environment and the sentiment of the overall ecosystem, thereby helping us proactively sense opportunities and risks, and enabling quick action.

The table below represents an overview of the ongoing engagement with our stakeholders and the manner in which Vedanta responds to their expectations.

Stakeholder groups	Types of engagement	Key expectations	Initiatives in FY2021
Local community	▪ Community group meetings ▪ Village council meetings, ▪ Community needs/social impact assessments ▪ Public hearings ▪ Grievance mechanisms ▪ Cultural events ▪ Engaging with communities via various community initiatives of the Vedanta Foundation	▪ Developing and undertaking need-based community projects ▪ Increasing community outreach through our programmes ▪ Improving grievance mechanism for community	▪ 175 number of initiatives undertaken through our 7 thematic areas ▪ Tirelessly worked with the communities during COVID ▪ Initiated a Group-wide social performance programme to redefine community engagement. Covered self-assessment across all business units
Employees	▪ Chairman's workshops ▪ Chairman's/CEO's town hall meetings ▪ Feedback sessions ▪ Performance management systems ▪ Various meetings at plant level ▪ V-Connect mentor programme, ▪ Event management committee and welfare committee ▪ Women's club	▪ Improving training on HSES and other pertinent material issues for the organisation ▪ Providing increased opportunities for career growth through internal talent recognition ▪ Increasing the gender diversity of the workforce	▪ A Group-wide CHESS module launched to engage with employees on sustainability practices ▪ 10 numbers of Vice Chairman's workshops conducted to identify internal talent ▪ Launched a Group-wide programme to promote women in leadership. 60 women leaders engaged

Stakeholder groups	Types of engagement	Key expectations	Initiatives in FY2021
Shareholders, investors and lenders	▪ Regular updates ▪ Investor meetings ▪ Site visits (put on hold in the last year due to COVID), ▪ AGM and conference ▪ Quarterly result calls ▪ Dedicated contact channel – Vedantaltd.ir@vedanta.co.in and sustainability@vedanta.co.in	▪ Consistent disclosure on economic, social, and environmental performance	▪ Actively engaged with risk rating agencies to improve disclosures ▪ Participated in international webinars to improve Vedanta's presence on international forums
Civil societies	▪ Partnerships with, and membership of international organisations ▪ Working relationships with organisations on specific projects ▪ Engagement with international, national, and local NGOs ▪ Conferences and workshops ▪ Dedicated contact channel – sustainability@vedanta.co.in	▪ Expectation of being aligned with the global sustainability agenda ▪ Commitment to ensuring human rights for all	▪ Engaged with RMI ▪ Initiated engagement with intended membership to VPSHR ▪ Partnered with 91 NGOs for our various programmes ▪ Engaged with global business partners for various sustainability improvement programmes
Industry (suppliers, customers, peers,media)	▪ Customer satisfaction surveys ▪ Vendor scorecards ▪ In-person visits to customers, suppliers, and vendor meetings (put on hold during COVID)	▪ Consistent implementation of the Code of Business Conduct and Ethics ▪ Ensuring contractual integrity	▪ 100% coverage through CoC training
Governments	▪ Participation in government consultation programmes, ▪ Engagement with national, state, and regional government bodies at business and operational level	▪ Compliance with laws ▪ Contributing towards the economic development of the nation	

OUR ESG MATERIAL ISSUES

We conducted a detailed materiality analysis in FY2020 to identify the most pertinent ESG issues that define our present and future. They are divided into three intervention categories.

High	Medium	Low
M1 Energy & Climate Change	M14 Noise & Vibration	M25 Land Acquisition & Rehabilitation
M2 Water Management	M15 Tailings Dam Management	
M3 Solid Waste Management	M16 Human Rights	
M4 Air Emissions	M17 Resource Efficiency	
M5 Biodiversity	M18 Transparent Disclosure	
M6 Health & Safety	M19 Materials Management	
M7 Community Development	M20 Learning and Development	
M8 Supply Chain Sustainability	M21 Use of Recycled Material	
M9 Grivance Management	M22 Brand Salience	
M10 Compliance to Government Regulations	M23 Innovation	
M11 Upholding Rights of Indigenous People	M24 Governance for Sustainability	
M12 Ethical Business Practices		
M13 Diversity & Equal Opportunity		
Act	**Manage**	**Observe**

Read our detailed stakeholder engagement process and progress across ESG material issues update in our Sustainable Development Report 2021

A multi-pronged approach to conserve the environment

Our environmental approach is based on improving our existing processes and systems and proactively adopting more efficient processes for new operations. We have developed specific objectives and targets as a part of our environmental commitment and review our performance annually against these priorities.

Energy management & climate change

As a large consumer of fossil-fuel based power, we recognise the climate-related risks associated with our business activities. We understand the implications of our energy consumption, both in terms of its cost to the natural environment as well as cost to the operations; and are committed to meet our energy demands, while limiting our carbon emissions. We remain fully supportive of the outcomes of the Paris Agreement and have taken on carbon reduction targets in alignment with the Nationally Determined Contributions (NDC).


Harnessing wind energy at HZL

UN SDGs and targets linkage

Goal: SDG 12 –
Responsible production and consumption

Target: 12.2 – Achieve sustainable management and efficient use of natural resources

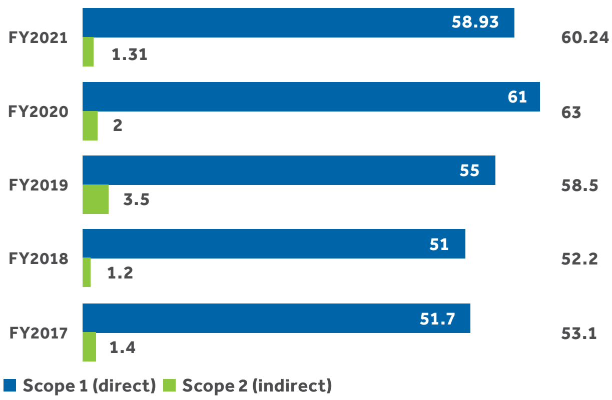
Targets & strategies

We had aligned ourselves with the Nationally Determined Contributions (NDCs) of the Government of India and had committed to reduce our GHG emissions intensity by 20% by 2025 from a 2012 baseline.

Till FY2021 we have achieved c.13.6 mn tons of avoided GHG emissions since 2012. Our long-term target is to substantially de-carbonise by 2050 and are currently on the path to develop a plan.

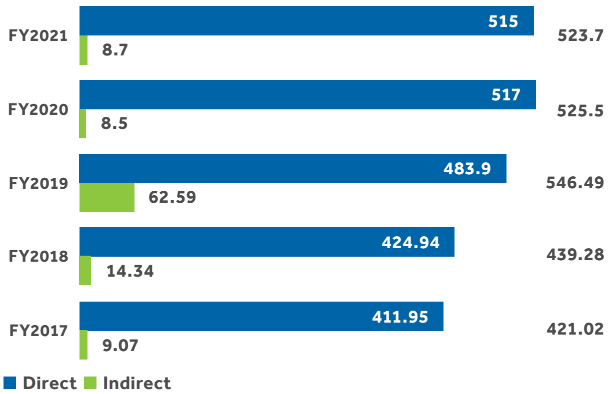
Performance

GHG EMISSIONS (mn tCO_2e)



We calculate and report Greenhouse Gas (GHG) 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 Protocol.

ENERGY CONSUMPTION (mn GJ)



Waste and tailings management

Waste management in a safe and responsible manner is a crucial priority for our businesses. The hazardous wastes comprise used/spent oil, waste refractories, spent pot lining and residual sludge from smelters. On the other hand, high-volume and low-toxicity wastes constitute the non-hazardous wastes. These are fly ash (from captive and merchant power plants), red mud (aluminium refinery waste), jarofix (from zinc smelting), slag, lime grit (process residues from smelters and aluminium refineries) and phosphogypsum (phosphoric acid plant).

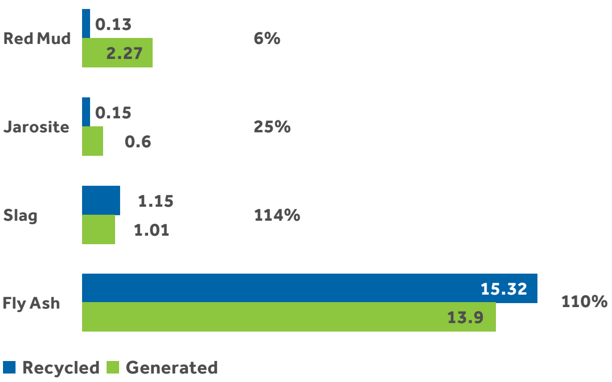
In FY2021, we recycled 94% of the high-volume-low-effect wastes such as fly ash, slag, and jarosite. For the 2nd year in a row, we could reutilise more than 100% of the fly ash generated in the year by recycling legacy waste.

Tailings dam management

Integral to mining operations, tailings dams (if breached) can cause significant damage to the environment and to the neighbouring communities. The Company oversees 18 active and five inactive and one closed Tailings Management Facilities (TMFs). Our principal concern is to ensure the safety of the people who live downstream from our dams. All but one[1] tailings facilities have undergone an independent audit and assessment in the last 12 months by Golder Associates.

We have also introduced a tailings dam management standard to ensure that our Group companies adhere to standard practices while managing their dam structures.

HIGH-VOLUME-LOW-EFFECT WASTE (mn mt)



UN SDGs and target linkage

Goal: SDG 12 – Responsible production and consumption

Target 12.2 – Achieve sustainable management and efficient use of natural resources

[1] Our facility at Skorpion Zinc underwent an audit in 2016.

Water management

While access to a steady water supply is critical for mining and smelting operations, host communities and the natural ecosystem and biodiversity of the area also rely on water. Hence, the responsible use of this shared resource is a critical imperative for us and for all our stakeholders.

Our Group water policy administered through our water management standard is in place and our approach is to keep it as a core factor while making decisions, either for a new project or an existing one. Water-screening assessment to identify sensitive water resources, aquatic habitats and any known or suspected water resource constraints in proximity to each operation, is a must and has been conducted by all our businesses. We have steadily increased our water recycling rate in the last three years.

UN SDGs and target linkage

Goal: SDG 6 – Clean water and sanitation for all

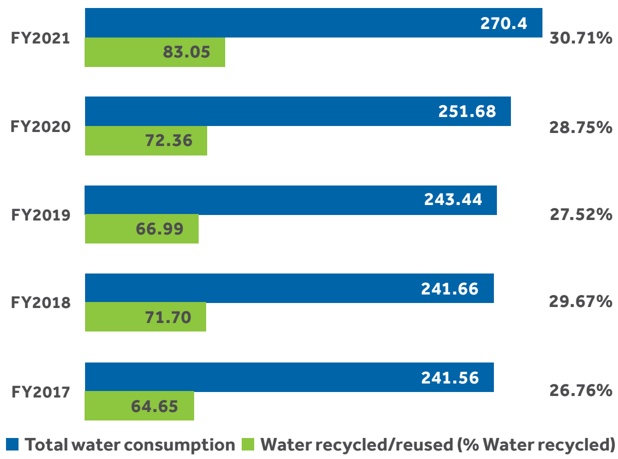
Target: 6.4 – Increase water use efficiency and ensure sustainable withdrawals

Goal: SDG 15 – Life on land

Target: 15.9 - Introduce biodiversity management and planning into development processes

Performance

WATER CONSUMPTION & RECYCLING (mn m^3)



Raw water reservoir at Lanjigarh facility

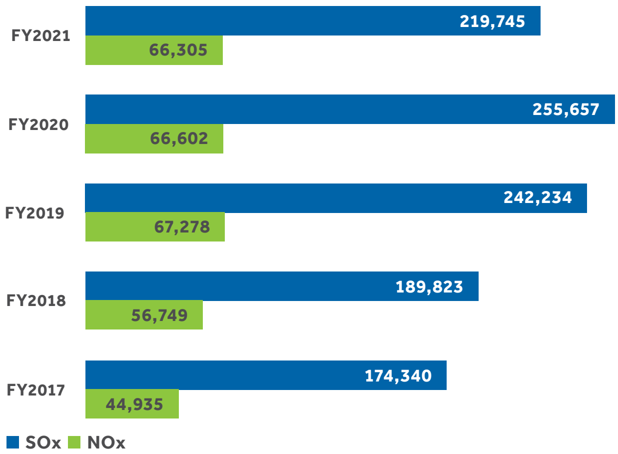
Air emissions

The impact of emissions on employees, communities and the natural surroundings is closely observed, evaluated and documented for corrective actions and future reference. We use best-in-class technologies to reduce to the minimum any particulate release.

The release of Suspended Particulate Matter (SPM), SOx and NOx are monitored as a part of our consistent efforts to keep the ambient air quality safe. Lead emissions in our zinc operations, fluoride emissions in our copper and aluminium operations, and Polycyclic Aromatic Hydrocarbons (PAHs) in our aluminium operations are also checked regularly to adhere to our Environmental Management Standard.

Performance

STACK EMISSIONS (in mt)



Reducing carbon footprint with tree plantation

CASE STUDY

Responsible tailings utilisation: all round benefits


Paste Fill Plant at Rajpura Dariba Complex

One of the key aspects of mine sustainability is its post-mining restoration. Typically, to maintain structural stability of the mines, miners undertake the process of back filling material into underground voids created by their activity. The backfilling is usually conducted using cementitious material such as concrete. However, this can be a costly affair, with larger negative environmental footprint.

At Hindustan Zinc, Vedanta's zinc division, we took up an innovative and contemporary approach to back filling. In exploring economically viable mixtures to execute back filling, we found an opportunity to use mine tailings (leftover material after ore separation). This played out to be beneficial in more ways than one, where we could utilise waste material to fill the void, offsetting the need for new disposal land for tailings. It resulted in economic benefits, reduction of cycle time, generating employment and above all, environmental utility as industrial waste could find alternate and sustainable use.

Infrastructure, technology and process
We executed this by following the paste back fill system, setting up two paste fill plants each in Sindesar Khurd (SK) and Rampura Agucha (RA) mines and one in the Zawar mine. In fact, HZL is credited with the installation of the first paste fill plant in India. These plants help in thickening the mill tailings, mixing with the binder to prepare the paste for the underground distribution system. This process avoids any air emissions, and we use recycled water for the activity. The plants in SK have a combined capacity of 6 mtpa, RA at 5 mtpa and Zawar at 1 mtpa.

Employing the latest technology with emergency preparedness plans and digitisation, this initiative dovetails into Vedanta's policy of 'Zero Harm, Zero Waste, Zero Discharge'.

Key outcomes
Since deployment, we have achieved up to 39% of tailings utilisation, continual reduction of cement utilisation in the mix and 14% and 37% reduction in specific water consumption in the RA and SK mines, respectively. The capital cost of the plant deployment has been paid back within three months across locations and has resulted in continuous profit contribution.

Way forward
Going forward, we intend to utilise 55% of tailings and maximise fly ash utilisation within the next one year. Focus will be on increased backfilling and safety.

Since 2018, we utilised 7.4 mt of tailings in backfilling to avoid land disposal

SOCIAL

Together we help uplift communities

We are the primary economic driver for the communities where we operate. We shoulder this responsibility seriously and endeavour to fulfil our role in a manner that upholds the dignity of all our stakeholders and allows us to live up to our deeply cherished values.

The Vedanta Sustainability Framework and its associated standards and policies guide our work on social performance. In areas with indigenous populations, we are committed to following the principles of Free, Prior, Informed Consent (FPIC). With its genesis in the UN Declaration of Rights of Indigenous Peoples, it has been adopted as a best practice by the IFC and ICMM.

Our CSR Council, led by a senior business leader, and including CSR Heads and CSR Executives from all business units, meets every month and reviews the performance, spend and outcome of CSR programmes across units. Governed by our in-house CSR Policy and Sustainability Framework, the Council is responsible for governance, synergy and cross-learning across the Group's CSR efforts.

The Board CSR Committee comprises senior Independent Directors, who, apart from providing strategic direction for CSR activities, also approve and budgets, and review progress of the initiatives.

SOCIAL PERFORMANCE & SOCIAL LICENCE TO OPERATE

Securing and retaining one's social licence to operate is an outcome resulting from a company's ability to garner the trust of the communities where it operates. Social performance frameworks are a good mechanism to measure, manage, and monitor this aspect of the business.

With a view to evaluate Vedanta's social performance and impact, our senior leadership commissioned a study conducted by independent, globally renowned experts. This study spanned four sites, post which the reports were submitted to the Vedanta ExCo for their consideration. The reports made a clear case for a reboot of our social performance practices.

Based on the findings of the report, a Group-wide self-assessment drive with all units was conducted in FY2021. These led to the formation of Social Performance Steering Committees, with cross functional participation. The primary intent was to explain to our internal stakeholders that social performance and licence to operate go beyond the ambit of an organisation's CSR activities and are closely related to its operations, HR practices and other activities.

This awareness initiative resulted in the formation of Social Performance Management Committees (SPMC) at each unit, development of standard and guidance note and its implementation through VSAP.

Through such proactive and targeted initiatives, we are progressing towards our objective of becoming a developer of choice in our areas of operation.

Following the success of the initiative, we are engaging third-party consultants again to reinstate the project through the means of pilot to be conducted at two BUs – Lanjigarh and HZL. With initial formalities complete along with senior management approvals, FY2022 will see these two BUs undertake pilot projects including social risk assessment and grievance mechanism tracking, among others.

COMMUNITY EMPOWERMENT INITIATIVES

Community provides us the critical support to grow sustainably with all stakeholders. We have evolved one of the most elaborate community empowerment initiatives in our industry, and we regularly garner inputs and insights from stakeholders to improve our programmes.

In FY2021, c.US$45 mn were spent to help communities elevate their quality of life through various interventions. An overview of these programmes is provided below.

Children's well-being and education

Key features

90+
Initiatives across our Group companies

c.39 mn
Children benefit from these programmes

Types of interventions:
- Anganwadis (rural childcare centre) and child-care centres; public school infrastructure support (including sanitation); scholarships teacher training; digital classrooms and computer aided learning centres; libraries; Vedanta-run schools; exam preparation counselling; career counselling science fairs

Healthcare

60+
Initiatives across our Group companies

c.2.4 million
People benefit from these programmes

Types of interventions:
- Support to primary health centres; HIV/AIDS awareness programmes; health camps; mobile health vans; specialist doctor support; nutrition programmes; Vedanta-run hospitals; health awareness drives

Women's empowerment

Key features

15+
Initiatives across our Group companies

3,300+
SHGs formed

300+
Micro-enterprises formed

32,000+
Women benefit from these programmes

Types of interventions:
- Self-help groups; Women's co-operatives; Micro-enterprises

Drinking water & sanitation

35+
Initiatives across our Group companies

250,000+
People benefit from these programmes

Types of interventions:
- Provision of drinking water; construction of toilets; RO plant set up; digging of borewells; handpump repair/installation; sanitation drives

Upskilling youth

20
Initiatives across our Group companies

2,000+
Youth trained

Types of interventions:
- Sewing centres; Vocational training centres; Technical and computer literacy programmes; Traditional craft and painting training

Community infrastructure

Key features

40+
Initiatives across our Group companies

360,000+
People and
3,000+
Families benefit from these programmes

Types of interventions:

- Tube-wells/open-wells/borewells; check-dams; roads; parks; public education infrastructure; community centres; health centres; village walls and gates; renovation of sports complexes; temple irrigation channels; drains; bus stands; streetlights; ponds; public CCTV installations

Agriculture & animal husbandry

50+
Initiatives across our Group companies

62,000+
Farmers benefited

Types of interventions:

- Climate change adaptation; Wadi-based agriculture; water-shed rejuvenation; agriculture-based natural resource management; dairy and livestock development; farmer training; SHGs; co-operatives; veterinary care; irrigation channel maintenance

Sports & culture

30+
Initiatives across our Group companies

43,000+
Sportspersons and culture enthusiasts benefited

Types of interventions:

- Rural sports; Sponsorship for: para-athletes; Marathons; Sports tournaments; Music festivals; Football and archery training academies

Environmental restoration & protection

Key features

96,000+
Saplings planted and are under maintenance

Types of interventions:
- Sapling plantation and greenbelt management; Water conservation structures; Pond desilting

UN SDGs and target linkage

Goal: SDG 2 – Zero Hunger

Target: 2.1 - End hunger and ensure access to safe, nutritious, and sufficient food, all year round

Target: 2.2 - End all forms of malnutrition

Goal: SDG 6 – Clean water & sanitation

Target: 6.6 - Protect and restore water-related eco-systems

Goal: SDG 8 – Economic growth & decent work for all

Target: 8.6 - Reduce youth unemployment, illiteracy, unproductivity

Ensuring the safety of our workforce

During FY2021, we lost eight colleagues to work-related accidents. It is a stark reminder for us to strengthen and improve our safety management systems, as one life lost is one too many.

This was a matter of grave concern, because within the same period, we had invested heavily in several systems and standards, which were introduced to ensure a safe, injury-free workplace. To understand the rationale behind this anomaly, the Group ExCo along with our Group HSE teams went on to analyse the situation and developed a way forward.

As a part of our continuing safety initiatives, the following three areas deserve mention:

Proactive leadership

Continuous interaction between leaders and support personnel on safety issues, leading to hands-on safety interventions.

Delegation of safety-critical tasks

Safety-critical responsibilities are identified and delegated with proper monitoring mechanism in place.

Safety engagement with partners

Long-standing business partners are properly informed about safety initiatives undertaken by Vedanta, and project-specific business partners are managed through efficient supervisors.

Setting high safety standards

An overview of our safety performance:

LTIFR

(per mn person-hours)

FY2021	0.55
FY2020	0.66
FY2019	0.46
FY2018	0.35
FY2017	0.40

FATALITIES

FY 2021	8
FY 2020	7
FY 2019	9
FY 2018	7
FY 2017	5

UN SDGs and target linkage

8 DECENT WORK AND ECONOMIC GROWTH

Goal: SDG 8 – Economic growth & decent work for all

Target: 8.8 - Protect labour rights and provide safe work conditions for all

An enriching culture of caring and sharing

Giving back to the community, society and country in various ways is part of Vedanta's larger purpose. We are committed to work for greater good towards national prosperity and sustainable growth. Vedanta was among the very few companies which rose to the occasion and supported the nation through various initiatives such as distributing food packets for daily wage earners, manufacturing of masks and PPEs, food for animals, and so on.

Ensuring health, safety, environment and sustainability continue to be our core focus areas. To combat the pandemic-induced health and security concerns of our people, we created a central COVID Task Force with a mix of passionate young leaders and experienced senior leaders. The taskforce is focused on implementing strong control measures across the Group, which includes the launching of Apollo 24x7 healthcare helpline, digital portal for tracking the cases across the Group, wellness webinars and regular communication on precautions and preventive measures with all our people through the **Vedanta Cares** initiative.

We also introduced the **Vedanta Term Life Insurance Policy** (providing financial protection equivalent to five times of annual salary) with world-wide coverage of all our executives across the Group. Amid the pandemic, this was the most important initiative launched for our employees. This benefit is over and above the Mediclaim and Group Personal Accident Insurance Policies currently being provided by the Company to support the employees in emergencies.

Our employees also receive consistent recognition from our Management and Board for their extra-mile. These include the Chairman Individual Awards, Chairman Awards for COVID-19 efforts, Chairman Award for Business Partner and Best performing ManCom and Chairman Discretionary Award.

STREAMLINED MANAGEMENT

Management Committee:
Vedanta introduced the concept of Management Committee (ManCom) for the organisation's apex leadership. Our businesses are now being run by a Group of 6-8 people of the Management Committee comprising the CEO, CFO, CHRO, CCO, CMO and other key leaders. Our ManComs work as a cohesive team and are the top decision-making body for the respective businesses, functions, and the Group, while ExCos (Executive Committee) serve as a review body. Currently, we have one Group ManCom, which is the central decision-making body with eight members and seven Business ManComs. The SBUs are still managed by their respective EXCOs. The same concept has been extended to functions as well and each function is divided into verticals with a vertical head identified to ensure accountability and delivery.

Integrated Commercial and Marketing Organisation:
At Vedanta, we continuously assess our organisational structure to ensure right Management in Place (MIP). We redesigned the way we look at our commercial and marketing functions and created an Integrated Commercial and Marketing Organisation under the leadership of the Group Chief Commercial Officer and anchored by the Managing Director Commercial & CEO Aluminium & Power.

We embarked on a series of Commercial and Marketing Workshops to identify 100+ leaders in the largest ever talent identification exercise through a series of structured Vice Chairman's Internal Growth Workshops. The new team will work with a clear objective of enhanced margin protection, build category expertise, benchmarking and data-driven decision-making, backed by technology and digitisation. The focus will be on buying and selling within the Indian

Employees at operational site

subcontinent to foster national growth.

Project organisation design: We have a large number of high-impact brownfield projects that are being implemented across the Group to significantly drive volume, unlock value and accelerate growth. This is also part of our endeavour to help our nation revive the economy and infrastructure development, capex spending and foreign direct investment (FDI). To drive this transformational agenda, we have embarked on a series of Project Leadership Workshops to identify the next set of project leaders. These workshops have helped us identify 16 heads of various key projects across the Group, who have taken up enhanced roles to drive our growth vision.

DIVERSITY & INCLUSION GO HAND IN HAND

Diversity is a business imperative, as much as it is about fairness and the right thing to do. The Group benefits significantly from the skills, experience, and perspectives of the wide range of people who work with us. Our objective is to achieve gender parity across all levels starting from our Board to ManComs / ExCos and all decision-making bodies. We constantly review our organisation design and talent mix to ensure a healthy representation of women at all levels in the organisation.

CASE STUDY

Empowering women for an empowered tomorrow

At Vedanta, we have put in place a comprehensive, time-bound process to develop a robust pipeline of women leaders across the Group. The benchmark HR programme (V-lead) underlines the Group's strong commitment to diversity and inclusion.

As part of the initiative, a Group of promising young women will be identified, nurtured, and promoted to adopt greater responsibilities in CXO positions in future, spanning operational and enabling roles at Vedanta's business units in India and overseas. The entire programme is likely to be completed between six and 18 months, as the broader objective is to elevate and retain talent.

Our journey commenced with 55 women leaders, out of 1,000 women employees in various business units and functions across 10 businesses and operations. This includes an interesting mix of women leaders from enabling functions such as Commercial, Marketing, Finance, HR, IT, PR/CSR, Legal & Strategy and operations, such as HSE, AO, Security, and Core Operations.

The eligibility criteria comprised the following:

a) Performance and potential

b) Educational background

c) Projects handled

d) Passion for technology

Following their selection, the Vice Chairman had a detailed interaction with these aspiring leaders. These women are being trained to take on higher CXO roles as part of Top 200 leaders in the Group. The idea is to ensure that they represent a part of the decision-making bodies of the Vedanta Group, namely ManCom and ExCo.

A minimum of five women will be given higher roles and responsibilities on a quarterly basis.

This will ensure higher visibility, exposure and fast-track career progression through their enhanced and elevated roles. Anchoring the programme are senior leaders of the Group and each anchor has been assigned five to six women leaders as mentees.

We will continue to implement more such programmes to encourage women to demonstrate their grit and talent and take on larger responsibilities.

Leaders in the making

TRANSFORMATIONAL INITIATIVES

Vice-Chairman's SBU engagement workshops:
The key idea behind this transformational initiative was to connect with SBU Heads / ExCos to engage, energise and generate ideas / suggestions around key themes such as Management in Place and Business Vision, Volume & Cost, HSE, CSR and Community Relations, People Development, Technology & Digitalisation, Innovation & Benchmarking, Quality, Security & Housekeeping etc. Through this structured initiative, we have covered 16 SBUs and have engaged with 1,200+ executives. The businesses have acknowledged that the Vice Chairman's engagement helped them in: a) moving in the right direction; (b) each SBU has already started working on the key action points which emerged from the engagement; (c) since the workshops happened during the current COVID times, it helped build employees' morale and performance focus; (d) engagement with business partners helped in quality assessment.

Leadership succession planning:
We concluded the largest ever exercise of Leadership Succession Planning. The initiative aims to create a three-level succession slate for the COOs for key businesses in the Group. The objective was to identify 10 COOs and 30 three level successors for each COO through IJP and handpicking high-quality leaders. This is a continuous process, as we continue to identify successors for other CXO positions such as deputy for CHRO and CFO positions for each business.

360-degree feedback mechanism:
This initiative was launched to get a comprehensive assessment of the organisation's key leaders. It will help the leaders in identifying strengths and improvement areas for effective leadership and address the improvement areas through a comprehensive developmental plan. The key leaders from Group ManCom to ManCom and ExCo members of each business will undergo the same leadership development journey.

ONBOARDING TALENT

As part of our overarching initiative to onboard talent through campus hiring from esteemed institutions, we inducted 1,000+ young professionals in India with a focus on diversity. We have put special focus to induct talent from North-East, J&K region and minority communities. As a proactive measure, we have introduced premium salary for rank holders in few categories, and they will be offered front-line decision-making roles. We are also inducting specialised talent from new-age programmes such as digital, data science and analytics, quality, R&D, sustainability, forensics, and so on.

Campus hiring with focus on gender diversity, upliftment of minority communities and adequate representation of all regions and demographics in India.

Vedanta Leadership Development Programme:
Continuing our practice of hiring young talent and developing them to take up higher roles and responsibilities in the organisation, we started the Vedanta Leadership Development Programme (VLDP) for hiring from top IITs and IIMs. Over the preceding four years, we have hired 100+ management trainees from the top three IIMs and XLRI and graduate engineer trainees from the top six IITs.

Our high-potential talent is provided with high-impact frontline roles. At the end of these workshops, we rotated them into elevated cross-functional roles to provide them with maximum exposure and train them to take up CXO roles at our businesses within the next six to eight years.

LEADERSHIP DEVELOPMENT

As part of Vedanta's DNA, we focus on continuous identification and talent development. Over 1,000 leaders were identified through workshops, V-Reach, IJP and Act-Up programmes.

FACOR Leadership ACT UP
FACOR (Ferro Alloys Corporation Limited) which was recently acquired, comprises chrome mines along with a fully integrated processing and captive power plant. FACOR is one of the largest producers of Ferro alloys, an essential ingredient to produce stainless steel and specialty steel. FACOR has tremendous potential to generate significant value in the growing market. A 2-day ACT UP (Accelerated Competency Tracking and Upgradation Programme) workshop was organised with the objective to identify and elevate the internal talent at FACOR to leadership role in order to strengthen the FACOR leadership backbone and impart Vedanta's culture and values for alignment. A structured process was designed to shortlist participants from a pool of 600+ employees for the 2-day workshop which comprised Group activities, presentations, and case studies. 50+ new leaders were identified and elevated to significantly higher roles across the three verticals of Captive Power Plant (CPP), FACOR Power Limited (FPL) and Mines. Cross-functional teams were formed to foster learning across verticals and solve complex problems. A new CSR vertical was established to stand firm on our values of giving back to society.

V-Reach
Graduate Development Programme: We have a strong and unwavering focus on identifying and developing talent from within. We have a 5,000+ strong talent pool who joined us as graduates and who represent the backbone of our businesses. V-Reach was launched in three phases to identify top 500 talent from the graduate talent pool and provide them elevated roles and opportunities for fast-track career growth within the Group. This identified talent will progressively take up enhanced roles for adding fresh perspective and value to various businesses. We are also developing a digital solution to continuously track the progress of this talent through technology implementation as we continue to identify additional set of talent under this category.

Digital Organisation
Vedanta has embarked on an aspirational digital transformation journey and our vision is to become a technology-driven company. With this vision, Digital ACT UP was conducted to identify young high potential leaders across various units and functions through the structured ACTUP workshop model and give them significantly elevated roles and responsibilities and thereby induct the required skillset to provide digital direction to our organisation.

V-Tech 1.0
To identify talented engineers and elevate them to significantly higher roles, V Tech 1.0 was launched. Over 550 employees spanning the group with focus on ensuring diversity with a undergo online psychometric assessment to result in shortlisting of top 300 basis following a thorough assessment. These leaders will drive high-impact projects and innovations, take up leadership roles across the organisation, leverage their potential and become brand ambassadors of Vedanta.

Young Leaders' Taskforce
At Vedanta, young leaders are given a wide plethora of growth opportunities. We have created a team of livewire professionals hailing from diverse backgrounds with a focus on innovation. Their innovative ideas help us steadily grow volumes, optimise costs and identify other key drivers to make the organisation more agile to protect our margins, despite market variations.

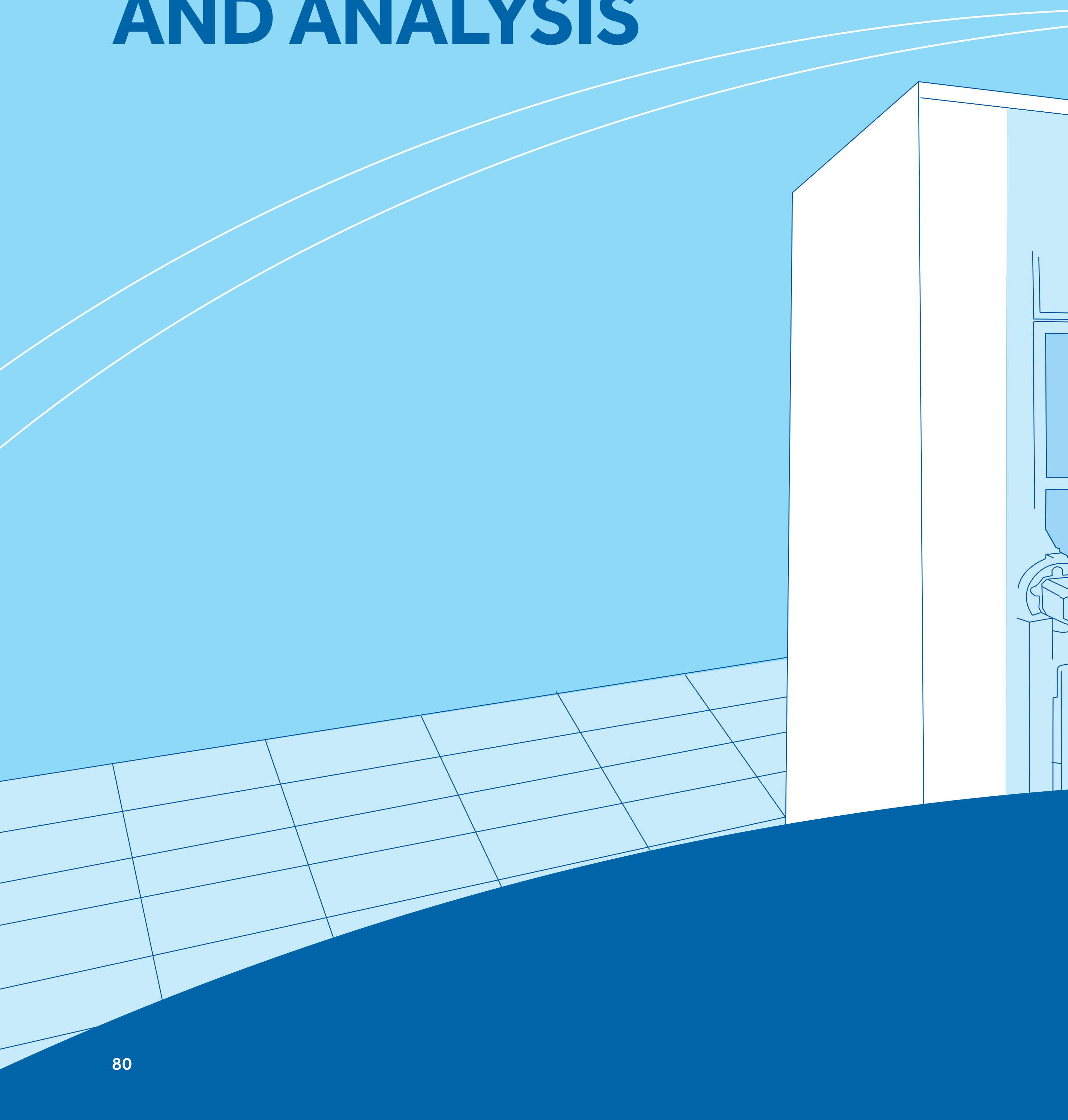
UN SDGs and target linkage

Goal: SDG 5

Target: 5.5 - Ensure full and equal participation of women in all decision-making in the political, economic, and public life

Target 5.9- Adopt and enforce policies and legislation on gender equality

MANAGEMENT DISCUSSION AND ANALYSIS



Finance review

Executive summary:
We had a strong operational and financial performance in FY2021 amidst the challenges faced due to the pandemic. The company continues to focus on controllable factors such as resetting cost base through diverse cost optimisation initiatives, disciplined capital investments, working capital initiatives, marketing initiatives & volume with strong control measures to ensure safe operations across businesses within framed government and corporate guidelines amidst the pandemic.

In FY2021, we recorded an EBITDA of $3,800 mn, 27% higher y-o-y and robust adjusted EBITDA margin[1] of 37%. (FY2020: $3,003 mn, margin 29%).

Higher sales volumes resulted in increase in EBITDA by $128 mn, driven by higher volumes at Zinc India, Iron ore, Aluminium and steel business. However, this was partially offset by lower sales volume at Oil & Gas business and lower power sales at TSPL.

Market and regulatory factors resulted in increase in EBITDA by $524mn compared to FY2020. This was primarily driven by increase in the commodity prices, softening of input commodity prices, rupee depreciation, partially offset by lower brent realization at Oil & Gas business and lower capex recovery at Oil & Gas business.

Gross debt as on 31 March 2021 was $16.4 bn, an increase of $1.3 bn since March 31, 2020. This was mainly due to the increase in borrowings at Vedanta Resources Limited standalone level.

Net debt as on 31 March 2021 was $10.7 bn, increased by $0.7 bn since 31 March 2020 (FY2020: $10.0 bn), primarily driven by dividend payment during the year, increase in working capital, stake increase in VEDL, capital expenditure, partially offset by strong cash flow from operations.

The balance sheet of Vedanta Resources Limited continues to remain strong with cash & cash equivalents, of $5.6 bn and Net Debt to EBITDA ratio at 2.8x (FY2020: 3.3x)

Consolidated operating profit before special items
Operating profit before special items increased by 70% in FY 2021 to $2,701 mn. This was mainly driven by lower depreciation, higher commodity prices, higher sales realisation from Iron ore and Steel business, increased volumes at Zinc India and Aluminium business, lower cost of production at Zinc, Aluminium and Oil & Gas business, partially offset by lower brent realisation and lower cost recovery at Oil & Gas business.

(US$ mn , unless stated)

Consolidated operating profit summary before special items	FY2021	FY2020	% change
Zinc	1,313	875	50
-India	1,236	911	36
-International	77	(36)	-
Oil & Gas	151	466	(68)
Aluminium	816	48	-
Power	111	151	(26)
Iron Ore	215	83	-
Steel	80	49	65
Copper India/Australia	(42)	(61)	(31)
Others	57	(20)	-
Total EBITDA	**2,701**	**1,591**	**70**

(US$ mn)

Consolidated operating profit bridge before special items	1,591
Market and regulatory: US$ 524 mn	
a) Prices, premium / discount	151
b) Direct raw material inflation	232
c) Foreign exchange movement	126
d) Profit petroleum to GOI at Oil & Gas	(90)
e) Regulatory changes	105
Operational: US$ 273 mn	
f) Volume	128
g) Cost and marketing	188
h) Others	(43)
Depreciation and amortization	313
Operating profit before special items for FY2021	2,701

1.Excludes Copper Zambia as its operations have been discontinued & deconsolidated in books w.e.f. 21 May 2019.

a) Prices, premium/discount

Commodity price fluctuations have a significant impact on the Group's business. During FY2021, we saw a net positive impact of $151 mn on operating profit due to commodity price fluctuations.

Zinc, lead and silver: Average zinc LME prices during FY2021 marginally increased to US$2,422 per tonne, up 1% y-o-y; lead LME prices decreased to US$1,868 per tonne, down 4% y-o-y; and silver prices increased to US$22.9 per ounce, up 38% y-o-y. The cumulative impact of these price fluctuations increased operating profit by $170 mn.

Aluminium: Average aluminium LME prices increased to US$1,805 per tonne in FY2021, up 3% y o y, this had a positive impact of $95 mn on operating profit.

Oil & Gas: The average Brent price for the year was US$44.3 per barrel, lower by 27% compared with US$60.9 per barrel during FY2020. This had negative impact on operating profit by $230 mn.

b) Direct raw material inflation

Prices of key raw materials such as imported alumina, thermal coal, carbon and caustic have reduced significantly in FY2021, improving operating profit by $232 mn, mainly at Aluminium and Zinc business.

c) Foreign exchange fluctuation

INR and SA Rand depreciated against the US dollar during FY2021. Stronger dollar is favourable to the Group's operating profit, given the local cost base and predominantly US dollar-linked pricing. The favourable currency movements positively impacted operating profit by $126 mn.

Key exchange rates against the US dollar:

	Average year ended 31 March 2021	Average year ended 31 March 2020	% change	As at 31 March 2021	As at 31 March 2020
Indian rupee	74.11	70.86	4.6	73.30	74.81
South African rand	16.37	14.78	10.7	14.83	17.89

d) Profit petroleum to GOI at Oil & Gas

The profit petroleum outflow to the Government of India (GOI), as per the production sharing contract (PSC), increased by $90 mn. The increase in outflow was primarily due to the lower recovery of capital expenditure in FY2021.

e) Regulatory

During FY2021, changes in regulatory levies such as Renewable Power Obligation etc. had a cumulative positive impact on the Group operating profit of $105 mn.

f) Volumes

Higher volume led to increase in operating profit by $128 mn, majorly by following businesses:

Zinc India (positive $165 mn)

Higher zinc & lead sales (higher by 6% and 20% respectively) & higher sliver sales (c.25%), had a cumulative positive impact on operating profit of $165 mn.

Oil & Gas (negative $70 mn)

Oil & Gas business achieved WI sales of 40.27 mmboe, down by 8% y-o-y. This had negative impact on operating profit of $70 mn.

Iron Ore (positive $35 mn)

Sales volumes at iron ore business increased significantly having a positive impact on operating profit of $35 mn.

Aluminium (positive $15 mn)

In FY2021, the Aluminium business achieved metal sales of 1.96 mn tonnes, up 2% y-o-y. This volume increase had a positive impact on operating profit of $15 mn.

g) Cost and marketing

Improved costs resulted in an increase in operating profit by $188 mn over FY2021, primarily due to improved cost at Aluminium business driven by better coal rate and mix and lower alumina imports. This was partially offset by lower premia realizations at Aluminium and Zinc business.

h) Others

This primarily includes the impact of past exploration cost recovery at Oil & Gas business during the FY2020 and change in Profit Petroleum (PP) tranche partially offset by higher power EBITDA, inventory and foreign exchange adjustments, impacting operating profit negatively by $43 mn.

Depreciation and amortisation

Depreciation and amortisation decreased by $313 mn against the previous year. This was primarily on account of lower charge at Oil & Gas business due to impairment of asset in Q4 FY2020, and Skorpion mine put under maintenance and care at the start of the financial year 2021.

Income statement

(₹ crore, unless stated)

Particulars	FY 2021	FY 2020	% Change
Revenue	11,722	11,790	(1)
EBITDA	3,800	3,003	27
EBITDA margin (%)	32%	25%	-
EBITDA margin without custom smelting (%)	37%	29%	-
Special items	(49)	(2,065)	-
Depreciation and amortisation	(1,099)	(1,412)	(22)
Operating profit	2,652	(474)	-
Operating profit without special items	2,701	1,591	70
Net interest expense	(917)	(797)	15
Interest cost-related special items	(58)	12	-
Other gains /(losses)	6	(87)	-
Profit before taxation	1,683	(1,346)	-
Profit before taxation without special items	1,795	707	-
Income tax expense	(316)	(411)	(23)
Income tax (expense)/credit (special items)	18	781	(98)
Effective tax rate without special items (%)	17.7%	27.5%	-
Profit for the year from continuing operations	1,385	(976)	-
Profit for the period/year from continuing operations before special items	1,479	296	-
Profit for the year from discontinuing operations (special items)	91	(771)	-
Profit for the period /year	1,476	(1,747)	-
Profit for the period /year without special items	1,479	296	-
Non-controlling interest	1,153	(179)	-
Non-controlling interest without special items	1,176	498	-
Attributable profit / (loss)	323	(1,568)	-
Attributable profit/loss without special items	303	(202)	-
Underlying attributable profit/(loss)	334	(171)	-

1. Previous period figures have been regrouped or re-arranged wherever necessary to conform to current period's presentation.

CONSOLIDATED REVENUE

Revenue, for FY2021, decreased by 1% to US$ 11,722 mn (FY2020: US$ 11,790 mn). This was primarily driven by rupee depreciation, lower power sales at TSPL, lower volume at Oil & Gas, Skorpion mine put under maintenance and care, and lower cost recovery at Oil & Gas business, partially offset by higher commodity prices, higher volumes at Zinc India, Copper, Iron Ore and Aluminium business, inclusion of FACOR in FY2021.

(US$ mn, unless stated)

Consolidated revenue[1]	FY2021	FY2020	% change
Zinc	3,328	3,004	11
-India	2,960	2,563	15
-International	368	441	(17)
Oil & Gas	1,016	1,787	(43)
Aluminium	3,865	3,751	3
Power	725	827	(12)
Iron Ore	611	489	25
Steel	630	604	4
Copper India/Australia	1,469	1,278	15
Others[2]	76	51	50
Total	**11,722**	**11,790**	**(1)**

1. Excludes Copper Zambia as its operations have been discontinued & deconsolidated in books w.e.f. 21 May 2019
2. Includes port business and eliminations of inter-segment sales.

Consolidated EBITDA[1]

The consolidated EBITDA by segment is set out below:

(US$ mn, unless stated)

Consolidated EBITDA	FY2021	FY2020	% change
Zinc	1,688	1,283	32
-India	1,568	1,230	28
-International	120	54	-
Oil & Gas	438	1,032	(58)
Aluminium	1,046	281	-
Power	190	233	(18)
Iron Ore	245	117	-
Steel	117	83	42
Copper India/Australia	(21)	(40)	-
Others[2]	97	14	-
Total	**3,800**	**3,003**	**27**

1. Excludes Copper Zambia as its operations have been discontinued & deconsolidated in books w.e.f. 21 May 2019
2. Includes port business and eliminations of inter-segment sales.

Key drivers	EBITDA margin % FY2021	EBITDA margin % FY2020
	51%	43%
Higher volumes and Higher LME	53%	48%
Higher LME offset by lower volumes	33%	12%
Lower Oil Price & Volume	43%	58%
Higher volume & Improved Cost of Production	27%	8%
Lower volume & lower realisation	26%	28%
Higher Iron Ore Karnataka volumes	40%	24%
Higher sales & lower cost of sales	19%	14%
	(1)%	(3)%
	-	28%
EBITDA margin[1]	32%	25%
Adjusted EBITDA margin[1]	37%	29%

1. Excludes Copper Zambia as its operations have been discontinued & deconsolidated in books w.e.f. 21 May 2019
2. Includes port business, FACOR and elimination of inter-segment transactions.

EBITDA AND EBITDA MARGIN

EBITDA[1] for the year was at US$ 3,800 mn, 27% higher y-o-y. This was mainly driven by higher commodity prices, higher sales realisation from Iron ore and Steel business, increased volumes at Zinc India and Aluminium business, lower cost of production at Zinc, Aluminium and Oil & Gas business, partially offset by lower brent realisation, lower cost recovery at Oil & Gas business. (See 'Operating profit variance' for more details).

We maintained a robust adjusted EBITDA margin[1] of 37% for the year (FY2020: 29%)

SPECIAL ITEMS - CONTINUED OPERATIONS (INCLUDED INTEREST INCOME RELATED AND OTHERS)

In FY2021 special items stood at negative $ 94 mn. For more information, refer note [6] on special items is set out in financial statement.

NET INTEREST

The blended cost of borrowings was 7.52% for FY2021 compared to with 7.43% in FY2020.

Finance cost excluding special items for FY2021 was at US$1,209 mn, 3% higher y-o-y compared to US$ 1,179 mn in FY2020 mainly on account of increase in average borrowing primarily at VRL standalone level, increase in average borrowing cost, lower capitalisation of interest cost, partially offset by lower bill discounting charges & bank charges, decrease in export advance and BC/SC cost.

Investment income excluding special items for FY2021 stood at US$292 mn, 26% lower y-o-y compared to US$382 mn in FY2020. This was mainly due to lower average investments, primarily due to lower investment at Oil & Gas business, and lower pre-tax return on investments.

The average post-tax return on the Group's investments during FY2021 was 4.76% (FY2020: 5.62%), and the average pre-tax return was 5.86% (FY2020: 7.17%).

The increased finance cost and decreased investment revenue led to a net increase of US$ 120 mn in net interest expense (excluding special items) during the period.

OTHER GAINS/(LOSSES) EXCLUDING SPECIAL ITEMS

Other gains/(losses) excluding special items for FY2021 amounted to US$11 mn, compared to US$(87) mn in FY2020.

TAXATION

Tax expense for FY2020 stood at US$ 298 mn. The normalized ETR is 38% (excluding tax on dividend from HZL US$ 117mn and tax on exceptional items of US$ 18 mn, new tax regime impact of (US $34 mn) and Deferred Tax Asset of US$ 420mn recognized on losses in ESL) compared to 52% (excluding tax on distributable reserve/dividend from HZL US$ 276mn, new regime impact (US $233 mn) and tax on exceptional items of US$ 781 mn) which is primarily on account of increase in profit from the entities which are taxable at lower rate and adoption of new tax regime in one of the major subsidiary.

ATTRIBUTABLE PROFIT/(LOSS)

Attributable profit before special items was US$ 303 mn in FY2021 compared to an attributable loss of US$ 202 mn in FY2020, primarily driven by higher EBITDA, lower depreciation charge partially offset by higher net interest.

FUND FLOW POST-CAPEX

The Group generated free cash flow (FCF) post-capex of $1,253 mn (FY2020: $823 mn), driven by strong cash flow from operations and lower sustaining and project capital expenditure.

FUND FLOW MOVEMENT IN NET DEBT[1]

Fund flow and movement in net debt[1] in FY2021 are set out below.

(US$ mn, unless stated)

Key drivers	FY2021	FY2020
EBITDA[2]	3,800	3,003
Working capital movements	(576)	(74)
Changes in non-cash items	(2)	18
Sustaining capital expenditure	(467)	(558)
Movements in capital creditors	(164)	84
Sale of property, plant and equipment	23	21
Net interest (including interest cost-related special items)	(938)	(687)
Tax paid	(242)	(165)
Expansion capital expenditure	(325)	(819)
Free cash flow (FCF) post capex[1]	1,109	723
Dividend paid to equity shareholders	(162)	(536)
Dividend paid to non-controlling interests	(992)	(101)
Dividend Received	-	2
Tax on dividend from Group companies	-	-
Acquisition of subsidiary	(8)	(5)
Discontinued operations of Copper Zambia[2]	-	(118)
Payment for acquiring non-controlling interest	(403)	-
Others	(253)	222
Movement in net debt	(709)	287

1. Includes foreign exchange movements
2. Copper Zambia operations have been discontinued & deconsolidated in books w.e.f. 21 May 2019.

DEBT, MATURITY PROFILE AND REFINANCING

The Gross debt increased from US$15.1 bn in FY2020 to US$16.4 bn, mainly on account of increase in borrowings at Vedanta Resources Limited standalone level.

During FY2021, Net Debt increased from US$10.0 bn to US$ 10.7 bn, primarily driven by dividend payment during the year, increase in working capital, stake increase in VEDL, partially offset by strong cash flow from operations.

Our total gross debt of US$16.4 bn comprises:

US$15.9 bn as term debt (March 2020: US$12.9 bn);
US$0.3 bn of short-term borrowings (March 2020: US$1.2 bn); and
US$0.2 bn of working capital loans (March 2020: US$1.0 bn).

The maturity profile of term debt of the Group (totalling US$ 15.9 bn) is summarised below:

Particulars	As at 31 March 2020	As at 31 March 2021	FY2022	FY2023	FY2024	FY2025 & beyond
Debt at Vedanta Resources	6.7	8.6	1.1	2.0	2.4	3.1
Debt at subsidiaries	6.2	7.3	2.0	1.3	1.0	2.9
Total term debt[1]	12.9	15.9	3.1	3.3	3.4	6.0

1.Term debt excluding preference shares.

Term debt at our subsidiaries was US$ 7.3 bn, with the balance at Vedanta Resources Limited. The total undrawn fund-based credit limit was c.US$ 1.1 bn as at 31 March 2021.

Cash and liquid investments stood at US$ 5.6 bn at 31 March 2021 (31 March 2020: US$5.1 bn). The portfolio continues to be invested in debt mutual funds, and in cash and fixed deposits with banks.

GOING CONCERN

The Group has prepared the consolidated financial statements on a going concern basis. The Directors have considered a number of factors in concluding on their going concern assessment.

The Group monitors and manages its funding position and liquidity requirements throughout the year and routinely forecasts its future cash flows and financial position. The key assumptions for these forecasts include production profiles, commodity prices and financing activities.

The last Going concern assessment carried out for the period ended September 30, 2020 was approved by the Board of Directors in December, 2020. The Directors were confident that the Group will be able to ensure production is not materially impacted by the COVID-19 virus, that the Group will be able to roll-over or obtain external financing as required and that prices will remain within their expected range.

Since then, while the other mitigating actions as highlighted in the period ended September 30, 2020 financial statements remain available to the Group, several recent significant developments have had a positive bearing on the liquidity and company's ability to continue as going concern. [For more information, please refer to, Note 1(d) of the Consolidated Financial Statements]

Notwithstanding the uncertaintie, the Directors have confidence in Group's ability to execute sufficient mitigating actions. Based on these considerations, the Directors have a reasonable expectation that the Group and the Company will meet its commitments as they fall due over the going concern period. Accordingly, the Directors continue to adopt the going concern basis in preparing the Group's consolidated financial statements and Company's standalone financial statements.

COVENANT COMPLIANCE

The Group's financing facilities, including bank loans and bonds, contain covenants requiring the Group to maintain specified financial ratios. The Group has complied with all the covenant requirements till 31st March 2021.

Management notes that the Group has previously obtained covenant waivers, including in response to the appointment of a provisional liquidator at KCM. Additionally, the Group has recently successfully amended the covenants for its listed bonds. The Directors of the Group are confident that they will be able to execute mitigating actions (see below) to ensure that the Group avoids, or secures waivers or relaxations for future period breaches, if any, of its covenants during the going concern period. [For more information, please refer to, Note 1(d) of the Consolidated Financial Statements]

CREDIT RATING

During FY2021, Moodys downgraded corporate Family ratings of Vedanta Resources from B1 to B2 (and the ratings of senior unsecured notes from B3 to Caa1) and placed the ratings "under review for downgrade' in December 2020 upon failure of take private transaction and expectation of high refinancing needs and weak liquidity at VRL. On 17th February 2021, Moody's confirmed Vedanta Resources Limited's B2 Corporate Family Rating and Caa1 rating on the senior unsecured notes of the company and changed the outlook on the rating to "Negative" from ratings "under review for downgrade".

The rating confirmation reflects the reduced immediate refinancing risk at VRL. Further to downgrade of VRL in March 2020 by S&P to B- with a stable outlook, S&P placed the ratings on 'Negative' outlook in October 2020 upon failure of Take private transaction. On 25th January 2021, S&P revised the outlook to 'Stable' from 'Negative' on account of reduced refinancing risk and improving liquidity position at the holding company level while affirming the ratings at 'B-'.

BALANCE SHEET

(US$ mn, unless stated)

Key drivers	31 March 2021	31 March 2020
Goodwill	12	12
Intangible assets	99	100
Property, plant and equipment	12,968	13,005
Exploration and Evaluation Assets	334	240
Other non-current assets	3,115	3,028
Cash, liquid investments and Financial asset investment net of related liabilities	5,957	5,090
Other current assets	2,834	2,711
Total assets	**25,319**	**24,186**
Gross debt	(16,377)	(15,095)
Other current and non-current liabilities	(6,611)	(6,818)
Net assets	**2,331**	**2,273**
Shareholders' equity	(3,147)	(3,263)
Non-controlling interests	5,478	5,536
Total equity	**2,331**	**2,273**

Shareholders' (deficit)/equity was US$(3,147) mn at 31 March 2021 compared with US$(3,263) mn at 31 March 2020. Non-controlling interests decreased to US$ 5,478 mn at 31 March 2021 (from US$5,536 mn at 31 March 2020).

Property, plant and equipment (including exploration and Evaluation Assets)

As at March 31, 2021, PPE was at US$13,302 mn (FY2020: US$ 13,245 mn). The increase of US$ 57 mn was primarily driven by additions $920 mn (Zinc India $315mn, Aluminium division $270mn, Oil & Gas 200mn Zinc International $50mn, FACOR $50mn and BALCO $35mn), FCTR c.US $330 mn partly offset by depreciation charge US $1099 mn CWIP impairment charge recognition of US$ 33 mn and net disposals US $60 mn.

CONTRIBUTION TO THE EXCHEQUER

The Group contributed c.US$ 4.7 bn to the exchequer in FY2021 compared to US$4.6 bn in FY2020 through direct and indirect taxes, levies, royalties and dividend, which was made by Vedanta Resources Limited.

PROJECT CAPEX

(US$ mn)

Capex in progress	Status	Total capex approved[3]	Cumulative spend up to March 2020[4]	Spent in FY2021[4]	Unspent as at 31 March 2021[5]
Cairn India[1] Mangala Infill, Liquid handling, Bhagyam & Aishwariya EOR, Tight Oil & Gas,OALP, etc	On - going	2,522	1,144	181	1,197
Aluminium Sector					
Jharsuguda 1.25mtpa smelter	Line 3: Fully capitalised Line 4: Fully Capitalised Line 5: Six Section capitalised Line 6: Phase-wise capitalisation	2,990	2,925	36	29
Zinc India					
Mine expansion	Ongoing	2,076	1,726	44	306
Others		261	159	7	95
Zinc International					
Gamsberg mining Project2	Completed Capitalisation	400	387	3	10
Copper India					
Tuticorin smelter 400ktpa	Project is under force majeure	717	198	-	519
Avanstrate Inc					
Furnace Expansion and Cold repair		74	48	7	20
Capex flexibility					
Metals and Mining					
Lanjigarh Refinery (Phase II) – 5mtpa		2,088	909	18	1,161
Skorpion refinery conversion	Currently deferred till pit 112 extension	156	14	-	142

1. Capex approved for Cairn represents Net capex, however Gross capex is $3.4 bn
2. Capital approved US$400 mn excludes interest during construction (IDC).
3. Based on exchange rate prevailing at time of approval.
4. Based on exchange rate prevailing at the time of incurrence.
5. Unspent capex represents the difference between total projected capex and cumulative spend as at March 31, 2021

Operational review

Zinc India

THE YEAR IN BRIEF

Our mine production gradually improved during the year with ore production for the full year, up by 7% y-o-y, to deliver a record production of 15.5 mn MT. This was supported by robust production growth at Zawar mines and Rampura Agucha mine, up by 21% and 9%, respectively. Our operations were halted on account of the pandemic-induced lockdown from March 22, 2020 onwards, impacting 3-4 weeks of equivalent production. Mined metal production was up by 6% y-o-y to 972 kt, primarily on account of higher ore production, with overall grades remaining at the same levels.

OCCUPATIONAL HEALTH & SAFETY

Lost time injury frequency rate (LTIFR) for the last quarter was 0.92 vis-à-vis 1.23 in Q4 FY2020, driven by several safety awareness, investigation and prevention initiatives. Compared to a year ago, the number of LTIs declined from 18 to 13 in the fourth quarter. LTIFR for the year was 0.98 (total 51 LTIs). There has been greater management focus to bring a cultural shift via felt leadership programmes, safety town halls, enabling tools such as safety whistle-blower as well as reward and recognition for near-miss reporting.

In view of the COVID-19 health emergency, an advisory was issued for the precautionary measures, along with awareness campaigns and drive for disinfecting facilities across the Company. The Company's operations were halted during the lockdown and employees were asked to work from home barring some employees, who attended call for duty to keep production assets safe. To ensure business continuity, a committee of COVID-19 Response 'War Room' was organised to identify and implement urgent business decisions. We also engaged the Self-Help Group (SHG) women in our communities to stitch and distribute cloth masks among the villagers, police and administration officials. Our teams also worked with the civil administration to ensure food reached the vulnerable population.

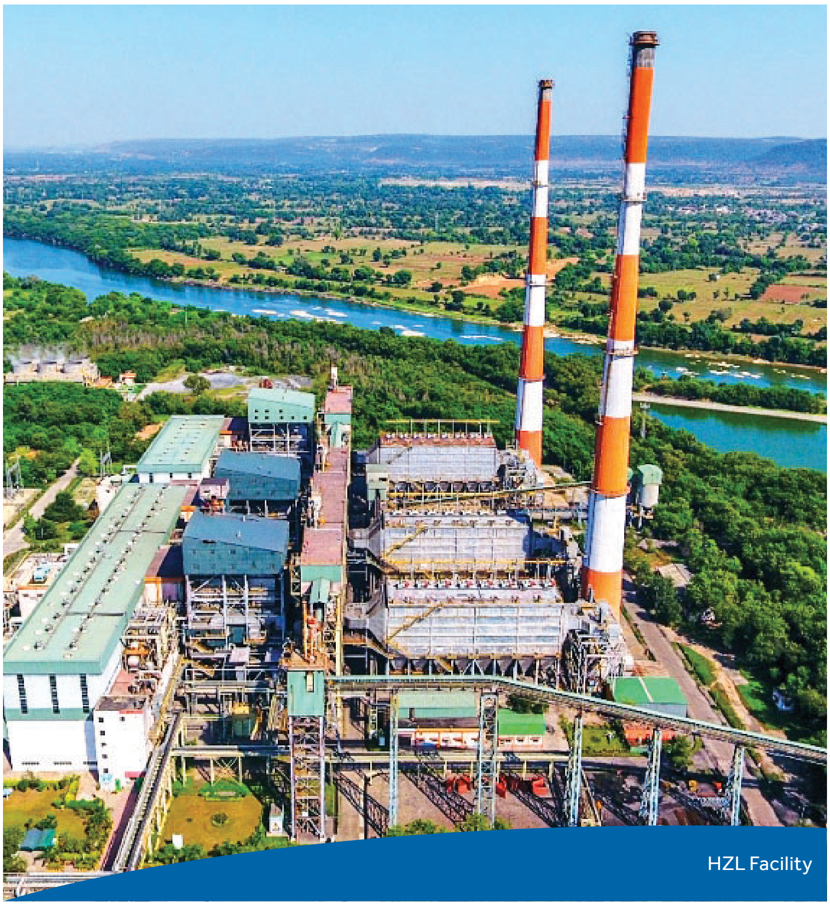
During the year we commissioned an underground Occupational Health Centre at Rampura Agucha Mine which significantly improves the response time in emergency cases. Senior management visits to shop floors and Gemba walks at contractor operated sites reiterated the focus on felt leadership in the organisation. 'Sameeksha' was conducted with six business partners to discuss the details of their serious LTI with CEO, HZL chairing the session.

ENVIRONMENT

Zinc India was certified as 2.41x water positive company, defined as a ratio of Water Credit and Water Debit. The assessment was carried by DNV GL, a globally renowned risk management and quality assurance company. Initiatives like rainwater harvesting, recharge to ground water and use of treated sewage water have enabled us to achieve this distinction.

Zinc India management has finalised Sustainability Goals 2025 by undertaking the following targets:

- Zero work-related fatalities and 50% reduction in TRIFR
- Achieve 0.5 mn tonnes of CO_2e GHG emission savings in our operations from the base year 2017
- Become a 5 times water positive company and achieve 25% reduction in fresh-water consumption
- Achieve 3 times increase in gainful utilisation of smelting process waste
- Protecting and enhancing biodiversity throughout the Life Cycle
- Positively impacting 1 mn lives through social, economic and environmental outcomes
- Inclusive & diverse workplace with 30% diversity
- 100% responsible sourcing in supply chain



HZL Facility

Operational review

Zinc India

Zinc India's 22 MW solar power project at RAM was registered under the Gold Standard during the year. DSC Zinc successfully commissioned a 4500 MTPA FPT (Freeze Precipitation Technology) plant to recover sodium sulphate from the final multi-stage RO rejects which will cater to 1/3rd of DSC Hydro smelter's input salt requirements to support our circular economy goal. The CPP Team conducted an innovative in-house recycling of the bottom ash to convert it into fly ash (saleable product) improving value realisation and lowering the environment footprint. Zinc India's Udaipur Sewage Treatment Plants expanded to 55 MLD translating into over 90% treatment of city's sewage

Zinc India led an endorsement for 'UNGC (United Nations Global Compact) CEO Water Mandate' giving our commitment towards water stewardship and initiating our journey to follow the six principles laid out by UNGC. As part of our commitment towards biodiversity conservation, the Company is now a member of IUCN 'Leader for Nature India' initiative. HZL actively participated in the 3rd meeting of 'Business Leaders Group COP26' and actively engaged for shaping the agenda for COP26, to be held at Glasgow (UK) in Nov'21.

Our sustainability initiatives received several endorsements during the year including the selection in 'Sustainability Yearbook 2021' as Member for fourth consecutive year, Supplier Engagement Rating 'A' received from CDP, first position in the Asia Pacific region in metal and mining sector in Dow Jones Sustainability Indices and 7th Globally and CII-ITC Corporate Excellence Sustainability Award 2020. Zinc India (HZL) was featured among the first Indian companies to be featured in CDP India Annual Report and was rated 'A' in Climate change CDP 2020. Hindustan Zinc is the first company in India to respond to CDP's Forests questionnaire.

PRODUCTION PERFORMANCE

Production (kt)	FY2021	FY2020	% change
Total mined metal	972	917	6
Refinery metal production	930	870	7
Refined zinc – integrated	715	688	4
Refined lead – integrated[1]	214	182	18
Production – silver (in tonnes)[2]	706	610	16

1. Excluding captive consumption of 6,424 tonnes in FY2021 vs. 7,088 tonnes in FY2020.
2. Excluding captive consumption of 34.6 tonnes in FY2021 vs. 36.7 tonnes in FY2020.

OPERATIONS

For the full-year, ore production was up 7% y-o-y to 15.5 mn tonnes on account of strong production growth at Rampura Agucha and Zawar mines, which were up by 9% and 21% respectively. Zinc India's mined metal production for FY2021 was 971,976 tonnes compared to 917,101 tonnes in the previous year in line with higher ore production.

For the full year, metal production was up 7% to 930 kt in line with higher MIC availability, while silver production strengthened by 16% to a record 706 MT in line with higher lead production and better grades at SK. These record numbers were delivered despite losing 3-4 weeks equivalent of production days in the year due to COVID induced disruptions.

Smelting Operations at Rajpura Dariba Complex

PRICES

Particulars	FY2021	FY2020	% change
Average zinc LME cash settlement prices US$ per tonne	**2,422**	2,402	1
Average lead LME cash settlement prices US$ per tonne	**1,868**	1,952	(4)
Average silver prices US$/ ounce	**22.9**	16.5	38

LME Zinc prices averaged $2,750 per MT in Q4 FY2021, up 29% y-o-y and 5% q-o-q. Investor interests in base metals is set to be sustained with the roll out of vaccination programmes globally. The recovery in international trade has not been uniform. In comparison to December 2020 the bulk of the growth can be attributed to the growth of imports and exports in China and developed Asian nations. There was marginal growth from the European Union and the rest of Asia, and a modest decline for the US and UK. Wood Mackenzie estimates zinc LME prices to average $2800 per MT in 2021.

The ongoing vaccination programmes and relatively better manufacturing activity are providing positive cues to investors. As for the premiums in South East Asia, a combination of improving demand and smelters directing shipments to China have tightened the market, helping premiums to shift to the upper end of a $90-110/tonne range. Global exchange stocks ended at 389 kt March, marginally higher than in February, but remain at 10 days in terms of days of global consumption.

ZINC DEMAND – SUPPLY

Zinc Global Balance In kt	CY 2019	CY 2020	CY 2021 E
Mine Production	13,363	12,491	**13,171**
Smelter Production	13,601	13,731	**13,938**
Consumption	13.924	13,228	**13,755**

Source: Wood Mackenzie, March STO

HZL Captive Power Plant Control Room

Last year, the largest supply changes were attributed to Chinese mines, primarily from Inner Mongolia, Hunan and Sichuan. This reflects the poor performance of the small mine sector, where several mines in these provinces failed to restart. Hunan was most affected. The 2021 global mine production estimate of Wood Mackenzie is 13.2Mt, a 5.47% increase vis-à-vis 2020. The Chinese spot TCs declined from $85 in December to $70 in March in favour of miners.

After hitting a low of 27.4 in April 2020, the manufacturing Purchasing Managers Index (PMI) hit 54.6 in September and has averaged 57 in the four months through to February 2021. This is pointing to a robust pace of expansion for the country's manufacturing sector. The strength of the rebound in activity has driven a rapid recovery in the Indian steel production with crude steel production hitting 9.7 Mt in December, its highest since the record high of just over 10 Mt in March 2019. With India's economic growth entering positive territory, the strong performance of India's steel sector seen in the latter part of 2020 should be sustained into 2021.

UNIT COSTS

Particulars	FY2021	FY2020	% change
Unit costs (US$ per tonne)			
Zinc(including royalty)	**1,286**	1,371	(6)
Zinc (excluding royalty)	**954**	1,047	(9)

For the full year, zinc COP excluding royalty was $954, lower by 9% y-o-y. The COP decrease reflects lower spend on consumables, lower coal and coke consumption, digitisation led operational efficiency which was partly offset by higher R&M expense, other mining and manufacturing expenses.

Operational review

Zinc India

FINANCIAL PERFORMANCE

(US$ mn, unless stated)

Particulars	FY2021	FY2020	% change
Revenue	**2,960**	2,563	15
EBITDA	**1,568**	1,230	28
EBITDA margin (%)	**53**	48	–
Depreciation and amortisation	**332**	319	4
Operating Profit before special items	**1,236**	911	36
Share in Group EBITDA (%)	**41**	41	-
Capital Expenditure	**281**	532	(47)
Sustaining	**225**	341	(34)
Growth	**56**	191	(71)

Revenue from operations for the year was $2,960 mn, up 15% y-o-y, primarily on account of higher metal production partly offset by lower sulphuric acid and lower domestic sales of zinc.

EBITDA in FY2021 increased to $1,568 mn, up 28% y-o-y. The increase was primarily driven by higher revenue and lower cost of production.

PROJECTS

We commissioned a 10 MLD STP plant in Udaipur and another 5 MLD STP (Sewage Treatment Plant) is in its last leg of commissioning, which will take the total STP capacity set up by us to 60 MLD. This will treat almost the entire sewage of Udaipur city and the recycled water will be used by our plants, significantly reducing our freshwater intake.

During the year, our graphite floatation system was commissioned at Mill 3 of Sindesar Khurd Mines, which will enhance the smelter throughput and bolster recovery.

During the quarter, backfill plants were commissioned at Zawarmala and Mochia mines. These plants will derisk operations and provide an opportunity to mine left-out high-grade ore in pillars. On similar lines, we have also commenced activities for a combined paste-fill and dry tailing plant at Rajpura Dariba. This will help increase ore production from 1.2 MTPA to 2 MTPA; also facilitating additional utilisation of tails by c.20% for back-filling and will reduce stope turnaround time.

The development of North Decline (ND1) was completed at Rampura Agucha (RA) mine. This improves the accessibility of shaft section, alternate emergency evacuation, ease in mine equipment deployment at lower mine levels, face charging with emulsion explosives, face drilling with long feed jumbo, and so on.

We have commenced operations in RKD circuit (component of overall Fumer project) to treat Raw Zinc Oxide (RZO). Covid-19 restrictions including stringent visa guidelines for Chinese nationals continued during the year, which resulted in

Maintenance work by our diverse workforce at Rajpura Dariba Mine

Cell House at Dariba Smelting Complex

delay in commissioning of Fumer plant at Chanderiya. We are following up with government authorities to find a solution. Two back-fill plants in Zawar were also commissioned during the year.

EXPLORATION

The Company has put in place an aggressive exploration programme focusing on delineating and upgrading Reserves and Resources (R&R) within its license areas. Technology adoption and innovation play a key role in enhancing exploration success.

The Company's deposits remain 'open' and exploration identified a number of new targets on mining leases having potential to increase R&R over the next 12 months. Across all the sites, the Company increased its surface drilling to assist in upgrading resources to reserves.

In line with previous years, the mineral resource is reported on an exclusive basis to the Ore Reserve and all statements have been independently audited by SRK (UK).

Total Ore Reserves increased significantly from 114.7 mn tonnes at the end of FY 2020 to 150.3 mn tonnes at the end of FY 2021 due to heightened focus on resource to reserve conversion during the year. Exclusive Mineral Resource totalled 297.6 mn tonnes. Total R&R increased to 448 mn tonnes as we added more resource than that was consumed during the year.

Total contained metal in Ore Reserves is 9.16 mn tonnes of zinc, 2.55 mn tonnes of lead and 295.5 mn ounces of silver and the Mineral Resource contains 14.9 mn tonnes of zinc, 6.3 mn tonnes of lead and 618.7 mn ounces of silver. At current mining rates, the R&R underpins metal production for more than 25 years.

STRATEGIC PRIORITIES & OUTLOOK

Our primary objective remains to concentrate on enhancing overall output, cost efficiency of our operations and disciplined capital expenditure. While the current economic environment remains uncertain our goals over the medium term are unchanged.

Our key strategic priorities include:

- Further ramp-up of underground mines towards their design capacity, deliver increased silver output in line with communicated strategy.
- Sustain cost of production to below US$1000 per tonnes through efficient ore hauling, higher volume and grades and incremental productivity through ongoing efforts in automation and digitisation
- Disciplined capital investments in minor metal recovery to enhance profitability
- Increase R&R through higher exploration activity and new mining tenements, as well as upgradation of resource to reserve

Operational review

Zinc International

THE YEAR IN BRIEF

During FY2021, Zinc International continued to ramp up production from its flagship project Gamsberg mine and achieved production of 145kt. Several best demonstrated performances on throughput, milled tonnes and improved recoveries were achieved in Q4 FY21.

Black Mountain continued to have a stable production of 58kt, slightly lower than FY2020 due to lower head grades and mining challenges due to unplanned equipment breakdowns. A new product line of recovering magnetite from tailings was established in FY2021.

In spite of COVID-19, robust mitigation measures were put in place to ensure minimal impact on production.

Skorpion Zinc has been under Care and Maintenance since the start of May 2020, following cessation of mining activities due to geotechnical instabilities in the open pit. Activities to restart the mine are progressing well.

Significant reduction in cost was achieved in FY2021 through increased volumes, cost containment measures, consumption efficiencies and exchange rate depreciation.

SAFETY

Gamsberg mine recorded a slope failure in the South Pit on 17 November 2020. One fatality was recorded and efforts to locate the one missing employee of our business partner, remains a priority. A dedicated team has been constituted to undertake the recovery efforts. Gamsberg LTIFR improved from 1.10 in FY2020 to 1.08 in FY2021

Black Mountain Mine had a fatality free year and saw a reduction in high potential risk incidents. Employee engagement is an integral to our safety strategy and both Visible Felt Leadership Interactions and Planned Task Observations are conducted regularly by leaders and front-line supervisors to coach and address behavioural issues.

Both Black Mountain and Gamsberg Mines are embarking on a Critical Control Management programme to ensure that all the fatal risks protocols are in place and understood by all the employees.

Leadership remains key to the success of our safety improvement programme. Our leaders have recently undergone legal compliance training and plans are in place to provide risk-management training and improve risk management interventions and decision-making.

0.65 m^3/tonne
Water consumption at Gamsberg, Zinc International

OCCUPATIONAL HEALTH

At Vedanta Zinc International, we take the health and safety of our employees and stakeholders very seriously and we remain committed to communicating timely and transparently to all stakeholders. Since Covid 19 pandemic, we have recorded 227 positive cases, 222 recoveries, 3 active cases and 2 deceased. We have put stringent protocols to mitigate the spread and we have rolled out awareness initiatives to assist communities in which we operate.

Airborne particulate management remains a key focus in reducing lead and silica dust exposures of employees. Black Mountain Mine has reduced blood lead withdrawals from 12 in FY2020 to 6 in FY2021. As a part of our Employee Wellness Programme, we are focussing on increased participation of employees and communities in VCT for Aids / HIV, blood donation and wellness; 2172 employees were screened for tuberculosis during the year.

Gamsberg facility, Zinc International

Operational review

Zinc International


Gamsberg Nursery

ENVIRONMENTAL

Gamsberg successfully reduced water consumption in the plant to 0.65m3/t and reduced the levels of the Tailings Storage Facility return water dam to prevent future overflows from the dam. During a recent ISO 14001; 2015 recertification audit Black Mountain Mining successfully retained the certification with no major non-conformances.

The draft Gamsberg Nature Reserve Strategic Management Plan has been prepared and submitted for public comments. The final Management Plan will be submitted to MEC for approval. BMM is in negotiations to secure additional farms to be include in the Gamsberg Nature Reserve to ensure compliance to the Biodiversity Offset Agreement.

PRODUCTION PERFORMANCE

Particulars	FY2021	FY2020	% change
Total production (kt)	**203**	240	(16)
Production – mined metal (kt)			
BMM	**58**	66	(12)
Gamsberg	**145**	108	34
Refined metal Skorpion	**-***	67	-

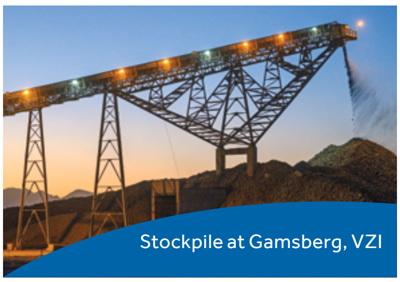
* Skorpion produced 0.6 kt in April 2020 before moving into Care and Maintenance for the rest of the year

OPERATIONS

During FY2021, our total production stood at 203,000 tonnes, 16% lower y-o-y. This was primarily due to Skorpion Zinc going into care and maintenance, BMM mining challenges which was partly offset by higher production at Gamsberg.

At BMM, production was 58,000 tonnes, 12% lower y-o-y. This was mainly due to lower grade of lead (2.3% vs 2.9%) and hence lead lower recoveries (84.1% vs 85.6%) and 6% lower throughput resulting from lower mining performance.

Gamsberg's production was at 145,000 tonnes as the operation continues to ramp up with improved performance every quarter – Q1 FY2021 at 25,000 tonnes, Q2 at 35,000 tonnes, Q3 at 43,000 tonnes and Q4 at 41,000 tonnes (Q4 FY2021 performance slightly impacted by lower mine grades). Our plant operations were partially impacted in November due to the slope failure incident. While mining only started in phases in December and January 2021, plant continued to run on healthy ROM stockpile.


Stockpile at Gamsberg, VZI

At Skorpion Zinc, engagement with technical experts to explore opportunities of safely extracting the remaining ore is ongoing. The pit optimisation work is complete. The business is currently evaluating options to restart mining. Further there is significant progress made to make the Skorpion Refinery Conversion Project economically feasible. Previously completed feasibility study is being updated. We target to start the on-ground execution by H1 FY22.

At both BMM and Gamsberg, production was also slightly impacted by the COVD-19 lockdown during Q1 FY2021.

UNIT COSTS

Particulars	FY2021	FY2020	% change
Zinc (US$ per tonne) unit cost	**1,307**	1,665	(22)

The unit cost of production decreased by 22% to US$1,307 per tonne, from US$1,665 per tonne in the previous year. This was mainly driven by the Company's strong focus to reduce the cost, along with reduction through higher production at Gamsberg, local currency depreciation, optimising consumables usage, higher copper credits offset by higher TCRCs and annual inflation.

FINANCIAL PERFORMANCE

(US$ mn, unless stated)

Particulars	FY2021	FY2020	% change
Revenue	**368**	441	(17)
EBITDA	**120**	54	-
EBITDA margin	**33%**	12%	-
Depreciation and amortisation	**43**	89	(51)
Operating Profit before special items	**77**	(36)	-
Share in Group EBITDA (%)	**3%**	2%	-
Capital Expenditure	**44**	101	(57)
Sustaining	**44**	80	(45)
Growth	**-**	21	-

During the year, revenue decreased by 17% to $368 mn, driven by lower volumes compared to FY2020 due to Skorpion Zinc going under Care and Maintenance, partially offset by higher price realisations. EBITDA increased significantly to $120 mn, from $54 mn in FY2020 mainly on account of higher price realization and improved cost.

Monitoring site using state of the art technology

PROJECTS

Refinery conversion – A substantial progress has been made on Skorpion Zinc Refinery conversion Project with the FEED completion, feasibility study, tendering activities and techno-commercial adjudication. All regulatory approval is in place to start project execution. Previously completed feasibility study is being updated. With power tariffs being very critical for the viability of the project, discussions are ongoing with the state power utility and the option of renewable power is also being explored. We can start the on-ground execution by H1 2022 subject to the confirmation of power tariff and approval from the Board.

Swartberg Phase 2 – Based on the completed feasibility study, the finalised mine design and environmental authorisation has been received in Q3 FY2021. Based on the proposed integration schedule with BMM the underground operations project is planned to be executed in FY2023.

Gamsberg Phase 2 - 54MT reserves have been added post completion of Feasibility study for expansion which can result in additional 200ktpa MIC production over and above current production.. The mine design and the new reserve statement was completed with the Resource to Reserve conversion as scheduled. The project is currently split into two distinctive sections, one focused on increasing the mining to 9 MTPA and second focused on construction of a duplicate concentrator plant, effectively doubling the capacity.

Gamsberg Smelter – We have received the environmental approval for bulk water pipeline construction and outcome of ESIA for Gamsberg Smelter is also expected in April'21. The SEZ application process has progressed well. We are engaging with the Governmnet of South Africa on critical success factors like SEZ, power price, sulphuric acid offtake, logistics infrastructure and other regulatory approvals.

Black Mountain Magnetite project – This is a project to recover iron ore/ magnetite from the BMM tailings. The feasibility was completed and pilot plant of 60ktpa capacity was started in Q4 FY2021. To fast track the project and take advantage of the current favourable market conditions a quick start modular 0.7MTPA plant was decided, based on treating current fresh tailings. This project will be put up for approval to start the execution in H1 FY2022 with target of completion by end of FY2022.

EXPLORATION

Certified Mineral Reserves and Resources at Zinc International increased by 8% to 566.4 Mt containing 30.3 Mt of metal. Gross additions to reserves and resources, after depletion, amounted to 41.3 Mt of ore and 1.8 Mt of metal. Despite depletion, reserve levels were successfully maintained at the same level as 2020, and amount to 139.7 Mt containing 8.3 Mt of metal. The most significant contributor to the addition of metal in resources was the declaration of a maiden resource at Gamsberg South (23.2 Mt @ 7.1% Zn and 0.6% Pb).

STRATEGIC PRIORITIES & OUTLOOK

Zinc International continues to remain focused to improve its production by sweating its current assets beyond its design capacity, debottlenecking the existing capacity, and adding capacity through growth projects.

Our priority is to ramp up the performance of our Gamsberg Plant at designed capacity and simultaneously develop the debottlenecking plan to increase plant capacity by 10% to 4.4Mt Ore throughput. Likewise, BMM continues to deliver stable production performance and the focus is to debottleneck its ore volumes from 1.6 Mt to 1.8 Mt.

Skorpion is expected to remain in 'Care and Maintenance' for H1 FY2022, while management is assessing feasible and safe mining methods to extract ore from pit 112. Zinc International continues to drive the cost reduction programme to place Gamsberg operations on the 1st quartile of global cost curve with the production cost less than US$1000 per tonne.

Additionally, core growth strategic priorities include:

Additionally, core growth strategic priorities include:

- Complete approval process and commence project activities of Skorpion Refinery Conversion Project and Magnetite Project in FY2022
- Continue to improvise business case of Gamsberg Phase II and Gamsberg Smelter Project through government intervention, capex and opex reduction.

Operational review

Oil & Gas

THE YEAR IN BRIEF

During FY2021, Oil & Gas business delivered gross operated production of 162 kboepd, lower by 6% y-o-y. This was mainly due to delay in execution of growth projects owing to the implementation of nationwide lockdown imposed by the Government of India to curb the spread of COVID-19 and natural reservoir decline at the MBA fields. The decline was partially offset by the addition of wells brought online as a part of Mangala Infill, MPT Upgrade, Aishwarya and Bhagyam Polymer and ABH. Business continues to drive all efforts towards volume growth through capacity additions, new wells and surface facilities. During FY2021, 74 wells were hooked up across all assets.

In OALP blocks, the initial phase of seismic acquisition programme has been completed in Assam, Cambay, Rajasthan and Offshore GS-GK region. Second phase is ongoing in Rajasthan and Cambay.

Early drilling opportunities have been identified based on reprocessing and interpretation of vintage data in Rajasthan, Assam and Cambay regions. First well KW-2-Udip has been drilled in Rajasthan. Drilling and related preparation activities are ongoing in Cambay and North East.

OCCUPATIONAL HEALTH &SAFETY

There are six lost time injuries (LTIs) in FY2021. The frequency rate stood at 0.16 per mn-man hours (FY2020: 0.3 per mn-man hours) amidst increased development activities. Unfortunately, there was also a fatality in one of the projects during the FY2021.

Our focus remains on strengthening our safety philosophy and management systems. We were recognised with awards conferred by external bodies:

- Leaders Award in Sustainability 4.0 award 2020 jointly instituted by Frost & Sullivan and TERI under Mega Large Business, Process Sector
- 'Sword of Honour' and '5Star' by British Safety Council for excellence in HSE Management for Pipeline Operation
- CII National Award for Excellence in Water Management 2020' 'within fence' category and noteworthy contribution under 'CII National Award for excellence in Water Management 2020' 'beyond fence category

Cairn Oil & Gas has taken various initiatives to prevent exposure of COVID-19:

- Awareness on COVID-19 based on MOHFW (Ministry of Health and Family Welfare), ICMR (Indian Council of Medical Research) and National Disaster Management Guidelines.
- Tied up with Apollo and Mahatma Gandhi Hospital, Jaipur for handling of COVID patients
- Established Apollo Telemedicine Centre in Barmer and 'Isolation / Quarantine Accommodation' at Camp sites
- Weekly Health Awareness Sessions by Specialists from various prestigious Hospitals.
- SOPs for travel, office duty, construction & operations and COVID test requirement.
- Daily Health Monitoring of Personnel on Parameters - Temperature, Cold & Cough.
- Launched 'Your Dost', an Online Emotional Wellness Platform providing 24x7 guidance from 900+ experts.

Night view of the Mangala Processing Terminal, Barmer

Operational review

Oil & Gas

ENVIRONMENT

Our Oil & Gas business is committed to protect the environment, minimise resource consumption and drive towards our goal of 'zero discharge'. We have secured first runner-up position in Jury Special Mention Award on 'Recycling of Produced Water for Injection Purpose' under sustainability 4.0 award 2020 jointly instituted by Frost & Sullivan and TERI. Highlights for FY2021 are:

Highlights for FY2021 are:

- Recycling and reusing of produced water resulting in reduced water abstraction: 99.55% at Mangala, Bhagyam and Aishwariya.
- Natural gas was adopted at Raageshwari Gas Terminal for power generation, eliminating the flaring of gas and reduction in GHG emissions.
- Waste oil disposal to registered recyclers: 6,390bbls in FY2021
- Energy conservation by the replacement of conventional lights with energy-efficient lightings (LED): c.150,000 units in FY2021.
- Commissioning of GEG's at Rajasthan North field for power generation, reduction in GHG emissions of c.9200 tons of CO^2e/annum
- Biodiversity Conservation:
  - Conservation and proliferation of indigenous species: c.1,500 seed balls and 10,000 saplings of indigenous species developed at Mangala Processing Terminal
  - Carbon sequestration - plantation in Ravva field: c.17,959 tons of CO2e
  - Conservation of Fishing Cat at Coringa Wildlife Sanctuary at Godavari delta. MoU signed with Andhra Pradesh Forest Department and Wildlife Institute of India.
  - Published "Know your Flora-A Glimpse of Thar Ecosystem", capturing information about 57 local floral species (26 trees, 17 shrubs and 14 herbs) growing in the vicinity of Rajasthan.

PRODUCTION PERFORMANCE

	Unit	FY2021	FY2020	% change
Gross operated production	Boepd	**162,104**	172,971	(6)
Rajasthan	Boepd	**132,599**	144,260	(8)
Ravva	Boepd	**19,177**	14,232	35
Cambay	Boepd	**10,329**	14,479	(29)
Oil	Bopd	**140,353**	154,677	(9)
Gas	Mmscfd	**130.5**	109.8	19
Net production – working interest	Boepd	**101,706**	110,459	(8)
Oil*	Bopd	**88,923**	99,709	(11)
Gas	Mmscfd	**76.7**	64.5	19
Gross operated production	Mmboe	**59.2**	63.3	(7)
Net production – working interest	Mmboe	**37.1**	40.4	(8)

* Includes net production of 441 boepd in FY2021 and 483 boepd in FY2020 from KG-ONN block, which is operated by ONGC. Cairn holds a 49% stake.

OPERATIONS

Average gross operated production across our assets was 6% lower y-o-y at 162,104 boepd. The company's production from the Rajasthan block was 132,599 boepd, 8% lower y-o-y. The decrease was primarily due to the delay in execution of growth projects due to COVID-19 restrictions and natural reservoir decline at the MBA fields. The decline was partially offset by the addition of wells brought online as a part of Mangala Infill, MPT Upgrade, Aishwarya and Bhagyam Polymer and ABH. Production from the offshore assets, was at 29,505 boepd, 3% higher y-o-y, supported by production from new wells drilled through Ravva drilling campaign and production optimization activities.

The production details by block are summarised below.

Rajasthan block

Gross production from the Rajasthan block averaged 132,599 boepd, 8% lower y-o-y. This decrease was primarily due to the delay in execution of growth projects due to implementation of the nationwide lockdown imposed by the Government of India to curb the spread of COVID-19 and natural reservoir decline at the MBA fields. The decline was partially offset by

Ravva Offshore facility, Cairn Oil & Gas the addition of wells brought online as a part of Mangala Infill, MPT Upgrade, Aishwarya and Bhagyam Polymer and ABH and production optimisation activities.

As part of the growth projects in Rajasthan 248 wells have been drilled. Of these 143 wells have been hooked up till date.

Gas production from Raageshwari Deep Gas (RDG) averaged 124 mn standard cubic feet per day (mmscfd) in FY2021, with gas sales, post captive consumption, at 96 mmscfd.

Cairn Facility

On 26th October 2018, the Government of India, acting through the Directorate General of Hydrocarbons (DGH), Ministry of Petroleum and Natural Gas, has granted its approval for a 10-year extension of the PSC for the Rajasthan block, RJ-ON-90/1, subject to certain conditions, with effect from 15 May 2020. In May 2018 the single judge had passed the order in our favour allowing extension of Rajasthan PSC on same terms. The GoI had appealed against the said order before the division bench of the Delhi High Court. Vide order dated 26 March 2021, the High Court has allowed the appeal of GoI against the single judge order.

We have served notice of arbitration on the Government of India (GoI) in respect of the audit demand raised by DGH based on PSC provisions. The Government has accepted it and the arbitration tribunal stands constituted. It is our position that there is no liability arising under the PSC owing to these purported audited exceptions. The audit exceptions do not constitute demand and hence shall be resolved as per the PSC provisions.

The tribunal had a first procedural hearing on 24th October on which Vedanta also filed its application for interim relief. The interim relief application was heard by the tribunal on 15th December 2020 wherein it was directed that the GoI should not take any coercive action to recover the disputed amount of audit exceptions which is in arbitration and that during the arbitration period, the GoI should continue to extend the tenure of the PSC on terms of current extension. The GoI has challenged the said order before the Delhi High court which is now listed on 20th May 2021.

Further, on 23rd September 2020, the GoI filed an application for interim relief before Delhi High Court seeking payment of all disputed dues. The bench has not been inclined to pass any ex-parte orders and the matter is now listed for hearing on 20th May 2021.

Further to above stated letter from GoI on 26th October 2018, in view of pending non-finalization of the Addendum to PSC, the GoI granted, permission to the Oil & Gas business to continue petroleum operations in Rajasthan block, till the execution of the Addendum to PSC or 30th April 2021, whichever is earlier.

Ravva block

The Ravva block produced at an average rate of 19,177 boepd, higher by 35% y-o-y. This was primarily due to new wells bought online through Ravva drilling campaign which was successfully completed during the year.

Cambay block

The Cambay block produced at an average rate of 10,329 boepd, lower by 29% y-o-y. This was primarily due to natural field decline partially offset by production optimization measures.

PRICES

Particulars	FY2021	FY2020	% change
Average Brent prices – US$/barrel	44.3	60.9	(27)

Crude oil price averaged US$44.3 per barrel, compared to US$60.9 per barrel in the previous year driven by multiple reasons shifting the world from the era of supply disruption to plenty. Global economic indicators continued to be adversely impacted due to the COVID-19 pandemic.

Early in the year, oil prices declined drastically as the markets struggled with a rapidly filling storage capacity and massive crude oil glut amid a demand collapse caused by the virus outbreak.

Prices continued extending gains from the second quarter, climbing to a six-month high as physical market fundamentals continued to recover, rollout of COVID-19 vaccines and the surplus in the market eased, which was reflected from the decline in crude oil stocks, and recovery in refinery operations and utilization rates in the major economies.

Continued efforts by OPEC to accelerated production cuts including voluntary adjustments and weather-related energy crisis in the US later in the year caused a sharp decline in oil production. This temporarily disrupted at least a fifth of the U.S. refining output, and a mn barrels of crude production led to a steady rally in crude prices

Operational review

Oil & Gas

FINANCIAL PERFORMANCE

(US$ mn, unless stated)

Particulars	FY2021	FY2020	% change
Revenue	1,016	1,787	(43)
EBITDA	438	1,032	(58)
EBITDA margin	43%	58%	-
Depreciation and amortisation	287	566	(50)
Operating Profit before special items	151	466	(67)
Share in Group EBITDA (%)	12%	34%	-
Capital Expenditure	233	495	(53)
Sustaining	9	19	(51)
Growth	224	476	(53)

Revenue for FY2021 was 43% lower y-o-y at $1,016 mn (after profit petroleum and royalty sharing with the Government of India), owing to fall in oil price realization and lower volumes. EBITDA of FY2021 was at $437 mn, lower by 58% y-o-y in line with the lower revenue.

The Rajasthan operating cost was US$7.7 per barrel in FY2021 compared to US$8.7 per barrel in the previous year, primarily driven by cost optimisation initiatives and lower maintenance activities due to COVID-19 early in the year.

A. Growth projects development

The Oil & Gas business has a robust portfolio of infill development & enhanced oil recovery projects to add volumes in the near term and manage natural field decline. Some of key projects are:

Mangala infill, Bhagyam & Aishwariya Enhanced oil recovery (EOR) and FM3/5 Infill

Mangala is currently under full field polymer injection. In addition, to increase the ultimate oil recovery and support production volumes, we are executing a 45-well infill drilling campaign in Mangala field. Drilling and hook up of the 45 well campaign have been completed during FY2021.

The polymer's success enhanced oil recovery at Mangala and is being replicated at Bhagyam and Aishwariya fields to increase recovery rates. Drilling and hook-up of 42 well campaign have been completed during fiscal year 2021. Surface facility development for polymer implementation has been completed and polymer injection has been ramped up to its design capacity.

Based on the success of the FM3 infill drilling campaign, Cairn has identified opportunities to further accelerate production by drilling four horizontal wells in FM3 and FM5 sands. The project also entails drilling of few deviated wells for FM2/3 sands and conversion of three wells to polymer injector. The approved field development plan is being executed and the drilling is expected to commence during the first half of the fiscal year 2022.

Tight oil and gas projects

Tight oil: Aishwariya Barmer Hill (ABH)

Aishwariya Barmer Hill (ABH) is the first tight oil project to monetise the Barmer hill potential. All 39 wells have been drilled, of which 27 wells are hooked up. They are being progressively hooked up to ramp up volumes. Surface facility construction is completed and commissioned.

Aishwariya Barmer hill stage II drilling program enabled to establish the confidence in reservoir understanding of ABH. Based on the success of it, drilling of 5 additional wells were conceptualized and drilling is expected to commence during third quarter of fiscal year 2022.

Tight gas: Raageshwari deep gas (RDG) development

Gas development in the Raageshwari Deep Gas field continues to be a strategic priority. Early production facility has been commissioned and ramped up to its designed capacity of 90 mmscfd.

Further construction of gas terminal through integrated contract is completed and under commissioning. This shall lead to incremental sales of c.100 mmscfd.

In order to realize the full potential of the gas reservoir, drilling of 42 wells is nearing completion. 41 wells have been drilled, of which 23 wells are online as of March 31, 2021. They are being progressively hooked up to ramp up volumes.

Offshore rig, Cairn Oil & Gas

Other projects

The Mangala processing terminal facility upgradation is nearing completion and all the major sub-systems of liquid handling are under operation. Intra-field pipeline augmentation project has been completed. The project will lead to increasing liquid handling capacity by 30% at the Mangala processing terminal.

Ravva development

An integrated development campaign which was commenced in Q3 FY2020 got completed in FY2021. Seven well drilling programmes resulted in c.11 kboepd of incremental volumes from Ravva Block.

B. Exploration and appraisal

Rajasthan - (BLOCK RJ-ON-90/1)

Rajasthan exploration

The Rajasthan portfolio provide access to multiple play types with oil in high permeability reservoirs, tight oil and tight gas. We are evaluation opportunities to drill low to medium risk and medium to high reward exploration wells to build on the resource portfolio.

Tight oil appraisal

The appraisal programme of four fields (Vijaya and Vandana, Mangala Barmer Hill, DP and Shakti) entails the drilling and extended testing of 10 new wells with multi-stage hydraulic fracturing. Till March 31, 2021, 8 wells have been drilled.

Open Acreage Licensing Policy (OALP)

Under the Open Acreage Licensing Policy (OALP), revenue-sharing contracts have been signed for 51 blocks located primarily in established basins, including some optimally close to existing infrastructure.

Employees at Cairn, Oil & Gas

Full Tensor Gravity Gradiometry™ (FTG) airborne survey implemented to prioritise area of hydrocarbon prospectivity has been completed in Assam, Cambay, Rajasthan and Kutch region. The exploration prospect maturation process is digitalised to fastrack the decision to drill.

The initial phase of seismic acquisition programme has been completed in Assam, Cambay and Offshore GS-GK region. The second phase is ongoing in Rajasthan and Cambay.

Early drilling opportunities have been identified, based on reprocessing and interpretation of vintage data in Rajasthan, Assam and Cambay region. It is planned to utilise modular production facilities Extended Well Test (EWT), Quick Production Facility (QPF) to fastrack production.

The first well KW-2 Udip has been drilled in Rajasthan. Drilling and related preparation activities are ongoing in Cambay and North East.

STRATEGIC PRIORITIES AND OUTLOOK

Vedanta's Oil & Gas business has a robust portfolio mix comprising exploration prospects spread across basins in India, development projects in the prolific producing blocks and stable operations which generate robust cash flows.

The key priority for us is to deliver on our commitments from our world-class resources with 'zero harm, zero waste and zero discharge':

- Increase in near-term volumes by commissioning the gas processing terminal and surface facilities for Aishwariya Barmer Hill
- Infill projects across producing fields to add volume in near term
- Unlock the potential of the exploration portfolio comprising OALP and PSC blocks
- Continue to operate at a low cost-base and generate free cash flow post-capex

Operational review

Aluminium

THE YEAR IN BRIEF

In FY2021, the aluminium smelters achieved India's highest production of 1.97 mn tonnes (including trial run). It has been a remarkable year in our cost reduction journey on all operational fronts. Structural reforms and continued focus on operational excellence, coupled with lower input commodity prices, provided us a long-term cost advantage. Our efforts towards optimising our bauxite and coal mix and improved asset capacity utilisation across refinery, smelters and power plants supported the cost reduction journey. We started and continued a structural cost reduction program called Vijaypath with focus on optimising our controllable costs and improving our price realisation to improve profitability in a sustainable manners. The hot metal cost of production for FY2021 stood at US$ 1,347 per tonne. We also achieved record production of 1.84 mn tonnes at the alumina refinery through continued debottlenecking.

OCCUPATIONAL HEALTH & SAFETY

We report with deep regret, two fatalities during the year, one at our operations in Lanjigarh during unloading of bauxite and another at power Plant in BALCO. We investigated both incidents thoroughly and shared the lessons learned across all our businesses.

This year, we experienced total 19 Lost Time Injuries (LTIs) at our operations with a LTIFR of 0.27.

To enhance competencies of our executives, engineers, and supervisors of business partners, we have launched the Safety Booster programme at our sites. We conducted safety stand-downs across the sites to communicate the learnings from safety incidents and prevent repeated future incidents. Also, our safety leadership regularly engages with the business partner site in-charges and their safety officers for their capability development and strengthening the culture of safety at our sites. Our operations commenced a monthly theme initiative where cross-functional audits and awareness programmes were carried out based on one high hazard work area each month such as confined space, vehicle driving and working at height.

Moreover, to sensitize our employees towards our core values of 'Care', we regularly carry out programmes such as 'Suraksha ki Goth' and 'Suraksha Charcha'.

The worldwide outbreak of COVID-19 has not impacted our operations in FY 2021. As part of our Corporate Social Responsibility, our business units worked with the government and stakeholders, including local community to provide relief measures. Our mobile health units were used for creating awareness with a clear emphasis on the importance of social-distancing and maintaining personal hygiene. Our business units provided support to the district and state health services in terms of medical equipment, including hand sanitisers, medicines, reagents and PPEs such as surgical masks, gloves, gowns and personnel (housekeeping staff, security personnel, medical personnel and so on, in addition to the contribution to the Government's relief fund for COVID-19).

The SHGs associated with our facilities were involved in preparing masks, thereby creating livelihood while helping reduce the COVID-19 impact. Fire brigades at the facilities have been deployed to sanitise the premise and in the core villages near our facilities. The facilities provide food to migrant workers, identified community groups, police personnel and so on, as part of our social responsibility initiatives.

ENVIRONMENT

Jharsuguda has recycled 14.67% of the water used in FY 2021, while BALCO has recycled 12.49%. One of our smelters at Jharsuguda has achieved Specific Water Consumption of 0.28 m3/MT of aluminium, a benchmark in India. There has been a significant improvement in our water consumption of 0.59 m3/MT (FY 2020: 0.69 m3/MT) at BALCO. We are consistently focusing on improving the recycled water percentage in future.

The management of hazardous waste such as spent Pot line, aluminium dross, fly ash, and so on are material waste management issues for the aluminium business. Our BALCO and Jharsuguda units disposed of 25,949 MT spent pot lining and 14,736 MT of aluminium dross this year, to recyclers authorised by respective state pollution control boards. Our operations were able to dispose 100% of fly ash generated at the units. At our Lanjigarh operations, 92% of lime grit has been utilised in FY 2021 vis-à-vis 98.4% in FY2020.

Jharsuguda facility

Operational review

Aluminium

PRODUCTION PERFORMANCE

Particulars	FY2021	FY2020	% change
Production (kt)			
Alumina – Lanjigarh	1,841	1,811	2
Total aluminium production	1,969	1,904	3
Jharsuguda I	533	543	(2)
Jharsuguda II[1]	867	800	8
BALCO I	265	256	4
BALCO II	304	305	-

(1) Including trial run production of 27 kt in FY2021 vs. nil in FY2020

ALUMINA REFINERY: LANJIGARH

At Lanjigarh, production was 2% higher y-o-y at 1.84 mn tonnes, primarily through continued plant debottlenecking and improved capacity utilisation.

ALUMINIUM SMELTERS

We ended the year with production of 1.97 mn tonnes (including trial run). Our smelter at BALCO continued to show consistent performance. Jharsuguda smelter ramped-up its production from 1.3 mtpa in FY2020 to 1.4 mtpa in FY2021, 4% up y-o-y.

COAL SECURITY

We continue to focus on the long-term security of our coal supply at competitive prices. We added Jamkhani and Radhikapur (West) coal mines through competitive bidding process by GOI. The Radhikapur Coal Block has a capacity of 6 MTPA, as per current approved mine plan and Jamkhani coal block is currently rated at 2.6 MTPA. These acquisitions will substantially improve our coal security. We also look forward to continuing our participation in linkage coal auctions and secure coal at competitive rates.

Casting process at Jharsuguda facility

PRICES

Particulars	FY2021	FY2020	% change
Average LME cash settlement prices (US$ per tonne)	1,805	1,749	3

Average LME prices for aluminium in FY2021 stood at US$ 1,805 per tonne, 3% higher y-o-y. LME prices were bearish for the first two quarters due to pandemic-induced disruption in the global economic activity and seemed bullish in the last two quarters, driven by increase in demand in the second half of FY2021. The prices showed a sharp increase in the concluding months of FY2021.

UNIT COSTS

(US$ per tonne)

Particulars	FY2021	FY2020	% change
Alumina cost (ex-Lanjigarh)	235	275	(15)
Aluminium hot metal production cost	1,347	1,690	(20)
Jharsuguda CoP	1,304	1,686	(23)
BALCO CoP	1,450	1,700	(15)

During FY2021, the cost of production (CoP) of alumina improved to US$ 235 per tonne, due to benefits from increase in locally sourced bauxite, continued debottlenecking, improved capacity utilization and plant operating parameters. This was further backed by reduced input commodity prices (mainly caustic soda and HFO).

In FY2021, the total bauxite requirement of about 5.3 mn tonnes was met by Odisha (56%) and imports (44%). In the previous year, the bauxite supply mix was captive mines (9%), Odisha (49%) and imports (42%).

In FY2021, the CoP of hot metal at Jharsuguda was US$ 1,304 per tonne, down by 23% from US$ 1,686 in FY2020. The hot metal CoP at BALCO fell to US$ 1,450 per tonne, down by 15% from US$ 1,700 per tonne in FY2020. This was primarily driven by improved materialisation of domestic coal from Coal India Limited (CIL) with lower auction premiums and structural reduction in Renewable Purchase Obligation rates. Improved production and lower cost of Lanjigarh Alumina along with subdued input commodity prices in first nine months supported our cost reduction journey.

FINANCIAL PERFORMANCE

(US$ mn, unless stated)

Particulars	FY2021	FY2020	% change
Revenue	3,865	3,751	3%
EBITDA	1,046	281	-
EBITDA margin (%)	27%	8%	-
Depreciation and amortisation	230	233	(1%)
Operating Profit before special items	816	48	-
Share in Group EBITDA (%)	28%	9%	-
Capital Expenditure	221	153	45%
Sustaining	162	96	69%
Growth	59	57	3%

During the year, revenue increased by 3% to $3,865 mn, driven primarily by rising LME Aluminium prices and higher production volumes. EBITDA was significantly up at $1,046 mn (FY2020: $281 mn), mainly due to improved hot metal cost of production & increased sales realisation.

STRATEGIC PRIORITIES & OUTLOOK

With the increasing primary aluminium demand, the outlook for FY2022 is strong. Regional ingot and value-added product premiums are rapidly increasing, reflecting a combination of low ordering for 2021 and stronger than expected demand.

Wire Rods produced by Vedanta Aluminium

The input commodity prices across carbon are moving on a higher side driven by continued demand increases. We are looking at ways to continuously optimise our costs, while also increasing the price realisation to improve profitability sustainably.

India's market is expected to have robust growth, supported primarily by growing industrial activity and government focus on infrastructure sector and domestic manufacturing in the country. Several government initiatives (Make in India, Production-linked Incentive for domestic manufacturing, National Infrastructure Pipeline and National Rail Plan) will enhance aluminium demand, going forward.

Vedanta continues to expand its value-added product portfolio in line with evolving market demand, making it poised to grow in the Indian aluminium market.

At our power plants, we are also working towards reducing gross calorific value (GCV) losses in coal as well as improving plant operating parameters which should deliver higher plant load factors (PLFs) and a reduction in non-coal costs. Vedanta is working out a plan to expedite operationalization of Radhikapur and Jamkhani coal mines.

Whilst the current market outlook remains bullish, our core strategic priorities include:

- Focus on the health & safety of our employees, business partners, customers and community
- Deliver alumina and aluminium production through structured asset optimisation framework
- Enhance our raw material security of bauxite and alumina
- Improve coal linkage security, better materialisation
- Expedite operationalisation of Radhikapur and Jamkhani coal block
- Zero slippage in raw material and finished goods quality
- Improve our plant operating parameters across locations; and
- Improve realisations by enhancing our value-added product portfolio

Operational review

Power

THE YEAR IN BRIEF

In FY2021, TSPL's (Talwandi Sabo Power Limited) plant availability was 81% and Plant Load Factor (PLF) was 40%, primarily on account of Covid related demand disruption in H1 FY2021.

OCCUPATIONAL HEALTH & SAFETY

We reported 1 fatality at TSPL in FY2021. The accident was thoroughly investigated and learnings have been propagated across our employees, Business Partners and across the group.

We continue to strengthen the 'Visible Felt Leadership' through the on-ground presence of senior management, improvement in reporting across all risk and verification of on-ground critical controls. We also continue to build safety assisting infrastructure development through the construction of pedestrian pathways, dedicated route for bulkers, creation of secondary containment for hazardous chemicals and other infra development across sites

TSPL Plant

Operational review

Power

ENVIRONMENT

One of the main environmental challenges for power plants is the management and recycling of fly ash. At all our operations, we have a managed to utilize more than 100% of generated fly ash and 60% in TSPL. The reduction in ash utilisation is due to COVID-19 related demand disruption and national/local lockdowns affecting traffic movement, particularly in H1.

TSPL has implemented all the recommendations given by M/s Golder associates for ash dyke. Additional review done by dyke designer and assurance was also taken from third party (M/s TSE) regarding ash dyke stability.

TSPL has recycled 18.5% of the water used. We are further working to sustain the recycled water percentage through measures planned during FY2022.

PRODUCTION PERFORMANCE

Particulars	FY2021	FY2020	% change
Total power sales (MU)	11,261	11,162	1
Jharsuguda 600 MW	2,835	776	-
BALCO 300 MW*	1,596	1,726	(7)
MALCO#	-	-	-
HZL wind power	351	437	(20)
TSPL	6,479	8,223	(21)
TSPL – availability	81%	91%	-

#continues to be under care and maintenance since 26 May 2017 due to low demand in Southern India.

*we have received an order dated 01 Jan 2019 from CSERC for Conversion of 300MW IPP to CPP w.e.f. 01 April 2017. During the Q4 FY2019, 184 units were sold externally from this plant.

Employee at operational site, TSPL

OPERATIONS

During FY2020, power sales were 11,261 mn units, 1% higher y-o-y. Power sales at TSPL were 6,479 mn units with 81% availability in FY2021. At TSPL, the Power Purchase Agreement with the Punjab State Electricity Board compensates us based on the availability of the plant.

The 600MW Jharsuguda power plant operated at a lower plant load factor (PLF) of 58% in FY2021.

The 300 MW BALCO IPP operated at a PLF of 66% in FY2021.

The MALCO plant continues to be under care and maintenance, effective from 26 May 2017, due to low demand in Southern India.

UNIT SALES AND COSTS

Particulars	FY2021	FY2020	% change
Sales realisation (US cents/kWh)[1]	4.2	5.1	(18)
Cost of production (US cents/kWh)[1]	3.2	3.5	(10)
TSPL sales realisation (US cents/kWh)[2]	4.0	5.3	(24)
TSPL cost of production (US cents/kWh)[2]	2.8	3.8	(25)

(1) Power generation excluding TSPL
(2) TSPL sales realisation and cost of production is considered above, based on availability declared during the respective period

Average power sale prices, excluding TSPL, decreased by 18% to US cents 4.2 per kWh and the average generation cost was lower at US cents 3.2 per kWh (FY2020: US cents 3.5 per kWh), driven mainly by decrease in coal prices and improved linkage materialisation.

In FY2021, TSPL's average sales price was lower at US cents 4.0 per kWh (FY2020: US cents 5.3 per kWh), and power generation cost was lower at US cents 2.8 per kWh (FY2020: US cents 3.8 per kWh).

Channeling the solar power at TSPL facility

100%+
Utilisation of generated fly ash at all operations

6,479 mn units
Power sales at TSPL in FY2021

FINANCIAL PERFORMANCE

(US$ mn, unless stated)

Particulars	FY2021	FY2020	% change
Revenue	**725**	827	(12)
EBITDA	**190**	233	(18)
EBITDA margin (%)	**26%**	28%	-
Depreciation and amortisation	**79**	81	(4)
Operating Profit before special items	**111**	151	(26)
Share in Group EBITDA (%)	**5%**	8%	-
Capital Expenditure	**3**	3	(1)
Sustaining	**3**	3	(1)
Growth	**-**	-	-

*Excluding one-offs

EBITDA for the year was 18% lower y-o-y at $190 mn, mainly due to low capacity charges as PPA at TSPL, BALCO and Zinc India and lower realisation at TSPL, partially offset by increase in power sales at Aluminium business.

STRATEGIC PRIORIES & OUTLOOK

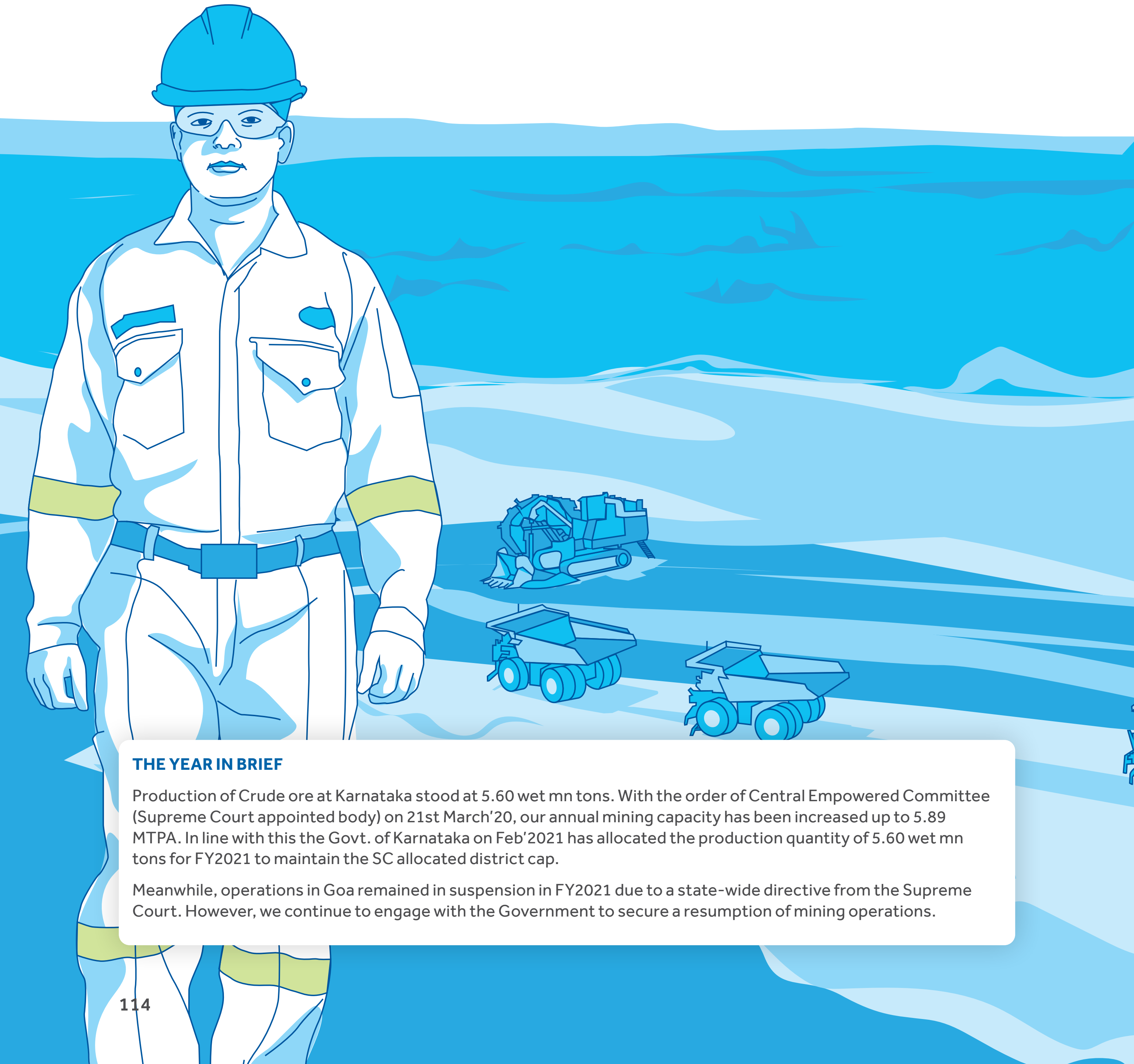
During FY2022, we will remain focused on maintaining the plant availability of TSPL and achieving higher plant load factors at the BALCO and Jharsuguda IPPs.

Our focus and priorities will be to:

- Resolve pending legal issues and recover aged power debtors;
- Achieve higher PLFs for the Jharsuguda and BALCO IPP; and
- Improve power plant operating parameters to deliver higher PLFs/availability and reduce the non-coal cost.
- Ensuring safe operations, energy & carbon management

Operational review

Iron Ore



THE YEAR IN BRIEF

Production of Crude ore at Karnataka stood at 5.60 wet mn tons. With the order of Central Empowered Committee (Supreme Court appointed body) on 21st March'20, our annual mining capacity has been increased up to 5.89 MTPA. In line with this the Govt. of Karnataka on Feb'2021 has allocated the production quantity of 5.60 wet mn tons for FY2021 to maintain the SC allocated district cap.

Meanwhile, operations in Goa remained in suspension in FY2021 due to a state-wide directive from the Supreme Court. However, we continue to engage with the Government to secure a resumption of mining operations.

OCCUPATIONAL HEALTH & SAFETY

In-spite of our best efforts towards the vision of Zero Harm we are very sorry to inform that we lost one of our business partner colleague at our Karnataka operations in a fatal accident at the mobile screening plant. This has appalled the entire management and we thus undertook to review all our activities for the risk perception and on ground implementation of controls. Our Lost Time Injury Frequency Rate (LTIFR) has increased to 0.56 (FY 2020:0.45).

We engaged a third-party consultant to identify the hidden risk in our operations and further strengthened our Grid owner systems with focus on implementation of Vedanta Safety performance standard on ground.

We have a robust top-down approach with more than 95% month on month compliance for Visible Felt Leadership rounds including the EXCO. Collective efforts of our enthusiastic Business Partners, grid owners and Line managers has been effective in ensuring critical controls in place for all identified Critical Activities.

IOB has implemented more focused initiatives to improve vehicle and driving safety. At Iron ore Karnataka all our drivers working in mining are trained by OEM's, and at VAB, we have developed internal trainers for vehicle and driving safety with greater focus given on one way-traffic, pedestrian walkways, discipline parking of trucks and HEMM, Pre-start inspection etc.


Met Coke division at Amona facility

Our one of its kind Grid Owners Scheme has proved to be the essence for inculcating and percolating the true values of Safety leadership at site level. With each grid owner working as a responsible steward, our BUs have seen commendable positivity and enthusiasm towards compliance with not just safety standards but also green belt development, waste segregation, UA/UC reporting, critical task management, etc.

With the wholehearted involvement of our line managers, we had run a theme-based safety campaign on "Line of Fire at Workplace" which included site rounds, on-site trainings, awareness sessions, online sessions, online quiz, poster and slogan competitions, daily mailers and screensavers. The campaign helped us to identify and control situations and conditions of line of fire across all BUs. Post this successful and well-accepted campaign, we will be organising similar theme-based campaigns every quarter to strengthen the safety culture of our business.

With the persistent pandemic of COVID-19 across the nation, top

Grid Owners Scheme
One-of-its-kind programme implemented to encourage Safety leadership

Operational review

Iron Ore

management team of IOB has been driving continual efforts to restrict spread of the Novel Corona Virus among our employees and business partners. After a small duration of shutdown due to 'Janata curfew' and nation-wide lockdown in the month of April'20, we were able to restart majority of our operations by the last week of April. Till date we have tested up to 1400 staff, workmen and business partner employees under travel and contact tracing guidelines. We have had 318 persons who were found positive.

Our IOB Covid-19 taskforce, under the guidance of our CEO and unit wise cross functional teams, for implementation of all the preventive and precautionary measures, are engaged in prevention and control of the virus. Controls like cold fumigation for common areas, mandatory screening, social distancing, usage of masks, contact tracing, work from home, etc. proved effective and steered us to maintain our business continuity. Also, our State-of-the-art Video analytics system called COVID Marshall which was rolled out by our Security and IT team, gave us an edge to ensure compliance of social distancing, mask compliance, etc. The solution was extended to other group companies as a best practice. One of the major milestones achieved during this phase was that we were able complete the BF#3 re-lining project at VAB with zero outbreaks of the Novel Corona virus among project workers and employees which was an outcome of testing at source and destination for the project workmen and strict controls on site.

Our focus for the upcoming year would be on strengthening the controls of critical activities, business partner safety management, centralization, and standardization of HSE trainings, up-grade of incident investigation methods and digital transformation in HSE functions for effective management.

Metallurgical Coke Plant at Amona Value added Business

ENVIRONMENT

At our Value-Added Business we recycle and reuse almost all the wastewater. Only the non-contact type condenser cooling water of the power plant is cooled and treated for pH adjustment and discharged back into the Mandovi river, which is a consented activity by the authorities.

We have further strengthened our dust control system by installing new bag houses systems with advanced design at our Blast furnace 2 and Coke screening plant 1 & 2.

At Iron ore Karnataka, continuing with its best practises, company has constructed 38 check dams, 7 settling pond and 2 Harvesting pits having a rainwater harvesting potential of 275805 m3/annum. Additionally, company has de-silted 10 nearby village ponds increasing their rainwater harvesting potential by 75629 m3/annum.

In FY2021, around 5 Ha of mining dump slope was covered with biodegradable geotextiles to prevent soil erosion & 41,000 native species sapling were planted. Various latest technologies like use of fog guns; environment friendly dust suppressants mixed with water were adopted on the mines to reduce water consumption for dust suppression without affecting the effectiveness of the measures.

AWARDS AND ACCOLADES

- Value Added Business achieved 2 Green Triangle Society Safety Awards. PID 2 has won the 1st prize, Gomant Sarvocha Suraksha Puraskar and PP 1 won the 2nd prize, Gomant Suraksha Puraskar in the event organised by Green Triangle Society under the aegis of Goa Inspectorate of Factories and Boilers.
- Value Added Business received the Indian Chamber of Commerce - National OHS Gold award for excellence in Occupation Safety and Health Practices.
- VAB Won CII National Energy Efficiency Circle Competition 2020'
- IOK Won FIMI's Subh Karan Sarwangi Award.
- IOK won Grow Care India Environment Gold Award.
- VGCB won 3-star award in "EHS Excellence Award" at 13th edition of CII-South Region EHS Excellence Awards 2020. The recognition made on the

outstanding performance in various EHS categories.

- VGCB Won Greentech Safety and Environment Award under Safety & Environment Excellence category
- VGCB Won Apex India Safety Gold Award 2020 under Safe Workplace Category

PRODUCTION PERFORMANCE

(₹ crore, unless stated)

Particulars	FY2021	FY2020	% change
Production (dmt)			
Saleable ore	5.0	4.4	15
Goa	-	-	-
Karnataka	5.0	4.4	15
Pig iron (kt)	596	681	(12)
Sales (dmt)			
Iron ore	6.5	6.6	(2)
Goa	2.1	0.9	-
Karnataka	4.4	5.8	(24)
Pig iron (kt)	609	666	(8)

OPERATIONS

At Karnataka, production was 5 mn tonnes, 15% higher y-o-y. Sales in FY2021 were 4.4 mn tonnes, 24% lower y-o-y due to Covid-19 Impact in the current financial year. Production of pig iron was 596,197 tonnes in FY2021, down by 12% y-o-y due to Covid-19 Impact and shut down of Plant for two months due to planned relining activity.

At Goa, mining was brought to a halt pursuant to the Supreme Court judgement dated 7 February 2018 directing all companies in Goa to stop mining operations with effect from 16 March 2018. We continue to engage with the Government for a resumption of mining operations.

We bought low grade iron ore in auctions held by Goa Government in Auction No -23 & 24. This ore along with opening stock of ore purchased in 22nd auction and fresh royalty paid ore moved out of mines post the supreme court order, was exported which further helped us to cover our fixed cost and some ore were used to cater to requirement of our pig iron plant at Amona.

FINANCIAL PERFORMANCE

(US$ mn, unless stated)

Particulars	FY2021	FY2020	% change
Revenue	611	489	25
EBITDA	245	117	-
EBITDA margin (%)	40%	24%	-
Depreciation and amortisation	30	34	(13)
Operating Profit before special items	215	83	-
Share in Group EBITDA (%)	6%	4%	-
Capital Expenditure	14	10	47
Sustaining	6	9	(26)
Growth	7	1	-

In FY2021, revenue increased to $611 mn, 25% higher y-o-y mainly due twofold increase in sales volume at Goa & improved margin at Goa, Karnataka & VAB during the year. EBITDA increased to $245 mn compared with $117 mn in FY2020 was mainly due to improved margin and higher volume at Goa.

STRATEGIC PRIORITIES & OUTLOOK

Our near-term priorities comprise:

- Resume mining operations in Goa through continuous engagement with the government and the judiciary
- Realign and revamp resources, assets, HEMM's for starting the mine's operation
- Grow our footprint in iron ore by continuing to participate in auctions across the country, including Jharkhand.
- Securing EC for the expansion of production capacity of Pig Iron plant by 1.7 LTPA
- Advocacy for removal of E-auction/trade barrier in Karnataka.

Open cast mine at Chitradurga

Operational review

Steel

THE YEAR IN BRIEF

ESL is an integrated steel plant (ISP) in Bokaro, Jharkhand, with a design capacity of 2.5mtpa. Its current operating capacity is 1.5mtpa with a diversified product mix of Wire Rod, Rebar, DI Pipe and Pig Iron.

In FY2021, ESL Steel Limited (ESL) has achieved lowest ever cost during the year since acquisition resulting in higher EBITDA margin vis-à-vis previous period (US$ 95 per tonne v/s US$ 78 per tonne).

OCCUPATIONAL HEALTH & SAFETY

We had one unfortunate incident on the road inside the plant on July 29, 2020, wherein the driver while standing on road in front of the truck was struck by a payloader. The vehicle was coming from the opposite direction and resulted in fatality. Actions were undertaken as per the detailed investigation to avoid such incidents in future. Currently our LTIFR is 0.38.

Capability development of our employees and business partners continue to be our priority. We have engaged various external agencies in providing specialised trainings such as rescue training, training for signalman and riggers, defensive driving training, Vedanta safety standard requirements, MBRD sessions, and so on.

As a part of our 24x7 safety culture, we have commenced monthly shutdowns, continuous engagement with all team members, in which the senior leadership visits the shopfloors and communicates with workers on lessons learnt from recent incidents. Our safety alerts are also available in local languages and displayed at all strategic locations.

External studies have been conducted on ergonomics, hygiene study (qualitative) illumination, noise and arc flash assessment. We have also strengthened our firefighting capability both in terms of manpower and infrastructure.

On people engagement we have organised the National Safety Month Celebrations & Road Safety Month Celebrations with various competitions for employees and business partners.

We have also organised our first-ever safety summit to discuss ways and means to enhance our safety performance as a business unit.

We have won two external recognitions- CII HSE Excellence Award (Certificate of Appreciation) & Greentech Safety Award.

We have also implemented the COVID protocol/SOP formulated to ensure business continuity by ensuring minimum footfall and mitigating COVID risk. This includes staggered shift schedules, zero touch auto sanitising facilities, daily sanitization of workplace, vaccination for frontline warriors, SOP and handbook on COVID, Vigilance of PPE compliances through automation, Cardinal COVID rules, etc.

ESL plant

72%

Of VAP sales in FY2021 maintained by ESL Steel

Operational review

Steel

Plantation Drive at ESL for a Sustainable Future

ENVIRONMENT

In Waste Management system, 100% utilisation of Blast furnace granulated Slag, Fly Ash to cement industries through long-term contracts and brick manufacturers, disposal of LD Slag, disposal of Biomedical waste to CBWTF, selling of Used Oil and Zinc Dust to Pollution Control Board authorised recyclers and re-processors is being ensured. E-Waste and battery waste is also sent to authorised recyclers and re-processors and membership with Treatment, Storage and Disposal Facility (TSDF) has also been done and hazardous waste is disposed-off to that facility.

In Water Management, treatment of 4500 Kl of effluent daily in the Effluent Treatment Plant is done and it is being reutilised in several processes such as Coke Quenching, BF Slag granulation, in Greenbelt Development, Fire Fighting, Dust Suppression and in operations of Lime and Dolo, DIP and others. Recycling percentage has increased from 12% to 26 %.

In Energy Management, the usage of waste heat from coke oven flue gas for generation of steam which ultimately helps in power generation, reduction in auxiliary power consumption from 12 % to 8 % through improvement in station heat rate is carried out.

Usage of LP steam in blast furnace to minimise the fuel requirement, LD gas and BF gas in several operations such as reheating furnace of rolling mills, Blast Furnace, DIP and lime and Dolo to reduce the fuel consumption, Running of TG through steam generated from Waste Heat recovery.

In Air Emission Management, Revamping of Oxygen Convertor Gas Recovery (OG) system in Steel Melting Shop (SMS) to reduce fugitive emission, Upgradation of Air pollution control equipment's to meet the norms stipulated by the regulatory authorities, ESP revamping of Sinter Plant, Installation of fixed sprinklers all along the roads and dry fog system in all the closed conveyors and deployment of mechanical sweepers for road sweeping is carried out.

PRODUCTION PERFORMANCE

Particulars	FY2021	FY2020	% change
Production (kt)	**1,187**	1,231	(4)
Pig iron	**189**	167	13
Billet	**165**	27	-
TMT bar	**338**	468	(28)
Wire rod	**361**	413	(13)
Ductile iron pipes	**135**	155	(13)

OPERATIONS

There have been significant gains in operational efficiencies, such as optimization of the coal mix in coke ovens and iron ore blending. Improved yields of the converters and finishing mills also added to the efficiency.

During FY2021, we produced 11,87,310 tonnes of saleable product, down 4% y-o-y on account of reduced availability of hot metal due to lower production amidst the disruption caused by the pandemic.

The priority remains to enhance production of value-added products (VAPs), i.e., TMT Bar, Wire Rod and DI Pipe. ESL maintained 72% of VAP sales, in line with priority.

Our Consent to Operate (CTO) for the steel plant at Bokaro, which was valid until December 2017, was not renewed by the Jharkhand State Pollution Control Board (JSPCB). This was followed by the Ministry of Environment, Forests and Climate Change (MoEF&CC) revoking the Environmental Clearance (EC) dated February 21, 2018. MoEF&CC, on August 25, 2020, has granted a Terms of Reference to ESL for 3 MTPA plant with conditions like fresh EIA/ EMP reports and public hearing. The Honorable High Court of Jharkhand had extended the interim protection granted in the pending writ petitions till September 16, 2020. Hon'ble High Court on September 16, 2020 pronounced and revoked the interim stay for plant continuity w.e.f September 23, 2020. ESL filed a SLP before Hon'ble Supreme Court against September 16, 2020 order for grant of interim status quo order and plant continuity. Vide order dated September 22, 2020 Hon'ble Supreme Court issued notice and allowed plant operations to continue till further orders. Public hearing has been concluded on December 16, 2020, and ESL has applied for grant of Environment Clearance to MoEF & CC on January 11, 2021 on Parivesh Portal of MoEF & CC and presented before EAC on

11th February 2021. The revised proposal has been submitted on March 14, 2021 post inputs from February 11, 2021 meeting.

PRICES

(US$ per tonne)

Particulars	FY2021	FY2020	% change
Pig Iron	**382**	354	8
Billet	**336**	418	(20)
TMT	**539**	494	9
Wire rod	**537**	519	3
DI pipe	**544**	602	(10)
Average steel price (US$ per tonne)	**488**	**495**	**(1)**

Average sales realisation decreased 1% y-o-y from US$495 per tonne in FY2020 to US$488 per tonne in FY2021. Prices of iron and steel are influenced by several macro-economic factors. These include global economic slowdown, US-China trade war, supply chain destocking, government expenditure on infrastructure, the emphasis on developmental projects, demand-supply dynamics, the Purchasing Managers' Index (PMI) in India and production and inventory levels across the globe especially China. Even though the NSR dipped by US$ 7 per tonne, we were able to increase our EBITDA margin to US$ 95 per tonne for the year (against US$ 78 per tonne in FY2020) through better control over costs.

UNIT COSTS

Particulars	FY2021	FY2020	% change
Steel (US$ per tonne)	**393**	418	(6)

Cost has decreased by 6 % y-o-y from US$ 418 per tonne to US$ 393 per tonne in FY2021, primarily on account of softening of coking coal price during the year and operational efficiencies which was managed through improvement in key operational metrics.

Vaccination drive for employee safety & wellbeing

FINANCIAL PERFORMANCE

(US$ mn, unless stated)

Particulars	FY2021	FY2020	% change
Revenue	**630**	604	4%
EBITDA	**117**	83	42%
EBITDA margin (%)	**19%**	14%	-
Depreciation and amortisation	**37**	34	9%
Operating Profit before special items	**80**	49	65%
Share in Group EBITDA (%)	**3%**	3%	-
Capital Expenditure	**(21)**	11	-
Sustaining	**14**	11	(27)%
Growth	**(36)**	-	-

Revenue increased by 4% to $630 mn (FY2020: $604 mn), primarily due to higher volume. EBITDA increased by 42% to $117 mn in line with higher sales and improved cost of production.

STRATEGIC PRIORITIES AND OUTLOOK

Steel demand is expected to surge owing to the gradual recovery in economic activities across the world, and the emphasis of governments to ramp up infrastructure spend. The focus is to operate with the highest Environment, Health and Safety standards, while improving efficiencies and unit costs.

The focus areas comprise:

- Ensuring business continuity
- Greater focus on Reliability Centred Maintenance
- Obtain clean 'Consent to Operate' and environmental clearances
- Raw material securitisation through –long-term contracts; approaching FTA countries for coking coal
- Ensure zero harm and zero discharge, fostering a culture of 24x7 safety culture

Operational review

Copper – India / Australia

THE YEAR IN BRIEF

Tuticorin's copper smelter plant was shut down for FY2021. We continue to engage with the Government of India and relevant authorities to enable the restart of operations at Copper India. We continued to operate our refinery and rod plant at Silvassa, catering to the domestic market.

OCCUPATIONAL HEALTH AND SAFETY

The lost time injury frequency rate (LTIFR) was zero till Mar'21 (FY2020: 0).

ENVIRONMENT

Copper Mines of Tasmania continued in care and maintenance awaiting a decision on restart. Meanwhile, a small, dedicated team is maintaining the site and there were no significant safety or environmental incidents during the year. The site retained its ISO accreditation in safety, environment and quality management systems and the opportunity of a production lull was used to review and further improve these systems.

PRODUCTION PERFORMANCE

Particulars	FY2021	FY2020	% change
Production (kt)			
India – cathode	101	77	31


Refinery at Sterlite Copper

OPERATIONS

The Tamil Nadu Pollution Control Board (TNPCB) vide order, dated 9 April 2018, rejected the consent renewal application of Vedanta Resources Limited for its copper smelter plant at Tuticorin. It directed Vedanta not to resume production operations without formal approval/consent (vide order dated 12 April 2018), and directed the closure of the plant and the disconnection of electricity (vide order dated 23 May 2018).

The Government of Tamil Nadu also issued an order dated 28 May 2018 directing the TNPCB to permanently close and seal the existing copper smelter at Tuticorin; this was followed by the TNPCB on 28 May 2018. Vedanta Resources Limited filed a composite appeal before the National Green Tribunal (NGT) against all the above orders passed by the TNPCB and the Government of Tamil Nadu. In December 2018, NGT set aside the impugned orders and directed the TNPCB to renew the CTO. The order passed by the NGT was challenged by the Tamil Nadu State Government in the Hon'ble Supreme Court.

The Company had filed a writ petition before the Madras High Court challenging various orders passed against the Company in 2018 and 2013. On August 18, 2020, the Madras High Court delivered the judgement wherein

20%
Increase in y-o-y revenue achieved by Sterlite Copper

Operational review

Copper – India / Australia

Encouraging diversity for inclusive talent growth

it dismissed all the Writ Petitions filed by the Company.

The Company has approached the Supreme Court and challenged the said High Court order by way of a Special Leave Petition (SLP) to Appeal and also filed an interim relief for care and maintenance of the plant. The matter was then listed on December 02, 2020 before the Supreme Court Bench. The Bench after having heard both the sides concluded that at this stage the interim relief in terms of trial run could not be allowed. Further, considering the voluminous nature of documents and pleadings, the matter shall be finally heard on merits. Besides, Hon'ble Supreme Court held that the case will be listed once physical hearing resumes in the Supreme Court. The matter was again mentioned before the bench on 17th March 2021, wherein the matter was posted for hearing on 17th August, 2021.

Meanwhile, the Company's Silvassa refinery and rod plant continues to operate as usual, enabling us to cater to the domestic market.

Our copper mine in Australia has remained under extended care and maintenance since 2013. However, we continue to evaluate various options for its profitable restart, given the Government's current favourable support and prices.

PRICES

(₹ crore, unless stated)

Particulars	FY2021	FY2020	% change
Average LME cash settlement prices (US$ per tonne)	**6,897**	5,855	18

Average LME copper prices increased by 18% compared with FY2020.

FINANCIAL PERFORMANCE

(US$ mn, unless stated)

Particulars	FY2021	FY2020	% change
Revenue	**1,469**	1,278	15
EBITDA	**(21)**	(40)	-
EBITDA margin (%)	**(1)%**	(3)%	-
Depreciation and amortisation	**21**	21	-
Operating Profit before special items	**(42)**	(61)	-
Share in Group EBITDA (%)	**(1)%**	(1)%	-
Capital Expenditure	**7**	15	(52)
Sustaining	**2**	8	(74)
Growth	**5**	7	(26)

During the year, EBITDA was negative $21 mn and revenue was $1,469 mn, an increase of 25% on the previous year's revenue of $1,278 mn. The increase in revenue was mainly due to higher Copper LME prices and higher volume. EBITDA loss decreased to $21 mn on account of increase in sales realizations by 20%.

STRATEGIC PRIORITIES & OUTLOOK

Over the following year our focus and priorities will be to:

- Engage with the Government and relevant authorities to enable the restart of operations at Copper India.
- Sustain operating efficiencies, reducing our cost profile; and
- Upgrade technology to ensure high-quality products and services that sustain market leadership and exceeds customer expectations.

PORT BUSINESS

Vizag General Cargo Berth (VGCB)

During FY2021, VGCB operations showed a decline of 29% in discharge and 25% in dispatch compared to FY2020. This drop was mainly due to worldwide lockdown during the pandemic and Government of India's initiatives towards curtailing import coal volumes and encouraging domestic coal production or consumption. This has resulted in c.26% reduction of import coal volumes in the Vizag region and c.12% across India on a year-on-year basis.

Purity check of copper samples, Sterlite Copper

Governance

The Board is responsible for ensuring the long-term success of the Group by balancing the needs of its various stakeholders. Good governance plays a key role in the delivery of shareholder value and the Board remains committed to maintaining the highest standards of corporate governance and ethical business practices.

SECTION 172 STATEMENT

The following section serves as our "section 172(1) statement" and explains how the Board considers the interests of key stakeholders and the broader matters set out in s172 of the Companies Act 2006 (s172) when performing their duty to promote the success of the Company under s172, the Board's engagement with those stakeholders and their influence on decision making.

THE BOARD'S APPROACH TO S172 AND DECISION MAKING

The Board is ultimately responsible for the long-term success of the Group. It recognizes that this is dependent on fostering good relationships with its key stakeholders in the pursuit of sustainable growth for the benefit of the Company's shareholders. The Board therefore considers the interests of and the impact of its decisions on the Group's key stakeholders as part of its decision-making process.

When making decisions, each Director ensures that he acts in the way he considers, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to those set out in s172.

HOW THE BOARD OPERATES

Vedanta Resources Limited is the parent company of the Vedanta Group. Through its subsidiaries, it holds its principal operating businesses such as Vedanta Limited.

It is the Board's view that good governance of the Group is best achieved by the delegation of authority from the Board to its operating subsidiaries. Accordingly, the Board has well-established arrangements for the delegation of authority to its operating subsidiaries, together with a schedule of matters which are reserved for the Company's Board. Therefore, while the interests of the Group's stakeholders are considered by the Company's Board, at a business level, the interests of each business' stakeholders are considered by the boards of Vedanta Limited and each of its operating subsidiaries. Each subsidiary is responsible for their own decision making and formulates its own policies in line with local regulations in the country they operate in. Details of the Company's governance framework and delegation of authority to the Board and Management committees, which is regularly reviewed to ensure it remains fit for purpose, can be found of pages 128-129.

For every strategic proposal, the primary focus of the Board is to promote the long-term success of the group to the benefit of members and other stakeholders. Decision making by both the Company's Board, and under its delegated authorities to its principal operating subsidiaries, take into account the assessment of the impact of the decision of the long-term success of the Group to the benefit of its shareholders, with regard to other stakeholders.

The Company's Schedule of Matters Reserved for the Board is being revised to require principal operating subsidiaries to report back to the Company's Board on the consideration taken by the respective subsidiary boards of the s172 factors on all strategic decisions taken by them.

As Vedanta Limited is listed on the Bombay Stock Exchange and National Stock Exchange in India as well as the New York Stock Exchange, stringent compliance and reporting measures are in place to ensure good governance and to consider the interests of its key stakeholders.

THE ROLE OF THE CHAIR

The chairman encourages open dialogue between the Directors and Management on all Board discussions. This includes constructive discussion, to assess the long-term impact for the Group including its stakeholders, of any strategic proposals presented to the Board.

INFORMATION

The associated briefing papers circulated to the Board for consideration and approval detail potential impacts, if any, on the members and other stakeholders and the long-term consequences for the business.

The s172 assessment is performed internally by Management, and where required, the Board may request external assurance of the quality of information provided.

POLICIES AND PRACTICES

Vedanta Limited, as the principal operating subsidiary, has an established stakeholder engagement standard which governs the procedure for identifying key stakeholders. At Vedanta Limited, a review of key stakeholders is undertaken every 3 years and discussed by the Group Executive Committee. This subsequently gets presented to the Vedanta Limited Board for information.

In line with the Group's delegated authority structure, stakeholder identification is undertaken at a Business Unit level. Vedanta's social responsibility performance standard aims to ensure effective engagement with all key stakeholders. Details on the Group's ongoing engagement with stakeholders can be found on pages 58-61.

TRAINING

The relevance of stakeholder considerations in the context of the Board's decision-making has long been a part of Board as they are aligned to the Group's vision, values and sustainability principles. We recognise the importance of keeping the interests of our stakeholders at the forefront of decision-making and continue to provide refresher training to Directors.

We have taken action to make the regular consideration of stakeholder interests a key part of the Group's business culture by providing training to the Board and the Company's senior management on the duties of the Directors and the new reporting requirements under s172 of Companies Act 2006.

The Board and Company's senior management team have received briefings on the Directors' duties as outlined in s172 of Companies Act 2006. These training briefings have also been cascaded to the management teams including those at the principal operating subsidiary, Vedanta Limited to ensure that delegated decision making adequately covers the impact assessment of these s172 factors and that stakeholder considerations are at the forefront of all strategic decisions.

CULTURE AND STAKEHOLDER ENGAGEMENT

The Board is committed to maintaining strong relationships with its shareholders, bondholders and other stakeholders. The Group is working to continually improve its engagement with its various stakeholders.

The Group has a number of governance standards which facilitate the pursuit of its goals and vision with adherence to its purpose and values. The Group's stakeholder engagement standard and social responsibility performance standard ensure that the Group's stakeholders are at the forefront of its operations and decision making. They also facilitate effective engagement with all key stakeholders. Further details on ongoing engagement with stakeholders can be found on pages 58-61 of the Strategic Report.

All Group governance standards including the stakeholder engagement standard and social responsibility performance standards are rolled out across the Group and include new operating businesses following their acquisition by the Group in order to promote consistency across the Group.

MAINTAINING OUR LICENCE TO OPERATE

Our licence to operate is dictated by our reputation and the way the Group is perceived by its stakeholders. The Board's leadership ensures that management of the respective businesses run the businesses in an ethical and responsible manner in relation to all stakeholders. The Board has an established set of corporate values which guide its decision-making process and operations. Further details of the Group's purpose and values can be found on page 9.

The Group has a Code of Business Conduct and Ethics, a Supplier Code of Conduct and its Whistleblower Policy which reinforce the Board's commitment to operating in an ethical manner in the pursuit of its goals. Furthermore, staff receive regular training updates on ethical practices including anti-bribery and corruption and anti-money laundering. The Group Internal Audit function regularly reports to the Board on the operation of the Whistleblower policy including remedial actions taken following the investigation of any complaints received.

CREATING VALUE FOR OUR STAKEHOLDERS

The Group maintains ongoing dialogue with its stakeholders to understand their expectations and how their concerns can be addressed. Consideration of stakeholder interests forms a vital part of the Board's deliberations.

Details of what the Board considers are the key interests of the Group's stakeholders and the Group's actions in FY2021 to foster these interests can be found in the sustainability section on pages 58-61.

The Board and subsidiary boards ensure that stakeholder considerations are taken into account in strategic decision making by requiring that all strategic proposals coming to the Board include an analysis of stakeholder impacts, which form part of the discussions when making decisions. The Company Secretary provides support to the Board to ensure that sufficient consideration is given to stakeholder issues. In accordance with the Schedule of Matters Reserved for the Board, the principal operating subsidiaries will regularly report to the Board on the considerations taken for key strategic decisions.

MAKING STRATEGIC DECISIONS FOR A BETTER FUTURE

During the year, the Company's Board approved a proposal to acquire all of the minority share interest in Vedanta Limited and the subsequent delisting of Vedanta Limited. Prior to doing so, the Board received information materials on the proposed transaction which outlined a consideration of the impact of the transaction on the Group's key stakeholders. The Board deliberated on and concluded that the transaction would promote the long-term success of the Company without any significant detrimental impact to key stakeholders. The board of Vedanta Limited also considered the aforementioned proposal and concluded that it was to the benefit of its shareholders and would promote the long-term success of the company.

Subsequently, as the aforementioned transaction was not successful, the Board approved a proposal to embark on a Voluntary Open Offer for up to 18.5% of the minority share interest in Vedanta Limited. As for all strategic matters, the Board received information materials on the proposed transaction which outlined a consideration of the impact of the transaction on the Group's key stakeholders. The Board deliberated on and concluded that the transaction would promote the long-term success of the Company without any significant detrimental impact to key stakeholders. The board of Vedanta Limited also considered the aforementioned proposal and concluded that it was to the benefit of its shareholders and would promote the long-term success of the company.

GOVERNANCE FRAMEWORK

The Company's Board of Directors collectively provides entrepreneurial leadership for the Group and strategic direction to management for the delivery of sustainable shareholder value.

The reporting structure, as outlined below, between the Board and Management represents the Group's Delegation of Authority and Corporate Governance framework. 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 conduct its business ethically. This is achieved through a prudent and robust risk management framework, internal controls and strong governance processes.

BOARD

Comprises of four directors including the Executive Chairman, Executive Vice Chairman and two Non-Executive Directors.

THE BOARD'S RESPONSIBILITIES

- Set the values and vision of the Group;
- Determine strategic priorities and risk appetite;
- Review the delivery of strategy by management and provide challenge or support as necessary;
- Oversee the Group's internal controls and risk management framework;
- Monitor the Group's risk environment and tolerances;
- Stakeholder engagement;
- Financial and performance reporting; and
- Determine remuneration of Directors.

The Group Company Secretary acts as Secretary to the Board and attends all its meetings to formally record each meeting.

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 and Non-Executive Directors.

AUDIT COMMITTEES

The Board delegates certain responsibilities to the Audit Committee including oversight of the Group's financial reporting, the efficacy of the internal control and risk management framework and providing scrutiny of the work of the internal and external auditors.

The Audit Committee's duties are included in its terms of reference, which are available on the Company's website at www.vedantaresources.com/boardcommittees. The Audit Committee's terms of reference facilitate its effective operation. The chair of the Audit Committee reports formally to the Board on the Committee's activities following each meeting. Additionally, from time to time, the Audit Committee submits reports and recommendations to the Board on any matter which it considers significant to the Group.

Only the members of the Audit Committee have the right to attend its meetings. At the invitation of the Audit Committee, members of the senior management team regularly attend Audit Committee meetings to report on issues and facilitate discussions with the external auditor. The external auditor attends Audit Committee meetings to ensure effective communication of matters relating to the external audit of the Group's full year and interim financial statements. The Group Company Secretary acts as Secretary to the Audit Committee and attends all its meetings to formally record each meeting.

The Audit Committee is 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.

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. Collectively, the current Non-Executive Directors have the appropriate balance of expertise and independent judgement, together with a good understanding of the Group's risk environment to enable them to provide effective oversight in the context of uncertainty and volatile markets.

MANAGEMENT COMMITTEES

The Management Committee
The Management Committee oversees the day- to-day running of the Company. The Management Committee:

- Ensures effective implementation of Board decisions;
- Reviews operational business plans and recommends annual budgets to the Board for approval;
- Overseas the senior management team in their delivery of the Group's operational business plans following Board approval;
- Provides oversight of all of the Group's operations, and performance including environmental, social, governance, health and safety, sustainability;
- Manages the Group's risk profile in line with the risk appetite set by the Board;

- Ensures that prudent and robust risk management and internal control systems are in place throughout the Group;
- Supports the Executive Chairman in maintaining effective communications with various stakeholders.

The Executive Committee
The Executive Committee is responsible for the day-to-day running of the Group and meets monthly. It is responsible for implementing the strategy adopted by the Board, allocating resources in line with delegated authorities, managing risk and monitoring the operational and financial performance of the Group. Authority is delegated by the Executive Committee to the respective chief executive officer of each of the Group's businesses. During the year, the CEO of Vedanta Limited attended the Company's Board meetings to brief the Board on strategic and operational matters. The CEO of Vedanta Limited reports to the Board on all operational matters.

The Finance Standing Committee
The Finance Standing Committee has delegated authority from the Board for approval of certain matters including approval of financing arrangements and corporate guarantees below the financial threshold for Board approval. The Company Secretary updates the Board on the activities of the Finance Standing Committee at the subsequent Board meeting and the minutes of all Finance Standing Committee meetings are reviewed by the Board.

KEY MATTERS RESERVED FOR BOARD CONSIDERATION

The duties of the Board are set out in its terms of reference, including those matters specifically reserved for its consideration. 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.

The formal schedule of reserved matters is replicated in internal delegation of authorities within the Group to provide the businesses with flexibility to operate whilst ensuring that strategic matters are always considered and decided by the Board. The Board reviews its schedule of reserved matters regularly.

BOARD FOCUS DURING THE YEAR

Strategy
- Approved the buyout of the minority interest in the Company's principal subsidiary, Vedanta Limited.
- Approved a bond consent solicitation process of the Group's bond holders for revisions to certain financial covenants;

Operational and financial performance
- Approved the appointment of a new auditor for the Company;
- Approved the Group's Business Plan FY2020-2021;
- Approved the change in the Company's status from a holding company to enable it to participate in trading with NALCO and other suppliers for the benefit of the Group;
- Approved the conversion of share premium into distributable reserves;
- Reviewed the Group's operational performance, including safety and environment across its businesses, through updates from the Chief Executive Officer at each scheduled Board meeting;
- Received updates on the provisional liquidation of Konkola Copper Mines and approved arbitration proceedings and indemnification of the Company's directors in respect of this;
- Reviewed the Group's financial performance and debt management initiatives through updates from the Chief Financial Officer at each scheduled Board meeting;
- Reviewed the Group's Treasury position and considered Management's liability management proposals including the approval of various bond offerings and associated interim financial statements;
- Approval of a parent company guarantee for its subsidiary Vedanta Limited to participate in the auction for 10 oil & gas blocks;
- Discussed the Group's operational and financial performance, reviewed its going concern status and approved the going concern statements for inclusion in the Company's Annual Report 2020.
- Received updated on the significant accounting issues and approved the Group's Annual Report and full- and half-year financial results;
- Declared dividends payable to the Company's shareholders;

Governance and Risk
- Reviewed the composition of the Board and approved a new Board appointment;
- Reviewed the Group's progress on compliance with the Modern Slavery Act;
- Approval of the Payments to Governments' and Tax transparency reports;
- Received updates from the Audit Committee; and
- Reviewed the Company's going concern position.

Effectiveness

The Board is comprised of executive and independent Non-Executive Directors for effective governance. Each of the Non-Executive Directors is considered fully independent in character and judgement and free from any relationship or circumstance that could affect or appear to affect their independent judgement.

The Board operates in an open and collaborative manner to support and constructively challenge management to deliver operational success. The Directors harness their collectively wide-ranging expertise and experience to shape decision making.

BOARD INDUCTION

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, challenges and risks. Newly appointed Directors also receive an overview of their duties, corporate governance policies and Board processes.

ONGOING BOARD TRAINING AND DEVELOPMENT

The Board is committed to the continuing development of its Directors and they are offered training as required to assist them in the performance of their duties. There are also procedures in place to provide the Directors with appropriate and timely information, including receiving information between meetings regarding Group business development and financial performance. The Directors have access to the Company's professional advisers, where necessary, as well as to the Company Secretary, who is responsible for ensuring that Board procedures are followed. The Company Secretary is also responsible for advising the Board on governance matters.

Accountability: Audit Committee

Current composition
A R Narayanaswamy (Chairman)
Geoffrey Green

The Directors who serve on the Audit Committee have necessary qualifications and bring a wide range and depth of financial and commercial experience across various industries. Their collective knowledge, skills, experience and objectivity enables the Audit Committee to work effectively and to challenge management. Mr Narayanaswamy is a qualified Chartered Accountant and has recent and relevant financial experience to undertake his role on the Committee.

SUMMARY OF THE AUDIT COMMITTEE'S ACTIVITIES DURING THE YEAR

Area of responsibility	Activities
Financial reporting The Audit Committee oversees the integrity of the Company's financial reporting process to ensure that the information provided to the Company's shareholders and other stakeholders is fair, balanced and understandable and provides the information necessary to assess the Company's financial position, performance, business model and strategy. 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.	During the year, the Audit Committee reviewed the preliminary announcement, Annual Report and financial statements for the Board's approval. As part of the process, it reviewed and challenged the key accounting and other judgements presented by management. A detailed audit plan (the Audit Plan) was prepared by the external auditor. The Audit Plan set out the audit scope, key audit risks identified, materiality issues, the client team working on the audit and the audit timetable. The audit scope covered 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 was considered by the Audit Committee. The Committee discussed the key accounting issues as outlined in the audit opinion. In respect of this, the Committee considered the impact of KCM and the PSC extension and discussed these at length with Management and the external auditor. As a result, and as supported by the high standard of reporting by management, the Audit Committee concluded that it has discharged its responsibilities effectively and recommended the Company's Annual Report and Accounts FY21 to the Board for approval. The Audit Committee's other activities include; ■ Six-monthly reviews of significant accounting issues and impact on the Group; ■ Review and approval of the half-year report; ■ Discussion on impairment reviews; ■ Review of pending tax issues and the financial exposure to the Group; ■ Review of legal and tax cases and the associated risks arising to ensure that appropriate provisions are made and disclosed; ■ Going concern assessment ■ 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 The Audit Committee reviews internal control and risk management processes and output from the regular review of risks carried out during the year by the internal audit function.	Vedanta's risk management framework serves to identify, assess and report on the principal and emerging risks facing the Group's businesses in a consistent manner. Further details on the Group's risk management framework are on pages 46-55 of the Strategic Report. ■ During the year and up to the date of this Report, the Audit Committee reviewed the internal control system in place to ensure that it remains effective. The review included a report on the risk matrix, significant risks and actions put in place to mitigate these risks. Any weaknesses identified by the review were addressed by enhanced procedures to strengthen the relevant controls and these are in turn reviewed at regular intervals. ■ The Committee also continued to monitor the market conditions, risks and uncertainties relevant to the Group, reviewed the risk management framework and reported to the Board on relevant risks affecting the Group. The Committee received regular updates from management confirming that risks relevant to the Group were appropriately categorised, the potential impact to the Group and adequacy of resources allocated to manage the risks. The Committee has reviewed the Principal Risks and Uncertainties for the Group disclosed in the Annual Report and Accounts 2021 and consider them to be appropriate. ■ Internal audit review including reviews of the internal control framework, changes to the control gradings within the Group and whistle-blower 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 and the Risk Management Committee; and ■ Reviewing the Group's cyber security controls;

Area of responsibility	Activities
The audit and external auditor	■ Review of the significant audit risks with the external auditor 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 independence of the external auditor and the provision of non-audit services including non-audit fees paid to the external auditor; ■ Review of the external auditor's performance and making recommendations in respect of the re-appointment of the external auditor; ■ Review of the management representation letter; ■ Review of the audit plan, scope of the 2020 external audit of the financial statements and key risk areas for the 2020 audit.
Internal audit The Board has a zero-tolerance policy for corruption. Vedanta's Code of Business Conduct & Ethics contains guidelines for conducting the Company's business with the highest standards of business ethics. Vedanta also maintains a Supplier Code of Conduct which ensures that all its suppliers and service providers are also operating with the highest standards on business ethics. The Group's whistle-blower policy encourages employees of the Company, its subsidiaries and all external stakeholders to raise concerns about suspected wrongdoing within the Group in confidence. The whistle-blower policy also covers the requirements of the UK legislation in respect of slavery and human trafficking reporting.	■ Receive updates from MAS on the Group's whistle-blower arrangements, including the outcome of investigations, for assurance that all reported whistle-blower incidents are appropriately investigated and actioned. ■ Review of internal audit observations and monitoring of implementation of any corrective actions identified; ■ Review of the performance of the internal audit function; and ■ Review of 2020-2021 internal audit plan.

SIGNIFICANT ISSUES CONSIDERED BY THE AUDIT COMMITTEE

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 Audit Committee reviews whether the Group's accounting policies are appropriate, and management's estimate and judgements applied in the financial statements are reasonable. The Audit Committee also reviewed the disclosures made in the financial statements and the views of the external auditor as outlined in the audit opinion on pages 142-150 on these significant issues were considered by the Audit Committee.

EXTERNAL AUDITOR

MHA MacIntyre Hudson (MHA) is the Company's external auditor. The Audit Committee reviews the external auditor's independence and assesses their ongoing effectiveness. The Audit Committee also determines the external auditor's remuneration on behalf of the Board and includes all the fees that the Company pays for audit, audit-related and non-audit services performed by MHA.

NON-AUDIT SERVICES

The Group has a policy that governs the provision of non-audit services by the external auditor which specifies the services which the external auditor is permitted to undertake. It also specifies non-audit services which MHA is prohibited from undertaking in order to safeguard their objectivity as such services present a high risk of conflict and could undermine the external auditor's independence. The Audit Committee reviews the fees paid to the external auditor for non-audit services to ensure auditor independence is safeguarded. A breakdown of the non-audit fees paid to the external auditor is disclosed in Note 37 to the financial statements.

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 2021.

Information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended to be included in the Directors' Report but, which is instead included in the Strategic Report or elsewhere in the Annual Report, is set out in the table below.

Review of the business and future developments of the business of the Company	Strategic Report on pages 2-125
Employment policies and employee involvement	Strategic Report on page 74-79

STRATEGIC REPORT

The Strategic Report has been prepared in accordance with the Companies Act 2006 ('the Act') 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 on pages 2-125 provides a comprehensive review of Vedanta's strategy, operations, its financial position and its business prospects, and is incorporated by reference into, and forms part of this Directors' report.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Certain items that would ordinarily need to be included in this Directors' report (including an indication of likely future developments in the business of the company and the Group) have, as permitted, instead been discussed in the Strategic report. A review of the business and future developments of the Group is presented in the Strategic Report on pages 2-125.

DIRECTORS' DECLARATION

The Directors' declaration on page 138 is also incorporated into this Directors' report.

FORWARD LOOKING STATEMENTS

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.

DIVIDENDS

The Directors are not recommending a final dividend for the year ended 31 March 2021. An interim dividend of US cents 88.0 per ordinary share was paid during the year. (2020: An interim dividend of US cents 70 per ordinary share was paid for the during the year)

DIRECTORS

The Directors as at the date of this Report are Messrs Anil Agarwal, Navin Agarwal, Geoffrey Green, and A R Narayanaswamy. Details biographies for each of the Directors can be found on the Company's website at www.vedantaresources.com

The following directors were appointed or resigned during the year or to the date of signing this Annual Report:

Deepak Parekh- Resigned on 31 March 2021

Ravi Rajagopal- Resigned on 31 March 2021

Ed Story- Resigned on 23 May 2021

A R Narayanaswamy- Appointed as a Director on 1 June 2021.

Details of the remuneration of the Directors of the Company and service contracts are contained in the Directors' Remuneration Report on pages 139-141.

DIRECTORS' AND OFFICERS' INDEMNITY

The Company had in place qualifying third party indemnity provisions for the benefit of its Directors and officers during the year which remain in force as at the date of this report.

DIRECTORS' INDEMNITIES AND INSURANCE

Directors and Officers insurance cover is in place for all Directors to provide cover against certain acts or omissions on behalf of the Company.

MATERIAL INTEREST IN SHARES

The shares of Vedanta Resources Limited are held by Volcan Investments Limited and its wholly owned subsidiary, Volcan Investments Cyprus Limited as follows:

Volcan Investments Limited- 187,488,092 shares – 65.73%

Volcan Investments Cyprus Limited- 97,758,606 shares – 34.27%

SHARE CAPITAL

As at 31 March 2021 the issued share capital of the Company was comprised of 285,246,698 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 issued share capital together with movements in the Company's issued share capital during the year are shown in Note 30 of the financial statements.

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 30 of the financial statements.

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 25 to the financial statements.

BRANCHES

During the year and to the date of this report, the Company has opened a branch overseas, situated in Jharsuguda, Orissa, India.

EMPLOYEES

Information on the Group's employees and its policies with respect to employees can be found in the Sustainability Report section of the Strategic Report on page 74-79. In summary, the Group's commitment to communication and dialogue with employees continues. The existence of a Group-wide intranet enables engagement and communication with employees throughout the Group. It also helps management to share information, ideas and opportunities quickly and to achieve a common awareness on the part of all employees of the financial and economic factors affecting the performance of the Company. Employees have opportunities to voice their opinions and ask questions through the Group intranet and engage in question and answer sessions with the Executive Chairman.

SLAVERY AND HUMAN TRAFFICKING STATEMENT

The Group's slavery and human trafficking statement for the year ended 31 March 2021 in accordance with s54 of the Modern Slavery Act 2015 will be published on the Company's website at www.vedantaresources.com. The statement outlines the steps taken by the Group to address the risk of slavery and human trafficking occurring within its operations and supply chains.

DIVERSITY & INCLUSION POLICY

The Board has formalised its approach to diversity and inclusion with its approval of the Group's Diversity and Inclusion Policy. The policy reinforces the Group's commitment to promoting an inclusive environment, in which every member of its workforce feels valued and respected, with a zero tolerance of discrimination and harassment. While our commitment extends to embracing diversity in all its forms, including but not limited to, age, gender, ethnicity, abilities, sexual orientation and religious beliefs, the Group's is specifically focussing on improving the gender balance.

The objective of the Diversity and Inclusion Policy is to have a workforce which is representative of the countries and communities in which we operate and where every individual is valued, respected and empowered to utilize their different abilities and experiences to realize their full potential.

GENDER DIVERSITY

The Board is driving the efforts to address gender imbalances across the Group in a holistic way by addressing the barriers to female progression in a heavily male dominated industry. Our Group companies have adopted path breaking initiatives for redressing gender imbalance. We have well defined diversity hiring targets, as we hire from the market and premiere colleges across the globe. Our empanelled search firms are necessarily mandated to present diverse slates for staffing and recruitment. Internally, we ensure that the interview panels have the right diversity mix, ensuring fairness in our selection practices.

Every year, we recruit a large number of graduate engineer trainees, management trainees and associates for Vedanta Leadership Development Program, across the globe, at the entry level and we endeavour to appoint at least 50% female candidates through campus recruitment. This provides us a strong and solid base for developing future home grown diverse leaders at Vedanta. During the year, 35.3% of the recruitment across the Group comprised of women, compared to 41.89% the previous year.

We also encourage the concept of 'second career opportunity' for women returning from sabbaticals and career breaks due to maternity or other family commitments. From time to time, hiring initiatives are launched, targeting this particular talent pool. Family friendly policies including enhanced maternity leave, paternity and adoption leave, benchmarked against global best practice, have been rolled out across our businesses in India, in excess of legal requirements and encourage the return of women to work.

PROGRESS ON MEASURABLE OBJECTIVES

	FY2020-21	FY2019-20
WOMEN IN SENIOR MANAGEMENT	7.96%	7.85%
WOMEN RECRUITED DURING THE YEAR	35.3%	41.89%
TOTAL FULL TIME FEMALE EMPLOYEES ACROSS THE GROUP	10.58%	10.93%

POLITICAL DONATIONS

It is the Board's policy that neither the Company 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. Any political donations made in India will be disclosed in the Company's Annual Report and Accounts.

The Company's subsidiary, Vedanta Limited did not purchase any electoral bonds during the financial year ended 31 March 2021 (2020: US$ 15million). Vedanta Limited also made no contributions through any electoral trust during the year ended 31 March 2021. (2020 US$0.3mn)

GOING CONCERN

The Group has prepared the consolidated financial statements on a going concern basis. The Directors have considered a number of factors in concluding on their going concern assessment.

The Group monitors and manages its funding position and liquidity requirements throughout the year and routinely forecasts its future cash flows and financial position. The key assumptions for these forecasts include production profiles, commodity prices and financing activities.

The last Going concern assessment carried out for the period ended September 30, 2020 was approved by the Board of Directors in December, 2020. The Directors were confident that the Group will be able to ensure production is not materially impacted by the COVID-19 virus, that the Group will be able to roll-over or obtain external financing as required and that prices will remain within their expected range.

Since then, while the other mitigating actions as highlighted in the period ended September 30, 2020 financial statements remain available to the Group, following recent significant developments have had a positive bearing on the liquidity and company's ability to continue as going concern;

The Group has raised $1 Bn Bonds in December 2020 to take out upcoming maturity of bonds in June'21 while providing certain liquidity for other repayments in Q4 FY21.

On 24th December 2020, VRL purchased on the market 185,000,000 shares of Vedanta Limited (VEDL) at a price of ₹159.94 per share, increasing its overall stake from 50.13% to 55.11% of the total paid-up share capital of VEDL. In January 2021, VRL announced a voluntary open offer (VOO) to acquire an additional 10% stake in VEDL which was subsequently increased to an offer for acquiring 17.51% of paid up share capital of VEDL at a price of ₹235 per share in March 2021.

In April 2021, 374,231,161 equity shares representing 10.1% of paid up share capital of Vedanta Limited were validly tendered in the voluntary open offer. The acquisition of such equity shares was completed, and consideration for such acquisition was paid in April 2021. Post this acquisition, Company's shareholding in Vedanta Limited increased from current 55.1% to 65.2%

For this stake increase in VEDL by VRL through creeping acquisition and voluntary open offer (VOO):

- The Group raised $1bn through private financing in December 2020, $0.4bn drawn in December for the creeping acquisition of 4.98% Vedanta Limited stake, $0.1bn drawn in April 2021 for the VOO.
- $1.2bn Bond raised in February 2021 @8.95% for stake purchase in Vedanta Limited under VOO/refinancing, c. $0.8bn used for VOO in April 2021; and
- c. $0.4bn Term Loan facility entered with Credit Suisse and Standard Chartered.

The Directors consider that the expected operating cash flows of the Group combined with the current finance facilities which are in place give them confidence that the Group has adequate resources to continue as a going concern.

The Directors have considered the Group's ability to continue as a going concern in the period to 30 September 2022 ("the going concern period") under both a base case and a downside case.

The downside case assumes, amongst other sensitivities, delayed ramp-up and re-opening of projects, deferment of additional capital expenditure and conservative assumptions of uncommitted refinancing.

COVENANT COMPLIANCE

The Group's financing facilities, including bank loans and bonds, contain covenants requiring the Group to maintain specified financial ratios. The Group has complied with all the covenant requirements till 31st March 2021.

Management notes that the Group has previously obtained covenant waivers, including in response to the appointment of a provisional liquidator at KCM. Additionally, the Group has recently successfully amended the covenants for its listed bonds. The Directors of the Group are confident that they will be able to execute mitigating actions (see below) to ensure that the Group avoids, or secures waivers or relaxations for future period breaches, if any, of its covenants during the going concern period.

MITIGATING ACTIONS

The mitigating options available to the Group and Company to address the uncertainties in relation to going concern include:

- Out of the $1.2 bn bonds raised in February 2021, c. $0.4bn available for refinancing/ interest servicing at VRL. Out of $1.0bn private financing in December'20, $0.5bn is undrawn. Further, $0.2bn one year term loans tied up with two foreign banks.
- Vedanta Limited entered in to a ~$1.4bn long term syndicated long term facility agreement with overall maturity of seven years with State Bank of India, Bank of Baroda, Indian Bank and Yes Bank as arrangers. Out of ~$1.4bn, ~$1.2bn has been drawn till March'21 and further ~$0.2bn will be drawn in Q1 FY21.
- Execution of an off-take agreement covering certain future production and amounting potentially to c.$1bn. The Group is currently negotiating with a number of interested bidders an off-take agreement, under which the Group would receive an advance payment in return for supply of certain future production. However, no agreement has been concluded and there is a therefore uncertainty as to the Group's ability to access these funds.
- Extension of working capital facilities and rollover of commercial papers. As at 31 March 2021, the Group had unutilised working capital facilities amounting to c.$1.8bn and commercial papers in issue amounting to c.$0.3bn. These facilities are not committed for the full duration of the going concern period to September 2022, but rather must be extended or rolled over. There is therefore a risk that, in adverse market conditions, the Group would not be able to extend or roll over these facilities. However, the Directors assess that the Group has a strong record of extending and rolling over these short-term facilities and has historically had significantly higher levels of commercial papers in issue.
- Access to supplier credit and customer advances. As at 31 March 2021, the Group had c.$1.1bn of supplier's credit and c.$0.7bn of advances from customers. These financing arrangements are integral to the business of certain Group divisions but are not committed for the full duration of the going concern period. There is therefore a risk that the Group will not be able to access these financing arrangements in the future. Nevertheless, the Directors note that the Group has in the past consistently obtained supplier credit and customer advances at current levels.

CONCLUSION

Notwithstanding the uncertainties described above, the Directors have confidence in Group's ability to execute sufficient mitigating actions. Based on these considerations, the Directors have a reasonable expectation that the Group and the Company will meet its commitments as they fall due over the going concern period. Accordingly, the Directors continue to adopt the going concern basis in preparing the Group's consolidated financial statements and Company's standalone financial statements.

POST BALANCE SHEET EVENTS

The Company ("Acquirer") together with Twin Star Holdings Limited, Vedanta Holdings Mauritius Limited and Vedanta Holdings Mauritius II Limited, as persons acting in concert with the Acquirer ("PACs"), acquired 374,231,161 equity shares of Vedanta Limited under the voluntary open offer made to the public shareholders of Vedanta Limited in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, thereby increasing their aggregate shareholding in Vedanta Limited from 55.29% to 65.39%.

There are no other material adjusting or non-adjusting subsequent events, except as already disclosed.

Details of significant events since the balance sheet date are disclosed in Note 36 to the financial statements.

RESEARCH AND DEVELOPMENT

The Group's business units carry out research and development activities necessary to further their options.

AGREEMENTS: CHANGE OF CONTROL

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company, (defined as a transfer of 35% shareholding) 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$1,000 million 6.375% bonds due in 2022, US$400million 8% bonds due in 2023; US$500 million 7.125% bonds due in 2023, US$1,000 million 6.125% bonds due in 2024, US$600million 9.25% bonds due in 2026, US $1000 million 13.875% bond due in 2024 and US $1200 million 8.95% bond due in 2025 where a change of control together with a rating decline 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.
2. Under various other financing facilities entered into by the Group where a change of control gives the majority lenders the right to declare the loans payable.

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.

SECR DISCLOSURE WITHIN THE DIRECTORS REPORT.

Whilst we provide global Greenhouse gas and energy data within this report, we are a private limited group whose operations and turnover are based overseas and as such fall outside of the reporting requirements for an unquoted company. The UK element of our operations falls below both the turnover and employee thresholds for a large company and as such no SECR disclosures are required or made.

GREENHOUSE GAS (GHG) EMISSIONS REPORTING

Climate risk is recognized as a global risk. Since the Paris accord, significant efforts are made by global communities to mitigate and adapt climate change impacts. Last year, at Vedanta, we had formulated a Carbon Forum, under the leadership of our Power business head, to develop strategies and actions to manage climate related business risk. The forum is comprised of the chief operating officers of our businesses. The Group now has a Climate related Risk Management Policy and Strategy in place. In addition to the Carbon Forum, climate related business risk is on the Group level risk register which enables us to review the progress made on climate related risk at the highest risk committee level of the organization.

We calculate and report greenhouse 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.

GHG Emissions (million TCO2e)	FY2021	FY2020	FY2019
Scope 1	58.93	57.45	55.12
Scope 2	1.31	1.81	3.51
Total	**60.02**	**59.26**	**58.63**

GHG EMISSIONS (TONNES OF CO_2)

Business	FY2021		FY2020	
	Scope 1	Scope 2	Scope 1	Scope 2
Zinc India	4,582,808	307,059	4,480,887	253,756
Zinc International	53,629	164,686	186,082	496,104
Oil & Gas	1,970,638	144,439	1,841,600	134,987
Iron Ore	1,689,317	1536	1,750,789	762
Ports				Included in Iron Ore numbers
Copper India & Australia	4,1284	65,227	119	1,152
Copper Zambia			-	-
Aluminium	35,514,744	520,231	34,658,486	804,257
Power	12,225,649	7,473	11,804,,528	2,775
Steel	2,856,311	95,963	2,719,295	113,155
Total	**58,934,380**	**1,306,614**	**57,441787**	**1,806,948**

The GHG intensity ratio below expresses Vedanta's annual GHG emissions in relation to the Group's consolidated revenue.

GHG INTENSITY RATIO (TONNES OF CO_2/MN US$)

Business	FY2021	FY 2020
Zinc India	1,651.98	1,847
Zinc International	593.25	1,547
Oil & Gas	2,081.77	1,106
Iron Ore	2,767.35	3,582
Ports	-	-
Copper India & Australia	72.51	1
Copper Zambia	-	-
Aluminium	9,323.41	9,454
Power	16,873.27	14,277
Steel	4,686.15	4,689
Consolidated Group	**5,173.57**	**5,025**

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with UK law and regulations.

The directors are required by the UK Companies Act 2006 to prepare financial statements for each financial year that give a true and fair view of the financial position of the Group and the parent company and the financial performance and cash flows of the Group and parent company for that period. Under that law they have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and applicable law and have elected to prepare the parent company financial statements in accordance with applicable United Kingdom law and United Kingdom accounting standards (United Kingdom generally accepted accounting practice), including FRS 101 "Reduced Disclosure Framework").

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of the profit or loss of the Group and 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 judgments and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 'Reduced Disclosure Framework' has been followed, subject to any material departures disclosed and explained in the financial statements;
- 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, IAS 1 requires that the 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 Group's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent 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.

Having made the requisite enquiries, so far as the directors are aware, there is no relevant audit information (as defined by Section 418(3) of the Companies Act 2006) of which the Company's auditors are unaware, and the directors have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The directors are also responsible for preparing a Strategic Report and Directors' Report that comply with that law and those regulations. 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.

The Directors confirm that to the best of their knowledge:

- The consolidated financial statements, prepared in accordance with IFRS and in accordance with the provisions of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group.
- The parent company financial statements, prepared in accordance with United Kingdom generally accepted accounting practice, give a true and fair view of the assets, liabilities and financial position of the Company.
- The annual report and financial statements, including the Strategic Report and Directors' Report, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that they face.

Signed on behalf of the Board

Deepak Kumar
Company Secretary
Vedanta Resources Limited
Registered no: 4740415

Remuneration Report

During the year, the Remuneration Committee took up various matters pertaining to the remuneration of the Executive Directors of the Company, which included determining the remuneration for the year 2020-21.

The Annual Report on Remuneration, which provides details of the remuneration earned by Directors in the past financial year has been produced in the relevant sections of the report.

Yours sincerely,

Geoffrey Green
Director- Vedanta Resources Limited

Directors' Remuneration Policy Report

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 investor expectations.

The company 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 key focus area is alignment of the interests of the Executive Directors and the senior management group with the strategic goals of the company and the interest of the investors to build a sustainable performance culture.

When setting remuneration for the Executive Directors, various aspects are taken into account such as 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.

In setting the policy for Executive Directors' remuneration, the company 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 LTIP. Opportunities and performance metrics may vary by employee level, with specific business metrics incorporated where possible.

The company does not formally consult with employees in respect of the design of the Executive Directors' Remuneration Policy, although the company will keep this under review.

There is a formal remuneration policy which details the various elements of pay, performance measures and their linkage to objective and the maximum opportunity of each element for the Executive Directors.

SERVICE CONTRACTS FOR EXECUTIVE DIRECTORS

The board 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 contact of employment with Vedanta Limited which expires on 31 July 2023, with a notice period of three months or base compensation in lieu thereof.

LETTERS OF APPOINTMENT FOR NON-EXECUTIVE DIRECTORS

The Non-Executive Directors have letters of appointment which may be terminated by either party 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.

Annual Report on Remuneration

The board has access to remuneration advisor as and when the advice is needed.

Single total figure for remuneration

The table below summarises Directors' remuneration received during the year ended 31 March 2021 and the prior year for comparison.

		Base compensation including salary or fees £000	Taxable Benefits £000	Pension £000[6]	Annual bonus £000[7]	Long-term incentives £000	Total £000[8,9,10]
Executive Directors							
Anil Agarwal [1]	2020/21	1439	6	-	-	-	1445
	2019/20	1656	7	-	988	-	2650
Navin Agarwal [2,3]	2020/21	983	175	61	-	-	1219
	2019/20	1189	98	65	646	-	1998
Srinivasa Venkatakrishnan [4]	2020/21	105	1	2	-	-	108
	2019/20	1000	115	250	232	-	1597
Non-Executive Directors [5]							
Geoffrey Green	2020/21	115	-	-	-	-	115
	2019/20	115	-	-	-	-	115
Ed Story	2020/21	95	-	-	-	-	95
	2019/20	95	-	-	-	-	95
Deepak Parekh	2020/21	133	-	-	-	-	133
	2019/20	133	-	-	-	-	133
Ravi Rajagopal	2020/21	115	-	-	-	-	115
	2019/20	115	-	-	-	-	115

NOTES

1. Mr Anil Agarwal's taxable benefits in kind include provision of medical benefits;

2. Mr Navin Agarwal is based out of India and is drawing the majority of his remuneration in INR. For the financial year ended 31 March 2021, Mr Navin Agarwal received a Vedanta Limited salary of ₹1,48,031,671 (including discretionary award of ₹4,00,00,000) , Vedanta Resources Limited fees of £85,000, Hindustan Zinc Limited fees of ₹2,75,000 & Commission of ₹1,500,000.

3. Mr Navin Agarwal's taxable benefits in kind include housing and related benefits and use of a car and driver.

4. Mr. Srinivasan Venkatakrishnan's taxable benefits in kind include medical provision in UK. Mr. Venkat resigned from the organization and exited at the close of business hours on April 5, 2020.

5. Non-Executive Directors are reimbursed for expenses incurred while on Company business. No other benefits are provided to Non-Executive Directors

6. 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 Executive Vice Chairman and Chief Executive Officer's personal pension schemes (or local provident fund) and will become payable on the retirement. The Executive Chairman does not receive pension benefits.

7. Amounts shown in the table relate to the payment of the annual bonus made to the Executive Directors in FY 2019-20.

8. Additionally, In FY'2020-21, Mr. Anil Agarwal was paid a discretionary award of GBP 869,000 and Mr. Navin Agarwal was paid a discretionary award of

₹4,00,00,000. This has been awarded to employees associated with the company as in November 2020, who relentlessly worked during the pandemic times and supported the organization.

9. NIC Contribution as per the statutory requirement is made for all Executive and Non-Executive Directors

10. The exchange rate applicable as at 31 March 2020 was ₹90.1024 to £1 & USD 1.2715 to £1 and at 31 March 2021 was ₹96.8653to £1 & USD 1.3071to £1

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.

None of the other executive directors currently receive fees for non-executive appointments with other companies.

PAYMENTS TO PAST DIRECTORS

No payments were made to past Executive Directors during the year ended 31 March 2021

PAYMENTS FOR LOSS OF OFFICE

No payments were made in respect of loss of office during the year ended 31 March 2021.

NON-EXECUTIVE DIRECTORS' FEES

As detailed in the Remuneration Policy, fees for the Non-Executive Directors are determined by the Board.

APPROVAL OF THE DIRECTORS' REMUNERATION REPORT

The Directors' Remuneration Report, including both the Directors' Remuneration Policy Report and the Annual Report on Remuneration, was approved by the Board on 18 June 2021

Geoffrey Green
Director- Vedanta Resources Limited

Independent auditor's report to the members of Vedanta Resources Limited

For the purpose of this report, the terms "we" and "our" denote MHA MacIntyre Hudson in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of Vedanta Resources Limited. For the purposes of the tables in this report that sets out the key audit matters and how our audit addressed the key audit matters, the terms "we" and "our" refer to MHA MacIntyre Hudson and/or our component teams. The Group financial statements, as defined below, consolidate the accounts of Vedanta Resources Limited and its subsidiaries (the "Group") and include the Group's share of associates. The "Parent Company" is defined as Vedanta Resources Limited. The relevant legislation governing the Parent Company is the United Kingdom Companies Act 2006 ("Companies Act 2006").

OPINION

We have audited the financial statements of Vedanta Resources Limited.

The financial statements that we have audited comprise:

- Consolidated Income Statement for the year ended 31 March 2021.
- Consolidated Statement of Comprehensive Income for the year ended 31 March 2021.
- Consolidated Statement of Financial Position as at 31 March 2021.
- Consolidated Cash Flow Statement for the year ended 31 March 2021.
- Consolidated Statement of Changes In Equity for the year ended 31 March 2021.
- Notes 1 to 40 of the consolidated financial statements, including the accounting policies.
- Company Balance Sheet as at 31 March 2021.
- Company Statement of Changes in Equity for the year ended 31 March 2021.
- Notes 1 to 12 of the Company financial statements, including the accounting policies.

The financial reporting framework that has been applied in their preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

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, including FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

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 2021 and of the Group's profit and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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.

Our opinion is consistent with our reporting to the Audit Committee.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- The consideration of inherent risks to the Company's operations and specifically its business model.
- The evaluation of how those risks might impact on the Company's available financial resources.
- Where additional resources may be required the reasonableness and practicality of the assumptions

made by the Directors when assessing the probability and likelihood of those resources becoming available.

- Liquidity considerations including examination of cash flow projections.
- Solvency considerations including examination of budgets and forecasts and their basis of preparation, including review and assessment of the model's mechanical accuracy and the reasonableness of assumptions included within.
- Consideration of terms and conditions attaching to financing facilities in place as at the date of the approval of the financial statements and compliance with covenants attaching to those facilities both up to the date of the approval of the financial statements and into the forecast period.
- Consideration of availability of funds required to settle funding facilities due for repayment during the going concern review period. Assessing the reasonableness and practicality of the mitigation measures identified by management in their conservative case scenario and considered by them in arriving at their conclusions about the existence of any uncertainties in respect of going concern.
- Viability assessment including consideration of reserve levels and business plans.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

OVERVIEW OF OUR AUDIT APPROACH

Materiality	2021	2020	
Group	$95m	$55m	2.5% of EBITDA (2020 2% of EBITDA)
Parent	$18.7m	$17.56m	0.5% of gross assets capped by group materiality allocation (2020 1% of equity)
Reporting threshold	$4.8m	$2.7m	Threshold for reporting to those charged with governance

KEY AUDIT MATTERS

- Valuation of Konkola Copper Mines plc (KCM) receivables and equity investment
- Rajasthan block Profit Sharing Contract (PSC) extension
- Impairment of property, plant and equipment and exploration and evaluation assets
- Taxation claims and exposures
- Deferred taxation and Minimum Alternative Tax (MAT) credit recoverability
- Completeness of related party relationships and transactions
- Management override of controls in relation to revenue recognition

SCOPE

We directed and supervised component auditors in India to report on the entities which are considered material components and these were as follows:

- Vedanta Limited
- Cairn India Holdings Limited
- Talwandi Sabo Power Limited
- Hindustan Zinc Limited
- Bharat Aluminium Company Limited
- ESL Steel Limited

Material components were determined based on:

1) financial significance of the component to the Group as a whole; and
2) assessment of the risk of material misstatements applicable to each component.

Our audit scope results in all major operations of the Group being subject to audit work. Full scope audit assignments covered in excess of 85% of the Group's Revenue, 89% of the Group's EBITDA and 92% of the Group's Net Assets. In addition to those subsidiaries subject to full scope audits by either ourselves or component auditors, additional coverage was obtained through specific audit procedures being carried out on certain items and group analytical review of the non-material components.

KEY AUDIT MATTERS

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those matters which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team and, as required for public interest entities, our results from those procedures. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

VALUATION OF KCM RECEIVABLES AND EQUITY INVESTMENT

Key audit matter description	As at 31 March 2021, KCM related receivables with a carrying value of $682 million (2020: $660 million) were recognised in the financial statements of Vedanta Resources Limited, whilst the value of the equity investment in KCM was $Nil (2020 $Nil). We draw attention to note 3b of the accompanying consolidated financial statements which describes the uncertainty arising in respect of the valuation of KCM related receivables and equity interests a result of the liquidation proceedings initiated by KCM's minority shareholder, ZCCM Investments Holdings Plc ("ZCCM"), against KCM. As at 31 March 2021, the carrying value of KCM related receivables was $682 million (2020: $660 million) and the equity interest in KCM was $Nil (2020: $Nil). Our opinion is not modified in respect of this matter. Due to the high level of subjectivity and material nature of this receivable, we have designated this as a key audit matter.
How the scope of our audit responded to the key audit matter	We have obtained an understanding of the liquidation proceedings through inquiries of the Company's management and review internal reports in relation to the matter. We have obtained and reviewed legal opinions obtained in the year from management, and assessed the competency of those providing legal opinions, and have considered how this has impacted on the fair value calculation. We engaged in discussion and challenged the approach of management appointed experts appointed to perform a fair value exercise in relation to the KCM economic interest. We performed procedures to assess the reasonableness of the key assumptions included in the valuation report, and the view taken by management in respect of the final value to be included in the financial statements. We engaged directly with third party valuation specialists, who formed their own opinion on the matter, to ensure that the conclusions reached by management and their experts were in line with those of an independent party.
Key Observations	We concluded that the fair value determined is reasonable and that the uncertainties surrounding the valuation have been appropriately disclosed in the financial statements.

PRODUCTION SHARING CONTRACT EXTENSION FOR THE RAJASTHAN OIL BLOCK

Key audit matter description	We draw attention to note 2(c)(i)(viii) of the accompanying IFRS financial statements which describes the uncertainty arising out of the demands that have been raised on the Group, with respect to government's share of profit oil by the Director General of Hydrocarbons and one of the pre-conditions for the extension of the Production Sharing Contract (PSC) for the Rajasthan oil block is the settlement of these demands. The Government has granted permission to the Group to continue operations in the block till 31 July 2021 or signing of the PSC addendum, whichever is earlier. The Group, based on external legal advice, believes it is in compliance with the necessary conditions to secure an extension of this PSC and that the demands are untenable and hence no provision is required in respect of these demands. Our opinion is not modified in respect of this matter. Were the Director General of Hydrocarbons' demands be allowed by the competent courts, that would have a significant financial impact on the Group financial statements. Due to continued uncertainty surrounding the licence extension we have considered this as a key audit matter.
How the scope of our audit responded to the key audit matter	We have obtained an understanding of the matter through inquiries of the Company's management and review internal reports in relation to the matter. We have obtained and reviewed legal opinions obtained in the year from management, and assessed the competency of those providing legal opinions, and have considered how this has impacted on assessment of the matter. We have reviewed workpapers and conclusions reached by component auditors in relation to PSC extension and demands made by the Director General of Hydrocarbons, and appropriately challenged the conclusions reached.
Key Observations	We concluded that the treatment and disclosure adopted by management is appropriate.

IMPAIRMENT OF PROPERTY PLANT AND EQUIPMENT AND EXPLORATION AND EVALUATION ASSETS

Key audit matter description	The recoverability of PP&E and E&E assets was considered a key audit matter due to the significant carrying value at 31 March 2021 $13,302 million (2020: $13,245 million). There is a history in the Group of significant impairment charges due to the nature of operations, volatility of commodity prices and various legal and licencing challenges across the Group.
How the scope of our audit responded to the key audit matter	We have obtained an understanding of the Group's process for identifying indicators of impairment, and when identified, their methodology for measuring the fair value of the Cash Generating Unit under review. We made our own assessments of the presence of impairment indicators considering recent trends in commodity price, and legal developments at the various operating components. Where impairment indicators were identified, we obtained and reviewed audit procedures completed by component auditors, assessing the appropriateness of the methodology and conclusions reached. As part of this review, we reviewed models prepared by management in their assessment of net present value of PP&E and E&E assets.
Key Observations	We concluded that management's assessment is appropriate and as detailed in note 2(c)(i)(vii) to the financial statements.

TAXATION CLAIMS AND EXPOSURES

Key audit matter description	The Group is subject to various tax disputes, mainly with the Indian authorities, which have been ongoing for numerous years. A material risk exists that the provision for these disputes is insufficient, or the contingent liability disclosed is understated, due to the inherent uncertainty in such disputes and the requirement for management judgements on whether the tax risk is remote, possible, or probable. The most material disputes relate to: 1. Indirect Transfer Issue and the withholding tax liability arising on the acquisition of shares of Cairn India Holdings Ltd from Cairn UK Holdings Ltd. In December 2020 the case was ruled in favour of the taxpayer at The Permanent Court of Arbitration at The Hague, though there are reports that the Indian authorities are appealing the decision. 2. Recomputed tax holiday claim on plants engaged in processing and casting zinc and lead ingots from zinc and lead cathodes and silver from silver mud. The majority of this dispute was classified as possible, which is the same classification as the prior year. 3. Rajasthan VAT Matter - Writ petition relating to sales tax. This was deemed as a remote tax risk by management.
How the scope of our audit responded to the key audit matter	We have engaged internal tax specialists to assist the audit team in performing work over all tax related matters. We have obtained an understanding of the processes in place to identify and assess risk in relation to tax disputes. We have critically reviewed detailed papers prepared by management assessing such risks and concluding on the appropriate accounting treatment of any potential liabilities. We have, along with local component auditors, reviewed the positions taken by management, and the relevant legal opinions, in respect of the major material taxation matters.
Key Observations	We concluded that management's assessment is appropriate and as detailed in notes 11 and 33d.

DEFERRED TAXATIONS AND MINIMUM ALTERNATIVE TAX (MAT) CREDIT RECOVERABILITY

Key audit matter description	The assessment and recoverability of deferred tax assets and MAT assets requires key management judgement regarding future suitable profits arising within a relevant timeframe, thus an inherent uncertainty and significant risk exists. The three most material elements of the recognised net deferred tax asset are MAT Credit Entitlement ($1,125m asset), Unabsorbed depreciation and business losses ($640m asset) and Property, Plant and Equipment, Exploration and Evaluation and other intangible assets ($1,096m liability).
How the scope of our audit responded to the key audit matter	We have obtained an understanding of the relevant controls in relation to the Group's deferred tax and MAT calculations. We have reviewed the completeness and accuracy of movements in deferred tax balances in light of the relevant accounting requirements. We have critically assessed the MAT recoverability information provided to us regarding the key risk in Vedanta Limited. We have challenged management's judgements and significant assumptions in relation to the movements in the deferred tax and MAT balances by way of inquiry of management, including at local component level, and inspection of relevant documentation involving our tax specialists. We have analysed the Group income tax reconciliation and determined whether there were any unidentified temporary tax differences, (including where certain material losses have not been recognised historically, though are now being recognised by ESL). We have evaluated deferred tax balances and verified their mathematical accuracy including related to movements in the carrying amount of assets and liabilities used in management's calculation were correct. We have reviewed the accuracy and completeness of the Group's disclosures in respect of deferred tax and MAT.
Key Observations	We concluded that management's assessment is appropriate and as detailed in note 11c.

COMPLETENESS OF RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

Key audit matter description	The Group enters into a number of trading, financing and investing transactions with related parties, including with key management personnel and with entities in which key management have interest and exercise a significant influence or control. There is a risk in respect of the existence of unidentified or undisclosed related parties and transactions, including the risk relating to significant transactions outside the normal course of business that could involve related parties. We therefore considered completeness of related party transactions to be a Key Audit Matter in light of the potential for unidentified or undisclosed related party transactions. This risk was considered greatest in respect of transactions outside the normal course of business or those entered into that are not recorded or disclosed by management in accordance with IAS 24.
How the scope of our audit responded to the key audit matter	We have reviewed and evaluated management's process for identifying and recording related parties and approving related party transactions. We have conducted review procedures of the audit work completed by component auditors to ensure the audit risk has been suitably addressed and aligns with the Group methodology. We have reviewed minutes of meetings of the Board of Directors and relevant sub-committees to assess whether there are new related party transactions entered during the financial year that are significant or outside the normal course of business. On Vedanta Resources Limited we have used our data analytics tool to search for transactions which have not been included in the related party disclosures. We have challenged management on potential counterparties identified which may include linkages to the Group to establish whether they should have been identified as related parties. We have performed independent searches of the Board of Directors' and other key management personnel's other appointments and shareholdings. We have conducted a review of the whistleblowing reports made to those charged with governance for any signs of undisclosed related party transactions or relationships. We have undertaken a review of press releases and media coverage to detect any potential undisclosed related party transactions either within or outside of the Group. We have reviewed the Group financial statements disclosures of related parties to ensure it is compliant with the requirements of IAS 24.
Key Observations	We are satisfied that related party transactions are appropriately accounted for, and that required disclosures in accordance with IAS 24 have been made.

MANAGEMENT OVERRIDE OF CONTROLS IN RELATION TO REVENUE RECOGNITION

Key audit matter description	The Group has a diverse range of revenue streams, some of which are subject to complex calculations and recognition criteria. Revenue for the year ended 31 March 2021 was $11,722 million (2020: $11,790 million). Revenue recognition criteria for the Group's material income streams is described in the note 2a iii. In our opinion, the complexity and diversity of revenue recognised means that it is subject increased risk of material misstatement, either through fraud or error, and it has therefore been highlighted as a Key Audit Matter.
How the scope of our audit responded to the key audit matter	All major sources of revenue come from components where a component auditor was engaged to report to us. As part of their procedures, which we reviewed and critically assessed, the component auditors completed the following: Performed walkthroughs of revenue recognition processes at all full scope components, and at those components where revenue was highlighted as a specific risk area. Performed detailed controls testing, including IT controls, to confirm the operating effectiveness. Reviewed and inspected agreements in respect to assess reasonability of income recognised in Power businesses. Reviewed and inspected terms of profit-sharing agreements to assess reasonability of revenue recognised in Oil and Gas businesses. Designed tests of detail, where appropriate, to test the completeness and accuracy of revenue recognised. Performed suitable analytical procedures, comparing key ratios such as gross profit margin, to ensure reasonable to analyse, explain and corroborate any unexpected differences. Performed detailed cut off procedures including checking to source shipping documentation and other third-party information to ensure appropriate recognition of income. Reviewed journal entries using suitable data analytics software, to identify and query any unusual or unexpected entries affecting turnover.
Key Observations	We concluded that revenue had been recorded appropriately.

OUR APPLICATION OF MATERIALITY

Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

GROUP

Materiality in respect of the Group was set at $95m (2020 $55m) which was determined based on 2.5% of EBITDA (2020 2.0% of EBITDA), as this was viewed as the financial measure that was of greatest relevance to all key stakeholders including management, shareholders, and external finance providers. EBITDA is a key performance indicator for the Group and is a key metric in assessing the performance of management. EBITDA also forms the basis of key restrictive covenants on external borrowings of the Group.

The increase in materiality relative to the previous year was due to an improvement in the Group EBITDA, which for the current year was $3,808m (2020: $3,003m) and a benchmark change from 2% to 2.5% which is in line with our firm's audit methodology.

Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Performance materiality for the Group was set at $57m (2020 $27m) which represents 60% (2020 – 50%) of the above materiality levels.

The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the adequacy of the Group's systems and controls, the impact of there being a number of components and locations, and our knowledge of the number, size and nature of misstatements identified in previous audits.

PARENT COMPANY

Materiality in respect of the parent was set at $18.7m (2020 $17.5m) which was determined on the basis of 0.5% of gross assets (2020 1% of equity), however was capped as a result of applying the Group materiality across components using the appropriate procedures. As a largely non-trading business, EBITDA was not considered an appropriate measure to base materiality on. As part of our materiality allocation across components, Balance Sheet measures of non-trading companies were considered when allocating component materiality.

Performance materiality for the Parent Company was set at $11.2m (2020: $8.75m) which represents 60% (2020 – 50%) of the above materiality levels.

The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the adequacy of the Group's systems and controls, the impact of there being a number of components and locations, and our knowledge of the number, size and nature of misstatements identified in previous audits.

SPECIFIC MATERIALITY

We applied the following materiality to the audit of specific financial statement areas:

Related parties **$1m**

Our audit work on the significant components of the Group, and for determining and evaluating the specific targeted procedures on other components, was executed at levels of materiality applicable to the individual entity which were lower than Group materiality. Financial statement materiality applied to these components of the Group was in the range of $3m to $76m.

We agreed to report any corrected or uncorrected adjustments exceeding $4.7m to the audit committee as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

THE SCOPE OF OUR AUDIT

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.

The Group manages its operations from India and has common financial systems, processes and controls covering all significant components.

The Group comprises 17 trading entities, a parent Company and 43 other non-trading investment or financing entities.

There were 6 significant components that were subjected to a full scope audit, as listed in the scope section above. As well as this, the parent Company was subject to a full scope audit.

Specific targeted procedures were performed on 4 trading components and 7 non-trading components where we considered that additional procedures on top of the use of component auditors was required.

There were a further 7 trading components and 36 non-trading components that were subject to group-wide analytical procedures.

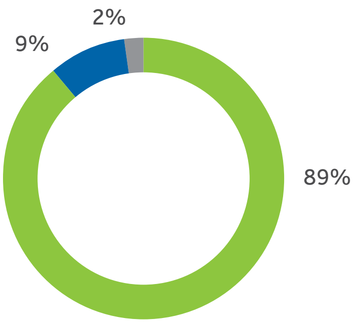
Use of Component Auditors

Our audit of the Group financial statements also involved the use of component auditors in India. The Group audit team provided comprehensive instructions to those component auditors. These instructions included details of the identified risks of material misstatement including those risks identified above. Those instruction also included an assessment of component materiality which ranged from $3m to $76m.

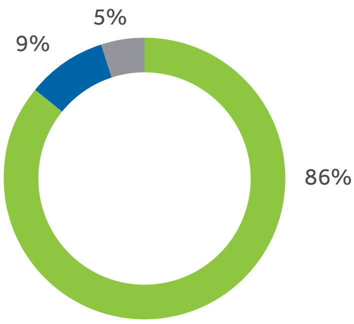
The Group audit team discussed and agreed the proposed approach to addressing these risks with the component auditors and the nature and form of their reporting on the results of their work. The Group team conducted remote reviews of the working papers prepared by component auditors. They also participated in conference calls at various phases of the audit engagement as part of their management and control of the Group audit engagement.

The work over the significant components, combined with the specific targeted procedures on certain components, gave us coverage of 98% of EBITDA and we performed analytical review procedures over the remaining trading entities to ensure we had the evidence needed to form our opinion on the financial statements as a whole.

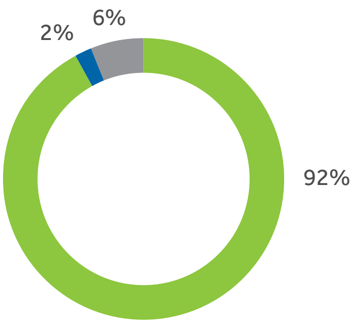
EBITDA



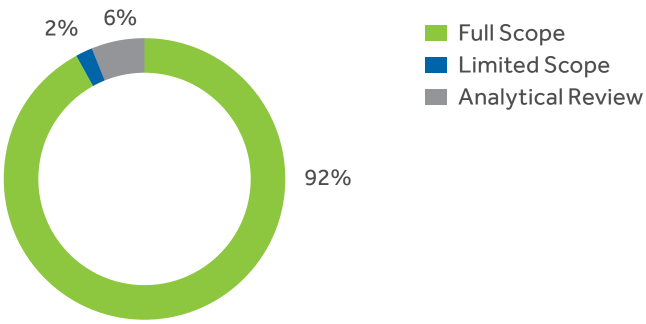
REVENUE



GROSS ASSETS



NET ASSETS



REPORTING ON OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. Our opinion of the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

STRATEGIC REPORT AND DIRECTORS REPORT

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received by branches not visited by us; or
- the financial statements of the Parent Company are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory frameworks that the Group operates in, focusing on those laws and regulations that had a direct effect on the financial statements. The key laws and regulations we considered in this context included, the Companies Act 2006 and applicable tax legislation. In addition, we considered compliance with the UK Bribery Act and employee legislation, as fundamental to the Group's operations.
- Enquiry of management to identify any instances of non-compliance with laws and regulations.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Enquiry of management around actual and potential litigation and claims including review of professional legal opinions where appropriate.
- Enquiry of the audit committee concerning actual and potential litigation and claims.
- Enquiry of management to identify any instances of known or suspected instances of fraud.
- Discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing internal audit reports.
- Reviewing the control systems in place and testing the effectiveness of certain controls.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias.
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular with respect to provisions for claims incurred but not reported; and
- Assessment of the procedures performed by component auditors in respect of the capability of such procedures to detect irregularities including fraud, from a detailed review of their work.

A further description of our responsibilities for the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities . This description forms part of our auditor's report.

USE OF OUR REPORT

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.

Rakesh Shaunak (Senior Statutory Auditor) for and on behalf of MHA MacIntyre Hudson Statutory Auditor
London

18 June 2021

Consolidated Income Statement

(US$ million)

	Note	Year ended 31 March 2021 Before Special items	Year ended 31 March 2021 Special items (Note 6)	Year ended 31 March 2021 Total	Year ended 31 March 2020 Before Special items	Year ended 31 March 2020 Special items (Note 6)	Year ended 31 March 2020 Total
Revenue	5	11,722	-	11,722	11,790	-	11,790
Cost of sales		(8,494)	(16)	(8,510)	(9,611)	24	(9,587)
Gross profit		**3,228**	**(16)**	**3,212**	**2,179**	**24**	**2,203**
Other operating income		178	-	178	142	-	142
Distribution costs		(272)	-	(272)	(257)	-	(257)
Administrative expenses		(433)	-	(433)	(473)	(17)	(490)
Impairment (charge)/reversal [net]	6	-	(33)	(33)	-	(2,072)	(2,072)
Operating profit/ (loss)		**2,701**	**(49)**	**2,652**	**1,591**	**(2,065)**	**(474)**
Investment revenue	7	292	-	292	382	12	394
Finance costs	8	(1,209)	(58)	(1,267)	(1,179)	-	(1,179)
Other gains and (losses) [net]	9	11	(5)	6	(87)	-	(87)
Profit/ (loss) before taxation from continuing operations (a)		**1,795**	**(112)**	**1,683**	**707**	**(2,053)**	**(1,346)**
Net (expense)/tax credit (b)	11	(316)	18	(298)	(411)	781	370
Profit/ (loss) for the year from continuing operations (a+b)		**1,479**	**(94)**	**1,385**	**296**	**(1,272)**	**(976)**
Profit/ (Loss) after tax for the year from discontinued operations	3(b)	-	91	91	-	(771)	(771)
Profit/ (loss) for the year		**1,479**	**(3)**	**1,476**	**296**	**(2,043)**	**(1,747)**
Attributable to:							
Equity holders of the parent		303	20	323	(202)	(1,366)	(1,568)
Non-controlling interests		1,176	(23)	1,153	498	(677)	(179)
Profit/ (loss) for the year		**1,479**	**(3)**	**1,476**	**296**	**(2,043)**	**(1,747)**

Consolidated Statement of Comprehensive Income

		(US$ million)
	Year ended 31 March 2021	Year ended 31 March 2020
Profit/ (Loss) for the year	**1,476**	**(1,747)**
Items that will not be reclassified subsequently to income statement:		
Remeasurement of net defined benefit plans (note 27)	(1)	(30)
Tax effects on net defined benefit plans	(1)	10
Profit/ (Loss) on fair value of financial asset investment	9	(10)
Total (a)	**7**	**(30)**
Items that may be reclassified subsequently to income statement:		
Exchange differences arising on translation of foreign operations	232	(652)
(Loss)/ Gains of cash flow hedges recognized during the year	(34)	18
Tax effects arising on cash flow hedges	12	(6)
Gains/ (loss) on cash flow hedges recycled to income statement	24	(4)
Tax effects arising on cash flow hedges recycled to income statement	(8)	2
Total (b)	**226**	**(642)**
Other comprehensive profit/ (loss) for the year (a+b)	**233**	**(672)**
Total comprehensive profit/ (loss) for the year	**1,709**	**(2,419)**
Attributable to:		
Equity holders of the parent	419	(1,802)
Non-controlling interests	1,290	(617)
Total comprehensive profit/ (loss) for the year	**1,709**	**(2,419)**

Consolidated Statement of Financial Position

(US$ million)

	Note	As at 31 March 2021	As at 31 March 2020*
ASSETS			
Non-current assets			
Goodwill	14	12	12
Intangible assets	15	99	100
Property, plant and equipment	16	12,968	13,005
Exploration and evaluation assets	16	334	240
Financial asset investments	17	21	12
Non-current tax assets	11(d)	375	354
Other non-current assets	18	1,701	1,548
Financial Instruments (derivatives)	25	-	-
Deferred tax assets	11(c)	1,018	1,114
		16,528	**16,385**
Current assets			
Inventories	19	1,358	1,515
Trade and other receivables	18	1,465	1,102
Financial instruments (derivatives)	25	10	93
Current tax assets		1	1
Short-term investments	20	5,002	4,385
Cash and cash equivalents	21	955	705
		8,791	**7,801**
Total assets		**25,319**	**24,186**
LIABILITIES			
Current liabilities			
Borrowings	22(a)	3,673	10,186
Operational buyer's credit/supplier's credit	22(c)	1,104	1,361
Trade and other payables	24	4,442	4,358
Financial instruments (derivatives)	25	38	13
Retirement benefits	27	16	15
Provisions	26	32	32
Current tax liabilities		38	26
		9,343	**15,991**
Net current liabilities		**(552)**	**(8,190)**
Non-current liabilities			
Borrowings	22(a)	12,704	4,909
Trade and other payables	24	205	232
Financial instruments (derivatives)	25	10	6
Deferred tax liabilities	11(c)	299	397
Retirement benefits	27	20	22
Provisions	26	407	356
Non equity non-controlling interests	23	-	-
		13,645	**5,922**
Total liabilities		**22,988**	**21,913**
Net assets		**2,331**	**2,273**
Equity			
Share capital	30	29	29
Share premium		-	202
Hedging reserve		(97)	(95)
Other reserves		(296)	(331)
Retained earnings		(2,783)	(3,068)
Equity attributable to equity holders of the parent		**(3,147)**	**(3,263)**
Non-controlling interests	31	5,478	5,536
Total equity		**2,331**	**2,273**

*Restated. Refer note 1(b)(i)

Financial Statements of Vedanta Resources Limited with registration number 4740415 were approved by the Board of Directors on 18 June 2021 and signed on their behalf by

Navin Agarwal
Director

Consolidated Cash Flow Statement

(US$ Million)

	Note	Year ended 31 March 2021	Year ended 31 March 2020*
OPERATING ACTIVITIES			
Profit/(Loss) before taxation from continuing operations		1,683	(1,346)
Adjustments for:			
Depreciation and amortisation		1,099	1,412
Investment revenues		(292)	(394)
Finance costs		1,267	1,179
Other (gains) and losses (net)		(8)	87
(Profit)/ Loss on disposal of PP&E		(10)	8
Write-off of unsuccessful exploration costs		1	-
Share-based payment charge		8	10
Impairment charge (net)		33	2,072
Other special items		16	(7)
Other non-cash items		-	-
Operating cash flows before movements in working capital		**3,797**	**3,021**
Decrease in inventories		187	292
Increase in receivables		(409)	(713)
(Decrease)/ Increase in payables		(241)	411
Cash generated from operations		**3,334**	**3,011**
Dividend received		-	2
Interest received		320	130
Interest paid		(1,336)	(1,136)
Income taxes paid (net of refunds)		(315)	(165)
Dividends paid		(162)	(536)
Cash Flows from operating activities (Continuing activities)		**1,841**	**1,306**
Net cash from Operating Activities (Discontinued operations)		-	3
Net cash inflow from operating activities		**1,841**	**1,309**
CASH FLOWS FROM INVESTING ACTIVITIES			
Consideration paid for business acquisition (net of cash and cash equivalents acquired)	3(b)	(6)	(5)
Purchases of property, plant and equipment, intangibles, exploration and evaluation assets		(913)	(1,104)
Proceeds on disposal of property, plant and equipment, intangibles, exploration and evaluation assets		23	21
Proceeds from redemption of short-term investments	22(b)	13,988	15,178
Purchases of short-term investments	22(b)	(14,723)	(15,460)
Proceeds from sale of financial asset investments	22(b)	-	428
Payments toward financial asset investments	22(b)	-	(63)
Amount paid against guarantees issued on behalf of KCM		-	(251)
Reduction in cash and cash equivalents from discontinued operations		-	(1)
Cash Flows from investing activities (Continuing activities)		**(1,631)**	**(1,257)**
Net cash used in investing activities (Discontinued operations)		-	(4)
Net cash used in investing activities		**(1,631)**	**(1,261)**

Consolidated Cash Flow Statement

(US$ Million)

	Note	Year ended 31 March 2021	Year ended 31 March 2020*
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for acquiring non-controlling interest		(403)	(15)
Dividends paid to non-controlling interests of subsidiaries		(992)	(101)
Exercise of stock options in subsidiary		-	-
Repayment of working capital loan (net)	22(b)	(1,294)	(1,604)
Proceeds from other short-term borrowings	22(b)	3,569	317
Repayment of other short-term borrowings	22(b)	(3,394)	(551)
Proceeds from long-term borrowings	22(b)	5,182	4,294
Repayment of long-term borrowings	22(b)	(2,845)	(2,650)
Payment of lease liabilities		(46)	(45)
Cash Flows from financing activities (Continuing activities)		**(223)**	**(355)**
Net cash from Financing Activities (Discontinued operations)		-	-
Net cash used in financing activities		**(223)**	**(355)**
Net decrease in cash and cash equivalents		**(13)**	**(307)**
Effect of foreign exchange rate changes		22	(62)
Cash and cash equivalents at beginning of the year		**692**	**1,061**
Cash and cash equivalents at end of the year	21 & 22(b)	701	692

*Refer Note 1(b)(ii)

Consolidated Statement of Changes in Equity

For the year ended 31 March 2021

(US$ million)

	Attributable to equity holders of the parent							
	Share capital (Note 30)	Share premium	Hedging reserve	Other reserves[1]	Retained earnings	Total	Non-controlling Interests	Total equity
At 1 April 2020	29	202	(95)	(331)	(3,068)	(3,263)	5,536	2,273
Profit for the year	-	-	-	-	323	323	1,153	1,476
Other comprehensive income/ (loss) for the year	-	-	(2)	98	-	96	137	233
Total comprehensive income/ (loss) for the year	**-**	**-**	**(2)**	**98**	**323**	**419**	**1,290**	**1,709**
Transfers	-	-	-	(63)	63	-	-	-
Dividends paid/ payable (note 13)	-	-	-	-	(251)	(251)	(992)	(1,243)
Exercise of stock options of subsidiary	-	-	-	-	5	5	3	8
On account of Capital reduction[3]	-	(202)	-	-	202	-	-	-
Acquisition of FACOR	-	-	-	-	-	-	(4)	(4)
Share buy back	-	-	-	-	(38)	(38)	(365)	(403)
Change in fair value of put option liability/conversion option asset/ derecognition of non controlling interest	-	-	-	-	(19)	(19)	15	(4)
Other changes in non-controlling interests[2]	-	-	-	-	-	-	(5)	(5)
At 31 March 2021	**29**	**-**	**(97)**	**(296)**	**(2,783)**	**(3,147)**	**5,478**	**2,331**

1. Other reserves comprise the currency translation reserve, merger reserve, investment revaluation reserve, debenture redemption reserve, capital redemption reserve and the general reserves established in the statutory accounts of the Group's subsidiaries.
2. Includes share-based payment charge by subsidiaries and exercise of stock options of subsidiary.
3. Pursuant to Section 641 (1) (a) of Companies Act 2006, US$ 202 million of share premium was converted into distributable reserves. Accordingly, the share premium account was reduced to nil.

For the year ended 31 March 2020

(US$ million)

	Attributable to equity holders of the parent							
	Share capital (Note 30)	Share premium	Hedging reserve	Other reserves[1]	Retained earnings	Total	Non-controlling Interests	Total equity
At 1 April 2019	29	202	(98)	(97)	(964)	(928)	6,181	5,253
Loss for the year	-	-	-	-	(1,568)	(1,568)	(179)	(1,747)
Other comprehensive income/ (loss) for the year	-	-	3	(237)	-	(234)	(438)	(672)
Total comprehensive income/(loss) for the year	**-**	**-**	**3**	**(237)**	**(1,568)**	**(1,802)**	**(617)**	**(2,419)**
Transfers	-	-	-	(14)	14	-	-	-
Dividends paid/ payable (note 13)	-	-	-	-	(537)	(537)	(101)	(638)
Derecognition of Non-controlling interest pertaining to KCM (refer note 3(b))	-	-	-	-	-	-	86	86
Acquisition of Non-controlling interest of ESL	-	-	-	17	-	17	(33)	(16)
Change in fair value of put option liability/conversion option asset/ derecognition of non-controlling interest	-	-	-	-	(16)	(16)	12	(4)
Other changes in non-controlling interests[2]	-	-	-	-	3	3	8	11
At 31 March 2020	**29**	**202**	**(95)**	**(331)**	**(3,068)**	**(3,263)**	**5,536**	**2,273**

1. Other reserves comprise the currency translation reserve, merger reserve, investment revaluation reserve, debenture redemption reserve, capital redemption reserve and the general reserves established in the statutory accounts of the Group's subsidiaries.
2. Includes share-based payment charge by subsidiaries and exercise of stock options of subsidiary.

Other Reserves Comprise

(US$ million)

	Currency translation reserve	Merger reserve[2]	Financial asset investment revaluation reserve	Capital Reserve	Other reserves[3]	Total
At 1 April 2019	(2,380)	4	11	12	2,256	(97)
Exchange differences on translation of foreign operations	(225)	-	-	-	-	(225)
Loss on fair value of financial asset investments	-	-	(5)	-	-	(5)
Remeasurements	-	-	-	-	(7)	(7)
Acquisition of Non-controlling interest of ESL	-	-	-	17	-	17
Transfer to retained earnings [1]	-	-	-	-	(14)	(14)
At 1 April 2020	**(2,605)**	**4**	**6**	**29**	**2,235**	**(331)**
Exchange differences on translation of foreign operations	93	-	-	-	-	93
Loss on fair value of financial asset investments	-	-	5	-	-	5
Remeasurements	-	-	-	-	0	0
Transfer to retained earnings [1]	-	-	-	-	(63)	(63)
At 31 March 2021	**(2,512)**	**4**	**11**	**29**	**2,172**	**(296)**

(1) Transfer to retained earnings during the year ended 31 March 21 includes withdrawal of US$ 39 million from debenture redemption reserve (31 March 2020: US$ 14 million of debenture redemption reserve).

(2) 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 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 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.

(3) Other reserves includes legal reserves of US$ 4 million (31 March 2020: US$ 4 million), debenture redemption reserve of US$ 91 million (31 March 2020 US$ 130 million) and balance mainly includes general reserve and capital redemption reserve. Debenture redemption reserve is required to be created under the Indian Companies Act from annual profits until such debentures are redeemed. Legal reserve is required to be created by Fujairah Gold by appropriation of 10 % of profits each year until the balance reaches 50% of the paid up share capital. This reserve is not available for distribution except in circumstances stipulated by the Articles of Incorporation. Under the erstwhile Indian Companies Act, 1956, general reserve was created in relation to Group's Indian subsidiaries through an annual transfer of net income to general reserve 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 total distributable reserves for that year. The said requirement was dispensed with w.e.f. 1 April 2013 and there are no restrictions of use of these reserves.

Group Overview

Vedanta Resources Limited ("Vedanta" or "VRL" or "Company") is a company incorporated and domiciled in the United Kingdom. Registered address of the Company is 8th Floor, 20 Farringdon Street, London, EC4A 4AB. Vedanta and its consolidated subsidiaries (collectively, the "Group") is a diversified natural resource group engaged in exploring, extracting and processing minerals and oil and gas. The Group engages in the exploration, production and sale of zinc, lead, silver, copper, aluminium, iron ore and oil & gas and have a presence across India, South Africa, Namibia, Ireland, Australia, Liberia and UAE. The Group is also in the business of commercial power generation, steel manufacturing and port operations in India and manufacturing of glass substrate in South Korea and Taiwan.

Details of the Group's various businesses are as follows.

- Zinc India business is owned and operated by Hindustan Zinc Limited ("HZL").
- Zinc international business is comprising of Skorpion mine and refinery in Namibia operated through THL Zinc Namibia Holdings (Proprietary) Limited ("Skorpion"), Lisheen mine in Ireland operated through Vedanta Lisheen Holdings Limited ("Lisheen") (Lisheen mine ceased operations in December 2015) and Black Mountain Mining (Proprietary) Limited ("BMM"), whose assets include the operational Black Mountain mine and the Gamsberg mine located in South Africa.
- The Group's oil and gas business is owned and operated by Vedanta Limited and its subsidiary, Cairn Energy Hydrocarbons Limited and consists of exploration, development and production of oil and gas.
- The Group's iron ore business is owned by Vedanta Limited, and by two wholly owned subsidiaries of Vedanta Limited, i.e., Sesa Resources Limited and Sesa Mining Corporation Limited and consists of exploration, mining and processing of iron ore, pig iron and metallurgical coke and generation of power for captive use. Pursuant to the order of Honourable Supreme Court of India, mining operations in the state of Goa are currently suspended. The Group's iron ore business includes Western Cluster Limited ("WCL") in Liberia which has iron ore assets and is wholly owned by the Group. WCL's assets include development rights to Western Cluster and a network of iron ore deposits in West Africa. WCL's assets have been fully impaired.
- The Group's copper business comprises three operations divided into two segments, namely (i) Copper India/Australia, comprising Vedanta Limited's custom smelting operations in India (including captive power plants at Tuticorin in Southern India) and (ii) Copper Zambia comprising Konkola Copper Mines plc's ("KCM") mining and smelting operations in Zambia. In view of ongoing litigations in relation to the Zambian operations, the Group believes that it has lost control over KCM and has accordingly deconsolidated the same (refer note 3(b)(iii) for further details).

  The Group's copper business in India has received an order from Tamil Nadu Pollution Control Board ("TNPCB") on 09 April 2018, rejecting the Group's application for renewal of consent to operate under the Air and Water Acts for the 400,000 tpa copper smelter plant in Tuticorin for want of further clarification and consequently the operations were suspended. The Group has filed an appeal with TNPCB Appellate authority against the said order. During the pendency of the appeal, TNPCB through its order dated 23 May 2018 ordered for disconnection of electricity supply and closure of the copper smelter plant. Post such order, the state government on 28 May 2018 ordered the permanent closure of the plant. (Refer Note 3(a)(vii)).

  Further, the Group's copper business includes refinery and rod plant Silvassa consisting of a 133,000 MT of blister/ secondary material processing plant, a 216,000 tpa copper refinery plant and a copper rod mill with an installed capacity of 258,000 tpa. The plant continues to operate as usual, catering to the domestic market.

  In addition, the Group owns and operates the Mt. Lyell copper mine in Tasmania, Australia through its subsidiary, CMT and a precious metal refinery and copper rod plant in Fujairah, UAE through its subsidiary Fujairah Gold FZC. The operations of Mt Lyell copper mine were suspended in January 2014 following a mud slide incident and were put into care and maintenance since 09 July 2014 following a rock fall incident in June 2014.
- The Group's Aluminium business is owned and operated by Vedanta Limited and by Bharat Aluminium Company Limited ("BALCO"). The aluminium operations include a refinery and captive power plant at Lanjigarh and a smelter and captive power plants at Jharsuguda both situated in the State of Odisha in India. BALCO's partially integrated aluminium operations comprise two bauxite mines, captive power plants, smelting and fabrication facilities in the State of Chhattisgarh in central India.
- The Group's power business is owned and operated by Vedanta Limited, BALCO, and Talwandi Sabo Power Limited ("TSPL"), a wholly owned subsidiary of Vedanta Limited, which are engaged in the power generation business in India. Vedanta Limited power operations include a thermal coal- based commercial power facility of 600 MW at Jharsuguda in the State of Odisha in Eastern India. BALCO power operations include 300 MW thermal coal-based power plant at Korba.

Group Overview

TSPL power operations include 1,980 MW (three units of 660 MW each) thermal coal- based commercial power facilities. Power business also includes the wind power plants commissioned by HZL and a power plant at MALCO Energy Limited ("MEL") (under care and maintenance) situated at Mettur Dam in State of Tamil Nadu in southern India.

- The Group's other activities include ESL Steel Limited ("ESL") acquired on 04 June 2018. ESL is engaged in the manufacturing and supply of billets, TMT bars, wire rods and ductile iron pipes in India.

The Group's other activities also include Vizag General Cargo Berth Private Limited ("VGCB") and Maritime Ventures Private Limited ("MVPL"). Vizag port project includes mechanization of coal handling facilities and upgradation of general cargo berth for handling coal at the outer harbour of Visakhapatnam Port on the east coast of India. VGCB commenced operations in the fourth quarter of fiscal year 2013. MVPL is engaged in the business of rendering logistics and other allied services inter alia rendering stevedoring, and other allied services in ports and other allied sectors. The Group's other activities also include AvanStrate Inc. ("ASI") and Ferro Alloys Corporation Limited ("FACOR"). ASI is involved in manufacturing of glass substrate in South Korea and Taiwan. FACOR was acquired on 21 September 2020 and is involved in business of producing Ferro Alloys and owns a Ferro Chrome plant with capacity of 72,000 TPA, two operational Chrome mines and 100 MW of Captive Power Plant through its subsidiary, FACOR Power Limited ("FPL").

DELISTING OF VEDANTA LIMITED

On 12 May 2020, the Company announced its intention to acquire outstanding shares of Vedanta Limited from the market and take Vedanta Limited private by delisting it from all stock exchanges in India and SEC.

The Company also informed Vedanta Limited Board vide letter dated 12 May 2020 and in turn Vedanta Limited had informed the Indian stock exchanges that it has received a letter from VRL, wherein VRL has expressed its intention to, either individually or along with one or more subsidiaries, acquire all fully paid-up equity shares of Vedanta Limited ("Equity Shares") that are held by the public shareholders (as defined under the Delisting Regulations, to be referred to as "Public Shareholders") and consequently voluntarily delist the Equity Shares from BSE Limited and National Stock Exchange of India Limited, the recognized stock exchanges where the Equity Shares are presently listed ("Stock Exchanges"), in accordance with the Delisting Regulations ("Delisting Proposal") and if such delisting is successful, then to also delist the company's American Depositary Shares from the New York Stock Exchange ("NYSE") and deregister the company from the Securities and Exchange Commission ("SEC"), subject to the requirements of the NYSE and the SEC.

Further, the board of directors of Vedanta Limited in their meeting held on 18 May 2020 have considered and granted their approval for the said Delisting Proposal and to seek shareholders' approval for the said proposal via postal ballot. The Shareholder notices for postal ballot was posted on 24 May 2020 and shareholder approved the delisting of Vedanta Limited on 25 June 2020.

The Stock Exchanges granted in-principal approval for delisting vide their letters each dated 28 September 2020. VRL and its wholly owned subsidiaries, namely, Vedanta Holdings Mauritius Limited and Vedanta Holdings Mauritius II Limited had issued a public announcement with regard to the delisting offer on 29 September 2020 in accordance with Regulation 10(1) of the Delisting Regulations.

The Public Shareholders holding Equity Shares were invited to submit bids through reverse book building process conducted through the Stock Exchange Mechanism of BSE during the bid period (5 October 2020 to 9 October 2020), in accordance with the Delisting Regulations.

The total number of Offer Shares validly tendered by the Public Shareholders in the Delisting Offer were 1,25,47,16,610, which were less than the minimum number of Offer Shares required to be accepted by the Acquirers in order for Delisting Offer to be successful in terms of Regulation 17(1)(a) of the Delisting Regulations.

Thus, the Delisting Offer was considered to be unsuccessful in terms of Regulation 19(1) of the Delisting Regulations. Accordingly, the Acquirers did not acquire any Equity Shares tendered by the Public Shareholders in the Delisting Offer and the Equity Shares of Vedanta Limited continue to remain listed on the Stock Exchanges.

Notes to the Financial Statements

1. BASIS OF PREPARATION AND BASIS OF MEASUREMENT OF FINANCIAL STATEMENTS

a) Basis of preparation

The consolidated 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) and IFRS in conformity with the requirements of Companies Act 2006.

These financial statements have been prepared in accordance with the accounting policies, set out below and were consistently applied to all periods presented unless otherwise stated.

These financial statements are approved for issue by the Board of Directors on 18 June 2021.

These financial statements are presented in US dollars being the functional currency of the Company and all values are rounded off to the nearest million except when indicated otherwise. Amounts less than US$ 0.5 million have been presented as "0".

b) Restatement/Reclassification

On an ongoing basis, the management reviews the changes in the nature of the Company's operations, selection and application of accounting policies and recent accounting pronouncements to assess appropriateness of presentation or classifications of items in the financial statements. For the year ended 31 March 2021, the Company has revised the presentation of:

i) operational buyer's/suppliers' credit and vendor financing (Refer note 22(c)) on the face of the balance sheet, which were previously included under trade payables to enhance the understanding of the financial statements. The value of such liabilities as at 01 April 2020 was US$ 1,361 Million (As at 31 March 2021: US$ 1,104 Million) and this reclassification has not had any material impact on the financial statements.

ii) the constituents of cash and cash equivalents for the purpose of cash flow statement and movement in net debt (Refer Note 22(b)) do not consider the restricted cash and cash equivalents amount hitherto included in other bank balance. Consequently, such accounts amounting to US$ 72 Million and US$ 13 Million as at 31 March 2019 and 31 March 2020 respectively have been excluded from opening and closing cash and cash equivalents for the year ended March 31, 2020 for the purpose of above notes.

iii) the constituents of 'Short term investments' for the purpose of movement in net debt to include only those amounts of restricted funds that are corresponding to liabilities (e.g. margin money deposits) and non-current bank deposit included for purpose of Movement in net debt disclosure. Consequently, restricted funds amounting to US$ 27 Million and US$ 8 Million as at 31 March 2019 and 31 March 2020 have been excluded from opening and closing 'Short-term investments' and non-current bank deposit amounting to US$ 3 Million and US$ 5 Million as at 31 March 2019 and 31 March 2020 included in movement in net debt disclosure.

c) Basis of Measurement

The consolidated financial statements have been prepared using historical cost convention and on an accrual method of accounting, except for certain financial assets and liabilities which are measured at fair value as explained in the accounting policies below.

d) Going concern

The Group has prepared the consolidated financial statements on a going concern basis. The Directors have considered a number of factors in concluding on their going concern assessment.

The Group monitors and manages its funding position and liquidity requirements throughout the year and routinely forecasts its future cash flows and financial position. The key assumptions for these forecasts include production profiles, commodity prices and financing activities.

The last going concern assessment carried out for the period ended 30 September 2020 was approved by the Board of Directors in December 2020. The Directors were confident that the Group will be able to ensure production is not materially impacted by the COVID-19 pandemic, that the Group will be able to roll-over or obtain external financing as required and that prices will remain within their expected range.

Since then, while the other mitigating actions as highlighted in the period ended 30 September 2020 financial statements

Notes to the Financial Statements

remain available to the Group, following recent significant developments have had a positive bearing on the liquidity and Company's ability to continue as going concern;

a. The Group has raised $ 1Bn Bonds in December 2020 to repay upcoming maturity of bonds in June 2021 while providing certain liquidity for other repayments in Q4 FY21.

b. On 24 December 2020, VRL purchased on the market 185,000,000 equity shares of Vedanta Limited ("VEDL") at a price of INR 159.94 per share, increasing its overall stake from 50.13% to 55.11% of the total paid-up share capital of VEDL.

c. In January 2021, VRL announced a voluntary open offer ("VOO") to acquire an additional 10% stake in VEDL which was subsequently increased to an offer for acquiring 17.51% of paid up share capital of VEDL at a price of INR 235 per share in March 2021.

In April 2021, 374,231,161 equity shares representing 10.1% of paid up share capital of Vedanta Limited were validly tendered in the VOO. The acquisition of such equity shares was completed, and consideration for such acquisition was paid in April 2021. Post this acquisition, the Company's shareholding in Vedanta Limited increased from current 55.1% to 65.2%

For this stake increase in VEDL by VRL through creeping acquisition and VOO:

- the Group raised $1bn through private financing in December 2020, $0.4bn drawn in December for creeping acquisition of 4.98% VEDL Stake, $0.1bn drawn in April'21 for VOO;
- $1.2bn Bond raised in February 2021 at the rate of 8.95% for stake purchase in VEDL under VOO/refinancing, c. $0.8bn used for VOO in April 2021; and
- c. $0.4bn term loan facilities executed with certain banks.

The Directors consider that the expected operating cash flows of the Group combined with the current finance facilities which are in place give them confidence that the Group has adequate resources to continue as a going concern.

The Directors have considered the Group's ability to continue as a going concern in the period to 30 September 2022 ("the going concern period") under both a base case and a downside case.

The downside case assumes, amongst other sensitivities, delayed ramp-up and re-opening of projects, deferment of additional capital expenditure and a conservative assumption of uncommitted refinancing.

- **Covenant Compliance**

The Group's financing facilities, including bank loans and bonds, contain covenants requiring the Group to maintain specified financial ratios. The Group has complied with all the covenant requirements till 31 March 2021.

Management notes that the Group has previously obtained covenant waivers, including in response to the appointment of a provisional liquidator at KCM. Additionally, the Group has recently successfully amended the covenants for its listed bonds. The Directors of the Group are confident that they will be able to execute mitigating actions (see below) to ensure that the Group avoids, or secures waivers or relaxations for future period breaches, if any, of its covenants during the going concern period.

Mitigating actions

The mitigating options available to the Group and Company to address the uncertainties in relation to going concern include:

- Out of the $1.2 bn bonds raised in February 2021, c. $0.4bn available for refinancing/ interest servicing at VRL. Out of $1.0bn private financing obtained in December 2020, $0.5bn is undrawn. Further, $0.2bn one year term loans tied up with two foreign banks.
- Vedanta Limited executed a ~$1.4bn long term syndicated long term facility agreement with overall maturity of seven years with State Bank of India, Bank of Baroda, Indian Bank and Yes Bank Limited as arrangers. Out of ~$1.4bn, ~$1.2bn has been drawn till March 2021 and further ~$0.2bn will be drawn in Q1 FY21-22.
- Execution of an off-take agreement covering certain future production and amounting potentially to c. $1bn. The Group is currently negotiating with a number of interested bidders an off-take agreement, under which the Group would receive an advance payment in return for supply of certain future production. However, no agreement

Notes to the Financial Statements

has been concluded and there is a therefore uncertainty as to the Group's ability to access these funds.

- Extension of working capital facilities and rollover of commercial papers: As at 31 March 2021, the Group had unutilised working capital facilities amounting to c. $1.8bn and commercial papers in issue amounting to c. $0.3bn. These facilities are not committed for the full duration of the going concern period to September 2022, but rather must be extended or rolled over. There is therefore a risk that, in adverse market conditions, the Group would not be able to extend or roll over these facilities. However, the Directors assess that the Group has a strong record of extending and rolling over these short-term facilities and has historically had significantly higher levels of commercial papers in issue.
- Access to supplier credit and customer advances: As at 31 March 2021, the Group had c. $1.1bn of supplier's credit and c. $0.7bn of advances from customers. These financing arrangements are integral to the business of certain Group divisions, but are not committed for the full duration of the going concern period. There is therefore a risk that the Group will not be able to access these financing arrangements in the future. Nevertheless, the Directors note that the Group has in the past consistently obtained supplier credit and customer advances at current levels.

Conclusion
Notwithstanding the uncertainties described above, the Directors have confidence in Group's ability to execute sufficient mitigating actions. Based on these considerations, the Directors have a reasonable expectation that the Group and the Company will meet its commitments as they fall due over the going concern period. Accordingly, the Directors continue to adopt the going concern basis in preparing the Group's consolidated financial statements and Company's standalone financial statements.

e) Parent Company financial statements
The financial statements of the parent company, Vedanta Resources Limited, incorporated in the United Kingdom, have been prepared in accordance with FRS 101 and UK company law. The Company financial statements and associated notes have been presented separately.

2(A) ACCOUNTING POLICIES

(i) Basis of consolidation

Subsidiaries:

The consolidated financial statements incorporate the results of the Company and all its subsidiaries (the "Group"), being the entities that it controls. Control is evidenced where the Group 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's returns.

The financial statements of subsidiaries are prepared for the same reporting year as the Company. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies in line with accounting policies of the Group.

For non-wholly owned subsidiaries, a share of the profit/(loss) 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 statement of financial position.

Liability for put option issued to non-controlling interests which do not grant present access to ownership interest to the Group is recognised at present value of the redemption amount and is reclassified from equity. At the end of each reporting period, the non-controlling interests subject to put option is derecognised and the difference between the amount derecognised and present value of the redemption amount, which is recorded as a financial liability, is accounted for as an equity transaction.

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. Similarly, 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 off during the year are included in the consolidated income statement

Notes to the Financial Statements

from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated. 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. Investments in joint arrangements are classified as either joint operations or joint venture. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement, have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby, the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group has both joint operations and joint ventures.

Joint operations

The Group has Joint operations within its Oil and gas segment. It participates in several unincorporated joint operations which involve the joint control of assets used in oil and gas exploration and producing activities. The Group accounts for its share of assets, liabilities, income and expenditure of joint operations in which the Group holds an interest. Liabilities in unincorporated joint operations where the Group is the operator, is accounted for at gross values (including share of other partners) with a corresponding receivable from the venture partners. These have been included in the consolidated financial statements under the appropriate headings.

Details of joint operations are set out in note 38.

Joint venture

The Group accounts for its interest in joint venture using the equity method, after initially being recognised at cost in the consolidated statement of financial position. Goodwill arising on the acquisition of joint venture is included in the carrying value of investments in joint venture.

Investments in associates:

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for using the equity method. Goodwill arising on the acquisition of associates is included in the carrying value of investments in associate.

Equity method of accounting

Under the equity method of accounting applicable for investments in associates and joint ventures, investments are initially recorded at the cost to the Group and then, in subsequent periods, the carrying value is adjusted to reflect the Group's share of the post-acquisition profits or losses of the investee, and the Group's share of other comprehensive income of the investee, other changes to the investees net assets and is further adjusted for impairment losses, if any. Dividend received or receivable from associate and joint ventures are recognised as a reduction in carrying amount of the investment.

The consolidated income statement and consolidated statement of comprehensive income include the Group's share of investee's results, except where the investee is generating losses, share of such losses in excess of the Group's interest in that investee are not recognised. Losses recognised under the equity method in excess of the Group's investment in ordinary shares are applied to the other components of the Group's interest that forms part of Group's net investment in the investee in the reverse order of their seniority (i.e., priority in liquidation).

If the Group's share of losses in an associate or joint venture equals or exceeds, its interests in the associate or joint venture, the Group discontinues the recognition of further losses. Additional losses are provided for, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate/ joint venture.

Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in these entities. Unrealised losses are eliminated in the same way as unrealized gains,

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but only to the extent that there is no evidence of impairment of the asset transferred. Accounting policies of equity accounted investees is changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 2 (a)(xi) below.

(ii) Business combinations

Business combinations are accounted for under the acquisition method. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except certain assets and liabilities required to be measured as per the applicable standards.

Excess of fair value of purchase consideration and the acquisition date non-controlling interest over the acquisition date fair value of identifiable assets acquired and liabilities assumed is recognised as goodwill. Goodwill arising on acquisitions is reviewed for impairment annually. Where the fair values of the identifiable assets and liabilities exceed the purchase consideration, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the surplus is credited to the consolidated 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 value is made and any adjustments required to those provisional fair values are finalised within 12 months of the acquisition date.

Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed twelve months from 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 net identifiable assets. This accounting choice is made on a transaction by transaction basis.

Acquisition expenses are charged to the consolidated income statement.

If the Group acquires a group of assets 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 is allocated to the individual identifiable assets acquired based on their relative fair value.

Common control transactions

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory. The transactions between entities under common control are scoped out of IFRS 3 and there is no authoritative literature for these transactions under IFRS. As a result, the Group adopted accounting principles similar to the pooling-of-interest method based on the predecessor values. The assets and liabilities of the acquired entity are recognised at the book values recorded in the ultimate parent entity's consolidated financial statements. The components of equity of the acquired companies are added to the same components within Group equity except that any share capital and investments in the books of the acquiring entity is cancelled and the differences, if any, is adjusted in the opening retained earnings/ capital reserve. The Company's shares issued in consideration for the acquired companies are recognised from the moment the acquired companies are included in these financial statements and the financial statements of the commonly controlled entities would be combined, retrospectively, as if the transaction had occurred at the beginning of the earliest reporting period presented. However, the prior years' comparative information is only adjusted for periods during which the entities were under common control.

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(iii) Revenue recognition

Sale of goods/ rendering of services (Including revenue from contracts with customers)

The Group's revenue from contracts with customers is mainly from the sale of copper, aluminium, iron ore, zinc, oil and gas, power, steel, glass substrate and port operations. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer which usually is on delivery of the goods to the shipping agent at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognised net of discounts, volume rebates, outgoing sales taxes/ goods and service tax and other indirect taxes. Revenues from sale of by-products are included in revenue.

Certain of the Group's sales contracts provide for provisional pricing based on the price on the London Metal Exchange ("LME") and crude index, as specified in the contract. Revenue in respect of such contracts is recognised when control passes to the customer and is measured at the amount the entity expects to be entitled – being the estimate of the price expected to be received at the end of the measurement period. Post transfer of control of goods, provisional pricing features are accounted in accordance with IFRS 9 'Financial Instruments' rather than IFRS 15 'Revenue from contracts with customers' and therefore the IFRS 15 rules on variable consideration do not apply. These 'provisional pricing' adjustments, i.e., the consideration adjusted post transfer of control are included in total revenue from operations on the face of the Consolidated Income Statement and disclosed by way of note to the financial statements. Final settlement of the price is based on the applicable price for a specified future period. The Group's provisionally priced sales are marked to market using the relevant forward prices for the future period specified in the contract and is adjusted in revenue.

Revenue from oil, gas and condensate sales represent the Group's share in the revenue from sale of such products, by the joint operations, and is recognised as and when control in these products gets transferred to the customers. In computing its share of revenue, the Group excludes government's share of profit oil which gets accounted for when the obligation in respect of the same arises.

Revenue from sale of power is recognised when delivered and measured based on rates as per bilateral contractual agreements with buyers and at a rate arrived at based on the principles laid down under the relevant Tariff Regulations as notified by the regulatory bodies, as applicable.

Where the Group acts as a port operator, revenues relating to operating and maintenance phase of the port contract are measured at the amount that Group expects to be entitled to for the services provided.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs part of its obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration when that right is conditional on the Group's future performance.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is received. The advance payments received plus a specified rate of return/ discount, at the prevailing market rates, is settled by supplying respective goods over a period of up to twenty four months under an agreed delivery schedule as per the terms of the respective agreements. As these are contracts that the Group expects, and has the ability, to fulfil through delivery of a non-financial item, these are presented as advance from customers and are recognised as revenue as and when control of respective commodities is transferred to customers under the agreements. The fixed rate of return/ discount is treated as finance cost. The portion of the advance where either the Group does not have a unilateral right to defer settlement beyond 12 months or expects settlement within 12 months from the balance sheet date is classified as current liability.

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future

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cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividends

Dividend income is recognised in the consolidated income statement only when the right to receive payment is established, provided it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

(iv) 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 years. 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 IFRS. The determination as to which items should be disclosed separately requires a degree of judgement.

(v) Property, plant and equipment

Mining properties and leases

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 return relative to the risks and the Group decided to proceed with the mine development), all further pre-production primary development expenditure other than that on land, buildings, plant, equipment and capital work in progress is capitalised as property, plant and equipment under the heading "Mining properties and leases" together with any amount transferred from "Exploration and evaluation" assets. The costs of mining properties and leases include the costs of acquiring and developing mining properties and mineral rights.

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 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. When the benefit from the stripping costs are realised in the current period, the stripping costs are accounted for as the cost of inventory. If the costs of inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. The group uses the expected volume of waste compared with the actual volume of waste extracted for a given value of ore/mineral production for the purpose of determining the cost of the stripping activity asset.

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, 'MORC' code or 'SAMREC' Code. Changes in the commercial reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves.

The estimates of hydrocarbon reserves and resources have been derived in accordance with the Society of Petroleum Engineers "Petroleum Resources Management System (2018)".

Oil and gas assets- (developing/producing assets)

For oil and 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 consolidated income statement.

All costs incurred after the technical feasibility and commercial viability of producing

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hydrocarbons has been demonstrated are capitalised within property, plant and equipment - development/producing assets on a field-by-field basis. Subsequent expenditure is capitalised only where it either enhances the economic benefits of the development/producing asset or replaces part of the existing development/producing asset. Any remaining costs associated with the part replaced are expensed.

Net proceeds from any disposal of 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 consolidated 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.

Exploration and evaluation assets

Exploration and evaluation expenditure incurred prior to obtaining the mining right or the legal right to explore are expensed as incurred.

Exploration and evaluation expenditure incurred after obtaining the mining right or the legal right to explore, are capitalised as exploration and evaluation assets (property, plant and equipment) and stated at cost less impairment, if any. 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 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:

- Acquisition costs - costs associated with acquisition of licences and rights to explore, including related professional fees.
- 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.
- Costs of exploratory drilling and equipping exploratory and appraisal wells.

Exploration expenditure incurred in the process of determining oil and gas exploration targets is capitalised within "exploration and evaluation assets "and subsequently allocated to drilling activities. Exploration drilling costs are initially capitalised on a well-by-well basis until the success or otherwise of the well has been established. The success or failure of each exploration effort is judged on a well-by-well basis. Drilling costs are written off on completion of a well unless the results indicate that hydrocarbon reserves exist and there is a reasonable prospect that these reserves are commercial.

Following appraisal of successful exploration wells, if commercial reserves are established and technical feasibility for extraction demonstrated, then the related capitalised exploration costs are transferred into a single field cost centre within property, plant & equipment - development/ producing assets (oil and 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 consolidated income statement.

Expenditure incurred on the acquisition of a licence interest is initially capitalised on a licence-by-licence basis. Costs are held undepleted, within exploration and evaluation assets until such time as the exploration phase on the licence area is complete or commercial reserves have been discovered.

Net proceeds from any disposal of an exploration asset are initially credited against the previously capitalised costs. Any surplus/ deficit is recognised in the consolidated income statement.

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. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted

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for as separate items (major components) of property, plant and equipment. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the consolidated income statement for the period during which such expenses are incurred.

Gains and losses on disposal of an item of property, plant and equipment computed as the difference between the net disposal proceeds and the carrying amount of the asset is included in the consolidated income statement when the asset is derecognised. Major inspection and overhaul expenditure is capitalised, if the recognition criteria are met.

(vi) Assets under construction

Assets under construction are capitalised in the assets under construction account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset and any obligatory decommissioning costs are capitalised until the period of commissioning has been completed and the asset is ready for its intended use.

(vii) Depreciation, depletion and amortisation expense

Mining properties and other assets in the course of development or construction, freehold land and goodwill are not depreciated or amortised.

Mining properties

The capitalised mining properties are amortised on a unit-of-production basis over the total estimated remaining commercial proved and probable reserves of each property or Group of properties and are subject to impairment review. Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future capital expenditure required to access the commercial reserves. Changes in the estimates of commercial reserves or future capital expenditure are dealt with prospectively.

Oil and gas assets

All expenditures carried within each field are amortised from the commencement of production on a unit of production basis, which is the ratio of oil and 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 and 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.

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 the commercial reserves. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

Other assets

Depreciation on Property, plant and equipment is calculated using the straight-line method (SLM) to allocate their cost, net of their residual values, over their estimated useful lives (determined by the management) as given below. Management's assessment takes into account, inter alia, the nature of the assets, the estimated usage of the assets, the operating conditions of the assets, past history of replacement and maintenance support.

Estimated useful life of assets are as follows:

Buildings operations and administration	3-60 years
Plant and machinery	15-40 years
Railway Sidings	15 years
Office equipment	3–6 years
Furniture and fixtures	8-10 years
Vehicles	8-10 years

Major inspection and overhaul costs are depreciated over the estimated life of the economic benefit to be derived from such costs. The carrying amount of the remaining previous overhaul cost is charged to the consolidated income statement if the next overhaul is undertaken earlier than the previously estimated life of the economic benefit.

The Group reviews the residual value and useful life of an asset at least at each financial year end and, if expectations differ from previous

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estimates, the change is accounted for as a change in accounting estimate.

(viii) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, intangibles assets are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

The Group recognises port concession rights as "Intangible Assets" arising from a service concession arrangement, in which the grantor controls or regulates the services provided and the prices charged, and also controls any significant residual interest in the infrastructure such as property, plant and equipment, irrespective whether the infrastructure is existing infrastructure of the grantor or the infrastructure is constructed or purchased by the Group as part of the service concession arrangement. Such an intangible asset is recognised by the Group initially at cost determined as the fair value of the consideration received or receivable for the construction service delivered and is capitalised when the project is complete in all respects. Port concession rights are amortised on straight line basis over the balance of license period. The concession period is 30 years from the date of the award. Any addition to the port concession rights are measured at fair value on recognition. Port concession rights also include certain property, plant and equipment in accordance with IFRIC 12 "Service Concession Arrangements".

Intangible assets are amortised over their estimated useful life on a straight line basis. Software is amortised over the estimated useful life ranging from 2 – 5 years. Amounts paid for securing mining rights are amortised over the period of the mining lease ranging from 16-25 years. Technological know-how and acquired brand are amortised over the estimated useful life of 10 years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is different from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

(ix) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Such assets and disposal groups are presented separately on the face of the consolidated statement of financial position.

(x) Impairment

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.

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. 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. Internal and external factors, such as worse economic performance than expected, 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 or in case of goodwill where annual testing of impairment is required 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

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be specific to the group and not applicable to entities in general. Fair value for mineral and oil and 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 value is net of deferred tax liability recognised in the fair value of assets acquired in the business combination.

If the recoverable amount of an asset or CGU is estimated to be less than it's carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised in the consolidated 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 except if initially attributed to goodwill.

Exploration and evaluation assets:
In assessing whether there is any indication that an exploration and evaluation asset may be impaired, the Group considers, as a minimum, the following indicators:

- the period for which the Group 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 Group 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 consolidated income statement.

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

(a) Financial Assets – Recognition & subsequent measurement
All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

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For purposes of subsequent measurement, financial assets are classified in four categories:

Debt instruments at amortised cost
A 'debt instrument' is measured at amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in consolidated income statement. The losses arising from impairment are recognised in consolidated income statement.

Debt instruments at fair value through other comprehensive income (FVOCI)
A 'debt instrument' is classified as at FVOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in other comprehensive income (OCI). However, interest income, impairment losses and reversals and foreign exchange gain or loss are recognised in the consolidated income statement. On derecognition of the asset, cumulative gain or loss previously recognised in other comprehensive income is reclassified from the equity to consolidated income statement. Interest earned whilst holding fair value through other comprehensive income debt instrument is reported as interest income using the EIR method.

Debt instruments at fair value through profit or loss (FVTPL)
FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes being recognised in consolidated income statement.

Equity instruments
All equity investments in the scope of IFRS 9 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. For equity instruments which are classified as FVTPL, all subsequent fair value changes are recognised in the consolidated income statement.

(b) Financial Assets - Derecognition
The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

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(c) Impairment of financial assets

In accordance with IFRS 9, the Group applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on the following financial assets:

i. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities and deposits;

ii. Financial assets that are debt instruments and are measured as at FVOCI;

iii. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IFRS 15.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables, contract assets and lease receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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

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

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original EIR.

ECL impairment loss allowance (or reversal) during the year is recognised as income/ expense in consolidated income statement. The consolidated statement of financial position presentation for various financial instruments is described below:

i) Financial assets measured at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets. The Group does not reduce impairment allowance from the gross carrying amount.

ii) Debt instruments measured at FVOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Group does not have any purchased or originated credit-impaired ("POCI") financial assets, i.e., financial assets which are credit impaired on purchase/origination.

(d) Financial liabilities – Recognition and Subsequent measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value, and in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of

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repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the consolidated income statement.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognised in OCI. These gains/ losses are not subsequently transferred to consolidated income statement. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the consolidated income statement. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (Loans and Borrowings and Trade and Other payables)
After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in consolidated income statement when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated income statement.

(e) Financial liabilities – Derecognition

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

(f) Embedded Derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of IFRS 9, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in IFRS 9 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in Consolidated Income Statement, unless designated as effective hedging instruments.

(g) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

(h) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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(i) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

In order to hedge its exposure to foreign exchange, interest rate, and commodity price risks, the Group enters into forward, option, swap contracts and other derivative financial instruments. The Group does not hold derivative financial instruments for speculative purposes.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to consolidated income statement, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to consolidated income statement when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(i) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in consolidated income statement immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in consolidated income statement. Hedge accounting is discontinued when the Group revokes the hedge relationship, the hedging instrument or hedged item expires or is sold, terminated, or exercised or no longer meets the criteria for hedge accounting.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the consolidated income statement.

Amounts recognised in OCI are transferred to consolidated income statement when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in OCI are transferred to the initial

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carrying amount of the non-financial asset or liability

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

(iii) Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in OCI while any gains or losses relating to the ineffective portion are recognised in the consolidated income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is reclassified to the consolidated income statement (as a reclassification adjustment).

(iv) Financial guarantees

Financial guarantees issued by the Group on behalf of related parties are designated as 'Insurance Contracts'. The Group assesses at the end of each reporting period whether its recognised insurance liabilities (if any) are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency is recognised in consolidated income statement.

(xii) Leases

The Group assesses at contract inception, all arrangements to determine whether they are, or contain, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

(b) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities towards future lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date when the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are also subject to impairment.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as described in (vii) above.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities

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measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (and, in some instances, in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is generally not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Trade and other payables.

(iii) **Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(xiii) 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 in Oil and Gas business 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 are moved out of inventory on a weighted average basis (except in copper business where FIFO basis is followed); 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 for completion and disposal.

(xiv) Government grants

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Group will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the consolidated income statement over the periods necessary to match them with the related costs, which they are intended to compensate.

Government grants relating to tangible fixed assets are deducted in calculating the carrying amount of the assets and recognised in the consolidated income statement over the expected useful lives of the assets concerned as a reduced depreciation expense.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between

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the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

(xv) Taxation

Tax expense represents the sum of current tax 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 reporting date and includes any adjustment to tax payable in respect of previous years.

Subject to the exceptions below, deferred tax is provided, using the balance sheet method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes and on carry forward of unused tax credits and unused tax losses:

- 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 initial recognition as well as 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, and at the time of the transaction, affects neither the accounting profit nor taxable profit (tax loss) ; and
- Deferred tax assets (including MAT credit entitlement) 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 reporting date. Tax relating to items recognised outside consolidated income statement is recognised outside consolidated income statement (either in other comprehensive income or equity).

The carrying amount of deferred tax assets (including MAT credit entitlement) is reviewed at each reporting 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. Subsequently deferred tax is charged or credited in the consolidated income statement/other comprehensive income as the underlying temporary difference is reversed.

Further, management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

(xvi) Retirement benefit schemes

The Group operates or participates in a number of defined benefits and defined contribution schemes, the assets of which (where funded) are held in separately administered funds.

For defined benefit schemes, the cost of providing benefits under the plans is determined by actuarial valuation each year separately for each plan using the projected unit credit method by third party qualified actuaries.

Remeasurement including, effects of asset ceiling and return on plan assets (excluding amounts included in interest on the net defined benefit liability) and actuarial gains and losses arising in the year are recognised in full in other comprehensive income and are not recycled to the consolidated income statement.

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Past service costs are recognised in the consolidated income statement on the earlier of:

- the date of the plan amendment or curtailment, and
- the date that the Group recognises related restructuring costs

Net interest is calculated by applying a discount rate to the net defined benefit liability or asset at the beginning of the period. Defined benefit costs are split into current service cost, past service cost, net interest expense or income and remeasurement, and gains and losses on curtailments and settlements.

Current service cost and past service costs are recognised within cost of sales and administrative expenses and distribution expenses. Net interest expense or income is recognised within finance costs.

For defined contribution schemes, the amount charged to the consolidated income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year, recognised as and when the employee renders related services.

(xvii) 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 of share awards at the date at which they are granted. The fair value of share awards is determined with the assistance of an external valuer and the fair value at the grant date is expensed on a proportionate 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 reporting date up to the vesting date at which point the estimate is adjusted to reflect the current expectations.

The resultant increase in equity is recorded in share-based payment reserve.

In case of cash-settled transactions, a liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined with the assistance of an external valuer.

(xviii) Provisions, contingent liabilities and contingent assets

The assessments undertaken in recognising provisions and contingencies have been made in accordance with the applicable IFRS.

Provisions represent liabilities for which the amount or timing is uncertain. 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 consolidated income statement as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

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

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

The Group has significant capital commitments in relation to various capital projects which are not recognised in the consolidated statement of financial position.

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(xix) Restoration, rehabilitation and environmental costs

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mine or oil fields. Such costs, discounted to net present value, are provided for and a corresponding amount is capitalised at the start of each project, as soon as the obligation to incur such costs arises. These costs are charged to the consolidated 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, changes to lives of operations, 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 consolidated 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 value and charged to the consolidated income statement as extraction progresses. Where the costs of site restoration are not anticipated to be material, they are expensed as incurred.

(xx) Accounting for foreign currency transactions and translations

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 normally the local currency of the country in which it operates with the exception of oil and gas business operations which have a US Dollar functional currency as that is the currency of the primary economic environment in which they operate. The financial statements are presented in US Dollars.

In the financial statements of individual group companies, transactions in currencies other than the respective functional currencies are translated into their functional currencies at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in other currencies are translated into functional currencies at exchange rates prevailing on the reporting date. Non-monetary assets and liabilities denominated in other currencies and measured at historical cost or fair value are translated at the exchange rates prevailing on the dates on which such values were determined.

All exchange differences are included in the consolidated income statement except those where the monetary item is designated as an effective hedging instrument of the currency risk of designated forecasted sales or purchases, which are recognised in the other comprehensive income.

Exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings, are capitalised as part of borrowing costs in qualifying assets.

For the purposes of consolidation of financial statements, items in the consolidated income statement of those businesses for which the US dollar is not the functional currency are translated into US dollars at the average rates of exchange during the year/ exchange rates as on the date of transaction. The related consolidated statement of financial position is translated into US dollars at the rates as at the reporting date. Exchange differences arising on translation are recognised in the consolidated statement of comprehensive income. On disposal of such entities the deferred cumulative exchange differences recognised in equity relating to that particular foreign operation are recognised in the consolidated income statement.

(xxi) Buyers' credit / Suppliers' credit

The Group enters into arrangements whereby banks and financial institutions make direct payments to suppliers for raw materials and project materials. The banks and financial institutions are subsequently repaid by the Group at a later date providing working capital timing benefits. These are normally settled up to twelve months (for raw materials) and up to 36 months (for project and materials). Where these arrangements are with a maturity of up to twelve months, the economic substance of the transaction is determined to be operating in nature and these are recognised as operational buyers' credit/ suppliers' credit and disclosed on the face of the balance sheet (Refer Note 1(b)(i)). Interest expense on these are recognised in the finance cost. Payments

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made by banks and financial institutions to the operating vendors are treated as a non-cash item and settlement of operational buyer's credit/ suppliers' credit by the Group is treated as cash flows from operating activity reflecting the substance of the payment.

Where these arrangements are with a maturity beyond twelve months and up to thirty six months, the economic substance of the transaction is determined to be financing in nature, and these are presented within borrowings in the consolidated statement of financial position. Payments made to vendors are treated as cash item and disclosed as cash flows from operating/ investing activity depending on the nature of the underlying transaction. Settlement of dues to banks and financial institution are treated as cash flows from financing activity.

(xxii) Current and non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current / non-current classification. An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle.
- it is held primarily for the purpose of being traded;
- it is expected to be realized within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Group's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current only.

(xxiii) Borrowing costs

Borrowing cost includes interest expense as per effective interest rate (EIR) and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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, i.e., when they are capable of commercial production. Borrowing costs relating to the construction phase of a service concession arrangement is capitalised as part of the cost of the intangible asset. Where funds are borrowed specifically to finance a qualifying capital project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available out of money borrowed specifically to finance a qualifying capital project, the income generated from such short-term investments is deducted from the total capitalised borrowing cost. If any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing then becomes part of general borrowing. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the year.

All other borrowing costs are recognised in the consolidated income statement in the year 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.

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial liability or a shorter period, where appropriate, to the amortised cost of a financial liability. When

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calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options).

(xxiv) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and in hand and short-term money market deposits which have a maturity of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above and additionally includes unpaid dividend account.

2(B) APPLICATION OF NEW AND REVISED STANDARDS

The Group has adopted, with effect from 01 April 2020, the following new and revised standards and interpretations. Their adoption has not had any significant impact on the amounts reported in the consolidated financial statements.

1. Amendments to IFRS 3 regarding definition of a Business
2. Amendments to IFRS 7 and 9 regarding Interest Rate Benchmark Reform
3. Amendments to IAS 1 and IAS 8 regarding definition of Material
4. Amendments to IFRS 16 regarding COVID-19 related rent concessions

Other Amendments

A number of other minor amendments to existing standards also became effective on 01 April 2020 and have been adopted by the Group. The adoption of these new accounting pronouncements did not have a material impact on the accounting policies, methods of computation or presentation applied by the Group.

Standards issued but not yet effective

There are no new standards that are notified, but not yet effective, upto the date of issuance of the Group's financial statements.

2(C) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated 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. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

The information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as given below:

I. Significant Estimates:

(i) Impact of COVID-19

The outbreak of novel Coronavirus (COVID-19) pandemic globally and in India and the consequent lockdown restrictions imposed by national governments is causing significant disturbance and slowdown of economic activity across the globe. The commodity prices including oil have seen significant volatility with downward price pressures due to major demand centers affected by lockdown.

The Group is in the business of metals and mining, Oil & gas and generation of power which are considered as either essential goods and services or were generally allowed to continue to carry out the operations with adequate safety measures. The Group has taken proactive measures to comply with various regulations/guidelines issued by the Government and local bodies to ensure safety of its workforce and the society in general.

The Group has considered possible effects of Covid-19 on the recoverability of its investments, property, plant and equipment (PPE), inventories, loans and receivables, etc in accordance with IFRS. The Group has considered forecast consensus, industry reports, economic indicators and general business conditions to make an assessment of the implications of the Pandemic. The Group has also performed sensitivity analysis on the key assumptions identified based on the

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internal and external information, which are indicative of future economic condition. Based on the assessment, the Group has recorded necessary adjustments, including impairment to the extent the carrying amount exceeds the recoverable amount and has disclosed the same as special item during the previous year ended 31 March 2020. No such impairments were identified during the current year.

The actual effects of COVID-19 could be different from what is presently assessed and would be known only in due course of time, however no further adjustments are considered necessary at this stage.

(ii) Oil and Gas reserves

Significant technical and commercial judgements are required to determine the Group's estimated oil and natural gas reserves. Oil and Gas reserves are estimated on a proved and probable entitlement interest basis. Proven and probable reserves are estimated using standard recognised evaluation techniques. The estimate is reviewed annually. 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 oil and gas prices could impact the depletion rates, carrying value of assets (refer note 16) and environmental and restoration provisions.

(iii) Carrying value of exploration and evaluation oil and gas assets

The recoverability of a project is assessed under IFRS 6. Exploration assets are assessed by comparing the carrying value to higher of fair value less cost of disposal or value in use, if impairment indicators exist. Change to the valuation of exploration assets is an area of judgement. Further details on the Group's accounting policies on this are set out in accounting policy above. The amounts for exploration and evaluation assets represent active exploration projects. These amounts will be written off to the consolidated 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 carrying values are disclosed in note 16.

(iv) Carrying value of developing/producing oil and gas assets

Management performs impairment tests on the Group's developing/producing oil and gas assets where indicators of impairment or impairment reversal of previously recorded impairment are identified in accordance with IAS 36.

In the current year, the management has reviewed the key assumptions, i.e., future production, oil prices, discount to price, Production sharing contract (PSC) life, discount rates, etc. for all of its oil and gas assets. Based on analysis of events that have occurred since then, there did not exist any indication that the assets may be impaired or previously recorded impairment charge may reverse. Hence, detailed impairment analysis has not been conducted in the current financial year. However, during the year ended 31 March 2020, management had performed impairment tests on the Group's developing/producing oil and gas assets and the impairment assessments were based on a range of estimates and assumptions, including:

Estimates/ assumptions	Basis
Future production	proved and probable reserves, production facilities, resource estimates and 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
Discount to price	Management's best estimate based on historical prevailing discount and updated sales contracts
Extension of PSC	granted till 2030 on the expected commercial terms (Refer note 2(c)(I)(viii)
Discount rates	cost of capital risk-adjusted for the risk specific to the asset/CGU

Details of carrying values are disclosed in note 16.

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(v) 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.

Management performs impairment tests when there is an indication of impairment. The impairment assessments are based on a range of estimates and assumptions, including:

Estimates/ assumptions	Basis
Future production	proved and probable reserves, resource estimates (with an appropriate conversion factor) considering the expected permitted mining volumes 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

There is no impairment recognised during the year. For the year ended 31 March 2021, details of impairment charge/reversal and the assumptions used and carrying values are disclosed in note 6 and note 16 respectively.

(vi) Recoverability of deferred tax and other income tax assets

The Group has carry forward tax losses, unabsorbed depreciation and MAT credit that are available for offset against future taxable profit. Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the unused tax losses or tax credits can be utilized. This involves an assessment of when those assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the assets. This requires assumptions regarding future profitability, which is inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in respect of deferred tax assets and consequential impact in the consolidated income statement.

The total deferred tax assets recognised in this financial statement (refer note 11) includes MAT credit entitlements of US$ 1,125 million (31 March 2020: US$ 1,221 million), of which US$ 46 million is expected to be utilised in the fourteenth year (31 March 2020: US$ 481 Million was expected to be utilised in fourteenth and fifteenth year), fifteen years being the maximum permissible time period to utilise the MAT credits.

Additionally, the Group has tax receivables on account of refund arising on account of past amalgamation and relating to various tax disputes. The recoverability of these receivables involves application of judgement as to the ultimate outcome of the tax assessment and litigations. This pertains to the application of the legislation, which in certain cases is based upon management's interpretation of country specific tax law, in particular India, and the likelihood of settlement. Management uses in-house and external legal professionals to make informed decision (refer note 11(d)).

vii) Copper- India

Existing Plant:

In an appeal filed by the Group against the closure order of the Tuticorin Copper smelter by Tamil Nadu Pollution Control Board ("TNPCB"), the appellate authority National Green Tribunal ("NGT") passed an interim order on 31 May 2013 allowing the copper smelter to recommence operations and appointed an Expert Committee to submit a report on the plant operations. Post the interim order, the plant recommenced operations on 23 June 2013. Based on Expert Committee's report on the operations of the plant stating that the plant's emission were within prescribed standards and based on this report, NGT ruled on 08 August 2013 that the Copper smelter could continue its operations and recommendations made by the Expert Committee be implemented in a time bound manner. The Group has implemented all of the recommendations. TNPCB has filed an appeal against the order of the NGT before the Supreme Court of India.

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In the meanwhile, the application for renewal of Consent to Operate (CTO) for existing copper smelter, required as per procedure established by law was rejected by TNPCB in April 2018. Vedanta Limited has filed an appeal before the TNPCB Appellate Authority challenging the Rejection Order. During the pendency of the appeal, there were protests by a section of local community raising environmental concerns and TNPCB vide its order dated 23 May 2018 ordered closure of existing copper smelter plant with immediate effect. Further, the Government of Tamil Nadu, issued orders dated 28 May 2018 with a direction to seal the existing copper smelter plant permanently. The Company believes these actions were not taken in accordance with the procedure prescribed under applicable laws. Subsequently, the Directorate of Industrial Safety and Health passed orders dated 30 May 2018, directing the immediate suspension and revocation of the Factory License and the Registration Certificate for the existing smelter plant.

The Company has appealed this before the National Green Tribunal (NGT), who vide its order on 15 December 2018 has set aside the impugned orders and directed the TNPCB to pass fresh orders for renewal of consent and authorization to handle hazardous substances, subject to appropriate conditions for protection of environment in accordance with law.

The State of Tamil Nadu and TNPCB approached the Supreme Court in Civil Appeals on 02 January 2019 challenging the above judgement of NGT and the previously passed judgement of NGT dated 08 August 2013. The Supreme Court vide its judgement dated 18 February 2019 set aside the judgements of NGT dated 15 December 2018 and 08 August 2013 on the sole basis of maintainability and directed the Company to file an appeal in the High court.

The Company has filed a writ petition before Madras High Court challenging the various orders passed against the Company in 2018 and 2013. On 18 August 2020, the Madras High Court delivered the judgement wherein it dismissed all the Writ Petitions filed by the Company. The Company has approached the Supreme Court and challenged the said High Court order by way of a Special Leave Petition (SLP) to Appeal and also filed an interim relief for care & maintenance of the plant. The matter was then listed on 02 December 2020 before the Supreme Court Bench. The Bench after having heard both the sides concluded that at this stage the interim relief in terms of trial run could not be allowed. Further, considering the voluminous nature of documents and pleadings, the matter shall be finally heard on merits. The matter was again mentioned before bench on 17 March 2021, wherein matter was posted for hearing on 17 August 2021.

However, subsequent to the year end, the Company approached the Supreme Court offering to supply medical oxygen from the said facility in view of prevailing COVID-19 situation, which was allowed by the Supreme Court, under supervision of a committee constituted by the Government of Tamil Nadu.

As per the Company's assessment, it is in compliance with the applicable regulations and expects to get the necessary approvals in relation to the existing operations and hence the Company does not expect any material adjustments to these financial statements as a consequence of above actions.

The Company has carried out an impairment analysis for existing plant assets during the period ended 31 March 2021 considering the key variables and concluded that there exists no impairment. Further, no fresh indicators are identified for impairment as at 31 March 2021. The Company has done an additional sensitivity analysis with commencement of operations of the existing plant w.e.f 01 April 2024 and noted that the recoverable amount of the assets would still be in excess of their carrying values.

The carrying value of the assets as at 31 March 2021 is US$ 250 million (US $260 million as at 31 March 2020).

Expansion Project:
Separately, the Company has filed a fresh application for renewal of the Environmental Clearance for the proposed Copper Smelter Plant 2 ("Expansion Project") dated 12 March 2018 before the Expert Appraisal Committee of the Ministry of Environment, Forest and Climate Change ("MoEFCC") wherein a sub-committee was directed to visit the Expansion Project site prior to prescribing the Terms of Reference.

In the meantime, the Madurai Bench of the High Court of Madras in a Public Interest Litigation held vide its order dated 23 May 2018 that the application for renewal of the Environmental Clearance for the Expansion Project shall be processed after a mandatory public hearing

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and in the interim, ordered the company to cease construction and all other activities on site for the proposed Expansion Project with immediate effect. The MoEFCC has delisted the Expansion Project since the matter is sub-judice. Separately, the State Industries Promotion Corporation of Tamil Nadu Limited ("SIPCOT") vide its letter dated 29 May 2018, cancelled 342.22 acres of the land allotted for the proposed Expansion Project. Further, the TNPCB issued orders on 07 June 2018 directing the withdrawal of the Consent to Establish (CTE) which was valid till 31 March 2023.

The Company has approached Madras High Court by way of writ petition challenging the cancellation of lease deeds by SIPCOT pursuant to which an interim stay has been granted. The Company has also filed Appeals before the TNPCB Appellate Authority challenging withdrawal of CTE by the TNPCB, the matter is pending for adjudication. Considering the delay in existing plant matter and accordingly delay in getting the required approval for expansion project, management considered to make provision for impairment for expansion project basis fair value less cost of disposal and accordingly made impairment provision of US$ 94 million in March 2020. During the year, there are no updates in the expansion matter and impairment provision of US$ 94 million is adequate and the net carrying value of US$ 13 million as at 31 March 2021 approximates its recoverable value.

Impairment recognised during the year ended 31 March 2020

For the Expansion Project, the project activities are on halt since May 2018. Further, the environment clearance for the Expansion Project expired on 31 December 2018 and fresh application was filed before the competent authority. However, the process will start only after reopening of the existing plant and after obtaining all statutory approvals, the timing of which is uncertain.

Keeping in view the above factors and the fact that value in use cannot be reasonably ascertained, the Company has carried out recoverability assessment of the items of property, plant and equipment, capital work in progress (CWIP) and capital advances. Based on the realisable value estimate of US$ 38 Million, the Company had recognised an impairment of US$ 94 Million (comprising CWIP balances of US$ 61 million, capital advances of US$ 28 million and other assets of US$ 5 million) during the previous year.

Property, plant and equipment of US$ 197 million and inventories of US$ 69 million, pertaining to existing and expansion project, could not be physically verified, anytime during the year, as the access to the plant is presently restricted. However, since operations are suspended and access to the plant restricted, any difference between book and physical quantities is unlikely to be material.

viii) PSC Extension

Rajasthan Block

The Company operates an oil and gas production facility in Rajasthan under a Production Sharing Contract ("PSC"). The management is of the opinion that the Company is eligible for automatic extension of the PSC for Rajasthan ("RJ") block on same terms w.e.f. 15 May 2020, while Government of India ("GoI") in October 2018, accorded its approval for extension of the PSC, under the Pre-NELP Extension policy as per notification dated 07 April 2017 ("Pre-NELP Policy"), for RJ block by a period of 10 years, w.e.f. 15 May 2020. As per the said policy and extension, the Company is required to comply with certain conditions and pay an additional 10% profit oil to GoI. The Company had challenged the applicability of Pre-NELP Policy to the RJ block. The Division Bench of the Delhi High Court in March 2021 set aside the single judge order of May 2018 which allowed automatic extension of PSC. The Company is studying the order and all available legal remedies are being evaluated for further action as appropriate.

One of the conditions for extension of PSC relates to notification of certain audit exceptions raised for FY 16-17 as per PSC provisions and provides for payment of amounts, if such audit exceptions result into any creation of liability.

The Directorate General of Hydrocarbons ("DGH") in May 2018 raised a demand on the Company and its subsidiary for the period up to 31 March 2017 for Government's additional share of Profit oil based on its computation of disallowance of costs incurred in excess of the initially approved Field Development

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Plan ("FDP") of the pipeline project for US$ 202 million and retrospective re-allocation of certain common costs between Development Areas ("DAs") of RJ block aggregating to US$ 364 million. The DGH vide its letter dated 12 May 2020, reiterated its demand only with respect to the retrospective re-allocation of certain common costs between DAs of the RJ block of US$ 364 million towards contractor share for the period upto 31 March 2017. This amount was subsequently revised to US$ 458 million till March 2018 vide DGH letter dated 24 December 2020.

The Company in January 2020 received notifications from the DGH on audit exceptions arising out of its audit for the FY 2017-18, which comprises the consequential effects on profit oil due to the aforesaid matters and certain new matters on cost allowability plus interest aggregating to US$ 645 million, representing share of the Company and its subsidiary, CEHL ("the Claimants"), which have been suitably responded to by the Company.

The Company believes that it has sufficient as well as reasonable basis pursuant to the PSC provisions and related approvals, supported by legal advice, for having claimed such costs and for allocating common costs between different DAs. In the Company's opinion, these computations of the aforesaid demand / audit exceptions are not appropriate, and the accounting adjustments sought for issues pertaining to Year 2007 and onwards are based on assumptions that are not in consonance with the approvals already in place. The Company's view is also supported by independent legal opinion and the Company has been following the process set out in PSC to resolve these aforesaid matters. The Company has also invoked the PSC process for resolution of disputed exceptions and has issued notice for arbitration and the tribunal stands constituted. Further, on 23 September 2020, the GoI had filed an application for interim relief before Delhi High Court seeking payment of all disputed dues. This matter is now scheduled for hearing on 05 July 2021.

Also, on Vedanta's application under section 17 of the Arbitration and Conciliation Act, 1996, the tribunal in December 2020 ordered that GoI should not take any action to enforce any of the amounts at issue in this arbitration against the Claimants during the arbitral period. The GoI has challenged the said order before the Delhi High Court under the said Act. This matter is also scheduled for hearing on 05 July 2021.

In management's view, the above mentioned condition on demand raised by the DGH for additional petroleum linked to PSC extension is untenable and has not resulted in creation of any liability and cannot be a ground for non-extension. In addition, all necessary procedures prescribed in the PSC including invocation of arbitration, in respect of the stated audit observation have also been fulfilled. Accordingly, the PSC extension approval granted vide DGH letter dated 26 October 2018 upholds with all conditions addressed and no material liability would devolve upon the Group.

Simultaneously, the Company is also pursuing with the GoI for executing the RJ PSC addendum at the earliest. In view of extenuating circumstances surrounding COVID-19 and pending signing of the PSC addendum for extension after complying with all stipulated conditions, the GoI has been granting interim permission to the Company to continue Petroleum operations in the RJ block. The latest permission is valid upto 31 July 2021 or signing of the PSC addendum, whichever is earlier.

Ravva Block

The Government of India (GoI) has granted its approval for a ten-year extension of PSC for Ravva Block with effect from 28 October 2019, in terms of the provision of the "Policy on the Grant of the extension to Production Sharing Contract Signed by Government awarding small, medium-sized and discovered field to private joint ventures" dated 28 March 2016. The PSC addendum recording this extension has been executed by all parties.

The Ravva Extension Policy, amongst others, provides for an increased share of profit petroleum of 10% for the GoI during the extended term of the Ravva PSC and payment of royalty and cess as per prevailing rate in accordance with the PNG Rules, 1959 and OIDB Act. Under the Ravva PSC, the Company's oil and gas business is entitled to recover 100% of cost of production and development from

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crude oil and natural gas sales before any profit is allocated among the parties.

Cost recovery for exploration cost during extension period shall be governed as per the provision of Office Memorandum 2013, 2019 issued by the Ministry of Petroleum and Natural Gas ("MoPNG") on exploration in mining lease area post expiry of the exploration period.

(ix) Impact of Taxation Laws (Amendment) Act, 2019

Pursuant to the introduction of Section 115BAA of the Indian Income-tax Act, 1961, which is effective 1 April 2019, companies in India have the option to pay corporate income tax at the rate of 22% plus applicable surcharge and cess as against the earlier rate of 30% plus applicable surcharge and cess, subject to certain conditions like, the company has to forego all benefits like tax holidays, brought forward losses generated through tax incentives/additional depreciation and outstanding MAT credit. Considering all the provisions under Section 115BAA and based on the expected timing of exercising of the option under Section 115BAA, the Group has re-measured its deferred tax balances as at 31 March 2021. This computation required assessment of assumptions regarding future profitability, which is inherently uncertain. To the extent assumptions regarding future profitability change, there can be increase or decrease in the amounts recognised.

(x) ESL Steel Limited (formerly known as Electrosteel Steels Limited) (ESL), had filed application for renewal of Consent to Operate ('CTO') on 24 August 2017 for the period of five years which was denied by Jharkhand State Pollution Control Board ('JSPCB') on 23 August 2018, as JSPBC awaited response from the MoEFCC over a 2012 show-cause notice. After a personal hearing towards the show cause notice, the MoEFCC revoked the Environmental Clearance ("EC") on 20 September 2018. The Hon'ble High Court of Jharkhand granted stay against both revocation orders and allowed the continuous running of the plant operations under regulatory supervision of the JSPCB. The Jharkhand High Court on 16 September 2020 passed an order vacating the interim stay in place beyond 23 September 2020, while listing the matter for final hearing. ESL filed an Special Leave Petition (SLP) in the Supreme Court of India which on 22 September 2020, granted permission to ESL to run the plant till further orders. Next date of High Court hearing is 25 June 2021 and the Supreme Court hearing is yet to be listed.

The Forest Advisory Committee (FAC) of MoEFCC granted the Stage 1 clearance and the MoEFCC approved the related Terms of Reference (TOR) on 25 August 2020. As per Stage 1 clearance, the Company is required to provide non-forest land in addition to the afforestation cost. The Company, based on the report of an EIA consultant, has recognised a provision of US$ 29 Million as an Special item in these financial statement with respect to the costs to be incurred by the Company for obtaining the EC.

(xi) Assessment of impairment of assets at Aluminium division

During year ended 31 March 2020, considering lower sales realisation, an impairment trigger was identified in the aluminium division of Vedanta Limited. The impairment assessments were based on a range of estimates and assumptions, including:

Estimates/ assumption	Basis
Future production	Proved and probable reserves, production facilities, resource estimates and 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
Discount rates	cost of capital risk-adjusted for the risk specific to the asset/CGU

The Group carried out impairment analysis, based on value in use approach, considering the key variables and concluded that no impairment exists. The Group had carried out sensitivity analysis on key assumptions including commodity price, discount rate and delay in expansion of refinery. Based on sensitivity analysis, the recoverable amount is still expected to exceed the carrying value of US$ 3,263 million as at 31 March 2020. No negative developments have occurred since the previous year and accordingly, it is not expected that the carrying amount would exceed the recoverable amount. Hence, the recoverable value for the year ended 31 March 2021 was not re-determined.

(xii) Discontinued operations - Copper Zambia

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(KCM)
The investment in KCM and loans, receivables and obligations of KCM towards the Group are fair valued during the year. The Group employed third-party experts to undertake the valuations using the income approach method. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these assets. The resulting valuation is adjusted to reflect a number of factors, including the uncertainty and risks inherent in litigation and recovery. Details of significant estimates are disclosed in note 3(b).

II. Significant Judgements:

(i) Determining whether an arrangement contains a lease
The Group has ascertained that the Power Purchase Agreement (PPA) executed between one of the Subsidiary and a State Grid qualifies to be an operating lease under IFRS 16 "Leases". Accordingly, the consideration receivable under the PPA relating to recovery of capacity charges towards capital cost have been recognised as operating lease rentals and in respect of variable cost that includes fuel costs, operations and maintenance etc is considered as revenue from sale of products/services.

Significant judgement is required in segregating the capacity charges due from the State Grid, between fixed and contingent payments. The Group has determined that since the capacity charges under the PPA are based on the number of units of electricity made available by its Subsidiary which would be subject to variation on account of various factors like availability of coal and water for the plant, there are no fixed minimum payments under the PPA, which requires it to be accounted for on a straight-line basis. The contingent rents recognised are disclosed in note 4 and 5.

(ii) Contingencies
In the normal course of business, contingent liabilities may arise from litigation, taxation and other claims against the Group. A provision is recognised when the Group has a present obligation as a result of past events, and it is probable that the Group will be required to settle that obligation.

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.

When considering the classification of a legal or tax cases as probable, possible or remote there is judgement involved. This pertains to the application of the legislation, which in certain cases is based upon management's interpretation of country specific applicable law, in particular India, and the likelihood of settlement. Management uses in-house and external legal professionals to make informed decision.

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 33.

(iii) Revenue recognition and receivable recovery in relation to the power division
In certain cases, the Group's power customers are disputing various contractual provisions of Power Purchase Agreements (PPA). Significant judgement is required in both assessing the tariff to be charged under the PPA in accordance with IFRS 15 and to assess the recoverability of withheld revenue currently accounted for as receivables.

In assessing this critical judgment management considered favourable external legal opinions the Group has obtained in relation to the claims and favourable court judgements in the related matter. In addition, the fact that the contracts are with government owned companies implies the credit risk is low. Refer note 18.

(iv) 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.

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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 IFRS.

The determination as to which items should be disclosed separately requires a degree of judgement. The details of special items are set out in note 6.

3. BUSINESS COMBINATION AND OTHERS

a) Ferro Alloys Corporation Limited

On 21 September 2020, the Group acquired control over Ferro Alloys Corporation Limited ("FACOR"). FACOR was admitted under Corporate insolvency resolution process in terms of the Insolvency and Bankruptcy Code, 2016 of India. The National Company Law Tribunal (NCLT) vide its order dated 30 January 2020 approved the resolution plan for acquiring controlling stake in FACOR. Pursuant to the approved resolution plan, FACOR will be wholly owned subsidiary of Vedanta Limited. FACOR holds 90% in its subsidiary, Facor Power Limited (FPL).

FACOR is in the business of producing Ferro Alloys and owns a Ferro Chrome plant with capacity of 72,000 TPA, two operational Chrome mines and 100 MW of Captive Power Plant through its subsidiary, FPL. The acquisition will complement the Group's existing steel business as the vertical integration of ferro manufacturing capabilities has the potential to generate significant efficiencies.

The fair value of the identifiable assets and liabilities of FACOR as at the date of the acquisition were as below:

(US$ million)

Particulars	Fair Value at Acquisition
Property, Plant and Equipment including Capital work in progress	48
Bank deposits	1
Non-current assets	**49**
Inventories	6
Trade and other receivables	1
Cash and cash equivalents	2
Other bank balances	9
Other financial assets	0
Other current assets	4
Current assets	**22**
Total Assets (A)	**71**
Borrowings	1
Deferred tax liabilities	8
Trade payables	1
Other financial liabilities	3
Provisions	1
Other current liabilities	5
Total Liabilities (B)	**19**
Net Assets (C = A-B)	**52**
Satisfied by:	
Cash consideration paid for equity acquired	5
Cash consideration paid for debt acquired	3
Zero coupon, Non-Convertible Debentures ("NCDs") issued by FACOR repayable equally over 4 years commencing March 2021 (Nominal value US$ 39 million) *	32
Total Purchase consideration (D)	**40**
Non-Controlling interest on acquisition (10% of net liabilities of FPL) (E)	(4)
Bargain Gain/Goodwill (C-D-E)	**16**

*Includes NCDs of nominal value US$ 0.4 million yet to be issued as part of purchase consideration.

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Since the date of acquisition, FACOR has contributed US$ 37 million and US$ 5 million to the Group revenue and profit before taxation respectively for the year ended 31 March 2021. If FACOR had been acquired at the beginning of the year, the Group revenue would have been US$ 11,752 million and the profit before tax of the Group would have been US$ 1,674 million.

The carrying amount of all assets and liabilities within the working capital equals their fair value. None of the Trade receivables was impaired and the full contractual amount were expected to be realised. Mining Rights have been valued considering the With or Without method, i.e., based on the cost savings resulting from the usage of the mines vis a vis procurement of raw material (chrome ore) from external vendors. Land has been valued based on the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act. Buildings, Plant & Machinery, Other Tangible Assets, Capital Work in Progress and Capital Advances pertaining to the Tangible Assets together have been estimated based on the Value in Use of FACOR under the Income Approach.

Non-controlling interest has been measured at the non-controlling interest's proportionate share of FPL's identifiable net assets.

(b) Discontinued operations - Copper Zambia (KCM):

In 2019, ZCCM Investments Holdings Plc (ZCCM), a company majority owned by the Government of the Republic of Zambia (GRZ), which owns 20.6% of the shares in Konkola Copper Mines Plc (KCM), filed a petition in the High Court of Zambia to wind up KCM (Petition) on "just and equitable" grounds. Subsequently, ZCCM amended the Petition to include an additional ground based on allegations that KCM is unable to pay its debts. ZCCM also obtained an ex parte order from the High Court of Zambia appointing a Provisional Liquidator (PL) of KCM pending the hearing of the Petition. As a result of the appointment of the PL following ZCCM's ex parte application, the PL is currently exercising almost all the functions of the Board of Directors, to the exclusion of the Board.

The Group not only disputes the allegations and opposes the Petition, but also maintains that the complaints brought by ZCCM are in effect "disputes" between the shareholders. Per the KCM Shareholders' Agreement, the parties (including ZCCM and the Government of the Republic of Zambia) have agreed that any disputes must be resolved through international arbitration seated in Johannesburg, South Africa, applying the UNCITRAL Arbitration Rules; not the Zambian courts.

Arbitration Application

Following the filing of the Petition, Vedanta Resources Holdings Limited (VRHL) and Vedanta Resources Limited (VRL or Company) commenced the dispute resolution procedures prescribed by the KCM Shareholders' Agreement, and have initiated arbitration consistent with their position that ZCCM is in breach of the KCM Shareholders' Agreement by reason of its actions in seeking to wind up KCM before the Zambian High Court and applying for the appointment of the PL, as opposed to pursuing its alleged grievances through arbitration under the KCM Shareholders' Agreement. As part of the dispute resolution process under the KCM Shareholders' Agreement, VRHL obtained injunctive relief from the High Court of South Africa requiring ZCCM to withdraw the Petition such that the PL is discharged from office and declaring ZCCM to be in breach of the arbitration clause in the KCM Shareholders' Agreement. ZCCM was further prohibited by the High Court of South Africa from taking any further steps to wind up KCM until the conclusion of the arbitration. ZCCM had sought leave to appeal to the Supreme Court of South Africa. Leave to appeal was denied on 29 April 2021. ZCCM has renewed its application for leave to appeal before a single judge of the Supreme Court. On 4 June 2021, both Company and PL was given time to submit the documents and held that basis same ruling will be rendered.

The arbitration proceedings against ZCCM continue and a sole arbitrator has been appointed. The procedural timetable for the arbitration was varied in October 2020. An initial hearing of prioritised issues took place, with the substantive dispute being heard in November 2021 and February 2022. ZCCM filed and served its Defence and Counterclaim on VRL and VRHL on 14 July 2020. VRHL and VRL filed their reply and defence to ZCCM's defence and counterclaims on 31 January 2021, and

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ZCCM filed its reply to VRHL and VRL's defence to ZCCM's counterclaims on 15 April 2021. Arbitration awards are enforceable in Zambia under the New York Convention.

Proceedings in the Zambian Courts

VRHL has also made a number of applications before the Zambian High Court in connection with the Petition, including an application for a stay of the Petition, pending the determination of the arbitration. Although, this application was dismissed at first instance by the High Court, VRHL was granted leave to appeal to the Zambian Court of Appeal.

An Order given by the Zambian High Court staying certain of the PL's powers (i.e., those relating to the PL's ability to sell assets and make compromises with creditors) was set aside until the Petition returns to the High Court, subject to the outcome of the appeals to the Zambian Court of Appeal. The PL has given evidence in the Zambian High Court that he would not be able to sell assets (beyond that which is necessary to carry on KCM's ordinary business) without seeking the Court's approval. Notwithstanding this, on 10 September 2019, the PL caused KCM to enter into a consent order disposing of certain surface rights owned by KCM. On 28 November 2019, VRHL and KCM (acting through the lawyers appointed by the directors of KCM) obtained an ex-parte injunction restraining the PL from taking action to implement the consent order, halting the sale of surface rights and preventing any sale of the land itself. A challenge to the ex-parte injunction has been heard and the ruling has been reserved.

In connection with the response to the Petition, VRL has provided to the Board of KCM a commitment to provide certain financial support to KCM. This commitment is subject to certain conditions, including the dismissal of the Petition and discharge of the PL. Additionally since the conditions to the funding support were not satisfied by 30 September 2019, VRL has reserved the right to withdraw the offer set out in the letter.

The appeal hearing took place on 25 August 2020, and the ruling of the Appeal Court was delivered on 20 November 2020. The Appeal Court ruled in favour of the Group and concluded that a dispute as defined in the SHA exists between the parties, and that the disputes are arbitrable and referable to arbitration. The Appeal Court ordered a stay of the winding up proceedings pursuant to section 10 of the Zambian Arbitration Act, 2000 and that the matter be referred to arbitration. Costs were awarded in the Group's favour in both Courts in Zambia.

Although the Petition is currently stayed, the PL has insisted that he remains in his post with his full powers. The PL has argued that the Court of Appeal has not ordered him to vacate his seat. The Group's application for an Embodiment Order of the Appeal Court ruling was argued before the Judge President of the Court of Appeal on 8 December 2020 and the Judge reserved her ruling. The Group and the Respondents (ZCCM and KCM) have a different opinion as to whether the Appeal Court ruling of 20 November 2020 has the result of the PL having to vacate his seat. The form in which the Embodiment Order is issued by the Judge President will determine the impact of the Court of Appeal ruling on the PL's position. The Judge ultimately adopted the Embodiment Order in the form preferred by ZCCM, with the result that the PL has not had to vacate his seat. Vedanta's Zambian counsel have applied for a hearing of the full court of appeal to reconsider the embodiment order. (The order was made by a single judge of the court of appeal rather than the full court.) On 5 May 2021 the Court of Appeal heard preliminary objections against Vedanta's application and have adjourned the motion to a date after it rules on the objections raised. The Court of Appeal Marshall has indicated that the ruling on the objections is likely to be ready in June 2021.

The Company also applied seeking directions on the PL's powers after the Court of Appeal ruling of 20 November 2020, arguing that the Court of Appeal judgment did not in any way stay the supervisory jurisdiction of the High Court over the PL as an officer of the Court, and that the Preliminary Issues Applications should be dismissed. The Judge gave a ruling on 7 May 2021, finding that in light of the stay of the winding up proceedings ordered by the Court of Appeal and the referral of the matter to arbitration, she does not have the jurisdiction to consider an application requesting her to give directions on the powers of the PL. Leave to appeal was denied.

At the date of approval of these financial statements, the PL remains in office and the Petition remains stayed.

Notice of Deemed Transfer of Shares

On 14 July 2020, ZCCM served a notice entitled "Notice of Deemed Transfer of Shares" on

Notes to the Financial Statements

VRL and VRHL (Notice). The Notice is stated to be given under clause 10.1.2 of the KCM Shareholders' Agreement, notifying VRL and VRHL of various alleged breaches of the KCM Shareholders' Agreement having a Material Adverse Effect (as defined in the KCM Shareholders' Agreement) or other material breaches of the SHA, and requiring VRL and VRHL to remedy the notified breaches within 30 days, and reserving its rights in the event VRHL does not or cannot remedy the breaches within that time period to treat the event as deemed service by VRHL of an irrevocable offer under clause 10.2 to sell its shares in KCM to ZCCM at 'Fair Value'. Fair Value is to be determined in accordance with a mechanism set out in the KCM Shareholders' Agreement. If ZCCM thereafter notifies VRHL that it wishes to exercise these rights, VRHL will be deemed to have served an exit notice under clause 9.6 of the Shareholders' Agreement, giving rise to the application of a number of the exit provisions under the Shareholders' Agreement, including the requirement to make payment of budgeted capex for the succeeding 12 month period and any capital expenditure underspend in previous financial years on a cumulative basis, as determined by KCM's auditors.

VRL and VRHL intend to challenge the Notice in accordance with the provisions of the Shareholders' Agreement, and note that the effectiveness and validity of the Notice is to be determined by the arbitrator as part of the arbitration proceedings referred to above before any further steps can be taken by ZCCM to acquire VRHL's shares in KCM pursuant to the mechanism in clause 10 of the KCM Shareholders' Agreement.

Accounting Considerations

As all the significant decision-making powers, including carrying on the business of KCM and taking control over all the assets of KCM, rests with the PL, the Group believes that the appointment of PL has caused loss of its control over KCM. Accordingly, the Group deconsolidated KCM with effect from 21 May 2019 and presented the same in the consolidated income statement as a discontinued operation. This also resulted in derecognition of non-controlling interests in KCM of US$ 86 million in the previous year.

The Group continues to account for its investment in KCM and loans, receivables and obligations of KCM towards the Group at cost.

The loss with respect to KCM operations along with the loss on fair valuation of the Group's interest in KCM has been presented as a special item in the consolidated income statement.

The Group has total exposure of US$ 1,887 million (31 March 2020: US$ 1,952 million) (including equity investment in KCM of US$ 266 million) to KCM in the form of loans, receivables, investments and amounts relating to the guarantees issued by VRL, which have been accounted for at fair value on initial recognition and disclosed under non-current assets in the Consolidated Statement of Financial Position.

i. **The profit/ (loss) from discontinued operations, i.e., KCM:**

	For the year ended 31 March 2020*
Revenue	94
Cost of sales	(160)
Gross loss	**(66)**
Other operating income	1
Distribution costs	(3)
Administrative expenses	(12)
Operating loss	**(80)**
Investment revenue	(11)
Finance costs	(9)
Loss before taxation (a)	**(100)**
Net tax credit/ (expense) (b)	**23**
Loss after tax from discontinued operations (a+b)	**(77)**

* Till the date of appointment of PL, i.e., 21 May 2019

Notes to the Financial Statements

ii. **Loss on deconsolidation:**

On loss of control of KCM, all assets and liabilities of KCM have been derecognised at their carrying value on the date of loss of control, 21 May 2019. On deconsolidation, the investment in KCM and the loans, receivables and obligations of KCM towards the Group have been measured at their fair value, at the date of loss of control. The resulting loss on deconsolidation, recognised in special items in the consolidated income statement, has been calculated as shown in the table below.

(US$ million)

	As at 21 May 2019
Fair value of assets recognised on deconsolidation:	
Investment in KCM (Original cost of investment: US$ 266 million)	-
Loans, receivables and obligations of KCM towards the Group*	693
Total (a)	**693**
Assets derecognised on deconsolidation:	
External Net assets of KCM (refer note iii below)	**1,268**
Non-controlling Interest	86
External Net assets of KCM attributable to the Group (b)	**1,354**
Loss on deconsolidation (a) – (b)	**(661)**

*consists of unsecured loans advanced by the Group of US$ 265 million, which is past due, secured borrowings of KCM where the Group has provided guarantee to the lenders/ creditors of US$ 355 million, monies advanced for goods and other receivables of US$ 73 million (Refer note 18).

iii. **The carrying amount of assets and liabilities as at 21 May 2019:**

(US$ million)

	External	VRL Group[1]	Total
Property, plant and equipment	1,470	-	1,470
Other non-current assets	68	-	68
Trade and other receivables	240	-	240
Total assets	**1,778**	**-**	**1,778**
Borrowings	-	1,187	1,187
Trade and other payables[2]	510	499	1,009
Total liabilities	**510**	**1,686**	**2,196**
Net assets/ (liabilities) of KCM	**1,268**	**(1,686)**	**(418)**

1 Loans, receivables and obligations of KCM towards the Group

2 During the year ended 31 March 2021, guarantee given by the Group to the lenders/creditors amounting to US$ 69 Million has been expired.

iv. **The profit/ (loss) from discontinued operations, i.e., KCM including loss on its deconsolidation has been presented below:**

	Year ended 31 March 2021	Year ended 31 March 2020
Loss after tax from discontinued operations (refer note i above)	-	(77)
Loss on deconsolidation (refer note ii above)	-	(661)
Gain on expiry of guarantee given by the Group to the lenders/creditors. (refer note iii (2) above)	69	-
Fair value change during the year (refer note v below)	22	(33)
Total	**91**	**(771)**

Key sources of estimation uncertainty

The investment in KCM and loans, receivables and obligations of KCM towards the Group recognised following deconsolidation of the subsidiary are initially recognized at fair value on the date of loss of control.

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Subsequently, the equity investment in KCM is measured at fair value through profit or loss and the loans, receivables and obligations of KCM towards the Group are measured at amortised cost, subject to impairment.

The Group employed third-party experts ("Expert") to undertake valuations of the investment in KCM and loans, receivables and obligations of KCM towards the Group at the date of loss of control, 21 May 2019, at 31 March 2020 and at 31 March 2021. The income approach method was applied for the purposes of the valuation. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these assets. The resulting valuation is adjusted to reflect a number of factors, including the uncertainty and risks inherent in litigation and recovery. The third-party valuation provides a range of reasonable fair values, based on which management calculated the fair value to be recognised in the financial statements as the mid-point of the range.

Cash flow projections are based on financial budgets and life of mine plans on a going concern basis and are sensitive to changes in input assumptions. Input assumptions into the valuation that involve management judgement include:

- The expectation that the large-scale mining licence expiring in 2025 will be extended to the end of the life of mine under the Mines & Mineral Development Act on payment of requisite fees and submission of the proposed programme of mining operation for the period of renewal. We believe this licence renewal process is in line with globally accepted procedural requirement to be followed by a mining company backed by a robust life of mine plan and as such, would get extended for the next permissible period post fulfilment of procedural requirement in ordinary course of business.
- Expected delay between success of the litigation proceedings and receipt of any amounts due.
- Liquidity of the market in the event of a sale of KCM, which has been considered through benchmarking the resulting valuation against other recent transactions for similar mines.
- The discount rate used to discount the cash flow projection, which has been calculated on a post-tax basis at 12.750% (31 March 2020: 12.125%), using the input of third-party expert.
- To factor in the uncertainties, valuation under few scenarios in addition to the base case valuation, assuming equal likelihood, has been computed a) If Provisional Liquidator continues to control the assets for longer than expected, b) additional capex required to achieve the planned ramp up of production and c) future implied Zambian country risk premium.

The key sources of estimation uncertainty, to which the valuation is most sensitive, are:

- The long-term copper prices which are based on the median of analyst forecasts.
- Throughput at the Konkola concentrator: The timing of ramp up of through put at the Konkola concentrator is based on internal management forecasts. The forecasts incorporate management experience and expectations as well as the risks associated therewith (for example availability of required fleets, skill sets for level developments at critical areas).
- The probability of achieving an award or positive settlement outcome in respect of the litigation proceedings. As discussed above, the Group believes, based on the legal advice it has obtained, that it is probable that it will succeed with its appeal to the Zambian Court of Appeal, which would result in the Petition being stayed until the outcome of the arbitration and the Group believes at some stage the Petition will be dismissed and the appointment of the PL discharged. The probability used in the valuation is based on the Expert's assumption based on external legal advice that it is probable that the Group will succeed with its appeal to the Zambian Court of Appeal and benchmarked using external data on historical outcomes for similar claims.
- The potential proportion of the claim value that may be expected to be recovered in the event of achieving an award or positive settlement outcome. This includes the ability of ZCCM to make payments in the event of a successful award or settlement outcome.

Notes to the Financial Statements

Where discounted cash flow models based on management's assumptions are used, the resulting fair value measurements are considered to be at level 3 in the fair value hierarchy, as defined in IFRS 13 Fair Value Measurement, as they depend to a significant extent on unobservable valuation inputs.

v. **Fair value measurements**

The valuation of the investment in KCM and the loans, receivables and obligations of KCM towards the group is determined using discounted future cash flows and adjusted to reflect Expert's current views on litigation risk and other unobservable inputs as described below. These assets are considered to be level 3 in the fair value hierarchy. Quantitative information about the significant unobservable inputs used in level 3 fair value measurements are set out in the table below:

(US$ million, unless stated otherwise)

Financial asset	Fair value at 31 March 2021	Fair value at 31 March 2020	Fair value at 21 May 2019	Significant unobservable Inputs	Relationship of unobservable inputs to fair value
Investments and Loans, receivables and obligations of KCM towards the Group	682	660	693	Probability of achieving an award or positive settlement outcome in respect of litigation proceedings	A decrease in probability of success would decrease the fair value. A 10% decrease in the probability of success, with no change to any other inputs, would decrease the fair value by US$ 54 million. We have used a 10% assumption to calculate our exposure as it represents a change in the probability of success that we deem to be reasonably probable.
				Potential proportion of the claim value that may expected to be recovered in the event of achieving an award or positive settlement outcome	A decrease in the recovery percentage would decrease the fair value. A 10% decrease in the recovery percentage, with no change to any other inputs, would decrease the fair value by US$ 136 million. We have used a 10% assumption to calculate our exposure as it represents a change in the recovery probability that we deem to be reasonably probable.
				Copper price Long term price of US$ 6,850 / tonne (31 March 2021), US$ 6,559 / tonne (31 March 2020) and US$ 6,503 / tonne (21 May 2019)	A decrease in the copper price would decrease the fair value. A 10% reduction in the long-term copper price, with no change to any other inputs, would decrease the fair value by US$ 140 million. We have used a 10% assumption to calculate our exposure as it represents the annual copper price movement that we deem to be reasonably probable (on an annual basis over the long run).

c) **Acquisition of Global coke plant**

On 28 July 2019, the Group acquired Sindhudurg plant of Global Coke Limited which was under liquidation as per the Insolvency and Bankruptcy Code, 2016 (including all amendments for the time being in force) for a cash consideration of US$ 5 Million. The assets acquired mainly included Land, Building and Plant and Equipment of similar value as the cash consideration. The acquisition complements backward integration opportunity for the Group's existing pig iron division and also increase Group's footprint in met coke market in south western part of India.

Detailed disclosure of fair value of the identifiable assets and liabilities of Sindhudurg plant has not been provided as the same is not material. Acquisition costs related to this acquisition were not material.

4. SEGMENT INFORMATION

The Group is a diversified natural resources Group engaged in exploring, extracting and processing minerals and oil and gas. The Group produces zinc, lead, silver, copper, aluminium, iron ore, oil and gas and commercial power and have a presence across India, Zambia, South Africa, Namibia, UAE, Ireland,

Notes to the Financial Statements

Australia, Liberia, Japan, South Korea and Taiwan. The Group is also in the business of port operations and manufacturing of glass substrate, ferro alloys & steel.

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
- Aluminium
- Power

'Others' segment mainly comprises of port/berth, steel, ferro alloys and glass substrate business and those segments which do not meet the quantitative threshold for separate reporting.

Each of the reportable segments derives its revenues from these main products and hence these have been identified as reportable segments by the Group's chief operating decision maker ("CODM").

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 Earnings Before Interest, Taxes, Depreciation, and Amortization ("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 years ended 31 March 2021 and 31 March 2020. Items after operating profit are not allocated by segment.

(a) Reportable segments

Year ended 31 March 2021

(US$ million)

	Zinc-India	Zinc-International	Oil and gas	Iron Ore	Copper-India/Australia	Aluminium	Power	Others	Elimination	Total operations
REVENUE										
Sales to external customers	2,960	368	1,016	606	1,469	3,856	725	722	-	11,722
Inter-segment sales	-	-	-	5	-	9	-	5	(19)	-
Segment revenue	**2,960**	**368**	**1,016**	**611**	**1,469**	**3,865**	**725**	**727**	**(19)**	**11,722**
Segment Result										
EBITDA [1]	1,568	120	438	245	(21)	1,046	190	214	-	3,800
Depreciation and amortisation[2]	332	43	287	30	21	230	79	77	-	1,099
Operating profit / (loss) before special items	**1,236**	**77**	**151**	**215**	**(42)**	**816**	**111**	**137**	**-**	**2,701**
Investment revenue										292
Finance costs										(1,209)
Other gains and (losses) [net]										11
Special items										(112)
Loss before taxation from continuing operations										**1,683**
Segments assets	2,730	828	2,419	451	825	6,564	2,235	1,062	-	17,114
Financial asset investments										21
Deferred tax assets										1,018
Short-term investments										5,002
Cash and cash equivalents										955
Tax assets										375
Others										834
TOTAL ASSETS										**25,319**
Segment liabilities	644	146	1,508	173	590	2,142	245	287	-	5,735
Borrowings										16,377
Current tax liabilities										38
Deferred tax liabilities										299
Others										539
TOTAL LIABILITIES										**22,988**

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(US$ million)

	Zinc-India	Zinc-International	Oil and gas	Iron Ore	Copper-India/ Australia	Aluminium	Power	Others	Elimination	Total operations
Other segment information										
Additions to property, plant and equipment, exploration and evaluation assets and intangible assets [(4)]	340	51	188	13	8	232	4	82	-	919
Impairment charge [(3)]	-	-	-	-	-	24	-	9	-	33

Year ended 31 March 2020

(US$ million)

	Zinc-India	Zinc-International	Oil and gas	Iron Ore	Copper-India/ Australia	Aluminium	Power	Others	Elimination	Total operations
REVENUE										
Sales to external customers	2,563	441	1,787	487	1,277	3,746	827	662	-	11,790
Inter-segment sales	-	-	-	2	-	5	-	13	(20)	-
Segment revenue	**2,563**	**441**	**1,787**	**489**	**1,277**	**3,751**	**827**	**675**	**(20)**	**11,790**
Segment Result										
EBITDA [(1)]	1,230	54	1,032	117	(40)	281	232	97	-	3,003
Depreciation and amortisation [(2)]	**319**	**90**	**566**	**34**	**21**	**233**	**81**	**68**	**-**	**1,412**
Operating profit / (loss) before special items	911	(36)	466	83	(61)	48	151	29	-	1,591
Investment revenue										382
Finance costs										(1,179)
Other gains and (losses) [net]										(87)
Special items										(2,053)
Loss before taxation from continuing operations										**(1,346)**
Segment assets	2,762	692	2,079	461	879	6,560	2,333	1,072	-	16,838
Financial asset investments										12
Deferred tax assets										1,114
Short-term investments										4,385
Cash and cash equivalents										705
Tax assets										355
Others										777
TOTAL ASSETS										**24,186**
Segment liabilities	637	164	1,344	164	606	2,396	214	207	-	5,732
Borrowings										15,095
Current tax liabilities										26
Deferred tax liabilities										397
Others										663
TOTAL LIABILITIES										**21,913**
Other segment information										
Additions to property, plant and equipment, exploration and evaluation assets and intangible assets	651	107	642	15	31	200	10	44	-	1,700
Impairment charge [(3)]	-	-	1,906	-	94	-	-	72	-	2,072

(1) EBITDA is a non-IFRS measure and represents earnings before special items, depreciation, amortisation, other gains and losses, interest and tax.

(2) Depreciation and amortisation are also provided to the chief operating decision maker on a regular basis.

(3) Included under special items (Note 6).

(4) Additions to property, plant and equipment, exploration and evaluation assets and intangible assets includes US$ 1 Million not allocated to any segment. It also includes US$ 48 Million acquired through business combination.

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(b) Geographical segmental analysis

The Group's operations are located in India, Zambia, Namibia, South Africa, UAE, Liberia, Ireland, Australia, Japan, South Korea and Taiwan. The following table provides an analysis of the Group's revenue by region in which the customer is located, irrespective of the origin of the goods.

(US$ million)

	Year ended 31 March 2021	Year ended 31 March 2020
India	7,236	7,652
China	705	380
UAE	94	116
Malaysia	959	1,079
Others	2,728	2,563
Total	**11,722**	**11,790**

The following is an analysis of the carrying amount of non-current assets, excluding deferred tax assets, derivative financial assets, financial asset investments and other non-current financial assets analysed by the geographical area in which the assets are located:

(US$ million)

	Carrying amount of non-current assets	
	As at 31 March 2021	As at 31 March 2020
India	13,083	13,091
Namibia	121	100
South Africa	607	498
Taiwan	137	155
Others	101	145
Total	**14,049**	**13,989**

Information about major customer

Revenue from one customer amounted to US$ 1,414 Million for the year ended 31 March 2021 (31 March 2020: No customer), arising from sales made in the Aluminium, Zinc and Copper segment. No other customer contributed to 10% or more of revenues.

Disaggregation of revenue

Below table summarises the disaggregated revenue from contracts with customers:

(US$ million)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Zinc Metal	2,245	2,223
Lead Metal	524	490
Silver Bars	593	349
Oil	874	1,539
Gas	92	112
Iron ore	293	209
Pig Iron	327	316
Metallurgical coke	35	8
Copper Products	1,377	1,037
Aluminium Products	3,832	3,589
Power	493	622
Steel Products	535	534
Ferro Alloys	37	-
Others	287	529
Revenue from contracts with customers*	**11,544**	**11,557**

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(US$ million)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Revenue from contingent rents	204	236
Losses on provisionally priced contracts under IFRS 9 (refer note 5)	(26)	(183)
JV partner's share of the exploration costs approved under the OM (refer note 5)	-	180
Total Revenue	**11,722**	**11,790**

*Includes revenues from sale of services aggregating to US$ 30 million (31 March 2020: US$ 30 million) which is recorded over a period of time and the balance revenue is recognised at a point in time.

5. TOTAL REVENUE

(US$ million)

	Year ended 31 March 2021	Year ended 31 March 2020
Sale of products [a,b]	11,488	11,524
Sale of services [a]	30	30
Revenue from contingent rents	204	236
Total Revenue	**11,722**	**11,790**

a) Revenue from sale of products and from sale of services for the year ended 31 March 2021 includes revenue from contracts with customers of US$ 11,554 million (31 March 2020: US$ 11,557 million) and a net loss on mark-to-market of US$ 26 million (31 March 2020: US$ 183 million) on account of gains/ losses relating to sales that were provisionally priced at the beginning of the respective year with the final price settled in the subsequent year, gains/ losses relating to sales fully priced during the respective year, and marked to market gains/ losses relating to sales that were provisionally priced as at the beginning of the respective year.

b) Government of India (GoI) vide Office Memorandum ("OM") No. O-19025/10/2005-ONG-DV dated 01 February 2013 allowed for Exploration in the Mining Lease Area after expiry of Exploration period and prescribed the mechanism for recovery of such Exploration Cost incurred. Vide another Memorandum dated 24 October 2019, GoI clarified that all approved Exploration costs incurred on Exploration activities, both successful and unsuccessful, are recoverable in the manner as prescribed in the OM and as per the provisions of PSC. Accordingly, during the previous year, the Group has recognized revenue of US $ 180 million, for past exploration costs, through increased share in the joint operations revenue as the Group believes that cost recovery mechanism prescribed under OM for profit petroleum payable to GOI is not applicable to its Joint operation partner, view which is also supported by an independent legal opinion. However, the Joint operation partner carries a different understanding and the matter is pending resolution.

c) Majority of the Group's sales are against advance or are against letters of credit/ cash against documents/ guarantees of banks of national standing. Where sales are made on credit, the amount of consideration does not contain any significant financing component as payment terms are within three months.

As per the terms of the contract with its customers, either all performance obligations are to be completed within one year from the date of such contracts or the Group has a right to receive consideration from its customers for all completed performance obligations. Accordingly, the Group has availed the practical expedient available under paragraph 121 of IFRS 15 and dispensed with the additional disclosures with respect to performance obligations that remained unsatisfied (or partially unsatisfied) at the balance sheet date. Further, since the terms of the contracts directly identify the transaction price for each of the completed performance obligations, in all material respects, there are no elements of transaction price which have not been included in the revenue recognised in the financial statements.

Further, there is no material difference between the contract price and the revenue from contract with customers.

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6. SPECIAL ITEMS

(US$ million)

	Year ended 31 March 2021			Year ended 31 March 2020		
	Special items	Tax effect of Special items	Special items after tax	Special items	Tax effect of Special items	Special items after tax
Revision of Renewable Purchase Obligation (RPO)[5]	13	(3)	10	24	(8)	16
Provision for settlement of dispute regarding environmental clearance[11]	(29)	10	(19)	-	-	-
Gross profit special items (a)	**(16)**	**7**	**(9)**	**24**	**(8)**	**16**
Impairment (charge)/reversal of oil and gas assets[1]	-	-	-	(1,906)	742	(1,164)
Impairment (charges) of CWIP & capital advances [2, 9, 10]	(33)	11	(22)	(94)	33	(61)
Impairment (charge) of ASI assets [3]	-	-	-	(72)	11	(61)
Total impairment reversal/ (charge) (net) (b)	**(33)**	**11**	**(22)**	**(2,072)**	**786**	**(1,286)**
Provision on Iron ore assets [4] (c)	-	-	-	(17)	6	(11)
Operating special items (a+b+c)	**(49)**	**18**	**(31)**	**(2,065)**	**784**	**(1,281)**
Investment Revenue Special item [7]	-	-	-	12	(3)	9
Transaction costs paid to the ultimate parent company on structured investment sold in previous year [12]	(14)	-	(14)	-	-	-
Bargain gain on acquisition of FACOR [13]	16	-	16	-	-	-
Delisting expenses [8]	(65)	-	(65)	-	-	-
Profit/ (Loss) on Discontinued Operations [6]	91	-	91	(771)	-	(771)
Total of Special items	**(21)**	**18**	**(3)**	**(2,824)**	**781**	**(2,043)**

1 During the year ended 31 March 2020, the Group has recognized impairment charge of US$ 1,906 on its assets in the oil and gas segment comprising of:

I. During the year ended 31 March 2020, impairment charge of US$ 1,795 million relating to Rajasthan oil and gas block ("RJ CGU") triggered by the significant fall in the crude oil prices. Of this charge, US$ 1,648 million impairment charge has been recorded against oil and gas producing facilities and US$ 147 million impairment charge had been recorded against exploration intangible assets under development.

For oil & gas assets, CGUs identified are on the basis of a production sharing contract (PSC) 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 RJ CGU, US$ 1,405 million, was determined based on the fair value less costs of disposal approach, a level-3 valuation technique in the fair value hierarchy. Also, as it more accurately reflects 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 and 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 the current estimates of reserves and risked resources. Reserves assumptions for fair value less costs of disposal 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 oil price of US$ 38 per barrel for the next one year and scales upto long-term nominal price of US$ 57 per barrel three years thereafter derived from a consensus of various analyst recommendations. Thereafter, these have been escalated at a rate of 2% per annum. The cash flows are discounted using the post-tax nominal discount rate of 10.35% derived from the post-tax weighted average cost of capital after factoring the risks ascribed to the successful implementation of key growth projects. Additionally, in computing the recoverable value, the effects of market

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participant's response on production sharing contract matters have also been appropriately considered (refer note 2(c)(I)(viii) for PSC extension matters). Based on the sensitivities carried out by the Group, change in crude price assumptions by US$ 1/bbl and changes to discount rate by 1% would lead to a change in recoverable value by US$ 45 million and US$ 66 million respectively.

II. During the year ended 31 March 2020, impairment charge of US$ 36 million relating to KG-ONN-2003/1 CGU mainly due to the reduction in crude oil price forecast.

The recoverable amount of the CGU, US$ 20 million was determined based on fair value less cost of disposal approach, a level-3 valuation technique in the fair value hierarchy as described in above paragraph. Discounted cash flow analysis used to calculate fair value less costs of disposal uses assumption for oil price as described in above paragraph. The cash flows were discounted using the post-tax nominal discount rate of 11.1% derived from the post-tax weighted average cost of capital. The sensitivities around change in crude price and discount rate are not material to the financial statements.

III. During the year ended 31 March 2020, impairment charge of US$ 75 Million, in exploration block KG-OSN-2009/3, was provided for as the Government of India approval on extension and grant of excusable delay was awaited.

2. Refer note 2(c)(I)(vii).

3. During the year ended 31 March 2020, the Group has recognized impairment charge of US$ 72 million on the assets of AvanStrate Inc (ASI) mainly due to the significant changes in the market and economic environment in which ASI operates leading to decrease in demand and profitability in the glass substrate business. The charge relates to ASI business in Japan, Taiwan and Korea classified in the 'others' segment. Given the significant interdependence of these entities on each other, these are considered as a single cash-generating unit.

The net recoverable value of assets and liabilities has been assessed at US$ 205 million based on the value in use approach.Based on the sensitivities carried out by the Group, decrease in volume assumptions by 1% would lead to decrease in recoverable value by US$ 2 million and increase in discount rate by 1% would lead to a decrease in recoverable value by US$ 6 million.

4. During the year ended 31 March 2020, a parcel of land relating to the Iron Ore business having carrying value of US$ 17 million was reclassified from freehold land to other financial asset due to an ongoing legal dispute relating to title of the land. Subsequently, during the year, the financial asset was fully provided for impairment and recognized under special items.

5. During the year ended 31 March 2020, Vedanta Limited restated its Renewable Power Obligation (RPO) liability pursuant to Odisha Electricity Regulatory Commission (OERC) notification dated 31 December 2019 which clarified that for CPPs commissioned before 01 April 2016, RPO should be pegged at the RPO obligation applicable for 2015-16. Based on the notification, liability of Vedanta Limited's Jharsuguda and Lanjigarh plants have been revised and US$ 24 million reversal relating to previous years has been recognised under special items.

During the year ended 31 March 2021, Vedanta Limited has recomputed its Renewable Power Obligation (RPO) pursuant to Chhattisgarh State Electricity Regulatory Commission (CSERC) notification dated 13 July 2020 (published on 22 July 2020) which clarified that for Captive Power Plants commissioned before 01 April 2016, RPO should be pegged at the RPO obligation percentage rates (both for solar and non-solar) applicable for FY 2015-16. Consequent to the aforesaid notification, Vedanta Limited's obligation towards RPO relating to the period upto 31 March 2020 has been reversed to the extent of US$ 13 million during this year.

6. Refer note 3(b).

7. On the contempt petition filed by TSPL, the Hon'ble Supreme Court of India vide its order dated 07 August 2019 allowed gross calorific value (GCV) on as received basis (ARB) and actual cost of coal in the Energy Charge Formula and directed Punjab State Power Corporation Limited (PSPCL) to make the payments within 8 weeks. Pursuant to the order, PSPCL has paid US$ 142 million in September 2019 and October 2019. TSPL has booked an interest of US$ 20 million due to the delay in receipt of payment as per the Supreme Court order dated 07 March 2018 allowing the interest on delay in payment. Of this interest of US$ 12 million pertaining to period prior to 31 March 2019 is booked as special item and amount of US$ 8 million for previous year is booked in investment income.

8. Refer delisting note in Group overview section.

9. During the year ended 31 March 2021, the Group has recognised a loss of US$ 24 Million relating to certain items of capital work-in-progress at the aluminium operations, which are no longer expected to be used.

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10. During the year ended March 31, 2021, ESL Steel Limited conducted a detailed physical verification and evaluation of project equipment and material being carried forward as capital work in progress at a carrying value of US$ 113 Million. Pending completion of entire exercise, an interim provision of US$ 9 Million has been recognized relating to certain items of capital work-in-progress, which are no longer expected to be used.
11. Refer Note 2(c)(I)(x).
12. Refer Note 35.
13. Refer Note 3(a).

7. INVESTMENT REVENUE

(US$ million)

	Year ended 31 March 2021	Year ended 31 March 2020
Net gain on financial assets held at fair value through profit or loss (FVTPL)*	109	97
Interest Income:		
Interest income- financial assets held at FVTPL	63	140
Interest income- bank deposits at amortised cost	77	33
Interest income- loans and receivables at amortised cost	37	67
Interest income- others	11	4
Investment Revenue – Special item	-	12
Dividend Income:		
Dividend income- available for sale Investments	-	-
Dividend income- financial assets held at FVTPL	-	7
Foreign exchange (loss)/ gain (net)	(5)	7
Net Gain arising on qualifying hedges and non-qualifying hedges	-	27
Total	**292**	**394**

* Includes mark to market loss of Nil (31 March 2020: gain of US$ 51 million) relating to structured investment (Refer note 35).

8. FINANCE COSTS

(US$ million)

	Year ended 31 March 2021	Year ended 31 March 2020
Interest expense – financial liabilities at amortised cost	1,170	1,245
Other finance costs (including bank charges)	70	61
Total interest cost	**1,240**	**1,306**
Unwinding of discount on provisions (note 26)	10	14
Net interest on defined benefit arrangements	3	3
Special items (note 6)	58	-
Capitalisation of finance costs/borrowing costs (note 16)	(44)	(144)
Total	**1,267**	**1,179**

All borrowing costs are capitalised using rates based on specific borrowings and general borrowings with the interest rate of 6.91% (7.49% for 31 March 2020) per annum for the year ended 31 March 2021.

9. OTHER GAINS AND (LOSSES), (NET)

(US$ million)

	Year ended 31 March 2021	Year ended 31 March 2020
Foreign exchange gain/ (loss) (net)	55	(79)
Change in fair value of financial liabilities measured at fair value	(1)	(1)
Net loss arising on qualifying hedges and non-qualifying hedges	(43)	(7)
Bargain gain on acquisition of FACOR – Special Item (Refer Note 3(a))	16	-
Other gains and losses – Special Item	(21)	-
Total	**6**	**(87)**

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10(A). PROFIT/ (LOSS) FOR THE YEAR HAS BEEN STATED AFTER CHARGING/ (CREDITING):

(US$ million)

	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation & amortization	1,099	1,412
Costs of inventories recognised as an expense	3,192	3,186
Auditor's remuneration for audit services (note 37)	3	4
Research and development	-	1
Net (gain)/ loss on disposal of Property plant and equipment	(10)	8
Provision for receivables	29	15
Impairment charge of oil & gas assets (refer note 6)	-	1,906
Impairment of other assets (refer note 6)	33	166
Employee costs (note 28)	395	388

10(B). EXCHANGE GAIN/ (LOSS) RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT:

(US$ million)

	Year ended 31 March 2021	Year ended 31 March 2020
Cost of sales	(26)	(60)
Investment revenue (refer note 7)	(5)	34
Other gains and losses (refer note 9)	12	(86)
Total	**(19)**	**(112)**

11. TAX

(a) Tax charge/ (credit) recognised in Consolidated Income Statement (including on special items)

(US$ million)

	Year ended 31 March 2021	Year ended 31 March 2020
Current tax:		
Current tax	308	258
Total current tax (a)	**308**	**258**
Deferred tax:		
Origination of temporary differences	8	153
Credit in respect of Special items (Refer Note 6)	(18)	(781)
Total deferred tax (b)	**(10)**	**(628)**
Total Income tax expense/ (benefit) for the year((a)+(b))	**298**	**(370)**
(Loss)/ Profit before tax from continuing operations	**1,683**	**(1,346)**
Effective Income tax rate (%)	**17.7%**	**27.5%**

Tax expense/ (benefit)

(US$ million)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Tax effect on special items	(18)	(781)
Tax expense – others	316	411
Net tax expense/ (benefit)	**298**	**(370)**

(b) A reconciliation of income tax expense/ (credit) applicable to profit/ (loss) before tax at the Indian statutory income tax rate to income tax expense/ (credit) at the Group's effective income tax rate for the year indicated are as follows.

Notes to the Financial Statements

Given majority of the Group's operations are located in India, the reconciliation has been carried out from Indian statutory income tax rate.

(US$ million)

	Year ended 31 March 2021	Year ended 31 March 2020
Profit/ (Loss) before tax from continuing operations	**1,683**	**(1,346)**
Indian statutory income tax rate	34.944%	34.944%
Tax at statutory income tax rate	**588**	**(470)**
Disallowable expenses	30	30
Non-taxable income	(17)	(20)
Tax holidays and similar exemptions	(104)	(70)
Effect of tax rate differences of subsidiaries operating at other tax rates	64	55
Tax on distributable reserve of/ dividend from subsidiary	117	276
Unrecognized tax assets (Net)**	(420)	66
Change in deferred tax balances due to change in tax law*	(42)	(251)
Capital Gains/ Other Income subject to lower tax rate	(23)	(39)
Credit in respect of earlier years	-	-
Other permanent differences	105	53
Total	**298**	**(370)**

* Deferred tax charge for the year ended 31 March 2020 includes deferred tax credit of US$ 233 million on remeasurement of deferred tax balances as at 31 March 2019. Also refer note 2(c)(I)(ix).

** In June 2018, the Company acquired majority stake in ESL, which has since been focusing on operational turnaround. Based on management's estimate of future outlook, financial projections and requirements of Ind AS 12 – Income taxes, ESL has recognized deferred tax assets of US$ 434 million during the year ended 31 March 2021.

Certain businesses of the Group within India are eligible for specified tax incentives which are included in the table above as tax holidays and similar 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 tax holiday under section 80IC of the Income-tax Act, 1961. Such 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').

In the current year, an undertaking at Pantnagar, which is part of Hindustan Zinc Limited, is the only unit eligible for deduction at 30% of taxable profit.

The location based exemption: SEZ Operations

In order to boost industrial development and exports, provided certain conditions are met, profits of undertaking located in Special Economic Zone ('SEZ') may benefit from tax holiday. Such tax holiday works to exempt 100% of the profits for the first five years from the commencement of the tax holiday, 50% of profits for five years thereafter and 50% of the profits for further five years provided the amount allowable in respect of deduction is credited to Special Economic Zone Re-Investment Reserve account. However, such undertaking would continue to be subject to the Minimum Alternative tax ('MAT').

The Group has setup SEZ Operations in its aluminium division of Vedanta Limited (where no benefit has been drawn).

Sectoral Benefit - Power Plants and Port Operations

To encourage the establishment of infrastructure certain power plants and ports have been offered income tax exemptions of upto 100% of profits and gains for any ten consecutive years within the 15 year period following commencement of operations subject to certain conditions under section 80IA of the Income-tax Act, 1961. The Group currently has total operational capacity of 8.4 Giga Watts (GW) of thermal based power generation facilities and wind power capacity of 274 Mega Watts (MW) and port facilities. However, such undertakings would continue to be subject to MAT provisions.

Notes to the Financial Statements

The Group has power plants which benefit from such deductions, at various locations of Hindustan Zinc Limited (where such benefits have been drawn), Talwandi Sabo Power Limited, Vedanta Limited and Bharat Aluminium Company Limited (where no benefit has been drawn).

The Group operates a zinc refinery in Export Processing Zone, Namibia which has been granted tax exempt status by the Namibian government.

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$ 104 million for the year ended 31 March 2021 (31 March 2020: US$ 70 million).

(c) Deferred tax assets/liabilities

The Group has accrued significant amounts of deferred tax. The majority of the deferred tax liability represents accelerated tax relief for the depreciation of property, plant and equipment, the depreciation of mining reserves and the fair value uplifts created on acquisitions, net of losses carried forward by the Group and unused tax credits in the form of MAT credits carried forward in the Group. Significant components of Deferred tax (assets) and liabilities recognized in the Consolidated Statement of financial position are as follows:

For the year ended 31 March 2021:

(US$ million)

Significant components of deferred tax (assets)/ liabilities	Opening balance as at 01 April 2020	Charged/ (credited) to Income Statement	Charged/ (credited) to other comprehensive income	Charged to Equity	Business Combination	Discontinued Operations	Exchange difference transferred to translation of foreign operation	Closing balance as at 31 March 2021
Property, plant and equipment, Exploration and Evaluation and other intangible assets	1,045	(2)	-	-	7	-	46	1,096
Voluntary retirement scheme	(4)	(3)	-	-	-	-	(1)	(8)
Employee benefits	(25)	(3)	1	4	-	-	(1)	(24)
Fair value of derivative asset/ liability	(12)	6	(4)				-	(10)
Fair valuation of other asset/liability	140	(33)	-	-	-	-	(1)	106
MAT credit entitlement	(1,221)	121	-	-	-	-	(25)	(1,125)
Unabsorbed depreciation and business losses	(732)	106	-	-	-	-	(14)	(640)
Other temporary differences	92	(202)	-	-	1	(2)	(3)	(114)
Total	**(717)**	**(10)**	**(3)**	**4**	**8**	**(2)**	**1**	**(719)**

Notes to the Financial Statements

For the year ended 31 March 2020:

(US$ million)

Significant components of deferred tax (assets)/ liabilities	Opening balance as at 01 April 2019	Charged/ (credited) to Income Statement	Charged/ (credited) to other comprehensive income	Discontinued operations	Exchange difference transferred to translation of foreign operation	Closing balance as at 31 March 2020
Property, plant and equipment, Exploration and Evaluation and other intangible assets	2,442	(860)	-	427	(964)	1,045
Voluntary retirement scheme	(5)	1	-	-	-	(4)
Employee benefits	(17)	-	(10)	-	2	(25)
Fair value of derivative asset/ liability	(8)	(9)	4	-	1	(12)
Fair valuation of other asset/liability	130	13	-	-	(3)	140
MAT credit entitlement	(1,492)	167	-	-	104	(1,221)
Unabsorbed depreciation and business losses	(879)	(130)	-	(244)	521	(732)
Other temporary differences	(173)	190	-	(69)	144	92
Total	**(2)**	**(628)**	**(6)**	**114**	**(195)**	**(717)**

Deferred tax assets and liabilities have been offset where they arise in the same taxing jurisdiction with a legal right to offset current income tax assets against current income tax liabilities but not otherwise. Accordingly, the net deferred tax (assets)/liability has been disclosed in the Consolidated Statement of financial position as follows:

(US$ million)

	As at 31 March 2021	As at 31 March 2020
Deferred tax assets	(1,018)	(1,114)
Deferred tax liabilities	299	397
Net Deferred tax (assets) / Liabilities	**(719)**	**(717)**

Recognition of deferred tax assets on MAT credits entitlement is based on the respective legal entity's present estimates and business plans as per which the same is expected to be utilized within the stipulated fifteen year period from the date of origination (Refer Note 2(c)(I)(vi)).

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. For certain components of the Group, deferred tax assets on carry forward unused tax losses have been recognised to the extent of deferred tax liabilities on taxable temporary differences available. It is expected that any reversals of the deferred tax liability would be offset against the reversal of the deferred tax asset at respective entities.

Unused tax losses / unused tax credit for which no deferred tax asset has been recognized amount to US$ 4,669 million and US$ 5,193 million as at 31 March 2021 and 31 March 2020 respectively.

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As at 31 March 2021

Unused tax losses/ Unused tax credit

(US$ million)

Particulars	Within one year	Greater than one year, less than five years	Greater than five years	No expiry date	Total
Unutilized business losses	70	451	420	2,156	3,097
Unabsorbed depreciation	1	14	41	321	377
Unutilized R&D credit	-	-	-	1	1
Unabsorbed interest allowance*	-	-	-	1,194	1,194
Total	**71**	**465**	**461**	**3,672**	**4,669**

As at 31 March 2020

Unused tax losses/ Unused tax credit

(US$ million)

Particulars	Within one year	Greater than one year, less than five years	Greater than five years	No expiry date	Total
Unutilized business losses	143	550	657	2,098	3,448
Unabsorbed depreciation	-	-	-	1,072	1,072
Unutilized R&D credit	-	-	-	1	1
Unabsorbed interest allowance*	-	-	-	672	672
Total	**143**	**550**	**657**	**3,843**	**5,193**

* As per UK's corporate interest restriction rules, the disallowed interest expense for any year can be carried forward and claimed in future years for unlimited life subject to specified conditions

No deferred tax assets have been recognised on these unused tax losses/ unused tax credit as there is no evidence that sufficient taxable profit will be available in future against which these can be utilised by the respective entities.

MAT credits are taxes paid to Indian tax authorities which can be offset against future tax liabilities, subject to certain restrictions, within a period of 15 years from the year of origination. The Group recognises MAT assets only to the extent it expects to realise the same within the prescribed period.

Further, the Group had unused MAT credit amounting to US$ 57 million as at 31 March 2020. Such tax credits were not recognised on the basis that recovery is not probable in the foreseeable future. However, as per the amendments to the tax laws in September 2019, a new tax provision has been introduced whereby a company can claim the benefits of reduced tax rates, provided it forgoes certain incentives/exemptions under Income-tax Act, 1961. One of the subsidiaries of the group has opted for the same and foregoes the unrecognised MAT Credit for the earlier years.

Unrecognised MAT credit expires, if unutilized, based on the year of origination was as follows:

(US$ million)

Year of Expiry	As at 31 March 2021	At at 31 March 2020
2022	-	15
2023	-	2
2024	-	7
2025	-	7
2026	-	15
2027	-	9
2028	-	1
2029	-	1
Total	**-**	**57**

The Group has not recognised any deferred tax liabilities for taxes that would be payable on the Group's share in unremitted earnings of certain of its subsidiaries because the Group controls when the liability will be incurred, and

Notes to the Financial Statements

it is probable that the liability will not be incurred in the foreseeable future. The amount of unremitted earnings is US$ 3,958 million and US$ 3,312 million as at 31 March 2021 and 31 March 2020 respectively.

(d) Non-current tax assets

Non-current tax assets of US$ 375 million (31 March 2020: US$ 354 million) mainly represents income tax receivable from Indian Tax authorities by Vedanta Limited relating to the refund arising consequent to the Scheme of Amalgamation & Arrangement made effective in August 2013 pursuant to approval by the jurisdiction High Court and receivables relating to matters in tax disputes in Group companies including tax holiday claim.

(e) The tax department had raised demands on account of remeasurement of certain tax incentives, as described above, under section 80IA and 80 IC of the Income-tax Act, 1961. During the current year, based on the favourable orders from Income Tax Appellate Tribunal ("ITAT") relating to AY 09-10 to AY 12-13, the Commissioner of Income Tax (Appeals) has allowed these claims for AY 14-15 to AY 15-16, which were earlier disallowed and has granted refund of amounts deposited under protest. Against the Tribunal order, the tax department had filed an appeal in Hon'ble Rajasthan High Court in financial year 17-18 which is yet to be admitted. As per the view of external legal counsel, Department's appeal seeks re-examination of facts rather than raising any substantial question of law and hence it is unlikely that appeal will be admitted by the High Court. In view of this, there is a strong prima facie case that ITAT order will stand confirmed and department's appeal would be dismissed. The amount involved in this dispute as at 31 March 2021 is US$ 1,538 million (31 March 2020: US$ 1,412 million) plus applicable interest upto the date of settlement of the dispute.

12. UNDERLYING ATTRIBUTABLE PROFIT/(LOSS) FOR THE YEAR

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 9) and their resultant tax (including taxes classified as special items) & non-controlling interest effects and (Gain)/loss on discontinued operations. This is a Non-IFRS measure.

(US$ million)

	Note	Year ended 31 March 2021	Year ended 31 March 2020
Profit/(Loss) for the year attributable to equity holders of the parent		323	(1,568)
Special items	6	112	2,053
Other (gains)/losses [net]	9	(11)	87
Tax effect of special items (including taxes classified as special items) and other gains/ (losses) [net]		(16)	(799)
Non-controlling interest on special items and other gains/ (losses)		5	(684)
(Gain)/loss on discontinued operations	3(b)	(91)	771
Non-controlling interest on loss after tax from discontinued operations		12	(30)
Underlying attributable profit/ (loss) for the year		**334**	**(170)**

13. DIVIDENDS

(US$ million)

	Year ended 31 March 2021	Year ended 31 March 2020
Amounts recognised as distributions to equity holders:		
Equity dividends on ordinary shares:		
Interim Dividend for 2020-21: 88.0 US cents per share*	251	-
1st Interim Dividend for 2019-20: 53.0 US cents per share	-	152
2nd Interim dividend for 2019-20: 70.0 US cents per share	-	200
Final dividend paid for 2018-19: 65.0 US cents per share	-	185

* US$ 90million is payable as at 31 March 2021.

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14. GOODWILL

(US$ million)

	As at 31 March 2021	At at 31 March 2020
At 01 April	12	12
Impairment during the year	-	-
At 31 March	**12**	**12**

Goodwill is allocated for impairment testing purposes to the following CGUs"

- US$ 12 million Copper India (As at 31 March 2021 & 31 March 2020)

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$ 12 million as at 31 March 2021. 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 cash generating unit 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 and nor was impairment indicated following a reasonably possible change in a key assumption.

15. 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, software licences, technological know-how, acquired brand and others.

(US$ million)

	Port concession rights [1]	Software license	Others [2]	Total
Cost				
As at 1 April 2019	**87**	**17**	**42**	**146**
Addition	1	1	1	3
Discontinued operations	-	(11)	-	(11)
Transfers	-	-	5	5
Exchange differences	(8)	(2)	-	(10)
As at 1 April 2020	**80**	**5**	**48**	**133**
Addition	-	1	4	5
Transfers	-	-	-	-
Exchange differences	2	1	-	3
As at 31 March 2021	**82**	**7**	**52**	**141**
Accumulated amortisation				
As at 1 April 2019	**19**	**15**	**4**	**38**
Charge for the year	3	2	4	9
Discontinued operations	-	(11)	-	(11)
Exchange differences	(1)	(2)	-	(3)
As at 1 April 2020	**21**	**4**	**8**	**33**
Charge for the year	3	1	4	8
Exchange differences	-	1	-	1
As at 31 March 2021	**24**	**6**	**12**	**42**
Net book value				
As at 1 April 2019	**68**	**2**	**38**	**108**
As at 1 April 2020	59	1	40	100
As at 31 March 2021	58	1	40	99

(1) Vizag General Cargo Berth Private Limited (VGCB), a special purpose vehicle, was incorporated for the coal berth mechanization and upgrades at Visakhapatnam port. VGCB is wholly owned by Vedanta Limited. The project is to be carried out on a design, build, finance,

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operate, transfer basis and the concession agreement between Visakhapatnam Port Trust ('VPT') and the VGCB was signed in June 2010. In October 2010, the VGCB was awarded with the concession after fulfilling conditions stipulated as a precedent to the concession agreement. VPT has provided, in lieu of 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. The upgraded capacity is 10.18 mmtpa and VPT would be entitled to receive 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 Authority for Major Ports(TAMP) 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 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 VPT at the end of the concession period. Intangible asset port concession rights represent consideration for construction services. No revenue from construction contract of service concession arrangements on exchanging construction services for the port concession rights was recognised for the year ended 31 March 2021 and 31 March 2020.

(2) Others include technological know-how and acquired brand relating to acquisition of AvanStrate Inc.

Notes to the Financial Statements

16. PROPERTY, PLANT AND EQUIPMENT

(US $ million)

	Mining property and leases	Freehold Land and buildings	Plant and equipment	Assets under construction	Oil & Gas properties (4)	ROU Assets	Others	Total Property, plant and equipment	Exploratory and evaluation assets(5)	Grand Total
Cost										
At 1 April 2019	**3,441**	**2,056**	**14,571**	**1,904**	**19,023**	**-**	**176**	**41,171**	**1,419**	**42,590**
ROU assets as at 1 April 2019	-	-	(2)	-	-	83	-	81	-	81
Additions	210	52	284	408	465	154	22	1,595	97	1,692
Transfers [2]	98	(9)	121	(237)	32	-	5	10	(32)	(22)
Unsuccessful Exploration cost	-	-	-	-	-	-	-	-	-	-
Disposals/Adjustments	(18)	(1)	(107)	(142)	(2)	(32)	(5)	(307)	(7)	(314)
Discontinued operations [1]	(805)	(99)	(2,208)	(18)	-	-	(34)	(3,164)	-	(3,164)
Acquisition through business combination (note 3(c))	-	3	2	-	-	-	-	5	-	5
Exchange differences	(289)	(153)	(997)	(145)	-	(6)	(17)	(1,607)	(0)	(1,607)
At 1 April 2020	**2,637**	**1,849**	**11,664**	**1,770**	**19,518**	**199**	**147**	**37,784**	**1,477**	**39,261**
Additions	176	22	205	230	105	16	18	772	94	866
Transfers	62	(20)	366	(440)	(1)	34	(2)	(1)	1	-
Unsuccessful Exploration cost	-	-	-	-	-	-	-	-	(1)	(1)
Disposals/Adjustments	(1)	(4)	(74)	(39)	(1)	-	(6)	(125)	-	(125)
Acquisition through business combination (note 3(a))	30	18	-	-	-	-	-	48	-	48
Exchange differences	160	54	332	43	-	0	8	597	-	597
At 31 March 2021	**3,064**	**1,919**	**12,493**	**1,564**	**19,621**	**249**	**165**	**39,075**	**1,571**	**40,646**
Accumulated depreciation, amortization and impairment										-
At 1 April 2019	**2,358**	**462**	**4,848**	**121**	**16,013**	**-**	**47**	**23,849**	**1,015**	**24,864**
ROU assets as at 1 April 2019	-	-	-	-	-	-	-	-	-	-
Charge for the year	250	73	486	-	563	15	24	1,411	-	1,411
Disposals/Adjustments	-	-	(57)	-	-	(4)	(4)	(65)	-	(65)
Discontinued operations [1]	(377)	(68)	(1,216)	-	-	-	(33)	(1694)	-	(1694)
Transfers	-	-	(1)	-	-	-	1	-	-	-
Impairment/(impairment reversal) of assets (note 6)	-	2	73	89	1,683	3	-	1,850	222	2,072
Exchange differences	(171)	(45)	(335)	(11)	-	-	(10)	(572)	-	(572)
At 1 April 2020	**2,060**	**424**	**3,798**	**199**	**18,259**	**14**	**25**	**24,779**	**1,237**	**26,016**
Charge for the year	227	70	483	-	276	21	24	1101	-	1101
Disposals/Adjustments	-	(3)	(57)	-	(1)	-	(4)	(65)	-	(65)
Transfers	-	-	5	(4)	-	-	(1)	-	-	-
Impairment Charge of assets (note 6)	-	-	-	33	-	-	-	33	-	33
Exchange differences	86	21	143	3	-	-	6	259	-	259
At 31 March 2021	**2,373**	**512**	**4,372**	**231**	**18,534**	**35**	**50**	**26,107**	**1,237**	**27,344**
Net book value										-
At 1 April 2019	**1,083**	**1,594**	**9,723**	**1,783**	**3,010**	**-**	**129**	**17,322**	**404**	**17,726**
At 1 April 2020	**577**	**1,425**	**7,866**	**1,571**	**1,259**	**185**	**122**	**13,005**	**240**	**13,245**
At 31 March 2021	**691**	**1,407**	**8,121**	**1,333**	**1,087**	**214**	**115**	**12,968**	**334**	**13,302**

1) Net block of property, plant and equipment as on 1 April 2019 includes US$ 1,470 million pertaining to KCM, which has been deducted as a result of loss of control over KCM during the previous year. (Refer note 3(b)).

2) In view of litigation, a parcel of land aggregating to US$ 17 million relating to Iron Ore business had been reclassified during the previous year to Financial Assets and later impaired (Refer note 6) and US$5 million transferred to intangible assets from "Asset under construction".

3) During the year ended 31 March 2021, interest capitalised was US$ 44 million (31 March 2020: US$ 144 million).

4) Oil and Gas roperties includes development assets under construction of carrying value US$ 565 million (31 March 2020: US$ 648 million).

5) Oil and Gas properties and exploration and evaluation assets net block includes share of jointly owned assets with the joint venture partners US$ 1,460 million (31 March 2020: US$ 1,555 million).

Notes to the Financial Statements

Disclosure of Right of Use (ROU) Assets as per IFRS 16 "Leases"

(US $ million)

	Land & Building	Plant and Equipment	Total
Cost			
At 1 April 2019	**-**	**-**	**-**
ROU assets as at 1 April 2019	79	4	83
Additions	59	95	154
Disposals/Adjustments	(32)	-	(32)
Exchange difference	(4)	(2)	(6)
At 1 April 2020	**102**	**97**	**199**
Additions	14	2	16
Transfers	34	-	34
Exchange difference	-	-	-
At 31 March 2021	**150**	**99**	**249**
Accumulated depreciation			
At 1 April 2019	**-**	**-**	**-**
Charge for the year	12	3	15
Disposals/Adjustments	(4)	-	(4)
Impairment/(Impairment Reversal) of assets	3	-	3
At 1 April 2020	**11**	**3**	**14**
Charge for the year	9	12	21
Exchange difference	-	-	-
At 31 March 2021	**20**	**15**	**35**
Net book value			
At 1 April 2019	-	-	-
At 1 April 2020	91	94	185
At 31 March 2021	**130**	**84**	**214**

17. FINANCIAL ASSET INVESTMENTS

Financial asset investments represent investments classified and accounted for at fair value through profit or loss or through other comprehensive income (refer note 25).

Financial Asset Investments

(US$ million)

	As at 31 March 2021	At at 31 March 2020
At 1 April 2020	12	707
(Sale)/purchase of structured investment (refer note 35)	-	(639)
Movements in fair value (including on investments purchased during the year)	9	(61)
Investment in Bonds*	-	7
Exchange difference	-	(2)
At 31 March 2021	**21**	**12**

*Reclassified during the year from short-term investments

Financial asset investment represents quoted investments in equity shares and other investments that present the Group with an opportunity for returns through dividend income and gains in value. These securities are held at fair value. These are classified as non-current as at 31 March 2021 and 31 March 2020.

Notes to the Financial Statements

18. OTHER NON-CURRENT ASSETS AND TRADE AND OTHER RECEIVABLES

(US$ million)

	As at 31 March 2021			As at 31 March 2020		
	Non- Current	Current	Total	Non- Current	Current	Total
Bank Deposits [2]	16	-	16	5	-	5
Site restoration assets	112	-	112	83	-	83
Trade Receivables [1]	431	470	901	416	361	777
Others [4]	226	34	260	164	124	288
Trade receivables from related parties	-	7	7	-	14	14
Cash call / receivables from joint operations	-	533	533	-	183	183
Receivable from KCM [5]	655	-	655	602	-	602
Financial (A)	**1,440**	**1,044**	**2,484**	**1,270**	**682**	**1,952**
Balance with Government authorities	83	100	183	74	131	205
Advance for supplies	-	167	167	-	189	189
Others [3]	151	154	305	146	100	246
Receivable from KCM [5]	27	-	27	58	-	58
Non-financial (B)	**261**	**421**	**682**	**278**	**420**	**698**
Total (A+B)	**1,701**	**1,465**	**3,166**	**1,548**	**1,102**	**2,650**

The credit period given to customers ranges from zero to 90 days.

(1) In July 2017, the Appellate Tribunal for Electricity ('APTEL') dismissed the appeal filed by one of the Group's subsidiaries, Talwandi Sabo Power Limited (TSPL) with respect to the interpretation of how the calorific value of coal and costs associated with it should be determined. However, APTEL had allowed payment of shunting and unloading charges. TSPL filed an appeal before the Honourable Supreme Court ('SC'), which by an order dated 07 March 2018 has decided the matter in favour of TSPL. Consequently, its customer, PSPCL, has paid majority of the dues. The outstanding dues and interest receivable in relation to this dispute as at 31 March 2021 is US$ 2 Million (31 March 2020: US$ 33 Million) and US$ 9 Million (31 March 2020: US$ 19 Million) respectively.

In another matter relating to assessment of whether there has been a change in law following the execution of the Power Purchase Agreement, the APTEL has dismissed the appeal in July 2017 filed by TSPL. TSPL filed an appeal before the SC to seek relief which is yet to be listed. The outstanding trade receivables in relation to this dispute and other matters is US$ 217 Million as at 31 March 2021 (31 March 2020: US$ 173 Million). The Group, based on external legal opinion and its own assessment of the merits of the case, remains confident that it is highly probable that the Supreme court will uphold TSPL's appeal and has thus continued to treat these balances as recoverable.

Additionally, as at 31 March 2021, trade receivables amounting to US$ 180 Million (31 March 2020: US$ 180 Million) withheld by GRIDCO ('GRIDCO' or 'the Customer') on account of certain disputes relating to computation of power tariffs are pending adjudication by APTEL, which the Group is confident of recovering fully. The Customer has also raised claims of US$ 56 Million on the Group in respect of short supply of power for which a provision of US$ 29 Million has been made. Various minutes of meetings were signed with the Group for computing the short supply claims, which were subject to approval of Odisha State Electricity Regulatory Commission ('OERC'). On 22 June 2020, OERC pronounced its order on computation methodology for short supply claims, basis which both the parties had to recompute the amount of claim and settle the matter in two months from the date of the order. On initial impact assessment of the said Order by the Group, it believes that no further provisioning is required in this regard. Further, the Group filed an appeal before APTEL against the OERC Order. The matter is now listed before registrar court on 14 July 2021. The Customer has also sought review of the OERC Order. The matter has been posted for order by OERC in due course. In the meanwhile, power supply to GRIDCO has resumed and GRIDCO has been making regular payments against monthly energy invoices.

(2) Includes US$ 4 million (31 March 2020: US$ 3 million) and US$ 1 million (31 March 2020: Nil) under lien with banks and Others respectively, US$ 1 million (31 March 2020: US$ 1 million) under margin money and US$ 3 million (31 March 2020: Nil) maintained as debt service reserve account

(3) Includes claim receivables, advance recoverable (oil and gas business), prepaid expenses, export incentive receivables and others.

(4) Includes claims receivables, advance recoverable (oil and gas business) and others. It also includes advance profit petroleum US$ Nil million (31 March 2020: US$ 43 million).

(5) Refer note 3(b). Out of total receivables from KCM of US $ 682 million, US $ 27 million is on account of advance for supplies and hence classified as non-financial.

Notes to the Financial Statements

19. INVENTORIES

(US$ million)

	As at 31 March 2021	At at 31 March 2020
Raw materials and consumables	827	901
Work-in-progress	412	445
Finished goods	119	169
Total	**1,358**	**1,515**

Inventory held at net realizable value amounted to US$ 327 million (31 March 2020: US$ 315 million). A write down of inventories amounting to US$ 22 million (31 March 2020: US$ 16 million) has been charged to the Consolidated Income Statement.

20. SHORT-TERM INVESTMENTS

(US$ million)

	As at 31 March 2021	At at 31 March 2020
Bank deposits [1,2]	1,625	1,101
Other investments	3,377	3,284
Total	**5,002**	**4,385**

(1) The above bank deposits include US$ 90 million (31 March 2020: US$ 34 million) on lien with banks, US$ 37 million (31 March 2020: US$ 19 million) of margin money, US$ 33 million (31 March 2020: US$ 23 million) maintained as debt service reserve account.

(2) Restricted funds of US$ 3 million (31 March 2020: Nil) on lien with Others and US$ 63 million (31 March 2020: Nil) held as interest reserve created against interest payment on loans from banks and US$ 6 million (31 March 2020: US$ 8 million) of restricted funds held as collateral in respect of closure costs.

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 fixed deposit rates.

Other investments include mutual fund investments and investment in bonds which are recorded at fair value with changes in fair value reported through the consolidated income statement. These 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. Refer Note 25 for further details.

21. CASH AND CASH EQUIVALENTS

(US$ million)

	As at 31 March 2021	At at 31 March 2020
Cash and cash equivalents consist of the following		
Cash at bank and in hand	376	321
Short-term deposits[2]	325	371
Restricted cash and cash equivalents [1]	254	13
Total	**955**	**705**

(1) Restricted cash and cash equivalents includes US$ 240 million (31 March 2020: Nil) and US$ 14 million (31 March 2020: US$ 13 million) that are kept in a specified bank account to be utilised solely for the purposes of voluntary open offer and for the payment of dividends to non-controlling shareholders, which are being carried as a current liability respectively.

(2) 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.

Notes to the Financial Statements

(3) Cash and cash equivalents for the purpose of Statement of Cash Flows comprise the following:

(US$ million)

	As at 31 March 2021	At at 31 March 2020
Cash and cash equivalents as above	955	705
Less: Restricted cash and cash equivalents	(254)	(13)
Total	**701**	**692**

22(A) BORROWINGS

(US$ million)

	As at 31 March 2021	At at 31 March 2020
Current borrowings consist of:		
Banks and financial institutions	547	1,644
Total short-term borrowings	**547**	**1,644**
Add: Current maturities of long-term borrowings	3,126	8,542
Current borrowings (A)	**3,673**	**10,186**
Non-current borrowings consist of:		
Banks and financial institutions	7,612	7,099
Non- convertible bonds	5,866	4,141
Non-convertible debentures	2,264	2,191
Redeemable Preference shares	-	-
Others	88	20
Total long-term borrowings	**15,830**	**13,451**
Less: Current maturities of long-term borrowings	(3,216)	(8,542)
Non-current borrowings (B)	**12,704**	**4,909**
Total (A+B)	**16,377**	**15,095**

The Group has discounted trade receivables on recourse basis US$ 4 million (31 March 2020: US$ 4 million). Accordingly, the monies received on this account are shown as borrowings as the trade receivables do not meet de-recognition criteria. The Group facilities are subject to certain financial and non-financial covenants. The primary covenants which must be complied with include fixed charge cover ratio, net borrowing to EBITDA ratio, total net assets to borrowings ratio, attributable leverage ratio and EBITDA to net interest expense ratio.

Details of the Non-convertible bonds and Non-convertible debentures issued by the Group have been provided below (carrying value):

(US$ million)

	As at 31 March 2021	At at 31 March 2020
Non-Convertible Bonds:		
0.28 % bonds due October 2032	21	20
9.25% bonds due April 2026	594	596
8.95 % bonds due March 2025	1,194	-
6.13 % bonds due August 2024	991	994
13.88% bonds due on January 2024	992	-
7.12 % bonds due June 2023	497	495
7.99 % bonds due April 2023	397	398
6.37 % bonds due July 2022	994	996
8.25 % bonds due June 2021	186	642
	5,866	**4,141**

Notes to the Financial Statements

(US$ million)

	As at 31 March 2021	At at 31 March 2020
Non-Convertible Debentures		
9.20% due February-2030	273	267
9.20% due December-2022	102	100
8.75% due June-2022	173	170
7.50% due March-2022	67	-
8.90% due December-2021	123	120
8.75% due September-2021	34	33
5.35% due September 2021	480	-
9.18% due July-2021	136	134
9.27% due July-2021	136	134
8.50% due June-2021	225	221
8.75% due April-2021	34	33
8.50% due April-2021	321	314
8.55% due April-2021	136	134
0% due on March 2021	24	-
9.00% due November-2020	-	20
8.25% due September-2020	-	57
7.85% due August-2020	-	67
9.45% due August-2020	-	267
7.90% due July-2020	-	40
8.70% due April-2020	-	80
	2,264	**2,191**

Security Details

The Group has taken borrowings in various countries towards funding of its acquisitions, capital expenditure and working capital requirements. The borrowings comprise funding arrangements from various banks and financial institutions taken by the parent and subsidiaries. Out of the total borrowings of US$ 16,337 million (31 March 2020: US$ 15,095 million) shown above, total secured borrowings are US$ 6,645 million (31 March 2020: US$ 6,421 million) and unsecured borrowings are US$ 9,732 million (31 March 2020: US$ 8,674 million). The details of security provided by the Group in various countries, to various lenders on the assets of Parent and subsidiaries are as follows:

(US$ million)

Facility Category	Security details	As at 31 March 2021	As at 31 March 2020
Working Capital Loans (grouped under banks and financial institutions)	Secured by first pari passu charge on current assets of Vedanta Limited)	89	0
	Secured by second pari passu charge on fixed assets of TSPL and first pari passu charge on current assets of the company, both present and future*	7	33
	Other secured working capital loans	-	49
External commercial borrowings (grouped under banks and financial institutions)	The facility is secured by first pari passu charge on all movable property, plant and equipments related to power plants and aluminium smelters of BALCO located at Korba both present and future along with secured lenders	30	45
	The facility is secured by first pari passu charge on all movable project assets related to 1200 MW power project and 3.25 LTPA smelter project both present and future along with secured lenders at BALCO	23	37

Notes to the Financial Statements

(US$ million)

Facility Category	Security details	As at 31 March 2021	As at 31 March 2020
Non convertible debentures	Secured by the whole of the movable fixed assets of (i) Alumina Refinery having output of 1 MTPA along with co-generation captive power plant with an aggregate capacity of 90 MW at Lanjigarh, Odisha and (ii) Aluminium Smelter having output of 1.6 MTPA along with a 1,215 (9 X 135) MW CPP at Jharsuguda, Odisha	738	657
	Secured by way of charge against all existing assets of FACOR	23	-
	Secured by a first pari passu charge on the whole of the present and future of the movable fixed assets of 2400 MW (600 MW*4) Power Plant of Vedanta Limited at Jharsuguda location	546	535
	Secured by way of first ranking pari passu charge on movable fixed assets in relation to the Lanjigarh Refinery Expansion Project (having capacity beyond 2 MTPA and upto 6 MTPA) situated at Lanjigarh, Orissa. The Lanjigarh Refinery Expansion Project shall specifically exclude the 1 MTPA alumina refinery of Vedanta Limited along with 90 MW power plant in Lanjigarh and all its related capacity expansions	68	147
	Secured by way of first pari passu charge on all present and future of the movable fixed assets of 2400 MW (600 MW*4) Power Plant of Vedanta Limited at Jharsuguda location, as may be identified and notified by the Issuer to the Security Trustee from time to time, with minimum asset coverage of 1 time of the aggregate face value of debentures outstanding at any point of time	136	134
	Secured by first pari passu charge on movable and/or immovable fixed assets of TSPL with a minimum asset cover of 1 time during the tenure of NCD	273	354
	Other secured non-convertible debentures	-	364
Term loan from banks (grouped under banks and financial institutions)	Secured by first pari passu charge on fixed assets of TSPL and second pari passu charge on current assets of TSPL, both present and future *	701	426
	First pari passu charge by way of hypothecation/ equitable mortgage on the movable/ immovable assets of the Aluminium division of Vedanta Limited comprising of alumina refinery having output of 1 MTPA along with co-generation captive power plant with an aggregate capacity of 90 MW at Lanjigarh, Odisha; aluminium smelter having output of 1.6 MTPA along with 1215 (9x135) MW CPP at Jharsuguda, Odisha, both present and future	257	452
	Secured by a pari passu charge by way of hypothecation of all the movable fixed assets of Vedanta Limited pertaining to its Aluminium division project consisting of (i) alumina refinery having output of 1 MTPA (Refinery) along with co-generation captive power plant with aggregate capacity of 90 MW at Lanjigarh, Odisha (Power Plant); and (ii) aluminium smelter having output of 1.6 MTPA along with 1215 (9x135) MW CPP at Jharsuguda, Odisha (Smelter) (the Refinery, Power Plant and Smelter). Also, a first pari passu charge by way of equitable mortgage on the land pertaining to the mentioned project of aluminium division	299	386
	Secured by a pari passu charge by way of hypothecation on the movable fixed assets of the Lanjigarh Refinery Expansion Project including 210 MW Power Project.Lanjigarh Refinery Expansion Project shall specifically exclude 1 MTPA alumina refinery of Vedanta Limited along with 90 MW power plant in Lanjigarh and all its related expansions	59	61

Notes to the Financial Statements

(US$ million)

Facility Category	Security details	As at 31 March 2021	As at 31 March 2020
	Secured by a pari-passu charge by way of hypothecation on the movable fixed assets of Vedanta Limited pertaining to its Aluminium division comprising of 1 mtpa alumina refinery plant with 90 MW captive power plant at Lanjigarh, Odisha and 1.6 mtpa aluminium smelter plant with 1215 MW captive power plant at Jharsuguda, Odisha	167	184
	First pari passu charge by way of hypothecation/ equitable mortgage on the movable/ immovable assets of the Aluminium division of Vedanta Limited comprising of alumina refinery having output of 1 MTPA along with co-generation captive power plant with an aggregate capacity of 90 MW at Lanjigarh, Odisha; aluminium smelter having output of 1.6 MTPA along with 1215 (9x135) MW CPP at Jharsuguda , Odisha and additional charge on Lanjigarh Expansion project, both present and future	149	152
	Secured by a pari passu charge by way of hypothecation/ equitable mortgage of the movable/immovable fixed assets of Vedanta Limited pertaining to its Aluminium division comprising of 1 mtpa alumina refinery plant with 90 MW captive power plant at Lanjigarh, Odisha and 1.6 mtpa aluminium smelter plant with 1215 MW captive power plant at Jharsuguda, Odisha	382	399
	Secured by (i) floating charge on borrower collection account and associated permitted investments and (ii) corporate guarantee from CEHL and floating charge on collection account and current assets of CEHL	383	493
	Pledge of 49% of shares & other securities and rights to any claims held by THL Zinc Limited in and against BMM	30	54
	The facility is secured by first pari passu charge on all movable property, plant and equipment related to power plants and aluminium smelters of BALCO located at Korba both present and future along with secured lenders	20	30
	Secured by first pari passu charge on all present and future movable fixed assets including but not limited to plant and machinery, spares, tools and accessories of BALCO (excluding coal block assets) by way of a deed of hypothecation.	197	216
	Secured by first pari passu charge on all present and future movable fixed assets including but not limited to plant and machinery, spares, tools and accessories of BALCO by way of a deed of hypothecation.	144	173
	First ranking pari passu charge by way of hypothecation/ mortgage on all fixed/ immovable assets of ESL Steel Limited but excluding any current assets or pledge over any shares	428	451
	Secured by first pari passu charge by way of hypothecation over all the movable assets(save and except Current Assets) of Vedanta Limited, present or future, pertaining to Lanjigarh refinery expansion project beyond 1.7 MTPA to 6.0 MTPA located at Lanjigarh Odisha including but not limited to plant and machinery, machinery spares, tools and accessories in relation to aforementioned expansion project. Among others, the Lanjigarh Refinery Expansion Project shall specifically exclude the alumina refinery upto 1.7 MTPA of the company along with 90 MW power plant in Lanjigarh and all its related expansions	94	98

Notes to the Financial Statements

(US$ million)

Facility Category	Security details	As at 31 March 2021	As at 31 March 2020
	Secured by first pari passu charge by way of whole of the movable fixed assets of (i) Alumina Refinery having output of 1 MTPA along with co-generation captive power plant with an aggregate capacity of 90MW at Lanjigarh, Odisha and (ii) Aluminium Smelter having output of 1.6 MTPA along with 1215 (9*135) MW CPP at Jharsuguda, Odisha	157	199
	Secured by a first pari passu charge on the identified fixed assets of the Vedanta Limited both present and future, pertaining to its Aluminium business (Jharsuguda Plant, Lanjigarh Plant), 2400 MW power plant assets at Jharsuguda, Copper Plant assets at Silvasa, Iron ore business in the states of Karnataka and Goa, dividends receivable from Hindustan Zinc Limited ("HZL") a subsidiary of Vedanta Limited, and the DSRA to be opened for the Facility along with the amount lying to the credit thereof.	1,165	-
	Other secured term loans	-	206
Others (grouped under banks and financial institutions)	Secured by Fixed asset (rare metals) of AvanStrate	73	76
	First charge by way of hypothecation on the entire stocks of raw materials, semi-finished and finished goods, consumable stores and spares and such other movables including book-debts, bills whether documentary or clean, outstanding monies, receivables and all other current assets of Vedanta Limited, both present and future, ranking pari passu with other participating banks	7	10
	Total	**6,645**	**6,421**

22(B) MOVEMENT IN NET DEBT [1]

(US$ million)

	Cash and cash equivalents **	Short term investments and Non-current Bank Deposits ***	Financial asset investment net of related liabilities and derivatives [1]	Total cash and short-term investments	Short-term borrowing	Long-term borrowing*	Total Net Debt
					Debt carrying value	Debt carrying value	
At 1 April 2019	1,061	4,140	391	5,592	(4,132)	(11,848)	(10,388)
Cash flow from continuing operations [3]	(305)	282	(365)	(388)	1,838	(1,644)	(194)
Cash flow from discontinued operations	(1)	-	-	(1)	-	-	(1)
Net debt on acquisition through business combination	(1)	-	-	(1)	128	22	149
Other non-cash changes [2]	-	205	(26)	179	372	(439)	112
Foreign exchange currency translation differences	(62)	(246)	-	(308)	150	458	300
At 1 April 2020	**692**	**4,381**	**-**	**5,073**	**(1,644)**	**(13,451)**	**(10,022)**
Cash flow from continuing operations [3]	(15)	431	-	416	1,119	(2,337)	(802)
Net debt on acquisition through business combination (note 3(a))	2	10	-	12	(1)	-	11
Other non-cash changes [2]	-	56	-	56	(1)	88	143
Foreign exchange currency translation differences	22	67	-	89	(19)	(131)	(61)
At 31 March 2021	**701**	**4,945**	**-**	**5,646**	**(546)**	**(15,831)**	**(10,731)**

Notes to the Financial Statements

* Includes current maturities of long-term borrowings of US$ 3,673 million as at 31 March 2021 (31 March 2020: US$ 8,542 million)
** Restated. Refer note 1(b)(ii)
*** The constituents of 'Short term investments' for the purpose of this note to include only those amounts of restricted funds that are corresponding to liabilities (e.g. margin money deposits). Consequently, restricted funds amounting to US$ 72 Million (31 March 2020: US$ 8 Million) have been excluded from 'Short-term investments' (Refer note 20(2)) and non-current bank deposit included for purpose of in this note (Refer Note 18).
(1) Net debt is a Non-IFRS measure and represents total debt after fair value adjustments under IAS 32 and IFRS 9 as reduced by cash and cash equivalents, short-term investments and structured investment, net of the deferred consideration payable for such investments (referred above as Financial asset investment net of related liabilities) (refer note 35), if any
(2) Other non-cash changes comprise amortisation of borrowing costs, foreign exchange difference on net debt. It also includes US$ 195 million (31 March 2020: US$ 159 million) of fair value movement in investments and accrued interest on investments.
(3) Consists of net repayment of working capital loan, proceeds and repayments of short-term and long-term borrowings.

22(C) OPERATIONAL BUYER'S/SUPPLIER'S CREDIT

Operational Buyers' /Suppliers' Credit is availed in foreign currency from offshore branches of Indian banks or foreign banks at an interest rate ranging from 0.4% to 3.5% per annum and in rupee from domestic banks at interest rate ranging from 4.25%-6.65% per annum. These trade credits are largely repayable within 180 days from the date of draw down. Operational Buyers' credit availed in foreign currency is backed by Standby Letter of Credit issued under working capital facilities sanctioned by domestic banks. Part of these facilities are secured by first pari passu charge over the present and future current assets of the Group.

23. NON-EQUITY NON-CONTROLLING INTERESTS

As at 31 March 2019, non-equity non-controlling interests amounts to US$ 12 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.

During the financial year ended 31 March 2020, the net assets of KCM including above balance have been deconsolidated (refer note 3(b)).

24. TRADE AND OTHER PAYABLES

(US$ million)

	As at 31 March 2021			As at 31 March 2020*		
	Non- Current	**Current**	**Total**	**Non- Current**	**Current**	**Total**
Lease liability [3]	29	67	96	36	62	98
Dividend payable to NCI	-	104	104	-	13	13
Trade payables	-	1,071	1,071	-	1,061	1,061
Liabilities for capital expenditure	128	953	1,081	108	788	896
Profit petroleum payable	-	200	200	-	92	92
Security deposits and retentions	-	30	30	0	27	27
Put option liability with non-controlling interests [1]	36	-	36	33	-	33
Other payables	12	708	720	32	808	840
Financial (A)	**205**	**3,133**	**3,338**	**209**	**2,851**	**3,060**
Statutory liabilities	-	429	429	-	422	422
Advance from customers [2]	-	850	850	23	1,055	1,078
Other payables	-	30	30	0	30	30
Non-financial (B)	**-**	**1,309**	**1,309**	**23**	**1,507**	**1,530**
Total (A+B)	**205**	**4,442**	**4,647**	**232**	**4,358**	**4,590**

*Restated. Refer Note 1(b)(i)

Notes to the Financial Statements

Trade payables are majorly non-interest bearing and are normally settled upto 180 days terms.

The fair value of trade and other payables is not materially different from the carrying value presented.

(1) The non-controlling shareholders of ASI have an option to offload their shareholding to the Group. The option is exercisable at any time within the period of three years following the fifth anniversary of the date of shareholders' agreement (22 December 2017) at a price higher of US$ 0.757 per share and the fair market value of the share. Therefore, the liability is carried at higher of the two. Subsequent changes to the put option liability are treated as equity transaction and hence accounted for in equity.

(2) Advance from customers are contract liabilities to be settled through delivery of goods. The amount of such balances as on 01 April 2019: US$ 1,425 million. During the current year, the Group has refunded US$ 1 million (31 March 2020: US$ 92 million) to the customers and recognised revenue of US$ 1,063 million (31 March 2020: US$ 1,198 million) out of such opening balances. All other changes are either due to receipt of fresh advances or exchange differences.

(3) Movement in lease liabilities is as follows:

	(US$ million)
At 01 April 2020	**98**
Additions during the year	50
Interest on lease liabilities	4
Payments made	(46)
Deletions	(10)
At 31 March 2021	**96**

25. FINANCIAL INSTRUMENTS

Financial Assets and Liabilities:
The following tables present the carrying value and fair value of each category of financial assets and liabilities as at 31 March 2021 and 31 March 2020:

(US$ million)

As at 31 March 2021	Fair value through profit or loss	Fair value through other comprehensive income	Derivatives designated as hedging instruments	Amortised cost	Total carrying value	Total fair value
Financial Assets						
Financial instruments (derivatives)	2	-	8	-	10	10
Financial asset investments held at fair value	7	14	-	-	21	21
Short term investments						
- Bank deposits	-	-	-	1,625	1,625	1,625
- Other investments	3,377	-	-	-	3,377	3,377
Cash and cash equivalents	-	-	-	955	955	955
Other non-current assets and trade and other receivables	22	-	-	2,462	2,484	2,484
Total	**3,408**	**14**	**8**	**5,042**	**8,472**	**8,472**

Notes to the Financial Statements

(US$ million)

As at 31 March 2021	Fair value through profit or loss	Derivatives designated as hedging instruments	Amortised cost	Others*	Total carrying value	Total fair value
Financial Liabilities						
Financial instruments (derivatives)	12	36	-	-	48	48
Trade and other payables	97	-	4,312	33	4,442	4,442
Borrowings	-	-	16,377	-	16,377	15,951
Total	**109**	**36**	**20,689**	**33**	**20,867**	**20,441**

*Represents put option liability accounted for at fair value

(US$ million)

As at 31 March 2020	Fair value through profit or loss	Fair value through other comprehensive income	Derivatives designated as hedging instruments	Amortised cost	Total carrying value	Total fair value
Financial Assets						
Financial instruments (derivatives)	37	-	56	-	93	93
Financial asset investments held at fair value	7	5	-	-	12	12
Short term investments						
- Bank deposits	-	-	-	1,101	1,101	1,101
- Other investments	3,284	-	-	-	3,284	3,284
Cash and cash equivalents	-	-	-	705	705	705
Other non-current assets and trade and other receivables	7	-	-	1,945	1,952	1,952
Total	**3,335**	**5**	**56**	**3,751**	**7,147**	**7,147**

(US$ million)

As at 31 March 2020	Fair value through profit or loss	Derivatives designated as hedging instruments	Amortised cost	Others*	Total carrying value	Total fair value
Financial Liabilities						
Financial instruments (derivatives)	6	13	-	-	19	19
Trade and other payables	69	-	4,319	33	4,421	4,421
Borrowings	-	-	15,095	-	15,095	12,563
Total	**75**	**13**	**19,414**	**33**	**19,535**	**17,003**

*Represents put option liability accounted for at fair value

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The below tables summarise the categories of financial assets and liabilities as at 31 March 2021 and 31 March 2020 measured at fair value:

Notes to the Financial Statements

(US$ million)

	As at 31 March 2021		
	Level 1	Level 2	Level 3
Financial assets			
At fair value through profit or loss			
- Short term investments	1,987	1,390	-
- Financial asset investments held at fair value	-	-	7
- Financial instruments (derivatives)	-	2	-
- Other non-current assets and trade and other receivables	-	22	-
At fair value through other comprehensive income			
- Financial asset investments held at fair value	13	-	1
Derivatives designated as hedging instruments			
- Financial instruments (derivatives)	-	8	-
Total	**2,000**	**1,422**	**8**
Financial liabilities			
At fair value through profit or loss			
- Financial instruments (derivatives)	-	12	-
- Trade and other payables	-	97	-
Derivatives designated as hedging instruments			
- Financial instruments (derivatives)	-	36	-
Trade and other payables- Put option liability with non- controlling interest	-	-	33
Total	**-**	**145**	**33**

(US$ million)

	As at 31 March 2020		
	Level 1	Level 2	Level 3
Financial assets			
At fair value through profit or loss			
- Short term investments	1,016	2,268	-
- Financial asset investments held at fair value*	-	-	7
- Financial instruments (derivatives)	-	37	-
- Other non-current assets and trade and other receivables	-	7	-
At fair value through other comprehensive income			
- Financial asset investments held at fair value	4	-	1
Derivatives designated as hedging instruments			
- Financial instruments (derivatives)	-	56	-
Total	**1,020**	**2,368**	**8**
Financial liabilities			
At fair value through profit or loss			
- Financial instruments (derivatives)	-	6	-
- Trade and other payables	-	69	-
Derivatives designated as hedging instruments			
- Financial instruments (derivatives)	-	13	-
Trade and other payables- Put option liability with non -controlling interest	-	-	33
Total	**-**	**88**	**33**

* Includes structured investment (refer note 35)

Notes to the Financial Statements

The below table summarizes the fair value of borrowings and Loans, receivables and obligations relating to KCM which are carried at amortised cost as at 31 March 2021 and 31 March 2020:

(US$ million)

	As at 31 March 2021		As at 31 March 2020	
	Level 1	Level 2	Level 1	Level 2
Borrowings	5,457	10,494	1,568	10,995
Total	**5,457**	**10,494**	**1,568**	**10,995**

(US$ million)

	As at 31 March 2021			As at 31 March 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Loans, receivables and obligations of KCM towards the Group	-	-	682	-	-	660
Total	**-**	**-**	**682**	**-**	**-**	**660**

The changes in Level 3 items for the year ended 31 March 2021 and 31 March 2020 are set out in the table below:

Loans, receivables and obligations of KCM towards the Group

(US$ million)

	As at 31 March 2021	At at 31 March 2020
1 April 2019	-	-
1 April 2020	660	-
On deconsolidation of KCM	-	693
Fair value change during the year	22	(33)
31 March 2021	**682**	**660**

The fair value of the financial assets and liabilities are at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values:

- Investments traded in active markets are determined by reference to quotes from the financial institutions; for example: Net asset value (NAV) for investments in mutual funds declared by mutual fund house. For other listed securities traded in markets which are not active, the quoted price is used wherever the pricing mechanism is same as for other marketable securities traded in active markets. Other current investments and structured investments are valued by referring to market inputs including quotes, trades, poll, primary issuances for securities and /or underlying securities issued by the same or similar issuer for similar maturities and movement in benchmark security, etc.
- Financial assets forming part of Trade and other receivables, cash and cash equivalents (including restricted cash and cash equivalents), bank deposits, financial liabilities forming part of trade and other payables and short-term borrowings: Approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Other non-current financial assets and financial liabilities: Fair value is calculated using a discounted cash flow model with market assumptions, unless the carrying value is considered to approximate to fair value.
- Long-term fixed-rate and variable rate borrowings: Listed bonds are fair valued based on the prevailing market price. For all other long-term fixed-rate and variable-rate borrowings, either the carrying amount approximates the fair value, or fair value has been estimated by discounting the expected future cash flows using a discount rate equivalent to the risk-free rate of return adjusted for the appropriate credit spread.
- Quoted financial asset investments: Fair value is derived from quoted market prices in active markets.
- Derivative financial assets/liabilities: The Group enters into derivative financial instruments with various counterparties. Interest rate swaps, foreign exchange forward contracts and commodity forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques by the Group include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the foreign exchange spot

Notes to the Financial Statements

and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity. Commodity contracts are valued using the forward LME rates of commodities actively traded on the listed metal exchange, i.e., London Metal Exchange, United Kingdom (UK).

For all other financial instruments, the carrying amount is either the fair value, or approximates the fair value.

The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and the value of other financial instruments recognised at fair value.

The estimated fair value amounts as at 31 March 2021 have been measured as at that date. As such, the fair values of these financial instruments subsequent to reporting date may be different than the amounts reported at each year-end.

There were no significant transfers between level 1, level 2 and level 3 during the current year.

Risk management framework

The Group's businesses are subject to several risks and uncertainties including financial risks.

The Group's documented risk management polices act as an effective tool in mitigating the various financial risks to which the businesses are exposed to in the course of their daily operations. The risk management policies cover areas such as liquidity risk, commodity price risk, foreign exchange risk, interest rate risk, counterparty credit risk and capital management.

Risks are identified at both the corporate and individual subsidiary level with active involvement of senior management. 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 other committees of the Board including the Risk Management Committee, which meets regularly to review risks as well as the progress against the planned actions. Key business decisions are discussed at the periodic 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.

The risk management framework aims to:

- improve financial risk awareness and risk transparency
- identify, control and monitor key risks
- identify risk accumulations
- provide management with reliable information on the Group's risk situation
- improve financial returns

Treasury management

Treasury management focuses on liability management, capital protection, liquidity maintenance and yield maximization. The treasury policies are approved by the Committee of the Board. Daily 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 managed jointly by the business treasury team and the central team at corporate treasury while short-term funding for routine working capital requirements is delegated to subsidiary companies. A monthly reporting system exists to inform senior management of the Group's investments and debt position, exposure to currency, commodity and interest rate risk and their mitigants including the derivative position. The Group has a strong system of internal control which enables effective monitoring of adherence to Group's policies. The internal control measures are effectively supplemented by regular internal audits.

The investment portfolio at the Group is independently reviewed by CRISIL Limited and Group portfolio has been rated as Tier I or "Very Good" meaning highest safety. The investments are made keeping in mind safety, liquidity and yield maximization.

The Group uses derivative instruments to manage the exposure 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, interest rate and currency swaps and these are in line with the Group's policies.

Commodity Price 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. The commodity price risk in import of input commodities such as Copper Concentrate & Alumina, for our Copper and Aluminium business

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respectively, is hedged on back-to back basis ensuring no price risk for the business. 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, basis clearly laid down guidelines.

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.

Financial instruments with commodity price risk are entered into in relation to following activities:

- economic hedging of prices realised on commodity contracts
- cash flow hedging of revenues, forecasted highly probable transactions

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 average month of sale LME prices.

Copper
The Group's custom smelting copper operations at Tuticorin is benefitted 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 Refining Charges or "RC", 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 anodes/blisters and sales of finished products, both of which are linked to the LME price.

RC is a major source of income for the Indian copper smelting operations. Fluctuation in RC is 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 anodes/blisters requirement under long-term contracts with mines.

Zinc, lead and silver
The sales prices are linked to the LME prices. The Group also enters into hedging arrangements for its Zinc, Lead and Silver sales to realise average month of sale LME prices.

Zinc International
Raw material for zinc and lead is mined in South Africa with sales prices linked to the LME prices.

Iron ore
The Group sells its Iron Ore production from Goa on the prevailing market prices and from Karnataka through e-auction route as mandated by State Government of Karnataka in India.

Oil and Gas
The prices of various crude oils are based upon the price of the key physical benchmark crude oil such as Dated Brent, West Texas Intermediate, and Dubai/Oman etc. The crude oil prices move based upon market factors like supply and demand. The regional producers price their crude basis these benchmark crudes with a premium or discount over the benchmark based upon quality differential and competitiveness of various grades.

Natural gas markets are evolving differently in important geographical markets. There is no single global market for natural gas. This could be owing to difficulties in large-scale transportation over long distances as compared to crude oil. Globally, there are three main regional hubs for pricing of natural gas, which are USA (Henry Hub Prices), UK (NBP Price) and Japan (imported gas price, mostly linked to crude oil).

Provisionally priced financial instruments
On 31 March 2021, the value of net financial liabilities linked to commodities (excluding derivatives) accounted for on provisional prices was US$ 74 million (31 March 2020: liabilities of US$ 62 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 01 April 2021.

Set out below is the impact of 10% increase in LME prices on pre-tax profit/ (loss) for the year and pre-tax equity as a result of changes in value of the Group's commodity financial instruments:

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For the year ended 31 March 2021:

(US$ million)

Commodity price sensitivity	Total Exposure	Effect on pre-tax profit/(loss) of a 10% increase in the LME	Effect on pre-tax equity of a 10% increase in the LME
Copper	(137)	(14)	-

For the year ended 31 March 2020:

(US$ million)

Commodity price sensitivity	Total Exposure	Effect on pre-tax profit/(loss) of a 10% increase in the LME	Effect on pre-tax equity of a 10% increase in the LME
Copper	(137)	(14)	-

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. A 10% decrease in LME prices would have an equal and opposite effect on the Group's financial statements.

The impact on pre-tax profit/(loss) mentioned above includes the impact of a 10% increase in closing copper LME for provisionally priced copper concentrate purchased at Vedanta Limited Copper division custom smelting operations of US$ 12 million (31 March 2020: US$ 10 million), which is pass through in nature and as such will not have any impact on the profitability.

Financial risk:

The Group's Board approved financial risk policies include monitoring, measuring and mitigating the 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 risk

The Group requires funds both for short-term operational needs as well as for long-term investment programmes mainly in growth projects. The Group is currently forecasting to generate sufficient cash flows from the current operations which together with the available cash and cash equivalents and short term investments provide liquidity both in the short term as well as in the long term (refer note 1(d)). Anticipated future cash flows, together with undrawn fund based committed facilities of US$ 1,557 million, and cash and short term investments of US$ 5,646 million as at 31 March 2021, are expected to be sufficient to meet the liquidity requirement of the Group in the near future.

During FY 2021, Moody's downgraded Corporate Family Rating of Vedanta Resources from B1 to B2 (and the ratings of senior unsecured notes from B3 to Caa1) and placed the ratings "under review for downgrade' in December 2020 upon failure of take private transaction and expectation of high refinancing needs and weak liquidity at VRL. On 17 February 2021, Moody's confirmed Vedanta Resources Limited's B2 Corporate Family Rating and Caa1 rating on the senior unsecured notes of the company and changed the outlook on the rating to "Negative" from ratings "under review for downgrade". The rating confirmation reflects the reduced immediate refinancing risk at VRL. Further to downgrade of VRL in March 2020 by S&P to B- with a stable outlook, S&P placed the ratings on 'Negative' outlook in October 2020 upon failure of Take private transaction. On 25 January 2021, S&P revised the outlook to 'Stable' from 'Negative' on account of reduced refinancing risk and improving liquidity position at the holding company level while affirming the ratings at 'B-'.

The Group remains committed to maintaining a healthy liquidity, a low gearing ratio, deleveraging and strengthening our balance sheet. 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 2021

(US$ million)

Payment due by period	< 1 year	1-3 years	3-5 years	> 5 years	Total
Trade and other payables (1)	3,904	139	-	-	4,043
Bank and other borrowings (2)	5,115	8,391	4,439	2,715	20,659
Lease liability	67	12	7	10	96
Derivative liabilities	38	10	-	-	48
Total	**9,124**	**8,552**	**4,446**	**2,725**	**24,846**

At 31 March 2020

(US$ million)

Payment due by period	< 1 year	1-3 years	3-5 years	> 5 years	Total
Trade and other payables (1)	3,882	152	-	-	4,034
Bank and other borrowings (2)	5,600	6,262	4,571	1,981	18,414
Lease liability	62	16	9	11	98
Derivative liabilities	13	6	-	-	19
Total	**9,557**	**6,436**	**4,580**	**1,992**	**22,565**

(1) Excludes accrued interest which has been included with borrowings

(2) Includes current and non-current borrowings and committed interest payments

As at 31 March 2020, the Group could not meet one of the covenant requirements of borrowings of US$ 3,248 million. Further, as per the terms of the bond agreement, in case any acceleration notice is served by any of these lenders, the Group would not satisfy the requirement of IAS 1 of unconditional right to defer payment beyond one year from the balance sheet date in case of non-convertible bonds of US$ 4,140 million. Subsequent to the balance sheet date, the Group has obtained a waiver on the covenant requirements.

Accordingly, non-current portion of US$ 6,276 million of borrowings have been reclassified under the current maturities of long-term borrowings. Given all waivers have been subsequently received, for the liquidity risk disclosure, the above-mentioned borrowings along with contractual interest of US$ 1,360 million has been presented based on original contractual maturity.

At 31 March 2021, the Group had access to following funding facilities:

(US$ million)

As at 31 March 2021	Total facility	Drawn	Undrawn
Fund/Non-fund based	12,727	10,473	2,254

(US$ million)

As at 31 March 2020	Total facility	Drawn	Undrawn
Fund/Non-fund based	11,767	10,280	1,487

Collateral

The Group has pledged financial instruments with carrying amount of US$ 3,000 million (31 March 2020: US$ 2,887 million) and inventories with carrying amount of US$ 1,044 million (31 March 2020: US$ 1,138 million) as per the requirements specified in various financial facilities in place. The counterparties have an obligation to release the securities to the Group when financial facilities are surrendered.

(b) Foreign currency risk

Fluctuations in foreign currency exchange rates may have an impact on the consolidated income statement, the consolidated statements of change in equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from the fluctuations primarily in the US dollar, Australian dollar, Namibian dollar, AED, ZAR, GBP, INR, JPY and Euro against the functional currencies of its subsidiaries.

Exposures on foreign currency loans are managed through the Group wide hedging policy, which is reviewed periodically to ensure that the results from fluctuating currency exchange rates are appropriately managed. The Group strives to achieve asset liability offset of foreign currency exposures and only the net position is hedged.

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 except for Oil and Gas business operations which have a US dollar functional currency. 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. A more conservative approach has been adopted for project expenditures to avoid budget overruns, where cost of the project is calculated taking into account the hedge cost. The hedge mechanisms are reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed.

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The following analysis is based on the gross exposure as at the reporting date which could affect the consolidated income statement. The exposure summarised below is mitigated by some of the derivative contracts entered into by the Group as disclosed under the section on "Derivative financial instruments".

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

(US$ million)

	As at 31 March 2021		As at 31 March 2020	
	Financial Assets	Financial liabilities	Financial Assets	Financial liabilities
USD	2,629	11,837	2,331	11,143
INR	5,728	8,685	4,717	8,081
Others	115	345	99	311
Total	**8,472**	**20,867**	**7,147**	**19,535**

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 USD (US Dollar) being the major non-functional currency of the Group's main operating subsidiaries.

The foreign exchange rate sensitivity is calculated by the aggregation of the net foreign exchange rate exposure with a simultaneous parallel foreign exchange rates shift in the currencies by 10 % against the functional currencies of the respective entities.

Set out below is the impact of a 10% strengthening in the functional currencies of the respective entities on pre-tax profit/(loss) and pre-tax equity arising as a result of the revaluation of the Group's foreign currency monetary financial assets/liabilities:

(US$ million)

		For the year ended 31 March 2021	
	Closing exchange rate	Effect on pre-tax profit/(loss) of 10% strengthening in currency	Effect on pre-tax equity of 10% increase in currency
USD	73.2973	129	-

(US$ million)

		For the year ended 31 March 2020	
	Closing exchange rate	Effect on pre-tax profit/(loss) of 10% strengthening in currency	Effect on pre-tax equity of 10% increase in currency
USD	74.8109	177	-

A 10% weakening of the functional currencies of the respective entities would have an equal and opposite effect on the Group's financial statements.

(c) Interest rate risk

At 31 March 2021, the Group's net debt of US$ 10,731 million (31 March 2020: US$ 10,022 million net debt) comprises debt of US$ 16,377 million (31 March 2020: US$ 15,095 million) offset by cash, cash equivalents, short-term investments and non-current bank depsit of US$ 5,646 million (31 March 2020: US$ 5,073 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. The borrowings of the Group are principally denominated in Indian Rupees and US dollars with mix of fixed and floating rates of interest. The USD floating rate debt is linked to US dollar LIBOR and INR Floating rate debt to Bank's base rate. The Group has a policy of selectively using interest rate swaps, option contracts and other derivative instruments to manage its exposure to interest rate movements. These exposures are reviewed by appropriate levels of management on a monthly basis.

The Group invests cash and short-term 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.

Notes to the Financial Statements

Floating rate financial assets are largely mutual fund investments which have debt securities as underlying assets. The returns from these financial assets are linked to market interest rate movements; however, the counterparty invests in the agreed securities with known maturity tenure and return and hence has manageable risk.

The exposure of the Group's financial assets to interest rate risk is as follows:

(US$ million)

	As at 31 March 2021			As at 31 March 2020		
	Floating rate financial assets	Fixed rate financial assets	Non-interest bearing financial assets	Floating rate financial assets	Fixed rate financial assets	Non-interest bearing financial assets
Financial assets	1,546	4,325	2,594	1,618	4,171	1,358

The exposure of the Group's financial liabilities to interest rate risk is as follows:

(US$ million)

	As at 31 March 2021			As at 31 March 2020		
	Floating rate financial liabilities	Fixed rate financial liabilities	Non-interest bearing financial liabilities	Floating rate financial liabilities	Fixed rate financial liabilities	Non-interest bearing financial liabilities
Financial liabilities	6,756	10,754	3,357	7,413	9,119	3,003

Considering the net debt position as at 31 March 2021 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 analysis below has been determined based on the exposure to interest rates for financial instruments at the balance sheet date.

The below table illustrates the impact of a 0.5% to 2.0% movement in interest rate of floating rate financial assets/ liabilities (net) on profit/(loss) and equity assuming that the changes occur at the reporting date and has been calculated based on risk exposure outstanding as of date. The year end balances are not necessarily representative of the average debt outstanding during the year. This analysis also assumes that all other variables, in particular foreign currency rates, remain constant.

(US$ million)

Increase in interest rates	Effect on pre-tax profit/(loss) during the year ended 31 March 2021	Effect on pre-tax profit/(loss) during the year ended 31 March 2020
0.5%	(26)	(29)
1.0%	(52)	(58)
2.0%	(104)	(116)

A reduction in interest rates would have an equal and opposite effect on the Group's financial statements.

(d) Credit risk

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

The Group is exposed to credit risk from trade receivables, contract assets, cash and cash equivalents, short term investments and other financial instruments.

The Group has clearly defined policies to mitigate counterparty risks. For short-term investments, counterparty limits are in place to limit the amount of credit exposure to any one counterparty. This, therefore, results in diversification of credit risk for our mutual fund and bond investments. For derivative and financial instruments, the Group attempts to limit the credit risk by only dealing with reputable banks and financial institutions.

Credit risk on receivables is limited as almost all credit sales are against letters of credit and guarantees of banks of national standing. Moreover, given the diverse nature of the Group's businesses trade receivables are spread over a number of customers with no significant concentration of credit risk. No single customer accounted for 10% or more

Notes to the Financial Statements

of revenue on a consolidated basis in any of the years presented. 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 as at 31 March 2021 is US$ 8,421 million (31 March 2020: US$ 7,147 million).

Of the year end trade and other receivable balances, the following, though overdue, are expected to be realised in the normal course of business and hence, are not considered impaired as at:

(US$ million)

	31 March 2021	31 March 2020
Neither past due nor impaired	1,522	997
Past due but not impaired		
- Less than 1 month	83	106
- Between 1 - 3 months	38	191
- Between 3 - 12 months	112	223
- Greater than 12 months	601	347
Total	**2,356**	**1,864**

Receivables are deemed to be past due or impaired with reference to the Group's normal terms and conditions of business. These terms and conditions are determined on a case-to-case basis with reference to the customer's credit quality and prevailing market conditions. Receivables that are classified as 'past due' in the above table are those that have not been settled within the terms and conditions that have been agreed with that customer.

The credit quality of the Group's customers is monitored on an ongoing basis. Where receivables have been impaired, the Group actively seeks to recover the amounts in question and enforce compliance with credit terms.

Movement in allowances for Financial Assets (other non-current assets, loans and trade and other receivables)

Particulars	(US$ million)
As at 01 April 2019	**151**
Allowance made during the year	37
Reversals/write off during the year	(5)
Foreign Exchange difference	(10)
As at 01 April 2020	**173**
Allowance made during the year	41
Reversals/write off during the year	(8)
Exploration costs written off	0
Foreign Exchange difference	4
As at 31 March 2021	**210**

Derivative financial instruments

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 these are subject to the Group guidelines and policies.

The fair values of all derivatives are separately recorded on the balance sheet within other financial assets (derivatives) and other financial liabilities (derivatives), current and non-current. Derivatives that are designated as hedges are classified as current or non-current depending on the maturity of the derivative.

The use of derivatives can give rise to credit and market risk. The Group tries to control credit risk as far as possible by only entering into contracts with reputable banks and financial institutions. The use of derivative instruments is subject to limits, authorities and regular monitoring by appropriate levels of management. The limits, authorities and monitoring systems are periodically reviewed by management and the Board. The market risk on derivatives is mitigated by changes in the valuation of the underlying assets, liabilities or transactions, as derivatives are used only for risk management purposes.

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Cash flow hedges

The Group enters into forward exchange and commodity price contracts for hedging highly probable forecast transaction and account for them as cash flow hedges and states them at fair value. Subsequent changes in fair value are recognised in consolidated statement of comprehensive income until the hedged transaction occurs, at which time, the respective gain or losses are reclassified to the consolidated income statement. These hedges have been effective for the year ended 31 March 2021.

The Group uses foreign exchange contracts from time to time to optimize currency risk exposure on its foreign currency transactions. The Group hedged part of its foreign currency exposure on capital commitments during fiscal year 2021. Fair value changes on such forward contracts are recognised in the consolidated statement of comprehensive income.

The majority of cash flow hedges taken out by the Group during the year comprise non-derivative hedging instruments for hedging the foreign exchange rate of highly probable forecast transactions and commodity price contracts for hedging the commodity price risk of highly probable forecast transactions.

The cash flows related to above are expected to occur during the year ending 31 March 2022 and consequently may impact the consolidated income statement for that year depending upon the change in the commodity prices and foreign exchange rates movements. For cash flow hedges regarded as basis adjustments to initial carrying value of the property, plant and equipment, the depreciation on the basis adjustments made is expected to affect the consolidated income statement over the expected useful life of the property, plant and equipment.

Fair value hedges

The fair value hedges relate to forward covers taken to hedge currency exposure and commodity price risks.

The Group's sales are on a quotational period basis, generally one month to three months after the date of delivery at a customer's facility. The Group enters into forward contracts for the respective quotational period to hedge its commodity price risk based on average LME prices. Gains and losses on these hedge transactions are substantially offset by the amount of gains or losses on the underlying sales. Net gains and losses are recognised in the consolidated income statement.

The Group uses foreign exchange contracts from time to time to optimize currency risk exposure on its foreign currency transactions. Fair value changes on such forward contracts are recognised in the consolidated income statement.

Non-qualifying/economic hedge

The Group enters into derivative contracts which are not designated as hedges for accounting purposes, but provide an economic hedge of a particular transaction risk or a risk component of a transaction. Hedging instruments include copper, aluminium and zinc future contracts on the LME and certain other derivative instruments. Fair value changes on such derivative instruments are recognised in the consolidated income statement.

The fair value of the Group's open derivative positions as at 31 March 2021, recorded within financial instruments (derivative) is as follows:

(US$ million)

	As at 31 March 2021		As at 31 March 2020	
	Liability	Asset	Liability	Asset
Current				
Cash flow hedges				
And other- Commodity contracts	7	-	-	15
- Interest rate swap	1	-	-	-
- Forward foreign currency contracts	-	-	-	-
Fair value hedges				
- Commodity contracts	1	6	1	13
- Forward foreign currency contracts	16	2	6	28
Non Qualifying hedges				
- Commodity contracts	-	-	3	1
- Forward foreign currency contracts	13	2	3	36
- Other (Foreign currency swap)	-	-	-	-
Total	**38**	**10**	**13**	**93**

Notes to the Financial Statements

(US$ million)

	As at 31 March 2021		As at 31 March 2020	
	Liability	Asset	Liability	Asset
Non-current				
Cash flow hedges				
- Interest rate swap	-	-	1	-
Fair value hedges				
- Forward foreign currency contracts	10	-	5	-
Total	**10**	**-**	**6**	**-**
Grand Total	**48**	**10**	**19**	**93**

26. PROVISIONS

(US$ million)

	As at 31 March 2021			As at 31 March 2020		
	Current	Non- Current	Total	Current	Non- Current	Total
Provision for restoration, rehabilitation and environmental	4	405	409	3	355	358
Provision for employee benefits	21	2	23	22	1	23
Others	7	-	7	7	-	7
Total	**32**	**407**	**439**	**32**	**356**	**388**

(US$ million)

	Restoration, rehabilitation and environmental	Other
As at 1 April 2019	**371**	**7**
Additions	10	-
Utilised	(2)	-
Unused amounts reversed	-	-
Unwinding of discount (note 8)	14	-
Revision in estimates	(7)	-
Exchange differences	(12)	-
Discontinued operations (refer note 3(b))	(16)	-
As at 1 April 2020	**358**	**7**
Additions	38	-
Utilised	-	-
Unused amounts reversed	(3)	-
Unwinding of discount (note 8)	10	-
Revision in estimates	(4)	-
Exchange differences	10	-
As at 31 March 2021	**409**	**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, Namibian, South African and Irish law and the terms of the Group's mining and other licences and contractual arrangements.

Within India, the principal restoration and rehabilitation provisions are recorded within Cairn India where a legal obligation exists relating to the oil and gas fields, where costs are expected to be incurred in restoring the site of production facilities at the end of the producing life of an oil field. The Group recognises the full cost of site restoration as a liability when the obligation to rectify environmental damage arises.

These amounts are calculated by considering discount rates within the range of 2% to 10% and become payable on closure of mines and are expected to be incurred over a period of one to thirty years. The discount rates at major units

Notes to the Financial Statements

are in the range of 2% to 10% at Zinc International with lower range at operations in Ireland and higher range at operations in African Countries, 2% to 3% at Oil & Gas division.

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.

Others
Others mainly include provision for disputed cases and claims.

27. RETIREMENT BENEFITS

The Group participates in defined contribution and benefit plans, the assets of which are held (where funded) in separately administered funds.

For defined contribution plans the amount charged to the consolidated income statement is the total amount of contributions payable in the year.

For defined benefit plans, the cost of providing benefits under the plans is determined by actuarial valuation separately each year for each plan using the projected unit credit method by independent qualified actuaries as at the year end. Re-measurement gains and losses arising in the year are recognized in full in Consolidated Statement of Comprehensive Income for the year.

(i) Defined contribution plans
The Group contributed a total of US$ 16 million and US$ 12 million for the year ended 31 March 2021 and 31 March 2020 respectively, to the following defined contribution plans.'

(US$ million)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Employer's contribution to recognized Provident fund and family pension fund	13	9
Employer's contribution to superannuation	3	3
Employer's contribution to National Pension Scheme	-	-
	16	**12**

Indian pension plans

Central recognised provident fund
In accordance with the 'The Employees' Provident Funds and Miscellaneous Provisions Act, 1952', employees are entitled to receive benefits under the Provident Fund. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (12% for the year ended 31 March 2021 and 31 March 2020) of an employee's basic salary. All employees have an option to make additional voluntary contributions. These contributions are made to the fund administered and managed by the Government of India (GOI) or to independently managed and approved funds. The Group has no further obligations under the fund managed by the GOI beyond its monthly contributions which are charged to the consolidated income statement in the year they are incurred.

Family 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 is provided for every permanent employee on the payroll.

At the age of superannuation, contributions ceases 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.

Superannuation
Superannuation, another pension scheme applicable in India, is applicable only to executives above certain grade. However, in case of oil & gas (applicable from the second year of employment) and Iron Ore Segment, the benefit is applicable to all executives. Vedanta Limited and each relevant Indian subsidiary holds policy with the Life Insurance Corporation of India ("LIC"), to which each of these entities contributes a fixed amount relating to superannuation and the pension annuity is met by the LIC as required, taking into consideration the contributions made. The Group has no further obligations under the scheme beyond its monthly contributions which are charged to the consolidated income statement in the year they are incurred.

National Pension Scheme

National Pension Scheme is a retirement savings account for social security and welfare applicable for executives covered under the superannuation benefit of Vedanta Limited and each relevant Indian subsidiary, on a choice basis. It was introduced to enable employees to select the treatment of superannuation component of their fixed salaries and avail the benefits offered by National Pension Scheme launched by Government of

Notes to the Financial Statements

India. Vedanta Limited and each relevant entity holds a corporate account with one of the pension fund managers authorized by the Government of India to which each of the entity contributes a fixed amount relating to superannuation and the pension annuity will be met by the fund manager as per rules of National Pension Scheme. The Group has no further obligations under the scheme beyond its monthly contributions which are charged to the consolidated statement of profit and loss in the year they are incurred.

Non-Indian plans

Australian pension scheme

The Group also participates in defined contribution superannuation 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, into the employee's fund of choice 9.5% of the employee's gross remuneration where the employee is covered by the industrial agreement and 12.50% of the basic remuneration for all other employees. All employees have an option to make additional voluntary contributions. The Group has no further obligations under the scheme beyond its monthly contributions which are charged to the consolidated income statement in the year they are incurred.

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. The 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 2 times annual salary in the event of death before retirement.

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 consolidated income statement in the year they are incurred.

Black Mountain (Pty) Limited, South Africa Pension & Provident Funds

Black Mountain Mining (Pty) Ltd has two retirement funds, both administered by Alexander Forbes, a registered financial service provider. The purpose of the funds is to provide retirement and death benefits to all eligible employees. Group contributes at a fixed percentage of 10.5% for up to supervisor grade and 15% for others.

Membership of both funds is compulsory for all permanent employees under the age of 60 years.

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 consolidated income statement in the year they are incurred.

(ii) Defined benefit plans

(a) Contribution to provident fund trust (the "trusts") of Iron ore division, Bharat Aluminium Company Limited (BALCO), Hindustan Zinc Limited (HZL), Sesa Resources Limited (SRL) and Sesa Mining Corporation Limited (SMCL)

The provident funds of Iron ore division, BALCO, HZL, SRL and SMCL are exempted under section 17 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. Conditions for grant of exemption stipulates that the employer shall make good deficiency, if any, between the return guaranteed by the statute and actual earning of the Fund. Based on actuarial valuation in accordance with IAS 19 and Guidance note issued by Institute of Actuaries of India for interest rate guarantee of exempted provident fund liability of employees, there is no interest shortfall that is required to be met by Iron ore division, BALCO, HZL, SRL and SMCL as at 31 March 2021 and 31 March 2020. Having regard to the assets of the fund and the return on investments, the Group does not expect any deficiency in the foreseeable future. The Group contributed a total of US$ 7 million & US$ 7 million for the years ended 31 March 2021 and 2020 respectively in relation to the independently managed and approved funds.

The present value of obligation and the fair value of plan assets of the trust are summarized below.

(US$ million)

Particulars	As at 31 March 2021	As at 31 March 2020
Fair value of plan assets of trusts	330	313
Present value of defined benefit obligation	(324)	(307)
Net liability arising from defined benefit obligation	**-**	**-**

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Percentage allocation of Plan assets of the trust

Assets by Category	As at 31 March 2021	As at 31 March 2020
Government Securities	63.19%	61.68%
Debentures / Bonds	34.36%	36.67%
Equity	1.63%	1.65%
Money Market Instruments	0.82%	-
Fixed Deposits	0.0%	0.0%

The remeasurement loss of US$ 1 million (31 March 2020: US$ 22 million) has been charged to Other Comprehensive Income (OCI) during the year.

(b) Post-Retirement Medical Benefits:

The Group has a scheme of medical benefits for employees at BMM and BALCO subsequent to their retirement on completion of tenure including retirement on medical grounds and voluntary retirement on contributory basis. The scheme includes employee's spouses as well. Based on an actuarial valuation conducted as at year-end, a provision is recognised in full for the benefit obligation. The obligation relating to post-retirement medical benefits as at 31 March 2021 was US$ 12 million (31 March 2020: US$ 11 million). The obligation under this plan is unfunded. The Group considers these amounts as not material and accordingly has not provided further disclosures as required by IAS 19 'Employee benefits. The remeasurement loss/(gain) and net interest on the obligation of post-retirement medical benefits of US$ 0 million (31 March 2020: US$ 2 million) and US$ 1 million (31 March 2020: US$ 1 million) for the year ended 31 March 2021 have been recognised in other comprehensive income and finance cost respectively.

(c) Other Post-employment Benefits:

India - Gratuity Plan

In accordance with the Payment of Gratuity Act of 1972, Vedanta Limited and its Indian subsidiaries contribute to a defined benefit plan (the "Gratuity Plan") covering certain categories of employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, disability or termination of employment being an amount based on the respective employee's last drawn salary and the number of years of employment with the Group.

Based on actuarial valuations conducted as at year end using the projected unit credit method, a provision is recognized in full for the benefit obligation over and above the funds held in the Gratuity Plan. For entities where the plan is unfunded, full provision is recognized in the consolidated statements of financial position.

The iron ore and oil & gas division of Vedanta Limited, SRL, SMCL, HZL and FACOR have constituted a trust recognized by Indian Income Tax Authorities for gratuity to employees, contributions to the trust are funded with the LIC, ICICI Prudential Life Insurance Company Limited ("ICICI PL") and HDFC Standard Life Insurance Company Limited ("HDFC SL").

Zambia

Specified permanent employees of KCM are entitled to receive medical and retirement severance benefits. This comprises two months' basic pay for every completed year of service with an earliest service start date of 1 July 2004. Under this scheme, benefits are provided based on final pensionable pay and a full actuarial valuation of the scheme is carried out on an annual basis. The accruals are not contributed to any fund and are in the form of provisions in KCM's accounts.

On the death of an employee during service, a lump sum amount is paid to his or her dependants. This amount is equal to sixty months' basic pay for employees who joined before 1 April 2000 and thirty months' basic pay for employees who joined on or after 1 April 2000. For fixed term contract employees, the benefit payable on death is thirty months' basic pay (refer note 3(b)).

Principal actuarial assumptions

Principal actuarial assumptions used to determine the present value of Other post-employment benefit plan obligation are as follows:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Discount rate	6.90%	6.80%
Expected rate of increase in compensation level of covered employees	2.0%-15.0%	2.0%-15.0%

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Assumptions regarding mortality for Indian entities are based on mortality table of 'Indian Assured Lives Mortality (2012-2014) 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 KCM has been derived. (Refer note 3(b))

Amount recognised in the Consolidated Statement of Financial Position consists of:

(US$ million)

Particulars	As at 31 March 2021	As at 31 March 2020
Fair value of plan assets	55	59
Present value of defined benefit obligation	(79)	(85)
Net liability arising from defined benefit obligation	**(24)**	**(26)**

Amounts recognised in Consolidated income statement in respect of Other post-employment benefit plan are as follows:

(US$ million)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Current service cost	5	6
Net Interest cost	2	2
Components of defined benefit costs recognised in consolidated income statement	**7**	**8**

Amounts recognised in the Consolidated Statement of Comprehensive Income in respect of Other post-employment benefit plan are as follows:

(US$ million)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Remeasurement of the net defined benefit obligation:		
Actuarial losses arising from changes in demographic assumptions	-	-
Actuarial losses arising from changes in financial assumptions	-	2
Actuarial (gains)/ losses arising from experience adjustments	(1)	4
Actuarial losses/ (gains) on plan assets (excluding amounts included in net interest cost)	1	(0)
Components of defined benefit costs recognised in consolidated statement of comprehensive income- losses	**-**	**6**

The movement of the present value of Other post-employment benefit plan obligation is as follows:

(US$ million)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Opening balance	(85)	(135)
Acquired in business combination	(2)	-
Discontinued operations (refer note 3(b))	-	50
Current service cost	(5)	(6)
Benefits paid	19	12
Interest cost	(6)	(6)
Actuarial gains/ (losses) arising from changes in assumptions	1	(6)
Foreign currency translation	(1)	6
Closing balance	**(79)**	**(85)**

Notes to the Financial Statements

The movement in the fair value of Other post-employment benefit plan assets is as follows:

(US$ million)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Opening balance	59	56
Acquired in business combination	2	-
Contributions received	2	12
Benefits paid	(13)	(9)
Remeasurement (loss)/ gain arising from return on plan assets	(1)	-
Interest income	4	4
Foreign currency translation	2	(4)
Closing balance	**55**	**59**

The above plan assets have been invested in the qualified insurance policies.

The actual return on plan assets was US$ 3 million and US$ 4 million for the year ended 31 March 2021 and 31 March 2020 respectively.

The weighted average duration of the defined benefit obligation is 14 years and 15 years as at 31 March 2021 and 31 March 2020 respectively.

The Group expects to contribute US$ 7 million to the funded Gratuity plan during the year ending 31 March 2022.

Sensitivity analysis for Defined Benefit Plan

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 reporting year while holding all other assumptions constant.

(US$ million)

	Increase/(Decrease) in defined benefit obligation
Discount rate	
Increase by 0.50 %	(3)
Decrease by 0.50%	3
Change in salary assumption	
Increase by 0.50 %	3
Decrease by 0.50%	(3)

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.

In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period, which is the same as that applied in calculating the defined obligation liability recognized in the consolidated statement of financial position.

Risk analysis

The Group is exposed to a number of risks in the defined benefit plans. Most significant risks pertaining to defined benefits plans and management estimation of the impact of these risks are as follows:

Investment risk

Most of the Indian defined benefit plans are funded with the LIC, ICICI PL and HDFC SL. The Group does not have any liberty to manage the fund provided to the LIC, ICICI PL and HDFC SL.

The present value of the defined benefit plan obligation is calculated using a discount rate determined by reference to the Government of India bonds for the Group's Indian operations. If the return on plan asset is below this rate, it will create a plan deficit.

Interest risk

A decrease in the interest rate on plan assets will increase the net plan obligation.

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Longevity risk/ Life expectancy

The present value of the defined benefit plan obligation 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 obligation.

Salary growth risk

The present value of the defined benefit plan obligation is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan obligation.

28. EMPLOYEE NUMBERS AND COSTS

Average number of persons employed by the Group in the year*

Class of business	Year ended 31 March 2021	Year ended 31 March 2020
Zinc	**4,826**	**5,698**
- India	3,799	4,213
- International	1,027	1,485
Iron ore	2,516	2,617
Copper India/Australia	837	966
Aluminium	5,891	6,473
Power	214	226
Oil & Gas	1,625	1,573
Other	2,681	2,894
	18,590	**20,447**

*Non IFRS measure

Costs incurred during the year in respect of Employees and Executive Directors recognized in the Consolidated Income Statement:

(US$ million)

	Year ended 31 March 2021	Year ended 31 March 2020
Salaries and wages	415	441
Defined contribution pension scheme costs (refer note 27)	16	12
Defined benefit pension scheme costs (refer note 27)	12	13
Share- based payments charge (refer note 29)	6	10
Voluntary retirement scheme cost	18	2
Less: Cost allocated/directly booked in joint ventures	(72)	(90)
	395	**388**

29. 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 2003. 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. In 2015, the Board also introduced a Deferred Share Bonus Plan (DSBP). In 2016, Vedanta Limited ("VEDL") introduced an Employee Stock Option Scheme 2016 ("ESOS"), which was approved by the VEDL shareholders.

The Vedanta Limited Plans

Employee Stock Option Scheme (ESOS) 2016

During the year 2016, VEDL introduced an Employee Stock Option Scheme 2016 ("ESOS"), which was approved by the VEDL shareholders. The maximum value of shares that can be conditionally awarded to an Executive Committee in a year is 125% of annual salary. The maximum value of options 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

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performance conditions attached to the award is measured by comparing VEDL's performance in terms of TSR over the performance period with the performance of the companies as defined in the scheme. The extent to which an award vests will depend on the VEDL's TSR rank against a group or groups of peer companies at the end of the performance period and as moderated by the Remuneration Committee. Dependent on the level of employee, part of these awards will be subject to a continued service condition only with the remainder measured in terms of TSR. Further in some schemes under the plan, business performance set against business plan for the financial year is included as an additional condition.

Options granted during the year ended March 31, 2021 includes business performance based, sustained individual performance based, management discretion and fatality multiplier based stock options. Business performances will be measured using Volume, Cost, Net Sales Realisation, EBITDA, ECG & Carbon footprint or a combination of these for the respective business/ SBU entities.

Options granted during the year ended March 31, 2020 includes business performance based, sustained individual performance based and market performance based stock options. Business performances will be measured using Volume, Cost, Net Sales Realisation, EBITDA, free cash flow or a combination of these for the respective business/ SBU entities.

The exercise price of the options is INR 1 per share and the performance period is three years, with no re-testing being allowed.

The details of share options for the year ended 31 March 2021 and 31 March 2020 is presented below:

Financial Year of Grant	Exercise Period	Options outstanding 1 April 2020	Options granted during the year	Options forfeited during the year	Options exercised during the year	Options outstanding 31 March 2021	Options exercisable 31 March 2021
2016-17	15 December 2019 -14 June 2020	1,068,516	-	8,648	1,059,868	-	-
2017-18	1 September 2020 – 28 February 2021	7,027,925	-	5,514,169	1,136,816	376,940	376,940
2017-18	16 October 2020 – 15 April 2021	11,126	-	11,126	-	-	-
2018-19	01 November 2021 – 30 April 2022	11,420,046	-	1,507,806	-	9,912,240	-
2018-19	Cash settled	2,236,944	-	777,340	-	1,459,604	-
2019-20	29 November 2022 – 28 May 2023	15,881,330	-	2,309,052	-	13,572,278	-
2019-20	Cash settled	3,956,040	-	1,636,279	-	2,319,761	-
2020-21	06 November 2023 – 05 May 2024	-	12,711,112	-	-	12,711,112	-
2020-21	Cash settled	-	880,000	-	-	880,000	-
		41,601,927	**13,591,112**	**11,764,420**	**2,196,684**	**40,351,935**	**376,940**

Financial Year of Grant	Exercise Period	Options outstanding 1 April 2019	Options granted during the year	Options forfeited during the year	Options exercised during the year *	Options outstanding 31 March 2020	Options exercisable 31 March 2020
2016-17	15 December 2019 -14 June 2020	6,508,226	-	4,819,269	620,441	1,068,516	1,068,516
2017-18	01 September 2020 – 28 February 2021	8,274,393	-	1,246,468	-	7,027,925	-
2017-18	16 October 2020 – 15 April 2021	11,126	-	-	-	11,126	-
2017-18	01 November 2020 – 30 April 2021	27,638	-	27,638	-	-	-
2018-19	01 November 2021 – 30 April 2022	13,566,200	-	2,146,154	-	11,420,046	-
2018-19	Cash settled	3,847,494	-	1,610,550	-	2,236,944	-
2019-20	29 November 2022 – 28 May 2023	-	16,713,640	832,310	-	15,881,330	-
2019-20	Cash settled	-	4,097,030	140,990	-	3,956,040	-
		32,235,077	**20,810,670**	**10,823,379**	**620,441**	**41,601,927**	**1,068,516**

* excludes 58,420 options exercised during the year regarding which the transaction could not be completed before 31 March 2020 and hence, the corresponding shares were not transferred to the concerned employees.

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The fair value of all 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 on a straight-line basis over the vesting period.

Business Performance-Based and Sustained Individual Performance-Based Options:
The fair value of stock options following these types of vesting conditions have been estimated using the Black-Scholes-Merton Option Pricing model. The value arrived at under this model has been then multiplied by the expected % vesting based on business performance conditions (only for business performance-based options) and the expected multiplier on account of sustained individual performance (for both type of options). The inputs used in the Black-Scholes-Merton Option Pricing model include the share price considered as of the valuation date, exercise price as per the scheme/ plan of the options, expected dividend yield (estimated based on actual/ expected dividend trend of the company), expected tenure (estimated as the remaining vesting period of the options), the risk-free rate (considered as the zero coupon yield as of the valuation date for a term commensurate with the expected tenure of the options) and expected volatility (estimated based on the historical volatility of the return in company's share prices for a term commensurate with the expected tenure of the options). The exercise period of 6 months post vesting period has not been considered as the options are expected to be exercised immediately post the completion of the vesting period.

Total Shareholder Returns-Based Options:
The fair value of stock options following this type of vesting condition has been estimated using the Monte Carlo Simulation method. This method has been used to simulate the expected share prices for Vedanta Limited and the companies of the comparator group over the vesting period of the options. Based on the simulated prices, the expected pay-off at the end of the vesting period has been estimated and present valued to the valuation date. Further, based on the simulated share prices and expected dividends the relative rank of Vedanta Limited's share price return has been estimated vis-à-vis the Indian and Global Group of the comparator group. This rank has been used to estimate expected % vesting of the options under this type of vesting condition. The inputs to the monte carlo simulation method include expected tenure (estimated as the remaining vesting period of the options), the risk-free rate (considered as the zero coupon yield as of the valuation date for a term commensurate with the expected tenure of the options), expected dividend yield (estimated based on the actual dividend trend of the companies), expected volatility (estimated based on the historical volatility of the return in the company's share prices for a term commensurate with the expected tenure of the options). The exercise period of 6 months post the vesting period has not been considered as the options are expected to be exercised immediately post the completion of the vesting period.

The assumptions used in the calculations of the charge in respect of the ESOS awards granted during the year ended 31 March 2021 and 31 March 2020 are set out below:

	Year ended March 2021 ESOS 2019	Year ended March 2020 ESOS 2019
Number of instruments	880,000 (Cash settled) 1,27,11,112 (Equity Settled)	4,097,030 (cash settled) 16,713,640 (equity settled)
Exercise price	₹ 1	₹ 1
Share price at the date of grant	₹ 228.75	₹ 144.60
Contractual life	2 years and 7 months	3 years
Expected volatility	49.28%	36.64%
Expected option life	2 years and 7 months	3 years
Expected dividends	6.80%	7.96%
Risk free interest rate	4.84%	5.68%
Expected annual forfeitures	10%p.a.	10%p.a.
Fair value per option granted (Non-market performance based)	₹ 150.73	₹ 102.30
Fair value per option granted (Market performance based)	NA	₹ 72.12

Weighted average share price at the date of exercise of stock options was INR 131.08 (2020: INR 126.02)

The weighted average remaining contractual life for the share options outstanding was 2.03 years (2020: 2.28 years).

The Group recognized total expenses of US$ 8 million (2020: US$ 10 million) related to equity settled share-based plans under the above scheme in the year ended 31 March 2021.

The Group has awarded certain other cash settled option plans indexed to shares of its subsidiaries. As the amounts under these plans are not material, accordingly no further disclosures have been provided.

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The total expense recognised on account of these cash settled option plans during the year ended 31 March 2021 is US$ 2 million (2020: US$ 3 million) and the carrying value of cash settled share based compensation liability as at 31 March 2021 is US$ 2 million (2020: US$ 7 million).

Out of the total expense pertaining to equity settled and cash settled options for the year ended 31 March 2021, the Group has capitalised US$ 4 million (2020: US$ 3 million) expense for the year ended 31 March 2021.

30. SHARE CAPITAL

Shares in issue	As at 31 March 2021		As at 31 March 2020	
	Number	Paid up amount (US$ million)	Number	Paid up amount (US$ million)
Ordinary shares of 10 US cents each	285,246,698	29	285,246,698	29
Deferred shares of £1 each	50,000	0	50,000	0
Total	**285,296,698**	**29**	**285,296,698**	**29**

Rights and obligations attaching to shares
The rights and obligations attaching to the ordinary and deferred shares are set out in the Articles.

Each ordinary share carries the right to one vote at general meetings of the Company and is entitled to dividends. The Company did not issue any shares during the year ended 31 March 2021.

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.

31. NON-CONTROLLING INTERESTS ('NCI')

The Group consists of a parent Company, Vedanta Resources Limited, incorporated in UK and a number of subsidiaries held directly and indirectly by the Group which operate and are incorporated around the world. Note 39 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 Holdings Limited (CIHL) and its subsidiaries and Vedanta Limited.

As at 31 March 2021, NCIs hold an economic interest of 64.11%, 44.71%, 71.80%, 59.09% and 44.71% respectively in HZL, CIHL and its wholly owned subsidiaries, Bharat Aluminium Company Limited (BALCO), Black Mountain Mining (BMM) and Vedanta Limited. In ASI (partly owned subsidiary of CIHL) and FACOR Power Limited (FPL) (partly owned subsidiary of Ferro Alloy Corporation Limited), the NCI's economic interest is 71.45% and 50.24%. As at 31 March 2020, NCIs held an economic interest of 67.33%, 49.67%, 74.33%, 62.76% and 49.67% respectively in HZL, CIHL and its wholly owned subsidiaries, Bharat Aluminium Company Limited (BALCO), Black Mountain Mining (BMM) and Vedanta Limited. In ASI (partly owned subsidiary of CIHL), the NCI's economic interest was 74.01%.

Principal place of business of HZL, CIHL and its subsidiaries and Vedanta Limited is set out under note 39.

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The table below shows summarised financial information of subsidiaries of the Group that have material non-controlling interests. The amounts are presented before intercompany elimination.

(US$ million)

Particulars	Year ended 31 March 2021					Year ended 31 March 2020				
	HZL	CIHL and its subsidiaries	Vedanta Limited	Others*	Total	HZL	CIHL and its subsidiaries	Vedanta Limited	Others*	Total
Profit/ (loss) Attributable to NCI	709	25	679	(260)	1,153	643	(308)	(447)	(67)	(179)
Equity Attributable to NCI **	2,678	529	4,468	(2,197)	5,478	3,662	668	4,988	(3,782)	5,536
Dividends paid / payable to NCI	(756)	-	(236)	-	(992)	-	-	(101)	-	(101)

* Others consist of investment subsidiaries of Vedanta Limited, other individual non-material subsidiaries and consolidation adjustments.

** Loss of US$ 10 million (31 March 2020: gain of US$ 5 million) attributable to NCI of CIHL and its subsidiaries transferred to put option liability. Refer note 24.

(US$ million)

Particulars	As at 31 March 2021					As at 31 March 2020				
	HZL	CIHL and its subsidiaries	Vedanta Limited	Others*	Total	HZL	CIHL and its subsidiaries	Vedanta Limited	Others*	Total
Non-current assets	2,773	1,922	16,275	(4,442)	16,528	2,856	1,400	16,400	(4,271)	16,385
Current assets	3,352	864	2,819	1,756	8,791	3,317	1,258	2,614	612	7,801
Current liabilities	1,058	790	4,928	2,567	9,343	709	544	5,859	8,879	15,991
Non-current liabilities	615	646	3,053	9,331	13,645	25	782	3,112	2,003	5,922
Net assets	**4,452**	**1,350**	**11,113**	**(14,584)**	**2,331**	**5,439**	**1,332**	**10,043**	**(14,541)**	**2,273**

* Others consist of investment subsidiaries of Vedanta Limited, Vedanta Resources Limited, other individual non-material subsidiaries and consolidation adjustments.

(US$ million)

Particulars	Year ended 31 March 2021					Year ended 31 March 2020				
	HZL	CIHL and its subsidiaries	Vedanta Limited	Others*	Total	HZL	CIHL and its subsidiaries	Vedanta Limited	Others*	Total
Revenue	2,978	504	5,009	3,231	11,722	2,587	874	4,998	3,331	11,790
Profit/ (loss) for the year	1,069	78	1,385	(1,147)	1,385	955	(578)	(899)	(1,225)	(1,747)
Other comprehensive income / (loss)**	(1)	-	5	(3)	1	(14)	-	(6)	(0)	(20)
Net cash inflow/ (outflow) from operating activities	1,598	349	1,168	(1,274)	1,841	982	282	703	(717)	1,250
Net cash outflow from investing activities	(533)	(214)	(259)	(625)	(1,631)	(445)	(350)	(287)	(179)	(1,261)
Net cash inflow/ (outflow) from financing activities	(1,276)	(118)	(772)	1,943	(223)	(272)	(198)	(666)	781	(355)

* Others consist of investment subsidiaries of Vedanta Limited, Vedanta Resources Limited, other Individual non-material subsidiaries and consolidation adjustments.

** Excluding exchange differences arising on translation of foreign operations.

The effect of changes in ownership interests in subsidiaries that did not result in a loss of control is as follows:

(US$ million)

For the year ended 31 March 2021	HZL	CIHL and its subsidiaries	Vedanta Limited	Others	Total
Other changes in non-controlling interests	-	-	(4)	14	10

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(US$ million)

For the year ended 31 March 2020	HZL	CIHL and its subsidiaries	Vedanta Limited	Others	Total
Other changes in non-controlling interests	-	-	8	(33)	(25)

32. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

The Group sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. The funding requirement is met through a mixture of equity, internal accruals and other borrowings.

The Group monitors capital using a gearing ratio, being the ratio of net debt as a percentage of total capital.

(US$ million)

Particulars	As at 31 March 2021	As at 31 March 2020*
Total equity	2,331	2,273
Net debt (Refer note 22(b))	10,731	10,022
Total capital	13,062	12,295
Gearing Ratio	**82%**	**82%**

*Restated. Refer Note 1(b)(iii)

33. COMMITMENTS, GUARANTEES, CONTINGENCIES AND OTHER DISCLOSURES

A. Commitments

The Group has a number of continuing commitments in the normal course of business including:

- Exploratory mining commitments;
- Oil and gas commitments;
- Mining commitments arising under production sharing agreements; and
- Completion of the construction of certain assets.

(US$ million)

	As at 31 March 2021	As at 31 March 2020
Capital commitments contracted but not provided	1,164	1,413

Estimated amounts of contracts remaining to be executed on capital accounts and not provided for:

(US$ million)

	As at 31 March 2021	As at 31 March 2020
Oil & Gas sector		
Cairn India	212	421
Aluminium sector		
Lanjigarh Refinery (Phase II)	162	210
Jharsuguda 1.25 MTPA smelter	63	55
Zinc sector		
Zinc India (mines expansion, solar and smelter)	49	122
Gamsberg mining and milling project	13	17
Copper sector		
Tuticorin Smelter 400 KTPA*	409	373
Others	256	215
Total	**1,164**	**1,413**

*currently contracts are under suspension under the force majeure clause as per the contract

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Committed work programme (Other than capital commitment):

(US$ million)

	As at 31 March 2021	As at 31 March 2020
Oil & Gas sector		
Cairn India (OALP - New Oil and Gas blocks)	767	781

B. Guarantees

The aggregate amount of indemnities and other guarantees on which the Group does not expect any material losses, was US$ 857 million (31 March 2020: US$ 866 million).

The Group has given guarantees in the normal course of business as stated below:

i. Guarantees and bonds advanced to the Indian customs authorities of US$ 88 million (31 March 2020: US$ 63 million) relating to the export and payment of import duties on purchases of raw material and capital goods.

ii. Guarantees issued for the Group's share of minimum work programme commitments of US$ 394 million (31 March 2020: US$ 388 million).

iii. Guarantees of US$ 11 million (31 March 2020: US$ 7 million) issued under bid bond for placing bids.

iv. Bank guarantees of US$ 16 million (31 March 2020: US$ 15 million) has been provided by the Group on behalf of Volcan Investments Limited to the Indian Income tax department, as a collateral in respect of certain tax disputes.

v. Other guarantees worth US$ 348 million (31 March 2020: US$ 393 million) issued for securing supplies of materials and services, in lieu of advances received from customers, litigation, for provisional valuation of custom duty and also to various agencies, suppliers and government authorities for various purposes. The Group does not anticipate any liability on these guarantees.

Cairn PSC/RSC guarantee to Government

The Group has provided guarantees for the Cairn India Group's obligation under the Production Sharing Contract ('PSC') and Revenue Sharing Contract ('RSC').

C. Export Obligations

The Indian entities of the Group have export obligations of US$ 295 million (31 March 2020: US$ 512 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 the 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$ 48 million (31 March 2020: US$ 81 million) plus applicable interest.

The Group has given bonds of US$ 242 million (31 March 2020: US$ 227 million) to custom authorities against these export obligations.

D. Contingencies

The Group discloses the following legal and tax cases as contingent liabilities.

Hindustan Zinc Limited ('HZL'): Department of Mines and Geology

The Department of Mines and Geology of the State of Rajasthan issued several show cause notices to HZL in August, September and October 2006, aggregating US$ 46 million as at 31 March 2021 (31 March 2020: US$ 45 million) claiming 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. In response, HZL filed a writ petition against these show cause notices before the High Court of Rajasthan in Jodhpur. In October 2006, the High Court issued an order granting a stay and restrained the Department of Mines and Geology from undertaking any coercive measures to recover the penalty. In January 2007, the High Court issued another order granting the Department of Mines and Geology additional time to file their reply and also ordered the Department of Mines and Geology not to issue any orders cancelling the lease. The State Government filed for an early hearing application in the High Court. The High Court has passed an order rejecting the application stating that Central Government should file their replies. HZL believes it is unlikely that the claim will lead to a future obligation and thus no provision has been made in the financial statements.

Vedanta Limited: Income tax

Vedanta Limited (notice was served on Cairn India Limited which subsequently merged with Vedanta Limited, accordingly now referred to as Vedanta

Notes to the Financial Statements

Limited/VEDL) received a demand totalling US$ 2,796 million (including interest of US$ 1,398 million) holding VEDL as 'assessee in default' as per Section 201 of Indian Income Tax Act. The Company has challenged the said order and presently pending before the Income Tax Appellate Tribunal (ITAT).

VEDL also filed a writ petition before the Delhi High Court wherein it has raised several grounds against the order said order. The matter came up for hearing on 05 February 2020 before Delhi High Court but adjourned and the next date of hearing is 29 July 2021.

Separately, Vedanta Resources Limited has filed a Notice of Claim against the Government of India ('GOI') under the UK-India Bilateral Investment Treaty ("BIT"). The hearing was concluded in May 2019 and award is awaited.

Cairn UK Holdings Limited ("CUHL"), on whom the primary liability of income tax lies, had received an Order from the ITAT in the financial year 2016-17 holding that the transaction is taxable in view of the clarificatory amendment in the Indian Income-tax Act but also acknowledged that amendment being a retrospective transaction, interest would not be levied. Hence, it affirmed a demand of US$ 1,398 million excluding the interest portion that had previously been claimed. Against this demand, the tax authorities have recovered US$ 800 million from the CUHL, thus reducing the liability to US$ 599 million from the CUHL. VEDL has also paid interim dividend of US$ 1 million to the Tax authorities and thus reducing the liability to US$ 598 million.

In related proceedings, the International Arbitration Tribunal ruled unanimously in the case of Cairn Energy Plc that India had breached its obligations under the BIT. The Company understands that Government of India has challenged the ruling before the International Court of Justice at The Hague. As the Cairn Energy Plc Arbitration award received on 23 December 2020 regarding retrospective tax will have a direct influence upon company's case, due to the fact that primary liability of paying the income tax is CUHL's and in this case there is expected to be no income tax liability in the hands of CUHL, the claim of amounts assessed as in default against VEDL should be eliminated. Further, going by the recent ruling of Supreme court in an another unrelated matter, it was held that person under Section 195 of the said Act cannot be held responsible to do the impossible, in case of retrospective act. Thus, it was impossible for VEDL, as successor in the business of Cairn India Limited, to deduct income tax and can't be held responsible for default under Section 201 of the said Act. The Company believes that owing to the similarity in the facts of the case it has a good case to argue and accordingly it is unlikely that any liability will devolve upon the Group.

Ravva Joint Operations arbitration proceedings

ONGC Carry

The Ravva Production Sharing Contract (PSC) obliges the contractor parties to pay a proportionate share of ONGC's exploration, development, production and contract costs in consideration for ONGC's payment of costs related to the construction and other activities it conducted in Ravva prior to the effective date of the Ravva PSC (the ONGC Carry). The question as to how the ONGC Carry is to be recovered and calculated, along with other issues, was submitted to an International Arbitration Tribunal in August 2002 which rendered a decision on the ONGC Carry in favour of the contractor parties (including Vedanta Limited (Cairn India Limited which subsequently merged with Vedanta Limited, accordingly now referred to as Vedanta Limited)) whereas four other issues were decided in favour of Government of India (GOI) in October 2004 (Partial Award). The GOI then proceeded to challenge the ONGC Carry decision before the Malaysian courts, as Kuala Lumpur was the seat of the arbitration. The Federal Court of Malaysia upheld the Partial Award. As the Partial Award did not quantify the sums, therefore, contractor parties approached the same Arbitration Tribunal to pass a Final Award in the subject matter since it had retained the jurisdiction to do so. The Arbitral Tribunal was reconstituted and the Final Award was passed in October 2016 in Vedanta Limited's favour. GOI's challenge of the Final Award has been dismissed by the Malaysian High Court and the next appellate court in Malaysia, i.e., Malaysian Court of Appeal. GOI then filed an appeal at Federal Court of Malaysia. The matter was heard on 28 February 2019 and the Federal Court dismissed GOI's leave to appeal. Vedanta Limited has also filed for the enforcement of the Partial Award and Final Award before the Hon'ble Delhi High Court. The matter has been listed for hearing on 13 July 2021.

Base Development Cost

Ravva joint operations had received a claim from the Ministry of Petroleum and Natural Gas, Government of India (GOI) for the period from Year 2000-2005 for US$ 129 million for an alleged underpayment of profit petroleum (by recovering higher Base Development Costs ("BDC") against the cap imposed in the PSC) to the Government of India (GOI), out of which, Vedanta Limited's (Cairn India Limited which subsequently merged with Vedanta Limited, accordingly now referred to as Vedanta Limited) share will be US$ 29 million plus interest. Joint venture partners initiated the arbitration

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proceedings and Arbitration Tribunal published the Award in January 2011 allowing claimants (including Vedanta Limited) to recover the development costs spent to the tune of US$ 278 million and disallowed over run of US$ 22 million spent in respect of BDC along with 50% legal costs. Finally, the Supreme Court of India on 16 September 2020 pronounced the order in favour of Vedanta Limited, rejecting all objections of the GOI and allowed enforcement of the Arbitration Award. With the Supreme Court order the Ravva BDC Matter stands closed.

In connection with the above two matters, Vedanta Limited has received an order dated 22 October 2018 from the GOI directing oil marketing companies (OMCs) who are the offtakers for Ravva to divert the sale proceeds to GOI's account. GOI alleges that the Ravva Joint Operations (consisting of four joint venture partners) has short paid profit petroleum of US$ 314 million (the Company's share approximately - US$ 93 million) on account of the two disputed issues of ONGC Carry and BDC matters, out of which US$ 64 million pertains to ONGC Carry and US$ 29 million pertains to BDC Matter. Against an interim application, filed by Vedanta Limited and other joint venture partner, seeking stay of such action from GOI, before the Delhi High Court, where enforcement petitions for both matters were then pending, the Court directed the OMCs to deposit above sums to the Delhi High Court for both BDC and ONGC Carry matters. However, Vedanta Limited (and other joint venture partner) has been given the liberty to seek withdrawal of the amounts from the Court upon furnishing a bank guarantee of commensurate value. On the basis of the above direction, the OMCs have deposited US$ 93 million out of which US$ 84 million has been withdrawn post submission of bank guarantee. The Hon'ble Delhi High Court vide its order dated 28 May 2020 read with order dated 04 June 2020 has directed that all future sale proceeds of Ravva Crude w.e.f. 05 June 2020 be paid directly to Vedanta Limited by the OMCs. In view of the closure of the BDC matter, Vedanta Limited has also filed an application in High Court on 22 September 2020 seeking refund of remaining US$ 9 million and release of bank guarantees submitted in Court pertaining to the BDC matter, out of which US$ 20 million have since been received by Vedanta.

During the proceedings of the above matter, GOI has also filed an interim application seeking deposit by the said OMCs of an amount of US$ 87 million (Vedanta's share of US$ 56 million) towards interest on the alleged short payment of profit petroleum by the petitioners, i.e., Vedanta Limited (and other joint venture partner). The matter has been listed for hearing on 13 July 2021 along with ONGC carry case.

While the Group does not believe the GOI will be successful in its challenge, if the Arbitral Awards in above matter is reversed and such reversal is binding, the Group would be liable for approximately US$ 64 million plus interest (31 March 2020: US$ 93 million plus interest).

Proceedings related to the imposition of entry tax

Vedanta Limited and other Group companies, i.e., Bharat Aluminium Company Limited (BALCO) and Hindustan Zinc Limited (HZL) challenged the constitutional validity of the local statutes and related notifications in the states of Chhattisgarh, Odisha and Rajasthan pertaining to the levy of entry tax on the entry of goods brought into the respective states from outside.

Subsequent to certain contradictory orders of High Courts across India adjudicating on similar challenges, the Supreme Court referred the matters to a nine judge bench. Consequent to a detailed hearing, although the bench rejected the compensatory nature of tax as a ground of challenge, it maintained status quo with respect to all other issues which have been left open for adjudication by regular benches hearing the matters.

Following the order of the nine judge bench, the regular bench of the Supreme Court proceeded with hearing the matters. The regular bench remanded the entry tax matters relating to the issue of discrimination against domestic goods bought from other States to the respective High Courts for final determination but retained the issue of jurisdiction for levy on imported goods, for determination by the regular bench of the Supreme Court. Following the order of the Supreme Court, the Group filed writ petitions in respective High Courts.

On 09 October 2017, the Supreme Court has held that states have the jurisdiction to levy entry tax on imported goods. With this Supreme Court judgement, imported goods will rank pari-passu with domestic goods for the purpose of levy of Entry tax. Vedanta Limited and its subsidiaries have amended their appeals (writ petitions) in Odisha and Chhattisgarh to include imported goods as well. With respect to Rajasthan, the State Government has filed a counter petition in the Rajasthan High Court, whereby it has admitted that it does not intend to levy the entry tax on imported goods.

The issue pertaining to the levy of entry tax on the movement of goods into a Special Economic Zone (SEZ) remains pending before the Odisha High Court. The Group has challenged the levy of entry tax on any movement of goods into SEZ based on the definition of 'local area' under the Odisha Entry Tax Act, 1999 which is very clear and does

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not include a SEZ. In addition, the Government of Odisha, further through its SEZ Policy 2015 and the operational guidelines for administration of this policy dated 22 August 2016, exempted the entry tax levy on SEZ operations.

The total claims against Vedanta Limited and its subsidiaries are US$ 193 million (31 March 2020: US$ 183 million) net of provisions made.

BALCO: Challenge against imposition of Energy Development Cess

BALCO challenged the imposition of Energy Development Cess levied on generators and distributors of electrical energy @ 10 paise per unit on the electrical energy sold or supplied before the High Court on the grounds that the Cess is effectively on production and not on consumption or sale since the figures of consumption are not taken into account and the Cess is discriminatory since captive power plants are required to pay @ 10 paise while the State Electricity Board is required to pay @ 5 paise. The High Court of Chhattisgarh by order dated 15 December 2006 declared the provisions imposing ED Cess on CPPs as discriminatory and therefore ultra vires the Constitution. BALCO has sought refund of ED Cess paid till March 2006 amounting to US$ 5 million.

The State of Chhattisgarh moved an SLP in the Supreme Court and whilst issuing notice has stayed the refund of the Cess already deposited and the Supreme Court has also directed the State of Chhattisgarh to raise the bills but no coercive action be taken for recovery for the same. Final argument in this matter started before the Supreme Court. In case the Supreme Court overturns the decision of the High Court, the Group would be liable to pay an additional amount of US$ 121 million (31 March 2020: US$ 112 million). Accordingly, the total exposure on the Group would be US$ 126 million (31 March 2020: US$ 117 million).

Class actions against VRL and KCM on behalf of Zambian nationals

Two separate proceedings were issued in the UK on behalf of Zambian nationals who allege that they have suffered loss and damages as a result of KCM's operations in Zambia. The two proceedings were subsequently combined into a single action as part of a court-mandated global litigation order ("GLO"). The claims are for damages for personal injury, property damage and other damages arising out of allegations of pollution. VRL and KCM in the first instance challenged the jurisdiction of the English courts to hear and adjudicate these claims.

The procedural proceedings on jurisdiction were initially brought before the English High Court of Justice, Queen's Bench Division, Technology and Construction Court, which on 27 May 2016 ruled that the English courts have jurisdiction to hear and adjudicate the claims. This judgment was appealed by VRL and KCM to the English Court of Appeal and ultimately to the UK Supreme Court.

On 10 April 2019, the UK Supreme Court delivered its decision that the English Courts have jurisdiction to try the claims but agreed with arguments put forward by VRL and KCM that England is not the proper place for the trial of these claims and consequently overturned the lower courts on this point. However, the Supreme Court found that the High Court was entitled to conclude on the evidence before it that there is a real risk that "substantial justice" will not be obtainable in Zambia and because of this, the claims may nonetheless be heard in the English Courts.

On 19 January 2021, VRL announced the settlement, without admission of liability by VRL or KCM, of one of the two class action proceedings covered by the GLO. The terms of the settlement did not have any material impact on the financial position of the Group. The date for the trial of the remaining proceeding in the English High Court has not yet been set.

The amount of the claims has not been specified. Given the stage of proceedings, the amount is presently not quantifiable.

Miscellaneous disputes- Income tax

The Group is involved in various tax disputes amounting to US$ 268 million (31 March 2020: US$ 255 million) relating to income tax. It also includes similar matters where initial assessment is pending for subsequent periods and where the Group has made claims and assessments are in progress. These mainly relate to the disallowance of tax holiday for 100% Export Oriented Undertaking under section 10B of the Income-tax Act, 1961, disallowance of tax holiday benefit on production of gas under section 80IB of the Income-tax Act, 1961, on account of depreciation disallowances of the Income-tax Act, 1961 and interest thereon which are pending at various appellate levels. Interest and penalty, if any would be additional. Refer note 11 for other income tax disputes.

The Group believes that these disallowances are not tenable and accordingly no provision is considered necessary.

Miscellaneous disputes- Others

The Group is subject to various claims and exposures which arise in the ordinary course of conducting and financing its business from the excise, indirect tax authorities and others.

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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 (excluding the items as set out separately above) against the Group companies total US$ 652 million (31 March 2020: 534 million).

The Group considers that it can take steps such that the risks can be mitigated and that there are no significant unprovided liabilities arising.

34. OTHER MATTERS

i) Share transactions Call options

a. HZL

Pursuant to the Government of India's policy of divestment, the Group in April 2002 acquired 26% equity interest in HZL from the Government of India. Under the terms of the Shareholder's Agreement ('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 also acquired an additional 20% of the equity capital in HZL through an open offer. The Group exercised the first call option on 29 August 2003 and acquired an additional 18.9% of HZL's issued share capital, 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 on 21 July 2009. The Government of India disputed the validity of the call option and has refused to act upon the second call option. Consequently, the Group invoked arbitration which is in the early stages. The next date of hearing is to be notified. The Government of India without prejudice to the position on the Put / Call option issue has received approval from the Cabinet for divestment and the Government is looking to divest through the auction route. Meanwhile, the Supreme Court has, in January 2016, directed status quo pertaining to disinvestment of Government of India's residual shareholding while hearing the public interest petition filed. Vedanta Limited has filed an early hearing application in Supreme Court. On 13 August 2020, the Supreme Court passed an order removing the status quo order in place and has allowed the arbitration proceedings to continue. The matter will now be heard in due course.

b. BALCO

Pursuant to the Government of India's policy of divestment, the Group in March 2001 acquired 51% equity interest in BALCO from the Government of India. Under the terms of the SHA, the Group has a call option to purchase the Government of India's remaining ownership interest in BALCO at any point from 02 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 (erstwhile) 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. In the arbitration filed by the Group, the arbitral tribunal by a majority award 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 said Act and are not enforceable. The Group has challenged the validity of the majority award 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 matter will be listed for hearing in due course. Meanwhile, the Government of India without prejudice to its position on the Put / Call option issue has received approval from the Cabinet for divestment and the Government is looking to divest through the auction route.

On 9 January 2012, the Group offered to acquire the Government of India's interests in HZL and BALCO for US $ 2,114 and US$ 243 respectively. This offer was separate from the contested exercise of the call options, and Group proposed to withdraw the ongoing litigations in relation to the contested exercise of the options should the offer be accepted. To date, the offer has not been accepted by the Government of India and therefore, there is no certainty that the acquisition will proceed.

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 Company considers the strike price of the options to be at the fair value, which is effectively nil, and hence the call options have not been recognised in the financial statements.

ii) The Department of Mines and Geology (DMG) of the State of Rajasthan initiated the royalty assessment process from January 2008 to 2019 and issued a show cause notice vide an office order dated 31 January 2020 amounting to US $ 263 million, further an additional demand was issued vide an office order

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dated December 14, 2020 for US $ 42 million on similar questions of law. The Group has challenged (the show cause notice or/and) computation mechanism of the royalty on the ground that the State has not complied with the previous orders of Rajasthan High Court where a similar computation mechanism was challenged and Court had directed DMG to reassess basis the judicial precedents and mining concession rules. Pending compliance of previous orders, High Court has granted a stay on the notice and directed DMG not to take any coercive action. State Government has also been directed to not take any coercive action in order to recover such miscomputed dues Based on the opinion of external council, the Group believes that it has strong grounds of a successful appeal.

iii) In terms of various notifications issued by the MoEFCC, ash produced from thermal power plant is required to be disposed of by the Group in the manner specified in those notifications. However, compliance with manner of disposal as specified in those notifications is not fully achieved due to lack of demand from user agencies. Consequently, the Group is storing some of the ash produced in ash dyke in accordance with conditions of the Environmental Clearance and Consent to Operate granted by the MoEFCC, Odisha State Pollution Control Board ('OSPCB') and Chhattisgarh Environment Conservation Board ('CECB') while giving preference to supplying the same to user agencies. Management believes storage of ash in ash dykes/ ash pond in accordance with environmental clearances received by the Group are sufficient compliance with the applicable notifications issued by MoEFCC which is supported by a legal opinion obtained.

The National Green Tribunal (NGT) has also taken cognizance of the matter and vide its order dated 12 February 2020 has ordered for levy of environmental compensation on generating companies on account of their failure to comply the aforesaid notifications. The Group has filed SLPs before the Hon'ble Supreme Court challenging the order of the NGT and the same was heard by the Court on 11 September 2020 and granted an ad interim stay against recoveries in pursuance of NGT order. Management believes that the outcome of the appeal will not have any significant adverse financial impact on the Group which is supported by a legal opinion obtained.

iv) Vedanta Limited is purchasing bauxite under long term linkage arrangement with Orissa Mining Corporation Ltd (OMC) at provisional price of US$ 14/MT from October 2020 onwards based on interim order dated 08 October 2020 of the Hon'ble High Court of Odisha, which is subject to final outcome of the writ petition filed by Vedanta Limited as mentioned below. The last successful e-auction based price discovery was done by OMC in April 2019 at US$ 9/MT and supplied bauxite at this rate from September 2019 to September 2020 with an undertaking from Vedanta Limited to compensate the differential price discovered through successful national e-auction. Though the OMC conducted the next e-auction on 31 August 2020 with floor price of US$ 23/MT determined on the basis of Rule 45 of Minerals Concession Rules, 2016 (the Rules), there was no bidder at that floor price and hence, the auction could not be conducted. However, OMC raised demand of US$ 38 Million on Vedanta Limited towards differential pricing and interest for bauxite supplied till September 2020.

Vedanta Limited had filed a writ petition before Hon'ble High Court of Odisha in September 2020 for resumption of bauxite supply in accordance with applicable Government of Odisha Gazette notification dated 24 February 2018. Hon'ble High Court has issued interim Order dated 8 October 2020 directing that the petitioner shall be permitted to lift the quantity of bauxite mutually agreed under the terms of the long-term linkage arrangement for the remaining period of the financial year 2020-21 on payment of US$ 14/MT and furnishing an undertaking for the differential amount with the floor price arrived at by OMC under the Rules, subject to final outcome of the petition which is pending. However, as an abundant precaution, Vedanta Limited has recognised purchase of Bauxite from October 2020 onwards at the at the aforesaid rate of US$ 14/MT paid/payable to OMC.

Supported by legal opinions obtained, management believes that the provisions of the Rules are not applicable to sale of bauxite under long term linkage arrangement and hence, it is not probable that Vedanta Limited will have any material obligation towards the aforesaid commitments over and above the price of US$ 9/MT discovered vide last successful e-auction. Accordingly, Vedanta Limited has not recognised above referred OMC claims of US$ 38 Million in respect of bauxite procured till September 2020 and further differential price (US$ 23/MT less recognised price of US$ 14/MT) of US$ 18 Million for subsequent procurements made during 08 October 2020 to 31 March 2021.

v) During the current period, Vedanta Limited executed a US$ 1,358 million long-term syndicated loan facility agreement. This loan is secured by way of pledge over the shares held by Vedanta Limited in Hindustan Zinc Limited (HZL) representing 14.82% of the paid up share capital of HZL along-with a non-

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disposal undertaking in respect of its shareholding in HZL to the extent of 50.1% of the paid up share capital of HZL. As at 31 March 2021, the principal amount participated for and outstanding under the facility is US$ 1,180 million.

vi) The Scheme of Amalgamation and Arrangement amongst Sterlite Energy Limited ('SEL'), Sterlite Industries (India) Limited ('Sterlite'), Vedanta Aluminium Limited ('VAL'), Ekaterina Limited ('Ekaterina'), Madras Aluminium Company Limited ('Malco') and Vedanta Limited (the "Scheme") had been sanctioned by the Honourable High Court of Madras and the Honourable High Court of Judicature of Bombay at Goa and was given effect to in the year ended March 31, 2014. Subsequently, the above orders of the Honourable High Court of Bombay and Madras have been challenged by the Commissioner of Income Tax, Goa and the Ministry of Corporate Affairs through a Special Leave Petition before the Honourable Supreme Court and also by a creditor and a shareholder of Vedanta Limited. The said petitions are currently pending for hearing.

vii) **Flue-gas desulfurization (FGD) implementation:** Ministry of Environment, Forest and Climate Change (MOEF&CC) has revised emission norms for coal-based power plants in India. Accordingly, both captive and independent coal-based power plants in India are required to comply with these revised norms for reduction of sulphur oxide (SOx) emissions for which the current plant infrastructure is to be modified or new equipment have to be installed. Timelines for compliance to the revised norm for various plants in the Group range from December 2023 to December 2024. Different power plants are at different stages of the implementation process.

Ministry of Power issued notification dated 02 July 2020 to restrict imports from China. Power China SEPCO1 has communicated their inability to execute the FGD project quoting aforementioned MOP notification and prevailing COVID situation in India. TSPL is proceeding with further steps for retendering the FGD project.

TSPL filed a petition before Punjab State Electricity Regulatory Commission (PSERC) for approval of MoEF notification as change in law in terms of Article 13 of PPA on 30 June 2017. PSERC vide its order dated 21 December 2018 has held that MoEF notification is not a change in law as it does not impose any new requirements. TSPL had filed an appeal before Hon'ble Appellate Tribunal for Electricity (APTEL) challenging the said order of PSERC. APTEL has pronounced the order 28 August 2020 in favour of TSPL allowing the cost pass through. PSPCL has filed an appeal against this order in Supreme Court.

35. RELATED PARTY TRANSACTIONS

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 2021.

HOLDING COMPANIES

Volcan Investments Limited

Volcan Investments Cyprus Limited

FELLOW SUBSIDIARY (with whom transactions have taken place)

Sterlite Technologies Limited

Sterlite Power Transmission limited

Sterlite Iron and Steel Company Limited

Sterlite Power Grid Ventures Limited

Twin Star Technologies Limited

ASSOCIATES/JOINT VENTURES (with whom transactions have taken place)

RoshSkor Township (Pty) Ltd.

Gaurav Overseas Private Limited

Madanpur South Coal Company Limited

OTHERS

India Grid Trust*

Cairn Foundation**

Fujairah Gold Ghana

Vedanta Foundation

Sesa Goa Community Foundation Limited

Vedanta Medical Research Foundation

Sesa Goa Employees Provident Fund Trust

Sesa Group Employees Gratuity Fund and Sesa Group

Sesa Group Executives Superannuation Scheme

Sesa Resources Limited Employees Provident Fund Trust

Sesa Resources Limited Employees Gratuity Fund

Sesa Mining Corporation Limited Employees Provident Fund Trust

Sesa Mining Corporation Limited Employees Gratuity

Sesa Resources Limited and Sesa Mining Corporation

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Hindustan Zinc Limited Employees Contributory Provident Fund Trust

Hindustan Zinc Limited Employee Group Gratuity Trust

Hindustan Zinc Limited Superannuation Trust

Balco Employees Provident Fund Trust

FACOR Superannuation Trust

FACOR Employees Gratuity Scheme

Runaya Refinery LLP

Minova Runaya Private Limited

*Ceased to be a related w.e.f. 7 May 2019.

**Cairn Foundation though not a related party as per the definition under IAS 24, related party disclosure has been included by way of a voluntary disclosure, following the best corporate governance practices.

Details of transactions for the year ended 31 March 2021 are as follows:

(US$ million)

Particulars		Holding Company/ Fellow Subsidiaries	Associates / Joint Ventures	Others	Total
	Income:				
(i)	Revenue from operations	99	-	1	100
(ii)	Dividend income	-	-	-	-
(iii)	Net interest received	2	-	-	2
	Expenditure:				
(i)	Purchases of goods/services	-	-	7	7
(ii)	Management fees paid	2	-	1	3
(iii)	Reimbursement for other expenses (net of recovery) #	(14)	-	-	(14)
(iv)	Donation	-	-	9	9
(v)	Interest paid	1	-	-	1
(vi)	Dividend paid	251	-	-	251
(vii)	Contribution to post retirement employees benefit trust/fund	-	-	8	8
	Other transactions during the year:				
(i)	Loans given/ (repayment thereof)	-	-	-	-
(ii)	Guarantees given during the year (net of relinquishment)	-	-	(2)	(2)

Details of balances as at 31 March 2021 are as follows:

(US$ million)

Particulars		Holding Company/ Fellow Subsidiaries	Associates/ Joint Ventures	Others	Total
(i)	Net amounts receivable at year end *	7	-	-	7
(ii)	Net amounts payable at year end	2	-	15	17
(iii)	Investment in equity Share	14	-	-	14
(iv)	Value of bonds held by Volcan	13	-	-	13
(v)	Interest payable	-	-	-	-
(vi)	Dividend payable	90	-	-	90
(vii)	Net advance given at year end	-	-	-	-
(viii)	Financial guarantee given *	16	-	1	17
(x)	Loans given**	-	1	-	1

* Bank guarantee has been provided by the Group on behalf of Volcan in favour of Income tax department, India as collateral in respect of certain tax disputes of Volcan. The guarantee amount is US$ 16 million (31 March 2020: US$ 15 million).

**During the year ended 31 March 2021, the Group had renewed loan provided to Sterlite Iron and Steel Company Limited (Fellow Subsidiary) to finance project in earlier years. The loan balance as at 31 March 2021 was US$ 1 million (31 March 2020: US$ 1 million). The loan is unsecured in nature and carries an interest rate of 7.15% per annum. The loan was due in March 2021 and the agreement was renewed for a further period of 12 months. During the year, the group has recognised a provision of USD 3 million (including accrued interest) on said loan.

Structured investment

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During the financial year ended 31 March 2019, as part of its cash management activities, CIHL purchased an economic interest in a structured investment for the equity shares of Anglo American Plc ("AA Plc"), a company listed on the London Stock Exchange, from Volcan for a total consideration of USD 541 million (GBP 428 million) determined based on an independent third-party valuation. In July 2019, the transaction was unwound and the investments were redeemed for a total consideration of USD 639 million (GBP 519 million), representing the actual price Volcan realised from selling the shares of AA Plc. CIHL was informed that the said realization was net of applicable transaction costs of USD 14 million (GBP 10 million), which in January 2021, CIHL agreed to bear. Accordingly, this amount has been recorded in the consolidated income statement in the current year.

Details of transactions for the year ended 31 March 2020 are as follows:

(US$ million)

Particulars	Holding Company/ Fellow Subsidiaries	Associates / Joint Ventures	Others	Total
Income:				
(i) Revenue from operations	121	-	-	121
(ii) Dividend Income	-	-	1	1
(iii) Net Interest Received	2	-	-	2
Expenditure:				
(i) Purchases of goods/services	-	-	1	1
(ii) Stock option (recovery)	-	-	-	-
(iii) Management fees paid	2	-	1	3
(iv) Reimbursement for other expenses (net of recovery)	-	-	-	-
(v) Donation	-	-	15	15
(vi) Interest paid	1	-	-	1
(vii) Dividend Paid	536	-	-	536
(viii) Contribution to Post retirement employees benefit trust/fund	-	-	16	16
Other transactions during the year:				
(i) Investments redeemed during the year*	639	-	-	639
(ii) Loans given / (repayment thereof)	-	-	-	-
(iii) Guarantees given during the period (net of relinquishment)	-	-	(4)	(4)

*refer note on structured investment above

Details of balances as at 31 March 2020 are as follows:

(US$ million)

Particulars	Holding Company/ Fellow Subsidiaries	Associates/ Joint Ventures	Others	Total
(i) Net amounts receivable at year end	14	-	-	14
(ii) Net amounts payable at year end	1	-	10	11
(iii) Investment in equity Share	5	-	-	5
(iv) Value of bonds held by Volcan	13	-	-	13
(v) Interest payable	-	-	-	-
(vi) Dividend Payable	1	-	-	1
(vii) Net Advance received at year end	-	-	-	-
(viii) Net advance given at year end	1	-	-	1
(ix) Financial guarantee given	15	-	3	18
(x) Loans given	1	1	-	2

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Remuneration of Key Management Personnel

(US$ million)

	Year ended 31 March 2021	Year ended 31 March 2020
Short-term employee benefits	18	22
Post-employment benefits	1	2
Share-based payments	3	2
	22	**26**
Compensation for Non-Executive Directors	1	1
Commission/Sitting Fees to KMP	0	0

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).

Other related party#

(US$ million)

	Year ended 31 March 2021	Year ended 31 March 2020
Remuneration to relatives	0	2
Commission/ sitting fees to relatives of KMP	0	0

close relatives of the executive chairman

Given that there is no specific requirement in IAS 24 – 'Related Party Disclosures' to disclose transactions with each related party, the presentation was revised during the previous year to aggregate the transactions based on categories of related parties.

36. SUBSEQUENT EVENTS

The Company ("Acquirer") together with Twin Star Holdings Limited, Vedanta Holdings Mauritius Limited and Vedanta Holdings Mauritius II Limited, as persons acting in concert with the Acquirer ("PACs"), have acquired 374,231,161 equity shares of Vedanta Limited under the voluntary open offer made to the public shareholders of its subsidiary Vedanta Limited in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and thereby increasing their shareholding in Vedanta Limited from the current 55.29% to 65.39%.

There are no other material adjusting or non-adjusting subsequent events, except as already disclosed.

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37. AUDITOR'S REMUNERATION

The table below shows the fees payable globally to the Company's auditor, MHA Macintyre Hudson and their associate firms, 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 for the year ended 31 March 2021:

	(US$ million) **Year ended 31 March 2021**
Fees payable to the Company's auditor for the audit of Vedanta Resources Limited annual accounts	1
The audit of the Company's subsidiaries pursuant to legislation	0
Total audit fees	**1**
Fees payable to the Company's auditor and their associates for other services to the Group	
Other services pursuant to legislation (1)	0
Tax services (2)	-
Corporate finance services (3)	0
Other services (4)	-
Total non-audit fees	**0**
Total fees paid to the Company's auditor	**1**
Audit fees payable to other auditors of the Group's subsidiaries	3
Non-audit fees payable to other auditors of the Group's subsidiaries	2
Total fees paid to other auditors	**5**

(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 and overseas tax regulations.

(3) Corporate finance services principally comprise services in connection with debt raising transactions, group simplification and other acquisition related certifications. These assurance-related services are ordinarily provided by the auditor.

(4) Includes certification related services.

For the year ended 31 March 2020, total fee payable globally to the Company's then auditor, Ernst & Young LLP and their associate firms, for statutory external audit and audit related services was US$ 4 million and US$ 3 million respectively.

38. JOINT ARRANGEMENTS

Joint Operations

The Group's principal licence interests in oil and gas business are joint operations. The principal licence interests for the year ended 31 March 2021 and 31 March 20 are as follows:

Oil & Gas blocks/ fields (a)	Area	Participating Interest
Operating blocks		
Ravva block-Exploration, Development & production	Krishna Godavari	22.50%
CB-OS/2 – Exploration	Cambay Offshore	60.00%
CB-OS/2 - Development & production	Cambay Offshore	40.00%
RJ-ON-90/1 – Exploration	Rajasthan Onshore	100.00%
RJ-ON-90/1 – Development & production	Rajasthan Onshore	70.00%
KG-OSN-2009/3 – Exploration	Krishna Godavari Offshore	100.00%
Non-operating blocks		
KG-ONN-2003/1	Krishna Godavari Onshore	49.00%

(a) South Africa Block1-Exploration was relinquished on 10 September 2019.

39. LIST OF SUBSIDIARIES

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 below, 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.

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Subsidiaries	Principal activities	Registered Address	Country of incorporation	The Company's economic percentage holding		Immediate holding company	The Company's immediate percentage holding	
				31 March 2021	31 March 2020		31 March 2021	31 March 2020
Direct Subsidiaries of the Parent Company								
Vedanta Resources Holdings Limited ('VRHL')	Holding company	8th Floor, 20 Farringdon Street, London EC4A 4AB, United Kingdom	United Kingdom	100.00%	100.00%	VRL	100.00%	100.00%
Vedanta Resources Jersey Limited('VRJL")	Investment company	47 Esplanade, St Helier JE1 0BD	Jersey (CI)	100.00%	100.00%	VRL	100.00%	100.00%
Vedanta Resources Jersey II Limited('VRJL-II')	Investment company	47 Esplanade, St Helier JE1 0BD	Jersey (CI)	100.00%	100.00%	VRL	100.00%	100.00%
Vedanta Finance (Jersey) Limited ('VFJL') [7]	Investment company	47 Esplanade, St Helier JE1 0BD	Jersey (CI)	-	100.00%	VRL	-	100.00%
Vedanta Jersey Investments Limited('VJIL") [6]	Investment company	13 Castle Street, St. Helier, Jersey JE4 5UT, Channel Islands	Jersey (CI)	-	100.00%	VRL	-	100.00%
Vedanta Holdings Jersey Ltd[4]	Investment company	47 Esplanade, St Helier JE1 0BD	Jersey (CI)	100.00%	100.00%	VRL	100.00%	100.00%
Indirect Subsidiaries of the Parent Company								
Valliant (Jersey) Limited	Investment company	47 Esplanade, St Helier JE1 0BD, Jersey	Jersey (CI)	100.00%	100.00%	VRJ2L	100.00%	100.00%
Vedanta Holdings Mauritius Limited [5]	Investment company	Amicorp (Mauritius) Limited, 6th Floor, Tower 1, Nexteracom	Mauritius	100.00%	-	VHJL	100.00%	-
Vedanta Resources Finance II Plc	Investment company	8th Floor, 20 Farringdon Street, London EC4A 4AB, United Kingdom	United Kingdom	100.00%	100.00%	VRHL	100.00%	100.00%
Vedanta Resources Finance Limited ('VRFL')	Investment company	8th Floor, 20 Farringdon Street, London EC4A 4AB, United Kingdom	United Kingdom	100.00%	100.00%	VRHL	100.00%	100.00%
Vedanta Resources Cyprus Limited ('VRCL')	Investment company	66, Ippocratous Street. 1015 Nicosia, Cyprus	Cyprus	100.00%	100.00%	VRFL	100.00%	100.00%
Richter Holding Limited ('Richter')	Investment company	66, Ippocratous Street. 1015 Nicosia, Cyprus	Cyprus	100.00%	100.00%	VRCL	100.00%	100.00%
Westglobe Limited ('Westglobe')	Investment company	IQ EQ Corporate Services (Mauritius) Ltd, 33, Edith Cavell Street, Port Louis, 11324 Mauritius	Mauritius	100.00%	100.00%	Richter	100.00%	100.00%
Finsider International Company Limited ('Finsider')	Investment company	8th Floor, 20 Farringdon Street, London EC4A 4AB, United Kingdom	United Kingdom	100.00%	100.00%	Richter, Westglobe	100.00%	100.00%
Vedanta Holdings Mauritius II Limited [5]	Investment company	Amicorp (Mauritius) Limited, 6th Floor, Tower 1, Nexteracom	Mauritius	100.00%	-	Finsider	100.00%	-
Welter Trading Limited ('Welter')	Investment company	28th Oktovriou Street, 205 Louloupis Court, 1st Floor P.C. 3035, Limassol, Cyprus	Cyprus	100.00%	100.00%	VRCL	100.00%	100.00%

Notes to the Financial Statements

Subsidiaries	Principal activities	Registered Address	Country of incorporation	The Company's economic percentage holding		Immediate holding company	The Company's immediate percentage holding	
				31 March 2021	31 March 2020		31 March 2021	31 March 2020
Vedanta Finance UK Limited	Investment company	8th Floor, 20 Farringdon Street, London EC4A 4AB, United Kingdom	United Kingdom	100.00%	100.00%	Welter	100.00%	100.00%
Twin Star Holdings Limited ('Twin Star')	Holding company	IQ EQ Corporate Services (Mauritius) Ltd, 33, Edith Cavell Street, Port Louis, 11324 Mauritius	Mauritius	100.00%	100.00%	VRHL	100.00%	100.00%
Monte Cello Corporation NV ('MCNV')	Investment company	Kaya Flamboyan 6, Curacao	Curacao	100.00%	100.00%	Twin Star	100.00%	100.00%
Vedanta Limited	Copper smelting, Iron ore mining, Aluminium mining, refining and smelting, Power generation, Oil and Gas exploration, and production	Vedanta Limited 1st Floor, 'C' wing, Unit 103, Corporate Avenue, Atul Projects, Chakala, Andheri (East), Mumbai–400093, Maharashtra, India	India	55.29%	50.33%	Twin Star, Welter, Westglobe Finsider and Vedanta Holdings Mauritius II Limited	55.29%	50.33%
Cairn India Holdings Limited	Investment company	4th Floor, 22-24 New Street, St. Paul's Gate, St. Helier, Jersey, JE1 4TR	Jersey	55.29%	50.33%	Vedanta Limited	100.00%	100.00%
Cairn Energy India Pty Limited [2]	Oil and gas exploration, development and production	Level 12, 680 George Street, Sydney NSW 2000, Australia	Australia	-	50.33%	Cairn India Holdings Limited	-	100.00%
Cairn Energy Hydrocarbons Limited	Oil and gas exploration, development and production	Summit House, 4-5 Mitchell Street, Edinburgh, EH6 7BD, Scotland	Scotland(b)	55.29%	50.33%	Cairn India Holdings Limited	100.00%	100.00%
Cairn South Africa Pty Limited [8]	Oil and gas exploration, development and production	22 Bree Street, Cape Town, 8001, South Africa	South Africa	55.29%	50.33%	Cairn Energy Hydrocarbons Limited	100.00%	100.00%
CIG Mauritius Holdings Private Limited	Investment Company	6th Floor, Tower A, 1 CyberCity, Ebene, Republic of Mauritius	Republic of Mauritius	55.29%	50.33%	Cairn Energy Hydrocarbons Limited	100.00%	100.00%

Notes to the Financial Statements

Subsidiaries	Principal activities	Registered Address	Country of incorporation	The Company's economic percentage holding		Immediate holding company	The Company's immediate percentage holding	
				31 March 2021	31 March 2020		31 March 2021	31 March 2020
CIG Mauritius Private Limited	Investment Company, provides services and resources relevant to oil and gas exploration, production and development	6th Floor, Tower A, 1 CyberCity, Ebene, Republic of Mauritius	Republic of Mauritius	55.29%	50.33%	CIG Mauritius Holdings Private Limited	100.00%	100.00%
Cairn Lanka Private Limited	Oil and gas exploration	Lanka Shipping Tower, No.99, St. Michael's Road, Colombo 03	Sri Lanka	55.29%	50.33%	CIG Mauritius Private Limited	100.00%	100.00%
Cairn Energy Discovery Limited [2]	Oil and gas exploration, development and production	Summit House, 4-5 Mitchell Street, Edinburgh, EH6 7BD, Scotland	Scotland	-	50.33%	Cairn India Holdings Limited	-	100.00%
Cairn Energy Gujarat Block 1 Limited	Oil and gas exploration, development and production	Summit House, 4-5 Mitchell Street, Edinburgh, EH6 7BD, Scotland	Scotland	55.29%	50.33%	Cairn India Holdings Limited	100.00%	100.00%
Cairn Exploration (No. 2) Limited [2]	Oil and gas exploration, development and production	Summit House, 4-5 Mitchell Street, Edinburgh, EH6 7BD, Scotland	Scotland	-	50.33%	Cairn India Holdings Limited	-	100.00%
AvanStrate Inc. ('ASI')	Holding Company	No.1-11-1 Nishi-Gotanda-1, Shinagawa-ku, Tokyo , Japan	Japan	28.55%	25.99%	Cairn India Holdings Limited	51.63%	51.63%
AvanStrate Korea Inc	Manufacturer of LCG glass substrate	84 ,Hyeongoksandan-ro, Cheongbuk -myeon,Pyeongtaek-city , Gyeonggi-do,,17812, Republic of South Korea	South Korea	28.55%	25.99%	ASI	100.00%	100.00%
AvanStrate Taiwan Inc	Manufacturer of LCG glass substrate	No 8 , Industry III road Annan ,Tainan 709-55, Taiwan, R.O.C.	Taiwan	28.55%	25.99%	ASI	100.00%	100.00%
Sesa Resources Limited ("SRL")	Iron ore mining	Sesa Ghor, 20 EDC Complex, Patto, Panaji (Goa)- 403001	India	55.29%	50.33%	Vedanta Limited	100.00%	100.00%
Sesa Mining Corporation Limited	Iron ore mining	Sesa Ghor, 20 EDC Complex, Patto, Panaji (Goa)- 403001	India	55.29%	50.33%	Sesa Resources Limited	100.00%	100.00%
Bloom Fountain Limited	Operating (Iron ore) and Investment Company	IQ EQ Corporate Services (Mauritius) Ltd 33, Edith Cavell Street Port Louis, 11324 Mauritius	Mauritius	55.29%	50.33%	Vedanta Limited	100.00%	100.00%

Notes to the Financial Statements

Subsidiaries	Principal activities	Registered Address	Country of incorporation	The Company's economic percentage holding		Immediate holding company	The Company's immediate percentage holding	
				31 March 2021	31 March 2020		31 March 2021	31 March 2020
Western Cluster Limited	Iron ore mining	Amir Building, 18th Street, Sinkor, Tubman Boulevard, Sinkor, Monrovia, Liberia, West Africa	Liberia	55.29%	50.33%	Bloom Fountain Limited	100.00%	100.00%
Paradip Multi Cargo Berth Private Limited	Infrastructure	SIPCOT Industrial Complex, Madurai Bypass Road, T. V. Puram P.O., Tuticorin, Thoothukudi TN 628002 IN	India	55.29%	50.33%	Vedanta Limited	100.00%	100.00%
ESL Steel Limited (formerly known as Electrosteel Steels Limited)	Manufacturing of Steel & DI Pipe	Village -Siyaljori, Post – Jogidih, O.P. – Bangaria, PS- Chandankyari Bokaro Steel City Bokaro JH 828303 IN	India	52.80%	48.06%	Vedanta Limited	95.49%	95.49%
Sterlite (USA) Inc. [(a)]	Investment company	Corporation Service Company, 2711 Centerville Road, Suite 400, City of Wilmington, Country of New Castle, Delaware, 19808	United States of America	55.29%	50.33%	Vedanta Limited	100.00%	100.00%
THL Zinc Ventures Limited	Investment company	IQ EQ Corporate Services (Mauritius) Ltd 33, Edith Cavell Street Port Louis, 11324, Mauritius	Mauritius	55.29%	50.33%	Vedanta Limited	100.00%	100.00%
THL Zinc Limited	Investment company	IQ EQ Corporate Services (Mauritius) Ltd 33, Edith Cavell Street Port Louis, 11324, Mauritius	Mauritius	55.29%	50.33%	THL Zinc Ventures Limited	100.00%	100.00%
Black Mountain Mining (Proprietary) Limited	Exploration, development, production and sale of zinc, lead, copper and associated mineral concentrates	Penge Road, Aggeneys	South Africa	40.91%	37.24%	THL Zinc Ltd	74.00%	74.00%
THL Zinc Namibia Holdings (Proprietary) Limited ("VNHL")	Mining and Exploration and Investment company	24 Orban Street, Klein Windhoek, Windhoek	Namibia	55.29%	50.33%	THL Zinc Ltd	100.00%	100.00%
Skorpion Zinc (Proprietary) Limited ('SZPL')	Operating (Zinc) and Investment Company	24 Orban Street, Klein Windhoek, Windhoek	Namibia	55.29%	50.33%	VNHL	100.00%	100.00%
Amica Guesthouse (Proprietary) Limited	Accommodation and catering services	4 Mokke street, Windhoek, Namibia	Namibia	55.29%	50.33%	SZPL	100.00%	100.00%

Notes to the Financial Statements

Subsidiaries	Principal activities	Registered Address	Country of incorporation	The Company's economic percentage holding		Immediate holding company	The Company's immediate percentage holding	
				31 March 2021	31 March 2020		31 March 2021	31 March 2020
Skorpion Mining Company (Proprietary) Limited ('NZ')	Exploration, development, production and sale of zinc ore	24 Orban Street, Klein Windhoek, Windhoek	Namibia	55.29%	50.33%	SZPL	100.00%	100.00%
Namzinc (Proprietary) Limited	Owns and operates a zinc refinery	24 Orban Street, Klein Windhoek, Windhoek	Namibia	55.29%	50.33%	SZPL	100.00%	100.00%
THL Zinc Holding BV	Investment company	Atrium Building, 8th Floor, Strawinskylaan, 3127, Amsterdam, Netherlands	Netherlands	55.29%	50.33%	Vedanta Limited	100.00%	100.00%
Lakomasko BV	Investment company	Atrium Building, 8th Floor, Strawinskylaan, 3127, Amsterdam, Netherlands	Netherlands	55.29%	50.33%	THL Zinc Holding BV	100.00%	100.00%
Vedanta Lisheen Holdings Limited	Holding company	Deloitte & Touche House, Charlotte's Quay, Ireland	Republic of Ireland	55.29%	50.33%	THL Zinc Holding BV	100.00%	100.00%
Killoran Lisheen Mining Limited	Development of a zinc/lead mine	Deloitte & Touche House, Charlotte's Quay, Ireland	Republic of Ireland	55.29%	50.33%	Vedanta Lisheen Holdings Limited	100.00%	100.00%
Vedanta Lisheen Mining Limited	Development of a zinc/lead mine	Deloitte & Touche House, Charlotte's Quay, Ireland	Republic of Ireland	55.29%	50.33%	Vedanta Lisheen Holdings Limited	100.00%	100.00%
Lisheen Mine Partnership	Development and operation of a zinc/lead mine	Deloitte & Touche House, Charlotte's Quay, Ireland	Republic of Ireland	55.29%	50.33%	50% each held by Killoran Lisheen Mining Limited & Vedanta Lisheen Mining Limited	100.00%	100.00%
Killoran Lisheen Finance Limited [(a)]	Investment company	Deloitte & Touche House, Charlotte's Quay, Ireland	Republic of Ireland	55.29%	50.33%	Vedanta Lisheen Holdings Limited	100.00%	100.00%

Notes to the Financial Statements

Subsidiaries	Principal activities	Registered Address	Country of incorporation	The Company's economic percentage holding		Immediate holding company	The Company's immediate percentage holding	
				31 March 2021	31 March 2020		31 March 2021	31 March 2020
Lisheen Milling Limited	Manufacturing[3]	Deloitte & Touche House, Charlotte's Quay, Ireland	Republic of Ireland	55.29%	50.33%	Vedanta Lisheen Holdings Limited	100.00%	100.00%
Vedanta Exploration Ireland Limited [(a)]	Exploration activities	Deloitte & Touche House, Charlotte's Quay, Ireland	Republic of Ireland	55.29%	50.33%	Vedanta Lisheen Holdings Limited	100.00%	100.00%
Hindustan Zinc Limited ("HZL")	Zinc mining and smelting	Yashad Bhawan, Udaipur (Rajasthan) – 313004	India	35.89%	32.67%	Vedanta Limited	64.92%	64.92%
Bharat Aluminium Company Limited ("BALCO")	Aluminium mining and smelting	Aluminium Sadan, 2nd Floor, Core-6-Scope Complex, 7 Lodhi Road, New Delhi-110 003	India	28.20%	25.67%	Vedanta Limited	51.00%	51.00%
Monte Cello BV ("MCBV")	Holding company	Atrium Building, 8th Floor, Strawinskylaan, 3127, Amsterdam, Netherlands	Netherlands	55.29%	50.33%	Vedanta Limited	100.00%	100.00%
Copper Mines of Tasmania Pty Limited ("CMT")	Copper mining	c/o MCullough Robertson lawyers 44 martin place, Sydney NSW 2000	Australia	55.29%	50.33%	Monte Cello BV	100.00%	100.00%
Thalanga Copper Mines Pty Limited ("TCM")	Copper mining	c/o MCullough Robertson lawyers 44 martin place, Sydney NSW 2000	Australia	55.29%	50.33%	Monte Cello BV	100.00%	100.00%
MALCO Energy Limited ("MEL")	Power generation	SIPCOT Industrial Complex, Madurai Bypass Road, T. V. Puram P.O., Tuticorin, Thoothukudi TN 628002 IN	India	55.29%	50.33%	Vedanta Limited	100.00%	100.00%
Fujairah Gold FZC	Manufacturing of Copper Rod and Refining of Precious Metals (Gold & Silver)	P.O. Box 3992, Fujairah, United Arab Emirates	United Arab Emirates	55.29%	50.33%	MEL	100.00%	100.00%
Talwandi Sabo Power Limited ("TSPL")	Power generation	Vill. Banawala, Mansa - Talwandi Sabo Road, Mansa, Punjab – 151302	India	55.29%	50.33%	Vedanta Limited	100.00%	100.00%
Vizag General Cargo Berth Private Limited	Infrastructure	SIPCOT Industrial Complex, Madurai Bypass Road, T. V. Puram P.O., Tuticorin, Thoothukudi Tuticorin Thoothukudi TN 628002 IN	India	55.29%	50.33%	Vedanta Limited	100.00%	100.00%

Notes to the Financial Statements

Subsidiaries	Principal activities	Registered Address	Country of incorporation	The Company's economic percentage holding		Immediate holding company	The Company's immediate percentage holding	
				31 March 2021	31 March 2020		31 March 2021	31 March 2020
Sterlite Ports Limited	Infrastructure	MALCO Power company limited, SIPCOT Industrial Complex, Madurai Bypass Road, T. V. Puram P.O., Tuticorin, Thoothukudi TN 628002 IN	India	55.29%	50.33%	Vedanta Limited	100.00%	100.00%
Goa Sea Port Private Limited	Infrastructure	SIPCOT Industrial Complex, Madurai Bypass Road, T. V. Puram P.O., Tuticorin, Thoothukudi Tuticorin Thoothukudi TN 628002 IN	India	55.29%	50.33%	Sterlite Ports Limited	100.00%	100.00%
Maritime Ventures Private Limited	Infrastructure	SIPCOT Industrial Complex, Madurai Bypass Road, T. V. Puram P.O., Tuticorin, Thoothukudi TN 628002 IN	India	55.29%	50.33%	Sterlite Ports Limited	100.00%	100.00%
Ferro Alloy Corporation Limited ('FACOR') (c)	Manufacturing of Ferro Alloys and Mining	Charge Chrome Plant, RANDIA, Bhadrak-756135,	India	55.29%	-	Vedanta Limited	100.00%	-
Facor Realty and Infrastructure Limited (c)	Real estate	Corporate One, Suite 401 Plot No. 5, Jasola, Delhi-110025	India	55.29%	-	FACOR	100.00%	-
FACOR Power Ltd (c)	Power generation	148 G/F, Zamrudpur, Kailash Colony, New Delhi -110048	India	49.76%	-	FACOR	90.00%	-

(a) Under liquidation (b)Principal place of business is in India (c) Acquired with effect from 21 September 2020.
(1) The Group also has interest in certain trusts which are neither significant nor material to the Group.
(2) Cairn Exploration (No. 2) Limited and Cairn Energy Discovery Limited have been dissolved w.e.f. 22 September 2020. Cairn Energy India (Pty) Ltd. was deregistered on 26 August 2020.
(3) Activity of the company ceased in February 2016.
(4) Incorporated with effect from 15 March 2020.
(5) Incorporated with effect from 29 June 2020. On 24 December 2020, Vedanta Holdings Mauritius II Limited purchased shares of Vedanta Limited.
(6) Vedanta Jersey Investments Limited liquidated w.e.f. 25 March 2021.
(7) Vedanta Finance Jersey Limited liquidated w.e.f. 29 March 2021.
(8) Cairn South Africa Pty Limited has been deregistered w.e.f. 06th April 2021.

40. ULTIMATE CONTROLLING PARTY

At 31 March 2021, all of the issued shares of the Company were held by Volcan Investments Limited and its wholly owned subsidiary. Accordingly, the ultimate controlling party of the Group was Volcan, which is beneficially owned by the Anil Agarwal Discretionary Trust. Volcan Investments Limited is incorporated in the Bahamas and does not produce Group accounts.

Company Balance Sheet

As at 31 March 2021

(US$ million)

	Note	As at 31 March 2021	As at 31 March 2020
Fixed assets			
Tangible assets	2	14	16
Investments in subsidiaries	3	1,731	1,731
Financial asset investment	4	0	0
		1,745	**1,747**
Current assets			
Debtors due within one year	5	1,420	2,724
Debtors due after one year	5	2,706	1,169
Investments	6	1,158	23
Cash and cash equivalents		38	11
		5,322	**3,927**
Creditors: amounts falling due within one year			
Trade and other creditors	7	220	193
Lease liability	9	2	1
External borrowings	7	490	4,647
Loan from subsidiary	7	-	177
		712	**5,018**
Net current assets		**4,610**	**(1,091)**
Total assets less current liabilities		**6,355**	**656**
Creditors: amounts falling due after one year			
External borrowings	8	3,591	-
Loan from subsidiary	8	2,264	64
Other creditors	8	13	-
Lease liability	9	7	9
		5,875	**73**
Net assets		**480**	**583**
Capital and reserves			
Called up share capital		29	29
Share premium account		-	202
Capital reduction reserve		2	2
Other reserves		(2)	(2)
Retained earnings		451	352
Equity shareholders' funds		**480**	**583**

The profit after tax for the year of the Company amounted to US$ 148 million (2020: Loss US$ 367 million).

The separate Financial Statements of Vedanta Resources Limited, registration number 4740415 were approved by the Board of Directors on 18 June 2021 and signed on their behalf by

Navin Agarwal
Director

Company Statement of Changes in Equity

For the year ended 31 March 2021

(US$ million)

	Share capital*	Share premium	Capital redemption Reserve	Retained earnings	Other Reserves	Total
Equity shareholders' funds at 1 April 2020	29	202	2	352	(2)	583
Profit for the year	-	-	-	148	-	148
Dividends paid (note 13 of Group financial statements)	-	-	-	(251)	-	(251)
Conversion of share premium	-	(202)	-	202	-	-
Movement in fair value of Financial Investment	-	-	-	-	-	-
Equity shareholders' funds at 31 March 2021	**29**	**-**	**2**	**451**	**(2)**	**480**

(US$ million)

	Share capital*	Share premium	Capital redemption Reserve	Retained earnings	Other Reserves	Total
Equity shareholders' funds at 1 April 2019	29	202	2	1,255	(2)	1,486
Loss for the year	-	-	-	(367)	-	(367)
Dividends paid (note 13 of Group financial statements)	-	-	-	(536)	-	(536)
Movement in fair value of Financial Investment	-	-	-	-	-	-
Equity shareholders' funds at 31 March 2020	**29**	**202**	**2**	**352**	**(2)**	**583**

* For details, refer note 30 of Group financial statements

Notes to the Financial Statements

1. COMPANY ACCOUNTING POLICIES

Basis of Accounting
The Company meets the definition of a qualifying entity in accordance with Financial Reporting Standard 100 'Application of Financial Reporting Requirements' (FRS 100) issued by the Financial Reporting Council and in accordance with 101 Reduced Disclosure Framework (FRS 101). Accordingly, these financial statements have been prepared on a going concern basis and in accordance with the provisions of the UK Companies Act, 2006 and applicable UK accounting standards.

These financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

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$ 148 million (2020: Loss US$ 367 million).

These financial statements are presented in US dollars being the functional currency of the Company and all values are rounded off to the nearest million except when indicated otherwise. Amounts less than US$ 0.5 million have been presented as "0".

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- The requirements of paragraph 38, 134 and 136 of IAS 1 'Presentation of Financial Statements';
- The requirements of IAS 7 'Statement of Cash Flows';
- Paragraphs 45 (b) and 46 to 52 of IFRS 2, "Share-based Payment" (details of the number and weighted average exercise prices of share options and how the fair value of goods and services received was determined);
- The requirements of IFRS 7 'Financial Instruments: Disclosures';
- The requirements of Paragraph 17 of IAS 24 "Related Party Disclosures";
- The requirements of IAS 24, "Related Party Disclosures" to disclose related-party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- Paragraphs 91-99 of IFRS 13 "Fair value measurement" (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities); and
- The requirements of Paragraph 30 and 31 of IAS 8 "Accounting policies, changes in accounting estimates and errors" in relation to standards not yet effective.

Significant accounting policies
Investments in subsidiaries
Investments in subsidiaries represent equity holdings in subsidiaries, valued at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

Cash and cash equivalents
Cash and cash equivalents in the balance sheet comprise of cash at bank, short term bank deposits and cash in hand.

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 temporary 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 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 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

Notes to the Financial Statements

fair value after the vesting date even if the awards are forfeited or not exercised. Amounts recharged by subsidiaries in respect of awards granted to employees of the Company are recognised as intercompany creditors until paid.

The resultant increase in equity is recorded in share based payment reserve.

In case of cash-settled transactions, a liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined with the assistance of an external valuer.

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.

Financial guarantees
Guarantees issued by the Company on behalf of subsidiaries are designated as 'Insurance Contracts'. Accordingly, these are shown as contingent liabilities. (Note 10)

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

(a) Financial Assets – Recognition
All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset on the trade date.

For purposes of subsequent measurement, financial assets are classified in the following categories:

Debt instruments at amortised cost
A 'debt instrument' is measured at amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method.

Equity instruments
All equity investments in scope of IFRS 9 are measured at fair value. For all equity instruments not held at fair value through profit or loss, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value.

Dividends
Dividend income is recognised in the consolidated income statement only when the right to receive payment is established, provided it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

(b) Financial Asset - Derecognition
The Company derecognises a financial asset when the contractual rights to cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

(c) Impairment of financial assets
In accordance with IFRS 9, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The Company recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

At each reporting date, for recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has increased significantly, lifetime ECL is used instead of 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original EIR.

Notes to the Financial Statements

(d) Financial liabilities – Recognition & Subsequent measurement

The Company's financial liabilities include trade and other payables and loans and borrowings. All financial liabilities are recognised initially at fair value, and in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method.

(e) Financial liabilities – Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2. COMPANY TANGIBLE FIXED ASSETS

	(US$ million)
Cost	
At 01 April 2019	7
ROU Asset as at 01 April 2019	10
Additions	1
Deletions/Disposals	-
At 31 March 2020	**18**
Additions	-
Deletions/Disposals	-
At 31 March 2021	**18**
Accumulated depreciation	
At 01 April 2019	-
Charge for the year	2
Deletions/Disposals	-
At 31 March 2020	**2**
Charge for the year	2
Deletions/Disposals	-
At 31 March 2021	**4**
Net book value	
At 01 April 2019	7
At 31 March 2020	16
At 31 March 2021	**14**

Details of Right of Use (ROU) Assets

Particulars	Building
ROU asset as at 01 April 2019	10
Additions	-
Depreciation	(1)
Net book value/ carrying amount as on 31 March 2020/ 01 April 2020	9
Additions	-
Depreciation	(1)
Net book value/ carrying amount as on 31 March 2021	**8**

Notes to the Financial Statements

3. INVESTMENTS IN SUBSIDIARIES

	(US$ million)
Cost	
At 1 April 2019	**1,226**
Additions during the year*	505
At 31 March 2020	1,731
At 1 April 2020	**1,731**
Additions during the year**	0
Investments written off during the year***	(0)
At 31 March 2021	**1,731**

* During the previous year, Vedanta Resources Holdings Limited (VRHL), a fully owned subsidiary of the Company, capitalised an amount of US$ 505 million outstanding against various loans payable by it to the Company by issuing 504,534,532 ordinary shares of US$ 1 each. Subsequently, VRHL reduced the face value of its issued share capital from US$ 662,073,056 (662,073,056 shares of US$ 1 each) to US$ 6,620,731 (662,073,056 shares of US$0.01 each).

** During the year, the Company acquired one share in Vedanta Holdings Jersey Limited ('VHJL'), being 100% of its issued equity share capital for a consideration of $1.

*** During the year, Vedanta Finance Jersey Limited ('VFJL') and Vedanta Jersey Investment Limited ('VJIL') got liquidated. Accordingly, the Company has written off its investments in these companies.

At 31 March 2020, the Company held 662,073,200 shares in Vedanta Resources Holdings Limited ('VRHL') (March 2020: 662,073,200 shares), being 100% of VRHL's issued equity share capital. The Company also held one deferred share in VRHL (31 March 2020: one). At 31 March 2021, the Company held two shares in Vedanta Finance Jersey Limited ('VFJL') (31 March 2020: two), two shares in Vedanta Resources Jersey Limited ('VRJL') (31 March 2020: two), two shares in Vedanta Resources Jersey II Limited ('VRJL-II') (31 March 2020: two), two shares in Vedanta Jersey Investment Limited ('VJIL') (31 March 2020: two) and one share in Vedanta Holdings Jersey Limited ('VHJL') (31 March 2020: Nil), being 100% of its issued equity share capital.

VRHL is an intermediary holding company incorporated in the United Kingdom (note 39 of the financial statements of the Group) and registered in England and Wales. VFJL, VRJL, VJIL, VHJL and VRJL-II are companies, registered and incorporated in Jersey, established to raise funds for the Vedanta Group.

4. FINANCIAL ASSET INVESTMENT

	(US$ million)
Fair value	
As at 1 April 2020	**0**
Fair value movement	0
As at 31 March 2021	**0**
As at 1 April 2019	0
Fair value movement	0
As at 31 March 2020	**0**

The investment relates to an equity investment in the shares of Victoria Gold Corporation. As at 31 March 2021, the investment in Victoria Gold Corporation was revalued and gain of US$ 0 million (2020: gain of US$ 0 million) was recognised in equity.

Notes to the Financial Statements

5. COMPANY DEBTORS

(US$ million)

	As at 31 March 2021	As at 31 March 2020
Amounts due from subsidiary undertakings	4,945	4,763
Amounts due from Konkola Copper Mines (note 3(b) of Group financial statements)	305	371
Advance to vendors and deposit	–	1
Prepayments and accrued income	–	1
Other taxes	1	1
Less: Provision for impairment*	(1,125)	(1,244)
Total	**4,126**	**3,893**
Debtors due within one year	1,420	2,724
Debtors due after one year	2,706	1,169
Total	**4,126**	**3,893**

Amounts due from subsidiary undertakings

At 31 March 2021, the Company had loans of US$ 2,127 million (2020: US$ 1,799 million) due from VRHL which represented the funds being loaned for funding the subsidiaries. Out of the total loan US$ 1,245 million bears interest at 8.09%, US$ 547 million at 6.95%, US$ 135 million at 9.70%, US$ 200 million at 14.375%.

At 31 March 2021, the Company had loans of US$ 1,130 million (2020: US$ 1,085 million) due from Vedanta Resources Jersey II Limited (VRJL-II). Out of the total loan US$ 539 million bears interest at 8.09%, US$ 95 million at 7.11%, US$ 345 million at 6.95% (Net of impairment provision US$ 1,055 million) and US$ 151 million at 6.82%.

At 31 March 2021, the Company had loan of US$ 36 million (2020: Nil) due from Vedanta Holdings Mauritius II Limited (VHM2L) at 14.625%.

The Company was owed US$ 469 million (2020: US$ 281 million) of accrued interest from VRHL and VRJL-II and VHM2L.

The Company had given a corporate guarantee for loan facilities/ trade advances on behalf of Konkola Copper Mines Plc (KCM), an erstwhile subsidiary of Vedanta Resources Holding Limited (VRHL). During the previous year, due to loss of control over KCM and the resulting developments (for details refer note 3 (b) of group financial statements), the Company had recognised a liability of US$ 355 million (inclusive of interest), towards the guarantee liability and a corresponding receivable from KCM. Of the said liability, the Company had paid an amount of US$ 250 million to the lenders of KCM. During the year, the Company has made further payments of US$ 23 million to lenders of KCM. The Company has also reversed the amount of corporate guarantees which have expired, from the amount receivable and from the corresponding liability. The balance is presented as creditors due within one year (refer note 11).

Additionally, the Company was owed US$ 16 million (2020: US$ 16 million) from KCM in the form guarantee commission and other receivables.

In addition to the loans, the Company was also owed US$ 59 million (Net of impairment provision US$ 71 million) (2020: US$ 32 million (Net of impairment provision US$ 71 million created during the year)) of other receivables from Group companies. The above amounts include brand fee receivable from subsidiaries (refer note 11).

* The Company had given loans to its subsidiary, VRJL - II in previous years, which was further advanced as inter-company loans to its then fellow subsidiary, Konkola Copper Mines plc (KCM). With the loss of control over KCM w.e.f. 21 May 2019 and the ensuing recoverability assessment (Refer note 3 (b) of Group Financial Statements for details), VRJL- II had impaired its receivables from KCM in the previous year. Consequently, the Company had also carried out an impairment assessment of its receivables from VRJL- II and had recognised an impairment of US$ 1,102 million during the previous year. During the year, VRJL- II has reversed the impairment recognised on its receivables from KCM, in the previous year, to the tune of $ 118 million. Consequently, the Company has also carried out an impairment assessment of its receivables from VRJL- II and had recognised an impairment reversal of US$ 118 million during the year.

During the previous year, the Company had also carried out an impairment assessment of its investment in its subsidiary, Vedanta Resources Holding Limited (VRHL), which in turn had impaired its equity investment in KCM and concluded that there was no impairment.

Furthermore, during the previous year, the Company had recognised an impairment provision of US$ 71 million on its receivables from VJIL pursuant to the Expected Credit Loss (ECL) assessment.

Notes to the Financial Statements

6. COMPANY CURRENT ASSET INVESTMENTS

(US$ million)

	As at 31 March 2021	As at 31 March 2020
Liquid Investments	1,125	-
Bank term deposits	33	23
Total	**1,158**	**23**

7. COMPANY CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

(US$ million)

	As at 31 March 2021	As at 31 March 2020
Accruals	85	86
Advance from related parties	30	1
Loan from subsidiary (Note 8)	-	177
Term Loans (Note 8)	305	1,489
Bonds	185	3,158
Guarantee amount payable on behalf of KCM (Refer note 5)	15	105
Dividend payable	90	1
Total	**710**	**5,017**

8. COMPANY CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

(US$ million)

	As at 31 March 2021	As at 31 March 2020
Loan from subsidiaries	2,264	64
Advance from related parties	13	-
Term loans*	1,414	1,489
Bonds:		
6.125% bonds, due August 2024	991	994
8.25% bonds, due June 2021	185	669
6.375% bonds, due July 2022	994	996
7.125% bonds, due May 2023	497	499
Less: Current Maturities (Note 7)		
Term Loans	(305)	(1,489)
Bonds	(185)	(3,158)
Total	**5,868**	**64**

As at 31 March 2021 loan from subsidiaries included US$ 149 million (2020: US$ 177 million) due to Vedanta Finance UK Limited. During the previous year, its maturity was extended to January 2021 and the rate of interest was amended to US$ LIBOR plus 410 basis points. During the current year, maturity of the said loan was further extended to October 2023 and rate of interest was amended to 7.84%. Loan from subsidiaries also included US$ 2,115 million (2020: Nil) due to Vedanta Resources Finance II Plc (VRF2). Out of the total loan US$ 915 million bears interest at the rate 14.13% and is repayable in January 2024. The remaining amount of US$ 1,200 million bears interest at the rate of 9.20% and is repayable in March 2025.

Terms loans are made up of the following loans that the Company has executed:

In March 2015, the Company executed a facility agreement with State Bank of India for borrowing up to US$ 350 million. US$ 100 million is repayable in June 2021 and bears interest at a rate of US$ LIBOR plus 453 basis points. US$ 250 million is repayable in June 2022 bears interest at a rate of US$ LIBOR plus 453 basis points. As at 31 March 2021, the outstanding amount under this facility is US$ 249 million.

Notes to the Financial Statements

In January 2016, the Company entered into a facility agreement with State Bank of India for borrowing up to US$ 300 million. US$ 120 million is repayable in February 2022 and bears interest at a rate of US$ LIBOR plus 500 basis points. US$ 180 million is repayable in February 2023 and bears interest at a rate of US$ LIBOR plus 504 basis points. As at 31 March 2021, the outstanding amount under this facility is US$ 297 million.

In November 2017, the Company entered into a facility agreement with Syndicate Bank for borrowing up to US$ 100 million and bears interest at a rate of 3 months US$ LIBOR plus 325 basis points. US$1 million is repayable in November 2021 and US$ 99 repayable in November 2022. As at 31 March 2021, the outstanding amount under this facility is US$ 99 million.

During the year 2017-18, the Company executed facility agreements with Yes Bank Limited for borrowings up to US$ 150 million in different tranches and bears interest at a rate of 3 months US$ LIBOR plus 324 basis points (increased to 324 basis points from October 2019). During the year, US$ 35 million was repaid. US$ 15 million is repayable in July 2021. As at 31 March 2021, the outstanding amount under this facility is US$ 15 million. Accordingly, entire amount outstanding has been reclassified from creditors due after one year to creditors due within one year.

During the year 2017-18, the Company entered into facility agreements with State Bank of India for borrowings up to US$ 200 million in different tranches and bears interest at a rate of US$ LIBOR plus 389 basis points. The loan is repayable in January 2025. As at 31 March 2021, the outstanding amount under this facility is US$ 197 million.

During the previous year, the Company entered into facility agreements with Syndicate Bank in for borrowings up to US$ 200 million in different tranches and bears interest at a rate of US$ LIBOR plus 375 basis points. The loan is repayable in various instalments till December 2024. As at 31 March 2021, the outstanding amount under this facility is US$ 197 million.

During the year 2018-2019, the Company entered into facility agreements with ICICI Bank Limited for borrowings up to US$ 200 million in different tranches and bears interest at a rate of US$ LIBOR plus 390 basis points. The loan is repayable in various instalments till September 2023. As at 31 March 2021, the outstanding amount under this facility is US$ 178 million. During the year, US$ 20 million was repaid. Out of this US$ 50 million has been reclassified from creditors due after one year to creditors due within one year.

During the year 2018-2019, the Company executed facility agreements with Bank of Baroda for borrowings up to US$ 200 million in different tranches and bears interest at a rate of US$ LIBOR plus 350 basis points. The loan is repayable in various instalments till June 2024. As at 31 March 2021, the outstanding amount under this facility is US$ 185 million. During the year, US$ 15 million was repaid. out of this US$ 20 million has been reclassified from creditors due after one year to creditors due within one year.

*As on 31 March 2020, the Company could not meet some of the covenant requirements of borrowings of US$ 1,489 million. Further, as per the terms of the bond agreement, in case any acceleration notice is served by any of these lenders, the Company would not satisfy the requirement of IAS 1 of unconditional right to defer payment beyond one year from the balance sheet date in case of non-convertible bonds of US$ 3,158 million. Subsequent to the reporting date, the Company obtained a waiver on the covenant requirements. Accordingly, non-current portion of US$ 4,562 million of borrowings was reclassified under the current maturities of long-term borrowings.

9. LEASE LIABILITY

Movement in Lease liabilities is as follows :

(US$ million)

Particulars	Amount
At April 01, 2019	10
Additions during the year	-
Interest on Lease Liabilities	-
Payments made	-
At March 31, 2020/ April 01, 2020	10
Additions during the year	-
Interest on Lease Liabilities	-
Payments made	(1)
As at March 31, 2021	**9**

Notes to the Financial Statements

10. COMPANY CONTINGENT LIABILITIES

The Company has given corporate guarantees for loan facilities and other obligations on behalf KCM worth US$ 357 million including interest thereon (2020: US$ 355 million). During the previous year, the same was recognised as liability (refer note 3 (b) of group financial statements). The Company has guaranteed US$ 170 million (out of which, US$ 108 million was repaid during the year 19-20) for a loan facility entered by Valliant Jersey Limited with ICICI Bank Limited. During the year, entire outstanding amount of US$ 62 million under this facility has been repaid.

The Company has guaranteed US$ 120 million for revolving credit facility entered by Twin Star Holdings Limited with First Abu Dhabi Bank PJSC as facility agent (2020: US$ 120 million). During the year, entire outstanding amount under this facility has been repaid.

The Company has provided a guarantee for the Cairn India Group's (now merged with Vedanta Limited ('VEDL')) obligation under the Production Sharing Contract ('PSC') provided for onshore block RJ-ON-90/1, for making available financial resources equivalent to Cairn's share for its obligations under the PSC, personnel and technical services in accordance with industry practices and any other resources in case Cairn is unable to fulfil its obligations under the PSC. During the current year, the Board of Directors of the VEDL and CEHL have approved a consideration to be paid for this guarantee at an annual charge of 1.2% of net exploration and development spend, subject to a minimum annual fee of $ 5 million, applicable from April 2020 onwards to be paid in ratio of participating interests held equally by VEDL and its step-down subsidiary, Cairn Energy Hydrocarbons Ltd ("CEHL"). Similarly, the Company has also provided financial and performance guarantee to the Government of India for VEDL's obligations under the Revenue Sharing Contract ('RSC') in respect of 51 Blocks awarded under the Open Acreage Licensing Policy ("OALP") by the Government of India. During the current year, the Board of Directors of VEDL have approved a consideration to be paid for this guarantee consisting of one-time charge of $ 25 million, i.e., 2.5% of the total estimated cost of initial exploration phase of approx. $ 1,000 million and an annual charge of 1% of spend, subject to a minimum fee of $ 10 million and maximum fee of $ 20 million per annum.

During the previous year, the Company had guaranteed US$ 180 million for a facility agreement entered by Vedanta Resources Jersey II Limited with Yes Bank Limited as facility agent (2020: US$ 180 million). During the year, US$ 18 million has been repaid under the said facility.

The Company has guaranteed US$ 100 million for a facility agreement entered by Welter Trading Limited with Axis Bank Limited as facility agent (2020: US$ 100 million). During the year, US$ 65 million has been repaid under the said facility.

The Company has guaranteed US$ 575 million for a facility agreement entered by Twin Star Holdings Limited with Citicorp International Limited as facility agent (2020: US$ 575 million). During the year, US$ 52 million have been repaid.

The Company has guaranteed US $100 million for a facility agreement entered by Twin Star Holdings Limited with First Abu Dhabi Bank PJSC as facility agent. US$ 80 million was drawn under this facility and US$ 8 million & US$ 12 million was repaid during the year 2017-18 and 2018-19 respectively. During the year, US$ 16 million was further repaid.

During the year, the Company has guaranteed US$ 600 million for a facility agreement entered by Twin Star Holdings Limited with Standard Chartered Bank Limited as facility agent. The entire amount was repaid during the year.

During the year, the Company has guaranteed US$ 70 million for a facility agreement entered by Twin Star Holdings Limited and Vedanta Resources Jersey II Limited with ICICI Bank Limited as facility agent.

During the previous year, the Company through its wholly owned subsidiary, Vedanta Resources Finance II Plc issued US$ 1,000 million bonds which were guaranteed by the Company. During the current year, the Company further issued US$ 1,000 million and US$ 1,200 million bonds which were guaranteed by the Company along with Twinstar Holdings Ltd and Welter Trading Ltd as co – guarantors.

During the year, the Company has guaranteed US$ 350 million for a facility agreement entered by Vedanta Holdings Mauritius Limited with First Abu Dhabi Bank PJSC as facility agent. US$ 110 million was drawn under this facility.

During the year, the Company, along with Finsider International Company Limited and Westglobe Limited as co-guarantors, has guaranteed US$ 1,000 million for a facility agreement entered by Vedanta Holdings Mauritius II Limited with OCM Verde XI Investments Pte. Limited as facility agent. US$ 427 million was drawn under this facility.

Notes to the Financial Statements

11. RELATED PARTY TRANSACTIONS

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with wholly owned subsidiaries. Transactions entered into and trading balances outstanding at 31 March with other related parties, are as follows:

(US$ millions)

Name of Company	Relationship	Nature of transaction	Year Ended 2021	Year Ended 2020
Vedanta Limited	Subsidiary	PCO Income and Management & Brand Fees charged	128	44
Vedanta Limited	Subsidiary	Sale of Alumina	11	8
Konkola Copper Mines Plc*	Subsidiary	Management & Guarantee Fees charged	-	-
Volcan Investments Limited	Holding Company	Dividend paid/payable	165	352
Volcan Investments Cyprus Limited	Holding Company	Dividend paid/payable	86	184
Vedanta Limited	Subsidiary	Receipt of Service	-	-
Vedanta Limited	Subsidiary	(Reimbursement)/Payment of Expenses	10	7
Cairn India Holdings Limited	Subsidiary	(Reimbursement)/Payment of Expenses	-	-
Electrosteel Steels Ltd (ESL)	Subsidiary	Brand Fee charged	9	9
Talwadi Sabo Power Ltd	Subsidiary	Brand Fee charged	4	1
Namzinc Pty Limited	Subsidiary	Brand Fee charged	-	3
Black Mountain Mining (Pty) Limited	Subsidiary	Brand Fee charged	5	4
Cairn Energy Hydrocarbon Limited	Subsidiary	Brand Fee charged	9	11
THL Zinc Limited	Subsidiary	Reimbursement of Expenses	-	-
THL Zinc Ventures Limited	Subsidiary	Reimbursement of Expenses	-	-
Bloom Fountain Limited	Subsidiary	Reimbursement of Expenses	-	-

Notes to the Financial Statements

Outstanding balances

(US$ millions)

	Relationship	Nature of transaction	As at 31 March 2021	As at 31 March 2020
Vedanta Limited	Subsidiary	(Payable)/Receivable	-	10
Sterlite Technologies Limited	Related Party	Receivable	-	-
Namzinc Pty Limited	Subsidiary	(Payable)/Receivable	-	1
Cairn India Holdings Limited	Subsidiary	Receivable	-	-
Electrosteel Steels Ltd (ESL)	Subsidiary	(Payable)	(3)	(1)
Talwadi Sabo Power Ltd	Subsidiary	(Payable)	(1)	-
Black Mountain Mining (Pty) Limited	Subsidiary	Receivable/(Payable)	2	1
Western Cluster Limited	Subsidiary	Receivable	-	-
THL Zinc Limited	Subsidiary	Receivable	-	-
THL Zinc Ventures Limited	Subsidiary	Receivable	-	-
Monte Cello BV	Subsidiary	(Payable)	(1)	(1)
Cairn Energy Hydrocarbon Limited	Subsidiary	Receivable	(3)	11
Bloom Fountain Limited	Subsidiary	Reimbursement of Expenses	-	-
Volcan Investments limited	Holding Company	Dividend payable	59	1
Volcan Investments Cyprus limited	Holding Company	Dividend payable	31	-

* Ceased to be a related party w.e.f. 21 May 2019. Vedanta Resources Holdings Limited (VRHL) holds 79.42% in Konkola Copper Mines Plc (KCM). A provisional liquidator was appointed to manage KCM's affairs on 21 May 2019, after ZCCM Investments Holdings Plc (ZCCM-IH), an entity owned by the Government of Zambia and a 20.6% shareholder in KCM, filed a winding up petition against KCM. Since all the significant decision-making powers, including carrying on the business of KCM and control over all the assets of KCM, rests with the provisional liquidator, VRHL believes that the event has caused loss of its control over KCM. Consequently, KCM is not a related party of the Company from that date as per IAS 24.

For details relating to Ultimate controlling party, refer note 40 of Group financial statements.

12. SUBSEQUENT EVENTS

There have been no material events after reporting date, other than those already reported, which would require disclosure or adjustment to the financial statements for the year ended 31 March 2021.

Five Year Summary

SUMMARY CONSOLIDATED INCOME STATEMENT

(US$ million except as stated)	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18	Year ended 31-Mar-17
Revenue	**11,722**	**11,790**	**13,006**	**15,294**	**11,520**
EBITDA	**3,800**	**3,003**	**3,457**	**3,963**	**3,191**
Depreciation and amortisation	(1,099)	(1,412)	(1,380)	(1,271)	(1,031)
Special items	(49)	(2,065)	38	586	(17)
Operating profit	**2,652**	**(474)**	**2,115**	**3,278**	**2,143**
Net finance (costs) / investment revenues (including other gains and Losses)	(969)	(872)	(747)	(790)	(763)
Profit before taxation from continuing operations [a]	**1,683**	**(1,346)**	**1,368**	**2,488**	**1,380**
Net tax credit / (expense) (b)	(298)	370	(611)	(1,013)	(500)
Profit for the period/ year from continuing operations (a+b)	**1,385**	**(976)**	**757**	**1,475**	**880**
Profit/ (loss) after tax for the period/ year from discontinued operations and gain on deconsolidation	91	(771)	(333)	-	-
Profit after taxation	**1,476**	**(1,747)**	**425**	**1,475**	**880**
Non-controlling interests	1,153	(179)	661	1,236	(902)
Profit attributable to equity shareholders in parent	**323**	**(1,568)**	**(237)**	**239**	**(23)**
Dividends	(251)	(352)	(185)	(182)	(138)
Retained (loss) / profit	**72**	**(1,919)**	**(422)**	**57**	**(160)**
Dividend per share (US cents per share)	88	123	65	65	55

SUMMARY CONSOLIDATED FINANCIAL POSITION

(US$ million except as stated)	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18	Year ended 31-Mar-17
Goodwill	12	12	12	12	17
Intangible assets	99	100	108	123	96
Property, plant and equipment	13,302	13,245	17,726	17,727	16,751
Financial asset investments	21	12	707	25	11
Total fixed assets	**13,434**	**13,369**	**18,553**	**17,887**	**16,874**
Stocks	1,358	1,515	2,060	2,038	1,670
Debtors	1,465	1,102	1,504	1,527	1,085
Cash & Liquid Investments	5,957	5,090	5,297	5,606	9,725
Total current assets	**8,780**	**7,707**	**8,861**	**9,171**	**12,480**
Short-term borrowings	(3,673)	(6,065)	(5,456)	(5,460)	(7,659)
Other current liabilities	(5,670)	(5,805)	(7,060)	(6,194)	(6,413)
Total current liabilities	**(9,343)**	**(11,870)**	**(12,516)**	**(11,654)**	**(14,072)**
Net current assets	**(552)**	**(4,069)**	**(3,643)**	**(2,457)**	**(1,588)**
Total assets less current Liabilities	**15,976**	**12,316**	**17,265**	**17,584**	**17,432**
Long-term borrowings	(12,704)	(9,030)	(10,524)	(9,734)	(10,570)
Other long term liabilities	(215)	(238)	(258)	(136)	(77)
Provisions and deferred tax assets	(726)	(775)	(1,218)	(1,162)	(758)
Total long term liabilities	**(13,645)**	**(10,043)**	**(12,000)**	**(11,032)**	**(11,405)**
Equity Non-controlling interests	(5,478)	(5,536)	(6,181)	(6,870)	(6,423)
Non equity Non-controlling interest	-	(0)	(12)	(12)	(12)
Net assets attributable to the equity holders of the parent	(3,147)	(3,263)	(928)	(330)	(409)

Five Year Summary

TURNOVER

Turnover (US$ million)	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18	Year ended 31-Mar-17
Zinc-	3,328	3,004	3,347	3,889	2,857
India	2,960	2,563	2,955	3,354	2,525
International	368	441	392	535	332
Oil and Gas	1,016	1,787	1,892	1,480	1,223
Iron ore	611	489	417	485	615
Copper:-	1,469	1,278	1,537	5,111	4,008
India/Australia	1,469	1,278	1,537	3,828	3,134
Zambia		-	-	1,283	874
Aluminium	3,865	3,751	4,183	3,545	2,040
Power	725	827	933	877	836
Steel	630	604	600		
Other	76	51	97	(93)	(59)
Group	**11,722**	**11,790**	**13,006**	**15,294**	**11,520**

EBITDA

EBITDA (US$ million)	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18	Year ended 31-Mar-17
Zinc	1,688	1,283	1,616	2,122	1,562
India	1,568	1,230	1,516	1,902	1,423
International	120	54	100	220	138
Oil and Gas	438	1,032	1,101	849	597
Iron ore	245	117	90	48	194
Copper	(21)	(40)	(36)	235	258
India/Australia	(21)	(40)	(36)	162	252
Zambia		(0)	-	73	6
Aluminium	1,046	281	316	414	344
Power	190	233	219	258	245
Steel	117	83	113	-	-
Other	97	14	38	37	(9)
Group	**3,800**	**3,003**	**3,457**	**3,963**	**3,191**

EBITDA MARGIN

EBITDA Margin (%)	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18	Year ended 31-Mar-17
Zinc	51	43	48	54	55
India	53	48	51	56	56
International	33	12	25	41	42
Oil and gas	43	58	58	57	49
Iron ore	40	24	22	10	32
Copper	(1)	(3)	(2)	5	6
India/Australia	(1)	(3)	(2)	4	8
Zambia	-	-	-	6	1
Aluminium	27	8	8	12	17
Power	26	28	23	25	29
Steel	19	14	19	-	-
Group	**32**	**25**	**27**	**26**	**28**

Five Year Summary

PRODUCTION

Production (000's MT)	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18	Year ended 31-Mar-17
Aluminium	1969	1904	1959	1675	1213
BALCO	570	561	571	569	427
Jharsuguda Aluminium	1400	1,343	1,388	1106	786
Copper		77	90	599	582
Sterlite Copper	101	77	90	403	402
KCM	-	-	-	195	180
Iron Ore (WMT)	5,607	4,562	4,511	7903	12300
Steel	1,187	1,231	1,199	-	-
Zinc total		937	960	876	757
HZL	930	870	894	791	672
Skorpion	-*	67	66	84	85
Zinc and Lead MIC	930	174	82	72	70
BMM	58	66	65	72	70
Lisheen		-	-	-	-
Gamsberg	145	108	17	-	-
Oil and Gas- Gross Production	59	63	69	68	69
Oil and Gas- Working Interest	37	40	44	43	44

* Skorpion produced 0.6kt in April 20 before moving into Care and Maintenance for rest of the year

CASH COST OF PRODUCTION IN US CENTS

Cash costs of production (US cents/lb)	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18	Year ended 31-Mar-17
Aluminium-Balco	66	77	92	87	68
Aluminium-Jharsuguda Aluminium	59	76	90	85	65
Copper – Sterlite Copper	-	-	-	5.7	5.0
Copper – KCM	-	-	276	239	209
Zinc including Royalty- HZL	58	62	63	62	52
Zinc without Royalty- HZL	43	47	46	44	38
Zinc COP- Skorpion	-	100	110	85	75
Zinc COP- BMM	61	67	66	59	51
Zinc COP- Lisheen	-	-	-	-	-
Zinc COP- Gamsberg	58	65	67		
Oil and Gas (Opex) (US$/ boe)	8	8.9	7.7	6.6	6.2

CASH COST OF PRODUCTION IN INR

Cash costs of production in INR (INR/ mt)	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18	Year ended 31-Mar-17
Aluminium-Balco	1,07,500	120400	1,35,906	1,23,947	1,01,051
Aluminium-Jharsuguda Aluminium	96,600	119500	1,35,466	1,20,349	96,622
Copper – Sterlite Copper		-	-	8,112	9,047
Zinc including Royalty	95,305	97248	96,488	87,971	77,454
Zinc without Royalty	70,700	74300	70,400	62,882	55,679

Five Year Summary

CAPITAL EXPENDITURE

Capital expenditure (US$ million)	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18	Year ended 31-Mar-17
Sustaining	467	558	399	385	145
Expansion	324	819	1,081	820	668
Total capital expenditure	**792**	**1,376**	**1,480**	**1,205**	**814**

NET CASH/(DEBT)

Net cash / (debt) (US$ million)	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18	Year ended 31-Mar-17
Zinc	**2,097**	**2,902**	**2,528**	**3,507**	**3,881**
India	2,064	2,890	2,454	3411	3,741
International	32	12	74	96	140
Oil and gas	77	693	1,388	754	4,185
Iron Ore	38	-51	-141	-176	-404
Copper	48	-49	-317	-382	-496
India/Australia	48	-49	-169	-7	57
Zambia			-148	-375	-553
Aluminium	-4,102	-4,987	-4,494	-4,400	-5,098
Power	-1,062	-917	-1,347	-1,693	-1,574
Other	-7,827	-7,612	-7,910	-7,198	-8,997
Group	**-10,731**	**-10,022**	**-10,292**	**-9,588**	**-8,503**

GEARING

Gearing (%)	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18	Year ended 31-Mar-17
Gearing	83%	82%	66%	60%	59%

GROUP FREE CASH FLOW

Group Free Cash Flow (US$ million)	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18	Year ended 31-Mar-17
Group Free Cash Flow after capital creditors	1,578	1,642	2,411	1745	2,212
Group Free Cash Flow after post capex	1,253	823	1,330	925	1,544

CAPITAL EMPLYOED

Capital Employed (US$ million)	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18	Year ended 31-Mar-17
Avg Capital Employed	12,679	13,920	15,837	15,323	14,350

ROCE

ROCE (%)	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18	Year ended 31-Mar-17
ROCE	19.4%	10.2%	9.6%	14.3%	12.8%

Production and Reserves Summary

COPPER

COPPER PRODUCTION SUMMARY

Facility	Product	Year ended 31 March 2021 Mt	Year ended 31 March 2020 Mt
Tuticorin	Copper anode	-	-
	Sulphuric acid	-	-
	Phosphoric acid	-	-
	Copper cathode	-	-
	Copper rods	-	-
Silvassa	Copper cathode	101,435	77,490
	Copper rods	1,22,390	100,219

ALUMINIUM, ALUMINA AND BAUXITE

ALUMINIUM PRODUCTION SUMMARY

Company	Year ended 31 March 2021 Mt	Year ended 31 March 2020 Mt
BALCO	5,69,608	561,338
Jharsuguda Aluminium	1,399,876	1,342,643

ALUMINA PRODUCTION SUMMARY

Company	Year ended 31 March 2021 Mt	Year ended 31 March 2020 Mt
Jharsuguda Aluminium	1,840,894	1,810,702

BAUXITE PRODUCTION SUMMARY

Company	Year ended 31 March 2021 Mt	Year ended 31 March 2020 Mt
BALCO – Mainpat	-	55,700
BALCO – Bodai Daldali	-	469,800

BAUXITE MINE RESOURCE AND RESERVE SUMMARY

	Resources				Reserves	
Mine	Measured and indicated million mt	Aluminium grade %	Inferred million mt	Aluminium grade %	Proved and probable reserves million mt	Aluminium grade %
BALCO						
Mainpat (Kesra, Kudiridih, Sapnadar)	6.2	40.4	1.3	42.1	4.6	43.6
Bodai-Daldali (Kawardha)	2.0	43.2	0.5	44.4	1.9	43.1
Total BALCO	**8.2**	**41.1**	**1.8**	**42.7**	**6.5**	**43.4**
MALCO						
Kolli Hills and Yercaud	0.8	44.0			0.2	43.0

Resources are additional to Reserves

Production and Reserves Summary

HINDUSTAN ZINC

Zinc and Lead Production Summary:

Company	Year ended 31 March 2021 Mt	Year ended 31 March 2020 Mt
HZL		
Zinc	715,446	688,286
Lead	2,14,400	181,370

Zinc and Lead Mining Summary:

a) Metal mined & metal concentrate

Mine	Type of mine	Ore mined		Zinc concentrate		Lead concentrate	
		31 March 2021 mt	31 March 2020 mt	31 March 2021 mt	31 March 2020 mt	31 March 2021 mt	31 March 2020 mt
Rampura Agucha	Underground	42,72,902	39,40,097	832,646	767,935	67,764	60,695
Rajpura Dariba	Underground	12,15,169	10,37,608	81,375	78,365	21,838	19,119
Zawar	Underground	39,51,282	32,70,668	170,706	139,241	1,02,535	92,014
Kayad	Underground	11,74,825	11,39,071	110,447	138,219	11,772	13,143
Sindesar Khurd	Underground	48,42,264	50,77,646	318,820	325,195	173,017	166,776
Total		**15,456,442**	**14,465,090**	**15,13,995**	**14,48,956**	**376,927**	**351,748**

b) Metal in Concentrate (MIC)

Mine	Type of mine	Zinc concentrate		Lead concentrate	
		31 March 2021 mt	31 March 2020 mt	31 March 2021 mt	31 March 2020 mt
Rampura Agucha	Underground	4,14,840	380,738	38,349	33,398
Rajpura Dariba	Underground	38,452	37,273	8,395	7,473
Zawar	Underground	88,770	71,672	62,295	53,765
Kayad	Underground	56,472	70,256	6,965	7,377
Sindesar Khurd	Underground	1,57,315	160,122	1,00,122	95,027
Total		**7,55,849**	**720,060**	**2,16,127**	**197,041**

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	10.4	14.6	2.2	24.1	8.5	3.1	42.7	11.9	1.4
Rajpura Dariba	8.1	6.4	2.0	33.0	6.5	1.9	28.2	5.0	1.7
Zawar	35.9	3.8	2.0	75.2	4.2	2.5	31.5	3.1	1.6
Kayad	0.5	11.9	1.6	2.3	6.8	1.2	2.6	6.8	0.8
Sindesar Khurd	46.7	3.9	2.0	19.5	3.5	2.1	45.3	3.3	2.1
Bamnia Kalan	21.2	3.2	1.1	20.8	3.4	1.4	-	-	-
Total	**122.9**	**4.9**	**1.9**	**174.8**	**5.1**	**2.3**	**150.3**	**6.1**	**1.7**

Resources are additional to Reserves

Production and Reserves Summary

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	3.6	11.1	-	1.1	9.4	-	0.8	10.8	-
BMM									
- Deeps	10.3	3.0	2.6	-	-	-	4.2	2.8	2.0
- Swartberg	72.6	0.9	2.4	19.0	1.4	2.6	24.4	0.5	1.8
- Gamsberg	36.3	6.1	0.5	78.0	8.0	0.6	110.4	6.1	0.5
- Big Syncline Project	6.1	3.0	1.1	185.6	2.4	1.0	-	-	-

Resources are additional to Reserves

Zinc Production Summary:

Company	Year ended 31 March 2021 Mt	Year ended 31 March 2020 Mt
Skorpion	-*	66,967

* Skorpion produced 0.6kt in April 20 before moving into Care and Maintenance for rest of the year

Zinc and Lead Mining Summary:

a) Metal mined & metal concentrate

Mine	Type of mine	Ore mined		Zinc concentrate		Lead concentrate	
		31 March 2021 mt	31 March 2020 mt	31 March 2021 mt	31 March 2020 mt	31 March 2021 mt	31 March 2020 mt
Skorpion	Open Cast	-	1,038,936	-	-	-	-
BMM	Underground	13,57,068	1,486,754	62,263	56,857	40,006	54,694
Gamsberg	Underground	19,15,561	3,437,460	3,05,190	228,258	0	-
Total	**Underground**	**32,72,630**	**5,963,150**	**3,67,453**	**285,115**	**40,006**	**54,694**

b) Metal in Concentrate (MIC)

Mine	Type of mine	Zinc concentrate		Lead concentrate	
		31 March 2021 mt	31 March 2020 mt	31 March 2021 mt	31 March 2020 mt
BMM	Underground	30,131	27,943	27,471	37,628
Gamsberg	Underground	1,44,577	107,949	-	-
Total	**Underground**	**1,74,708**	**135,892**	**27,471**	**37,628**

IRON ORE

Iron Ore Production Summary

Company	Year ended 31 March 2021 Mt	Year ended 31 March 2020 Mt
Vedanta Limited		
Saleable Iron Ore	5.0	4.4
Goa	0.0	0.0
Karnataka	5.0	4.4
Dempo		

Production and Reserves Summary

IRON ORE RESOURCE AND RESERVE SUMMARY

Mine	Resources				Reserves	
	Measured and indicated million mt	Iron ore grade %	Inferred million mt	Iron ore grade %	Proved and probable reserves million mt	Iron ore grade %
Iron ore Karnataka	14.5	41.7	1.29	47.0	76.22	46.3

OIL AND GAS

The Oil and gas reserves data set out below are estimated on the basis set out in the section headed "Presentation of Information".

CAIRN INDIA

The Company's gross reserve estimates are updated at least annually based on the forecast of production profiles, determined on an asset-by-asset basis, using appropriate petroleum engineering techniques. The estimates of reserves and resources have been derived in accordance with the Society for Petroleum Engineers "Petroleum Resources Management System (2018)". The changes to the reserves are generally on account of future development projects, application of technologies such as enhanced oil recovery techniques and true up of the estimates. The management's internal estimates of hydrocarbon reserves and resources at the period end, based on the current terms of the PSCs, are as follows:

Particulars	Gross proved and probable hydrocarbons initially in place (mmboe)		Gross proved and probable reserves and resources (mmboe)		Net working interest proved and probable reserves and resources (mmboe)	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Rajasthan MBA Fields	2,307	2,288	266	317	186	222
Rajasthan MBA EOR	-	-	388	317	271	222
Rajasthan Block Other Fields	3,603	3,535	470	449	329	314
Ravva Fields	704	692	27	28	6	6
CBOS/2 Fields	298	292	34	40	14	16
Other fields	352	348	44	43	26	25
Total	**7,265**	**7,155**	**1,194**	**1,229**	**832**	**806**

The Company's net working interest proved and probable reserves is as follows:

Particulars	Proved and Probable reserves		Proved and Probable reserves (developed)	
	Oil (mmstb)	Gas (bscf)	Oil (mmstb)	Gas (bscf)
Reserves as of 1 April 2019*	**315**	**264**	**178**	**129**
Additions / revision during the year	25	61	22	37
Production during the year	(36)	(24)	(36)	(24)
Reserves as of 31 March 2020**	**303**	**301**	**164**	**143**
Additions / revision during the year	(11)	(14)	30	51
Production during the year	(32)	(28)	(32)	(28)
Reserves as of 31 March 2021***	**260**	**259**	**161**	**166**

* Includes probable oil reserves of 116.21 mmstb (of which 16.03 mmstb is developed) and probable gas reserves of 89.00 bscf (of which 24.19 bscf is developed)

** Includes probable oil reserves of 132.23 mmstb (of which 21.94 mmstb is developed) and probable gas reserves of 114.73 bscf (of which 42.64 bscf is developed)

*** Includes probable oil reserves of 111.14 mmstb (of which 23.08 mmstb is developed) and probable gas reserves of 128.41 bscf (of which 52.06 bscf is developed)

Production and Reserves Summary

SOURCE OF INFORMATION:

In respect of all businesses, the information has been certified by geologist on behalf of Group management.

BASIS OF PREPARATION

Ore reserves and mineral resources reported herein comply with the 'Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves'. The 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 Code in force are dated December 2012.

The JORC Code uses the term Ore Reserve for Reserves. For the purposes of ore and mineral resources reported herein, the term ore resources have been used throughout.

Oil and Gas reserves and resources have been prepared according to the Petroleum Resources Management Systems (PRMS) approved in June 2018 by the Board of Society of Petroleum Engineers (SPE). The process included approval by six sponsoring societies: the World Petroleum Council, the American Association of Petroleum Geologists, the Society of Petroleum Evaluation Engineers, the Society of Exploration Geophysicists, the European Association of Geoscientists and Engineers, and the Society of Petrophysicists and Well Log Analysts.

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 exclusive 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 INFORMATION:

Alternative performance measures

Introduction

Vedanta Group is committed to providing timely and clear information on financial and operational performance to investors, lenders and other external parties, in the form of annual reports, disclosures, RNS feeds and other communications. We regard high standards of disclosure as critical to business success.

Alternative Performance Measure (APM) is an evaluation metric of financial performance, financial position or cash flows that is not defined or specified under International Financial Reporting Standards (IFRS).

The APMs used by the group fall under two categories:

- Financial APMs: These financial metrics are usually derived from financial statements, prepared in accordance with IFRS. Certain financials metrics cannot be directly derived from the financial statements as they contain additional information such as profit estimates or projections, impact of macro-economic factors and changes in regulatory environment on financial performance
- Non-Financial APMs: These metrics incorporate non – financial information that management believes is useful in assessing the performance of the group.

APMs are not uniformly defined by all the companies, including those in the Group's industry. APM's should be considered in addition to, and not a substitute for or as superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS.

Purpose

The Group uses APMs to improve comparability of information between reporting periods and business units, either by adjusting for uncontrollable or one-off factors which impacts upon IFRS measures or, by aggregating measures, to aid the user of the Annual Report in understanding the activity taking place across the Group's portfolio.

APMs are used to provide valuable insight to analysts and investors along with Generally Accepted Accounting Practices (GAAP). We believe these measures assist in providing a holistic view of the company's performance.

Production and Reserves Summary

Alternative performance measures (APMs) are denoted by◊ where applicable.

◊ APM terminology*	Closest equivalent IFRS measure	Adjustments to reconcile to primary statements
EBITDA	Operating profit/(loss) before special items	Operating Profit/(Loss) before special items Add: Depreciation & Amortization
EBITDA margin (%)	No direct equivalent	EBITDA divided by Revenue
Adjusted revenue	Revenue	Revenue Less: revenue of custom smelting operations at our Copper India & Zinc India business
Adjusted EBITDA	Operating profit/(loss) before special items	EBITDA Less: EBITDA of custom smelting operations at our Copper India & Zinc India business
Adjusted EBITDA margin	No direct equivalent	Adjusted EBITDA divided by Adjusted Revenue
Underlying profit/(loss)	Attributable Profit/(loss) before special items	Attributable profit/(loss) before special items Less: NCI share in other gains/(losses) (net of tax)
Project Capex	Expenditure on Property, Plant and Equipment (PPE)	Gross Addition to PPE Less: Gross disposals to PPE Add: Accumulated Depreciation on disposals Less: Decommissioning liability Less: Sustaining Capex
Free cash flow (FCF) post capex	Net cash flow from operating activities	Net Cash flow from operating activities Less: addition of property, plant and equipment and intangibles less proceeds on disposal of property, plant and equipment Add: Dividend paid and dividend distribution tax paid Add/less: Other non-cash adjustments
Net debt*	Net debt is a Non-IFRS measure and represents total debt after fair value adjustments under IAS 32 and IFRS 9 as reduced by cash and cash equivalents, liquid investments and structured investment, net of the deferred consideration payable for such investments (referred as Financial asset investment net of related liabilities), if any.	No Adjustments
ROCE	No direct Equivalent	Not Applicable

*In December 2018, the Group has made a structured investment which is classified as Financial Assets investments. We believe liquidity of the investment makes its comparable to the other assets included previously in the debt calculation; therefore, inclusion gives more reliable and relevant information.

ROCE for FY2021 is calculated based on the working summarized below. The same method is used to calculate the ROCE for all previous years (stated at other places in the report).

Particulars	Period ended 31 March 2021
Operating Profit Before Special Items	2,701
Less: Cash Tax Outflow	242
Operating Profit before special Items less Tax outflow (a)	2,459
Opening Capital Employed (b)	12,295
Closing Capital Employed (c)	13,062
Average Capital Employed (d)= (b+c)/2	12,679
ROCE (a)/(d)	**19.4%**

Production and Reserves Summary

Adjusted Revenue, EBITDA & EBITDA Margin for FY 2021 is calculated based on the working summarised below. The same method is used to calculate the adjusted revenue and EBITDA for all previous years (stated at other places in the report).

Particulars	Period ended 31 March 2021
Revenue	11,722
Less: Revenue of Custom smelting operations	(1,469)
Adjusted Revenue(a)	10,253
EBITDA	3,800
Less: EBITDA of Custom smelting operations	(21)
Adjusted EBITDA(b)	3,821
Adjusted EBITDA Margin (b)/(a)	**37%**

Glossary and Definitionsa

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 01 February 2006 and replacing the previous comparator group comprising companies constituting the FTSE Worldwide Mining Index (excluding precious metals)

Adjusted EBITDA
Group EBITDA net of EBITDA from custom smelting operations at Copper India & Zinc India operations.

Adjusted EBITDA margin
EBITDA margin computed on the basis of Adjusted EBITDA and Adjusted Revenue as defined elsewhere

Adjusted Revenue

Group Revenue net of revenue from custom smelting operations at Copper India & Zinc India operations.

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 Limited

Attributable Profit
Profit for the financial year before dividends attributable to the equity shareholders of Vedanta Resources Limited

BALCO
Bharat Aluminium Company Limited, a company incorporated in India.

BMM
Black Mountain Mining Pty

Board or Vedanta Board
The board of directors of the Company

Board Committees
The committees reporting to the Board: Audit, Remuneration, Nominations, and Sustainability, each with its own terms of reference

Businesses
The Aluminium Business, the Copper Business, the Zinc, lead, silver, Iron ore, Power and Oil & Gas Business together

Boepd
Barrels of oil equivalent per day

Bopd
Barrels of oil per day

Cairn India
Erstwhile Cairn India Limited and its subsidiaries

Capital Employed
Net assets before Net (Debt)/Cash

Capex
Capital expenditure

CEO
Chief executive officer

CFO
Chief Financial Officer

CII
Confederation of Indian Industries

CO2
Carbon dioxide

COP
Cost of production

CMT
Copper Mines of Tasmania Pty Limited, a company incorporated in Australia

Company or Vedanta
Vedanta Resources Limited

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 Limited, a company incorporated in Zambia which is treated as discontinued operations and deconsolidated the same w.e.f 1st June'2019, affiliation with Zambian government is in progress.

Copper India
Copper Division of Vedanta Limited comprising of a copper smelter, two refineries and two copper rod plants in India.

Cents/lb
US cents per pound

CRRI
Central Road Research Institute

CRISIL
CRISIL Limited (A S&P Subsidiary) is a rating agency incorporated in India

CSR
Corporate social responsibility

Glossary and Definitionsa

CTC
Cost to company, the basic remuneration of executives, which represents an aggregate figure encompassing basic pay, pension contributions and allowances

CY
Calendar year
% Change
It is calculated and presented on absolute numbers. Hence, it would not match with % calculated on face value numbers. **DDT**
Dividend distribution tax

Deferred Shares
Deferred shares of £1.00 each in the Company

DFS
Detailed feasibility study

DGMS
Director General of Mine Safety in the Government of India

Directors
The Directors of the Company

DMF
District Mineral Fund

DMT
Dry metric tonne

Dollar or $
United States Dollars, the currency of the United States of America

EAC
Expert advisory committee

EBITDA
EBITDA is a non-IFRS measure and represents earnings before special items, depreciation, amortisation, other gains and losses, interest and tax.

EBITDA Margin
EBITDA as a percentage of turnover

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

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 Chief Executive Officer 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

FACOR
Ferro Alloys Corporation Ltd.

Financial Statements or Group financial statements
The consolidated financial statements for the Company and the Group for the year ended 31 March 2019 as defined in the Independent Auditor's Report to the members of Vedanta Resources Limited

Free Cash Flow
Net Cash flow from operating activities Less: purchases of property, plant and equipment and intangibles Add proceeds on disposal of property, plant and equipment Add: Dividend paid and dividend distribution tax paid

Add/less: Other non-cash adjustments

FY
Financial year i.e. April to March.

GAAP, including UK 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

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

Glossary and Definitionsa

HIIP
Hydrocarbons initially-in place

HSE
Health, safety and environment

HZL
Hindustan Zinc Limited, a company incorporated in India

IAS
International Accounting Standards

IFRIC
IFRS Interpretations Committee

IFRS
International Financial Reporting Standards

INR
Indian Rupees

Interest cover
EBITDA divided by gross finance costs (including capitalised interest) excluding accretive interest on convertible bonds, unwinding of discount on provisions, interest on defined benefit arrangements less investment revenue

IPP
Independent power plant

Iron Ore Sesa
Iron ore Division of Vedanta Limited, comprising of Iron ore mines in Goa and Karnataka 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 Limited, a company incorporated in Zambia

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

KPIs
Key performance indicators

KTPA
Thousand tonnes per annum

Kwh
Kilo-watt hour

KBOEPD
Kilo barrel of oil equivalent per day

LIBOR
London inter bank offered rate

LIC
Life Insurance Corporation

LME
London Metals Exchange

London Stock Exchange
London Stock Exchange Limited

Lost time injury
An accident/injury forcing the employee/contractor to remain away from his/her work beyond the day of the accident

LTIFR
Lost time injury frequency rate: the number of lost time injuries per million man hours worked

LTIP
The Vedanta Resources Long-Term Incentive Plan or Long-Term Incentive Plan

MALCO
The Madras Aluminium Company Limited, a company incorporated in India

Management Assurance Services (MAS)
The function through which the Group's internal audit activities are managed

MAT
Minimum alternative tax

MBA
Mangala, Bhagyam, Aishwarya oil fields in Rajasthan

MIC
Metal in concentrate

MOEF
The Ministry of Environment, Forests and Climate change of the Government of the Republic of India

MMSCFD
Million standard cubic feet per day

MT or Tonnes
Metric tonnes

MU
Million Units

MW
Megawatts of electrical power

NCCBM
National Council of Cement and Building Materials

Net (Debt)/Cash
Net debt is a Non-IFRS measure and represents total debt after fair value adjustments under IAS 32 and IFRS 9 as reduced by cash and cash equivalents, liquid investments and structured investment, net of the deferred consideration payable for such investments (referred as Financial asset investment net of related liabilities), if any.

Glossary and Definitionsa

NGO
Non-governmental organisation

Non-executive Directors
The Non-Executive Directors of the Company

Oil & Gas business
Oil & Gas division of Vedanta Limited, is involved in the business of exploration, development and production of Oil & Gas.

OALP
Open Acreage licensing Policy

Ordinary Shares
Ordinary shares of 10 US cents each in the Company

ONGC
Oil and Natural Gas Corporation Limited, a company incorporated in India

OPEC
Organisation of the Petroleum Exporting Countries

PBT
Profit before tax

PPE
Property plant and equipment

Provident Fund
A defined contribution pension arrangement providing pension benefits consistent with Indian market practices

PSC
A "production sharing contract" by which the Government of India grants a license to a company or consortium of companies (the 'Contractor") to explore for and produce any hydrocarbons found within a specified area and for a specified period, incorporating specified obligations in respect of such activities and a mechanism to ensure an appropriate sharing of the profits arising there from (if any) between the Government and the Contractor.

PSP
The Vedanta Resources Performance Share Plan

Recycled water
Water released during mining or processing and then used in operational activities

Return on Capital Employed or ROCE
Operating profit before special items net of tax outflow, as a ratio of average capital employed

Revenue Sharing Contract
Contract between Vedanta & Joint venture which define share of revenue for each joint venture partner.

RO
Reverse osmosis

Senior Management Group
For the purpose of the remuneration report, the key operational and functional heads within the Group

SEWT
Sterlite Employee Welfare Trust, a long-term investment plan for Sterlite senior management

SHGs
Self help groups

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

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

% Share in EBITDA
It is % share of respective segment's EBITDA to Vedanta Resources Limited's EBITDA.**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

TGT
Tail gas treatment

TLP
Tail Leaching Plant**TPA**

Metric tonnes per annum

TPM
Tonne per month

TSPL
Talwandi Sabo Power Limited, a company incorporated in India

TSR
Total shareholder return, being the movement in the Company's share price plus reinvested dividends

Glossary and Definitionsa

Twin Star
Twin Star Holdings Limited, a company incorporated in Mauritius

Twin Star Holdings Group
Twin Star and its subsidiaries and associated undertaking

US cents
United States cents

Underlying profit/ (loss)
Attributable profit/(loss) before special items Less: NCI share in other gains/(losses) (net of tax)

Vedanta Limited (formerly known as Sesa Sterlite Limited/ Sesa Goa Limited)
Vedanta Limited, a company incorporated in India engaged in the business of Oil & Gas exploration and production, copper smelting, Iron Ore mining, Alumina & Aluminium production and Energy generation.

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

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 Limited, a company incorporated in Zambia and a minority shareholder of Konkola Copper Mines Limited

ZRA
Zambia Revenue Authority

Notes

Notes

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