OFFERING CIRCULAR

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) "QUALIFIED INSTITUTIONAL BUYERS" ("QIBS") (AS DEFINED IN RULE 144A ("RULE 144A") UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")), OR (2) NON-US PERSONS IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT ("REGULATION S").

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular (the "Offering Circular") following this page, whether received by e-mail or other electronic communication, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the Company or from us as a result of such access.

None of Barclays Bank PLC, Citigroup Global Markets Limited, J.P. Morgan Securities plc, Merrill Lynch, Pierce, Fenner & Smith Incorporated, The Royal Bank of Scotland plc and Standard Chartered Bank as joint global coordinators and joint lead managers (the "Joint Global Coordinators and Joint Lead Managers") and Barclays Bank PLC, Citigroup Global Markets Limited, J.P. Morgan Securities plc, Merrill Lynch, Pierce, Fenner & Smith Incorporated, The Royal Bank of Scotland plc, Standard Chartered Bank, and Deutsche Bank AG, Singapore Branch as joint bookrunners (the "Joint Bookrunners") or any person who controls any of them or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers accepts any liability whatsoever for any loss howsoever arising from any use of this e-mail or the attached Offering Circular or their respective contents or otherwise arising in connection therewith.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, OR WITH ANY OTHER SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE SECURITIES MAY ONLY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO UNITED STATES PERSONS (AS DEFINED IN REGULATION S) THAT ARE QIBS IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144A. ANY INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE FINAL TERMS AND CONDITIONS OF THE SECURITIES AND THE INFORMATION CONTAINED IN THE ATTACHED OFFERING CIRCULAR.

IF YOU DO NOT AGREE TO THE TERMS CONTAINED IN THIS NOTICE, YOU SHOULD NOT OPEN THE ATTACHED OFFERING CIRCULAR AND SHOULD DELETE THIS E-MAIL. THIS E-MAIL AND ITS ATTACHMENTS ARE PERSONAL TO YOU, ARE CONFIDENTIAL AND MAY ONLY BE READ BY THE ADDRESSEE AND MAY NOT BE REPRODUCED OR REDISTRIBUTED ELECTRONICALLY OR OTHERWISE TO ANY OTHER PERSON.

Confirmation of Your Representation: The attached Offering Circular is being sent at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to have represented to the Company, the Joint Global Coordinators and Joint Lead Managers and the Joint Bookrunners that (1) you and any customer you represent are either (a) a QIB or (b) not a US person and that the e-mail address that you have given and to which this e-mail has been delivered is not located in the United States of America, its territories, its possessions and other areas subject to its jurisdiction; and its possessions include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands and, to the extent you purchase the securities described in the attached Offering Circular, you will be doing so in offshore transactions in reliance on Regulation S; and (2) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

You are reminded that the attached Offering Circular has been delivered to you on the basis that you are a person into whose possession the attached Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. If this is not the case, you must delete this e-mail in which the Offering Circular is attached and destroy any printed copies of the Offering Circular. You may not, nor are you authorised to, deliver or forward the Offering Circular, electronically or otherwise, or disclose the contents of the Offering Circular, to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law and access has been limited so that it shall not constitute a general advertisement or solicitation in the United States or elsewhere. No action has been or will be taken in any jurisdiction by the Company, the Joint Global Coordinators and Joint Lead Managers or the Joint Bookrunners that would, or is intended to, permit a public offering of the securities, or possession or distribution of the Offering Circular (in preliminary, proof or final form) or any other offering or publicity material relating to the securities, in any country or jurisdiction where action for that purpose is required. If a jurisdiction requires that the offering be made by a licensed broker or dealer and any of the Joint Global Coordinators and Joint Lead Managers and the Joint Bookrunners or any affiliate of any of the Joint Global Coordinators and Joint Lead Managers or the Joint Bookrunners is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Joint Global Coordinators and Joint Lead Managers or the Joint Bookrunners or such affiliate on behalf of the Company in such jurisdiction.

This communication is directed only at persons who (a) are outside the United Kingdom or (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Financial Promotion Order") or (c) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order (all such persons together being referred to as "relevant persons"). This communication must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the Offering Circular relates is available only to relevant persons and will be engaged in only with relevant persons.

The attached Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Company, the Joint Global Coordinators and Joint Lead Managers or the Joint Bookrunners or any person who controls them or any director, officer, employee or agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Global Coordinators and Joint Lead Managers and the Joint Bookrunners.

THE ATTACHED OFFERING CIRCULAR MAY NOT BE DOWNLOADED, FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY DOWNLOADING, FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS ELECTRONIC TRANSMISSION AND THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED IN THE ATTACHED OFFERING CIRCULAR.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

OFFERING CIRCULAR **STRICTLY CONFIDENTIAL**

VEDANTA RESOURCES PLC

(incorporated with limited liability in England and Wales)

$1,200,000,000 6.00% Bonds due 2019
$500,000,000 7.125% Bonds due 2023

This is an offering of $1,200,000,000 6.00% Bonds due 2019 (the "2019 Bonds") and $500,000,000 7.125% Bonds due 2023 (the "2023 Bonds", and, together with the 2019 Bonds, the "Bonds") by Vedanta Resources plc ("Vedanta" or the "Company").

The 2019 Bonds will bear interest at the rate of 6.00% per annum, and the 2023 Bonds will bear interest at the rate of 7.125% per annum. The 2019 Bonds will bear interest from the Closing Date (as defined herein), payable semi-annually in arrear on 3 June and 3 December of each year, commencing 3 December 2013, except that the 3 December 2018 interest payment date will be replaced with an interest payment date on 31 January 2019. The 2023 Bonds will bear interest from the Closing Date, payable semi-annually in arrear on 3 June and 3 December of each year, commencing 3 December 2013, except that the last interest payment date will be on 31 May 2023. Payments on the Bonds will be made without deduction for or on account of taxes of the United Kingdom to the extent described under "Terms and Conditions of the Bonds — Taxation".

The 2019 Bonds will mature on 31 January 2019 and the 2023 Bonds will mature on 31 May 2023. The Bonds of any series may be redeemed at the option of the Company, in whole, but not in part, at a redemption price equal to the principal amount of the Bonds of that series plus the Applicable Premium (as defined herein) applicable to the Bonds of that series, plus accrued and unpaid interest, if any, to, the redemption date. The Bonds of any series may be redeemed at the option of the Company in whole, but not in part, at a redemption price equal to the principal amount of the Bonds of that series, together with accrued and unpaid interest, if any, to the redemption date, in the event of certain changes affecting taxes of the United Kingdom. Upon the occurrence of a Change of Control (as defined herein), the Company must make an offer to purchase all of the Bonds outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the purchase date. See "Terms and Conditions of the Bonds — Redemption and Purchase".

2019 Bonds Issue Price: 100%
2023 Bonds Issue Price: 100%

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and are being offered in the United States only to qualified institutional buyers ("QIBs") in reliance on Rule 144A ("Rule 144A") under the Securities Act and to non-US persons outside the United States in reliance on Regulation S under the Securities Act ("Regulation S"). The 2019 Bonds and the 2023 Bonds which are being offered and sold outside the United States to non-US persons (as defined in Regulation S) in reliance on Regulation S (the "Regulation S Bonds") will each be initially represented by an unrestricted global certificate in registered form (the "Unrestricted Global Certificate"). The 2019 Bonds and the 2023 Bonds which are offered and sold in the United States to QIBs in reliance on Rule 144A (the "Rule 144A Bonds") will bear the Securities Act Legend (as defined in the trust deed to be dated on or about 3 June 2013 (the "Trust Deed")) and will each be initially represented by a restricted global certificate in registered form (the "Restricted Global Certificate" and, together with the Unrestricted Global Certificate, the "Global Certificates"). The Unrestricted Global Certificate will be deposited with a custodian for, and registered in the name of, a nominee of Cede & Co., as nominee of The Depository Trust Company ("DTC") for the accounts of Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream"), and the Restricted Global Certificate will be deposited with a custodian for, and registered in the name of, Cede & Co., as nominee of DTC, on the Closing Date. Beneficial interests in the Global Certificates will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its account holders. Prospective purchasers are hereby notified that sellers of the Bonds may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of the Bonds and distribution of this Offering Circular, see "Plan of Distribution" and "Transfer Restrictions". It is expected that delivery of the Bonds will be made against payment through the facilities of DTC on or about 3 June 2013 (the "Closing Date").

The Company intends to apply for the listing of the Bonds on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or information contained in this Offering Circular. Admission of the Bonds to the official list of the SGX-ST is not to be taken as an indication of the merits of the offering, the Company or the Bonds. Currently, there is no public market for the Bonds.

Investing in the Bonds involves risks. For a discussion of certain factors to be considered in connection with an investment in the Bonds, see "Risk Factors" beginning on page 11.

The Company currently has corporate credit ratings of "Ba1" (with negative outlook) from Moody's Investors Service, Inc. ("Moody's"), "BB" (with negative outlook) from Standard & Poor's Ratings Services, a division of McGraw-Hill Companies, Inc. ("Standard & Poor's") and "BB+" (with stable outlook) from Fitch Ratings Limited ("Fitch"). The Bonds are expected, on the Closing Date, to be rated "Ba3" (negative) by Moody's, "BB" by Standard & Poor's, and "BB" by Fitch. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

Joint Global Coordinators and Joint Lead Managers (in alphabetical order)

Barclays **BofA Merrill Lynch** **Citigroup** **J.P. Morgan** **The Royal Bank of Scotland** **Standard Chartered Bank**

Joint Bookrunners

Barclays **BofA Merrill Lynch** **Citigroup** **J.P. Morgan** **The Royal Bank of Scotland** **Standard Chartered Bank** **Deutsche Bank**

Offering Circular dated 22 May 2013

TABLE OF CONTENTS

NOTICE TO INVESTORS

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Company or Barclays Bank PLC, Citigroup Global Markets Limited, J.P. Morgan Securities plc, Merrill Lynch, Pierce, Fenner & Smith Incorporated, The Royal Bank of Scotland plc and Standard Chartered Bank as joint global coordinators and joint lead managers (collectively, the "Joint Global Coordinators and Joint Lead Managers"), Barclays Bank PLC, Citigroup Global Markets Limited, J.P. Morgan Securities plc, Merrill Lynch, Pierce, Fenner & Smith Incorporated, The Royal Bank of Scotland plc, Standard Chartered Bank and Deutsche Bank, AG, Singapore Branch as joint bookrunners (the "Joint Bookrunners") to subscribe for or purchase, any of the Bonds. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Company, the Joint Global Coordinators and Joint Lead Managers and the Joint Bookrunners to inform themselves about and observe any such restrictions. This Offering Circular does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. For a description of certain further restrictions on offers and sales of the Bonds and distribution of this Offering Circular see "Plan of Distribution" and "Transfer Restrictions".

No person is authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Company or the Joint Global Coordinators and Joint Lead Managers or the Joint Bookrunners. The delivery of this Offering Circular or the offering, sale and delivery of the Bonds at any time does not imply that the information contained in this Offering Circular is correct at any time subsequent to its date.

To the fullest extent permitted by law, none of the Joint Global Coordinators and Joint Lead Managers, the Joint Bookrunners, the Trustee, the Principal Agent and the Registrar (each as defined herein) accept any responsibility for the accuracy and completeness of the contents of this Offering Circular or for any statement, made or purported to be made by the Joint Global Coordinators and Joint Lead Managers, the Joint Bookrunners, the Trustee, the Principal Agent or the Registrar or on its or their behalf in connection with the Company or the issue and offering of the Bonds. The Joint Global Coordinators and Joint Lead Managers, the Joint Bookrunners, the Trustee, the Principal Agent and the Registrar accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement.

This Offering Circular is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Company or the Joint Global Coordinators and Joint Lead Managers or the Joint Bookrunners, that any recipient of this Offering Circular should purchase any of the Bonds. Each investor contemplating a purchase of the Bonds should make its own independent investigation of the Company's financial condition and affairs and its own appraisal of the Company's creditworthiness.

Investors may not reproduce or distribute this Offering Circular, in whole or in part, and investors may not disclose any of the contents of this Offering Circular or use any information herein for any purpose other than considering an investment in the Bonds. Investors agree to the foregoing by accepting delivery of this Offering Circular.

Market data and certain industry forecasts (where applicable) used throughout this Offering Circular have been obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Company, the Joint Global Coordinators and Joint Lead Managers or the Joint Bookrunners make any representation as to the accuracy of that information.

STABILISATION

In connection with this offering, Barclays Bank PLC, Citigroup Global Markets Limited, J.P. Morgan Securities plc, Merrill Lynch, Pierce, Fenner & Smith Incorporated, The Royal Bank of Scotland plc and Standard Chartered Bank acting as stabilising managers (the "Stabilising Managers") or any of their affiliates (or persons acting on behalf of any Stabilising Manager), may, to the extent permitted by applicable laws and regulations, over-allot or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail for a limited time after the issue date of the Bonds. However, there is no assurance that the Stabilising Managers or any of their affiliates (or persons acting on behalf of any Stabilising Manager) will undertake any stabilising action. Any stabilising action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Bonds and 60 days after the date of the allotment of the Bonds. Any stabilisation action must be conducted by the relevant Stabilising Manager or any of their affiliates (or persons acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.

NOTICE TO UK INVESTORS

This Offering Circular is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Promotion Order, (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("FSMA")) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This Offering Circular is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

The Bonds have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws.

In connection with the Bonds being offered in the United States to QIBs in reliance on the exemption from registration provided by Rule 144A, this Offering Circular is being furnished in the United States on a confidential basis solely for the purpose of enabling prospective investors to consider the purchase of the Bonds. Its use for any other purpose in the United States is not authorised.

The Bonds have not been approved or disapproved by the United States Securities and Exchange Commission (the "Commission"), any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offence in the United States.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED 1955, AS AMENDED ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT ANY EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE INVESTOR, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

AVAILABLE INFORMATION

For so long as any of the Bonds remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Company will, during any period in which the Company is neither subject to Section 13 or Section 15(d) of the US Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner or to the Trustee (as defined herein) for delivery to such holder, beneficial owner or prospective purchaser, in each case upon the request of such holder, beneficial owner, prospective purchaser or Trustee, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

ENFORCEABILITY OF JUDGMENTS

The Company is incorporated with limited liability under the laws of England and Wales. A substantial number of the Directors (as defined herein) or executive officers of the Company and all or a significant portion of the assets of such persons may be, and a substantial portion of the assets of the Company are, located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Company or such persons or to enforce against any of them in the United States judgments obtained in US courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state or territory within the United States.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Offering Circular contains "forward-looking statements" that are based on the Company's current expectations, assumptions, estimates and projections about the Company and its industry. These forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "anticipate", "believe", "estimate", "expect", "intend", "will", "project", "seek", "should" and similar expressions. These statements include, among other things, the discussions of the Company's business strategy and expectations concerning its market position, future operations, margins, profitability, liquidity and capital resources. Such forward-looking statements involve risks and uncertainties, and that, although the Company believes that the assumptions on which such forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could be materially incorrect. Factors which could cause these assumptions to be incorrect include, but are not limited to:

- Vedanta's ability to expand its business, effectively manage its growth and implement its strategies;
- Regulatory, legislative and judicial developments and future regulatory actions and conditions in Vedanta's operating areas;
- Vedanta's ability to retain its senior management team and hire and retain sufficiently skilled labour to support its operations;
- Vedanta's dependence on obtaining and maintaining mining leases to mining sites;
- General risks related to Vedanta's commercial power business;
- The outcome of any pending or threatened litigation in which Vedanta is involved;
- The continuation of tax holidays, exemptions and deferred tax schemes currently enjoyed by Vedanta;
- Risks relating to the Reorganisation Transactions including obtaining the necessary approvals;
- Changes in tariffs, royalties, custom duties and government assistance;
- Interruptions in the availability of exploration, production or supply equipment or infrastructure and/or increased costs;
- Construction of pipelines and terminals may take longer than planned, may not work as intended and the cost of construction may be greater than forecast;
- A decline or volatility in the prices or demand for oil and gas, zinc, copper, iron ore or aluminium or an increase in the supply of oil and gas, zinc, copper, iron ore or aluminium;
- Unavailability or increased costs of raw materials for Vedanta's products;
- Vedanta's economically recoverable lead-zinc ore, copper ore, iron ore, or bauxite reserves being lower than estimated;

- Political or economic instability in the regions which Vedanta operates;
- Worldwide economic and business conditions;
- Reliance on third party contractors and providers of equipment which may not be readily available and whose costs may increase;
- Compliance with extensive environmental and health and safety regulations;
- Ability to successfully consummate and integrate strategic acquisitions;
- Currency fluctuations;
- Ability to maintain good relations with trade unions and avoid strikes and lock-outs;
- Terrorist attacks and other acts of violence, natural disasters and other environmental conditions and outbreaks of infectious diseases and other public health concerns in the regions in which Vedanta operates.

These and other factors are more fully discussed in "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Offering Circular. In light of these and other uncertainties, you should not conclude that the Company will necessarily achieve any plans, objectives or projected financial results referred to in any of the forward-looking statements. Except as required by law, the Company does not undertake to release revisions of any of these forward-looking statements to reflect future events or circumstances.

PRESENTATION OF INFORMATION

Certain Conventions

The Company conducts its businesses through a consolidated group of companies that it has ownership interests in. See "Business — History and Development" for more information on these companies and their relationships to the Company. Unless otherwise stated in this Offering Circular or unless the context otherwise requires, references in this Offering Circular to the "Company" or "Vedanta" or the "consolidated group of companies", mean Vedanta Resources plc, its consolidated subsidiaries and its predecessors, collectively, including, Cairn India Limited ("Cairn India") and its subsidiaries (together with Cairn India, the "Cairn India Group"), Konkola Copper Mines plc ("KCM"), Sterlite Industries (India) Limited ("Sterlite"), Madras Aluminium Company Limited ("MALCO"), Bharat Aluminium Company Limited ("BALCO"), Monte Cello BV ("Monte Cello"), Copper Mines of Tasmania Pty Ltd ("CMT"), Thalanga Copper Mines Pty Ltd ("TCM"), Sterlite Energy Limited ("Sterlite Energy"), Vedanta Aluminium Limited ("Vedanta Aluminium"), Hindustan Zinc Limited ("HZL"), Sesa Goa Limited ("SGL"), Sesa Resources Limited ("SRL"), Western Cluster Limited ("WCL"), THL Zinc Namibia Holdings Limited and its subsidiaries ("Skorpion"), Vedanta Lisheen Holdings Limited and its subsidiaries ("Lisheen"), Talwandi Sabo Power Limited ("TSPL") and Black Mountain Mining Pty Ltd ("Black Mountain Mining").

All references to "Executive Directors" in this Offering Circular are to Messrs. Anil Agarwal, Navin Agarwal and Mahendra Singh Mehta. All references to "Non-Executive Directors" in this Offering Circular are to Messrs. Naresh Chandra, Geoffrey Green, Euan R. Macdonald and Aman Mehta. All references to "Directors" in this Offering Circular are to the Executive Directors and Non-Executive Directors of the Company.

All references to "management" are to the Company's Directors, the executive officers and other significant employees of the Company, unless the context otherwise requires, on the date of this Offering Circular, and statements in this Offering Circular as to beliefs, expectations, estimates and opinions of the Company or management are those of the Company's management.

In this Offering Circular, references to "copper business" are to the business of Vedanta comprising the copper operations as further described in "Business — Description of the Businesses — Copper Business"; references to "zinc business" and "zinc-lead" are to the business of Vedanta comprising the zinc operations as further described in "Business — Description of the Businesses — Zinc Business"; references to "aluminium business" are to the business of Vedanta comprising the aluminium operations as further described in "Business — Description of the Businesses — Aluminium Business"; references to "iron ore business" are to the business of Vedanta comprising the iron ore operations as further described in "Business — Description of the Businesses — Iron Ore Business"; references to "commercial power generation business" or "power business" are to the business of Vedanta comprising the power segment as further described in "Business — Description of the

Businesses — Commercial Power Generation Business"; and references to "oil and gas business" are to the business of Vedanta comprising the oil and gas operations as further described in "Business — Description of the Businesses — Oil and Gas Business".

In this Offering Circular, references to The London Metal Exchange Limited ("LME") price of copper, zinc or aluminium are to the cash seller and settlement price on the LME for copper, zinc or aluminium for the period indicated. References to "primary market share" in this Offering Circular are to the market that includes sales by producers of metal from copper and zinc, as applicable, and do not include sales by producers of recycled metal or imports.

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Presentation of Financial Information

The consolidated audited financial statements for the Company as of and for the fiscal year ended 31 March 2012 (the "Fiscal 2012 Financial Statements") and as of and for the fiscal year ended 31 March 2013 (the "Fiscal 2013 Financial Statements" and together with the Fiscal 2012 Financial Statements, the "Annual Financial Statements"), included elsewhere in this Offering Circular have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. The consolidated financial information for the Company as of and for the fiscal years ended 31 March 2011, 2012 and 2013, included elsewhere in this Offering Circular has been derived from the Annual Financial Statements. The audited consolidated financial statements for the Company as of and for the fiscal year ended 31 March 2011 (the "Fiscal 2011 Financial Statements") are neither included nor incorporated by reference in this Offering Circular.

Certain fiscal 2011 comparative balance sheet amounts presented in the Fiscal 2012 Financial Statements and in "Summary Consolidated Financial Information" and "Selected Consolidated Financial Information" were reclassified from their previous presentation in the Fiscal 2011 Financial Statements to conform with the presentation of fiscal 2012 financial information as follows:

- to give effect to fair value adjustments to provisional fair values and business combination accounting relating to acquisition of Zinc International entities for the year ended 31 March 2011; and
- intangible assets of $162.1 million for the year ended 31 March 2011 were reclassified as exploratory and evaluation assets within property, plant and equipment for the fiscal year ended 31 March 2012.

Operating and financial results of Cairn India were consolidated with Vedanta's with effect from the completion of Vedanta's acquisition of Cairn India on 8 December 2011 and is monitored as a separate segment beginning in fiscal 2013. Accordingly, while Vedanta's consolidated financial statements for fiscal 2013 include Cairn India's results for the full fiscal year, Vedanta's consolidated financial statements for fiscal 2012 only include Cairn India's results for the period from 8 December 2011 to 31 March 2012.

Operating and financial results of Zinc International were consolidated with Vedanta's with effect from the completion of Vedanta's acquisition of each the three businesses comprising Zinc International and monitored as a segment beginning with fiscal 2012. Operating and financial results were consolidated with effect from 3 December 2010 for Skorpion, from 4 February 2011 for Black Mountain and from 15 February 2011 for Lisheen.

Purchase accounting for the acquisition of Cairn India was provisional in the Fiscal 2012 Financial Statements and has been finalised during fiscal 2013. As such, certain numbers were updated for fiscal 2012 following the finalisation of such purchase accounting. These updates are detailed in Note 34 to the Fiscal 2013 Financial Statements. Financial information for fiscal 2012 have been derived from the Fiscal 2012 Financial Statements with the exception of those line items impacted by the finalisation of such purchase accounting, which have been derived from the comparative figures included in the Fiscal 2013 Financial Statements.

Rounding adjustments have been made in calculating some of the financial information included in this Offering Circular. As a result, numerical figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

References to a particular "fiscal" year are to a financial year ended or ending 31 March of that year in the case of the Company. References to a year other than a "fiscal" year are to the calendar year ended 31 December.

Currencies and Conversions

In this Offering Circular, references to "US" or the "United States" are to the United States of America, its territories and its possessions. References to "UK" are to the United Kingdom. References to "India" are to the Republic of India. References to "Australia" are to the Commonwealth of Australia. References to "Zambia" or "GRZ" are to the Republic of Zambia. References to "EU" are to the European Union as established by the Treaty on European Union. References to "$", "dollars" or "US dollars" are to the legal currency of the United States; references to "GBP" or "£" are to the legal currency of the United Kingdom; references to "Rs.", "Rupees" or "Indian Rupees" are to the legal currency of India; references to "AUD", "Australian dollars" or "A$" are to the legal currency of Australia; references to "Zambian Kwacha" or "ZMK" are to the legal currency of Zambia; and references to "€" are to the legal currency of certain nations within the EU. References to "¢" are to US cents and references to "lb" are to the imperial pounds (mass) equivalent to 0.4536 kilogrammes. References to "tonnes" are to metric tonnes, a unit of mass equivalent to 1,000 kilograms or 2,204.6 lb. In respect of SGL, references to "tonnes" are to dry metric tonnes.

Unless otherwise indicated, the financial information contained in this Offering Circular has been expressed in US dollars. Unless otherwise stated, the US dollar equivalent information presented in this Offering Circular has been calculated on the basis of the noon buying rate in New York City for cable transfer of Australian Dollars as certified for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate") as of 31 March 2013, which was AUD 1 = $1.04. The exchange rate between Zambian Kwachas and US dollars based on the spot rate provided by Bloomberg as of 31 March 2013 was ZMK 5,366 = $1.00. The US dollar equivalent information presented in this Offering Circular for Indian Rupees has been calculated based on the exchange rates certified by the Reserve Bank of India ("RBI Reference Rate") as of 31 March 2013, which was Rs. 54.39 = $1.00.

The exchange rates presented in this Offering Circular for each period may have differed from the exchange rates used in the preparation of financial statements included elsewhere in this Offering Circular. See "Exchange Rates".

Non-IFRS Measures

This Offering Circular includes the presentation of certain measures that are not defined by IFRS, including Vedanta EBITDA, cash costs per units, and Special Items (each as defined below). These measures have been included for the reasons described below. However, these measures are not measures of financial performance or cash flows under IFRS and may not be comparable to similarly titled measures of other companies because they are not uniformly defined. These measures should not be considered in isolation or as a substitute by investors as an alternative to Vedanta's operating results, operating profit or profit on ordinary activities before taxation, or as an alternative to cash flow from operating, investing or financing activities. Vedanta's management believes this information, along with comparable IFRS measures, is useful to investors because it provides a basis for measuring Vedanta's operating performance. Vedanta's management uses these financial measures, along with the most directly comparable IFRS financial measures, in evaluating Vedanta's operating performance and value creation. Non-IFRS financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS. Non-IFRS financial measures as reported by Vedanta may not be comparable to similarly titled amounts reported by other companies.

Because of these limitations, the non-IFRS measures should not be considered as measures of discretionary cash available to Vedanta to invest in the growth of its business or as measures of cash that will be available to Vedanta to meet its obligations. Potential investors should compensate for these limitations by relying primarily on Vedanta's IFRS results and using these non-IFRS measures only supplementally to evaluate Vedanta's performance. Please see "Summary Historical Financial Data", "Selected Historical Financial Data", and the Annual Financial Statements and the related notes included elsewhere in this Offering Circular.

Furthermore, the non-IFRS measures included in this Offering Circular would also be considered a non-GAAP financial measure in the United States of America.

VEDANTA EBITDA

Vedanta defines Vedanta EBITDA as profit for the year before tax expense, other gains and losses (net), finance costs, investment revenue, share in consolidated profit of associate, Special Items, and depreciation and amortisation. Vedanta EBITDA may not be comparable to similarly titled measures reported by other companies due to potential inconsistencies in the method of calculation. Vedanta has included its Vedanta EBITDA because it believes it is an indicative measure of its operating performance and is used by investors and analysts to evaluate companies in the same industry. Vedanta EBITDA should be considered in addition to, and not as a substitute for, other measures of financial performance and liquidity reported in accordance with IFRS. Vedanta believes that the inclusion of supplementary adjustments applied in its presentation of Vedanta EBITDA are appropriate because Vedanta believes it is a more indicative measure of the its baseline performance as it excludes certain charges that Vedanta's management considers to be outside of its core operating results. In addition, Vedanta EBITDA is among the primary indicators that Vedanta's management uses as a basis for planning and forecasting of future periods.

Cash Costs per Unit

Cost of production as reported for Vedanta's metal products includes an off-set for any amounts Vedanta receives upon the sale of the by-products from the refining or smelting processes. The cost of production is divided by the daily average exchange rate for the year to calculate the US dollar cost of production per lb or tonne of metal as reported.

Special Items

Special Items are those that management considers, by virtue of their size or incidence, should be disclosed separately to ensure that the financial information also allows an understanding of the underlying performance of the business. The determination as to which items should be disclosed separately requires a degree of judgment. Items included in Special Items include, but are not limited to, transaction costs relating to the voluntary retirement schemes, acquisition related costs and impairment of mining reserves. Special Items are disclosed in the Annual Financial Statements, please refer to Note 5 in each set of financial statements for this definition and summary.

Net Debt/Capitalisation (%)

Net Debt/Capitalisation (%) is calculated as Vedanta's Debt minus Cash and Cash Equivalents minus Liquid Investments, as a percentage of the total capitalisation of Vedanta. Total capitalisation of Vedanta is calculated as shareholder's equity including non controlling interests and net debt.

Interest Coverage Ratio

Interest coverage ratio is calculated as the number of times Vedanta EBITDA covers the total interest expense of Vedanta.

Net Debt over Vedanta EBITDA

Net Debt over Vedanta EBITDA is calculated as Vedanta's Debt minus Cash and Cash Equivalents minus Liquid Investments, divided by Vedanta EBITDA.

Debt/Vedanta EBITDA

Debt/Vedanta EBITDA is calculated as Vedanta's total borrowings divided by Vedanta EBITDA.

Revenue Excluding Custom Smelting

Revenue Excluding Custom Smelting is total revenues excluding revenue generated from custom smelting operations.

Vedanta EBITDA Excluding Custom Smelting

Vedanta EBITDA Excluding Custom Smelting is total Vedanta EBITDA excluding Vedanta EBITDA generated from custom smelting operations.

Vedanta EBITDA Excluding Custom Smelting Margin (%)

Vedanta EBITDA Excluding Custom Smelting Margin is calculated as Vedanta EBITDA Excluding Custom Smelting as a percentage of Revenue Excluding Custom Smelting.

Vedanta EBITDA — Copper India Custom Smelting

Vedanta EBITDA generated from custom smelting operations at Vedanta's Copper — India/Australia segment.

Vedanta EBITDA — Copper Zambia Custom Smelting

Vedanta EBITDA generated from custom smelting operations at Vedanta's Copper — Zambia segment.

Total Vedanta EBITDA — Custom Smelting

Vedanta EBITDA generated from custom smelting operations.

Vedanta EBITDA — Zinc India Custom Smelting

Vedanta EBITDA generated from custom smelting operations at Vedanta's Zinc — India segment.

Basis of Presentation of Reserves and Resources

Ore Reserves and Mineral Resources

The reported reserves are defined as being either "Ore Reserves" if reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2004 Edition, prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (the "JORC Code") or "Mineral Reserves" if reported in accordance with the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves which sets out minimum standards, recommendations and guidelines for public reporting of exploration results, Mineral Resources and Mineral Reserves in South Africa (the "SAMREC Code"). The meanings and definitions are the same. For convenience, Vedanta has standardised the term Ore Reserves. The reported mineral resources are defined as "Mineral Resources" if reported in accordance with the JORC Code (2004) or in accordance with the SAMREC Code.

The reported Ore Reserves of each project, and Mineral Resources for certain projects, are derived following a systematic evaluation of geological data and a series of technical and economic studies by Vedanta's geologists and engineers. The results and procedures used in the majority of these studies have been periodically reviewed by independent consultants.

- The Mineral Resources and Ore Reserves of KCM's Konkola, Nchanga and Nampundwe mines were audited as of 31 March 2013, by SRK Consulting (South Africa) (Pty) Ltd.
- The Mineral Resources of CMT's copper mines were reviewed as of 31 March 2013, by SRK Consulting (Australasia) Pty Ltd. The Ore Reserves of CMT's copper mines are derived from management estimates as of 31 March 2013.
- The Mineral Resources and Ore Reserves of HZL's mines were verified by SRK Consulting (UK) Limited as of 31 March 2013.
- The Mineral Resources and Ore Reserves of Black Mountain Mining's Black Mountain mine were reviewed by SRK Consulting (South Africa) (Pty) Ltd as of 31 March 2013.
- The Mineral Resources of Black Mountain Mining's Gamsberg deposits are derived from management estimates as of 31 March 2013 which were based on Mineral Resources of this deposit reviewed by SRK Consulting (South Africa) (Pty) Ltd as of 31 December 2010.
- The Mineral Resources and Ore Reserves of Lisheen's Lisheen mine were audited by AMC Consultants (UK) Limited as of 31 March 2013.
- The Ore Reserves of Skorpion were reviewed by Axe Valley Mining Consultants Ltd. as of 31 March 2013.
- The Ore Reserves of BALCO's mines were audited by Geo Solutions Private Limited as of 31 March 2013.
- The Mineral Resources and Ore Reserves of the mines of SGL and its subsidiaries (including SRL and WCL) were audited as of 31 March 2013 by Roscoe Postle Associates Inc. ("RPA").
- The Ore Reserves of MALCO's bauxite mines are derived from management estimates as of 31 March 2013. There has been no bauxite mining in these mines during fiscal years 2011, 2012 and 2013.

The estimation of the quantity and quality of the mineral occurrence is defined in two stages. In the first stage, the location, quantity, grade, geological characteristics and continuity of Mineral Resources are interpreted and estimated from specific geological evidence and knowledge. The geological evidence is gathered from exploration, sampling and testing information through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. See Annex B — "Mineral Resources".

In the second stage, the "Ore Reserve" is defined. An "Ore Reserve" is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies 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 that at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.

Although the Company provides certain life of mine estimates on the basis of Ore Reserves and Mineral Resources, investors are cautioned to use the life of mine estimates based solely on Ore Reserves in Annex A — "Life of Mines" as the base case for any assessment of the life of a mine.

The Company retained SRK Consulting (UK) Limited to conduct independent reviews of its Mineral Resources and Ore Reserve estimates as of 31 March 2013 at the Rampura Agucha, Rajpura Dariba, Sindesar Khurd, Zawar Group and Kayar lead-zinc mines based on their review reports issued on 19 April 2013.

The Company appointed SRK Consulting (South Africa) (Pty) Ltd. to conduct independent reviews of its Mineral Resources and Ore Reserve estimates as of 31 March 2013 at the Konkola copper mine, the Nchanga open-pit ("NOP") and Nchanga underground copper mines.

The Company retained RPA to conduct independent reviews of its Mineral Resources and Ore Reserve estimates as of 31 March 2013 for iron ore at the Codli, Sonshi mines, the A. Narrain open-pit iron ore mine and the iron ore mines of SRL. The Ore Reserve estimates as of 31 March 2013 at the Mainpat and Bodai-Daldali bauxite mines have been audited by Geo Solutions Private Limited based on their audit report issued in April 2013.

The Ore Reserve estimates as of 31 March 2013 at the Skorpion mine were reviewed by Axe Valley Mining Consultants Ltd. The Mineral Resources estimates as of 31 March 2013 at the Black Mountain mine has been reviewed by SRK Consulting based on their review reports issued on 5 April 2013. The Mineral Resources and Ore Reserves as of 31 March 2013 at the Lisheen mine has been audited by AMC Consultants (UK) Limited based on their audit report issued on 3 April 2013.

SRK Consulting noted that the geological information at Rampura Agucha, Sindesar Khurd, Rajpura Dariba and Kayar is modelled using commercial geological modelling software and the information at the Zawar Group mines is modelled on paper based sections.

SRK Consulting noted that the geological information at the Konkola copper mine is modelled using the GEMS Software, the NOP copper mine is modelled on Datamine resource models, the Nchanga underground copper mines are modelled on block and computerised analysis (Dynamic Ore Reserves System II) and the Nampundwe underground pyrite mine is modelled manually on paper based sections.

RPA noted that the geological information at the Codli, Sonshi mines and the A. Narrain open-pit iron ore mine is modelled on Surpac Modelling Software.

In addition to the Ore Reserves, the Company has identified further mineral deposits as either extensions of or additions to its existing operations that are subject to ongoing exploration and evaluation.

Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Resources for Mining Operations

There are differences in reporting regimes for reserve estimates between the JORC Code (2004) and SAMREC Code on the one hand, each of which are used by Vedanta, and the United States reporting regime under the requirements as adopted by the SEC in its Industry Guide 7 — Description of Property by Issuers Engaged or to be Engaged in Significant Mining Operations ("Industry Guide 7") on the other hand. The principal difference is the absence under Industry Guide 7 of any provision for the reporting of estimates other than proved (measured) or probable (indicated) reserves. There is, therefore, no equivalent for "resources" or "Mineral Resources" under the SEC's Industry Guide 7.

The SEC has applied the following reporting definitions to reserves under Industry Guide 7:

A "reserve" is "that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Reserves are customarily stated in terms of "ore" when dealing with metalliferous minerals; when other materials such as coal, oil, shale, tar, sands, limestones, etc. are involved, an appropriate term such as "recoverable coal" may be substituted."

"Proven (measured) reserves" are "reserves for which:

(a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling; and

(b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established."

"Probable (indicated) reserves" are "reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven (measured) reserves, is high enough to assume continuity between points of observation."

This Offering Circular, including Annex A — "Life of Mines", uses the term "resources", which are comprised of "measured," "indicated" and "inferred" Mineral Resources. United States investors are advised that while such terms are recognised by some investors, the SEC does not recognise them. "Inferred" Mineral Resources have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an "inferred" Mineral Resource will ever be upgraded to a higher category. Under SEC rules, estimates of "inferred" Mineral Resources may not form the basis of feasibility or other economic studies. Investors should not assume that all or any part of "measured" or "indicated" resources will ever be converted into Ore Reserves. Investors are also cautioned not to assume that all or any part of an "inferred" Mineral Resource exists or is economically or legally mineable.

UNITED STATES INVESTORS ARE ADVISED THAT THE REPORTING OF MINERAL RESOURCES IN THIS OFFERING CIRCULAR IS ACCORDINGLY NOT COMPLIANT WITH INDUSTRY GUIDE 7.

Oil, Condensate and Sales-Gas Reserves

Estimates of Proved, Probable, and Possible reserves and Contingent resources of Cairn India have been prepared according to the Petroleum Resources Management System ("PRMS") approved in March 2007 by the Society of Petroleum Engineers ("SPE"), the World Petroleum Council ("WPC"), the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers. The PRMS standard is a referenced standard in published guidance notes of the London Stock Exchange. The Proved, Probable, and Possible oil, condensate, and sales gas Reserves and the Contingent Resources were independently estimated by DeGolyer and MacNaughton as of 31 March 2013.

The Contingent Resources estimated herein are those volumes of oil or gas that are potentially recoverable from known accumulations but which are not currently considered to be commercially recoverable because of either the lack of a market or proper delineation necessary to establish the size of the accumulation for commercial purposes. Because of the uncertainty of commerciality and the lack of sufficient exploration drilling, the Resources estimated herein cannot be classified as Reserves. The Resources estimates herein are provided as a means of comparison to other resources and do not provide a means of direct comparison to Reserves.

The Company retained DeGolyer and MacNaughton to conduct independent reviews of the Proved, Probable, and Possible oil, condensate, and sales-gas Reserves and the Contingent Resources in India as of 31 March 2013.

Reserves and Production

In this Offering Circular, unless expressly stated otherwise, references to reserves and production are to total reserves and total production, respectively. For example, total Ore Reserves and total production mean that part of the Ore Reserves from a mine and that part of the production at mines and operations, respectively, that subsidiaries of the Company have an interest in or rights to. The Company does not wholly own certain of its subsidiaries and therefore total reserves and total production include reserves and production, respectively, attributable to third-party interests in controlled subsidiaries. Rounding adjustments have been made in calculating some of the reserves and production information included in this Offering Circular. As a result, numerical figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Resources for Oil and Gas Programmes

There are principal differences between the reporting regimes under the PRMS approved in March 2007 by the SPE, the WPC, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation and in the United States under the requirements as adopted by the SEC in its Industry Guide 4 — Prospectus Relating to Interests in Oil and Gas Programmes and Subpart 1200 of Regulation S-K (together "Industry Guide 4").

Evaluations of oil and gas reserves involve various uncertainties and require exploration and production companies to make extensive judgments as to future events based upon the information available. The crude oil and natural gas reserves data are estimates based primarily on internal technical analyses using standard industry practices. Such estimates reflect Vedanta's best judgment at the time of their preparation, based on geological and geophysical analyses and appraisal work (which are dynamic processes), and may differ from previous estimates. Reserves estimates are subject to various uncertainties, including those relating to the physical characteristics of crude oil and natural gas fields. These physical characteristics are difficult to estimate and, as a result, actual production may be materially different from current estimates of reserves. Factors affecting Vedanta's reserve estimates include: the outcome of new production or drilling activities; assumptions regarding future performance of wells and surface facilities; the results of field reviews; an ability to acquire new reserves from discoveries or extensions of existing fields; an ability to apply improved recovery techniques; and changed economic conditions.

UNITED STATES INVESTORS ARE ADVISED THAT THE REPORTING REGIMES USED IN THIS OFFERING CIRCULAR ARE ACCORDINGLY NOT COMPLIANT WITH INDUSTRY GUIDE 4.

SUMMARY

This summary highlights information contained elsewhere in this Offering Circular and does not contain all of the information that you should consider before investing in the Bonds. You should read this entire document, including "Risk Factors" and the Annual Financial Statements included elsewhere in this Offering Circular, before making an investment decision. This Offering Circular includes forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements".

Business Overview

Vedanta is an LSE-listed globally diversified FTSE 100 oil and gas, metals and mining and commercial power generation company. Its businesses are principally located in India, one of the fastest growing large economies in the world with a 6.2% increase in GDP from fiscal 2011 to fiscal 2012, according to the Central Statistical Organisation of the GoI's Ministry of Statistics and Programme Implementation. In addition, Vedanta has assets and operations in Zambia, Australia, South Africa, Ireland, Liberia, Sri Lanka and Namibia and over 30,000 employees worldwide. Vedanta is primarily engaged in oil and gas, zinc, copper, iron ore, aluminium and commercial power generation businesses and is also developing and acquiring port operation businesses and infrastructure assets. Vedanta has experienced significant growth in recent years through various expansion projects for its zinc, copper, iron ore and aluminium businesses and the acquisition of its oil and gas business with the purchase of a controlling ownership interest in Cairn India in fiscal 2012. Vedanta reported total revenue of $14,989.8 million and a Vedanta EBITDA of $4,888.3 million in fiscal 2013. Vedanta believes its experience in operating and expanding its businesses in India will allow it to capitalise on attractive growth opportunities arising from India's large mineral reserves, relatively low cost of operations and large and inexpensive labour and talent pools. Vedanta believes it is also well-positioned to take advantage of the significant growth in industrial production and investments in infrastructure in India, China, Southeast Asia and the Middle East, which it expects will continue to generate strong demand for metals, power and oil and gas.

Competitive Strengths

Vedanta believes it has the following strengths:

- A leading diversified natural resources company.
- Ideally positioned to capitalise on India's growth and resource potential.
- High quality portfolio of assets with low-cost structure.
- Exceptional Growth Profile – both Organic and Acquisition-led.
- Proven management team with established track record.
- Strong credit profile.

Strategy

Vedanta's strategy is based on the following four key pillars:

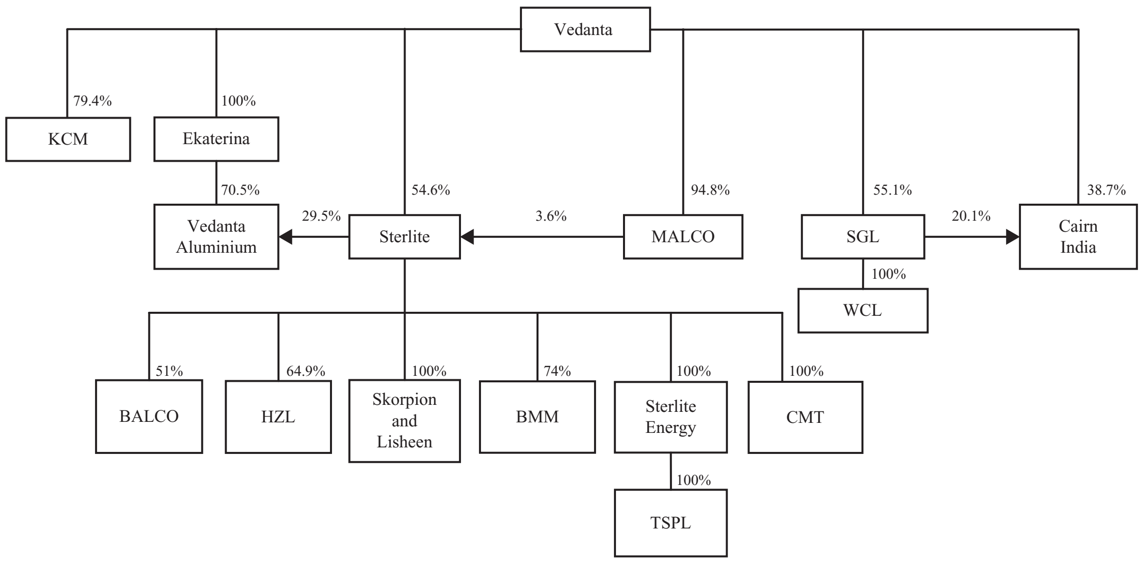
- Delivering profitable production growth across the portfolio.
- Simplifying the group structure.
- Continuing to add reserves and resources for long-term value.
- Accelerating cash flows and deleveraging.

Reorganisation Transactions

On 25 February 2012, Vedanta announced an all-share merger of the Company's majority-owned subsidiaries, SGL and Sterlite, to create Sesa Sterlite ("Sesa Sterlite") and to effect the consolidation and simplification of Vedanta's corporate structure through two series of transactions (together the "Reorganisation Transactions" consisting of the "Amalgamation and Reorganisation Scheme" and the "Cairn India Consolidation"). Certain approvals required for the completion of the Reorganisation Transactions remain outstanding as of the date of this Offering Circular. Vedanta believes that Sesa Sterlite will be one of the largest global diversified resources major if and when the Restructuring Transactions are consummated. See "Reorganisation Transactions" for more information.

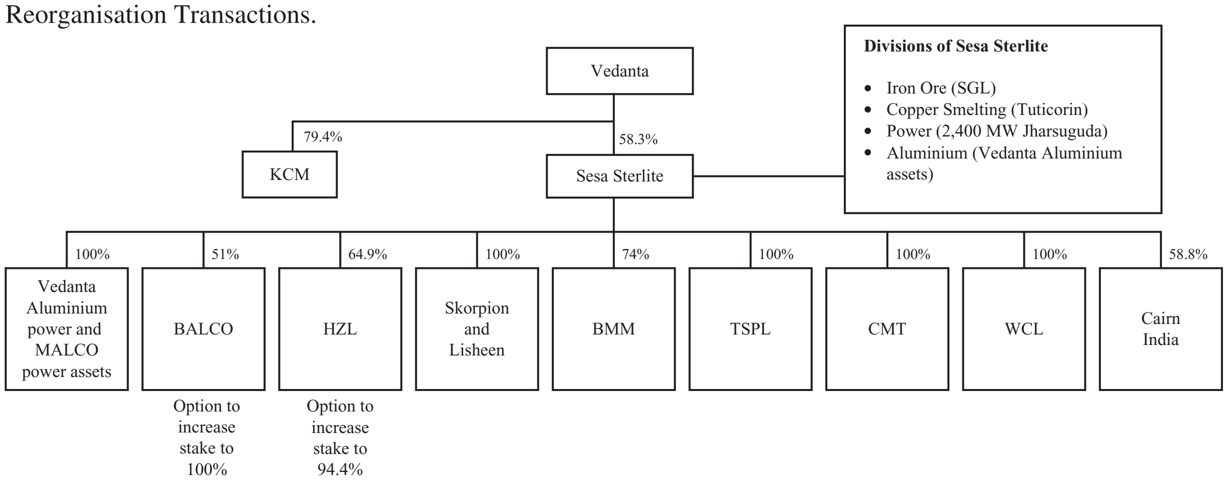
Existing Corporate Structure as of 31 March 2013

The following corporate structure shows the subsidiaries of the Company as of 31 March 2013 that will be impacted by the Reorganisation Transactions.



Corporate Structure following the Reorganisation Transactions

The following corporate structure shows the subsidiaries of the Company that are impacted by the Reorganisation Transactions.



About the Company

The Company was incorporated and registered in England and Wales as a private company limited by shares under the name Angelchange Limited on 22 April 2003 and with registered number 04740415. On 26 June 2003, the Company changed its name to Vedanta Resources Limited. On 20 November 2003, the Company re-registered as a public limited company under the United Kingdom Companies Act 1985, as amended (the "Companies Act") and changed its name to Vedanta Resources plc. The principal legislation under which the Company operates is the Companies Act.

The registered office of the Company is 2nd Floor, Vintners Place, 68 Upper Thames Street, London WIJ 8DZ. The head office of the Company is at 16 Berkeley Street, Mayfair, London W1J 8DZ, telephone number +44 (020) 7499-5900. The Company's website address is www.vedantaresources.com. **Information on the Company's website does not constitute a part of this Offering Circular.**

Ratio of Earnings to Fixed Charges

The following table sets forth Vedanta's ratio of earnings to fixed charges for the periods indicated.

	Fiscal Year Ended 31 March		
	2011	**2012**	**2013**
		($ million)	
EARNINGS			
Profit before taxation (excluding share in consolidated profit of associate)	2,683.3	1,653.2	1,705.9
Add: Fixed charges	718.0	1,170.5	1,422.3
Less: Capitalisation of borrowing costs	(183.3)	(224.8)	(228.3)
Total Earnings	**3,218.0**	**2,598.9**	**2,899.9**
FIXED CHARGES			
Total interest cost	703.4	1,149.6	1,384.5
Unwinding of discount on provisions	7.9	11.5	27.6
Interest on defined benefit arrangements	6.7	9.4	10.2
Total Fixed Charges	**718.0**	**1,170.5**	**1,422.3**
Ratio of Earnings to Fixed Charges	**4.48**	**2.22**	**2.04**

SUMMARY OF THE OFFERING

The following is a general summary and should not be relied on as a complete description of the Terms and Conditions of the Bonds (the "Conditions"). This summary is derived from, and should be read in conjunction with, the full text of the Conditions and the Trust Deed constituting the Bonds, which prevail to the extent of any inconsistency with the terms set out in this summary. Capitalised terms used herein and not otherwise defined have the respective meanings given to such terms in the relevant Conditions.

Issuer	Vedanta Resources plc.
Issue	$1,200,000,000 6.00% Bonds due 2019; and $500,000,000 7.125% Bonds due 2023.
Maturity Date	The 2019 Bonds will mature on 31 January 2019; and the 2023 Bonds will mature on 31 May 2023.
Issue Price	The 2019 Bonds will be issued at 100% of their principal amount, plus accrued interest, if any, on the Closing Date and the 2023 Bonds will be issued at 100% of their principal amount, plus accrued interest, if any, on the Closing Date.
Interest and Payment Dates	The 2019 Bonds will bear interest at the rate of 6.00% per annum and the 2023 Bonds will bear interest at the rate of 7.125% per annum. The 2019 Bonds will bear interest on and from the Closing Date, payable semi-annually in arrear on 3 June and 3 December of each year, commencing 3 December 2013, except that the 3 December 2018 interest payment date will be replaced with an interest payment date on 31 January 2019. The 2023 Bonds will bear interest on and from the Closing Date, payable semi-annually in arrear on 3 June and 3 December of each year, commencing 3 December 2013, except that the last interest payment date will be on 31 May 2023.
Status of the Bonds	The Bonds of each series constitute senior, unsubordinated, direct, unconditional and (subject to Condition 3(a)) unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 3(a), at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations. The Bonds will be structurally subordinated to claims of holders of debt securities and other creditors of subsidiaries of the Company. See "Risk Factors — Risks Relating to the Bonds — The Bonds will be structurally subordinated to the debt issued by the Company's subsidiaries".
Use of Proceeds	The net proceeds from this offering, after deduction of underwriting fees, discounts and commissions and other estimated expenses associated with this offering, are expected to be approximately $1,681.0 million. In November 2010, the Company entered into a $3.5 billion term loan facility with arrangers including certain affiliates of the Joint Global Coordinators and Joint Lead Managers ("$3.5 billion Term Loan Facility") to finance the acquisition of the share capital of Cairn India by the Company. As of 31 March 2013, the total amount outstanding under the $3.5 billion Term Loan Facility was $2.66 billion, including approximately $1.35 billion under tranche A and $1.31 billion under tranche B. The Company has recently entered into a $1.35 billion Bridge to Bond to primarily refinance

	tranche A of the $3.5 billion Term Loan Facility, and a $1.2 billion term loan facility ("2013 Term Loan Facility") to primarily refinance tranche B of the $3.5 billion Term Loan Facility, each with affiliates of the Joint Global Coordinators and the Joint Lead Managers. As of the date of this Offering Circular, the Company had not drawndown any amount under either the Bridge to Bond or the 2013 Term Loan Facility. The Company intends to use the net proceeds from this offering to refinance its obligations under tranche A of the $3.5 billion Term Loan Facility, which will result in a cancellation of its commitments under the Bridge to Bond, and to pay related fees and expenses. The Company intends to use any balance of net proceeds from this offering, together with any drawdowns under the 2013 Term Loan Facility, to refinance the Company's obligations under tranche B of the $3.5 billion Term Loan Facility, and any further balance of net proceeds from this offering for general corporate purposes. See "Use of Proceeds."
Optional Redemption	The Bonds of any series may be redeemed at the option of the Company at any time, in whole, but not in part, at a redemption price equal to the principal amount of the Bonds of that series plus the Applicable Premium (as defined in the Conditions) applicable to the Bonds of that series, plus accrued and unpaid interest, if any, to, the redemption date.
Repurchase of Bonds upon a Change of Control Triggering Event	Upon the occurrence of a Change of Control Triggering Event (as defined in the Conditions), the Company must make an offer to purchase all of the Bonds outstanding at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to the purchase date.
Redemption for Taxation	The Bonds of any series may be redeemed at the option of the Company at any time in whole, but not in part, at a redemption price equal to the principal amount of the Bonds of that series, together with accrued and unpaid interest, if any, to the redemption date in the event of certain changes affecting taxes of the United Kingdom.
Covenants	The Company has agreed to comply with certain covenants limiting its ability and the ability of certain of its subsidiaries to, among other things, create any security interests over assets, create any restrictions on the ability of certain subsidiaries to pay dividends, incur additional borrowings, distribute proceeds from certain asset sales or sell its ownership interest in certain subsidiaries and has agreed to certain other covenants. See "Terms and Conditions of the Bonds — Covenants". These covenants are subject to important exceptions and qualifications. In addition, the Company and certain of its subsidiaries will not be subject to certain covenants which limit their ability to incur additional borrowings and distribute proceeds from certain asset sales, at any time after the Bonds achieve investment grade ratings from any two of Moody's, Standard & Poor's and Fitch. See "Terms and Conditions of the Bonds — Covenant Suspension".
Selling Restrictions	There are restrictions on the offer, sale and/or transfer of the Bonds in certain jurisdictions. For a description of the selling restrictions

	on offers, sales and transfers of the Bonds, see "Plan of Distribution" and "Transfer Restrictions".
Form and Denomination of the Bonds	The Bonds will be issued in registered form in the denomination of $200,000 each and in integral multiples of $1,000 in excess thereof. Upon issue, the Regulation S Bonds of each series will be represented by the Unrestricted Global Certificate and the Rule 144A Bonds of each series will be represented by the Restricted Global Certificate, each in registered form. On the Closing Date, the Unrestricted Global Certificate will be deposited with a custodian for, and registered in the name of Cede & Co., as nominee of DTC for the accounts of Euroclear and Clearstream and the Restricted Global Certificate will be deposited with a custodian for, and registered in the name of Cede & Co., as nominee of DTC.
Listing	The Company intends to apply for the listing of the Bonds on the SGX-ST. The Bonds will trade on the SGX-ST in a minimum board lot size of $200,000 so long as any of the Bonds remain listed on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or information contained in this Offering Circular. Admission of the Bonds to the official list of the SGX-ST is not to be taken as an indication of the merits of the offering, the Company or the Bonds. Currently, there is no public market for the Bonds.
Further Issues	The Company may from time to time, without the consent of the Bondholders, create and issue further securities either having the same terms and conditions as the Bonds of any series in all respects (or in all respects except for the first payment of interest on them) so that such further issue shall be consolidated and form a single series with the Bonds of that series or upon such terms as the Company may determine at the time of their issue. See "Terms and Conditions of the Bonds — Further Issues".
Governing Law	The Bonds and the Trust Deed, and all non-contractual matters arising from or connected with the Bonds and the Trust Deed, are governed by and are construed in accordance with English law.
Trustee	Citicorp International Limited.
Principal Agent	Citibank, N.A., London Branch.
Registrar	Citigroup Global Markets Deutschland AG.
Global Certificates	For as long as the Bonds are represented by the Global Certificates, payments of principal and interest in respect of the Bonds will be made without presentation or if no further payment is made in respect of the Bonds against presentation and surrender of the Global Certificates to or to the order of the Principal Agent (as defined below) for such purpose. While the Bonds are represented by the Global Certificates, they will be transferable only in accordance with the rules and procedures for the time being of the relevant clearing system. Except as described herein, individual certificates will not be issued in exchange for interests in the Global Certificates.
Rating of the Bonds	The Company currently has corporate credit ratings of "Ba1" (with negative outlook) from Moody's, "BB" (with negative outlook) from Standard & Poor's and "BB+" (with stable outlook) from Fitch. The Bonds are expected, on the Closing Date, to be rated "Ba3" (negative) by Moody's, "BB" by Standard & Poor's, and

	"BB" by Fitch. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.
Trust Deed	The Bonds will be issued under the Trust Deed to be dated on or about the Closing Date between the Company and the Trustee (as defined herein).
Withholding Tax	All payments of principal and interest in respect of the Bonds shall be made free and clear of any withholding or deduction for United Kingdom withholding taxes to the extent set forth herein. See "Terms and Conditions of the Bonds — Taxation".
Events of Default	For a description of certain events that will permit the Bonds of any series to become immediately due and payable at their principal amount, together with accrued interest, see "Terms and Conditions of the Bonds — Events of Default".
Lock-up Agreement	Neither the Company, nor any person acting on its behalf, will, from the date of this Offering Circular until the date 30 days after the date of issuance of the Bonds, without the prior written consent of the Joint Global Coordinators and Joint Lead Managers and the Joint Bookrunners, issue, offer, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal) non-equity-linked debt securities issued or guaranteed (other than guarantees in respect of Indian rupee denominated non-equity linked debt securities) by the Company and having a maturity of more than one year from the date of issue, subject to certain exceptions. See "Plan of Distribution".

Identification Numbers for the Bonds	**Regulation S Bonds**	**Rule 144A Bonds**
2019 Bonds	CUSIP: G9328D AH3	CUSIP: 92241T AH5
	ISIN: USG9328DAH38	ISIN: US92241TAH59
2023 Bonds	CUSIP: G9328D AJ9	CUSIP: 92241T AJ1
	ISIN: USG9328DAJ93	ISIN: US92241TAJ16

Prospective purchasers should refer to the section entitled "Risk Factors" for a discussion of certain risks involved in investing in the Bonds.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following tables present the summary historical consolidated financial information for the Company for the periods ended and at the dates indicated below. The summary historical consolidated financial information as of and for the fiscal years ended 31 March 2011, 2012 and 2013 has been derived from the Annual Financial Statements included elsewhere in this Offering Circular. The Company's historical results do not necessarily indicate the Company's expected results for any future period. The Company's consolidated financial statements have been prepared and presented in accordance with IFRS as adopted by the EU.

You should read the following information in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations", the Annual Financial Statements and the notes thereto included elsewhere in this Offering Circular.

As previously noted, the Fiscal 2011 Financial Statements are not included nor incorporated by reference herein. Certain fiscal 2011 comparative balance sheet amounts presented in the Fiscal 2012 Financial Statements and in the "Summary Consolidated Financial Information" and the "Selected Consolidated Financial Information" were reclassified from their previous presentation in the Fiscal 2011 Financial Statements to conform with the presentation of fiscal 2012 financial information as follows:

- *to give effect to fair value adjustments to provisional fair values and business combination accounting relating to acquisition of Zinc International entities for the year ended 31 March 2011; and*
- *intangible assets of $162.1 million for the year ended 31 March 2011 were reclassified as exploratory and evaluation assets within property, plant and equipment for the fiscal year ended 31 March 2012.*

Operating and financial results of Cairn India were consolidated with Vedanta's with effect from the completion of Vedanta's acquisition of Cairn India on 8 December 2011, and is monitored as a separate segment beginning in fiscal 2013. Accordingly, while Vedanta's consolidated financial statements for fiscal 2013 include Cairn India's results for the full fiscal year, Vedanta's consolidated financial statements for fiscal 2012 only include Cairn India's results for the period from 8 December 2011 to 31 March 2012.

Operating and financial results of Zinc International were consolidated with Vedanta's with effect from the completion of Vedanta's acquisition of each the three businesses comprising Zinc International and monitored as a segment beginning with fiscal 2012. Operating and financial results were consolidated with effect from 3 December 2010 for Skorpion, from 4 February 2011 for Black Mountain and from 15 February 2011 for Lisheen.

Purchase accounting for the acquisition of Cairn India was provisional in the Fiscal 2012 Financial Statements and has been finalised during fiscal year 2013. As such, certain numbers were updated for fiscal year 2012 following the finalisation of such purchase accounting. These updates are detailed in Note 34 to the Fiscal 2013 Financial Statements. Financial information for the fiscal year 2012 have been derived from the Fiscal 2012 Financial Statements with the exception of those line items impacted by the finalisation of such purchase accounting, which have been derived from the comparative figures included in the Fiscal 2013 Financial Statements.

Consolidated Income Statement

	Fiscal Year ended 31 March		
	2011	2012	2013
		($ million)	
Continuing operations			
Revenue	$11,427.2	$ 14,005.3	$ 14,989.8
Cost of sales	(8,107.0)	(10,442.0)	(11,702.3)
Gross profit	**$ 3,320.2**	**$ 3,563.3**	**$ 3,287.5**
Other operating income	73.9	85.1	90.3
Distribution costs	(319.6)	(569.0)	(295.0)
Administrative expenses	(376.7)	(461.5)	(528.9)
Special Items	(163.5)	(230.2)	(41.9)
Operating profit	**$ 2,534.3**	**$ 2,387.7**	**$ 2,512.0**
Share in consolidated profit of associate	—	92.2	—
Investment revenues	431.6	525.4	673.1
Finance costs	(534.7)	(945.7)	(1,194.0)
Other gains and losses (net)	252.1	(314.2)	(285.2)
Profit before taxation	**$ 2,683.3**	**$ 1,745.4**	**$ 1,705.9**
Tax expense	(649.5)	(516.7)	(40.1)
Profit for the year	**$ 2,033.8**	**$ 1,228.7**	**$ 1,665.8**
Attributable to:			
Equity holders of the parent	770.8	59.8	157.4
Non-controlling interests	1,263.0	1,168.9	1,508.4
	$ 2,033.8	**$ 1,228.7**	**$ 1,665.8**
VEDANTA EBITDA[(1)]	**$ 3,566.8**	**$ 4,026.3**	**$ 4,888.3**

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(1) Vedanta defines Vedanta EBITDA as profit for the year before tax expense, other gains and losses (net), finance costs, investment revenue, share in consolidated profit of associate, Special Items, and depreciation and amortisation. The Company's Vedanta EBITDA may not be comparable to similarly titled measures reported by other companies due to potential inconsistencies in the method of calculation. The Company has included its Vedanta EBITDA because the Company believes it is an indicative measure of the Company's operating performance and is used by investors and analysts to evaluate companies in the same industry. The Company's Vedanta EBITDA should be considered in addition to, and not as a substitute for, other measures of financial performance and liquidity reported in accordance with IFRS. The Company believes that the inclusion of supplementary adjustments applied in the Company's presentation of Vedanta EBITDA are appropriate because the Company believes it is a more indicative measure of the Company's baseline performance as it excludes certain charges that the Company's management considers to be outside of its core operating results. In addition, the Company's Vedanta EBITDA is among the primary indicators that the Company's management uses as a basis for planning and forecasting of future periods. The following table reconciles net income to Vedanta EBITDA.

	Fiscal Year ended 31 March		
	2011	2012	2013
		($ million)	
Profit for the year	$2,033.8	$1,228.7	$1,665.8
Adjusted for:			
Tax expense	649.5	516.7	40.1
Other gains & losses (net)	(252.1)	314.2	285.2
Finance costs	534.7	945.7	1,194.0
Investment revenues	(431.6)	(525.4)	(673.1)
Share in consolidated profit of associate	—	(92.2)	—
Special Items[(1)]	163.5	230.2	41.9
Depreciation and amortisation	869.0	1,408.4	2,334.4
VEDANTA EBITDA	**$3,566.8**	**$4,026.3**	**$4,888.3**

(1) Special Items are defined in Note 5 to the Annual Financial Statements. Special Items include Asarco transaction costs, voluntary retirement schemes, KCM IPO costs, acquisition and restructuring related costs, loss on revaluation of previously held interest in associates, net, Tuticorin plant compensation, project cost write-off and impairment of mining properties and leases.

Consolidated Balance Sheet Data

	As of 31 March		
	2011	2012	2013
		($ million)	
Cash and cash equivalents	$ 911.6	$ 1,945.0	$ 2,200.2
Liquid investments	6,865.4	4,940.3	5,781.5
Total assets	28,984.7	45,478.1	45,950.2
Short-term borrowings	(3,045.1)	(4,151.6)	(3,705.7)
Medium and long-term borrowings	(4,435.9)	(10,513.5)	(10,452.6)
Convertible bonds*	(2,271.5)	(2,290.3)	(2,434.5)
Total equity	**13,753.8**	**18,419.5**	**18,861.4**

* Includes the current and non-current portion.

Consolidated Cash Flow Data

	Fiscal Year ended 31 March		
	2011	2012	2013
		($ million)	
Net cash from operating activities	$ 2,028.0	$ 1,979.4	$ 3,203.6
Net cash used in investing activities	(3,435.0)	(8,440.0)	(2,953.4)
Net cash provided from/(used in) financing activities	1,687.4	6,965.3	(175.4)
Purchases of property, plant and equipment	(2,491.4)	(2,796.4)	(2,233.2)

RISK FACTORS

This Offering Circular contains forward-looking statements that involve risks and uncertainties. Vedanta's actual results could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those described in the following risk factors and elsewhere in this Offering Circular. You should consider the following risk factors carefully in evaluating Vedanta and its business before investing in the Bonds. If any of the following risks actually occur, Vedanta's business, financial condition and results of operations could suffer, the trading price of the Bonds could decline and you may lose all or part of your investment.

Risks relating to Business

Vedanta's future expansions and acquisitions and its ability to refinance its existing indebtedness are dependent upon its ability to obtain funding.

Vedanta will require capital for, among other purposes, refinancing its existing indebtedness, expanding its operations, making acquisitions, managing acquired assets, acquiring new equipment, maintaining the condition of its existing equipment and maintaining compliance with environmental laws and regulations. To the extent that cash generated internally and cash available under Vedanta's existing credit facilities are not sufficient to fund Vedanta's capital requirements, Vedanta will require additional debt or equity financing, which may not be available on favourable terms, or at all. Future debt financing, if available, may result in increased finance charges, increased financial leverage, decreased income available to fund further acquisitions and expansions and the imposition of restrictive covenants on Vedanta's businesses and operations. In addition, future debt financing may limit Vedanta's ability to withstand competitive pressures and render its businesses more vulnerable to economic downturns. If Vedanta fails to generate or obtain sufficient additional capital in the future, it could be forced to reduce or delay capital expenditures, sell assets or restructure or refinance its indebtedness on less favourable terms.

Accordingly, Vedanta's ability to refinance its existing indebtedness and future expansions and projects may be materially and adversely affected if it is unable to obtain funding for such refinancings or capital expenditures on satisfactory terms, on a timely basis or at all, including as a result of any of its existing facilities becoming repayable before their due dates. In addition, there can be no assurance that Vedanta's planned or any proposed refinancing of its existing indebtedness will be possible or that its planned or any proposed future expansions and projects will be completed on time or within budget, which may have a material adverse effect affect the cash flow of Vedanta.

Vedanta's operations are subject to extensive governmental, health and safety and environmental regulations, which require it to obtain and comply with the terms of various approvals, licenses and permits. Any failure to obtain, renew or comply with the terms of such approvals, licenses and permits in a timely manner may have a material adverse effect on its results of operations and financial condition.

Numerous governmental permits, approvals and leases are required for Vedanta's operations as the industries in which it operates and seeks to operate are subject to numerous laws and extensive regulation by national, state and local authorities in jurisdictions including India, Sri Lanka, Zambia, Australia, Namibia, South Africa, Ireland, Liberia and any other jurisdictions where Vedanta may operate in the future. Vedanta's operations are also subject to laws and regulations relating to employment, the protection of the health and safety of employees as well as the environment, including conservation and climate change. For instance, Vedanta is required to obtain various environmental and labour-related approvals in connection with its operations in India, including clearances from the Ministry of Environment and Forests ("MoEF"), GoI and from the relevant Pollution Control Boards in the various states in India in which Vedanta operates, and registration under the Factories Act, 1948, as amended, in order to establish and operate its facilities. Certain of such approvals are valid for stipulated periods of time and require periodic renewals, such as the consents to operate under the Air (Prevention and Control of Pollution) Act, 1981, as amended and the Water (Prevention and Control of Pollution) Act, 1981 from the relevant Pollution Control Boards, which are generally granted for a period of one year. See "Business — Indian Regulatory Matters — Environment Laws", "Business — Indian Regulatory Matters — Employment and Labour Laws", "Business — Indian Regulatory Matters — Land Acquisition Laws" and "Business — Indian Regulatory Matters — Oil and Natural Gas Laws" for more information on the regulatory regime and requirement of approvals, permits and consents for Vedanta's operations. Further, Vedanta's exploration, oil and gas and mining activities depend on the grant, renewal or continuance in force of various exploration and production licenses and contracts and other regulatory approvals that are valid for a specific period of time. In addition, such licenses and contracts contain various obligations and restrictions, including restrictions on assignment or any other form of transfer of a mining lease or on the employment of a person who is not an Indian national. For instance, in connection with Vedanta's mining operations in India, mining leases are typically granted for a period of 20 to 30 years and stipulate conditions including approved limits on extraction. Similarly, in connection with Vedanta's oil and natural gas operations in India, Cairn India is required to enter into a production sharing contract and obtain an exploration licence, which typically extends seven or eight years, following the award of a block before it can commence exploration activities, and, if exploration is successful, Cairn India is then required to procure a petroleum mining lease from the relevant government authority, which typically extends for 20 years, in order to conduct extraction operations for oil and natural gas.

Government approval is also required, generally, for the continuation of mining as well as oil and gas exploration and production activities in India and other jurisdictions, and such approval can be revoked for a variety of circumstances by the GoI, Indian courts or other authorities. Any general suspension of mining activities by the government of a jurisdiction containing mining operations of Vedanta could have could have the effect of closing or limiting production from its operations. For example, Vedanta's total iron ore production declined from 13.7 mt in fiscal 2012 to 3.7 mt in fiscal 2013 due to the State of Goa's suspension of mining activities due to alleged environmental violations by miners that have been in place in Goa since September 2012 and a government ban on mining in the State of Karnataka with effect from 26 August 2011 to 18 April 2013. For more information on the ongoing suspension of mining activities in the State of Goa, see "— Operating Risks — Vedanta's iron ore businesses is substantially dependent upon its Codli iron ore mines, and the suspension of mining activities in Goa currently in effect has had and could in the future have a material adverse effect on Vedanta's results of operations and financial condition" and "— Litigation — SGL is involved in proceedings involving a suspension of mining activities on mining operations in the State of Goa".

Furthermore, regulation of greenhouse gas emissions in the jurisdictions of Vedanta's major customers and in relation to international shipping could also have an adverse effect on the demand for Vedanta's products. Vedanta's smelting and mineral processing operations are energy intensive and depend heavily on fossil fuels. Increasing regulation of climate change issues such as greenhouse gas emissions, including the progressive introduction of carbon emissions trading mechanisms and tighter emission reduction targets, may raise energy costs and costs of production over the next decade.

Failure by Vedanta to comply with applicable laws, regulations or recognised international standards, or to obtain or renew the necessary permits, approvals and leases may result in the loss of the right to operate its facilities or continue its operations, the imposition of significant administrative liabilities, or costly compliance procedures, or other enforcement measures that could have the effect of closing or limiting production from its operations. If Vedanta were to fail to meet environmental requirements or to have a major accident or disaster, it may also be subject to administrative, civil and criminal proceedings by governmental authorities, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines, penalties and damages against it as well as orders that could limit or halt or even cause closure of its operations, any of which could have a material adverse effect on its business, results of operations and financial condition.

For example, on 29 March 2013, the TNPCB ordered the closure of the copper smelter at Tuticorin due to complaints about a noxious gas leak by local residents. On 1 April 2013, Sterlite filed a petition in the National Green Tribunal ("NGT") challenging the order of the state pollution control board on the basis that the plant's emissions are within permissible limits. In addition, the expansion of the alumina refinery at Lanjigarh and related mining operations in Niyamgiri Hills have been on hold since 20 October 2010 because approval has been withheld by the MoEF.

See "— Litigation — Sterlite is involved in litigation for alleged violation of environmental regulations at its Tuticorin plant, which is currently closed" and "— Litigation — Petitions have been filed in the Supreme Court of India and the High Court of Orissa to seek the cessation of construction of Vedanta Aluminium's refinery in Lanjigarh, which is currently closed, and related mining operations in Niyamgiri Hills, which are currently suspended".

Material changes in the regulations that govern Vedanta and its businesses, or the interpretation of recent legislation, could have a material adverse effect on its business, financial condition and result of operations.

Mining in India is subject to a complex and comprehensive set of laws and regulatory requirements. See "Business — Indian Regulatory Matters — Mining Laws". These laws and regulatory requirements are subject to change. For example, the Indian Mines (Amendment) Bill, 2011 ("Mines Bill") proposes several amendments to the Mines Act, 1952, including significant enhancement to the monetary penalties and terms of imprisonment for violations under the Mines Act, 1952. The Indian Ministry of Mines has also prepared the Mines and Minerals

(Development and Regulations) Bill, 2011 ("Mining Bill") which provides that with respect to which minerals vest, the holder of a mining lease or prospecting licence shall be liable to pay reasonable compensation to the stakeholders holding occupation, usufruct or traditional rights of the surface of the land over which the licence and lease has been granted, as mutually agreed (failing which the relevant State government will determine compensation payable). If Vedanta is affected, directly or indirectly, by the application or interpretation of any such statute, as and when finalised and notified, including any enforcement proceedings initiated under it and any adverse publicity that may be generated due to scrutiny or prosecution, it may have a material adverse effect on its business, financial condition and result of operations.

In addition, Cairn India is subject to complex and comprehensive oil and gas regulations in India. New or changed regulations could require changes to the manner in which Cairn India conducts its business, and result in an increase in compliance costs, which could have a material adverse effect on Vedanta's business, financial condition and results of operation.

For example, upon the expiry of oil and gas licences, contractors are generally required, under the terms of relevant licences or local law, to dismantle and remove equipment, cap or seal wells and generally make good production sites. There can, however, be no assurance that Vedanta will not in the future incur decommissioning charges in excess of those currently provided for, since local or national governments may require decommissioning to be carried out in circumstances where there is no express obligation to do so, particularly in case of future oil and gas licence renewals.

The costs, liabilities and requirements associated with complying with existing and future laws and regulations may also be substantial and time-consuming and may delay the commencement or continuation of exploration, oil and gas, mining or production activities, which could also have a material adverse effect on Vedanta's results of operation and financial condition.

Vedanta is subject to covenants under its credit facilities including term loans and working capital facilities that limit its flexibility in managing its business.

There are covenants in the agreements Vedanta has entered into with certain banks and financial institutions for its existing borrowings which require Vedanta to maintain certain financial ratios and seek the prior permission of these banks and financial institutions for various activities, including, among others, any change in its capital structure, issue of equity, preferential capital or debentures, raising any loans and deposits from the public, undertaking any new project, effecting any scheme of acquisition, merger, amalgamation or reconstitution, implementing a new scheme of expansion or creation of a subsidiary. Such covenants may restrict Vedanta's operations or ability to expand and may adversely affect its business.

Vedanta is exposed to the political, legal, regulatory and social risks of the countries in which it operates.

Vedanta is exposed to the political, economic, legal, regulatory and social risks of the countries in which it operates or intends to operate. These risks potentially include expropriation (including "creeping" expropriation) and nationalisation of property, instability in political, economic or financial systems, uncertainty arising from underdeveloped legal and regulatory systems, corruption, civil strife or labour unrest, acts of war, armed conflict, terrorism, outbreaks of infectious diseases, prohibitions, limitations or price controls on hydrocarbon exports and limitations or the imposition of tariffs or duties on imports of certain goods.

Countries in which Vedanta has operations or intends to have operations have transportation, telecommunications and financial services infrastructures that may present logistical challenges not associated with doing business in more developed locales. Furthermore, Vedanta may have difficulty ascertaining its legal obligations and enforcing any rights it may have. Political, legal and commercial instability or community disputes in the countries and territories in which Vedanta operates could affect the viability of its operations. Some of Vedanta's current and potential operations are located in or near communities that may regard such operations as having a detrimental effect on their environmental, economic or social circumstances. For example, on 29 March 2013, the TNPCB ordered the closure of the copper smelter at Tuticorin due to complaints about a noxious gas leak by local residents. Also, iron ore mining operations in the Indian States of Goa and Karnataka have been suspended due to alleged environmental violations. The suspension in respect of the Karnataka mines has been lifted and operations are expected to be restarted as soon as necessary statutory clearances can be obtained. The suspension in the State of Goa is ongoing and a hearing has not yet been scheduled. In addition, the expansion of the alumina refinery at Lanjigarh and related mining operations in Niyamgiri Hills have been on hold since 20 October 2010 because approval has been withheld by the MoEF. As a result of the shut down of Niyamgiri, production of alumina at the refinery at Lanjigarh has been temporarily suspended since 5 December 2012 due to inadequate availability of bauxite. See "— Litigation — Sterlite is involved in litigation for alleged violation of environmental regulations at its Tuticorin plant, which is currently closed", "— Litigation — SGL is involved in proceedings involving a suspension of mining operations in the State of Goa" and "— Litigation — Petitions have been filed in the Supreme Court of India and the High Court of Orissa to seek the cessation of construction of Vedanta Aluminium's refinery in Lanjigarh, which is currently closed, and related mining operations in Niyamgiri Hills, which are currently suspended".

The consequences of community reaction could also have a material adverse impact on the cost, profitability, ability to finance or even the viability of an operation. Such events could lead to disputes with national or local governments or with local communities and give rise to material reputational damage. If Vedanta's operations are delayed or shut down as a result of political and community instability, its revenue growth may be constrained and the long-term value of its business could be adversely impacted.

Once Vedanta has established operations in a particular country, it may be expensive and logistically burdensome to discontinue such operations should economic, political, physical or other conditions subsequently deteriorate. All of these factors could have a material adverse effect on Vedanta's businesses, results of operations, financial condition or prospects.

If Vedanta's planned expansions and new projects are delayed, Vedanta's results of operation and financial condition may be materially and adversely affected.

Vedanta has, over the past few years, initiated a number of significant expansion plans for its existing operations and planned greenfield projects, which involve significant capital expenditure. Although several of these initiatives have been completed, substantial work remains. The timing, implementation and cost of such expansions are subject to a number of risks, including the failure to obtain necessary leases, licences, permits, consents and approvals, or funding for the expansions. Vedanta does not currently have all of the leases, licences, permits, consents and approvals that are or will be required for its planned expansions and new projects. There can be no assurance that Vedanta will be able to obtain or renew all necessary leases, licenses, permits, consents and approvals in a timely manner.

For instance, the Goa State Pollution Control Board (the "GSPCB") on 7 December 2012 informed the mining lessees in the State of Goa, including SGL, that in light of the order made by the Supreme Court of India on 5 October 2012 and the decision of the GSPCB in its board meeting held on 1 November 2012, applications filed by mining lessees for renewal of consent to operate under the Water (Prevention and Control of Pollution) Act, 1974 ("Water Act") and the Air (Prevention and Control of Pollution) Act, 1981 ("Air Act") cannot be processed and therefore, such applications were returned to the mining lessees. See "Business — Litigation — SGL has initiated proceedings with respect to renewal of its environmental consents" for further details. Also, a number of initiatives are being undertaken to expand SGL's mining and logistical capacity at its mines at Goa and Karnataka have been scaled back and are currently on hold due to the recently removed ban of mining activities in the State of Karantaka and the ongoing suspension of mining activities in the State of Goa. See "— Litigation — SGL is involved in proceedings involving a suspension of mining operations in the State of Goa" for further details.

Furthermore, on 29 March 2013, the TNPCB ordered the closure of the copper smelter at Tuticorin due to complaints about a noxious gas leak by local residents. On 1 April 2013, Sterlite filed a petition in the NGT challenging the order of the state pollution control board on the basis that the plant's emissions are within permissible limits. See "— Litigation — Sterlite is involved in litigation for alleged violation of environmental regulations at its Tuticorin plant, which is currently closed".

In addition, the expansion of the alumina refinery at Lanjigarh and related mining operations in Niyamgiri Hills have been on hold since 20 October 2010 because approval has been withheld by the MoEF. See "— Litigation — Petitions have been filed in the Supreme Court of India and the High Court of Orissa to seek the cessation of construction of Vedanta Aluminium's refinery in Lanjigarh, which is currently closed, and related mining operations in Niyamgiri Hills, which are currently suspended". Production of alumina at the refinery at Lanjigarh has been temporarily suspended since 5 December 2012, due to inadequate availability of bauxite in the region. Vedanta is currently in discussions with government authorities to access bauxite once an adequate supply of bauxite has been secured.

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

Furthermore, the GoI is contemplating a proposal to demarcate certain forest areas in India, based on the permissibility of using such land for mining purposes. The identification of designated areas where mining activities will, or will not, be permitted will be based on mapping forest and coal reserves as well as field-level studies. While this proposal remains in discussion, the MoEF has denied the grant of environmental and forest diversion clearances applied for in certain areas identified as restricted areas. In the event the proposal is implemented, Vedanta's current and any future mining activities and related expansion plans and new projects may be affected, which would adversely affect Vedanta's business prospects and results of operations or otherwise hinder its borrowing capabilities.

The Reorganisation Transactions, for which approvals are still pending, may not be consummated or result in the expected benefits.

As of 7 May 2013, all third party approvals required for the consummation of the Reorganisation Transactions have been obtained except for an order by the High Court of Madras. The High Court of Bombay at Goa approved the Reorganisation Transaction by an order dated 3 April 2013. However, an appeal against this order has been filed by a shareholder and is currently pending. See "Reorganisation Transactions" for more information. There is no assurance that the High Court of Madras will issue this order or that the appeal before the High Court of Bombay at Goa will be determined in Vedanta's favour, and, accordingly, there is no assurance that the Reorganisation Transactions will be consummated.

If the Reorganisation Transactions are not consummated, Vedanta may not be able to achieve financial, operational, strategic and other potential benefits from the consolidation pursuant to the Reorganisation Transactions. The consolidation pursuant to the Reorganisation Transactions is expected to give rise to cost savings on account of operational, capital and corporate synergies, including tax efficiencies, economies of scale, leveraging of technical expertise, more efficient movement of Vedanta's cash and improved allocation of capital. The consolidation is also expected to be earnings accretive to the shareholders of Vedanta immediately following the consummation of the Reorganisation Transactions.

If the Reorganisation Transactions are consummated, there is also a risk that the annual cost savings, estimated to be approximately $200 million, that Vedanta expects to achieve through the consolidation may not be realised or may be materially lower than estimated and the extent to which any of the other benefits will actually be achieved, if at all, or the timing of any such benefits, cannot be predicted with certainty. If Vedanta is unable to realise the estimated annual cost savings or the other benefits that it expects to achieve through the consolidation, if it is prevented from taking advantage of the anticipated tax efficiencies, or if it is unable to offset the incremental costs it incurs over time as a result of the consolidation with such savings and benefits, there could be a material adverse effect on Vedanta's operating results or financial condition.

Furthermore, negative publicity related to failure to consummate the Reorganisation Transactions could negatively affect the trading prices of the Company's shares or the trading prices of the securities of any of the Company's subsidiaries that have publicly traded securities, such as Sterlite and SGL.

Third party interests in the Company's subsidiary companies and restrictions due to stock exchange listings of the Company's subsidiary companies will restrict the Company's ability to deal freely with its subsidiaries which may have a material adverse effect on its results of operations and financial condition.

The Company does not wholly own any of its operating subsidiaries, although it holds majority stakes in all of its subsidiary businesses. Although the Company has direct or indirect management control of Sterlite, BALCO, HZL, Vedanta Aluminium, MALCO, SGL, KCM, CMT, Skorpion, Lisheen, Black Mountain Mining and Cairn India, each of these companies has other shareholders who, in some cases, hold substantial interests. Although the implementation of the Reorganisation Transactions will consolidate and simplify Vedanta's structure, it will not eliminate these non-controlling interests. See "The Reorganisation Transactions" for further details. As a result of the non-controlling interests in the Company's subsidiaries and affiliates and the Indian stock exchanges and/or NYSE listings of Sterlite, HZL, SGL and Cairn India, these subsidiaries may be subject to additional legal or regulatory requirements, or the Company may be prevented from taking certain courses of action without the prior approval of a particular or a specified percentage of shareholders and/or regulatory bodies (under shareholders' agreements, relationship agreements or by operation of law). The existence of minority or other interests in, and stock exchange listings of, the Company's subsidiaries may limit its ability to increase its equity interests in these subsidiaries, combine similar operations, utilise synergies that may exist between the operations of different subsidiaries, move funds among the different parts of its businesses or reorganise the structure of Vedanta's business in a tax efficient manner, which may have a material adverse effect on its results of operations and financial condition.

Vedanta is exposed to competitive pressures in the various businesses in which it operates.

The mines and minerals, commercial power generation, and oil and gas industries are highly competitive. Vedanta will continue to compete with other industry participants in the search for and acquisition of mineral and oil and gas assets and licences. Competitors include companies with, in many cases, greater financial resources, local contacts, staff and facilities than those of Vedanta.

Competition for exploration and production licences as well as for other investment or acquisition opportunities may increase in the future. This may lead to increased costs in the carrying out of Vedanta's activities, reduced available growth opportunities and may have a material adverse effect on its businesses, financial condition, results of operations and prospects.

Vedanta depends on the experience and management skill of certain of its key employees.

Vedanta's efforts to continue its growth will place significant demands on its management and other resources, and Vedanta will be required to continue to improve operational, financial and other internal controls, both in and outside India across all locations. Vedanta's ability to maintain and grow its existing business and integrate new businesses will depend on its ability to maintain the necessary management resources and on its ability to attract, train and retain personnel with skills that enable it to keep pace with growing demands and evolving industry standards. Vedanta is in particular dependent to a large degree on the continued service and performance of the senior management team of Vedanta and other key team members in its business units. These key personnel possess technical and business capabilities that are difficult to replace. The loss or diminution in the services of Vedanta's executive management or other key team members, or its failure otherwise to maintain the necessary management and other resources to maintain and grow its business, could have a material adverse effect on its business, results of operations, financial condition and prospects. In addition, as Vedanta's business develops and expands, Vedanta believes that its future success will depend on its ability to attract and retain highly skilled and qualified personnel, which is not guaranteed.

Currency fluctuations among the Indian Rupee and other currencies and the US dollar could have a material adverse effect on Vedanta's results of operations.

Although substantially all of Vedanta's revenue is tied to commodity prices that are typically priced by reference to the US dollar, most of its expenses are incurred and paid in Indian Rupees and, to a lesser extent, Australian dollars, Sri Lankan Rupees, Euros, Namibian dollars, South African rands, Liberian dollars and Zambian Kwachas. In addition, in fiscal 2013, 36.7% of Vedanta's revenue was derived from commodities that it sold to customers outside India. The exchange rates between the Indian Rupee and the US dollar and between other currencies and the US dollar have changed substantially in recent years and may fluctuate substantially in the future. See "Management's Discussion and Analysis of Financial Condition and Result of Operations for Vedanta — Exchange Rate Risk". Vedanta's results of operations or financial condition could be adversely affected if the US dollar depreciates against the Indian Rupee or other currencies. Vedanta seeks to mitigate the impact of short-term movements in currency on its businesses by hedging its short-term exposures progressively based on their maturity. However, large or prolonged movements in exchange rates may have a material adverse effect on Vedanta's results of operations and financial condition.

Any business acquisitions by Vedanta entail significant risks.

Vedanta may continue to pursue acquisitions to expand its business. There can be no assurance that Vedanta will be able to identify suitable acquisition, strategic investment or joint venture opportunities, obtain the financing necessary to complete and support such acquisitions, investments or joint ventures, integrate such businesses, investments or joint ventures or that any business acquired will be profitable. If the Company's Indian subsidiaries attempt to acquire non-Indian companies, they may not be able to satisfy certain Indian regulatory requirements for such acquisitions and may need to obtain prior approval of the RBI, which they may not be able to obtain. The funding of such acquisitions by Vedanta may require certain approvals from regulatory authorities in India.

In addition, acquisitions and investments involve a number of risks, including possible adverse effects on Vedanta's operating results, diversion of management's attention, loss of goodwill on account of change in ownership, failure to retain key personnel, risks associated with unanticipated events or liabilities, including environmental liabilities, and difficulties in the assimilation of the operations, technologies, systems, services and products of the acquired businesses or investments. Any failure to achieve successful integration of such acquisitions or investments could have a material adverse effect on Vedanta's business, results of operations or financial condition.

Vedanta's insurance coverage may prove inadequate to satisfy future claims against it.

Vedanta maintains insurance which it believes is typical in the respective industries in which it operates and in amounts which it believes to be commercially appropriate. Nevertheless, Vedanta may become subject to liabilities, including liabilities for pollution or other hazards, against which it has not insured adequately or at all, or cannot insure. Vedanta's insurance policies contain certain customary exclusions and limitations on coverage which may result in its claims not being honoured to the full extent of the losses or damages it has suffered. In addition, Vedanta's operating entities in India can only seek insurance from domestic insurance companies or foreign insurance companies operating in joint ventures with Indian companies and these insurance policies may not continue to be available at economically acceptable premiums. The occurrence of a significant adverse event, the risks of which are not fully covered or honoured by such insurers, could have a material adverse effect on Vedanta's results of operations or financial condition.

Defects in title or loss of any leasehold interests in Vedanta's properties could limit its ability to conduct operations on such properties or result in significant unanticipated costs.

Vedanta's ability to mine the land on which it has been granted mining lease rights and to make use of its other industrial and office premises is dependent on its acquisition of surface rights. Surface rights and title to land are required to be negotiated separately with landowners, although there is no guarantee that these rights will be granted. Any delay outside of the ordinary course of business in obtaining or inability to obtain or any challenge to its title or leasehold rights to surface rights could negatively affect its financial condition and results of operations.

In addition, there may be certain irregularities in title in relation to some of Vedanta's owned and leased properties. For example, some of the agreements for such arrangements may not have been duly executed and/or adequately stamped or registered in the land records of the local authorities or the lease deeds may have expired and not yet been renewed. Since registration of land title in India is not centralised and has not been fully computerised, the title to land may be defective as a result of a failure on Vedanta's part, or on the part of a prior transferee, to obtain the consent of all such persons or duly complete stamping and registration requirements. The uncertainty of title to land may impede the processes of acquisition, independent verification and transfer of title, and any disputes in respect of land title that Vedanta may become party to may take several years and considerable expense to resolve if they become the subject of court proceedings. Further, certain of these properties may not have been constructed or developed in accordance with local planning and building laws and other statutory requirements, or it may be alleged that such irregularities exist in the construction and development of our built up properties. Any such dispute, proceedings or irregularities may have an impact on the operations of Vedanta.

Operating Risks

Vedanta's oil and gas business is substantially dependent upon its Rajasthan oil and gas fields, and any interruption in the operations at those fields could have a material adverse effect on Vedanta's results of operations and financial condition.

The Rajasthan Block produced 82.5% of Cairn India's average daily gross operated production in fiscal 2013 and oil and gas from the Rajasthan Block constituted 84.4% of the aggregate Proved and Probable reserves of Cairn India as of 31 March 2013. Of the planned net capital investment of $3.0 billion from fiscal 2014 through fiscal 2016 across its assets, Cairn India expects about 80% will be spent in the Rajasthan Block. Vedanta's oil and gas business provided 21.5% of its revenue and 49.9% of its Vedanta EBITDA in fiscal 2013. Vedanta's results of operations have been and are expected to continue to be substantially dependent on the reserves and production of the Rajasthan Block, and any interruption in the operations or exploration and development activities at those oil and gas fields for any reason could have a material adverse effect on Vedanta's results of operations and financial condition.

Cairn India may incur liabilities as the operator of its assets and other joint venture partners may restrict its activities.

Cairn India operates all of its assets. Accordingly, any mismanagement of an asset by Cairn India may give rise to liabilities to its joint venture partners in respect of such asset. There is also a risk that other parties with interests in its assets may elect not to participate in certain activities relating to those assets which require that party's consent. In such circumstances, it may not be possible for such activities to be undertaken by Cairn India alone or in conjunction with other participants at the desired time or at all. In addition, other joint venture partners may default in their obligations to fund capital or other funding obligations in relation to the assets. In certain circumstances, Cairn India may be required under the terms of the relevant operating agreement to contribute all or part of any such funding shortfall.

Inadequate oil and gas plant operating and maintenance procedures may have a material adverse effect on the financial condition or operating results of Vedanta.

Vedanta has in place operating and maintenance procedures to maintain the integrity of its production facilities but there is a risk that unplanned events, inadequate application of these procedures or higher levels of corrosion than expected could cause disruption to production, which would have an adverse impact on oil sales, which ultimately could materially and adversely affect the financial condition and/or operating results of Vedanta.

Plateau production rates from the Rajasthan oil and gas fields may be less than forecast.

Plateau production rates from the Rajasthan fields may be less than forecast. The estimates of production rates and field life contained in the field development plans ("FDPs") for the Mangala, Bhagyam, Aishwariya, Raageshwari and Saraswati fields which were submitted to, and approved by, the Rajasthan Block PSC management committee are based on Vedanta's estimates of future field performance. Where any estimates of future production rates are in excess of the existing approved field plateau production rates, the consent of the joint venture partner, the appropriate regulatory authorities and the GoI will be required before any of the fields can be produced at these enhanced estimates of future production rates. In the event consent of the joint venture partner is delayed or not obtained, production would be limited to the rate set out in the FDP, which would have a detrimental impact on Vedanta's operating results. Future field performance is subject to a number of risks that are beyond the control of Vedanta. See "— Industry Risks — There are uncertainties inherent in estimating Vedanta's Ore Reserves and Mineral Resources and oil, condensate and sales-gas reserves, and if the actual amounts of such reserves and resources are less than estimated, its results of operations and financial condition may be materially and adversely affected".

The waxy nature of the crude oil at the Northern Fields presents flow assurance concerns.

The waxy nature of the crude oil at the Northern fields of the Rajasthan Block ("Northern Fields") requires Vedanta to use hot water injection as the recovery technique at these fields. Injection of hot water requires that the temperature of the water is maintained at a certain level to ensure that the temperature of the crude oil is not reduced by the water used in the injection process to the point where solidification may occur. If the temperature of the injection water is not maintained at the required level, the required injection rate may not be able to be maintained, therefore the overall field production rate and ultimate recovery may be adversely impacted. Any reduction in its crude oil production and/or estimates of ultimate recovery may have a material adverse effect on Vedanta's business, results of operations and financial condition.

The waxy nature of the crude oil requires that the temperature of the crude oil transported through the main 24 inch insulated oil pipeline and connecting spur lines should be kept at a temperature greater than the wax appearance temperature of the crude oil. Maintaining the temperature of the crude oil above this wax appearance temperature has required the installation of a specialised heating system and heating stations at various points along the pipeline. If the specialised heating system does not perform as expected and/or there are problems associated with the performance of the heating stations and/or there are problems supplying fuel to the power generation systems at these heating stations, the temperature of the crude oil may not be maintained at the required temperature, which would have an adverse impact on the rates at which oil can be transported through the pipeline network. This would have a detrimental impact on Vedanta's operating results and revenues.

Cairn India's PSCs do not permit it to export crude oil, which could restrict its ability to monetise its reserves.

The majority of Cairn India's oil and gas production is sourced from its interests in a limited number of PSCs or concessions. Problems in any one PSC or concession could have a material adverse impact upon Vedanta's businesses and financial condition. More particularly, under the terms of Cairn India's PSCs, it is obliged to sell its entitlement to crude oil in the domestic market until such time as the total availability of the crude oil and condensate from all domestic petroleum production activities meets the total national demand and India achieves self sufficiency. There is currently a mismatch between the demand and the supply for crude oil in

India, with the demand outweighing the domestic production of crude oil, and this mismatch is expected to continue in the long term. However, to the extent Cairn India's Indian blocks yield crude oil that is not suitable for processing by refineries in India, it may be difficult to monetize such domestic crude oil reserves and this could have a material adverse effect on the Vedanta's respective businesses, prospects, financial condition or results of operations.

The development and production plans for the Northern Fields are dependent upon Vedanta obtaining a reliable fuel supply for power generation and heating of the Northern Fields facilities.

The reliability of fuel supply for power generation and heating for the Northern Fields processing facilities is essential to ensure the quality of Vedanta's crude oil production (see "— Operating Risks — The waxy nature of the crude oil at the Northern Fields presents flow assurance concerns"). Currently, the power generation and heating requirements are being supplied by a power plant that has been installed and commissioned at the MPT. The power plant has been designed to use associated natural gas from the Mangala field supplemented as required by natural gas from the Raageshwari Deep gas field which is located in the Rajasthan Block approximately 80 km from the MPT.

While the current gas supply is adequate to ensure a sufficient fuel supply for the operation of the power generating plant, there is no guarantee that the current estimates of the future fuel requirements can be supplied from the gas associated with existing and future oil production supplemented by gas supply from the Raageshwari Deep gas field. An alternative energy source would need to be obtained, which could increase Vedanta's operating costs and have a detrimental impact on its revenues.

The development and production plans for the Northern Fields are dependent upon Vedanta's ability to provide its own supply of water to its production and servicing facilities.

Vedanta is using hot water injection to maintain reservoir pressure and to optimise crude oil recovery at the Mangala field. The approved FDPs of the Bhagyam and Aishwariya fields also assume that water injection will be used to maintain reservoir pressure and optimise future oil recovery from these fields. The source water for these fields is being, and will continue to be, provided from water production wells drilled in the Thumbli saline aquifer in the Barmer Basin and connected to the MPT. Extraction of saline water also requires the approval of the relevant authority.

There can be no assurance that Vedanta's modelling of the impact of its expected water extraction from the Thumbli groundwater flow is accurate. A failure to extract the required amount of water during the production life of the existing and currently planned developments, or an inaccurate prediction of the impact on the groundwater flow of its activities, or removal of the authorities' approval to extract saline water, may require Vedanta to access alternative water sources resulting in increased capital expenditure.

In addition, there can be no assurance that the local community will not seek to hold Cairn India responsible for any invasion of the fresh water supply by saline groundwater from the aquifer. Although the appropriate authority has given its consent for the extraction of saline groundwater from Thumbli, it is possible that Vedanta will be perceived by the local Barmer community to be directly or indirectly responsible for any shortage of fresh water or a deterioration in water quality. In such an event, local authorities, who have permitted Vedanta to use the saline groundwater, may require Vedanta to access alternative water sources, which would have a material adverse effect on Vedanta's business, operating results and financial condition.

Vedanta may not be able to use enhanced oil recovery techniques successfully.

The FDPs for the Northern Fields assume, or are expected to assume, the use of enhanced oil recovery ("EOR") techniques to extract an additional incremental percentage of the estimated oil in place in the reservoirs. EOR screening studies of the Northern Fields have concluded that polymer flooding or alkaline surfactant polymer ("ASP") flooding, two common EOR techniques, are the preferred EOR options.

Following a successful EOR polymer flood pilot in the second quarter of fiscal 2013, an FDP for a full field application of polymer flood in the Mangala field has been submitted and is currently undergoing the approval process. Cairn India is working with ONGC, its joint venture partner, towards full field implementation in fiscal 2015. However, this strategy presents a number of logistical and other challenges. Vedanta will be required to source large quantities of the types of polymer that would be required for the EOR techniques and ensure their efficient transportation to the fields. To date, Vedanta has neither entered into any agreements regarding such supplies nor determined a method of transportation of such material to the fields. There can be no assurance that Cairn India will successfully conclude an agreement to purchase such material or successfully and efficiently transport the quantities that it will require. Further, if Vedanta fails to maintain the polymer at the correct temperature in the reservoir, then it may degrade and not function correctly, thereby reducing the incremental amount of crude oil that Vedanta expects to recover. There is also a risk that polymer fouling of the surface facilities might occur, leading to a deterioration of the operating efficiency of the processing plant.

In addition, the use of such a recovery technique may significantly increase the operational expenditure necessary to extract crude oil. The economic viability of such recovery techniques will be determined by the incremental cost of such techniques compared to the then prevailing price of crude oil in the international markets. There can be no assurance that, at the time Vedanta intends to effect these enhanced recovery techniques, the price of crude oil will allow such techniques to be an economically viable proposition. All of these factors could have a material adverse effect on Vedanta's business, results of operations, financial condition or prospects.

MPT facilities may become unable to separate associated gas and water from the crude oil.

The MPT facilities, which are designed to separate gas and water produced from the produced oil, may not function as designed over the producing life of the fields whose production is processed at the MPT facilities. This may result in the crude oil not meeting pipeline export specifications, which may mean that any such crude oil either cannot be sold or will be sold at a significant discount to the agreed crude oil sales price, which could have a material adverse effect on Vedanta's business, operating results and financial condition.

The construction of the Salaya to Bhogat section of the main pipeline may take longer than planned and the costs of construction may be greater than forecast.

While a substantial majority of the work has been completed on the construction and installation of the Salaya to Bhogat section of the main pipeline, there is a risk that the construction, installation and commissioning of the final 6 km of Salaya to Bhogat section, which is currently approximately 73 km long, could take longer than planned. Factors that could adversely affect the construction schedule are: (i) inclement weather conditions in Gujarat, (ii) difficulties with local landowners obstructing access to the pipeline routes; (iii) shortages and/or delays in obtaining all the required material; (iv) shortage of skilled labour; and (v) non-compliance with Cairn India's health, safety, environmental and quality policies.

The construction of the additional Salaya to Bhogat section of the main pipeline has been approved by ONGC, the relevant regulatory authorities and the GoI. The estimated costs of the Salaya to Bhogat section were included as part of the overall cost estimates for construction of the main pipeline and although these costs allowed for some increase in costs between the time at which the construction of the main pipeline was approved and the actual awards of the contracts for the Salaya to Bhogat section, there is a risk that the costs of developing the Salaya to Bhogat section exceeds the currently approved costs. If this occurs, there is a risk that the joint venture partner, the relevant regulatory authorities and the GoI do not approve the increase in costs. This could increase the risk that some of the costs for constructing, installing and commissioning this section of the main pipeline are not allowed for cost recovery purposes.

The occurrence of any of the above events could have a material adverse effect on Vedanta's business, operating results and financial condition.

Demand for the oil produced from the Rajasthan Block may not exceed supply, and unforeseen disruptions at a major buyer's facilities could adversely impact Vedanta's business.

Cairn India has in place infrastructure and oil sales agreements with GoI nominated public sector refineries and domestic private sector refineries for expected levels of crude production from the Rajasthan Block during the period to March 2014. Stoppage of off-take or supply could result if the buyers fail to take delivery of volumes anticipated by these sales agreements. As production increases there is a risk that buyers will not be able to take all of the available production capacity. Additionally, two private sector buyers account for most of the production at higher levels and any unforeseen disruption at these buyer's facilities would affect sales volume and therefore revenue generation of Vedanta. Any of these could have a material adverse impact on crude oil sales and cash flow of Vedanta. Completion of the Pipeline from Salaya to Bhogat will provide a long term solution allowing access to additional coastal refineries.

Risk of counterparty default may result in delayed off takes or payout for delivered oil and gas production volumes.

Cairn India has entered into agreements with a number of contractual counterparties in relation to the sale and supply of their respective hydrocarbon production volumes and is, therefore, subject to the risk of delayed off takes or payment for delivered production volumes or counterparty default.

In certain cases, the relevant counterparty, either legally or as a result of geographic, infrastructure or other constraints or factors, is in practice the sole potential purchaser of the relevant production output. This is particularly the case for sales of gas which rely upon the availability or construction of transmission and other infrastructure facilities, enabling the supply of gas produced to be supplied to end users. The absence of competitors for the transmission or purchase of gas produced by Vedanta may expose it to offtake and production delays, adverse pricing or other contractual terms or may restrict the availability of transmission or other necessary infrastructure.

Such delays or defaults or adverse pricing or other contractual terms or restricted infrastructure availability could have a material adverse effect on the Vedanta's respective businesses, prospects, financial condition or results of operations.

Vedanta's zinc business is substantially dependent upon its Rampura Agucha lead-zinc mine, and any interruption in the operations at that mine could have a material adverse effect on Vedanta's results of operations and financial condition.

The Rampura Agucha lead-zinc mine produced 85.4% of HZL's total mined metal in zinc and lead concentrate that Vedanta produced in fiscal 2013 and its zinc and lead metal content constituted 66.1% of the aggregate Proved and Probable zinc Ore Reserves of HZL and Zinc International as of 31 March 2013. Vedanta's India zinc business provided 23.8% of its EBITDA in fiscal 2013. Vedanta's results of operations have been and are expected to continue to be substantially dependent on the Ore Reserves and low cost of production of the Rampura Agucha mine, and any interruption in the operations at that mine for any reason could have a material adverse effect on Vedanta's results of operations and financial condition.

Vedanta's copper and aluminium businesses currently depend upon third party suppliers for a substantial portion of its copper concentrate and alumina requirements, and their segment results and segment margins depend upon the market prices for such raw materials.

Vedanta sources a majority of its copper concentrate and a substantial proportion of its alumina requirements for its copper and aluminium businesses, respectively, from third parties. For example, in fiscal 2013, Sterlite sourced 93.1% of its copper concentrate requirements from third-party suppliers. In fiscal 2013, 33% of BALCO's alumina requirement and 75% of Vedanta Aluminium's alumina requirement came from third parties, with the rest supplied by Vedanta Aluminium's alumina refinery at Lanjigarh. Since 5 December 2012, production has been temporarily suspended at Vedanta Aluminium's alumina refinery at Lanjigarh due to inadequate availability of bauxite in the region. There can be no assurance that BALCO and Vedanta Aluminium will be able to obtain sufficient alumina from third parties. Vedanta is currently in discussions with government authorities to access bauxite. See "— Litigation — Petitions have been filed in the Supreme Court of India and the High Court of Orissa to seek the cessation of construction of Vedanta Aluminium's refinery in Lanjigarh, which is currently closed, and related mining operations in Niyamgiri Hills, which are currently suspended". For the portion of Vedanta's aluminium business where the required alumina is sourced internally, profitability is dependent upon the LME price of aluminium less the cost of production, which includes the costs of bauxite mining at BALCO's mines, the refining of bauxite into alumina at Vedanta Aluminium's refinery and the smelting of alumina into aluminium. For the portion of the aluminium business where alumina is sourced from third parties, profitability is dependent upon the LME price of aluminium less the cost of the sourced alumina and the cost of smelting.

As a result, EBITDA and segment margins of Vedanta's copper and aluminium businesses depend upon its ability to obtain the required copper concentrate and alumina at prices that are low relative to the market prices of the copper and aluminium products that it sells. The market prices of the copper concentrate and alumina that Vedanta purchases from third parties and the market prices of the copper and aluminium metals that it sells have experienced volatility in the past, and any increases in the market price of the raw material relative to the market prices of the metal that Vedanta sells would adversely affect the segment results and segment margins of Vedanta's copper and aluminium businesses, which could have a material and adverse effect on its business, financial condition, results of operations and prospects.

Vedanta's iron ore businesses is substantially dependent upon its Codli iron ore mines, and the suspension of mining activities in Goa currently in effect has had and could in the future have a material adverse effect on Vedanta's results of operations and financial condition.

The Codli mine in Goa produced 40% of Vedanta's total iron ore production in fiscal 2013 and constituted 13.2% of its Proved and Probable iron Ore Reserves in India as of 31 March 2013. The operations at the Codli mine are conducted in four contiguous mining leases, three of which are owned by SGL, and all four of which are in the process of renewal. SGL's results of operations have been and are expected to continue to be substantially dependent on the reserves of the Codli mines, and the suspension of mining activities in Goa currently in effect, and any future interruption in the operations of these mines, has had and could in the future have a material adverse effect on Vedanta's results of operations and financial condition. For example, revenue from Vedanta's iron ore business declined from $1,688.9 million in fiscal 2012 to $441.3 million in fiscal 2013 due to suspension of mining activities in Goa by the State of Goa's order dated 11 September 2012 and an order of the Supreme Court of India that has been in effect since 5 October 2012. Although an application has been made to lift the order, a hearing has not yet been scheduled. There can be no assurance this suspension will be lifted in a timely manner or at all. There also can be no assurance that similar suspensions will not occur in the future. Any such suspension, or further delay in lifting the current suspension, could have a material adverse effect on Vedanta's results of business, financial condition, results of operations and prospects.

SGL operates certain mines through contracts with third parties, which may not be renewed on the same or otherwise favourable terms or at all.

Currently, SGL conducts mining operations at mines leased by the State of Goa to third parties, namely the Sonshi mine, through a long-term ore raising contract. Under the contract, SGL, as contractor, is responsible for extracting the ore which it then purchases back from the relevant third party owners. During fiscal 2013, approximately 0.9 million tonnes of SGL's crude iron ore production (or approximately 21% of its iron ore production) was derived from its operation of third party mines. As part of SGL's contract arrangements, SGL generally pays such third party owners a royalty on a per tonne of iron ore basis, which is linked to the market price of iron ore.

This contract expired on 31 March 2013, but negotiations are underway to renew it. However, there is no assurance that the third party mine owners will renew SGL's contract on the same or otherwise favourable terms, or at all. There is also no assurance that, where such mine is owned by a third party under a lease, the third party will apply for a renewal of such lease in a timely fashion prior to its expiry, or be successful in obtaining such renewals. Any failure to renew material contracts or significant increases in royalty payments may materially and adversely affect Vedanta's business, financial condition, results of operations and prospects.

Vedanta's iron ore business is largely dependent on export sales of iron ore to China. As a result, any downturn in the rate of economic growth in China or negative changes in international relations between India and China or negative changes in Chinese regulatory or trade policies relating to the import of iron ore, could have a material adverse effect on its results of operations and financial condition.

Vedanta's iron ore business is largely dependent on export sales of iron ore to China. For instance, in fiscal 2013, 91% of SGL's iron ore sales, in terms of volume, were in the export market, of which 89% of the sales in the export market were derived from sales of iron ore to customers in China. As a result, the performance and growth of Vedanta's iron ore business is necessarily dependent on the health of the Chinese economy, which may be materially and adversely affected by political instability or regional conflicts, economic slowdown elsewhere in the world or otherwise. In addition, any worsening of international relations between India and China, any negative changes in Chinese regulatory or trade policies relating to the import of iron ore or other limitations, restrictions or negative changes in SGL's ability to export iron ore to China, could have a material adverse effect on its business, financial condition, results of operations and prospects.

Commodity prices and the copper treatment charge and refining charge ("TcRc") may be volatile, which may have a material adverse effect on Vedanta's revenue, results of operations and financial condition.

Historically, the international commodity prices for oil and gas, zinc, copper, iron ore and aluminium, and the prevailing market TcRc rate for copper have been volatile and subject to wide fluctuations in response to relatively minor changes in the supply of, and demand for, such commodities, market uncertainties, the overall performance of world or regional economies, the related cyclicality in industries Vedanta directly serves and a variety of other factors beyond the control of Vedanta. Commodity prices and the market TcRc rate for copper may continue to be volatile and subject to wide fluctuations in the future for a variety of reasons. The units of power generated by Vedanta's commercial power generation business are also subject to price volatility. A decline in the prices Vedanta receives for its oil, gas, zinc, copper, iron metals or aluminium, or for its power, or in the market TcRc rate for copper would adversely affect Vedanta's revenue and results of operations, and a sustained drop would have a material adverse effect on its revenue, results of operations and financial condition.

Vedanta relies upon third party contractors and providers of equipment, who may not be readily available and whose costs may increase.

In common with many exploration and production companies, Vedanta and the operators of assets often contract or lease services and equipment from third party providers. Such services and equipment can be scarce and may not be readily available at the times and places required.

In addition, the costs of third party services and equipment have increased significantly over recent years and may continue to rise. Scarcity of services and equipment and increased prices may in particular result from any significant increase in regional exploration and development activities, which in turn may be the consequence of increased or continued high hydrocarbon or mineral prices. The scarcity of such services and equipment, as well as their potentially high costs, could delay, restrict or lower the profitability and viability of projects which may have a material adverse effect on Vedanta's businesses, prospects, financial condition or results of operations.

Litigation

Vedanta is involved in a number of litigation matters, both civil and criminal in nature, which could together have a material adverse effect on its business, results of operations, financial condition and prospects.

Vedanta is involved in a variety of legal and regulatory proceedings, including criminal matters, property disputes, labour disputes, alleged violations of environmental and tax laws, alleged violation of the provisions of the Indian Takeover Code, and alleged price manipulation of Sterlite's equity shares on the Indian stock exchanges. The total claims on account of the disputes with sales tax, income tax, excise tax and electricity duty amounted to $948.8 million, of which $8.0 million was recorded as current liabilities, as of 31 March 2013. The claims by third-party claimants (other than claims on account of the disputes with sales tax, income tax, excise tax and electricity duty) amounted to $559.9 million as of 31 March 2013, of which $52.3 million was recorded as current liabilities.

SGL is involved in proceedings involving a suspension of mining operations in the State of Goa.

Vedanta's iron ore mining operations in the Indian State of Goa has been suspended due to alleged environmental violations. SGL has brought suit to lift the suspension, a hearing has not yet been scheduled.

See "Business — Litigation — SGL is involved in proceedings involving a suspension of mining operations in the State of Goa" for further details.

The EBITDA for the iron ore business was $84.2 million in fiscal 2013, a decrease of $637.2 million from EBITDA of $721.4 million in fiscal 2012.

Also, a number of initiatives are being undertaken to expand SGL's mining and logistical capacity at its mines at Goa and Karnataka have been scaled back and are currently on hold due to the recently removed ban of mining activities in Karantaka and the ongoing suspension of mining activities in Goa.

In the event the hearing, when it is scheduled, has an adverse outcome and the suspension is not lifted, SGL may not be able to commence operations in Goa. Furthermore, SGL may not be able to continue its planned logistical and capacity expansion in Goa. Either event could have a material adverse effect on Vedanta's businesses, results of operations, financial condition or prospects or may result in the recognition of an impairment of Vedanta's Goa mining assets.

Sterlite is involved in litigation for alleged violation of environmental regulations at its Tuticorin plant, which is currently closed.

On 29 March 2013, the Tamil Nadu Pollution Control Board ("TNPCB") ordered the closure of the copper smelter at Tuticorin due to complaints about a noxious gas leak by local residents. On 1 April 2013, Sterlite filed a petition in the NGT challenging the order of the TNPCB as the plant's emissions are within permissible limits. See "Business — Litigation — Sterlite is involved in litigation for alleged violation of environmental regulations at its Tuticorin plant, which is currently closed" for further details.

In the event Sterlite is not successful in challenging the order dated 29 March 2013, the copper smelting plant at Tuticorin may remain closed and, consequently, Vedanta's business and results of operations would be materially and adversely affected and any such inability to challenge the order may result in the recognition of an impairment of Vedanta's Tutincorin copper smelter assets.

Petitions have been filed in the Supreme Court of India and the High Court of Orissa to seek the cessation of construction of Vedanta Aluminium's refinery in Lanjigarh, which is currently closed, and related mining operations in Niyamgiri Hills, which are currently suspended.

The expansion of the alumina refinery at Lanjigarh and related mining operations in Niyamgiri Hills have been on hold since 20 October 2010, the date of the MoEF's direction to Vedanta Aluminium to cease further construction. On 18 April 2013, the Supreme Court of India directed the State Government of Odisha to place unresolved issues and claims of the local communities that had served as the basis for MoEF's order before the Gram Sabha, a decision-making body of the affected local communities. The proceedings before the Gram Sabha are expected to conclude in the second quarter of fiscal 2014, after which MoEF will make a final decision on the expansion and mining projects that have been put on hold.

See "Business — Litigation — Petitions have been filed in the Supreme Court of India and the High Court of Orissa to seek the cessation of construction of Vedanta Aluminium's refinery in Lanjigarh, which is currently closed, and related mining operations in Niyamgiri Hills, which are currently suspended" for further details.

In the event Vedanta Aluminium is not successful in resolving either of these petitions, Vedanta Aluminium may be restricted in its ability to expand or be forced to close its alumina refinery and consequently, Vedanta's business and results of operations and financial condition may be materially and adversely affected.

As of 31 March 2013, management of Vedanta has concluded that no impairment of the asset was required. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Assessment of impairment at Lanjigarh refinery".

The GoI has disputed Sterlite's exercise of the call option to purchase its remaining 29.5% ownership interest in HZL.

Mediation is on-going in relation to a dispute between the GoI and Sterlite, with respect to Sterlite's exercise of its second call option to acquire the remaining shares in HZL held by the GoI, pursuant to the shareholders' agreement between the parties. The GoI has refused to act upon the second call option, stating that Sterlite's second call option violates the provisions of the Indian Companies Act, 1956, by restricting the right of the GoI to transfer its shares. See "Business — Litigation — Sterlite has commenced proceedings against the GoI, which has disputed Sterlite's exercise of the call option to purchase its remaining 29.5% ownership interest in HZL" for further details.

There can be no assurance that the arbitral proceedings will result in a favourable outcome for Sterlite. In such an event, Sterlite may be delayed in its purchase of, or may be unable to purchase, the GoI's remaining 29.5% interest in HZL or may be required to pay a purchase price in excess of the market value or fair value of those shares, which may have a material adverse effect on Vedanta's operational flexibility, results of operations and financial condition.

The GoI has disputed Sterlite's exercise of the call option to purchase its remaining 49.0% ownership interest in BALCO.

Arbitration proceedings have recently been concluded in relation to a dispute between the GoI and Sterlite, with respect to Sterlite's exercise of its second call option to acquire the remaining shares in BALCO held by the GoI, pursuant to the shareholders' agreement between the parties. On 25 January 2011, the arbitration tribunal rejected Sterlite's claims 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 provisions of the Indian Companies Act, 1956. On 23 April 2011, Sterlite filed an application in the High Court of Delhi to set aside the award to the extent that it holds these clauses ineffective and inoperative. See "Business — Litigation — Sterlite has commenced proceedings against the GoI which has disputed Sterlite's exercise of the call option to purchase its remaining 49.0% ownership interest in BALCO" for further details.

There is no assurance that the outcome of Sterlite's challenge of the award will be favourable to Sterlite. In such an event, Sterlite may be unable to purchase the GoI's remaining 49.0% interest in BALCO or may be required to pay a higher purchase price, should it decide to consummate such purchase, which may have a material adverse effect on Vedanta's operational flexibility, results of operations and financial condition.

The Securities and Exchange Board of India ("SEBI") has brought proceedings alleging that Sterlite has violated regulations prohibiting fraudulent and unfair trading practices.

In April 2001, SEBI brought certain proceedings relating to alleged violations by Sterlite of regulations prohibiting fraudulent and unfair trading practices. See "Business — Litigation — Appeal proceedings in the

High Court of Bombay brought by SEBI to overrule a decision by the Securities Appellate Tribunal of India ("SAT") that Sterlite has not violated regulations prohibiting fraudulent and unfair trading practices" for further details.

In addition to the civil proceedings, SEBI also initiated criminal proceedings in 2001 before the Court of the Metropolitan Magistrate, Mumbai, against Sterlite, Vedanta's Executive Chairman, Mr. Anil Agarwal, Sterlite's Director of Finance, Mr. Tarun Jain, and the chief financial officer of MALCO at the time of the alleged price manipulation. When SEBI's order was overturned in October 2001, Sterlite filed a petition before the High Court of Bombay to defend those criminal proceedings on the grounds that the SAT had overruled SEBI's order on price manipulation. An order has been passed by the High Court of Bombay in Sterlite's favour, granting an interim stay of the criminal proceedings.

In the event any of the above matters are held against Sterlite, it may be prohibited from accessing the Indian capital market for a specified period of time and/or may become liable to pay penalties. If Sterlite and the individuals named in the criminal proceedings do not prevail, Vedanta's business and operations may be materially and adversely affected.

The Ministry of Corporate Affairs of the GoI had ordered an investigation by the Serious Fraud Investigation Office (the "SFIO") into SGL's affairs in respect of alleged mismanagement, malpractices, financial and other irregularities which primarily occurred in the period prior to its acquisition by Vedanta.

The Ministry of Corporate Affairs of the GoI had ordered an investigation by the SFIO into SGL's affairs and those of SGL's subsidiary, SIL (which has since been amalgamated with SGL), in respect of alleged mismanagement, malpractice, financial and other irregularities, including the alleged siphoning off and diversion of funds, which allegedly occurred primarily in the period prior to SGL's acquisition by Vedanta in 2007.

See "Business — Litigation — Investigation by the SFIO" for further details.

SGL may be subject to reputational and penal consequences or other sanctions, including significant fines and criminal prosecution, which may, based on the severity of the consequences, have a material adverse effect on Vedanta's business, results of operations, financial condition and prospects.

The GoI may allege a breach of a covenant by the Company's subsidiary, Sterlite, which may result in litigation and have a material adverse effect on Vedanta's business, results of operations, financial condition and prospects.

Under the terms of the shareholders' agreement between the GoI and Sterlite, Sterlite agreed that it would ensure that HZL would implement a 1 mtpa greenfield zinc smelter plant at Kapasan, State of Rajasthan (the "Kapasan Project"), within five years from 11 April 2002. The shareholders' agreement provided that if Sterlite, within one year from 11 April 2002, reviewed the feasibility of the Kapasan Project and determined that it was not in the best economic interests of HZL, which determination required the report of an independent expert, and the board of directors of HZL confirmed this determination, then Sterlite would not be obliged to ensure that HZL implement the Kapasan Project.

By a letter dated 4 April 2003, HZL notified the GoI a Kapasan Project would not be undertaken and that a report of an independent expert may not be required. While Vedanta has not received any notice of breach under the provisions of the shareholders' agreement between the GoI and Sterlite with respect to HZL, if the GoI were to assert such claim, Vedanta may face litigation and, if it is unsuccessful in such litigation, there may be a material adverse effect on its business, results of operations and financial condition.

Tax Risks

The Company's tax treatment depends on the tax residence of the companies forming part of Vedanta. Recent changes to the UK controlled foreign company taxation rules could result in certain profits of the Company's non-UK subsidiaries being taxable in the UK.

Following the UK Government's announcement of its intention to introduce a full reform of the UK controlled foreign company ("CFC") taxation rules in the UK Finance Bill 2012, the legislation governing the CFC rules has recently changed. By way of background, the CFC rules are broadly intended to operate to tax profits diverted from the UK by apportioning the profits of relevant non-UK resident subsidiaries to their UK parent company. The changes to the legislation governing the CFC rules may operate so that certain profits of the Company's non-UK subsidiaries are or become taxable in the UK, and the Company intends to review the impact of the CFC rules (and changes to such rules) on an ongoing basis.

Vedanta may be liable for additional taxes if the tax holidays, exemptions and tax deferral schemes which it currently benefits from expire without renewal, or if tax laws change.

Vedanta currently benefits from significant tax holidays, exemptions and tax deferral schemes, which apply for limited periods. There can be no assurance that these and other tax holidays or exemptions will be renewed when they expire or that any application Vedanta makes for new tax holidays or exemptions will be successful. The expiry or loss of existing tax holidays, exemptions and tax deferral schemes or the failure to obtain new tax holidays, exemptions or tax deferral schemes will likely increase Vedanta's tax obligations, which could have a material adverse effect on its results of operation or financial condition.

Changes in tax laws could also result in additional taxes payable by Vedanta. For example, the GoI raised the export duty on iron ore fines twice during 2011, first to 20% with effect from 1 March 2011 and then to 30% with effect from 30 December 2011.

Industry Risks

Oil and gas exploration and production operations by Cairn India or operators of assets in which it has an interest will involve risks normally incidental to such activities, such as natural disasters and geological uncertainties, over which Vedanta has no control.

Oil and gas exploration and production operations by Cairn India or operators of assets in which it has an interest will involve risks normally incidental to such activities, including blowouts, oil spills, gas leaks, explosions, fires, equipment damage or failure, natural disasters, unexploded ordinance, geological uncertainties, unusual or unexpected rock formations and abnormal pressures. Offshore operations are also subject to natural disasters as well as to hazards inherent in marine operations and damage to pipelines, platforms, facilities and sub-sea facilities from trawlers, anchors and vessels. Cairn India's producing fields are located in areas that can be subject to extreme weather conditions, flooding, earthquake and other natural disasters.

Additionally, Cairn India or the operators of assets in which it has an interest may face interruptions or delays in the availability of equipment or infrastructure, including seismic survey vessels, rigs, pipelines and storage tanks, on which oil and gas exploration and production activities are dependent. Such interruptions or delays could result in disruptions to exploration activities, production, oil and gas off-take arrangements, increased costs, and may have a material adverse effect on Vedanta's businesses, prospects, financial condition or results of operations.

The occurrence of any of these events could result in environmental damage, injury to persons and loss of life, production delays, failure to produce oil or gas in commercial quantities or an inability to exploit fully discovered reserves.

Consequent delays to seismic, drilling or production activities and declines from normal field operating conditions can be expected to lead to increased costs or adversely affect revenue and cash flow levels to varying degrees. The majority of Cairn India's oil and gas production is sourced from its interests in a limited number of PSCs or concessions. Problems in any one PSC or concession could have a material adverse impact upon Vedanta's businesses and financial condition.

Oil and gas exploration activities are capital intensive and inherently uncertain in their outcome.

Oil and gas exploration activities are capital intensive and inherently uncertain in their outcome. There is a risk that Vedanta or the operators of assets in which it has an interest will undertake exploration activities and incur significant costs in so doing with no assurance that such expenditure will result in the discovery of hydrocarbons, whether or not in commercially viable quantities.

Vedanta's metals and mining operations are subject to operating risks common to the industries in which they operate that could result in decreased production, increased cost of production and increased cost of or disruptions in transportation, which could adversely affect its business, results of operations and financial condition.

The success of each of Vedanta's businesses is subject to operating conditions and events common to the industry in which it operates which are beyond its control that could, among other things, increase its mining, transportation or production costs, disrupt or halt operations at its mines and production facilities permanently or for varying lengths of time, or interrupt the transportation of Vedanta's products to its customers. These conditions and events include:

- *Disruptions in mining, drilling and production due to equipment failures, unexpected maintenance problems and other interruptions*. All of Vedanta's operations are vulnerable to disruptions. Metal processing plants are especially vulnerable to interruptions, particularly where an event causes a stoppage which necessitates a shut down in operations. Stoppages in certain types of Vedanta's smelters, even if lasting only a few hours, can cause the contents of furnaces or cells to solidify, resulting in a plant closure for a significant period and necessitating expensive repairs, any of which could materially and adversely affect its results of operations or financial condition. Drilling may involve unprofitable efforts, not only with respect to dry wells, but also with respect to wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs.

- *Availability of raw materials for energy requirements.* Any shortage of or increase in the prices of the raw materials needed to satisfy Vedanta's energy requirements may interrupt its operations or increase its cost of production. Vedanta is particularly dependent on coal which is used in many of its captive power plants. Vedanta's aluminium business, which has high energy consumption due to the energy intensive nature of aluminium smelting, is significantly dependent on receiving allocations from Coal India Limited ("Coal India"), the government owned coal monopoly in India.
- *Availability of water.* The mining operations of Vedanta's zinc and aluminium businesses and its captive power plants depend upon the supply of a significant amount of water. There is no assurance that the water required for these operations will continue to be available for Vedanta in sufficient quantities or that the cost of water will not increase.
- *Disruptions to or increased costs of transport services.* Vedanta depends upon seaborne freight, inland water transport, rail, trucking, overland conveyor and other systems to transport bauxite, alumina, zinc concentrate, copper concentrate, iron ore, oil, natural gas, metallurgical coke, pig iron, coking coal and other supplies to its operations and to deliver its products to customers. Any disruption to or increase in the cost of these transport services, including as a result of fuel cost increases, interruptions that decrease the availability of these transport services or increases in demand for transport services from Vedanta's competitors or from other businesses, or any failure of these transport services to be expanded in a timely manner to support an expansion of Vedanta's operations, could have a material adverse effect on its business, results of operations and financial condition.
- *Accidents at mines, smelters, refineries, cargo terminals and related facilities, including as a result of the occurrence of natural disasters.* Any accidents or explosions, including as a result of the occurrence of natural disasters, causing personal injury, property damage or environmental damage at or to Vedanta's mines, smelters, refineries, cargo terminals and related facilities may result in significant losses, expensive litigation, imposition of penalties and sanctions or suspension or revocation of permits and licences. Injuries to and deaths of workers at Vedanta's mines and facilities have occurred in the past and may occur in the future.
- *Strikes and industrial actions or disputes.* The majority of Vedanta's workforce is unionised. Strikes and industrial actions or disputes have occurred in the past and may occur in the future, which may lead to business interruptions and halts in production for Vedanta.

The occurrence of any one or more of these conditions or events could have a material adverse effect on Vedanta's business, results of operations and financial condition.

There are particular risks and hazards associated with open-pit and underground mining.

Vedanta's mining operations include open-pit and underground mining, both of which involve significant hazards and risks. Hazards associated with Vedanta's open-pit mining operations include flooding of the open-pit, collapses of the open-pit wall, accidents related to the operation of large open-pit mining and rock transportation equipment, accidents related to the preparation and ignition of large scale open pit blasting operations, production disruptions due to weather and hazards related to the disposal of mineralised wastewater, such as groundwater and waterway contamination. Hazards associated with Vedanta's underground mining operations include underground fires and explosions, including those caused by flammable gas, cave-ins or ground falls, discharges of gases and toxic chemicals, flooding, sinkhole formation and ground subsidence and other accidents and conditions resulting from drilling and removing and processing material from an underground mine. If any of these hazards or accidents result in significant injury to employees and damage to equipment or other property, Vedanta may experience unexpected production delays, increased production costs, and increased capital expenditures to repair or replace equipment or property, as well as claims from affected employees and environmental and other authorities for any alleged breaches of applicable laws or regulations. Disruptions to mining, delays and costs on account of such hazards or accidents could have a material adverse effect on Vedanta's business, financial condition and results of operations.

There are general risks relating to the operation of Vedanta's commercial power generation business.

Vedanta has been building and managing captive power plants in India since 1997, some of which sell their surplus power on the market to third parties. In addition to these captive power plants, Vedanta also owns and operates several commercial power plants, the largest of which is Sterlite Energy's 2,400 MW thermal coal-based power plant in Jharsuguda. Vedanta is currently constructing a 1,980 MW commercial power plant at Talwandi Sabo, the first unit of which is expected to be synchronised in the second quarter of fiscal 2014. As of 31 March 2013, Vedanta's total power generation capacity was 5,510 MW.

Operating power plants on a stand-alone basis involves many operational risks which are unique to the commercial power generation business as compared to Vedanta's other businesses, including the following:

- *Dependence on third parties.* Third parties must be hired for the construction, delivery and commissioning of power facilities, the supply and testing of equipment and transmission and the distribution of any electricity Vedanta generates and there are associated risks. For instance, contractors hired may not be able to complete construction and installation on time, within budget, or to the specifications in the contracts with them, or such contractors may otherwise cause delays in meeting project milestones or achieving commercial operation by the scheduled completion date, which could in turn cause forecast budgets to be exceeded or result in delayed payment by customers, invoke liquidated damages or penalty clauses or performance guarantees or result in termination of contracts. In addition, as a result of increased industrial development in India in recent years, the demand for contractors with specialist design, engineering and project management skills and services has increased, resulting in a shortage of and increasing costs of services of such contractors. There can be no assurance that such skilled and experienced contractors will continue to be available at reasonable rates, and Vedanta may be exposed to risks relating to the cost and quality of their services, equipment and supplies.

- *Dependence on coal.* Vedanta may not receive the coal block allocations that it expects or, may not be allowed to use such allocations for its commercial power generation business. Any coal block allocations that Vedanta receives may not be sufficient for its planned operations and Vedanta may not be successful in procuring sufficient supply of coal at economically attractive prices, or at all. Additionally, the coal block allocation letters contain certain restrictive covenants which Vedanta is subject to, including specified end use and submission of mining plans within a certain specified period.

- *Power purchase agreements.* The power purchase agreements ("PPAs") and other agreements that Vedanta has entered into, or may enter into, may require it to guarantee certain minimum performance standards, such as plant availability and generation capacity, to the power purchasers. If Vedanta's facilities do not meet the required performance standards, the power purchasers may not reimburse Vedanta for any increased costs arising as a result of its plants' failure to operate within the agreed norms, which may in turn have a material adverse effect on Vedanta's results of operations and financial condition.

- *Regulatory compliance.* Power generation in India is a comprehensively regulated industry. See "Business — Indian Regulatory Matters — Power Sector" for more details. In particular, national and State regulatory bodies and other statutory and government mandated authorities may from time to time impose minimum performance standards upon Indian power generation facilities (including Vedanta's facilities). Failure to meet these requirements could expose facility operators to the risk of financial penalties, the quantum of which will depend on the severity of non-compliance and, in severe cases of non-compliance, involve plant shut downs.

Any of the above results could have a material and adverse effect on Vedanta's business, financial condition and results of operations.

Changes in tariffs, royalties, customs duties and government assistance may reduce the domestic premium that Vedanta receives, which would adversely affect its profitability and results of operations.

Copper, zinc and aluminium are sold in the Indian market at a premium to the international market prices of these metals due to tariffs payable on the import of such metals. Between March 2003 and June 2009, basic customs duties on imported copper, zinc, lead, alumina and aluminium decreased cumulatively from 25% to 5% and have remained at 5% since June 2009. The GoI may reduce customs duties further in the future, although the timing and extent of such reductions cannot be predicted. As Vedanta sells the majority of the commodities it produces in India, any further reduction in Indian tariffs on imports will decrease the premiums it receives in respect of those sales. Vedanta's profitability depends in part on the continuation of import duties, any reduction of which would have a material adverse effect on its results of operations and financial condition.

Vedanta pays royalties to the Indian State Governments of Rajasthan, Chhattisgarh, Goa, Karnataka and Tamil Nadu and also to the GRZ and to the State Government of Tasmania in Australia for its mining activities. Similarly, Cairn India is required to pay royalty in respect of any mineral oil mined, extracted or collected for the petroleum mining leases it holds. Any upward revision to the royalty rates being charged currently or payment of any additional royalty for mining of associated minerals or mineral oil may have a material adverse effect on its profitability.

Indian exports of copper, alumina, aluminium and zinc receive assistance premiums from the GoI, which have been reduced since fiscal 2002 and may be further reduced in the future. Any reduction in these premiums will decrease the revenue Vedanta receives from export sales and may have a material adverse effect on its results of operations or financial condition.

There are uncertainties inherent in estimating Vedanta's Ore Reserves and Mineral Resources and oil, condensate and sales-gas reserves, and if the actual amounts of such reserves and resources are less than estimated, its results of operations and financial condition may be materially and adversely affected.

There are uncertainties inherent in estimating the quantity of Ore Reserves and Mineral Resources and in projecting future rates of production, including factors beyond the control of Vedanta. Estimating the amount of Ore Reserves and Mineral Resources is a subjective process, and the accuracy of any estimate is a function of the quality of available data and engineering and geological interpretation and judgment. Estimates of different Competent Persons/Experts may vary, and results of exploration, mining and production subsequent to the date of an estimate may lead to revision of estimates. For example, fluctuations in the market price of ore and other commodities, reduced recovery rates or increased production costs due to inflation or other factors may render Proven and Probable Ore Reserves containing relatively lower grades of mineralisation uneconomic to exploit and may ultimately result in a restatement of Ore Reserves. If the assumptions upon which estimates of Ore Reserves or Resources have been based prove to be incorrect, or if Ore Reserve estimates differ materially from mineral quantities or grades that Vedanta may actually recover, estimates of mine or field life may prove inaccurate and market price fluctuations and changes in operating and capital costs may render certain Ore Reserves, mineral deposits or oil and gas deposits uneconomical to extract.

For example, there are differences between Cairn India's estimates of its reserves and resources and the estimates of DeGolyer and McNaughton, independent petroleum engineering consultants, due to their different methodologies. Please see "Business — Description of the Businesses — Oil and Gas Business — DeGolyer and MacNaughton's Estimates of Reserves and Contingent Resources" for further details.

This Offering Circular, including Annex A — "Life of Mines" and Annex B — "Mineral Resources", uses the term "resources," which are comprised of "measured," "indicated" and "inferred" Mineral Resources. See Annex B — "Mineral Resources". United States investors are advised that while such terms are recognised by some investors, the SEC does not recognise them. There is a great amount of uncertainty as to the existence of "inferred" Mineral Resources and uncertainty as to their technical, economic and legal feasibility. It cannot be assumed that all or any part of an "inferred" Mineral Resource will ever be upgraded to a higher category. Under SEC rules, estimates of "inferred" Mineral Resources may not form the basis of feasibility or other economic studies. Investors should not assume that all or any part of "measured" or "indicated" Mineral Resources will ever be converted into Ore Reserves and are also cautioned not to assume that all or any part of an "inferred" Mineral Resource exists or is economically or legally mineable. See "Presentation of Information — Basis of Presentation of Reserves and Resources — Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Resources for Mining Operations".

As a result, the Ore Reserves and Mineral Resources data contained in this Offering Circular are subject to material assumptions and uncertainties. In the event that any of these assumptions and estimates turns out to be incorrect, Vedanta may need to revise its estimates downwards and this may adversely affect its business plans and the total value of its asset base, which could increase its costs and decrease profitability. If this occurs, Vedanta's results of operations and financial condition may be materially and adversely affected.

In addition, Annex B — "Mineral Resources" contains life of mine estimates based on Mineral Resource plus Ore Reserves. The reporting methodology for Mineral Resources differs from that of Ore Reserves under international reporting codes as certain factors (termed "Modifying Factors", such as mining losses and dilution) are included in the reporting of Ore Reserves, whereas Mineral Resources are reported on an in-situ basis.

Accordingly, the two numbers are not added together under international reporting codes such as JORC (2004) and SAMREC. Consequently, considerable caution should be exercised when considering life of mine estimates based on Mineral Resource plus Ore Reserves. Life of mine estimates which include Mineral Resources have been undertaken by the Company and have not been subject to review by the Independent Consultants named in the Offering Circular. See "Presentation of Information — Basis of Presentation of Reserves and Resources — Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Resources for Mining Operations".

Although Vedanta provides certain life of mine estimates on the basis of Ore Reserves and Mineral Resources, investors are cautioned to use the life of mine estimates based solely on Ore Reserves in Annex A — "Life of Mines" as the base case for any assessment of the life of a mine.

The results of appraising discoveries and estimating Ore Reserves are uncertain.

The results of appraising discoveries are uncertain, which may result in reductions in projected reserves and production declines and may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but uneconomic to develop. Furthermore, as Vedanta's Ore Reserves decline as it mines the ore, Vedanta's future segment results and segment margins depend upon its ability to access Ore Reserves with geological characteristics that allow mining at competitive costs and replacement reserves may not be available when required. Appraisal and development activities may be subject to delays in obtaining governmental approvals or consents, shut-ins of connected wells, insufficient storage or transportation capacity or exhaustion and depletion of reserves or other geological and mechanical conditions all of which may result in a material increase of Vedanta's costs of operations or delay anticipated revenues.

If Vedanta cannot secure additional Ore Reserves of copper, zinc, bauxite and iron ore that can be mined at competitive costs or cannot mine ore existing Ore Reserves at competitive costs, its profitability and operating margins could decline.

If Vedanta's existing copper, zinc and bauxite Ore Reserves cannot be mined at competitive costs or if Vedanta cannot secure additional reserves that can be mined at competitive costs, Vedanta may become more dependent upon third parties for copper concentrate, zinc concentrate and alumina. If Vedanta's existing iron Ore Reserves cannot be mined at competitive costs, the Vedanta iron ore business may become unprofitable. Because Vedanta's Ore Reserves decline as it mines the ore, Vedanta's future segment results and segment margins depend upon its ability to access Ore Reserves with geological characteristics that allow mining at competitive costs. Replacement reserves may not be available when required or, if available, may not be of a quality capable of being mined at costs comparable to the existing or exhausted mines.

Vedanta may not be able to accurately assess the geological characteristics of any Ore Reserves that it acquires, which may adversely affect its results of operations and financial condition. Because the value of Ore Reserves depends on that part of its mineral deposits that are economically and legally exploitable at the time of the reserve calculation, a decrease in metal prices may result in a reduction in the value of Ore Reserves that Vedanta obtains as less of the mineral deposits contained therein would be economically exploitable at the lower prices. Exhaustion of reserves at particular mines may also have an adverse effect on Vedanta's operating results that is disproportionate to the percentage of overall production represented by such mines. Further, with the depletion of reserves, Vedanta may face higher unit extraction costs per mine.

Vedanta's ability to obtain additional reserves in the future could be limited by restrictions under Vedanta's existing or future debt agreements, competition from its competitors, lack of suitable acquisition candidates, government regulatory and licencing restrictions, difficulties in obtaining mining leases and surface rights or the inability to acquire such properties on commercially reasonable terms, or at all. In addition, Vedanta is subject to various government limitations on its ability to mine. To increase production from Vedanta's existing copper, bauxite, lead-zinc and iron ore mines, it must apply for governmental approvals which it may not be able to obtain in a timely manner, or at all.

Adverse changes in general economic, political and market conditions in the Middle East and North Africa region may affect global conditions.

Wars, acts of terrorism and uncertain political or economic prospects or instability in the Middle East and North Africa ("MENA") may adversely impact global financial markets and an increase in the price of crude oil. Recent protests in North Africa and the Middle East may continue and broaden across the MENA region and lead to significant political uncertainties in a number of countries.

Risks Relating to Investments in India

A substantial portion of Vedanta's assets and operations are located in India and Vedanta is subject to regulatory, economic, social and political uncertainties in India.

A substantial portion of Vedanta's assets and employees are located in India, and Vedanta intends to continue to develop and expand its facilities in India. Consequently, Vedanta's financial performance will be affected by changes in exchange rates and controls, interest rates, commodity prices, subsidies and controls, changes in government policies, including taxation policies, social and civil unrest and other political, social and economic developments in or affecting India.

The GoI has exercised and continues to exercise significant influence over many aspects of the Indian economy. Since 1991, successive Indian governments have pursued policies of economic liberalisation, including by significantly relaxing restrictions on the private sector. Nevertheless, the role of the Indian Central and State governments in the Indian economy as producers, consumers and regulators has remained significant and there can be no assurance that such liberalisation policies will continue. The present government has announced policies and taken initiatives that support the continued economic liberalisation policies that have been pursued by previous governments for more than a decade. However, the present government is a multiparty coalition and therefore there is no assurance that it will be able to generate sufficient cross-party support to implement such policies. The rate of economic liberalisation could change, and specific laws and policies affecting natural resources companies, foreign investments, currency exchange rates and other matters affecting investment in India could change as well. Further, government corruption scandals and protests against privatisation, which had occurred in the past, could slow the pace of liberalisation and deregulation. A significant change in India's policy of economic liberalisation and deregulation could adversely affect business and economic conditions in India generally and Vedanta's businesses in particular if new restrictions on the private sector are introduced or if existing restrictions are increased.

As the domestic Indian market constitutes a significant source of Vedanta's revenue, a downturn in the rate of economic growth in India will be detrimental to Vedanta's results of operations.

In fiscal 2013, 63.2% of Vedanta's revenue was derived from commodities that were sold in India. The performance and growth of Vedanta's businesses are necessarily dependent on the health of the Indian economy which may be materially and adversely affected by political instability or regional conflicts, economic slowdown elsewhere in the world. The Indian economy also remains largely driven by the performance of the agriculture sector which depends on the quality of the monsoon which is difficult to predict. The Indian economy has grown significantly over the past few years. In the past, economic slowdowns in the Indian economy have harmed manufacturing industries, including companies engaged in the copper, zinc, aluminium and iron ore sectors, as well as the customers of manufacturing industries due to a reduction in the demand for industrial production. Any future slowdown in the Indian economy could have a material adverse effect on the demand for the commodities that Vedanta produces and, as a result, on its financial condition and results of operations.

Terrorist attacks and other acts of violence involving India or other neighbouring countries could adversely affect Vedanta's operations directly, or may result in a more general loss of customer confidence and reduced investment in these countries that reduces the demand for Vedanta's products, which would have a material adverse effect on Vedanta's business, results of operations, financial condition and cash flows.

Terrorist attacks and other acts of violence or war involving India or other neighbouring countries may adversely affect the Indian markets and the worldwide financial markets. The occurrence of any of these events may result in a loss of business confidence, which could potentially lead to economic recession and generally have a material adverse effect on Vedanta's businesses, results of operations, financial condition and cash flows. In addition, any deterioration in international relations may result in investor concern regarding regional stability which could adversely affect the price of the Bonds.

South Asia has also experienced instances of civil unrest and hostilities among neighbouring countries from time to time, especially between India and Pakistan. In recent years, military confrontations between India and Pakistan have occurred in the region of Kashmir and along the India/Pakistan border. There have also been incidents in and near India such as terrorist attacks in Mumbai, Jaipur, Delhi and on the Indian Parliament, troop mobilisations along the India/Pakistan border and an aggravated geopolitical situation in the region. Such military activity or terrorist attacks in the future could adversely affect the Indian economy by disrupting communications and making travel more difficult. Resulting political tensions could create a greater perception that investments in Indian companies involve a high degree of risk. Furthermore, if India were to become engaged in armed hostilities, particularly hostilities that were protracted or involved the threat or use of nuclear weapons, the Company might not be able to continue its operations.

If natural disasters or environmental conditions in India, including floods and earthquakes, affect Vedanta's mining and production facilities, its revenues could decline.

Vedanta's mines and production facilities, as well as Vedanta's sales force, are spread throughout India. Natural calamities such as floods, rains, cyclones and earthquakes could disrupt Vedanta's mining and production activities and distribution chains and damage Vedanta's storage facilities. In December 2004 and October 1999, Southeast Asia, including the eastern coast of India, experienced tsunamis, in October 2005, the State of Jammu and Kashmir experienced an earthquake, and in 2005 and 2006, Mumbai and other parts of the western coast of India experienced heavy rains and flooding, all of which caused significant property damage and loss of life. Substantially all of Vedanta's facilities and employees are located in India and there can be no assurance that Vedanta will not be affected by natural disasters in the future. In addition, if there were a drought or general water shortage in India or any part of India where Vedanta's operations are located, for example, in the State of Rajasthan, where substantially all of the assets of HZL are located, the GoI or local, State or other authorities may restrict water supplies to HZL and other industrial operations in order to maintain water supplies for drinking and other public necessities, which would cause Vedanta to scale down or cease operations.

If India's inflation worsens or the prices of coal, oil or other raw materials continue to rise, Vedanta may not be able to pass the resulting increased costs to its customers and this may have a material adverse effect on Vedanta's profitability or cause Vedanta to suffer operating losses.

India has experienced wholesale price inflation in recent years that reflects an increasing inflation trend compared to historical levels. In addition, international prices of crude oil and natural gas have recently risen to historical highs, increasing transportation costs. Inflation, increased transportation costs and an increase in energy prices generally, which may be caused by a rise in the price of oil or natural gas, or an increase in the price of thermal coal in particular, could cause Vedanta's costs for raw material inputs required for production of Vedanta's products to increase, which may have a material adverse effect on its results of operations and financial condition if Vedanta cannot pass these added costs on to customers.

Stringent labour laws in India may adversely affect Vedanta's profitability.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for industrial dispute resolution and employee compensation for injury or death sustained in the course of employment, and imposes financial obligations on employers upon employee layoffs. This may make it difficult for Vedanta to maintain flexible human resource policies, discharge employees or downsize, which may have a material adverse effect on Vedanta's business and profitability.

Restrictions on foreign investment in India may prevent Vedanta from making future acquisitions or investments in India, which may have a material adverse effect on Vedanta's results of operations, financial condition and cash flows.

India regulates ownership of Indian companies by foreigners, as well as external commercial borrowing by Indian companies, although restrictions on foreign investment and external commercial borrowing have been relaxed significantly in recent years. These regulations and restrictions may apply to acquisitions by Vedanta, or other members of Vedanta who are not resident in India, of shares in Indian companies or the provision of funding by Vedanta or any other non-Indian resident entity to Indian companies within Vedanta. There can be no assurance that Vedanta will be able to obtain any required approvals for future acquisitions or investments in India, or that Vedanta will be able to obtain such approvals on satisfactory terms.

Risks Relating to Investments in Countries Other than India

Political, economic and social risks associated with investments in countries other than India could have an adverse effect on Vedanta's business.

In addition to operating in India, Vedanta currently operates in various other jurisdictions including Sri Lanka, Zambia, Australia, Namibia, South Africa, Ireland and Liberia. Certain of these countries are subject to political, economic and social developments that may, individually or in combination, create risks for investors that may be more difficult to predict or measure than would be the case in certain developed economies. Any political instability could have an adverse impact on the economy as a whole. Political disruptions and civil unrest that may occur in any of these countries could potentially have an adverse effect on exports and, consequently, on Vedanta's business.

Risks Relating to the Bonds

As a holding company, the Company's financial condition is entirely dependent on the financial condition and operating results of its subsidiaries.

The Company's results of operations and financial condition are entirely dependent on the financial condition and operating results of its subsidiaries. The Company's ability to pay interest and principal on the Bonds will depend upon the level of distributions, interest payments and loan repayments, if any, received from its operating subsidiaries and associated undertakings, any amounts received on asset disposals and the level of cash balances. Certain of the Company's operating subsidiaries and associated undertakings are and may, from time to time, be subject to restrictions on their ability to make distributions and loans including as a result of restrictive covenants in loan agreements, foreign exchange and other regulatory restrictions and agreements with the other shareholders of such subsidiaries or associated undertakings. See "Management's Discussion and Analysis of Financial Condition and Result of Operations for Vedanta — Liquidity and Capital Resources".

In addition, all dividends paid by Indian companies are currently subject to dividend distribution tax at a rate of 17.0% (including a surcharge of 10.0% and education cess at the rate of 3%) which is payable by the company paying the dividend. The credit of dividend distribution tax paid by the Indian company may not be available for the credit under the Indo-UK Double Taxation Avoidance Agreement. There can be no assurance that the GoI will not further increase the surcharges or dividend taxes it imposes or reintroduce withholding tax on dividends declared, distributed or paid.

There can be no assurance that such restrictions and taxes will not have a material adverse effect on Vedanta's results of operations or financial condition or on Vedanta's ability to make payments of interest and principal on the Bonds.

The Bonds will be structurally subordinated to the debt held by the Company's subsidiaries.

The Company's operations are principally conducted through its subsidiaries. Accordingly, the Company is, and after this offering will continue to be, dependent on its subsidiaries' operations and cash flows to service its indebtedness, including the Bonds. The Bonds will be structurally subordinated to the claims of all holders of debt securities and other creditors, including trade creditors, of its subsidiaries, and to all of its secured creditors. In the event of an insolvency, bankruptcy, liquidation, reorganisation, dissolution or winding-up of the business of any subsidiary of the Company, creditors of such subsidiary will generally have the right to be paid in full before any distribution is made to the Company.

In this regard, it should be noted that the subsidiaries of the Company, including Sterlite, BALCO, Sterlite Energy, Vedanta Aluminium and KCM have raised debt in the past, which is currently outstanding and repayable over the term of the Bonds. Moreover, some of this debt is secured by a first charge on assets and properties of the respective companies and/or a first charge on current assets including stocks and book debts, which may affect Vedanta's ability to pay the holders of the Bonds. As of 31 March 2013, Vedanta had total debt of $16,592.8 million of which $12,612.1 million existed at the Company's subsidiaries and will be structurally senior to the Bonds.

The Company may not be able to repurchase the Bonds upon a change of control.

The Company will agree in the Conditions that it will timely repay all borrowings, or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a change of control offer required to be made pursuant to the Trust Deed. Notwithstanding this agreement, if the Company is unable to repay (or cause to be repaid) all of the borrowings, if any, that would prohibit the repurchase of the Bonds or if the Company is unable to obtain the requisite consents of the holders of such borrowings, or terminate any agreements or instruments that would otherwise prohibit a change of control offer, the Company would continue to be prohibited from purchasing the Bonds. In that case, the Company's failure to purchase the tendered Bonds would constitute an event of default under the Conditions.

Certain of the events constituting a change of control under the Bonds will also constitute an event of default under certain other debt instruments. Future debt of the Company may also: (i) prohibit it from purchasing the Bonds in the event of the occurrence of a change of control; (ii) provide that the occurrence of a change of control is a default; or (iii) require repurchase of such debt upon the occurrence of a change of control.

Moreover, the exercise by the bondholders of their right to require the Company to purchase the Bonds could cause a default under other borrowings, even if the change of control itself does not, due to the financial effect of the purchase on the Company. The Company's ability to pay cash to the bondholders following the occurrence of a change of control may be limited by its then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Bonds.

There is no existing market for the Bonds.

There can be no assurance regarding the future development of a market for the Bonds, or the ability of holders of the Bonds to sell their Bonds, or the price at which such holders may be able to sell their Bonds. If a market for the Bonds were to develop, the Bonds could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, Vedanta's operating results, the market for similar securities, and the rating of the Bonds or the Company given by rating agencies. Therefore, there can be no assurance as to the liquidity of any trading market for the Bonds or that an active market for the Bonds will develop.

The market price of the Bonds may be volatile.

The market price of the Bonds could be subject to wide fluctuations in response to numerous factors, many of which are beyond the control of Vedanta. These factors include, among other things, actual or anticipated variations in operating results, earnings releases by Vedanta and its competitors, changes in financial estimates by securities analysts, market conditions in the industry and the general state of the securities markets, governmental legislation or regulation, currency and exchange rate fluctuations, interest rates, the rating of the Bonds or Vedanta given by the rating agencies, as well as general economic and market conditions, such as recessions.

The Bonds may not be a suitable investment for all investors.

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Offering Circular;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risk of an investment in the Bonds;

(iv) understand thoroughly the terms of the Bonds; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Bonds, which are complex financial instruments, unless it has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Early redemption may adversely affect the Bondholders' return on the Bonds.

The Bonds may be redeemed at the option of the Company at any time. This feature of the Bonds may limit their market value. During the period when the Company may elect to redeem the Bonds, the market value of the Bonds generally will not rise substantially above the price at which they can be redeemed. The Company may be expected to exercise its option to redeem the Bonds when its cost of borrowing is lower than the interest rate on the Bonds.

Further, in the event that the Company would be obliged to pay additional amounts in respect of any Bonds due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the

United Kingdom or any authority therein or thereof having power to tax, the Company may redeem in whole, but not in part, the Bonds of any series in accordance with the Conditions.

In either of these circumstances, an investor may not be able to reinvest the redemption proceeds in a comparable security with an effective rate equal to that of the Bonds.

Risks relating to change of law.

The Conditions of the Bonds will be based on English law as of the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or any administrative practice thereof after the date of this Offering Circular.

No voting rights.

Holders of the Bonds do not have any right to vote at any shareholders' meetings of the Company. Consequently, Bondholders cannot influence any decisions by the Board of Directors of the Company or any decisions by shareholders concerning the Company's capital structure, including the declaration of dividends in respect of the Company's ordinary shares.

Interest rate risks.

The Bonds are fixed interest rate securities. Subsequent changes in market interest rates may adversely affect the value of the Bonds.

A downgrade in Vedanta's credit ratings or the ratings assigned to the Bonds may adversely affect Vedanta's ability to access capital.

Vedanta's current long-term debt is rated "BB" with a negative outlook by S&P and "BB" with a stable outlook by Fitch. Currently, the long term debt rating by Moody's is "Ba3" with a negative outlook. The debt ratings are based on, among others, the assumption that Vedanta is able to successfully complete the Reorganisation Transactions. A downgrade may adversely affect Vedanta's ability to access capital and would likely result in more stringent covenants and higher interest rates under the terms of any new indebtedness.

In addition, the Bonds are expected, on the Closing Date, to be rated "Ba3" (negative) by Moody's, "BB" by S&P and "BB" by Fitch. These ratings of the Bonds may be reviewed and changed at any time by one or more of these agencies, and they may be lowered or withdrawn entirely in the future. A suspension, reduction or withdrawal at any time of the ratings assigned to the Bonds may adversely affect the market price of the Bonds.

Credit ratings may not reflect all risks.

One or more independent credit rating agencies may assign credit ratings to the Bonds or the Company's senior unsecured indebtedness. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold Bonds and may be revised or withdrawn by the rating agency at any time.

The Trustee may not take action on behalf of the Bondholders

The Conditions and the terms of the Trust Deed provide that, in certain circumstances, the Trustee may take action on behalf of the Bondholders, but only if the Trustee is indemnified and/or secured (including by way of payment in advance) to its satisfaction. It may not, depending on the particular circumstances at the relevant time, be possible for the Trustee to take certain actions in relation to the Bonds and accordingly, in such circumstances, the Trustee will be unable to take such actions, notwithstanding the provision for an indemnity and/or security to it and, as a result and if possible, it will be up to the Bondholders to take such action directly.

Investors must rely on clearing systems in order to trade their beneficial interests in, and to receive any applicable payments relating to, the Bonds.

The Bonds will not be represented by individual certificates and will instead be represented by global certificates. As a result, investors must rely on applicable clearing systems in order to trade their beneficial interests in, and to receive any applicable payments relating to, the Bonds.

USE OF PROCEEDS

The net proceeds from this offering, after deduction of underwriting fees, discounts and commissions and other estimated expenses associated with this offering, are expected to be approximately $1.681.0 million.

In November 2010, the Company entered into a $3.5 billion term loan facility with arrangers including certain affiliates of the Joint Global Coordinators and Joint Lead Managers ("$3.5 billion Term Loan Facility") to finance the acquisition of the share capital of Cairn India by the Company. As of 31 March 2013, the total amount outstanding under the $3.5 billion Term Loan Facility was $2.66 billion, including approximately $1.35 billion under tranche A and $1.31 billion under tranche B. The Company has recently entered into a $1.35 billion Bridge to Bond to primarily refinance tranche A of the $3.5 billion Term Loan Facility, and a $1.2 billion term loan facility ("2013 Term Loan Facility") to primarily refinance tranche B of the $3.5 billion Term Loan Facility, each with affiliates of the Joint Global Coordinators and Joint Lead Managers. As of the date of the Offering Circular, the Company had not drawdown any amount under either the Bridge to Bond or the 2013 Term Loan Facility.

The Company intends to use the net proceeds from this offering to refinance its obligations under tranche A of the $3.5 billion Term Loan Facility, which will result in a cancellation of its commitments under the Bridge to Bond, and to pay related fees and expenses. The Company intends to use any balance of net proceeds from this offering, together with any drawdowns under the 2013 Term Loan Facility, to refinance the Company's obligations under tranche B of the $3.5 billion Term Loan Facility, and any further balance of net proceeds from this offering for general corporate purposes.

See "Description of Material Indebtedness — "$3.5 billion Term Loan Facility Agreement dated 17 November 2010, between TSMHL as borrower and Barclays Capital, Citigroup Global Markets Asia Limited, Credit Suisse International, Goldman Sachs International, J.P. Morgan plc, Morgan Stanley Bank International Limited, Standard Chartered Bank and The Royal Bank of Scotland N.V. as arrangers", "$1.35 billion Bridge Facility dated 6 May 2013 with Sesa Sterlite Mauritius Holdings Limited as borrower and Bank of America, N.A., Barclays Bank PLC, Citigroup Global Markets Asia Limited, JPMorgan Chase Bank N.A., Singapore Branch, The Royal Bank of Scotland plc and Standard Chartered Bank as lead arrangers" and "$1.2 billion Term Loan Facility dated 15 May 2013 between TSMHL as borrower and Bank of America, N.A., Barclays Bank PLC, Citigroup Global Markets Asia Limited, JPMorgan Chase Bank N.A., Singapore Branch, The Royal Bank of Scotland plc and Standard Chartered Bank as arrangers"."

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the Company's ratio of earnings to fixed charges for the periods indicated.

	Fiscal Year Ended 31 March		
	2011	**2012**	**2013**
		($ million)	
EARNINGS			
Profit before taxation (excluding share in consolidated profit of associate)	2,683.3	1,653.2	1,705.9
Add: Fixed charges	718.0	1,170.5	1,422.3
Less: Capitalisation of borrowing costs	(183.3)	(224.8)	(228.3)
Total Earnings	**3,218.0**	**2,598.9**	**2,899.9**
FIXED CHARGES			
Total interest cost	703.4	1,149.6	1,384.5
Unwinding of discount on provisions	7.9	11.5	27.6
Interest on defined benefit arrangements	6.7	9.4	10.2
Total Fixed Charges	**718.0**	**1,170.5**	**1,422.3**
Ratio of Earnings to Fixed Charges	**4.48**	**2.22**	**2.04**

CAPITALISATION AND INDEBTEDNESS

The following table sets out the capitalisation and indebtedness of the Company as of 31 March 2013:

1. on a historical basis; and
2. as adjusted to give effect to this offering, and the application of the net proceeds from, this offering, after deduction of underwriting fees, discounts and commissions and other estimated expenses associated with this offering.

This table should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Use of Proceeds" and the Annual Financial Statement's prepared in accordance with IFRS, the related notes and other financial information contained elsewhere in this Offering Circular.

	As of 31 March 2013	
	Actual	As Adjusted
	($ million)	
Cash and Cash Equivalents[1]	**$ 2,200.2**	**$ 2,404.4**
Share Capital[1]	$ 29.8	$ 29.8
Share premium account	196.8	196.8
Treasury shares	(556.9)	(556.9)
Share based payment reserve	29.0	29.0
Convertible bond reserve	302.9	302.9
Hedging reserve	(22.2)	(22.2)
Other reserves	791.0	791.0
Retained earnings[2]	3,628.0	3,601.1
Equity attributable to equity holders of the parent	4,398.4	4,371.5
Non-Controlling interests	14,463.0	14,463.0
Total Equity	**$18,861.4**	**$18,834.5**
Term loans — secured — (repayable < 1 year)[2]	1,424.9	82.7
Term loans — unsecured — (repayable < 1 year)	1,146.2	1,146.2
Term loans — secured — (repayable > 1 year)[2][3]	5,187.0	5,079.3
Term loans — unsecured — (repayable > 1 year)	4,115.2	4,115.2
Other borrowings and indebtedness — secured — (repayable < 1 year)	533.1	533.1
Other borrowings and indebtedness — unsecured — (repayable < 1 year)	600.1	600.1
Other borrowings and indebtedness — secured — (repayable > 1 year)	1,029.4	1,029.4
Other borrowings and indebtedness — unsecured — (repayable > 1 year)	122.2	122.2
Convertible bonds — (repayable < 1 year)	694.4	694.4
Convertible bonds — (repayable > 1 year)	1,740.4	1,740.4
Bonds offered hereby	—	1,681.0
Total Indebtedness[4]	**16,592.8**	**16,824.0**
Total Capitalisation	**$35,454.2**	**$35,658.5**

(1) The Company's authorised share capital as of 31 March 2013 was $40,000,000 and £50,000, comprising 400,000,000 ordinary shares and 50,000 deferred shares, respectively. The Company's issued share capital as of that date was $29.8 million. 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. On 29 April 2013, $809.8 million of the 2017 Bonds were redeemed by the bondholders through a put option. See "Description of Material Indebtedness — Issue of $883.0 million 4.0% guaranteed convertible bonds due 2017 by Vedanta Resources Jersey II Limited, with JPMorgan Cazenove and Morgan Stanley as joint global co-ordinators. The impact of this redemption has not been reflected in the capitalisation and indebtedness table presented herein.

(2) Assumes that unamortised debt issuance costs of $7.8 million and $19.1 million are written off in respect of tranche A and tranche B of the 2010 Term Loan Facility, respectively, due to the expected prepayment in full of the 2010 Term Loan Facility on 7 June 2013. See note 3 below.

(3) This assumes that $1,200 million will be drawn-down under the 2013 Term Loan Facility that the Company entered into on 15 May 2013. Expenses of $12.8 million associated with the 2013 Term Loan Facility will be capitalised. The Company expects to draw down $1,200 million under the 2013 Term Loan Facility on 7 June 2013 and use such amount, net of estimated expenses of $12.8 million, together with the net proceeds from this Offering, to prepay in full the outstanding amount under the 2010 Term loan Facility.

(4) The Company had outstanding indemnities and guarantees in the amount of $1,928.0 million as of 31 March 2013 which has not been included in the table above.

EXCHANGE RATES

Substantially all of Vedanta's revenue is denominated or paid with reference to US dollars and most of Vedanta's expenses are incurred and paid in Indian Rupees, Australian dollars and Zambian Kwacha. The Company reports its financial results in US dollars. The exchange rates among the Indian Rupee and the US dollar have changed substantially in recent years and may fluctuate substantially in the future. The results of the Company's operations are affected as the Indian Rupee appreciates or depreciates against the US dollar and, as a result, any such appreciation or depreciation may affect the market price of the Bonds.

The following table sets forth, for the periods indicated, information concerning the exchange rates between Indian Rupees and US dollars based on the RBI Reference Rate for the periods indicated:

	Period End	Average[(1)]	High	Low
Fiscal Year:				
2008	39.97	40.24	43.15	39.27
2009	50.95	45.91	52.06	39.89
2010	45.14	47.42	50.53	44.94
2011	44.65	45.58	47.57	44.03
2012	51.16	47.95	54.24	43.95
2013	54.39	54.45	57.22	50.56
Month:				
November 2012	54.53	54.78	55.70	53.66
December 2012	54.78	54.65	55.09	54.20
January 2013	53.29	54.32	55.33	53.29
February 2013	53.77	53.77	54.48	52.97
March 2013	54.39	54.40	55.05	54.10
April 2013	54.22	54.38	54.88	53.94
May 2013 (through 8 May 2013)	54.16	54.01	54.28	53.74

(1) Represents the average of the RBI Reference Rate on the last day of each month during the period for all fiscal years presented and the average of the RBI Reference Rates for all days during the period for all months presented.

Although the Company has translated selected Indian Rupee amounts in this Offering Circular into US dollars for convenience, this does not mean that the Indian Rupee amounts referred to represent US dollar amounts or have been, could have been or could be converted to US dollars at any particular rate, the rates stated above, or at all. Unless otherwise stated herein, all translations in this Offering Circular from Indian Rupees to US dollars are based on the RBI Reference Rate on 31 March 2013, which was Rs. 54.39 per $1.00.

The following table sets forth, for the periods indicated, information concerning the exchange rates between Australian dollars and US dollars based on the noon buying rate in New York City for cable transfers in Australian dollars as certified by the Federal Reserve Bank of New York:

	Period End(1)	Average(1)(2)	High	Low
Fiscal Year:				
2008	1.10	1.15	1.27	1.06
2009	1.44	1.29	1.65	1.02
2010	1.09	1.18	1.44	1.07
2011	0.97	1.06	1.22	0.97
2012	0.96	0.96	1.06	0.91
2013	0.96	0.97	1.03	0.94
Month:				
November 2012	0.96	0.96	0.97	0.96
December 2012	0.96	0.96	0.97	0.95
January 2013	0.96	0.95	0.96	0.95
February 2013	0.98	0.97	0.98	0.96
March 2013	0.96	0.97	0.98	0.95
April 2013	0.96	0.96	0.98	0.95
May 2013 (through 8 May 2013)	0.97	0.97	0.97	0.97

(1) The Noon Buying Rate at each period end and the average Noon Buying Rate for each period may have differed from the exchange rates used in the preparation of financial statements included elsewhere in this Offering Circular.

(2) Represents the average of the Noon Buying Rates on the last day of each month during the period for all fiscal years presented and the average of the Noon Buying Rates for all days during the period for all months presented.

Although the Company has translated selected Australian dollar amounts in this Offering Circular into US dollars for convenience, this does not mean that the Australian dollar amounts referred to represent US dollar amounts or have been, could have been or could be converted to US dollars at any particular rate, the rates stated above, or at all. Unless otherwise stated herein, all translations in this Offering Circular from Australian dollars to US dollars are based on the Noon Buying Rate on 31 March 2013 which was AUD 1 = $1.04.

The following table sets forth, for the periods indicated, information concerning the exchange rates between Zambian Kwachas and US dollars based on the spot rates provided by Bloomberg:

	Period End(1)	Average(1)(2)	High	Low
Fiscal Year:				
2008	3,660	3,739	3,865	3,590
2009	5,595	4,137	5,775	3,160
2010	4680	4,871	5,738	4,395
2011	4,710	4,833	5,260	4,590
2012	5,280	4,973	5,345	4,695
2013	5,366	5,169	5,420	4,725
Month:				
November 2012	5,225	5,199	5,280	5,119
December 2012	5,206	5,190	5,290	4,913
January 2013	5,420	5,289	5,420	5,231
February 2013	5,345	5,321	5,410	5,280
March 2013	5,366	5,366	5,406	5,345
April 2013	5,285	5,344	5,410	5,280
May 2013 (through 8 May 2013)	5,310	5,286	5,310	5,210

(1) The last price at each period end and the average last price for each period may have differed from the exchange rates used in the preparation of financial statements included elsewhere in this Offering Circular.

(2) Represents the average of the last price on the last day of each month during the period for all fiscal years presented and the average of the last price for all days during the period for all months presented.

Although the Company has translated selected Zambian kwacha amounts in this Offering Circular into US dollars for convenience, this does not mean that the Zambian kwacha amounts referred to represent US dollar amounts or have been, could have been or could be converted to US dollars at any particular rate, the rates stated above, or at all. Unless otherwise stated herein, all translations in this Offering Circular from Zambian kwachas to US dollars are based on the spot rates provided by Bloomberg on 31 March 2013, which was ZMK 5,366 per $1.00.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables present the selected historical consolidated financial information for the Company for the periods ended and at the dates indicated below. The summary historical consolidated financial information as of and for the years ended 31 March 2011, 2012 and 2013 has been derived from the Annual Financial Statements included elsewhere in the Offering Circular. The Company's historical results do not necessarily indicate the Company's expected results for any future period. The Company's consolidated financial statements have been prepared and presented in accordance with IFRS as adopted by the EU.

You should read the following information in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations", the Annual Financial Statements and the notes thereto included elsewhere in this Offering Circular.

As previously noted, the Fiscal 2011 Financial Statements are not included nor incorporated by reference herein. Certain fiscal 2011 balance sheet amounts presented in the Fiscal 2012 Financial Statements and in the "Summary Consolidated Financial Information" and the "Selected Consolidated Financial Information" were reclassified from their previous presentation in the Fiscal 2011 Financial Statements to conform with the presentation of fiscal 2012 financial information as follows:

- *to give effect to fair value adjustments to provisional fair values and business combination accounting relating to acquisition of Zinc International entities for the year ended 31 March 2011; and*
- *intangible assets of $162.1 million for the year ended 31 March 2011 were reclassified as exploratory and evaluation assets within property, plant and equipment for the fiscal year ended 31 March 2012.*

Operating and financial results of Cairn India were consolidated with Vedanta's with effect from the completion of Vedanta's acquisition of Cairn India on 8 December 2011 and is monitored as a separate segment beginning in fiscal 2013. Accordingly, while Vedanta's consolidated financial statements for fiscal 2013 include Cairn India's results for the full fiscal year, Vedanta's consolidated financial statements for fiscal 2012 only include Cairn India's results for the period from 8 December 2011 to 31 March 2012.

Operating and financial results of Zinc International were consolidated with Vedanta's with effect from the completion of Vedanta's acquisition of each the three businesses comprising Zinc International and monitored as a segment beginning with fiscal 2012. Operating and financial results were consolidated with effect from 3 December 2010 for Skorpion, from 4 February 2011 for Black Mountain and from 15 February 2011 for Lisheen.

Purchase accounting for the acquisition of Cairn India was provisional in the Fiscal 2012 Financial Statements and has been finalised during fiscal year 2013. As such, certain numbers were updated for fiscal year 2012 following the finalisation of such purchase accounting. These updates are detailed in Note 34 to the Fiscal 2013 Financial Statements. Financial information for the fiscal year 2012 have been derived from the Fiscal 2012 Financial Statements with the exception of those line items impacted by the finalisation of such purchase accounting, which have been derived from the comparative figures included in the Fiscal 2013 Financial Statements.

Consolidated Income Statement

	Fiscal Year Ended 31 March		
	2011	2012	2013
		($ million)	
Continuing operations			
Revenue	$11,427.2	$ 14,005.3	$ 14,989.8
Cost of sales	(8,107.0)	(10,442.0)	(11,702.3)
Gross profit	**$ 3,320.2**	**$ 3,563.3**	**$ 3,287.5**
Other operating income	73.9	85.1	90.3
Distribution costs	(319.6)	(569.0)	(295.0)
Administrative expenses	(376.7)	(461.5)	(528.9)
Special Items	(163.5)	(230.2)	(41.9)
Operating profit	**$ 2,534.3**	**$ 2,387.7**	**$ 2,512.0**
Share in consolidated profit of associate	—	92.2	—
Investment revenue	431.6	525.4	673.1
Finance costs	(534.7)	(945.7)	(1,194.0)
Other gains and losses (net)	252.1	(314.2)	(285.2)
Profit before taxation	**$ 2,683.3**	**$ 1,745.4**	**$ 1,705.9**
Tax expense	(649.5)	(516.7)	(40.1)
Profit for the year	**$ 2,033.8**	**$ 1,228.7**	**$ 1,665.8**
Attributable to:			
Equity holders of the parent	770.8	59.8	157.4
Non-controlling interests	1,263.0	1,168.9	1,508.4
	$ 2,033.8	**$ 1,228.7**	**$ 1,665.8**
Basic earnings per ordinary share (US Cents)	283.2	21.9	57.7
Diluted earnings per ordinary share (US Cents)	270.2	21.6	56.7

Consolidated Balance Sheet

	As of 31 March		
	2011	2012	2013
	($ million)		
ASSETS			
Non-current assets			
Goodwill	$ 12.2	$ 16.6	$ 16.6
Property, plant and equipment	17,427.1	34,141.8	33,120.6
Financial asset investments	304.2	209.6	2.4
Other non-current assets	24.6	122.3	113.4
Financial instruments (derivatives)	99.4	22.8	—
Deferred tax assets	18.2	402.8	847.1
	$ 17,885.7	**$ 34,915.9**	**$ 34,100.1**
Current assets			
Inventories	1,924.6	1,704.1	1,966.1
Trade and other receivables	1,337.9	1,795.9	1,706.0
Financial asset investments	—	—	18.2
Financial instruments (derivatives)	40.9	106.8	31.1
Current tax assets	18.6	70.1	147.0
Liquid investments	6,865.4	4,940.3	5,781.5
Cash and cash equivalents	911.6	1,945.0	2,200.2
	$ 11,099.0	**$ 10,562.2**	**$ 11,850.1**
TOTAL ASSETS	**$ 28,984.7**	**$ 45,478.1**	**$ 45,950.2**
LIABILITIES			
Current liabilities			
Short term borrowings	(3,045.1)	(4,151.6)	(3,705.7)
Convertible bonds	—	—	(694.4)
Trade and other payables	(3,407.5)	(3,842.9)	(4,563.7)
Financial instruments (derivatives)	(9.3)	(101.1)	(44.5)
Retirement benefits	—	(6.7)	(8.3)
Provisions	(22.8)	(18.1)	(68.4)
Current tax liabilities	(68.2)	(26.8)	(125.3)
	$ (6,552.9)	**$ (8,147.2)**	**$ (9,210.3)**
Net current assets	**$ 4,546.8**	**$ 2,415.0**	**$ 2,639.8**
Non-current liabilities			
Medium and long term borrowings	(4,435.9)	(10,513.5)	(10,452.6)
Convertible bonds	(2,271.5)	(2,290.3)	(1,740.1)
Trade and other payables	(148.1)	(164.0)	(232.2)
Financial instruments (derivatives)	(94.2)	(32.1)	(28.0)
Deferred tax liabilities	(1,358.1)	(5,460.3)	(4,992.7)
Retirement benefits	(56.8)	(52.3)	(58.4)
Provisions	(301.5)	(387.0)	(362.6)
Non-equity non-controlling interests	(11.9)	(11.9)	(11.9)
	$ (8,678.0)	**$(18,911.4)**	**$(17,878.5)**
TOTAL LIABILITIES	**$(15,230.9)**	**$(27,058.6)**	**$(27,088.8)**
NET ASSETS	**$ 13,753.8**	**$ 18,419.5**	**$ 18,861.4**
EQUITY			
Share capital	29.7	29.7	29.8
Share premium account	196.8	196.8	196.8
Treasury shares	(556.9)	(556.9)	(556.9)
Share based payment reserves	20.5	39.8	29.0
Convertible bond reserve	453.3	382.0	302.9
Hedging reserves	38.2	(55.6)	(22.2)
Other reserves	1,452.4	1,008.5	791.0
Retained earnings	4,014.9	3,606.3	3,628.0
Equity attributable to equity holders of the parent	**$ 5,648.9**	**$ 4,650.6**	**$ 4,398.4**
Non-controlling interests	8,104.9	13,768.9	14,463.0
TOTAL EQUITY	**$ 13,753.8**	**$ 18,419.5**	**$ 18,861.4**

Consolidated Cash Flow Statement

	Fiscal Year Ended 31 March		
	2011	2012	2013
		($ million)	
Operating activities			
Profit before taxation	$ 2,683.3	$ 1,745.4	$ 1,705.9
Adjustments for:			
Depreciation and amortisation	869.0	1,408.4	2,334.4
Investment revenue	(431.6)	(525.4)	(673.1)
Finance costs	534.7	945.7	1,194.0
Other gains and losses (net)	(252.1)	314.2	285.2
Profit on disposal of property plant and equipment	—	(1.2)	(11.6)
Write-off of unsuccessful exploration costs	—	—	51.8
Share based payment charge	18.4	20.2	25.5
Share of profit in associate	—	(92.2)	—
Impairment of asset	118.3	—	—
Other non-cash items	(7.7)	15.5	29.1
Operating cash flows before movements in working capital	**$ 3,532.3**	**$ 3,830.6**	**$ 4,941.2**
(Increase)/decrease in inventories	(534.5)	48.6	(347.5)
(Increase)/decrease in receivables	(398.5)	(28.9)	29.8
Increase/(decrease) in payables	585.7	(286.9)	327.8
Cash generated from operations	**$ 3,185.0**	**$ 3,563.4**	**$ 4,951.3**
Dividends received	160.4	82.7	91.4
Interest income received	194.7	401.1	362.7
Interest paid	(625.7)	(1,008.0)	(1,150.9)
Income taxes paid	(756.5)	(915.8)	(897.4)
Dividends paid	(129.9)	(144.0)	(153.5)
Net cash from operating activities	**$ 2,028.0**	**$ 1,979.4**	**$ 3,203.6**
Cash flows from investing activities			
Net cash on acquisition of subsidiaries	(1,124.4)	(8,017.4)	—
Purchases of property, plant and equipment	(2,491.4)	(2,796.4)	(2,233.2)
Proceeds on disposal of property, plant and equipment	28.3	23.6	63.4
Sale/(purchase) of liquid investments	178.4	2,354.1	(941.7)
(Purchase)/sale of financial asset investments	(25.9)	(3.9)	158.1
Net cash used in investing activities	**$(3,435.0)**	**$(8,440.0)**	**$(2,953.4)**
Cash flows from financing activities			
Issue of ordinary shares	0.1	—	0.1
Dividends paid to non-controlling interests of subsidiaries	(87.4)	(219.7)	(257.4)
Buyback of shares	(128.0)	—	—
Acquisition of additional interests in subsidiary	(122.1)	(60.3)	(33.5)
Increase in short-term borrowings	1,863.2	981.8	159.9
Proceeds from long-term borrowings	847.8	6,833.9	2,307.9
Repayment of long-term borrowings	(686.2)	(570.4)	(2,352.4)
Net cash from/(used in) financing activities	**$ 1,687.4**	**$ 6,965.3**	**$ (175.4)**
Net increase in cash and cash equivalents	280.4	540.7	74.8
Effect of foreign exchange rate changes	241.2	528.7	180.4
Cash and cash equivalents at beginning of year	390.0	911.6	1,945.0
Cash and cash equivalents at end of year	**$ 911.6**	**$ 1,945.0**	**$ 2,200.2**

Consolidated Business Segments Data

	Fiscal Year Ended 31 March		
	2011	2012	2013
		($ million)	
External revenues:			
Oil and gas	—	882.5	3,223.4
Zinc			
— India	2,159.5	2,316.1	2,263.3
— International	218.9	859.5	797.2
Copper			
— India/Australia	$ 3,428.2	$ 4,205.1	$ 3,989.0
— Zambia	1,741.3	1,709.2	1,742.8
Iron ore	1,977.9	1,688.9	441.3
Aluminium	1,778.1	1,872.9	1,918.8
Power	123.3	420.9	548.7
Others	—	50.2	65.3
Total	**$11,427.2**	**$14,055.5**	**$14,989.8**
Vedanta EBITDA(1)			
Oil and gas	—	713.0	2,439.7
Zinc			
— India	1,219.6	1,244.8	1,165.3
— International	101.3	366.0	294.5
Copper			
— India/Australia	$ 241.5	$ 298.0	$ 219.1
— Zambia	439.9	387.9	257.3
Iron ore	1,174.1	721.4	84.2
Aluminium	352.7	182.5	214.0
Power	43.9	122.0	215.0
Others	(6.2)	(9.3)	(0.8)
Total	**$ 3,566.8**	**$ 4,026.3**	**$ 4,888.3**
Other Data and Ratios			
Net Debt/Capitalisation(%)	**12.5%**	**35.3%**	**31.4%**
Interest Coverage Ratio (Times)	6.7	4.3	4.1
Net Debt/Vedanta EBITDA(1) (Times)	0.6	2.5	1.8
Debt/Vedanta EBITDA(1) (Times)	2.7	4.2	3.4

(1) Vedanta defines Vedanta EBITDA as profit for the year before tax expense, other gains and losses (net), finance costs, investment revenue, share in consolidated profit of associate, Special Items, and depreciation and amortisation. The Company's Vedanta EBITDA may not be comparable to similarly titled measures reported by other companies due to potential inconsistencies in the method of calculation. The Company has included its Vedanta EBITDA because the Company believes it is an indicative measure of its operating performance and is used by investors and analysts to evaluate companies in the same industry. The Company's Vedanta EBITDA should be considered in addition to, and not as a substitute for, other measures of financial performance and liquidity reported in accordance with IFRS. The Company believes that the inclusion of supplementary adjustments applied in its presentation of Vedanta EBITDA are appropriate because the Company believes it is a more indicative measure of its baseline performance as it excludes certain charges that the Company's management considers to be outside of its core operating results. In addition, the Company's Vedanta EBITDA is among the primary indicators that its management uses as a

basis for planning and forecasting of future periods. The following table reconciles profit for the year on a consolidated basis to Vedanta EBITDA.

	Fiscal Year Ended 31 March		
	2011	2012	2013
		($ million)	
Profit for the year	$2,033.8	$1,228.7	1,665.8
Adjusted for:			
Tax expense	649.5	516.7	40.1
Other gains & losses (net)	(252.1)	314.2	285.2
Finance costs	534.7	945.7	1,194.0
Investment revenue	(431.6)	(525.4)	(673.1)
Share in consolidated profit of associate	—	(92.2)	—
Special Items[(1)]	163.5	230.2	41.9
Depreciation and amortisation	869.0	1,408.4	2,334.4
Vedanta EBITDA	**$3,566.8**	**$4,026.3**	**$4,888.3**

(1) Special Items are defined in Note 5 to the Annual Financial Statements. Special Items include Asarco transaction costs, voluntary retirement schemes, KCM IPO costs, acquisition and restructuring related costs, loss on revaluation of previously held interest in associates, net, Tuticorin plant compensation, project cost write-off and impairment of mining properties and leases.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the financial condition and results of operations of Vedanta should be read in conjunction with the Annual Financial Statements herein and with the information relating to the business of Vedanta included elsewhere in this Offering Circular. This discussion involves forward-looking statements that reflect the current view of management and involve risks and uncertainties. The actual results of Vedanta could differ materially from those contained in any forward-looking statements as a result of factors discussed below and elsewhere in this Offering Circular, particularly in "Risk Factors." Investors should read the whole of this Offering Circular and not rely just on summarised information.

The Annual Financial Statements for Vedanta have been prepared in accordance with IFRS as adopted by the EU.

As previously noted, the Fiscal 2011 Financial Statements are not included nor incorporated by reference herein. Certain fiscal 2011 comparative balance sheet amounts presented in the Fiscal 2012 Financial Statements and in the "Summary Consolidated Financial Information" and the "Selected Consolidated Financial Information" were reclassified to conform with the presentation of fiscal 2012 financial information as follows:

- *to give effect to fair value adjustments to provisional fair values and business combination accounting relating to acquisition of Zinc International entities for the year ended 31 March 2011; and*
- *intangible assets of $162.1 million for the year ended 31 March 2011 were reclassified as exploratory and evaluation assets within property, plant and equipment for the fiscal year ended 31 March 2012.*

Operating and financial results of Cairn India were consolidated with Vedanta's with effect from the completion of Vedanta's acquisition of Cairn India on 8 December 2011 and is monitored as a separate segment beginning in fiscal 2013. Accordingly, while Vedanta's consolidated financial statements for fiscal 2013 include Cairn India's results for the full fiscal year, Vedanta's consolidated financial statements for fiscal 2012 only include Cairn India's results for the period from 8 December 2011 to 31 March 2012.

Operating and financial results of Zinc International were consolidated with Vedanta's with effect from the completion of Vedanta's acquisition of each the three businesses comprising Zinc International and monitored as a segment beginning with fiscal 2012. Operating and financial results were consolidated with effect from 3 December 2010 for Skorpion, from 4 February 2011 for Black Mountain and from 15 February 2011 for Lisheen.

Purchase accounting for the acquisition of Cairn India was provisional in the Fiscal 2012 Financial Statements and has been finalised during fiscal year 2013. As such, certain numbers were updated for fiscal year 2012 following the finalisation of such purchase accounting. These updates are detailed in Note 34 to the Fiscal 2013 Financial Statements. Financial information for the fiscal year 2012 have been derived from the Fiscal 2012 Financial Statements with the exception of those line items impacted by the finalisation of such purchase accounting, which have been derived from the comparative figures included in the Fiscal 2013 Financial Statements.

Introduction

Overview

Vedanta is an LSE-listed globally diversified FTSE 100 oil and gas, power generation and metals and mining company. Its businesses are principally located in India, one of the fastest growing large economies in the world with a 6.2% increase in real GDP from fiscal 2011 to fiscal 2012, according to the Central Statistical Organisation of the GoI's Ministry of Statistics and Programme Implementation. In addition, Vedanta has assets and operations in Zambia, Australia, South Africa, Ireland, Liberia, Sri Lanka and Namibia and over 30,000 employees worldwide. Vedanta is primarily engaged in oil and gas, zinc, copper, iron ore, aluminium and commercial power generation businesses and is also developing and acquiring port operation businesses and infrastructure assets. Vedanta has experienced significant growth in recent years through various expansion projects for its copper, zinc, aluminium and iron ore businesses and the acquisition of its oil and gas business with the purchase of a controlling ownership interest in Cairn India in fiscal 2012.

On 25 February 2012, Vedanta announced an all-share merger of the Company's majority-owned subsidiaries, SGL and Sterlite, to create Sesa Sterlite and effect a consolidation and simplification of Vedanta's corporate structure through the Reorganisation Transactions. Certain required approvals for the Reorganisation Transactions remain pending. For more information on the Reorganisation Transactions, please see "Reorganisation Transactions".

Vedanta believes its experience in operating and expanding its businesses in India will allow it to capitalise on attractive growth opportunities arising from India's large mineral reserves, relatively low cost of operations and large and inexpensive labour and talent pools. Vedanta believes it is also well-positioned to take advantage of the significant growth in industrial production and investments in infrastructure in India, China, Southeast Asia and the Middle East, which it expects will continue to generate strong demand for metals, power and oil and gas.

Vedanta has the ability to manage and increase the dividend payments from the operating subsidiaries it controls when there are sufficient distributable reserves. For fiscal 2013, Cairn India declared a dividend in the amount of $471.0 million, HZL declared a dividend of $282.0 million, and Sterlite declared a dividend of $142.0 million.

Vedanta's revenue and operating profit increased from $14,005.3 million and $2,387.7 million, respectively, in fiscal 2012, to $14,989.8 million and $2,512.0 million, respectively, in fiscal 2013, as a result of higher volumes across all of Vedanta's businesses (except iron ore). Vedanta's revenue increased from $11,427.2 million in fiscal 2011 to $14,005.3 million in fiscal 2012, as a result of accretive acquisitions and increased volumes, but its operating profit decreased from $2,534.3 million in fiscal 2011 to $2,387.7 million in fiscal 2012 as a result of increased depreciation and amortisation related to acquisitions. Vedanta EBITDA increased from $3,566.8 million in fiscal 2011 to $4,026.3 million in fiscal 2012 and $4,888.3 million in fiscal 2013.

The following table sets out the Vedanta EBITDA for each of Vedanta's business segments as set out in Note 3 to the Annual Financial Statements as a percentage of Vedanta EBITDA on a consolidated basis.

	Year Ended 31 March		
	2011	2012	2013
Vedanta EBITDA(1):			
Oil and gas business	—	17.7%	49.9%
Zinc			
— India	34.2%	30.9%	23.8%
— International	2.8%	9.1%	6.0%
Copper			
— India/Australia	6.8%	7.4%	4.5%
— Zambia	12.3%	9.6%	5.3%
Iron ore	32.9%	17.9%	1.7%
Aluminium	9.9%	4.5%	4.4%
Commercial power generation	1.2%	3.0%	4.4%
Other	(0.2)%	(0.2)%	0.0%
Total	**100%**	**100%**	**100%**

(1) Vedanta defines Vedanta EBITDA as profit for the year before tax expense, other gains and losses (net), finance costs, investment revenue, share in consolidated profit of associate, Special Items, and depreciation and amortisation. Vedanta EBITDA may not be comparable to similarly titled measures reported by other companies due to potential inconsistencies in the method of calculation. Vedanta EBITDA has been included because Vedanta believes it is an indicative measure of its operating performance and is used by investors and analysts to evaluate companies in the industry. Vedanta EBITDA should be considered in addition to, and not as a substitute for, other measures of financial performance and liquidity reported in accordance with IFRS. Vedanta believes that the inclusion of supplementary adjustments applied in its presentation of Vedanta EBITDA are appropriate because it believes it is a more indicative measure of its baseline performance as it excludes certain charges that its management considers to be outside of its core. Vedanta

EBITDA is among the primary indicators that its management uses as a basis for planning and forecasting of future periods. The following table reconciles profit for the year to Vedanta EBITDA:

	Fiscal Year Ended 31 March		
	2011	2012	2013
		($ million)	
Profit for the year	$2,033.8	$1,228.7	1,665.8
Adjusted for:			
Tax expense	649.5	516.7	40.1
Other gains & losses (net)	(252.1)	314.2	285.2
Finance costs	534.7	945.7	1,194.0
Investment revenue	(431.6)	(525.4)	(673.1)
Share in consolidated profit of associate	—	(92.2)	—
Special Items(1)	163.5	230.2	41.9
Depreciation and amortisation	869.0	1,408.4	2,334.4
Vedanta EBITDA	**$3,566.8**	**$4,026.3**	**$4,888.3**

(1) Special Items are defined in Note 5 to the Annual Financial Statements. Special Items include Asarco transaction costs, voluntary retirement schemes, KCM IPO costs, acquisition and restructuring related costs, loss on revaluation of previously held interest in associates, net, Tuticorin plant compensation, project cost write-off and impairment of mining properties and leases.

Oil and gas

Vedanta's oil and gas business is owned and operated by Cairn India, the largest private sector oil and gas company in India by production and among the top 20 independent exploration and production companies globally, with a market capitalisation of approximately Rs. 523.1 billion ($9.6 billion) as of 31 March 2013. Cairn India Group has a diversified asset base with nine blocks: one in Rajasthan, two on the west coast of India, four on the east coast of India, one in Sri Lanka and one in South Africa. On 8 December 2011, Vedanta announced the completion of its acquisition of 58.5% of the fully diluted share capital of Cairn India from Cairn Energy plc for total gross consideration of $8.7 billion. As of 31 March 2013, Vedanta's total ownership interest in Cairn India was 58.8%. Upon consummation of the Reorganisation Transactions, Sesa Sterlite will directly and indirectly own 58.8% of Cairn India, along with the associated debt of $5.8 billion.

Cairn India's principal production asset is a 70% participating interest in the Rajasthan Block pursuant to the Rajasthan Block PSC that runs until 2020. Cairn India also operates significant infrastructure to facilitate the transport, processing and sale of oil produced in the Rajasthan Block. As of 31 March 2013, Cairn India was producing approximately 169,390 bopd from the Rajasthan Block. The Rajasthan Block represents a significant resource base with estimated aggregate 2P hydrocarbon initially in place of 5,641 bboe as of 31 March 2013, as estimated by Cairn India.

Operating and financial results of Cairn India were consolidated with Vedanta's with effect from the completion of Vedanta's acquisition of Cairn India on 8 December 2011 and monitored as a segment beginning with fiscal 2013.

Revenue from Vedanta's oil and gas business in fiscal 2013 was $3,223.4 million. Gross oil and gas production was 74.94 mboe in fiscal 2013, in which Vedanta's working interest was 46.66 mboe.

Zinc

Vedanta's zinc business is divided into two segments, namely (i) the fully integrated India zinc business, comprising HZL's mining and production operations, and (ii) the international zinc business, also referred to as "Zinc International," comprising mainly mining operations in Namibia, South Africa and Ireland. Vedanta acquired the international zinc business during fiscal 2011, and its results of operation have been monitored together as a separate segment since fiscal 2012.

Vedanta's total zinc production increased from 762,170 tonnes in fiscal 2011 to 822,263 tonnes in fiscal 2013, representing a CAGR of 3.9%. Revenue of Vedanta's total zinc business increased from $2,378.4 million in fiscal 2011 to $3,060.5 million in fiscal 2013, representing a CAGR of 13.4% mainly because of increases in the production of lead and silver and acquisition of Zinc International during fiscal 2011.

India Zinc Business

Vedanta's fully integrated India zinc business is owned and operated by HZL. Vedanta controls HZL through its 58.0% ownership interest in Sterlite, which indirectly owns 64.9% of the share capital in HZL. The remainder of HZL is owned by the GoI (29.5%) and institutional and public shareholders (5.6%). HZL's business includes five lead-zinc mines, one rock phosphate mine, four hydrometallurgical zinc smelters, two lead smelters, one lead-zinc smelter, four sulphuric acid plants, one silver refinery in the State of Rajasthan in northwest India, six captive power plants in northwest India. Additionally, HZL has processing and refining facilities for zinc at Haridwar and for zinc, lead and silver at Pantnagar, both in the State of Uttarakhand in northern India.

Vedanta's India zinc production decreased from 712,471 tonnes in fiscal 2011 to 676,921 tonnes in fiscal 2013 due to the suspension of operations of the Vizag smelter and in line with HZL's plan for its mines. This was partially offset by sale of 62,097 tonnes of zinc concentrate in the second half of the year due to a surplus of zinc concentrate. Revenue of Vedanta's India zinc business increased from $2,159.5 million in fiscal 2011 to $2,263.3 million in fiscal 2013 due to increases in silver and lead sales and Rupee depreciation against the US dollar, partly offset by lower zinc volumes and realisations.

International Zinc Business

Vedanta's international zinc business comprises (i) 100% ownership by Sterlite of Skorpion, which owns the Skorpion mine and refinery in Namibia, (ii) 74% stake ownership by Sterlite in Black Mountain Mining, which owns the Black Mountain mine and the Gamsberg project, in South Africa, and (iii) 100% ownership by Sterlite of Lisheen, which owns the Lisheen mine in Ireland.

Vedanta acquired these businesses during fiscal 2011, and their results of operation have been monitored together as one segment since fiscal 2012.

Revenue from the international zinc business was $797.2 million in fiscal 2013, a decrease of $62.3 million, or 7.2%, from $859.5 million in fiscal 2012.

Copper

Overview

Vedanta's copper business comprises three major operations divided into two segments, namely (i) the India and Australia copper business, comprising Sterlite's custom smelting operations in India and CMT's mining operations in Australia, and (ii) the Zambia copper business, comprising KCM's mining and smelting operations in Zambia. Vedanta's primary products in these business segments are copper cathodes and copper rods.

Vedanta's total copper cathode production has increased from 520,490 tonnes in fiscal 2011 to 569,212 tonnes in fiscal 2013, representing a CAGR of 4.6%. Revenue of Vedanta's total copper business increased from $5,169.5 million in fiscal 2011 to $5,731.8 million in fiscal 2013 due to increases in production and copper prices.

India and Australia Copper Business

In India, Sterlite is one of only two custom copper smelters with a primary market share of 40% by sales volume in fiscal 2013, according to the International Copper Promotion Council, India ("ICPCI"). Sterlite's copper operations include a smelter, refinery, phosphoric acid plant, sulphuric acid plant, copper rod plant and three captive power plants at Tuticorin in southern India, a refinery and two copper rod plants at Silvassa in western India, a precious metal refinery that produces gold and silver, a doré anode plant, and a copper rod plant at Fujairah in the UAE. As of 31 March 2013, Vedanta, through Twin Star Holdings Limited ("Twin Star") and MALCO, owned 58.0% of Sterlite and currently has control of Sterlite. Pursuant to the Reorganisation Transactions, which are still pending certain approvals, Sterlite will be merged into SGL to create Sesa Sterlite. Upon consummation of the Reorganisation Transactions, Vedanta will own 58.3% of Sesa Sterlite.

On 29 March 2013, the TNPCB ordered the closure of the copper smelter at Tuticorin due to complaints about a noxious gas leak by local residents. On 1 April 2013, Sterlite filed a petition in the NGT challenging the order of the state pollution control board on the basis that the plant's emissions are within permissible limits.

For more information, see "Risk Factors — Litigation — Sterlite is involved in the cessation of activities for alleged violation of environmental regulations at its Tuticorin plant, which is currently closed".

Separately and unrelated to the current shutdown, the proposed capacity expansion at Tuticorin had been delayed since December 2009 due to a writ filed before the Madras High Court, although this writ had not prevented the continued operation of the plant.

Sterlite's wholly owned subsidiary, CMT, owns a copper mine in Tasmania, Australia, which provides a small percentage of Sterlite's copper concentrate requirements.

Zambia Copper Business

KCM is largely an integrated copper producer with various facilities at Konkola, Nchanga, Nkana and Nampundwe, Zambia including mines, concentrators, smelters, acid plants, a tailings leach plant ("TLP") and a refinery. As of 31 March 2013, Vedanta owned 79.4% of the share capital of KCM. The remaining 20.6% was owned by ZCCM Investments Holdings Plc, a Lusaka and Euronext listed company which is 87.6% owned by the Zambian Government and 12.4% publicly held.

Iron Ore

Vedanta's iron ore business is owned and operated by SGL, India's largest exporter of iron ore in the private sector by volume since 2003, according to the Federation of Indian Mineral Industries. Vedanta acquired SGL on 23 April 2007. SGL is engaged in the exploration for, and the mining and processing of iron ore. As of 31 March 2013, Vedanta has a 55.1% ownership interest in SGL through its wholly-owned subsidiaries. Pursuant to the Reorganisation Transactions, which are still pending certain approvals, Sterlite will be merged into SGL to create Sesa Sterlite. Upon consummation of the Reorganisation Transactions, Vedanta will own 58.3% of Sesa Sterlite.

Vedanta also owns iron ore assets in Liberia, comprising WCL. SGL acquired a 51% ownership interest in WCL during fiscal 2012 and the remaining 49% during fiscal 2013 for a gross consideration of $123.5 million. WCL did not generate revenue during fiscal 2013.

Vedanta's total iron ore production was 18.8 million tonnes in fiscal 2011 and 13.8 million tonnes in fiscal 2012. Due to suspension of mining activities in Goa and ban on mining activities in Karnataka, production during fiscal 2013 was only 3.7 million tonnes. Revenue decreased from $1,977.9 million in fiscal 2011 to $441.3 million in fiscal 2013 due to lower sales due to the suspension of mining activities in Goa and ban on mining activities in Karnataka. The Karnataka ban was lifted on 18 April 2013, and operations are expected to be restarted as soon as necessary statutory clearances can be obtained. Although proper application has been made to lift the Goa suspension, a hearing has not yet been scheduled. See "Risk Factors — Operating Risks — Vedanta's iron ore businesses is substantially dependent upon its Codli iron ore mines, and the suspension of mining activities in Goa currently in effect, has had and could in the future have a material adverse effect on Vedanta's results of operations and financial condition" and "Risk Factors — Litigation — SGL is involved in proceedings involving a suspension of mining operations in the State of Goa" for more information on the ongoing suspension of mining activities in Goa.

Aluminium

Vedanta's aluminium business comprises two companies, BALCO and Vedanta Aluminium. Vedanta's primary products in this business segment are aluminium ingots, wire rods and rolled products.

BALCO's operations include two bauxite mines, two captive power plants and refining, smelting and fabrication facilities in central India. Vedanta Aluminium's operations include an aluminium smelter and a captive power plant at Jharsuguda and an alumina refinery and a captive power plant at Lanjigarh in the State of Orissa in eastern India.

Production of alumina at the refinery at Lanjigarh has been temporarily suspended since 5 December 2012, due to inadequate availability of bauxite. Vedanta is currently in discussions with government authorities to access bauxite once an adequate supply of bauxite has been secured. Production at the alumina refinery does not affect production at the smelters. See "Risk Factors — Operating Risks — Vedanta's copper and aluminium businesses currently depend upon third party suppliers for a substantial portion of its copper concentrate and alumina requirements, and their operating profits and operating margins depend upon the market prices for such raw materials".

In a separate and unrelated matter, the expansion of the alumina refinery at Lanjigarh and related mining operations in Niyamgiri Hills have been on hold since 20 October 2010, the date of the MoEF's direction to Vedanta Aluminium to cease further construction. On 18 April 2013, the Supreme Court of India directed the

State Government of Odisha to place unresolved issues and claims of the local communities that had served as the basis for MoEF's order before the Gram Sabha, a decision-making body of the affected local communities. The proceedings before the Gram Sabha are expected to conclude in the second quarter of fiscal 2014, after which MoEF will make a final decision on the expansion and mining projects that have been put on hold.

For more information on these proceedings, see "Risk Factors — Litigation — Petitions have been filed in the Supreme Court of India and the High Court of Orissa to seek the cessation of construction of Vedanta Aluminium's refinery in Lanjigarh, which is currently closed, and related mining operations in Niyamgiri Hills, which are currently suspended".

Vedanta controls BALCO through its 58.0% ownership interest in Sterlite. Sterlite owns a 51% ownership interest in BALCO. The remainder is owned by the GoI. Vedanta has a 70.5% ownership interest in Vedanta Aluminium through its wholly-owned subsidiaries and a 29.5% indirect ownership interest through its 58.0% ownership interest in Sterlite.

Pursuant to the Reorganisation Transactions, Vedanta Aluminium's aluminium business will be merged into Sesa Sterlite, and Vedanta Aluminium will become a wholly owned subsidiary of Sesa Sterlite.

Vedanta's total aluminium production increased from 640,661 tonnes of aluminium in fiscal 2011 to 774,026 tonnes in fiscal 2013, representing a CAGR of 9.9%. Revenues from Vedanta's aluminium business increased from $1,778.1 million in fiscal 2011 to $1,918.8 million in fiscal 2013 due to growing aluminium production and increased prices.

Commercial Power Generation

Vedanta's commercial power generation business in India is comprised of the operations of Sterlite Energy, wind power plants operated by HZL and MALCO. Sterlite Energy is a wholly owned subsidiary of Sterlite. Pursuant to the Reorganisation Transactions, which are still pending certain approvals, Sterlite Energy would merge into SGL, MALCO's power business will be sold to Vedanta Aluminium and the balance of MALCO will be merged into SGL.

Vedanta owns and operates several commercial power plants, namely Sterlite Energy's 2,400 MW coal-based thermal power plant in Jharsuguda, MALCO's 100 MW coal-based thermal power plant in Mettur Dam, and HZL's wind power plants in Gujarat, Karnataka and Rajasthan aggregating 2,774 MW. TSPL, a wholly owned subsidiary of Sterlite Energy, is currently constructing a 1,980 MW coal-based thermal power plant at Talwandi Sabo, the first unit of which is expected to be synchronised in the second quarter of fiscal 2014.

The power segment (previously referred to as the energy segment) was reclassified from 1 April 2011 and now comprises commercial power plants owned and operated by Sterlite Energy and its subsidiary, TSPL, MALCO and HZL. The surplus power sold from captive power plants at various business segments which was previously classified in this segment is now included in such captive power plant's business segment. Comparative information for fiscal 2011, including for production, has been restated for this change.

Sales of units of power increased from 1,879 million units in fiscal 2011 to 8,888 million units of power in fiscal 2013, representing a CAGR of 117.5%. The increase in sales drove revenue from Vedanta's commercial power generation business from $123.3 million in fiscal 2011 to $548.7 million in fiscal 2013.

Factors Affecting Vedanta's Results of Operations

Vedanta's results of operations are primarily affected by commodity prices, costs of production and efficiency, production output and mix, government policy in India and Zambia and exchange rates. Each of these key factors is discussed below.

Generally, the metals Vedanta sells in India are sold at a premium to the LME market price due to a number of factors, including the customs duties levied on imports by the GoI, the costs to transport metals to India and regional market conditions. See "— Indian Government Policy". As a result, Vedanta endeavours to sell as large a quantity of its products as possible in India.

Vedanta has historically engaged in hedging strategies to a limited extent to partially mitigate its exposure to fluctuations in commodity prices, as further described in "Market Risk Disclosure — Commodity Price Risk".

Commodity Prices

Vedanta's results of operations are significantly affected by the commodity prices of the natural resources that Vedanta produces, which are based on LME prices and other benchmark prices and by the TcRc of

Vedanta's copper business. The TcRc of copper, the commodity prices of the metals produced and the benchmark price of oil, gas and iron ore can fluctuate significantly, including as a result of changes in the supply of and demand for oil, gas, zinc, copper, iron ore and aluminium. While natural resource producers are unable to influence the commodity or benchmark prices directly, events such as changes in copper smelting or commodity production capacities, temporary price reductions or other attempts to capture market share by individual natural resources producers, including by Vedanta, may have an effect on market prices.

Moreover, the prices realised by Vedanta can, to some extent, be affected by the particular terms Vedanta is able to negotiate for the contractual arrangements it enters into with buyers. Price variations and market cycles, including recent volatility of LME prices, the copper TcRc and the benchmark price for crude oil and iron ore, have historically influenced, and are expected to continue to influence, Vedanta's financial performance. During fiscal 2013, the broad decline in commodity prices (except oil) adversely impacted the revenue and operating profit of Vedanta.

Crude oil and natural gas

Movements in the price of crude oil significantly affect Cairn India's results of operations and declines in crude oil prices may adversely affect the revenues and profits of Vedanta. Historically, international prices for oil have been volatile and have fluctuated widely in response to changes in many factors. Lower oil prices may also reduce the economic viability of projects planned or in development. In addition, lower oil prices may result in the impairment of higher cost reserves and other assets which may result in decreased earnings or losses. Historically, prices for crude oil have fluctuated widely.

The following table sets out the price of Dated Brent, an international benchmark oil blend, according to Platts, as of 31 March 2011, 2012 and 2013:

	As of 31 March		
	2011	2012	2013
	($ per barrel)		
Dated Brent	116.9	123.5	107.4

Zinc

The revenue of Vedanta's zinc business fluctuates based on the volume of sales and the LME price of zinc. Vedanta's India zinc business is fully integrated, so its profitability is dependent upon the difference between the LME price of zinc and the cost of production, which includes the costs of mining and smelting.

The following table sets out the daily average zinc LME prices for each of fiscal 2011, 2012 and 2013:

	Year Ended 31 March		
	2011	2012	2013
	($ per tonne)		
Zinc LME	2,185	2,098	1,948

Copper

The revenue of the copper business fluctuates based on the volume of sales and the LME price of copper. Vedanta's copper business is primarily one of custom smelting and refining, with only a small percentage of its copper concentrate requirements sourced from the mine of its wholly-owned subsidiary, CMT. As a result, Sterlite's profitability is significantly dependent upon the market rate of the TcRc. Sterlite purchases copper concentrate at an LME-linked copper price for the relevant quotational period less a TcRc that it negotiates with its suppliers but which is influenced by the prevailing market rate for the TcRc. The market rate for the TcRc is significantly dependent upon the availability of copper concentrate, worldwide copper smelting capacity and transportation costs. The TcRc that Sterlite is able to negotiate is also substantially influenced by the TcRc terms established by certain large Japanese custom smelters. The profitability of Vedanta's copper business as to the portion of the business where it sources copper concentrate from third parties, which accounted for 93.1% of its copper concentrate requirements in fiscal 2013, is thus dependent upon the amount by which the TcRc Sterlite is able to negotiate exceeds its smelting and refining costs. The profitability of Sterlite's copper operations is also affected by the prices it receives upon the sale of by-products, such as sulphuric acid and precious metals, which are generated during the copper smelting and refining process. The prices Sterlite receives for by-products can vary significantly, including as a result of changes in supply and demand and local market factors in the location the by-product is produced. See "Risk Factors — Operating Risks — Vedanta's copper and aluminium businesses currently depend upon third party suppliers for a substantial portion of its copper concentrate and alumina requirements, and their operating results and operating margins depend upon the market prices for such raw materials".

The following table sets out the average TcRc that Sterlite realised for each of fiscal 2011, 2012 and 2013:

	Year Ended 31 March		
	2011	2012	2013
	(US cents per lb)		
Copper TcRc	11.9	14.5	12.8

The LME price of copper significantly affects the revenues and profitability of KCM's copper business as it is fully integrated. The LME price of copper also significantly affects the portion of Vedanta's copper business where it sources copper concentrate from CMT's mine, which accounted for 6.9% of Sterlite's copper concentrate requirements in fiscal 2013. The reserves of Sterlite's sole remaining copper mine, Mt. Lyell in Tasmania, Australia, are expected to be exhausted by 2027, based on Ore Reserves and Mineral Resources, and to the extent Sterlite seeks to increase its copper smelting and refining capacity. For these integrated portions of the copper business, Sterlite's profitability is dependent upon the difference between the LME price of copper and its cost of production, which includes the costs of mining and smelting.

The following table sets out the daily average copper LME price for each of fiscal 2011, 2012 and 2013:

	Year Ended 31 March		
	2011	2012	2013
	($ per tonne)		
Copper LME	8,138	8,475	7,853

Aluminium

The revenue of Vedanta's aluminium business fluctuates based on the volume of sales and the LME price of aluminium. In fiscal 2013, 33% of BALCO's alumina requirement and 75% of Vedanta Aluminium's alumina requirement came from third parties, with the rest supplied by Vedanta Aluminium's alumina refinery at Lanjigarh. Since 5 December 2012, production has been temporarily suspended at Vedanta Aluminium's alumina refinery at Lanjigarh due to inadequate availability of bauxite in the region. Vedanta believes that BALCO and Vedanta Aluminium will be able to obtain sufficient alumina from third parties even if production at the alumina refinery at Lanjigarh remains suspended. Vedanta is currently in discussions with government authorities to access bauxite. See "Risk Factors — Litigation — Petitions have been filed in the Supreme Court of India and the High Court of Orissa to seek the cessation of construction of Vedanta Aluminium's refinery in Lanjigarh, which is currently closed, and related mining operations in Niyamgiri Hills, which are currently suspended". For the portion of Vedanta's aluminium business where the required alumina is sourced internally, profitability is dependent upon the LME price of aluminium less the cost of production, which includes the costs of bauxite mining at BALCO's mines, the refining of bauxite into alumina at Vedanta Aluminium's refinery and the smelting of alumina into aluminium. For the portion of the aluminium business where alumina is sourced from third parties, profitability is dependent upon the LME price of aluminium less the cost of the sourced alumina and the cost of smelting. See "Risk Factors — Operating Risks — Vedanta's copper and aluminium businesses currently depend upon third party suppliers for a substantial portion of its copper concentrate and alumina requirements, and their operating results and operating margins depend upon the market prices for such raw materials".

The following table sets out the daily average aluminium LME prices for each of fiscal 2011, 2012 and 2013:

	Year Ended 31 March		
	2011	2012	2013
	($ per tonne)		
Aluminium LME	2,257	2,313	1,974

Iron ore

The revenue of the iron ore business fluctuates based on the volume of sales and the market price of iron ore. Vedanta sells iron ore under long-term price contracts as well as under ruling spot prices. As of 31 March 2013, SGL has issued two force majeure letters with respect to two of its long-term ore selling contracts, and all its remaining long-term iron ore selling contracts have expired. The prices for iron ore are significantly dependent upon the global and regional imbalances between the demand for and supply of iron ore, worldwide steel-making capacity and transportation costs. Long-term contract prices fluctuate based on the expected supply of and demand for iron ore and the expected steelmaking capacity for a period exceeding one year or more, whereas spot prices fluctuate based on short term imbalances between demand and supply. Every quarter, Vale Limited, Rio Tinto plc and BHP Billiton Limited negotiate with major steel manufacturers and set a benchmark price upon which the rest of the world bases its pricing.

Production Costs and Efficiency

The results of operations of Vedanta are, to a significant degree, dependent upon its ability to efficiently run its operations and maintain low costs of production. Efficiencies relating to recovery of metal from ore, process improvements, by-product management and increasing productivity help drive costs down. Costs associated with mining and metal production include energy costs, ore extraction and processing costs at the captive mines, labour costs and other manufacturing expenses.

The cost of production also includes the cost of alumina for Vedanta's aluminium business. It does not include the cost of copper concentrate for Vedanta's copper business, though such cost is included in its cost of sales.

In the oil and gas business, production costs consist of expenditure incurred towards the production of crude oil and natural gas including statutory levies, such as cess, royalties and production payments payable pursuant to the PSCs as well as operational expenditures such as costs relating to repairs on, and maintenance of, facilities, power generation and fuel for such facilities, water injection, insurance, and storage, transportation and freight of crude oil and natural gas, among others.

Energy cost is the most significant component of the cost of production of Vedanta's metal production businesses. Most of Vedanta's power requirements are met by captive power plants which are primarily coal-fueled. Thermal coal, diesel fuel and fuel oil, which are used to operate Vedanta's power plants, and metallurgical coke, which is used in the zinc smelting process, are currently sourced from a combination of long-term and spot contracts. The aluminium business has a high energy consumption due to the power-intensive nature of aluminium smelting. Coal is sourced from linkage coal, import and domestic purchase. In addition, in November 2007, BALCO was allotted a 211 million tonne share of a coal block by the Indian Ministry of Coal for use in BALCO's captive power plants. These allocated coal blocks are currently in the post-exploration but pre-development stage. BALCO expects mine development activities to commence in the second quarter of fiscal 2014. Any change in coal prices or the mix of coal that is utilised, primarily whether the coal is sourced locally or imported, can affect the cost of generating power.

For the zinc businesses and the portions of the copper and aluminium businesses where ore is sourced from Vedanta's own mines, ore extraction and processing costs affect the cost of production. In the zinc and copper businesses, the ore extraction and processing costs to produce concentrates are generally a small percentage of the overall cost of production of the finished metals.

In the aluminium business, the bauxite ore extraction cost is not significant, but the refining cost to produce alumina from bauxite ore represents approximately one-third of the cost of production of aluminium. The expansion of the alumina refinery at Lanjigarh and related mining operations in Niyamgiri Hills have been on hold since 20 October 2010 because approval has been withheld by the MoEF. Unrelated to these proceedings, production of alumina at the refinery at Lanjigarh has been temporarily suspended since 5 December 2012, due to inadequate availability of bauxite. Vedanta is currently in discussions with government authorities to access bauxite in the region. See "Risk Factors — Litigation — Petitions have been filed in the Supreme Court of India and the High Court of Orissa to seek the cessation of construction of Vedanta Aluminium's refinery in Lanjigarh, which is currently closed, and related mining operations in Niyamgiri Hills, which are currently suspended".

In addition, a significant cost of production in the zinc business is the royalty that HZL pays on the lead-zinc ore that is mined. The royalty is a function of the LME prices of zinc and lead. See "— Indian Government Policy — Taxes and royalties". In the iron ore business, the principal activities are ore extraction, processing and sales. The cost of transporting ore from the mines to the port and the ore extraction cost account for a majority of the total cost of production for SGL.Vedanta's plans to expand its transport and logistical capacity have been put on hold due to the suspensions of mining activities in the States of Karnataka and Goa. See "Risk Factors — Litigation — SGL is involved in proceedings involving a suspension of mining operations in the State of Goa".

In the commercial power generation business, production costs are mainly coal costs, and the coal is sourced domestically.

Labour costs are principally a function of the number of employees and increases in compensation from time to time. Improvements in labour productivity in recent years have resulted in a decrease in the per-unit labour costs. The majority of BALCO's and CMT's mining operations, a substantial portion of HZL's and SGL's mining operations and Cairn India's oil and gas operations and a limited number of functions at Vedanta's copper, zinc and aluminium smelting operations are outsourced to third-party contractors.

Other manufacturing expenses include, among other things, additional materials and consumables that are used in the production processes and routine maintenance to sustain ongoing operations. None of these represents a significant portion of Vedanta's costs of production.

Cost of production as reported for Vedanta's metal products includes an offset for any amounts Vedanta receives upon the sale of the by-products from the refining or smelting processes. The cost of production is divided by the daily average exchange rate for the year to calculate the US dollar cost of production per lb or tonne of metal as reported.

Production costs and costs per unit are also significantly affected by changes in production volumes and variable costs. Therefore, Vedanta's production levels and variable costs are key factors in determining its overall cost competitiveness.

Costs of production for each of fiscal 2011, 2012 and 2013 are reflected in the following table:

	Year Ended 31 March		
	2011	2012	2013
Oil and Gas (operating expenses) ($ per boe)	—	4.4	3.5
Zinc business (India) ($ per tonne)(3)(4)	990	1,010	998
Zinc business (International) (US cents per lb)	50.7	52.0	49.5
Copper business (India) (US cents per lb)(1)	4.0	0.0	8.4
Copper business (Zambia) (US cents per lb)(2)	197.5	236.8	255.1
Aluminium business ($ per tonne)(3)	1,878	2,091	1,879

(1) Cash costs per unit for smelting and refining operations (net of by-products).

(2) Cash costs per unit for mining, smelting and refining operations (net of by-products).

(3) Net of by-products.

(4) Includes royalties of $182 per tonne, $176 per tonne and $163 per tonne in fiscal 2011, 2012 and 2013, respectively.

Production Volume and Mix

Production volume has a substantial effect on Vedanta's results of operations. Vedanta is generally able to sell all of the products it produces, so its revenue generally fluctuates as a result of changes in production volume. Production volume is dependent on production capacity, which has increased in recent years across all of Vedanta's businesses. For Vedanta's mining operations, production volume is also dependent upon the quality and consistency of the ore. Per unit production costs are also significantly affected by changes in production volume in that higher volumes of production generally reduce the per unit production costs. Therefore, production levels are a key factor in determining Vedanta's overall cost competitiveness. Vedanta has benefited from significant economies of scale as it has generally increased production volumes in recent years.

The following table summarises the production volumes for Vedanta's primary products in each of fiscal 2011, 2012 and 2013:

	Product	Year Ended 31 March 2011	2012	2013
			(Tonnes)	
Segment				
Oil and gas business	Oil & Gas — Gross (mboe)	—	20.48	74.94
	Oil & Gas — Working Interest (mboe)	—	12.14	46.66
Zinc business				
— HZL	Zinc	712,471	758,716	676,921
	Lead(1)	57,294	92,099	118,316
	Silver (kgs)(2)	148,082	206,945	373,900
— Skorpion	Zinc	49,698	144,755	145,342
— Black Mountain Mining	Zinc in Concentrate	7,593	31,770	38,577
	Lead in Concentrate	9,324	53,579	48,883
— Lisheen	Zinc in Concentrate	22,775	183,206	169,485
	Lead in Concentrate	3,913	30,202	23,407
Copper business				
— Sterlite	Copper	303,991	325,876	353,154
— KCM	Copper(3)	216,499	199,765	216,059
	Total copper	**520,490**	**525,640**	**569,212**
— Sterlite	Copper rods	187,892	161,421	171,855
Iron ore business	Saleable ore (million tonnes)	18.8	13.8	3.7
Aluminium business				
— BALCO	Ingots, Billets and Bus Bar	27,927	8,671	8,416
	Rods	160,665	167,826	179,986
	Rolled Products	66,706	69,157	58,587
	Subtotal	**255,298**	245,654	246,989
— Vedanta Aluminium	Ingots	288,150	255,212	305,878
	Billets	37,525	65,853	98,299
	Rods	58,971	99,493	115,464
	Hot Metal Sold	—	9,164	7,396
	Bus Bar and Slabs	717	—	—
	Subtotal	**385,363**	**429,723**	**527,037**
	Total aluminium	**640,661**	**675,376**	**774,026**
Commercial power generation business	Power sold (million units)	1,879	6,554	8,888

(1) Includes lead containing a high content of silver (high silver lead) produced from the pyrometallurgical zinc lead smelter for captive use, which was 5,898 tonnes, 6,625 tonnes and 6,500 tonnes in fiscal 2011, 2012 and 2013, respectively.

(2) Excludes silver containing a high content of silver (high silver lead) produced from pyrometallurgical zinc smelter for captive use which was 30,997 kg, 34,917 kg, and 33,032 kg in fiscal 2011, 2012, and 2013, respectively.

(3) The production numbers for copper includes the copper in copper cobalt alloy. Copper in copper cobalt alloy production in fiscal 2011, 2012 and 2013 was 15,853 tonnes, 21,067 tonnes and 24,759 tonnes, respectively.

In addition, the mix of products Vedanta produces can have a substantial impact on its results of operations as it has different margins in each of its segments, and within each segment its margins vary between the lower margins of primary metals and the higher margins of value-added products such as copper rods and aluminium rolled products. For example, copper cathodes are converted in the copper rod plant into copper rods, a value-added product which has a higher margin than copper cathodes. As copper rods have higher margins, Vedanta endeavours to sell as large a percentage of copper rods as possible. As the production volume of its various products fluctuates primarily based on market demand and production capacity for such products, the percentage of revenue from those products will also fluctuate between higher and lower margin products, which will in turn cause Vedanta's operating profit and operating margins to fluctuate.

Periodically, Vedanta's facilities are shut down for planned and unplanned repairs and maintenance which temporarily reduces production volume. Any general ban on resource extraction activities by the government of a jurisdiction containing resource extraction operations of Vedanta could have the effect of closing or limiting production from its operations. For example, Vedanta's total iron ore production declined from 13.8 mt in fiscal 2012 to 3.7 mt in fiscal 2013 due to a suspension of mining activities in Goa by an order of the Goa State Government dated 11 September 2012 and an order of the Supreme Court of India that has been in effect since 5 October 2012 and a ban on mining activities in Karnataka that was in effect from 26 August 2011 to 18 April 2013. For more information on the ongoing suspension of mining activities in Goa, see "Risk Factors — Litigation — SGL is involved in proceedings involving a suspension of mining operations in the State of Goa".

Indian Government Policy

India customs duties

Vedanta sells its products in India at a premium to the LME price, due in part to the customs duties payable on imported products. Profitability is affected by the levels of customs duties as Vedanta prices its products sold in India generally on an import-parity basis. Vedanta also pays a premium on certain raw materials that it imports or which are sourced locally but which are priced on an import-parity basis as a result of customs duties, with copper concentrate, coal, petroleum products, alumina, carbon and caustic soda being the primary examples.

Vedanta is liable to pay an additional surcharge, presently at the rate of 3% of the total customs duty payable, as well as an additional customs duty ("CVD") of 10% of the assessable value and basic custom duty, which is levied on imports in India.

As Vedanta sells the majority of the commodities it produces in India, Vedanta's profitability is dependent to a certain extent on the continuation of import duties and any reduction may have a material adverse effect on its results of operations and financial condition.

The following changes became effective from 1 March 2011:

- The import duty on certain raw materials, such as gypsum, used in the production of aluminium was reduced from 5% to 2.5%.
- A 1% excise duty was imposed on fly ash.
- The import duty on copper concentrate and rock phosphate was increased from 2% to 2.5%.

Further, on 1 March 2011, the GoI announced an exemption from import duty on copper concentrate up to an amount equivalent to the customs duty leviable on the value of gold and silver contained in such copper concentrate.

India export duties

The GoI levies duty on the export from India of certain products mentioned under the second schedule of the Customs Tariff Act 1975, including iron ore and concentrates, at a specified rate (ad valorem on the Free on Board ("FOB") value of exports).

Effective from 1 March 2011, the GoI raised export duty on iron ore fines and lumps from 5% and 10% respectively to an even rate of 20%, ad valorem on the FOB value of exports.

Effective from 30 December 2011, the GoI further raised the rate of export duty on iron ore fines and lumps from 20% to 30%.

Indian export incentives

The GoI provides a variety of export incentives to Indian companies. Indian exports of copper, zinc and aluminium receive assistance premiums from the GoI, which have been progressively reduced since 2002, consistent with similar reduction in custom duties. Export incentives do not outweigh the Indian market price premiums. Accordingly, notwithstanding the export incentives, Vedanta endeavours to sell as large a quantity of its products as possible domestically.

In fiscal 2011, 2012 and 2013, exports accounted for 38.2%, 33.3% and 22.2%, respectively, of Vedanta's India zinc business revenue. The following table sets out the export assistance premiums, as a percentage of the FOB value of exports, on zinc concentrate, zinc ingots and lead concentrate for the periods indicated:

	9 October 2007 to 13 November 2008	4 November 2008	5 November 2008 to 30 September 2011	1 October 2011 to 9 October 2012	10 October 2012 to Present
	(Percentage of FOB value of exports)				
Zinc concentrate	3.0%	2.0%	3.0%	2%	1.5%
Zinc ingots	5.0%	4.0%	5.0%	2%	2.0%
Lead concentrate	3.0%	3.0%	3.0%	2%	1.5%

In fiscal 2011, 2012 and 2013, exports accounted for 43.9%, 45.7% and 43.8%, respectively, of Vedanta's Indian copper business revenue. The following table sets out the export assistance premiums, either as Indian Rupees per tonne of exports or as a percentage of the FOB value of exports, on copper cathode and copper rods for the periods indicated:

	1 September 2008 to 19 September 2010	20 September 2010 to 30 September 2011	1 October 2011 to present
	(Percentage of FOB value of exports)		
Copper cathode	2.2%(1)	2.0%	2.0%(4)
Copper rods with Cenvat	2.2%(2)	2.2%(3)	2.0%
Copper rods without Cenvat	2.2%(2)		

(1) Subject to a cap of Rs. 7,000 per tonne.

(2) Subject to a cap of Rs. 9,800 per tonne.

(3) Subject to a cap of Rs. 7,500 per tonne.

(4) Subject to a cap of Rs. 8,000 per tonne.

In fiscal 2011, 2012 and 2013, exports accounted for 17.5%, 18.1% and 12.1%, respectively, of Vedanta's aluminium business revenue. The following table sets out the export assistance premiums, as a percentage of the FOB value of exports, on aluminium ingots, aluminium rods and aluminium rolled products for the periods indicated:

	9 October 2007 to 30 September 2011	1 October 2011 to Present
	(Percentage of FOB value of exports)	
Aluminium ingots	3%	2%
Aluminium rods	5%	2%
Aluminium rolled products	4%	3%

The GoI may further reduce export incentives in the future, which may have a material adverse effect on Vedanta's results of operations and financial condition.

Taxes and royalties

Income tax on Indian companies is presently charged at a statutory rate of 30%, plus an applicable surcharge of 10% on the tax and has an additional tax by way of higher and secondary education cess of 3%, on the tax including surcharge, which results in an effective statutory tax rate of 34.0%. As announced on 28 February 2011, there was a reduction in corporate tax surcharge from 7.5% to 5%, resulting in a decrease of the effective statutory tax rate from 33.2% to 32.4% effective from 1 April 2011, which has since increased to 34.0% effective from 1 April 2013. Vedanta has in the past had an effective tax rate lower than the statutory rate, benefiting from tax incentives on infrastructure projects in specific locations.

Profits of companies in India are subject to either regular income tax or a minimum alternate tax ("MAT"), whichever is greater. MAT rates are currently 21.0%. In addition, the applicability of MAT was extended to special economic zones, effective from 1 April 2012. Despite the increase in rate of MAT, the carried forward time limit for MAT credit remains unchanged at ten years.

A tax on dividends declared and distributed by Indian companies is currently charged at an effective tax rate of 17.0%. This tax is payable by the company distributing the dividends. Dividends from Vedanta's subsidiaries to Vedanta are also subject to this tax, although Vedanta does not pay income tax in India upon the receipt of any such dividends.

Vedanta currently pays an excise duty of 12.0% and an additional charge of 3.0% on the excise duty based on all of Vedanta's domestic production intended for domestic sale. Vedanta charges the excise duty and additional charge to its domestic customers. SGL pays excise duty on metallurgical coke at the rate 6.0% and an additional charge of 3% on the excise duty. HZL pays excise duty on silver at the rate of 4.0% and an additional charge of 3.0% on the excise duty.

Vedanta is also subject to government royalties. It pays royalties to the State Governments of Chhattisgarh, Rajasthan, Goa and Karnataka in India based on its extraction of bauxite, lead-zinc ore and iron ore. Most significant of these is the royalty that HZL is currently required to pay to the State of Rajasthan, where all of HZL's mines are located, at a rate of 8.4% with effect from 13 August 2009 of the zinc LME price payable on the zinc metal contained in the concentrate produced, 12.7% of the lead LME price payable on the lead metal contained in the concentrate produced and at a rate of 7.0% of silver LME price chargeable on silver-metal produced. The royalties paid by BALCO and SGL on the extraction of bauxite and iron ore, respectively, are not material to Vedanta's results of operations. SGL pays royalties at 10% ad valorem, the rate declared by IBM on monthly basis. Vedanta also pays royalties to the State Government of Tasmania in Australia based on the operations of CMT at a rate equal to the sum of 1.9% of the revenue plus 0.4 times the profit multiplied by the profit margin over revenue, subject to a cap of 5.4% of revenue.

There are several tax incentives available to companies operating in India, including the following:

- Profits from newly established units in special economic zones and specified geographic locations are entitled to a tax holiday for a specified period;
- Profits from newly constructed power plants (including for captive use) benefit from a tax holiday for a specified period;
- Investments in projects where alternative energy such as wind energy is generated can claim large tax depreciation in the first year of operations, in addition to a tax holiday for a specified period; and
- There are tax benefits on investments in mutual funds for holdings beyond 12 months and tax exemption on interest on specified public sector bonds subject to certain conditions.

Vedanta has benefited from these tax incentives. Such benefits have resulted in lower effective tax rates in some of its operating subsidiaries such as BALCO, HZL and Sterlite. BALCO, Sterlite and HZL have considerable investments in captive power plants enjoying tax exemptions, and HZL has also benefited from establishing wind energy generating projects. HZL also benefits from a tax holiday exemption with respect to its zinc processing and refining unit at Haridwar and its zinc, lead and silver processing and refining unit in Pantnagar in the State of Uttarakhand in northern India. In addition, a large part of Sterlite's and HZL's investments of their surplus cash is in tax-efficient or tax-exempt instruments. Sterlite Energy and TSPL also enjoy a tax exemption on their independent power plants for ten years from the commencement of their operations. The Vizag port and Cairn India are also subject to favourable tax treatment.

Zambian Government Policy

KCM's results of operations are significantly impacted by a number of Zambian and foreign governmental policies, including fiscal and economic policy, industrial policy, infrastructure spending policy, mining policy, direct and indirect taxes and export-import policy. Such governments may at any time effect a change in any of these policies, which may adversely affect KCM's results of operations.

KCM signed a Development Agreement with the Zambian Government in 2000 (the "Development Agreement"). The Development Agreement was subsequently amended in 2004. The Development Agreement provided for legislative and taxation certainty for an agreed period. The existence of the Development Agreement was provided for by the Mines and Minerals Act 1995 which was repealed on 1 April 2008. The Zambian

Government enacted the Income Tax (Amendment) Act 2008, effective 1 April 2008, which made changes to the tax regime in Zambia. Under this Act, *inter alia*, the tax rates applicable to mining companies were increased from 25% to 30% (though the tax rates were effective 1 April 2008, the tax legislation was substantially enacted before the end of fiscal 2008 and accordingly KCM's deferred tax assets and liabilities were revalued as of 31 March 2007 assuming the higher tax rate). In addition, the mineral royalty rate was increased from 0.6% to 3%. As of 31 March 2013, the mineral royalty rate was 6%. For fiscal 2013, the capital allowance in the form of depreciation was changed to 25% from the 100% level that prevailed in earlier years. This policy was reversed by the Zambian Government and the rate was restored to 100% beginning 1 April 2009.

The Zambian Government also introduced a number of new taxes effective 1 April 2008, including a windfall tax and variable profit tax (these taxes do not constitute income taxes for financial reporting purposes, and therefore, any tax accrued has been classified under cost of sales). In fiscal 2009, the windfall tax became payable when copper was sold at prices above $5,512 per tonne. The applicable windfall tax rates varied from 25% to 75% of the difference between the average LME price and specific price thresholds ranging upward from $5,512 per tonne. In fiscal 2009, the windfall tax was not a deductible expense in the computation of income tax. The variable profit tax became payable where income from mining activities exceeded 8% of gross sales at a rate determined according to a prescribed formula and was payable only if the windfall tax was not payable.

On the basis of a July 2008 letter from the Zambian Revenue Authority, provision of $29.8 million was recorded on the balance sheet in fiscal 2009 representing the liability that would arise if the windfall tax were to be paid at the flat rate of 25% on copper sales above the threshold price. In November 2010, KCM received another letter from the Zambian Revenue Authority requesting payment of the windfall tax at a flat rate of 25% and further stating that, if such outstanding windfall tax is paid in full prior to 30 June 2011, the Government will waive any penalties and interest accrued on the arrears. KCM subsequently paid the windfall tax liability in 2011 with no penalties and as of 31 March 2013 there was no liability outstanding. With effect from 1 April 2009, the Zambian Government annulled the windfall tax on a prospective basis and, as a result, no windfall tax has been applicable to KCM since fiscal 2009. The variable profit tax remains in effect.

KCM has been, and expects to continue to be, positively impacted by a 10% duty imposed by the Zambian Government on the export of copper concentrate from Zambia. This duty has increased the domestic supply of copper concentrate and has reduced the price of copper concentrate purchased by KCM in the domestic market. There can be no assurance that the Zambian Government will not reduce or eliminate this duty in the future.

Exchange Rates

Vedanta's financial statements are presented in US dollars. However, its operating costs are influenced by the currencies of those countries where Vedanta's mines, fields and plants are located. A majority of its mines, fields and plants are located in India and, hence, the Indian Rupee is the currency in which most of its costs are incurred and whose fluctuation against the US dollar may have a significant impact on its financial results. When the Indian Rupee depreciates against the US dollar, Vedanta's financial results can improve as its costs of production become lower relative to the price it can obtain for its products in the global marketplace, especially as compared to competitors with costs of production that are denominated in a currency that has not depreciated against the US dollar. Conversely, when the Indian Rupee appreciates against the US dollar, Vedanta's financial results can be negatively impacted. Vedanta also has capital expenditure and services denominated in currencies other than the Indian Rupee. For example, KCM's functional currency is the US dollar with its cost base having a mix of the Zambian Kwacha and the US dollar.

See "Risk Factors — Currency fluctuations among the Indian Rupee and other currencies and the US dollar could have a material adverse effect on Vedanta's results of operations" for additional information.

Vedanta's borrowings are predominantly denominated in US dollars while a large portion of its cash and liquid investments are held in other currencies, mainly in Indian Rupees. Some financial assets and liabilities of its subsidiaries are not held in the functional currency of such subsidiaries. As a result, Vedanta is exposed to movements in the functional currency of those entities.

Vedanta's exposure to various currencies means that currency fluctuations may have a large impact on Vedanta financial results. It is subject to currency risks affecting the underlying cost bases in its operating subsidiaries, and also the translation of the cost of production, income statement and balance sheet (including non-US dollar denominated borrowings) in the consolidated financial statements, where the functional currency is not the US dollar.

Results of Operations

Overview

The following table sets out Vedanta's historical operating results as a percentage of revenue for each of fiscal 2011, 2012 and 2013:

	Year Ended 31 March		
	2011	2012	2013
Revenue	**100%**	**100%**	**100%**
Cost of sales	(70.9)%	(74.6)%	(78.1)%
Gross profit	29.1%	25.4%	21.9%
Other operating income	0.6%	0.6%	0.6%
Distribution costs	(2.8)%	(4.1)%	(1.9)%
Administrative expenses	(3.3)%	(3.3)%	(3.5)%
Special Items	(1.4)%	(1.6)%	(0.3)%
Operating profit	22.2%	17.0%	16.8%
Share in consolidated profit of associate	—	0.7%	—
Investment revenue	3.8%	3.8%	4.5%
Finance costs	(4.7)%	(6.8)%	(8.0)%
Other gains and losses (net)	2.2%	(2.2)%	(1.9)%
Profit before taxation	**23.5%**	**12.5%**	**11.4%**
Tax expense	(5.7)%	(3.7)%	(0.3)%
Profit for the year	**17.8%**	**8.8%**	**11.1%**

Revenue by Geographic Location

Vedanta's operations are located in India, Zambia, Australia, South Africa, Liberia, Namibia, Ireland and Sri Lanka. The primary markets for its products are India, China, Asia (others) and the Middle East. Vedanta endeavours to sell as large a quantity of its products as possible in India due to the Indian market premium that it receives on sales in India. The following table sets out Vedanta's revenue from each of its primary markets in each of fiscal 2011, 2012 and 2013:

	Year Ended 31 March					
	2011	%	2012	%	2013	%
	($ in millions, except percentages)					
India	4,924.4	43.1	6,764.9	48.3	9,477.6	63.3
China	2,157.0	18.8	2,819.4	20.2	2,113.0	14.1
Far East others(1)	1,354.6	11.9	983.3	7.0	672.5	4.5
Africa	172.3	1.5	255.2	1.8	278.1	1.9
Europe	1,071.1	9.4	1,538.4	11.0	1,003.0	6.7
Middle East	1,068.9	9.3	1,030.3	7.4	1,178.8	7.9
Asia (others)(2)	648.7	5.7	467.8	3.3	133.5	0.9
Others(3)	30.2	0.3	146.0	1.0	133.3	0.9
Total	**11,427.2**	**100%**	**14,005.3**	**100%**	**14,989.8**	**100%**

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

(2) Asia (others) includes Sri Lanka, Bangladesh, Nepal and Pakistan.

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

Results of Operations: Fiscal 2013 compared to Fiscal 2012

Revenue

Vedanta's revenue was $14,989.8 million in fiscal 2013, an increase of $984.5 million, or 7.0%, from $14,005.3 million in fiscal 2012. This increase was primarily due to a full year of revenue from Cairn India, which was acquired on 8 December 2011, and an increase in sales volume across all businesses except for iron ore, which was adversely impacted by the suspensions of mining activities in the States of Karnataka and Goa. This increase was partially offset by lower commodity prices and lower revenue in the iron ore business, the zinc businesses and the copper business in India and Australia. Vedanta's copper, oil and gas, zinc, iron ore, aluminium and power businesses contributed 38.2%, 21.5%, 20.4%, 2.9%, 12.8% and 3.7%, respectively, to its revenue in fiscal 2013.

Oil and Gas

Revenue from the oil and gas business was $3,223.4 million in fiscal 2013, an increase of $2,340.9 million, or 265.3%, from $882.5 million in fiscal 2012.

Prior year performance is not comparable as the acquisition of the oil and gas businesses was completed during fiscal 2012, and revenue for fiscal 2012 only represents the period from 8 December 2011 to 31 March 2012.

Zinc (India)

Revenue from the zinc business was $2,263.3 million in fiscal 2013, a decrease of $52.8 million, or 2.3%, from $2,316.1 million in fiscal 2012. This decrease was primarily due to a 7.1% decrease in the daily average zinc LME price in fiscal 2013 as compared to fiscal 2012, lower zinc volumes and lower by-product realisation, partially offset by the positive impact of higher volumes of silver and lead and the depreciation of the Indian Rupee against the US dollar by 13.6% between fiscal 2012 and 2013. Specifically:

- The daily average zinc cash settlement price on the LME decreased from $2,098 per tonne in fiscal 2012 to $1,948 per tonne in fiscal 2013, a decrease of 7.1%.
- Zinc ingot production decreased from 758,716 tonnes in fiscal 2012 to 676,921 tonnes in fiscal 2013, a decrease of 10.8%, due to lower concentrate and calcine availability in the first half of fiscal 2013 in line with HZL's plan for its mines and the suspension of operations at the Vizag facility from February 2012. Zinc ingot sales decreased from 758,499 tonnes in fiscal 2012 to 674,959 tonnes in fiscal 2013, a decrease of 11.0%, due to low production and weaker market demand in India as well as in the rest of Asia.
- Zinc ingot sales in the domestic market increased from 421,483 tonnes in fiscal 2012 to 447,877 tonnes in fiscal 2013, an increase of 6.3%. HZL's domestic sales as a percentage of total sales increased from 57.8 % in fiscal 2012 to 69.8% in fiscal 2013. Export sales decreased from 337,016 tonnes of zinc in fiscal 2012 to 227,081 tonnes of zinc in fiscal 2013, a decrease of 32.6%.
- Zinc concentrate sales increased from none in fiscal 2012 to 119,570 dmt in fiscal 2013. This increase was primarily due to the availability of surplus zinc concentrate in the second half of fiscal 2013. HZL sold surplus lead concentrate of 10,086 dmt in fiscal 2012, but did not sell any in fiscal 2013 to third parties. This decrease was primarily due to an increase in internal consumption due to higher production at HZL's lead smelters.
- Lead ingot production increased from 92,099 tonnes in fiscal 2012 to 118,316 tonnes in fiscal 2013, an increase of 28.5% , due to higher production at mines and the ramp-up of the Dariba lead smelter. Lead ingot sales increased from 91,701 tonnes in fiscal 2012 to 117,445 tonnes in fiscal 2013, an increase of 28.1% due to the increase in production.
- The daily average lead cash settlement price on the LME decreased from $2,098 per tonne in fiscal 2012 to $1,948 per tonne in fiscal 2013, a decrease of 7.2%.
- Silver ingot production increased from 206,945 kilograms in fiscal 2012 to 373,900 kilograms in fiscal 2013, an increase of 80.7%, primarily due to the continued ramp-up of Sindesar Khurd mine and the Dariba lead smelter. The daily average silver LBMA price decreased by 13.6% in fiscal 2013 as compared to fiscal 2012. Sales of silver ingots increased from 205,691 kilograms in fiscal 2012 to 373,954 kilograms in fiscal 2013, an increase of 81.8 % enabled by the increase in production.

Zinc (International)

Revenue from the international zinc business was $797.2 million in fiscal 2013, a decrease of $62.3 million, or 7.2%, from $859.5 million in fiscal 2012. This decrease was primarily due to a 7.1% decrease in the daily average zinc LME price in fiscal 2013 as compared to fiscal 2012, and a decrease in production. Specifically:

- Zinc ingot production increased marginally from 144,755 tonnes in fiscal 2012 to 145,342 tonnes in fiscal 2013, an increase of 0.4%. Zinc ingot sales decreased from 152,788 tonnes in fiscal 2012 to 145,514 tonnes in fiscal 2013, a decrease of 4.8%, in line with planned declines in production intended to manage mine life.
- The daily average zinc cash settlement price on the LME decreased from $2,098 per tonne in fiscal 2012 to $1,948 per tonne in fiscal 2013, a decrease of 7.2%.
- Zinc metal content production decreased from 214,975 tonnes in fiscal 2012 to 208,062 tonnes in fiscal 2013, a decrease of 3.2%, mainly from Lisheen. Zinc metal content sales increased from 216,780 tonnes in fiscal 2012 to 209,503 tonnes in fiscal 2013, an increase of 3.4%.

Copper (India/Australia)

Revenue from the copper business in India and Australia was $3,989.0 million in fiscal 2013, a decrease of $216.1 million, or 5.1%, from $4,205.1 million in fiscal 2012. The decrease was primarily due to lower by-product credits for sulphuric acid and lower LME price of copper, which was partially offset by positive currency variance, given the depreciation of the Indian Rupee against the US dollar. Specifically:

- Total copper cathode production increased from 325,876 tonnes in fiscal 2012 to 353,154 tonnes in fiscal 2013, an increase of 8.4%. Copper cathode sales increased from 320,518 tonnes in fiscal 2012 to 350,471 tonnes in fiscal 2013, an increase of 9.3%, due to increased production and domestic demand.
- Production of copper rods increased from 161,421 tonnes in fiscal 2012 to 171,855 tonnes in fiscal 2013, an increase of 6.5%. Copper rod sales increased from 161,514 tonnes in fiscal 2012 to 171,653 tonnes in fiscal 2013, an increase of 6.3%. The increase in sales was due to higher production.
- Sales of copper in the Indian market increased from 187,465 tonnes in fiscal 2012 to 191,830 tonnes in fiscal 2013, an increase of 2.3%, and Vedanta's exports increased from 133,053 tonnes in fiscal 2012 to 158,640 tonnes in fiscal 2013, an increase of 19.2%. Domestic sales as a percentage of total sales decreased from 58.5% in fiscal 2012 to 54.7% in fiscal 2013 due to domestic demand not keeping pace with increased production.
- The daily average copper cash settlement price on the LME decreased from $8,475 per tonne in fiscal 2012 to $7,853 per tonne in fiscal 2013, a decrease of 7.3%.

Copper (Zambia)

Revenue from KCM in Zambia was $1,742.8 million in fiscal 2013, an increase of $33.6 million, or 2.0%, from $1,709.2 million in fiscal 2012. This slight increase was primarily due to increased production, offset by lower daily average copper LME prices during fiscal 2013. Specifically, copper production increased from 199,765 tonnes in fiscal 2012 to 216,059 tonnes in fiscal 2013, an increase of 8.2%. Copper sales increased from 200,902 tonnes in fiscal 2012 to 216,092 tonnes in fiscal 2013, an increase of 7.9%. The daily average copper LME price decreased from $8,475 per tonne in fiscal 2012 to $7,853 per tonne in fiscal 2013, a decrease of approximately 7.3%.

Iron ore

Revenue from the iron ore business was $441.3 million in fiscal 2013, a decrease of $1,247.6 million, or 73.9%, from $1,688.9 million in fiscal 2012. The saleable iron ore production in fiscal 2013 was 3.7 million tonnes, a decrease of 10.1 million tonnes, or 73.2%, from 13.8 million tonnes in fiscal 2012, primarily as a result of the ban on mining activities in the State of Karnataka and the suspension of mining activities in the State of Goa. The decrease in iron ore production was partially offset by significant increases in pig iron and metallurgical coke production from the commissioning of new pig iron capacity and associated metallurgical coke capacity in the second quarter of fiscal 2013.

Aluminium

Revenue from the aluminium business was $1,918.8 million in fiscal 2013, an increase of $46.0 million, or 2.5%, from $1,872.9 million in fiscal 2012. This increase was primarily due to higher volumes offset by a 14.7% decrease in daily average aluminium LME prices in fiscal 2013 compared to fiscal 2012. Specifically:

- Aluminium production from Vedanta Aluminium increased from 429,723 tonnes in fiscal 2012 to 527,037 tonnes in fiscal 2013, an increase of 97,313 tonnes, or 22.6%. Aluminium production from BALCO increased from 245,654 tonnes in fiscal 2012 to 246,989 tonnes in fiscal 2013, a increase of 1,335 tonnes.

- Aluminium sales increased from 668,991 tonnes in fiscal 2012 to 773,001 tonnes in fiscal 2013, an increase of 15.5%, due to an increase in production at the smelter at Jharsuguda. Similarly, sales of aluminium ingots increased from 271,815 tonnes in fiscal 2012 to 321,032 tonnes in fiscal 2013, an increase of 18.1%, and wire rod sales increased from 267,214 tonnes in fiscal 2012 to 295,430 tonnes in fiscal 2013, an increase of 10.6%, due to an increase in production at the smelter at Jharsuguda. Rolled product sales decreased from 63,996 tonnes in fiscal 2012 to 58,160 tonnes in fiscal 2013, a decrease of 9.1%, primarily due to a decrease in production from BALCO. Billets sales increased from 65,966 tonnes in fiscal 2012 to 98,299 tonnes in fiscal 2013.

- Aluminium sales in the domestic Indian market increased from 534,361 tonnes in fiscal 2012 to 660,533 tonnes in fiscal 2013, an increase of 23.6%. Aluminium sales exports decreased from 134,630 tonnes in fiscal 2012 to 112,467 tonnes in fiscal 2013, due to lower demand in Asian markets. Vedanta's aluminium domestic sales as a percentage of total sales increased from 79.9% to 85.5% due to demand from the power distribution industry, transmission infrastructure and infrastructural growth in India.

- The daily average aluminium cash settlement price on the LME decreased from $2,313 per tonne in fiscal 2012 to $1,974 per tonne in fiscal 2013, a decrease of 14.7%.

Commercial Power Generation

Revenue from the commercial power generation business was $548.7 million in fiscal 2013, an increase of $127.8 million, or 30.4% from $420.9 million in fiscal 2012 primarily due to an increase in the volume of power sold, offset by a fall in power tariffs and lower power sales prices. The growth in volume was mainly on account of the increased production and capacity of the 2,400MW power plant at Jharsuguda.

Operating profit

Vedanta's operating profit was $2,512.0 million in fiscal 2013, an increase of $124.3 million, or 5.2%, from $2,387.7 million in fiscal 2012. This increase was attributable to a full year of operating profit from Cairn India, which was acquired on 8 December 2011, an increase in sales volume across all businesses except for iron ore, which was adversely impacted by the mining bans in the States of Karnataka and Goa, and a continuing focus on operational efficiencies, offset by lower operating profit from the iron ore business, declining commodity prices and increased costs. Operating margin decreased to 16.8% in fiscal 2013 from 17.0% in fiscal 2012 due to lower production at SGL and a decrease in commodity prices, but partially offset by depreciation of the Indian Rupee against the US dollar.

Contributing factors to Vedanta's consolidated operating profit were as follows:

- The operating loss for the iron ore business was $4.0 million in fiscal 2013, a decrease of $485.3 million from an operating profit $481.3 million in fiscal 2012. The loss was primarily attributable to the mining bans in the States of Karnataka and Goa, partially offset by higher production of pig iron and metallurgical coke.

- Depreciation and amortisation charges increased to $2,334.4 million in fiscal 2013 from $1,408.4 million in fiscal 2012 due the inclusion of full-year charges related to the Cairn India acquisition of $420 million in depreciation and $820 million in amortisation, as compared to four-month charges in fiscal 2012, reflecting the fact that the acquisition was not completed until 8 December 2011. The remaining depreciation increase was due to the capitalisation of projects by KCM, HZL and Sterlite Energy, partially offset by lower amortisation costs at the iron ore and international zinc businesses due to lower production.

- Cost of sales increased to $11,702.3 million in fiscal 2013 from $10,442 million in fiscal 2012, an increase of $1,238.7 million, or 11.9%, primarily due to higher volumes across all of Vedanta's businesses (except iron ore) in fiscal 2013 compared to fiscal 2012 and higher depreciation and amortisation charges primarily attributable to the Cairn India acquisition. Cost of sales as a percentage of revenue increased from 74.6% in fiscal 2012 to 77.9% in fiscal 2013, primarily due to costs remaining relatively stable while margins decreased due to lower commodity prices.
- Distribution costs decreased from $569.0 million in fiscal 2012 to $295.0 million in fiscal 2013, a decrease of $274 million, or 48.2% mainly attributable to lower volumes of iron ore in fiscal 2013 compared to fiscal 2012.
- Administrative expenses increased from $461.5 million in fiscal 2012 to $528.90 million in fiscal 2013, an increase of $67.4 million, or 14.6% mainly on account of administrative expenses relating to a full year of contribution from Cairn India, which was acquired on 8 December 2011, exploration expenses and other miscellaneous expenses at HZL and increased infrastructure support at Black Mountain Mining. This increase was partially offset by lower expenses at Vedanta Aluminium.
- The losses arising from Special Items decreased from $230.2 million in fiscal 2012 to $41.9 million in fiscal 2013, a decrease of $188.3 million, or 81.8%. Special Items in fiscal 2013 were primarily comprised of court-ordered compensation of $18.4 million related to the Tuticorin smelter and $9.4 million on account of voluntary redundancy charges.

Oil and Gas

The EBITDA for the oil and gas business was $2,439.7 million in fiscal 2013, an increase of $1,726.7 million, or 242.2%, from $713.0 million in fiscal 2012.

Prior year performance is not comparable as the acquisition of the oil and gas businesses was completed on 8 December 2011, and revenue for fiscal 2012 only represents the period from 8 December 2011 to 31 March 2012 .

Zinc (India)

The EBITDA for the India zinc business was $1,165.3 million in fiscal 2013, a decrease of $79.5 million, or 6.4%, from $1,244.8 million in fiscal 2012. The decrease in EBITDA was primarily attributable a 7.1% decrease in the daily average zinc LME price in fiscal 2013 as compared to fiscal 2012, lower zinc volumes and lower by-product realisation, offset by the positive impact of higher volumes of silver and lead and depreciation of the Indian Rupee against the US dollar by 13.6% between fiscal 2012 and 2013.

Zinc (International)

The EBITDA for the international zinc business was $294.5 million in fiscal 2013, a decrease of $71.5 million, or 19.5%, from $366.0 million in fiscal 2012. The decrease in operating profit was primarily attributable to lower zinc and lead prices and lower volume, mainly from Lisheen, which was partially offset by lower costs of production.

Copper (India/Australia)

The EBITDA for the India and Australia copper business was $219.1 million in fiscal 2013, a decrease of $78.9 million, or 26.5%, from $298.0 million in fiscal 2012. The decrease in operating profit was primarily attributable to the higher cost of production at the Tuticorin smelter. In particular:

- TcRc rates increased from an average of 12.8¢/lb realised in fiscal 2012 to an average of 14.5¢/lb realised in fiscal 2013 as a result of world market trends.
- Cost of production, which consists of the cost of smelting and refining costs, increased from 0.0¢/lb in fiscal 2012 to 8.7 ¢/lb in fiscal 2013, primarily due to lower realisation of sulphuric acid in fiscal 2013.

Copper (Zambia)

KCM's EBITDA was $257.3 million in fiscal 2013, a decrease of $130.6 million, or 33.7%, compared to $387.9 million in fiscal 2012. The decrease was primarily attributable to higher cost of production due to the impact of a one-time cost provision for termination of a mining contract and a lower average LME copper price, which were partially offset by higher production.

Iron ore

The EBITDA for the iron ore business was $84.2 million in fiscal 2013, a decrease of $637.2 million from $721.4 million in fiscal 2012. The decrease was primarily attributable to the mining ban in the State of Karnataka and a suspension of mining activities in the State of Goa, partially offset by higher production of pig iron and metallurgical coke.

Aluminium

The EBITDA for the aluminium business was $214.0 million in fiscal 2013, an increase of $31.5 million, or 17.3%, from $182.5 million in fiscal 2012. This was primarily as a result of higher volume and lower depreciation and amortisation, partially offset by lower LME prices.

Commercial power generation

The EBITDA for the commercial power generation business was $215.0 million in fiscal 2013, an increase of $93.0 million, or 76.2%, from $122.0 million in fiscal 2012. The increase in segment result was primarily attributable to higher sales and lower costs, both attributable to the ramping up of the new 2,400 MW independent power plant at Jharsuguda.

Investment revenue, finance costs and other gains / (losses)

Vedanta's investment revenue was $673.1 million in fiscal 2013, an increase of $147.7 million, or 28.1%, from $525.4 million in fiscal 2012, which was primarily the result of higher interests income on cash and liquid investments and an increase in the fair value of financial assets held for trading.

Vedanta's finance costs were $1,194.0 million in fiscal 2013, an increase of $248.3 million, or 26.3%, from $945.7 million in fiscal 2012. This was mainly due to the full year of interest on the debt incurred during fiscal 2012 for the Cairn India acquisition.

Other gains / (losses) in fiscal 2013 include a loss of $285.2 million, compared to a loss of $314.2 million in fiscal 2012. This decrease was mainly due to a $24.7 million change in the fair value of embedded derivatives on foreign currency convertible bonds as compared to $97.1 million in fiscal 2012.

Income tax expense and non-controlling interests

Income tax expense was $40.1 million in fiscal 2013, a decrease of $476.6 million, or 92.2%, from $516.7 million in fiscal 2012, primarily due to lower tax rates. The effective tax rate for fiscal 2013 was 2.4%, compared to 29.6% in fiscal 2012, reflecting the negative tax rates at Cairn India due to a tax holiday in the Rajasthan Block fields, the reorganisation of its subsidiaries and the reversal of deferred tax liabilities on acquisition-related amortisation costs.

The profits attributable to non-controlling interests in fiscal 2013 increased to $1,508.4 million from $1,168.9 million in fiscal 2012. The profits attributable to non-controlling interests as a percentage of total profits decreased to 90.6% in fiscal 2013 from 95.1% in fiscal 2012, primarily due to increased contribution from Cairn India.

Results of Operations: Fiscal 2012 compared to Fiscal 2011

Revenue

Vedanta's revenue was $14,005.3 million in fiscal 2012, an increase of $2,578.1 million, or 22.6%, from $11,427.2 million in fiscal 2011. This was primarily due to higher volume at the India zinc businesses, the completion of the acquisition of Cairn India, as well as incremental revenue from a full year of operation from the international zinc businesses, which were acquired during fiscal 2011. Vedanta's copper, zinc, iron ore, aluminium, power and oil and gas businesses contributed 42.2%, 22.7%, 12.1%, 13.4%, 3.4% and 6.3%, respectively, to its revenue in fiscal 2012.

Oil and gas

Vedanta's oil and gas business is comprised of Cairn India, which was acquired effective 8 December 2011. Revenue from the oil and gas business was $882.5 million in fiscal 2012, representing only the period from 8 December 2011 to 31 March 2012.

Zinc (India)

Revenue from the India zinc business was $2,316.1 million in fiscal 2012, an increase of $156.6 million, or 7.3%, from $2,159.5 million in fiscal 2011. This increase was primarily due to an increase in sales volume enabled by increased production of silver and lead, and partially offset by a 4.0% decrease in the daily average zinc LME price in fiscal 2012 as compared to fiscal 2011. Specifically:

- Zinc ingot production increased from 712,471 tonnes in fiscal 2011 to 758,716 tonnes in fiscal 2012, an increase of 6.5%, due to the ramp-up of production from the new zinc smelter at Dariba and improved operational efficiencies. Zinc ingot sales increased from 712,603 tonnes in fiscal 2011 to 758,499 tonnes in fiscal 2012, an increase of 6.4%, enabled by the higher production and strong market demand in India as well as in the rest of Asia.
- Zinc ingot sales in the domestic market increased from 411,617 tonnes in fiscal 2011 to 438,171 tonnes in fiscal 2012, an increase of 6.5%. Our domestic sales as a percentage of total sales remained constant in fiscal 2011 and in fiscal 2012. Export sales increased from 300,986 tonnes of zinc in fiscal 2011 to 320,328 tonnes of zinc in fiscal 2012, an increase of 6.4% due to increased production.
- The daily average zinc cash settlement price on the LME decreased from $2,185 per tonne in fiscal 2011 to $2,098 per tonne in fiscal 2012, a decrease of 4.0%.
- Zinc concentrate sales decreased from 65,957 dry metric tonnes in fiscal 2011 to nil in fiscal 2012, as it was all consumed internally. Surplus lead concentrate of 38,457 dry metric tonnes in fiscal 2011 and 10,086 dry metric tonnes in fiscal 2012 was sold to third parties. These decreases were due to higher captive consumption on account of increased internal demand due to the ramp-up of production from the new smelter at Dariba.
- Lead ingot production increased from 57,294 tonnes in fiscal 2011 to 92,099 tonnes in fiscal 2012, an increase of 60.8%, due to the ramp-up of the new lead smelter at Dariba. Lead ingot sales increased from 57,229 tonnes in fiscal 2011 to 91,701 tonnes in fiscal 2012, an increase of 60.2%, due to increase in production.
- Silver ingot production increased from 148,082 kilograms in fiscal 2011 to 206,945 kilograms in fiscal 2012, an increase of 39.8%, primarily due to higher silver content in mined ore and the ramp-up of the Sindesar Khurd mine. The daily average silver LBMA price increased by 47.7% in fiscal 2012 as compared to fiscal 2011. Sales of silver ingots increased from 146,558 kilograms in fiscal 2011 to 205,691 kilograms in fiscal 2012, an increase of 40.3% enabled by the increase in production.
- The daily average lead cash settlement price on the LME increased from $2,244 per tonne in fiscal 2011 to $2,269 per tonne in fiscal 2012, an increase of 1.1%.
- The daily average silver LBMA prices increased from $23.9 per ounce in fiscal 2011 to $35.3 per ounce in fiscal 2012 an increase of 47.7%.

Zinc (International)

Revenue from the international zinc business increased to $859.5 million in fiscal 2012 from $218.9 million in fiscal 2011.

Prior year performance is not comparable as the acquisition of the international zinc businesses was completed over the period from December 2010 to February 2011.

Copper (India/Australia)

Revenue from the copper business in India and Australia was $4,205.1 million in fiscal 2012, an increase of $776.9 million, or 22.7%, from $3,428.2 million in fiscal 2011. This increase was primarily due to the increase in production of cathodes and higher LME prices of copper. Specifically:

- Copper cathode production increased from 303,991 tonnes in fiscal 2011 to 325,876 tonnes in fiscal 2012, an increase of 7.2%. The production in fiscal 2011 was lower primarily due to the planned bi-annual plant maintenance shut down for 26 days in June and July 2010 and stabilisation issues faced during the post-shut-down ramp-up. Copper cathode sales increased from 116,590 tonnes in fiscal 2011 to 159,004 tonnes in fiscal 2012, an increase of 36.0%, due to the increased production.

- Production of copper rods decreased from 187,892 tonnes in fiscal 2011 to 161,421 tonnes in fiscal 2012, a decrease of 14.1%. Copper rod sales decreased from 186,737 tonnes in fiscal 2011 to 161,514 tonnes in fiscal 2012, a decrease of 13.5%. The rod sales decreased as the product mix shifted towards cathodes, which had better realisation from the export market.
- Sales of copper in the Indian market decreased from 206,653 tonnes in fiscal 2011 to 197,434 tonnes in fiscal 2012, a decrease of 4.5%, and exports increased from 96,674 tonnes in fiscal 2011 to 123,084 tonnes in fiscal 2012, an increase of 27.3%. Vedanta also carried out tolling of 4,581 tonnes of copper cathode. Domestic sales as a percentage of total sales decreased from 68.1% in fiscal 2011 to 61.6% in fiscal 2012 because increased production was diverted to the export market due to reduced demand in the domestic market.
- The daily average copper cash settlement price on the LME increased from $8,138 per tonne in fiscal 2011 to $8,475 per tonne in fiscal 2012, an increase of 4.1%.

Copper (Zambia)

Revenue from KCM in Zambia was $1,709.2 million in fiscal 2012, a decrease of $32.1 million, or 1.8%, from $1,741.3 million in fiscal 2011. This decrease was primarily due to a decrease in production, offset by an increase in the daily average copper LME price during fiscal 2012 as compared to fiscal 2011. Specifically, copper production decreased from 216,499 tonnes in fiscal 2011 to 199,765 tonnes in fiscal 2012, a decrease of 7.7%, due to lower smelting activity. Copper sales decreased from 214,488 tonnes in fiscal 2011 to 200,902 tonnes in fiscal 2012, a decrease of 6.3%. The daily average copper cash settlement price on the LME increased from $8,138 per tonne in fiscal 2011 to $8,475 per tonne in fiscal 2012, an increase of 4.1%.

Iron ore

Revenue from the iron ore business was $1,688.9 million in fiscal 2012, a decrease of $289.0 million, or 14.6%, from $1,977.9 million in fiscal 2011. The saleable iron ore production in fiscal 2012 was 13.8 million tonnes, a decrease of 5.0 million tonnes, or 26.6%, from 18.8 million tonnes in fiscal 2011. These decreases were primarily as a result of the mining ban in Karnataka and the transport and logistics bottleneck in Goa. Iron ore revenue was further reduced by $201 million due to the rise in export duty to 20% in March 2011 and from 20 to 30% in December 2011.

Aluminium

Revenue from the aluminium business was $1,872.9 million in fiscal 2012, an increase of $94.8 million, or 5.3%, from $1,778.1 million in fiscal 2011. This increase was due to the increase in aluminium production at the Jharsuguda smelter and the depreciation of the Indian Rupee against the US dollar by 5.2% between fiscal 2012 and 2011. Specifically:

- Aluminium production increased from 640,662 tonnes in fiscal 2011 to 675,377 tonnes in fiscal 2012, an increase of 44,360 tonnes, as the production ramped up at the Jharsuguda 500 ktpa aluminium smelter, which increased its production from 385,363 tonnes in fiscal 2011 to 429,723 tonnes in fiscal 2012, an increase of 11.5%.
- Aluminium sales increased from 633,044 tonnes in fiscal 2011 to 668,991 tonnes in fiscal 2012, an increase of 6.8%, due to higher production from Vedanta Aluminium which was partially offset by lower production at BALCO. Sales of aluminium ingots decreased from 314,953 tonnes in fiscal 2011 to 262,650 tonnes in fiscal 2012, a decrease of 16.6%, as a result of lower production at BALCO. Wire rod sales increased from 219,686 tonnes in fiscal 2011 to 267,214 tonnes in fiscal 2012, an increase of 21.6%, as a result of increased production and increased demand for this product, particularly in the power sector, and reflects Vedanta Aluminium's continued focus on the sale of value-added products. Rolled product sales increased from 60,150 tonnes in fiscal 2011 to 73,160 tonnes in fiscal 2012, an increase of 21.6%, primarily due to increase demand in the construction and the transport sector.
- Aluminium sales in the domestic Indian market increased from 500,527 tonnes in fiscal 2011 to 534,361 tonnes in fiscal 2012, an increase of 6.8%, due to higher production from Vedanta Aluminium which was partially offset by lower production at BALCO. Vedanta's aluminium domestic sales as a percentage of total sales increased from 67.1% to 79.9% due to the increased demand of the value-added product in the domestic market, particularly in the power market.

- The daily average aluminium cash settlement price on the LME increased from $2,257 per tonne in fiscal 2011 to $2,313 per tonne in fiscal 2012, an increase of 2.4%.

Commercial power generation

Revenue from the power business was $420.9 million in fiscal 2012, an increase of $297.6 million, or 241.4%, from $123.3 million in fiscal 2011 primarily due to an increase in the volume of power sold from 1,879 million units during fiscal 2011 to 6,554 million units in fiscal 2012. The reason for this increase was that three 600 MW units at the Jharsuguda 2,400 MW power plant commenced operations during fiscal 2012.

Operating profit

Vedanta's operating profit was $2,387.7 million in fiscal 2012, a decrease of $146.6 million, or 5.8%, from $2,534.3 million in fiscal 2011. This decrease was attributable to higher depreciation and amortisation charges associated with the acquisitions of Cairn India and the international zinc businesses and Special Items. Operating margin decreased to 17.0% in fiscal 2012 from 22.2% in fiscal 2011 largely because of increased operating costs, including higher coal and other commodity-linked costs.

Contributing factors to Vedanta's consolidated operating profit were as follows:

- Depreciation and amortisation charges increased by $539.4 million from $869.0 million in fiscal 2011 to $1,408.4 million in fiscal 2012, mainly due to additional depreciation and amortisation of $346.7 million for Cairn India and $183.1 million due to the full year of operation for the international zinc business in fiscal 2012, plus additional depreciation and amortisation after the commissioning of the Jharsuguda power plant also providing for a substantial contribution.
- Cost of sales increased from $8,107.0 million in fiscal 2011 to $10,442.0 million in fiscal 2012, an increase of $2,335.0 million, or 28.8%. Cost of sales increased primarily due to higher input costs, higher royalty costs, and higher costs due to increased volume. Cost of sales as a percentage of revenue increased from 70.9% in fiscal 2011 to 74.6% in fiscal 2012.
- Distribution costs increased from $319.6 million in fiscal 2011 to $569.0 million in fiscal 2012, an increase of $249.4 million, or 78.0%, due to an increase in freight rates.
- Administration expenses increased from $376.7 million in fiscal 2011 to $461.5 million in fiscal 2012, an increase of $84.8 million, or 22.5%, primarily due to costs related to the operations of Cairn India, which was acquired on 8 December 2011.
- The losses arising from Special Items increased from $163.5 million in fiscal 2011 to $230.2 million in fiscal 2012, an increase of $66.7 million, or 40.9%. The amount for fiscal 2012 was primarily comprised of (i) a provision of $88.6 million made by Sterlite towards possible incidental damages payable to ASARCO in connection with a proposed acquisition; (ii) $73.0 million on costs relating to the acquisition of Cairn India, (iii) $13.5 million for costs relating to the aborted initial public offering of KCM, (iv) $31.4 million due to loss on the revaluation of the previously held interest in Cairn India as an associate, and (v) $21.2 million spent to cover voluntary redundancy at some of Vedanta's businesses.

Oil and gas

Vedanta completed the acquisition of its oil and gas business on 8 December 2011. Accordingly, the EBITDA for the oil and gas business in fiscal 2012 of $713.0 million only represents the period from 8 December 2011 to 31 March 2012 and a prior year comparison is not applicable.

Zinc (India)

The EBITDA for the India zinc business was $1,244.8 million in fiscal 2012, an increase of $25.2 million, or 30.9%, from $1,219.6 million in fiscal 2011. The slight increase in operating profit was due to improved operational efficiency and by-product realisation, offset by higher coal prices, lower ore grade during the year and higher mine development expenses.

Zinc (International)

The EBITDA for the international zinc business was $366.0 million in fiscal 2012, an increase of $264.7 million, or 9.1%, from $101.3 million in fiscal 2011. Prior year performance is not comparable as the acquisition of the international zinc business was completed during the period from December 2010 to February 2011.

Copper (India/Australia)

The EBITDA for the copper business in India and Australia was $298.0 million in fiscal 2012, an increase of $56.5 million, or 7.4%, from $241.5 million in fiscal 2011. The increase was primarily attributable to a higher realisation of by-product credits resulting in lower cost of production, higher TcRc, which increased from an average of 11.9¢/lb realised in fiscal 2011 as compared to an average of 14.5¢/lb realised in fiscal 2012, higher volumes and better margins on acid sales.

Copper (Zambia)

KCM's EBITDA was $387.9 million in fiscal 2012, a decrease of $52.0 million, or 9.6%, from $439.9 million in fiscal 2011. The decrease was primarily attributable to higher unit cost of production, which was $2.37 per lb in fiscal 2012, up 19.9% compared with $1.98 per lb in fiscal 2011, due to higher pre-stripping cost, wages and higher power costs.

Iron ore

The EBITDA for the iron ore business was $721.4 million in fiscal 2012, a decrease of $452.7 million, or 17.9%, from $1,174.1 million in fiscal 2011. The decrease was primarily attributable to an increase in export duty, the effect of the Karnataka mining ban, logistics constraints and lower grade iron ore production.

Aluminium

The EBITDA for the aluminium business was $182.5 million in fiscal 2012, a decrease of $170.2 million, or 4.5%, from $352.7 million in fiscal 2011. This decrease was primarily due to a pot outage incident that impacted the Jharsuguda smelter during June 2011, low LME prices during the second half of the year and higher costs.

Commercial Power Generation

The EBITDA for the commercial power generation business was $122.0 million in fiscal 2012, an increase of $78.1 million, or 3.0%, from $43.9 million in fiscal 2011. The increase was primarily attributable to higher volumes as three 600 MW units of the Jharsuguda power plant became operational, but partially offset by a fall in power tariffs and higher coal costs.

Investment revenue, finance costs and other gains / (losses)

Vedanta's investment revenue was $525.4 million in fiscal 2012, an increase of $93.8 million, or 21.7%, from $431.6 million in fiscal 2011 as a result of a $134.9 million increase in fair value of financial assets held for trading in fiscal 2012 as compared to fiscal 2011, as well as other effects of the higher interest rate environment.

Vedanta's finance costs were $945.7 million in fiscal 2012, an increase of $411.0 million, or 76.9%, from $534.7 million in fiscal 2011. This was mainly due to total interest costs of $1,149.6 million as compared to $703.4 million in fiscal 2011, reflecting increased average debt of $13,750.4 million in fiscal 2012 from $8,895.7 million in fiscal 2011.

Other gains / (losses) in fiscal 2012 was a loss of $314.2 million compared to a gain of $252.1 million in fiscal 2011, mainly due to exchange losses on borrowings and to capital creditors of $407.8 million. This loss was partially offset by a $97.1 million gain in the fair value of embedded derivatives on foreign currency convertible bonds.

Income tax expense and non-controlling interests

Income tax expense was $516.7 million in fiscal 2012, a decrease of $132.8 million, or 20.4%, from $649.5 million in fiscal 2011, primarily due to lower profitability. The effective tax rate for fiscal 2012 was 29.6% compared to 24.2% in fiscal 2011 because of withdrawal of export-related benefits at SGL and HZL, as well as losses.

The profits attributable to non-controlling interests in fiscal 2012 increased to $1,168.9 million from $1,263.0 million in fiscal 2011. The profits attributable to non-controlling interests as a percentage of profit for the year increased to 95.1% in fiscal 2012 from 62.1% in fiscal 2011 primarily due to lower net profit attributable to equity holders of Vedanta, which resulted from the mix of profits among Vedanta's subsidiaries, as well as increased amortisation and depreciation charges and interest expenses related to the Cairn India acquisition, mark-to-market losses on foreign currency borrowings by Indian subsidiaries and losses at Vedanta Aluminium.

Liquidity and Capital Resources

Capital Resources

Overview

As of 31 March 2013, Vedanta's cash and cash equivalents and liquid investments were $7,981.7 million, the majority of which were denominated in Indian Rupees. Of this, $2,200.2 million was cash and cash equivalents and $5,781.5 million was liquid investments. Liquid investments consist of investments in mutual funds and bank deposits with maturities of more than 90 days. Vedanta's investment policy is to invest in funds and banks with a low credit risk and high credit ratings.

Vedanta funds its operations primarily with its current cash and liquid investments, together with cash flows from operations and borrowings under working capital and term loan facilities from banks and/or other financial institutions, and Vedanta expects that these sources will continue to be its principal sources of cash in the next few years. The Company believes that its current working capital is sufficient for its present capital requirements.

Vedanta's principal financing requirements include:

- repayment of debts maturing during the year;
- capital expenditures towards the maintenance, upgrading and expansion of capacity in existing businesses;
- consolidation of ownership in various subsidiaries;
- acquisitions of complementary businesses that Vedanta determines to be attractive opportunities; and
- working capital.

Vedanta evaluates its funding requirements regularly in light of its cash flow from its operating activities, the progress of its capital expenditure projects, acquisition initiatives and market conditions. To the extent it does not generate sufficient cash flow from operating activities, Vedanta may rely on other debt or equity financing activities, subject to market conditions. More specifically, Vedanta has from time to time considered, and may pursue in the future, equity offerings or additional listings by its partially owned but controlled subsidiaries. For example, Vedanta has in the past considered public equity offerings of KCM and Sterlite Energy.

The following table sets out select cash flow data and the cash and cash equivalents for each of fiscal 2011, 2012 and 2013:

	Year Ended 31 March		
	2011	2012	2013
		($ million)	
Net cash from operating activities	2,028.0	1,979.4	3,203.6
Net cash used in investing activities	(3,435.0)	(8,440.0)	(2,953.4)
Net cash from/(used in) financing activities	1,687.4	6,965.3	(175.4)
Net increase/(decrease) in cash and cash equivalents	280.4	504.7	74.8
Effect of foreign exchange rate changes	241.2	528.7	180.4
Cash and cash equivalents at beginning of year	390.0	911.6	1,945.0
Cash and cash equivalents at end of year	911.6	1,945.0	2,200.2

Net Cash From Operating Activities

Net cash from operating activities was $3,203.6 million in fiscal 2013, primarily comprised of profit before tax of $1,705.9 million and the add-back for depreciation and amortisation of $2,334.4 million, less $1,150.9 million in interest paid and $897.4 million in income tax paid. Movement in working capital was primarily comprised of a $347.5 million increase in inventories partially offset by an increase in payables and a decrease in receivables.

Net cash from operating activities was $1,979.4 million in fiscal 2012, primarily comprised of profit before tax of $1,745.4 million and the add-back for depreciation and amortisation of $1,408.4 million, less

$1,008.0 million in interest paid and $915.8 million in income tax paid. Movement in working capital was primarily comprised of a $286.9 million decrease in payables.

Net cash from operating activities was $2,028.0 million in fiscal 2011. Cash used for working capital purposes was $347.3 million. The cash used for working capital purposes was as a result of an increase in inventories by $534.5 million, an increase in receivables by $398.5 million and an increase in payables by $585.7 million. During fiscal 2011, net interest paid was $431.0 million and income taxes paid was $756.5 million.

Net Cash Used in Investing Activities

Net cash used in investing activities was $2,953.4 million in fiscal 2013, primarily on account of purchases of property, plant and equipment and of liquid investments.

Net cash used in investing activities was $8,440.0 million in fiscal 2012, primarily on account of the completion of the acquisition of Cairn India in December 2011.

Net cash used in investing activities was $3,435.0 million in fiscal 2011, primarily on account of purchase of property, plant and equipment amounting to $2,491.4 million and the acquisition of Zinc International for a total consideration of $1,513.0 million.

Net Cash From or Used in Financing Activities

Net cash used in financing activities was $175.4 million in fiscal 2013, primarily as a result of repayment of long-term borrowings of $2,352.4 million, offset by proceeds from long-term borrowings of $2,307.9 million and an increase in short term borrowing by $159.9 million.

Net cash from financing activities was $6,965.3 million in fiscal 2012, primarily as a result of proceeds from long-term borrowings of $6,833.9 million, offset by repayment of long-term borrowings of $570.4 million and an increase in short term borrowing by $981.8 million.

Net cash from financing activities was $1,687.4 million in fiscal 2011, primarily as a result of an increase of $1,863.2 million in short-term borrowings mainly relating to Vedanta Aluminium.

Borrowings

Vedanta had undrawn committed borrowing facilities of $3,553.0 million available to it as of 31 March 2013.

Vedanta taps both the Indian and offshore markets for its long-term funding needs. In addition, it has sizeable imports and exports and can therefore access both import and export credits, based on cost effectiveness, both in Indian Rupees and in foreign currencies, to finance its short-term working capital requirements. Vedanta has in place both secured and unsecured borrowings, with its secured borrowings being generally Indian Rupee denominated bonds.

Vedanta has tapped different segments of borrowing resources, including banks and capital markets, both in India and overseas. Vedanta has corporate credit ratings of Ba1 (with negative outlook) from Moody's and BB (with negative outlook) from Standard & Poor's and BB+ (with stable outlook) from Fitch. Vedanta has not had, and does not currently expect to have, material difficulty in gaining access to short-term and long-term financing sufficient to meet its current requirements.

The following table shows total borrowings of Vedanta as of 31 March 2011, 2012 and 2013:

	Year Ended 31 March		
	2011	2012	2013
		($ million)	
Bank loans	5,654.9	11,464.9	11,192.0
Bonds	1,244.7	2,876.3	2,881.0
Other loans	581.4	323.9	85.3
Total	**7,481.0**	**14,665.1**	**14,158.3**
Borrowings are repayable:			
Within one year (shown as current liabilities)	3,045.1	4,151.6	3,705.7
In the second year	1,914.2	2,061.6	2,056.3
In two to five years	1,324.4	3,400.2	3,927.0
After five years	1,197.3	5,051.7	4,469.3
Total borrowings	**7,481.0**	**14,665.1**	**14,158.3**
Less: payable within one year	(3,045.1)	(4,151.6)	(3,705.7)
Medium and long-term borrowings	**4,435.9**	**10,513.5**	**10,452.6**

As of 31 March 2013, Vedanta had access to fully funding facilities of $19,945.8 million, of which $3,353.0 million has not been drawn.

Funding Facilities	Total Facility	Drawn	Undrawn
		($ million)	
Less than one year	7,489.8	4,400.0	3,089.8
One to two years	3,737.2	3,737.2	—
Two to five years and above	8,718.7	8,455.5	263.2
Total	19,945.8	16,592.7	3,353.0

A summary of the principal loans held by Vedanta and its group companies as of 31 March 2013 is contained in Note 23 to the Company's consolidated financial statements for fiscal 2013, which is incorporated in this Offering Circular.

Vedanta and its subsidiaries have various finance facilities that contain various financial covenants. As of 31 March 2013, Vedanta and its subsidiaries were in material compliance with such covenants. These covenants require Vedanta to maintain certain financial ratios and seek the prior permission of the relevant banks and financial institutions for various activities including, amongst others any changes in its capital structure, issue of equity, preferential capital or debentures, raising any loans, undertaking any new project, effecting any scheme of acquisition, merger, amalgamation or reconstruction, implementing a new scheme of expansion or creation of a subsidiary.

Capital Expenditures and Commitments

The following table shows the capital expenditures for Vedanta in fiscal 2011, 2012 and 2013:

	Year Ended 31 March		
	2011	2012	2013
		($ million)	
Capital expenditures	2,710.8	2,784.4	2,409.3

In fiscal 2011, significant capital expenditure was incurred in HZL's Rajpura Dariba mine, Sterlite Energy's 2,400 MW coal-based thermal power plant in Jharsuguda, Vedanta Aluminium's 1.25 mtpa smelter at Jharsuguda, TSPL's 1,980 MW coal-based thermal power plant at Talwandi Sabo and BALCO's 1,200 MW coal-based thermal power plant in the State of Chhattisgarh.

In fiscal 2012, significant capital expenditure was incurred on the 1,980 MW coal-based thermal power plant at Talwandi Sabo, Vedanta Aluminium's 1.25 mtpa smelter at Jharsuguda, HZL's 150 MW wind power plant and Sterlite Energy's 2,400 MW coal-based thermal power plant in Jharsuguda.

In fiscal 2013, significant capital expenditure was incurred in Vedanta Aluminium's 1.25 mtpa smelter at Jharsuguda, TSPL's 1,980 MW coal-based thermal power plant at Talwandi Sabo, and development and exploration activities at Cairn India.

The following table sets out details regarding Vedanta's capital expenditure as of 31 March 2013, for active projects, projects that are currently on hold and awaiting approval, projects that are for enhancement of facilities and for feasibility expenditure on long-term growth projects, and projects that are under consideration by the Vedanta board of directors. The total remaining amount unused for all such projects was $6.7 billion as of 31 March 2013.

Active Projects	Capacity	Status as of 31 March 2013	Estimated Cost	Amount Spent During Fiscal 2013	Total Amount Spent Through 31 March 2013	Amount Unused as of 31 March 2013
			($ million)			
Copper						
CPP at Tuticorin	160 MW	First 80 MW unit commissioned, synchronisation of both units expected in the first quarter of fiscal 2014	$ 161	$ 25	$ 151	$ 10
KCM KDMP	7.5 mtpa	To be completed in first quarter of fiscal 2014	973	58	889	84
Aluminium						
BALCO — Korba III Smelter	325 ktpa	First metal tapping in the second quarter of fiscal 2014	772	113	709	63
BALCO — Korba CPP	1,200 MW	Under construction, the first two 300 MW units are awaiting final stage regulatory approval	1,100	83	887	213
BALCO — Coal Block	211 mt	Mining in the second quarter of fiscal 2014	150	2	14	136
Power						
Sterlite Energy IPP	2,400 MW	Completed	1,769	79	1,731	38
TSPL	1,980 MW	First unit synchronisation in the second quarter of fiscal 2014	2,150	622	1,595	555
Zinc						
HZL — Dariba facility		Completed	811	12	811	—
Iron Ore						
Pig Iron expansion		Completed	153	14	153	
Infrastructure						
Vizag port		Operations commenced in January 2013 and construction was completed in April 2013	118	59	118	—
Total Active			**$ 8,157**	**$1,067**	**$ 7,057**	**$1,099**
Projects Awaiting Approval						
Copper						
Smelter at Tuticorin	400 ktpa	Awaiting approval	$ 367	$ 13	$ 123	$ 244
Aluminium						
Vedanta Aluminium — Lanjigarh Debottlenecking	1.0 mtpa	Awaiting approval	150	2	76	74
Vedanta Aluminium — Lanjigarh Refinery (Phase II)	3.0 mtpa	Awaiting approval	1,570	(15)	810	760
Vedanta Aluminium — Jharsuguda (Smelter II)	1.25 mtpa	To be completed in the first quarter of fiscal 2014	2,920	198	2,479	441
Iron Ore						
SGL expansion initiatives	36 mt	On hold	500	26	155	345
Total Awaiting Approval			**$ 5,507**	**$ 224**	**$ 3,642**	**$1,865**
Enhancement and Feasibility Projects						
KCM			$ 273	$ 33	$ 273	$ —
HZL			168	73	168	—
Zinc International — Gamsberg			24	8	8	16
WCL			97	39	67	30
Total Enhancement and Feasibility			**$ 562**	**$ 154**	**$ 517**	**$ 46**
Projects Under Consideration						
HZL mines plan			$ 1,500	$ 150	$ 176	$1,324
Cairn India exploration and appraisal			$ 3,673	$ 424	$ 585	$3,089
TOTAL (ALL PROJECTS)			**$19,399**	**$2,019**	**$11,977**	**$7,422**

The table below sets out the details of Vedanta's planned capital expenditure over the next three fiscal years.

	Year Ended 31 March		
	2014	2015	2016
	($ billion)		
Oil and Gas	1.0	0.8	1.2
Metals and Mining			
Others	1.2	0.5	0.3
Projects Awaiting Approvals	0.2	0.5	0.6
Total	**2.4**	**1.8**	**3.1**

Vedanta plans to meet these planned capital expenditure requirements primarily from its future cash flows from operations, carried capital expenditure loans, project financing and public offers. Vedanta may undertake additional capital expenditures as opportunities or needs arise. In addition, Vedanta may increase, reduce or suspend its planned capital expenditures or change the timing and use of its capital expenditures from what is currently planned in response to market conditions or for other reasons.

Vedanta's ability to maintain and grow its revenues, net income and cash flows depends upon continued capital spending. Vedanta's current and future projects may be significantly delayed by the failure to receive regulatory approvals or renewal of approvals in a timely manner, failure to obtain sufficient funding, technical difficulties, human resources constraints, technological or other resource constraints or for other unforeseen reasons, events or circumstances. See "Risk Factors — Risks relating to Business". Vedanta adjusts its capital expenditure plans and investment budget periodically, based on factors deemed relevant by it. Therefore Vedanta's actual capital expenditures and investments are likely to be different from its current planned amounts, and such differences may be significant.

Contractual Obligations

The following table sets out Vedanta's total future commitments to settle contractual obligations as of 31 March 2013:

	Payment Due by Period				
	Total	Less Than 1 Year	1-2 Years	2-5 Years	More Than 5 Years
			($ million)		
Bank loans and other borrowings	17,804.2	4,604.6	2,755.2	5,617.9	4,826.5
Convertible bonds	2,645.2	814.4	1,771.6	59.2	—
Trade and other payable and derivative liabilities	4,899.5	4,639.1	232.4	28.0	—
Total	25,348.9	10,058.1	4,759.2	5,705.1	4,826.5

Vedanta's total future commitments to settle contractual obligations, as of 31 March 2013, were $25,348.9 million.

Vedanta also has commitments to purchase copper concentrate for its copper custom smelting operations. These commitments are based on future LME copper prices which are not ascertainable as of the date of this Offering Circular.

Off-Balance Sheet Arrangements

Vedanta has no off-balance sheet entities. In the normal course of business, it enters into certain commitments for capital and other expenditures and certain performance guarantees. The aggregate amount of indemnities and other guarantees was $1,928.0 million as of 31 March 2013.

Details of Vedanta's indemnities and other guarantees are set out in "— Guarantees". Details of Vedanta's capital commitments and contingencies are set out below.

Capital Commitments Contracted But Not Provided

Vedanta has a number of continuing operational and financial commitments in the normal course of business. Capital commitments contracted but not provided as of 31 March 2013 amounted to $2,305.9 million, related primarily to capacity expansion projects, including the construction of new facilities and the expansion of existing facilities.

Contingencies

Vedanta is from time to time subject to litigation and other legal proceedings. Certain of its operating subsidiaries have been named as parties to legal actions by third-party claimants and by the Indian sales tax, excise and related tax authorities for additional sales tax, excise and indirect duties. These claims primarily relate either to the assessable values of sales and purchases or to incomplete documentation supporting its tax returns. Vedanta has ongoing disputes with income tax authorities relating to the tax treatment of certain items.

These mainly include disallowed expenses, tax treatment of certain expenses claimed by Vedanta as deductions, and the computation or eligibility of certain tax incentives or allowances. Some of the disputes relate to the year in which the tax consequences of financial transactions were recognised, and in the event these disputes are not resolved in Vedanta's favour, the tax consequences may be reflected in the tax year as required by the income tax authorities and there are therefore timing differences. Most of these disputes and disallowances, being repetitive in nature, have been raised by the tax authorities consistently in most of the years. Vedanta has a right of appeal to the High Court or the Supreme Court of India against adverse initial assessments by the appellate authorities for matters involving questions of law. The tax authorities have similar rights of appeal. The total claims related to these tax liabilities, which are all income-tax related, are $615.9 million as of 31 March 2013. Vedanta has evaluated these contingencies and estimate that it is probable that some of these claims may result in loss contingencies and hence have recorded $2.6 million as current liabilities as of 31 March 2013.

The amount under dispute with other tax authorities, relating to matters such as sales tax, income tax, excise tax and electricity duty, as of 31 March 2013 is $332.9 million against which liability of $5.4 million have been recorded based on Vedanta's estimate that none of these claims would become liabilities. The claims by third-party claimants amounted to $559.9 million as of 31 March 2013, of which $52.3 million were recorded as current liabilities based on Vedanta's estimate that none of these claims would become liabilities. Vedanta intends to vigorously defend these claims as necessary. Although the results of legal actions cannot be predicted with certainty, it is the opinion of the management, after taking appropriate legal advice, that the resolution of these actions will not have a material adverse effect, if any, on Vedanta's business, financial condition or results of operations. Therefore, Vedanta has not recorded any additional liability in relation to litigation matters in the accompanying consolidated financial statements.

Inflation

According to Euromonitor International, India's annual overall inflation rate was approximately 8.9%, 9.3% and 8.2% for 2011, 2012 and 2013. Inflation in India has not significantly impacted Vedanta's results of operations in recent years.

Guarantees

Companies within Vedanta provide guarantees within the normal course of business. Guarantees have also been provided in respect of certain short-term and long-term borrowings.

As of 31 March 2013, $217.1 million of guarantees were advanced to banks in the normal course of business. Vedanta has also entered into guarantees advanced to the customs authorities in India of $673.0 million relating to the export of iron ore and payment of import duties on purchases of raw materials.

Export obligations

The Indian entities of Vedanta have export obligations of $4,013.4 million as of 31 March 2013 on account of concessional rates received on import duties paid on capital goods under the Export Promotion Capital Goods Scheme and on raw materials under the Advance Licence Scheme enacted by the GoI.

In the event Vedanta fails to meet its obligations, Vedanta's liability would be $501.7 million, reduced in proportion to actual exports. This liability is backed by a bond executed in favour of the Indian customs department amounting to $965.8 million.

Guarantees to suppliers

Vedanta has given corporate guarantees to certain suppliers of concentrate. The value of these guarantees was $50.0 million as of 31 March 2013.

Environmental and terminal benefits (“ETB”) cash reserve account — KCM

Pursuant to the terms of the shareholders’ agreement between Vedanta Resources Holdings Limited (“VRHL”) and Zambia Copper Investments Limited (“ZCI”) dated 5 November 2004, KCM is expected to contribute a minimum of $10 million (and not more than a maximum of $18 million) in any fiscal year to ensure that the amount of ETB liabilities is covered by a cash reserve when the life of the Konkola Ore Body comes to an end. The ETB liabilities refer to KCM’s obligations in relation to environmental and any terminal benefits payable to its employees. As of 31 March 2013, ETB liabilities provided for were $86.0 million, although these liabilities are likely to fluctuate at each future reporting date.

Shortfall Funding Commitment — KCM

Pursuant to the KCM acquisition agreement, Vedanta has agreed to fund capital expenditure in the period from the date of acquisition to the earlier of 5 November 2013, the exercise of the primary or secondary call options held by ZCI and Vedanta’s divestment of its interest in KCM (the earliest date of which was 1 January 2008), up to a limit of $220 million in the event that internally generated cash flows are insufficient to fund the capital expenditure programme set out in the acquisition agreement.

Market Risk Disclosure

Vedanta is exposed to market risk from changes in foreign exchange rates, interest rates, counterparty and concentration of credit, and commodity prices.

Exchange Rate Risk

The results of Vedanta’s operations may be affected by fluctuations in the exchange rates between the Indian Rupee, Australian dollar and the Euro against the US dollar. These foreign currency exposures are managed through a hedging policy. 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. Longer term exposures are not hedged. Stop-loss and take-profit triggers are implemented to protect Vedanta from adverse market movements, while at the same time enabling Vedanta to take advantage of favourable market opportunities. Vedanta uses hedging instruments to manage the exchange rate risk associated with the fluctuations in the Indian Rupee, Australian dollar and the Euro against the US dollar in line with its risk management policy. Typically all exposures for maturity of less than two years are managed using simple instruments such as forward contracts. As long-term exposures draw nearer, Vedanta hedges them progressively to insulate these from the fluctuations in the currency markets. These exposures are reviewed by appropriate levels of management on a monthly basis. Vedanta’s operations may also be affected by fluctuations in the exchange rates of the Zambian Kwacha, the Namibian dollar, the South African Rand, the Sri Lankan Rupee, the Australian dollar and the Liberian dollar.

Hedging activities in India are governed by the RBI with whose policies Vedanta must comply. The policies under which the RBI regulates these hedging activities can change from time to time and these policies may affect the effectiveness with which Vedanta manages exchange rate risk.

Vedanta has in the past held or issued instruments such as options, swaps and other derivative instruments for purposes of mitigating exposure to exchange rate risk. Vedanta does not enter into hedging instruments for speculative purposes.

The following table illustrates the effect on Vedanta’s net earnings and total equity in fiscal 2013 of a 10% movement in exchange rates of the currencies listed below against the US dollar.

	31 March 2013		
Currency	Closing exchange rate	Effect of 10% strengthening of US dollar on net earnings	Effect of 10% strengthening of US dollar on total equity
Indian Rupee	54.3893	(415.3)	(320.6)
Australian dollar	0.9590	(0.2)	(0.2)
Euro	0.7820	0.4	0.5

The sensitivity data in the above table is based on production volumes, costs and prices for fiscal 2013 and gives the estimated impact on net earnings and total equity of changes in exchange rates assuming that all other variables remain constant.

Interest Rate Risk

Vedanta is exposed to the interest rate risk on short-term and long-term floating rate instruments and also on the refinancing of fixed rate debt. The policy is to maintain a balance of fixed and floating interest rate borrowings. The proportion of fixed and floating rate debt is determined by current market interest rates. As of 31 March 2013, 42.6% of its total debt was at a fixed rate and the balance was at a floating rate.

Vedanta's floating rate debt is largely linked to the US dollar London Interbank Offering Rate ("LIBOR"). The costs of floating rate borrowings may be affected by the fluctuations in the interest rates. Vedanta has selectively used interest rate swaps, options 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. Based on the gross debt as of 31 March 2013, with all other variables remaining constant, a one percentage point increase in the US dollar LIBOR would impact Vedanta's profit by $95.4 million.

Borrowing and interest rate hedging activities in India are governed by the RBI and as a result, Vedanta has to comply with the RBI's regulations. The policies under which the RBI regulates these borrowing and interest rate hedging activities can change from time to time and can impact the effectiveness with which Vedanta manages its interest rate risk.

The following table illustrates the effect on interest payable on loans in fiscal 2013 of a 0.5%, 1% and 2% movement in interest rates:

Movement in Interest Rates	Effect on Net Earnings US Dollar Interest Rates
	($ million)
0.5%	47.7
1.0%	95.4
2.0%	190.7

Counterparty and Concentration of Credit Risk

Vedanta is exposed to counterparty credit risks on its investments and receivables. Cash and liquid investments are held primarily in mutual funds and banks with high credit ratings. In respect of current asset investments, counterparty limits are in place to limit the amount of credit exposure to any one counterparty. Most of the surplus cash is invested in banks and mutual funds in India where there is a well-developed financial market.

A large majority of receivables due from third parties are secured either as advance receipt of money or by use of financial instruments such as letters of credit. There is no concentration of credit risk among the receivables of Vedanta given the large number of customers and the business diversity. The history of collection of trade receivables shows a negligible provision for bad and doubtful debts. Therefore, Vedanta does not expect any material risk on account of non-performance by any of the counterparties.

Commodity Price Risk

Vedanta's principal commodities are oil, zinc, lead, copper, iron ore and aluminium. All of these, except iron ore and oil, are priced with reference to LME prices. Iron ore prices are not linked to any metal exchange prices but are generally influenced by the same factors that influence the LME prices for the other metals and are reflected in the benchmark price agreed between major iron ore suppliers and steel makers. The price of oil is dependent on both its grade and its location, and is also set with reference to international benchmarks, such as Dated Brent.

As a general policy, Vedanta aims to sell its products at prevailing market prices. Hedging activity in commodities is undertaken on a strategic basis to a limited degree and is subject to strict limits laid down by the board and strictly defined internal controls and monitoring mechanisms.

Vedanta uses commodity hedging instruments such as forwards, swaps, options and other derivative instruments to manage its commodity price risk in its copper and zinc businesses. Currently Vedanta uses commodity forward contracts to partially hedge against changes in the LME prices of zinc and lead, copper, and market prices of iron ore. Vedanta enters into these hedging instruments for the purpose of reducing the variability of its cash flows attributable to volatility in commodity prices. These hedging instruments are typically of a maturity of less than one year and almost always less than two years.

Hedging activities in India are governed by the RBI and as a result, Vedanta has to comply with its regulations. The policies under which the RBI regulates these hedging activities can change from time to time and can have an impact on the effectiveness with which Vedanta manages commodity price risk.

Vedanta has in the past held or issued derivative instruments such as forwards, options and other derivative instruments for purposes of mitigating its exposure to commodity price risk. Vedanta does not enter into hedging instruments for speculative purposes.

The following table illustrates the impact on Vedanta EBITDA resulting from a 10.0% change in LME prices based on fiscal 2013 sales volumes, costs and exchange rates:

	Average LME Price in Fiscal 2013	Effect on Vedanta EBITDA of 10% Change in LME Prices
	($ per tonne except for silver which is per ounce)	($ million)
Oil and Gas(1)	110.1	300.7
Zinc	1,948	194.8
Lead	2,113	33.0
Silver	30.5	32.0
Copper	7,853	147.0
Aluminium	1,974	128.0

(1) Represents price of Dated Brent, not LME price.

The sensitivity data in the above table is based on the production volumes, costs and exchange rates for fiscal 2013 and gives the estimated impact on Vedanta EBITDA of changes in prices assuming that all other variables remain constant.

Management's Judgment and Estimation

The discussion and analysis of Vedanta's financial condition and results of operations are based upon Vedanta's consolidated financial statements, which have been prepared in accordance with IFRS. In the course of preparing these financial statements, the management has made estimates based on and assumptions that impact the amounts recognised in the consolidated financial statements. For a discussion of the significant accounting policies, see note 2(a) to the consolidated financial statements of Vedanta for fiscal 2013 incorporated in this Offering Circular. Vedanta believes the critical accounting estimates described below are those that are both important to reflect its financial condition and results and require difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Oil and 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 at least twice annually and is regularly reviewed by independent consultants. 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 Vedanta's current oil price and cost recovery assumptions, in line with the relevant agreements. Changes in reserves as a result of factors such as production cost, recovery rates, grade of reserves or commodity prices could impact the depreciation rates, asset carrying values and environmental and restoration provisions.

See "Basis of Presentation of Reserves" for further details.

Carrying value of exploration and evaluation fixed assets

Where a project is sufficiently advanced the recoverability of exploration assets are assessed by comparing the carrying value to internal and operator estimates of the net present value of projects. Exploration assets are inherently judgemental to value and further details on the accounting policy is included in accounting note above. The amounts for exploration and evaluation assets represent active exploration projects. These amounts will be written off to the income statement as exploration costs unless commercial reserves are established or the determination process is not completed and there are no indications of impairment. The outcome of ongoing exploration, and therefore whether the carrying value of exploration and evaluation assets will ultimately be recovered, is inherently uncertain.

Carrying value of developing/producing oil and gas assets

Management perform impairment tests on Vedanta's developing/producing oil and gas assets at least annually with reference to indicators in IAS 36. Key assumptions in the impairment models relate to prices that are based on forward curves for two years and the long-term corporate assumptions thereafter and discount rates that are risked to reflect conditions specific to individual assets. Other key assumptions in the impairment models based on management expectations are that government approval will be received to further increase production rates and that the Enhanced Oil Recovery programme will be successfully implemented.

Mining properties and leases

The carrying value of mining property and leases is arrived at by depreciating the assets over the life of the mine using the unit of production method based on Proved and Probable reserves. The estimate of reserves is subject to assumptions relating to life of the mine and may change when new information becomes available. Changes in reserves as a result of factors such as production cost, recovery rates, grade of reserves or commodity prices could thus impact the carrying values of mining properties and leases and environmental and restoration provisions.

Useful economic lives and impairment of other assets

Property, plant and equipment other than mining properties, oil and gas properties, and leases are depreciated over their useful economic lives. Management reviews the useful economic lives at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values. Vedanta also reviews its property, plant and equipment, including mining properties and leases, for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the property, plant and equipment for impairment, factors leading to significant reduction in profits such as changes in commodity prices, Vedanta's business plans are taken into consideration. The carrying value of the assets of a cash generating unit ("CGU") is compared with the recoverable amount of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on commodity prices, market demand and supply, economic and regulatory climates, long-term plan, discount rates and other factors. Any subsequent changes to cash flow due to changes in the abovementioned factors could impact on the carrying value of the assets.

Assessment of impairment at Lanjigarh refinery

MoEF rejected issue of final stage forest clearance for Niyamgiri Mining lease of Orissa Mining Corporation ("OMC") which is one of the sources of supply of bauxite to the alumina refinery of Vedanta Aluminium. With respect to the writ petition filed by OMC challenging the rejection, the Supreme Court of India vide its order dated 18 April 2013 has directed the State Government of Odisha to place unresolved issues and claims of the local communities under the Forest Right Act and/or other relevant acts and regulations before the Gram Sabha, a decision-making body of the affected communities. The Gram Sabha is expected to take a decision on these claims within three months and communicate the same to MoEF through the State Government of Odisha. On conclusion of the proceedings before the Gram Sabha, the MoEF will take a final decision for grant of final stage forest clearance for the Niyamgiri mining lease of OMC within two months. These matters are critical to the planned operations of Vedanta Aluminium. Management expects that with the timely support of relevant authorities and an adequate quantity of bauxite will be secured from Orissa or other states to continue its operations and that the above issues will be satisfactorily resolved. Accordingly, management of Vedanta has concluded that no impairment of the asset is required. Carrying value of the asset as of 31 March 2013 is $1,423.6 million.

Assessment of impairment at Tuticorin

On 29 March 2013, the TNPCB ordered the closure of the copper smelter at Tuticorin due to complaints about a noxious gas leak by local residents. On 1 April 2013, Sterlite filed a petition in the national green tribunal challenging the order of the state pollution control board on the basis that the plant's emissions are within permissible limits.

Separately and unrelated to the current shutdown, the capacity expansion at Tuticorin had been delayed since December 2009 due to a writ filed before the Madras High Court, although this writ had not prevented the continued operation of the plant. Also separately and unrelated to the current shutdown, on 2 April 2013, an order of the Madras High Court dated 29 September 2010 was set aside by the Supreme Court of India, which directed Vedanta to deposit $18.4 million with the local government to be utilised for improvement of air and water environment quality in the vicinity of the plant instead of closing the Tuticorin smelter. This compensation ordered by the Supreme Court of India has been recognised in the profit and loss account as an exceptional item for the quarter and year ended 31 March 2013.

Management believes that Vedanta has complied with the environmental regulations and will be permitted to continue operating the Tuticorin smelter in the long term. Accordingly, management of Vedanta has concluded that no impairment of the asset is required. Carrying value of the asset as of 31 March 2013 was $214.2 million.

Assessment of impairment of Karnataka and Goa mines at SGL

From August 2011 a mining ban was imposed in various parts of the state of Karnataka thereby affecting the Narrain mine owned and operated by SGL which has a carrying cost of $297.8 million. From September 2012 a suspension of mining activity was imposed in State of Goa thereby affecting the mining activities of SGL which has a carrying cost of $1,059.1 million. Since the time of the suspension of mining activity, the Central Empowered Committee appointed to submit its report in respect of illegal mining has recommended that operations only recommence after reclamation and rehabilitation works are undertaken by SGL, together with a penalty of approximately $6 million. Management of SGL believes that it has complied with the recommendation of the Central Empowered Committee and expects the suspension of mining activity, will be lifted and SGL will be permitted to continue operations. Accordingly, management of Vedanta has concluded that no impairment of the asset is required.

Restoration, rehabilitation and environmental costs

Provision is made for costs associated with restoration and rehabilitation of mining sites and oil fields as soon as the obligation to incur such costs arises. Such restoration and closure costs are typical of extractive industries and they are normally incurred at the end of the life of the mine. The costs are estimated on the basis of closure plans and the estimated discounted costs of dismantling and removing these facilities and the costs of restoration are capitalised when incurred reflecting our obligations at that time. A corresponding provision is created on the liability side. The capitalised asset is charged to the income statement over the life of the asset through depreciation over the life of the operation and the provision is increased each period via unwinding the discount on the provision. Management estimates are based on local legislation and/or other agreements such as the KCM acquisition agreement. The actual costs and cash outflows may differ from estimates because of changes in laws and regulations, changes in prices, analysis of site conditions and changes in restoration technology.

Management of Cairn India estimated that restoration, rehabilitation and environmental costs related to the Rajasthan license area are expected to be incurred in 2040 despite the production sharing agreement expiring in 2020. The present values of these costs have been accounted for on this basis. Changes in the measurement of liability relating to the decommissioning of plant or other site preparation work that result from changes in the estimated timing or amount of the cash flow or a change in the discount rate are added to or deducted from the cost of the related asset in the current period. If a change in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the income statement. Management uses its judgement and experience to provide for and amortise these estimated costs over the life of the mine.

As per local legislation, Vedanta's Indian operations provide for restoration costs in accordance with statutory requirements. In Australia, appropriate provision has been made in accordance with local legal requirements and at KCM, a provision has been recognised with reference to a plan agreed with the Government of Zambia at the time of KCM's privatisation in April 2000 and pursuant to the KCM acquisition agreement. In Namibia, South Africa and Ireland appropriate provision has been made in accordance with the local regulatory requirements.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can be reasonably estimated. The timing of recognition requires the application of judgement to existing facts and circumstances which may be subject to change. The actual cash outflows takes place over many years in the future and hence the carrying amounts of provisions and liabilities are regularly reviewed and adjusted to take into account the changing circumstances and other factors that influence the provisions and liabilities.

The HZL and BALCO call option

Vedanta exercised its call option to acquire the remaining 49% interest in BALCO and 29.5% interest in HZL. The Government of India has however, contested the validity of the options and disputed its valuation. 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, Vedanta could not reliably measure the value. The call options have thus not been recognised in the financial statements.

Contingencies and commitments

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. 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 to the Company's consolidated financial statements but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, we do not expect them to have a materially adverse impact on our financial position or profitability.

OVERVIEW OF INDUSTRIES

Unless otherwise indicated, all data relating to the copper, zinc, aluminium and iron ore industries contained in this Offering Circular is primarily derived from Wood Mackenzie, Metalytics and other industry sources.

Unless otherwise indicated, all data relating to the power industry in this Offering Circular is primarily derived from the GoI and its various ministries and from various multilateral institutions.

Unless otherwise indicated, all data relating to the oil and gas industry contained in this Offering Circular is primarily derived from International Energy Agency ("IEA") World Energy Outlook 2012, the BP Statistical Review of World Energy June 2012 (the "BP Statistical Review") and other industry sources.

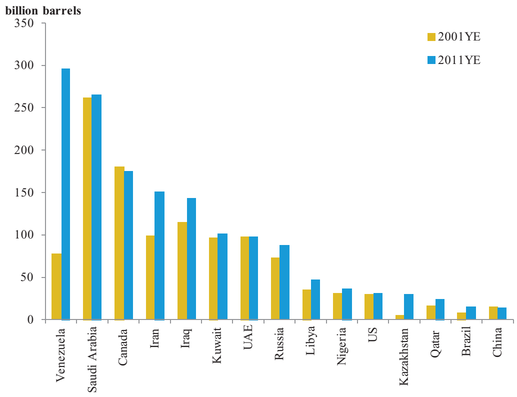
Oil and Gas Overview

Global Crude Oil and Gas Reserves and Resources

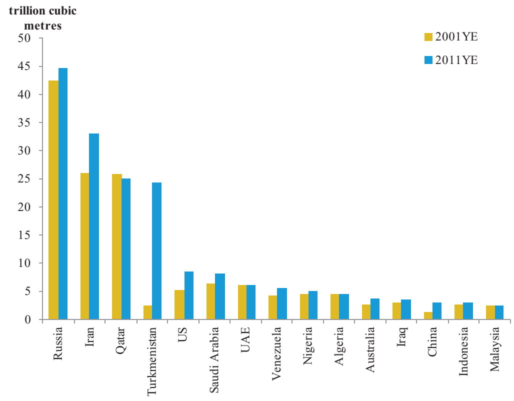
According to the BP Statistical Review, global oil reserves have increased significantly by 30% compared to the end of 2001, reaching 1,653 billion barrels at the end of 2011. Most of the increase in oil reserves has come from the Orinoco reserves upgrades in Venezuela and reserve revisions in other OPEC countries, and reserve revisions in Russia and Kazakhstan outside of the OPEC countries. The global Reserves-to-Production ("R/P") ratio was 54.2 years as of the end of 2011, which has been steadily rising.

Global natural gas reserves have increased by 24% since the end of 2001 to 208 trillion cubic metres as of the end of 2011, indicating a R/P ratio of 63.6 years. Turkmenistan gas reserves upgrade and the US shale gas discoveries contributed most to this increase.

Proved Oil Reserves in the top 15 Countries (as of 31 December 2001 and 2011)



Proved Gas Reserves in the top 15 Countries (as of 31 December 2001 and 2011)



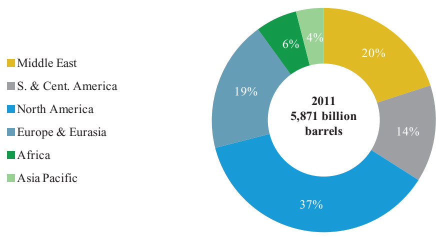
Source: BP Statistical Review

According to the estimates by IEA, as of the end of 2011, the remaining recoverable resources for oil worldwide amounted to approximately 5,871 billion barrels, of which approximately 54% were classified as unconventional[1]. North America holds the largest volume of unconventional oil resources, totalling 1,878 billion barrels.

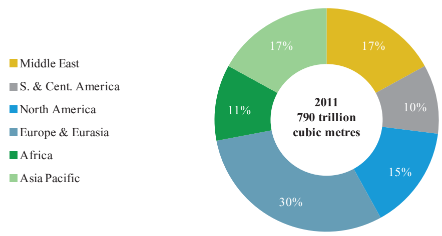
[1] Exploration and Production industry describes unconventional oil as any source of oil if it requires production technologies significantly different from those used in the mainstream reservoirs exploited today (Source: IEA World Energy Outlook 2012 and IEA World Energy Outlook 2010)

The IEA estimates that as of end of 2011, remaining recoverable resources for natural gas worldwide were 790 trillion cubic metres. Of the total remaining recoverable resources, conventional gas resources were up to 462 trillion cubic metres in 2011, mainly attributable to large gas discoveries in offshore East Africa and Eastern Mediterranean areas. The remainder of approximately 328 trillion cubic metres was estimated as unconventional (shale gas, tight gas and coalbed methane).

Oil Remaining Recoverable Resources (as of 31 December 2011)



Gas Remaining Recoverable Resources (as of 31 December 2011)



Source: IEA World Energy Outlook 2012

Global Oil and Gas Markets

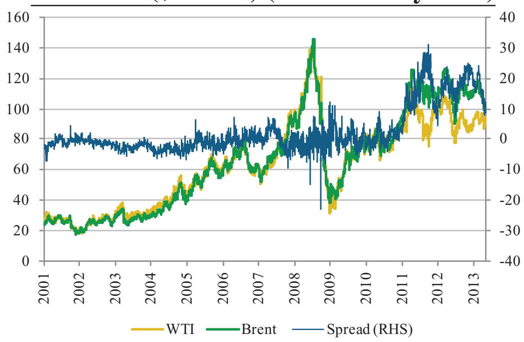
Global oil and gas demand growth has been mainly driven by the non-OECD countries, with growth in the Asia-Pacific region and the Middle East being the strongest. The BP Statistical Review estimates that in 2011 oil demand from the non-OECD countries increased by 1.2 million barrels per day, or 2.8%. Natural gas consumption worldwide grew by 2.2%, with the largest volume gains in gas uses from China, Saudi Arabia and Japan. Energy demand has barely risen from the OECD countries. These increases were partly offset the largest decline in the EU demand of overall 9.9%.

Oil prices have fluctuated in recent years in response to global economic conditions. The fluctuation reflects the renewed global economic optimism and ongoing geopolitical risks, Brent crude price has recovered to $118.6 per barrel in the first half of February 2013 and traded at $103.2 as of 1 May 2013 (Source: Bloomberg). Although natural gas prices tend to be set locally and regionally outside of the United States, gas prices have risen since 2011. Gas prices in continental Europe and long-term contracted LNG prices in the Asia-Pacific region are predominantly indexed to oil prices. In the United States, the substantial production growth has resulted in lower gas prices, with gas price at Henry Hub trading approximately 31% lower in 2012.

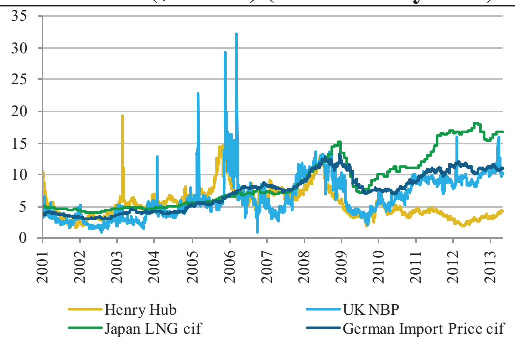
The non-OECD economies are expected to continue to drive changes in future global oil and gas demand. IEA estimates that oil demand from non-OECD countries is expected to grow to 57.1 million barrels per day by 2035, an increase of 18.7 million barrels per day from 2011 indicating a CAGR of 4.8%. Natural gas usage in the non-OECD economies is expected to expand rapidly, with China, Brazil and India experiencing the largest growth in gas demand, indicating a CAGR of 6.6%, 4.3% and 4.2% respectively over from 2010 to 2035.

Since the mid-2000, oil and gas development in the United States for unlocking light tight oil and shale gas resources has had a significant impact in the global energy landscape. Over the past two years, rapid rising in oil supply in the United States and Canada, have overwhelmed pipeline logistics in the region. As a result, in 2012, the price difference between Brent and West Texas Intermediate ("WTI") has reached $17.65 per barrel on average (Source: Bloomberg).

Oil Prices ($/barrel) (2001 – 1 May 2013)



Gas Prices ($/barrel) (2001 – 1 May 2013)



Source: Bloomberg as of 1 May 2013
Note: cif – cost, insurance and freight

Indian Oil and Gas Industry

History

The oil and gas industry in India has traditionally been, and continues to be, dominated by public sector companies. In 1955, the GoI entered the oil and gas sector with the establishment of the Oil and Gas Directorate (the predecessor to ONGC), and formed joint venture agreements with domestic and foreign operators.

Till the early 1990s, the Indian oil and gas industry had been dominated by state-owned entities under a series of policies of nationalisation, including taking over the operations from foreign operators, and regulations in pricings. As India's reliance on oil imports increased, the Indian government embarked on a series of reforms aimed at reducing India's dependence on imports, deregulating the industry, improving efficiency, and encouraging private and foreign investment.

In 1997, the New Exploration Licensing Policy ("NELP") was implemented in order to encourage growth of the domestic exploration and production ("E&P) sector. Successful bidders are required to enter into Production Sharing Contracts ("PSCs") with the Indian government. Historically, and in an effort to promote licensing rounds and encourage potential bidders, PSCs have contained comparatively favourable terms, including, for example, 100% costs recovery, and income tax holiday. In addition, under the NELP, private sector companies have marketing rights of crude oil and natural gas in the domestic market subject to overall government policy guidelines.

As a result of the NELP, there have been significantly increased level of participations from the private sectors in the domestic E&P space. Seismic activities were also very strong in the early part of this decade, as was the level of exploration drilling, which led to some of India's largest discoveries being made.

Supply and Demand

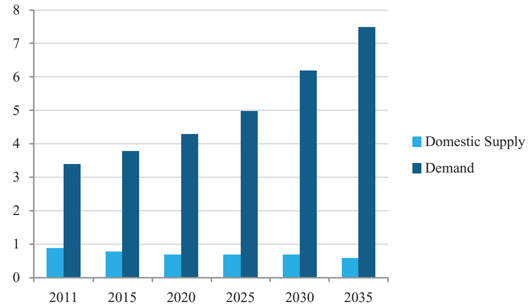
India is the second most populous country in the world with a population of approximately 1.2 billion. Rapid economic growth in India has led to a significant increase in demand for crude oil and natural gas. According to the BP Statistical Review, in 2011, India's world share of oil and gas consumption was 4.0% and 1.9% respectively.

India is a net importer of crude oil and natural gas. IEA estimates that in 2011, India domestically produced 0.9 million barrels per day, representing 26.5% of the total crude consumption which was 3.4 million barrels per day. Similarly, in 2010, India natural gas consumption was 64 billion cubic meters, but produced only 51 billion cubic metres of gas, representing 79.7% of the total gas consumption.

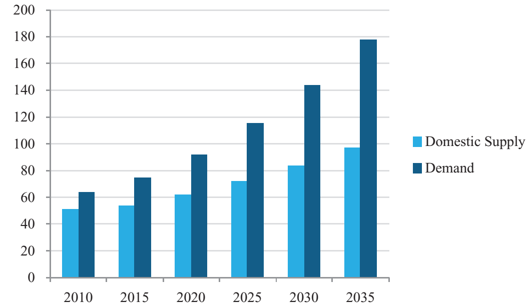
IEA estimates that India is expected to contribute the second biggest increase in crude demand in absolute terms, with consumption surging from 3.4 million barrels per day in 2011 to 7.5 million barrels per day in 2035, at a CAGR of 3.3%. In contrast, domestic crude production is estimated to decline gradually from 0.9 million barrels per day in 2011 to 0.6 million barrels per day in 2035, as most domestic producing fields are already in long-term decline and the fields that have been found in recent years are generally small.

Gas demand in India is expected to grow rapidly. By 2035, IEA estimates that annual natural gas demand will rise to 178 billion cubic metres, indicating a CAGR of 4.2% from 64 billion cubic metres in 2010 whilst domestic gas production is expected to meet approximately 54.5% of the total demand in 2035.

Oil Supply / Demand In India
(million barrels per day)



Gas Supply / Demand In India
(billion cubic meters)



Source: IEA World Energy Outlook 2012

Zinc

Global Zinc Market

Background

Zinc is one of the most common metals worldwide.

According to Wood Mackenzie, the principal use for zinc in the western world is galvanising, which involves coating steel with zinc to guard against corrosion. Galvanising, including sheet, tube, wire and general galvanising, accounted for approximately 58% of world consumption of zinc. The main end-use industries for galvanised steel products are the automobile manufacturing, domestic appliance manufacturing and construction industries, and it is these industries on which zinc consumption ultimately depends. Other major uses for zinc include die-casting alloys (14%), brass semis and castings (10%) and oxides and chemicals (9%). Alloys are principally used in toys, vehicles and hardware.

The end-user market is dominated by the construction industry with 51% of global end-use zinc consumption, followed by the sectors of transport (20%), infrastructure (16%), industrial machinery (7%) and consumer products (6%), according to Wood Mackenzie.

The zinc industry has three broad categories of producers:

- Miners, which mine the lead-zinc ore and produce zinc concentrate for sale to smelters, and usually receive payment for 85% of the zinc contained in the concentrate less a Tc;
- Smelters, which purchase concentrate and sell refined metal, with some smelters also having some integrated production downstream; and
- Integrated producers, which are involved in both the mining and smelting of zinc.

For custom smelters, Treatment Charge, Refinery Charge ("TcRc") rates have a significant impact on profitability as prices for zinc concentrate are equal to the LME price net of TcRc and prices of finished zinc products are equal to the LME price plus a premium. A significant proportion of concentrates are sold under frame contracts and TcRc are negotiated annually. The main conditions of the contract which are subject to negotiation are the TcRcs that are expressed in US dollars per dry metric tonne of concentrate ("Tc") and in cents per pound of payable zinc ("Rc") and, until recently (under long-term contracts) price participation. The TcRc rates are influenced by the demand-supply situation in the concentrate market, prevailing and forecasted LME prices and mining and freight costs.

Global Zinc Reserves

Global zinc reserves were estimated to be, as of 31 December 2012, 250 million tonnes, according to preliminary estimates by the U.S. Geological Survey ("USGS"). Australia, China, Peru, Mexico and India collectively account for 63.6% of world reserves.

The following table sets for the world zinc reserves:

	Reserves (in million tonnes)
Australia	70.0
China	43.0
Peru	18.0
Mexico	16.0
India	12.0
United States	11.0
Kazakhstan	10.0
Canada	7.8
Bolivia	6.0
Ireland	1.3
Other countries	55.0
World Total (rounded)	**250.0**

Source: U.S. Geological Survey (USGS), Mineral Commodity Summaries, January 2013

Zinc consumption

According to Wood Mackenzie, global zinc consumption rebounded strongly by 15.4% to 11.7 million tonnes in 2010 due to global economic recovery supported by monetary easing policies. Consumption levels continued to increase by 7.6% to 12.6 million tonnes in 2011 and by 1.7% to 12.8 million tonnes in 2012. Asia, Europe and North America together accounted for approximately 92.7% of global zinc consumption in 2012. With a CAGR of 9.9% between 2010 and 2012, Asia has been the fastest growing zinc market in the world. Driven by continuing growth in China and India, strong growth in Asia is expected to continue over the next few years.

The following table sets forth the regional consumption pattern of refined zinc from 2009 to 2012:

	Year Ended 31 December							
	2009		2010		2011		2012	
Region	Volume	%	Volume	%	Volume	%	Volume	%
	(thousands of tonnes, except percentages)							
Europe	1,921	18.9%	2,290	19.6%	2,432	19.3%	2,243	17.5%
China	4,100	40.4%	4,705	40.2%	5,257	41.7%	5,606	43.8%
Rest of Asia(1)	1,700	16.8%	2,079	17.8%	2,133	16.9%	2,197	17.1%
North America	1,021	10.1%	1,074	9.2%	1,143	9.1%	1,216	9.5%
Latin America	533	5.3%	600	5.1%	621	4.9%	640	5.0%
India	495	4.9%	561	4.8%	597	4.7%	612	4.8%
Oceania	217	2.1%	223	1.9%	224	1.8%	149	1.2%
Africa	154	1.5%	173	1.5%	186	1.5%	146	1.1%
Total	**10,141**	**100.0%**	**11,707**	**100.0%**	**12,593**	**100.0%**	**12,808**	**100.0%**

(1) Rest of Asia is Asia excluding China and India, but including the Middle East.

Source: Wood Mackenzie Metals Market Service Report — Long Term Outlook, March 2013

Zinc supply

According to Wood Mackenzie, the five largest zinc mining countries are China (37.0%), Australia (11.1%), Peru (8.9%), India (5.6%), and the United States (5.5%), which together accounted for 68.0% of total zinc mined worldwide in 2012. The five largest zinc mining companies are Xstrata (7.9%), Hindustan Zinc Limited ("HZL") (5.6%), Teck Resources Limited (4.5%), Minmetals Resources Limited (3.1%), and Glencore International AG (2.8%) in 2012.

Zinc smelting is slightly less geographically concentrated than zinc mining. Zinc smelter production decreased to 12.6 million tonnes in 2012 from 13.0 million tonnes in 2011, a drop of 3.3%. China is the largest single refined zinc-producing country in the world with production of 4.8 million tonnes in 2012, representing a 38.4% global market share. The other major refined zinc producing countries include South Korea (7.1%), India (5.9%), Canada (5.1%) and Japan (4.4%). The top five countries account for approximately 60.9% of total global refined zinc production. The five largest refined zinc producing companies are Korea Zinc Company Limited (8.7%), Nyrstar NV ("Nyrstar") (8.6%), HZL (5.4%), Xstrata (5.0%) and Votorantim Group (4.8%), which together accounted for about 32.5% of the total refined zinc produced worldwide in 2012.

The following table sets forth the regional production pattern of zinc mines from 2009 to 2012:

	Year Ended 31 December							
	2009		2010		2011		2012	
Region	**Volume**	**%**	**Volume**	**%**	**Volume**	**%**	**Volume**	**%**
	(thousands of tonnes, except percentages)							
Europe	976	8.6%	988	8.1%	990	7.8%	991	7.4%
China	3,198	28.2%	3,703	30.5%	4,307	34.1%	4,930	37.0%
Rest of Asia(1)	858	7.6%	966	8.0%	923	7.3%	999	7.5%
North America	1,394	12.3%	1,347	11.1%	1,381	10.9%	1,366	10.2%
Latin America	2,599	23.0%	2,627	21.6%	2,476	19.6%	2,515	18.9%
India	688	6.1%	719	5.9%	745	5.9%	741	5.6%
Oceania	1,316	11.6%	1,481	12.2%	1,483	11.7%	1,482	11.1%
Africa	292	2.6%	306	2.5%	321	2.5%	316	2.4%
Total	**11,322**	**100.0%**	**12,136**	**100.0%**	**12,625**	**100.0%**	**13,340**	**100.0%**

(1) Rest of Asia is Asia excluding China and India, but including the Middle East.

Source: Wood Mackenzie Metals Market Service Report — Long Term Outlook, March 2013

The following table sets forth the regional production pattern of refined zinc from 2009 to 2012:

	Year Ended 31 December							
	2009		2010		2011		2012	
Region	**Volume**	**%**	**Volume**	**%**	**Volume**	**%**	**Volume**	**%**
	(thousands of tonnes, except percentages)							
Europe	2,025	18.1%	2,341	18.4%	2,419	18.6%	2,354	18.7%
China	4,246	38.0%	5,100	40.1%	5,109	39.2%	4,833	38.4%
Rest of Asia(1)	1,814	16.2%	1,971	15.5%	2,028	15.6%	2,109	16.7%
North America	888	7.9%	936	7.4%	911	7.0%	898	7.1%
Latin America	752	6.7%	866	6.8%	957	7.4%	974	7.7%
India	646	5.8%	727	5.7%	821	6.3%	745	5.9%
Oceania	525	4.7%	499	3.9%	517	4.0%	498	4.0%
Africa	279	2.5%	275	2.2%	256	2.0%	180	1.4%
Total	**11,175**	**100.0%**	**12,715**	**100.0%**	**13,018**	**100.0%**	**12,591**	**100.0%**

(1) Rest of Asia is Asia excluding China and India, but including the Middle East.

Source: Wood Mackenzie Metals Market Service Report — Long Term Outlook, March 2013

Pricing

Zinc is traded on the LME. Although prices are determined by LME price movements, producers normally charge a regional premium that is market driven. Significant price decrease in 2008 and 2009 have resulted in a large number and volume of mine production cuts and closures, which, along with the economic rebound in 2010, pushed the zinc price to $2,158 per tonne, an increase of 30.1% over 2009. In 2011, zinc price increased to $2,190 per tonne, an increase of 1.5%, due to a paradox situation of high refined stock but high price environment, which can be attributed to the acceptance of refined zinc as an asset class. Sustained high stock level in 2012, coupled with continuing European sovereign and economics issues, have resulted in overall zinc price of $1,948 per tonne for the year.

The following table sets forth the movement in zinc prices from 2003 to 2012:

	Year Ended 31 December									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	($ per tonne, except percentages)									
Zinc Prices										
LME Cash Price	828	1,048	1,381	3,272	3,248	1,870	1,658	2,158	2,190	1,948
% Change	6.4	26.5	31.8	136.9	(0.7)	(42.4)	(11.3)	30.1	1.5	(11.1)

Source: Wood Mackenzie Metals Market Service Report — Long Term Outlook, March 2013

The last closing LME zinc cash price was $1,864.5 per tonne as of 31 March 2013.

Indian Zinc Market

Background

India holds substantial zinc resources – according to the Indian Minerals Yearbook 2011, India held around 36.7 million tonnes in zinc resources as on 1 April 2010. The USGS estimates that India's zinc reserves to be around 12 million tonnes, making it the fifth largest country in terms of zinc reserves globally. The Indian zinc industry has only two producers. The leading producer is our majority-owned subsidiary, HZL, which had an 82.0% market share in India in fiscal 2013, according to the ILZDA. The other producer is Binani Zinc Limited ("Binani Zinc"), with a 5% Indian market share in terms of sales volume in fiscal 2013.

Production

Based on Wood Mackenzie data, refined zinc production in India decreased 9.3% from 821,000 tonnes in 2011 to 745,000 tonnes in 2012.

Consumption

According to Wood Mackenzie, consumption of refined zinc in India reached 612,000 tonnes during 2012. The principal use of zinc in the Indian market is in the galvanizing sector, which is primarily used for tube, sheet and structural products. The other significant end-user of zinc in India is the alloys sector, similar to western world consumption trends, which has seen an increased demand for die-casting alloys. With expected infrastructure development such as roads, irrigation, construction, oil and gas and ports, there is expected to be increased demand for steel, thus providing significant opportunities for zinc in India. Wood Mackenzie forecasts Indian refined zinc demand to increase at a CAGR of 6% from 637,000 tonnes in 2013 to 960,000 tonnes in 2020.

Pricing and tariff

Indian zinc prices track global prices as the metal is priced on the basis of the landed costs of imported metal.

The following table sets out the customs duties that were applicable on zinc for the periods indicated:

	22 January 2007 to 28 April 2008	29 April 2008 to 2 January 2009	3 January 2009 to present
Zinc	5%	0%	5%

In addition, the Finance Act (2 of 2004) of India levies an additional surcharge at the rate of 3% of the total customs duty payable, which is an increase from 2% prior to 1 March 2007.

Market Outlook

Global zinc outlook

According to Wood Mackenzie, zinc demand from the developing world is forecast to continue its growth at a CAGR of 6.7% between 2013 and 2016, to be led by Chinese economic growth. Coupling with contribution from mature economies' growth (US in particular, albeit partially offset by European contraction), global zinc consumption is expected to expand at a CAGR of 5.4% between 2012 and 2015.

China's zinc consumption will continue to drive the global zinc demand growth based on Wood Mackenzie's forecast. The total consumption of slab zinc in China is expected to grow from 5.6 million tonnes in 2012 to 7.1 million tonnes in 2015. That would translate to China's consumption growth at a CAGR of 8.2% between 2012 and 2015, which compares to global consumption growth at a CAGR of 5.4% for the same period and to the world (excluding China consumption growth) at an expected CAGR of 3.1% for the same period.

According to Wood Mackenzie, between 2012 and 2030, twenty-two new zinc mines will enter production adding almost 1.0 million tonnes per annum at peak output. The average size of these operations is quite modest at around 45,000 tonnes per annum although five are substantial, Bisha (Eritrea), Dugald River (Australia), Kyzyl Tashtygskoe (Russia), Perkoa (Burkina Faso) and Velardena (Mexico). Expansions or production creep at sixty mines globally will add 1.3 million tonnes per annum. One hundred and thirty-two existing producers are forecast to close on reserve depletion by 2030 for the loss of 6.0 million tonnes per annum. And twenty-two mines which produced 3.2 million tonnes per annum in 2012 will produce only 2.7 million tonnes per annum by 2030 for a loss of 0.6 million tonnes per annum output by attrition.

Indian zinc outlook

The Indian market is expected to remain positive, with strong growth in key user segments such as sheet galvanizing and zinc alloys for the construction segment. Indian zinc demand is expected to grow in the next few years based on a positive gross domestic product forecast, at a CAGR of 6.0% between 2013 and 2020 based on Wood Mackenzie's forecast. The key components for growth are the ongoing and upcoming infrastructure projects, telecom and power projects and automobile sector.

Copper

Global Copper Market

Background

Copper is a non-magnetic, reddish-coloured metal with a high electrical and thermal conductivity (among pure metals at room temperature, only silver has a higher electrical conductivity), high tensile strength and resistance to corrosion.

The copper market is geographically diverse in terms of both production and consumption. The different geographical locations of the copper mines and the smelting and refining facilities have led to the development of "custom smelters/refineries", which tend to be heavily reliant on imported concentrates.

Copper consumption can be divided into three main product groups: copper wire rods, copper products and copper alloy products. According to Wood Mackenzie, the predominant use of copper has been the production of copper wire rods, which accounted for an estimated 61% of total global consumption (i.e. including scrap) and approximately 73% of primary consumption in 2012. Wire rod is consumed in five main wire and cable markets which include general and industrial cable, utility power cable, telecommunication cable, other insulated wire and winding wire.

In the global copper consumer market, the electrical and electronic products segment accounted for 34% of copper consumption, followed by the construction segment (31%), the industrial machinery segment (13%), the transportation equipment segment (13%) and the consumer products segment (9%), as estimated by Wood Mackenzie.

The copper industry has three broad categories of producers:

- Miners, which mine the copper ore and produce copper concentrate;
- Custom smelters, which smelt and refine copper concentrate to produce copper metal; and
- Integrated producers, which mine copper ore from captive mines and produce copper metal either through smelting and refining or through leaching.

Global Copper Reserves

Global copper reserves were estimated to be, as of 31 December 2012, 680 million tonnes, according to preliminary estimates by the USGS. Chile, Australia, Peru, United States and Mexico have the majority of copper reserves and collectively account for 63.1% of world reserves.

	Reserves (in thousand tonnes)
Chile	190,000
Australia	86,000
Peru	76,000
United States	39,000
Mexico	38,000
China	30,000
Russia	30,000
Indonesia	28,000
Poland	26,000
Congo	20,000
Zambia	20,000
Canada	10,000
Kazakhstan	7,000
Other countries	80,000
World Total (rounded)	**680,000**

Source: U.S. Geological Survey (USGS), Mineral Commodity Summaries, January 2013

Refined copper consumption

Global refined copper demand increased from 17.4 million tonnes in 2009 to 19.3 million tonnes in 2010, an increase of 11.2%, according to Wood Mackenzie data. However, demand growth slowed to 2.3% in 2011 (or 19.7 million tonnes) and remained flat in 2012.

Refined consumption grew in China, North America and Latin America in 2012, but declined in Europe, Africa, Oceania, India and rest of Asia. The flat copper consumption growth in 2012 can be attributed to a 2.2% year-on-year fall in consumption in the second quarter – typically the strongest quarter of the year — as economic growth slowed abruptly in China. China was the largest end user of copper in 2012 with a 41.6% market share globally, providing Asia with a combined market share of 65.1%, followed by Europe (18.9%), North America (9.8%) and Latin America (4.6%). Previously Europe and North America accounted for over 60% of copper consumption during the 1980s, but strong growth in Asia, led by China and Japan, has since significantly changed global consumption patterns. This trend of Asia's growing dominance in copper consumption is expected to continue.

The following table sets forth the regional consumption pattern of refined copper from 2009 to 2012:

	Year Ended 31 December							
	2009		2010		2011		2012	
Region	Volume	%	Volume	%	Volume	%	Volume	%
	(thousands of tonnes, except percentages)							
Latin America	761	4.4%	921	4.8%	875	4.4%	906	4.6%
Rest of Asia(1)	3,798	21.9%	4,363	22.6%	4,143	21.0%	4,059	20.6%
China	6,500	37.4%	7,204	37.3%	7,815	39.6%	8,204	41.6%
Europe	3,537	20.4%	3,918	20.3%	4,010	20.3%	3,733	18.9%
North America	1,780	10.3%	1,902	9.9%	1,902	9.6%	1,926	9.8%
Africa	304	1.7%	292	1.5%	290	1.5%	231	1.2%
Oceania	130	0.7%	131	0.7%	120	0.6%	101	0.5%
India	552	3.2%	580	3.0%	593	3.0%	582	2.9%
Total	**17,361**	**100.0%**	**19,311**	**100.0%**	**19,750**	**100.0%**	**19,742**	**100.0%**

(1) Rest of Asia is Asia excluding China and India, but including the Middle East.

Source: Wood Mackenzie Metals Market Service — Long Term Outlook, March 2013

Copper supply

Global mine production is the principal source of copper, with scrap recycling accounting for only a minor part of the aggregate supplies.

According to Wood Mackenzie's data, the five largest copper mining countries were Chile (32.8%), China (9.2%), Peru (7.5%), the United States (6.9%) and Australia (5.5%), which together accounted for approximately 61.9% of the total copper mined worldwide in 2012. The five largest copper mining companies for the quarter ended 31 March 2013 were Corporación Nacional del Cobre, Chile ("Codelco") (10.0%), Freeport-McMoran Copper and Gold Corporation ("Freeport-McMoran") (8.7%), BHP Billiton (6.8%), Xstrata AG ("Xstrata") (5.0%), and Southern Copper (3.6%).

The major smelting locations include China (30.4%), Japan (9.6%), Chile (9.0%), Russia (5.0%) and India (4.3%), which together accounted for 58.3% of global production in 2012. The five largest copper smelting companies were Jiangxi Copper Corporation ("Jiangxi Copper") (6.4%), Codelco (5.7%), The Aurubis Group ("Aurubis") (4.4%), Xstrata (4.1%) and Nippon Mining and Metals Co. Ltd (3.6%), for the quarter ended 31 March 2013.

The five largest refined copper producing countries were China (28.8%), Chile (14.3%), Japan (7.5%), the United States (4.9%) and Russia (4.4%), which together accounted for about 59.9% of the total refined copper produced worldwide in 2012. The five largest copper refining companies were Codelco (7.1%), Aurubis (5.2%), Freeport-McMoran (4.8%), Jiangxi Copper (4.7%) and Tongling (3.2%), for the quarter ended 31 March 2013.

Global refined copper production increased from 19.0 million tonnes in 2010 to 19.8 million tonnes in 2011, an increase of 4.1%, and then continued the growth to 20.2 million tonnes in 2012, a year-on-year increase of 2.3%.

The following table sets forth the regional production pattern of refined copper from 2009 to 2012:

	Year Ended 31 December							
	2009		2010		2011		2012	
Region	Volume	%	Volume	%	Volume	%	Volume	%
	(thousands of tonnes, except percentages)							
Latin America	4,200	23.0%	4,136	21.8%	4,164	21.1%	3,776	18.7%
Rest of Asia(1)	3,221	17.6%	3,350	17.7%	3,209	16.2%	3,298	16.3%
China	4,109	22.5%	4,534	23.9%	5,197	26.3%	5,824	28.8%
Europe	3,379	18.5%	3,595	18.9%	3,779	19.1%	3,809	18.8%
North America	1,497	8.2%	1,406	7.4%	1,282	6.5%	1,262	6.2%
Africa	727	4.0%	883	4.7%	970	4.9%	1,097	5.4%
Oceania	449	2.5%	427	2.2%	498	2.5%	465	2.3%
India	712	3.9%	647	3.4%	663	3.4%	680	3.4%
Total	**18,294**	**100.0%**	**18,978**	**100.0%**	**19,762**	**100.0%**	**20,210**	**100.0%**

(1) Rest of Asia is Asia excluding China and India, but including the Middle East.

Source: Wood Mackenzie Metals Market Service — Long Term Outlook, March 2013

Pricing

Copper is traded on the LME. Although prices are determined by LME price movements, producers normally charge a regional premium that is market driven. Copper price increased by 46.0% to $7,536 per tonne in 2010 as a result of strong copper demand from China after global recession in 2008 and 2009, as well as low inventory levels. In 2011, copper price continued its increase to $8,810 per tonne driven by sustained demand from emerging markets and investors' interest in hedging against the weakening US dollar. However, 2012 average LME spot price decreased to $7,949 per tonne but maintained near the $8,000 mark due to continued investment appetite arising from supportive data releases from China and the US.

The following table sets forth the movement in copper prices from 2003 to 2012:

	Annual Average									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	($ per tonne, except percentages)									
LME Cash Price	1,779	2,868	3,683	6,729	7,124	6,951	5,163	7,536	8,810	7,949
% Change	14.3	61.2	28.4	82.7	5.9	(2.4)	(25.7)	46.0	16.9	(9.8)

Source: Wood Mackenzie Metals Market Service — Long Term Outlook, March 2013

The last closing LME copper cash price was $7,509.8 per tonne as of 31 March 2013.

Since 2006, treatment and refining charges have fallen significantly, reflecting a continuing tightening in the physical concentrate demand/supply balance. In 2012, spot quotes averaged $0.099 per pound, representing a 37.3% decline on 2011 level according to Wood Mackenzie data. For 2013, the vast majority of miners and smelters adopted the benchmark level Tc and Rc of $70 per tonne and $0.07 per pound respectively. In particular, Freeport's deal with Jinchuan, as well as Antofagasta's Esperanza deal with Jiangxi Copper which occurred around the same time established these benchmark levels which are in turn supported by the readiness of other buyers and sellers to adopt these terms. Over the longer term, concentrate availability is projected to rise significantly, outpacing additions to smelter capacity and therefore encourage higher long term TcRc.

The following table sets forth the movement in copper spot annual average TcRc from 2003 to 2012 in nominal dollars:

	Annual Average									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	(US cents per pound, except percentages)									
TcRc (30% Concentrate)	3.9	14.6	37.7	16.3	7.2	7.3	7.4	7.1	15.8	9.9
% Change	(51.3)	274.4	158.2	(56.8)	(55.8)	1.4	1.4	(4.1)	122.5	(37.3)

Source: Wood Mackenzie Global Copper Concentrate Market to 2024

Indian Copper Market

Background

The Indian copper industry consists primarily of custom smelters as there are limited copper deposits in the country. The available deposits are owned by the government-owned Hindustan Copper Limited ("HCL"), which was the only producer in India until 1995 and has transformed significantly with the entry of Birla Copper, now owned by Hindalco Industries Limited ("Hindalco"). The Indian industry can be classified into two broad categories — manufacturers of refined copper (copper cathodes) and manufacturers of copper products. Of the three manufacturers of refined copper, HCL is the only primary producer, which mines and refines copper. Hindalco, and Sterlite process primarily imported copper concentrate to produce end products such as copper bars, rods and wires.

The Indian copper industry opened to private sector investment in 1992. Prior to 1992, the industry was dominated by HCL, a public sector undertaking ("PSU"), owned by the GoI. HCL was incorporated in November 1967 with the objectives of carrying out mining operations and producing copper and related products.

Production and Consumption

According to the World Copper Factbook 2012 by the International Copper Study Group, in 2011, India's per capita consumption of copper (0.56kg per person) is significantly less than that of China (5.82kg per person) and other developed nations including Germany (16.32kg per person), Spain (7.89kg per person) and the United States (5.64kg per person). India's consumption of copper is dominated by electrical, telecom, engineering, construction and transport. There is an imbalance between India's smelting/refining capacity and its limited production capacity in copper mining. From 2009 to 2012, based on Wood Mackenzie data, Indian refined copper consumption increased at a CAGR of 1.3% while over the same period of time, copper refining output in India has decreased slightly. Wood Mackenzie expects refined copper demand in India to increase from 597,000 tonnes in 2013 to 968,000 tonnes in 2020 at a CAGR of 7%.

Pricing and tariff

Indian copper prices track global prices as the metal is priced on the basis of landed costs of imported metal. The following table sets out the customs duties that were applicable on copper for the period indicated:

	22 January 2007 to 28 April 2008	29 April 2008 to 2 January 2009	3 January 2009 to 27 February 2011	28 February 2011 to Present
Copper	5%	5%	5%	5%
Copper concentrate	2%	2%	2%	2.5%

In addition, the Finance Act (2 of 2004) of India, which has been in effect since 8 July 2004, levies an additional surcharge at the rate of 2% of the total customs duty payable, which has been further increased to 3% of the total customs duty payable effective as of 1 March 2007.

Further, on 1 March 2011, the GoI announced an exemption from import duty on copper concentrate up to an amount equivalent to the customs duty leviable on the value of gold and silver contained in such copper concentrate.

Market Outlook

Global copper outlook

According to Wood Mackenzie, the surplus in refined copper production is expected to remain in place during the year 2013, albeit at a slightly lower level compared to 2012.

Even with robust growth in refined consumption expected this year (5% increase to 20.7 million tonnes), additional supply will lift inventories and by the year-end these should stand at 70 days of consumption. Growth is expected to remain fairly high in 2014 and 2015 (at close to around 5%), before slowing to around 3.0% in the years leading to 2020.

Global refined copper production reached 20.2 million tonnes in 2012, an increase of 2.3%. While refined copper capacity is expected to increase by a further 10.4% this year, actual production is forecast to rise only 4.3% reflecting availability of concentrates and scrap.

Prices are expected to yield during the year and particularly over the second half of 2013 as these stocks build and the surplus becomes evident. With the expectation that surplus to remain in place this year, average price for this year is predicted to remain just below 2012 level.

Indian copper outlook

India's copper market is expected to remain positive with strong growth in key user segments such as power, construction and engineering. Indian refined copper consumption is expected to continue to grow strongly in line with the overall growth of the economy, at a CAGR of 7.1% between 2013 and 2020 according to Wood Mackenzie.

The five major sectors that consume the majority of the copper in India are the electrical, telecom, engineering, construction and transport sectors. These copper consuming sectors have been recognised by the GoI as key infrastructure sectors to sustain the growth of the Indian economy. The GoI's Twelfth Five Year Plan (draft, 2012 – 2017) included addition of approximately 88,000 megawatts of power capacity and 1,229 million tonnes of new capacity in ports, the expansion of India's four-laned and six-laned highway systems and an expansion of its railway system's freight capacity.

Iron Ore

Global Iron Ore Market

Background

Iron ore is the key raw material used to make pig iron and steel. According to the Mineral Information Institute, 98% of the mined iron ore is used to make steel.

The iron ore itself is usually found in the form of magnetite (Fe3O4), hematite (Fe2O3), goethite, limonite or siderite. Hematite is also known as "natural ore". The name refers to the early years of mining, when certain hematite ores contained 66% iron and could be fed directly into iron making blast furnaces.

The iron ore industry has two broad categories of producers:

1. Mining companies with a focus on extracting different metals and minerals including iron ore; and

2. Steel companies, who mine and produce iron ore to benefit from security of supply of its key raw materials.

In recent years, there has been an increasing trend for steel producers to secure the supply of iron ore through long-term contracts, strategic investments directly in iron ore projects and acquisition of iron ore producers.

World Iron Ore Reserves

Global crude iron ore reserves were estimated to be, as of 31 December 2012, 170 billion tonnes, according to the preliminary estimates by the USGS as published in January 2013. Australia, Brazil, Russia, China and India collectively account for approximately 70.0% of world crude iron ore reserves.

The following table sets for the world iron ore reserves:

	Crude Ore	Iron Content
	(million tonnes)	
Australia	35,000	17,000
Brazil	29,000	16,000
Russia	25,000	14,000
China	23,000	7,200
India	7,000	4,500
United States	6,900	2,100
Ukraine	6,500	2,300
Canada	6,300	2,300
Venezuela	4,000	2,400
Sweden	3,500	2,200
Iran	2,500	1,400
Kazakhstan	2,500	900
Mauritania	1,100	700
South Africa	1,000	650
Mexico	700	400
Other countries	12,000	6,000
World total (rounded)	**170,000**	**80,000**

Source: U.S. Geological Survey (USGS), Mineral Commodity Summaries, January 2013

Iron ore consumption

Global iron ore consumption has grown strongly in recent years driven by the increasing demand for steel particularly in developing economies. Based on Metalytics data, global crude steel production has increased from 1,236 million tonnes in 2009 to 1,551 million tonnes in 2012, representing an increase of 25.5%. During the period from 2009 to 2012, steel production in China grew at a CAGR of 7.5% per annum, increasing from 577 million tonnes in 2009 to 717 million tonnes in 2012.

China has thus been a key driver of iron ore demand, with strong industrialisation and infrastructure growth driving significant demand for steel products. According to Metalytics, China accounted for 55.6% of total global iron ore consumption in 2012. In addition, China has experienced robust growth in consumption in recent years, and exhibited a CAGR in iron ore consumption of 5.5% between 2009 and 2012. China does not produce sufficient iron ore to meet its consumption and has therefore been the largest importer of iron ore globally.

The following table sets forth the regional consumption pattern of iron ore from 2009 to 2012:

	Fiscal Year Ended 31 December							
	2009		2010		2011		2012	
Region	Volume	%	Volume	%	Volume	%	Volume	%
	(million wet tonnes, except percentages)							
China	890	56.6%	911	52.6%	990	54.2%	1,045	55.6%
Europe & CIS	249	15.9%	297	17.1%	297	16.3%	295	15.7%
Japan	109	6.9%	134	7.8%	128	7.0%	131	7.0%
India	102	6.5%	110	6.3%	111	6.1%	109	5.8%
North America	44	2.8%	65	3.7%	71	3.9%	74	4.0%
Central & South America	59	3.8%	71	4.1%	76	4.2%	64	3.4%
Africa	19	1.2%	20	1.2%	13	0.7%	19	1.0%
Oceania	8	0.5%	12	0.7%	10	0.6%	7	0.4%
Rest of Asia(1)	90	5.7%	111	6.4%	130	7.1%	134	7.1%
Total	**1,572**	**100.0%**	**1,730**	**100.0%**	**1,827**	**100.0%**	**1,878**	**100.0%**

(1) Rest of Asia is Asia excluding China, Japan and India but including Middle East.

Source: Metalytics Iron Ore Statistical Compendium February 2013

Iron ore supply

The key regions producing iron ore are Brazil, Australia, China and India in 2012 as reported by Metalytics. According to Metalytics, world iron ore production grew by a CAGR of 6.2% to 1,903 million wet tonnes in 2012, from 1,590 million wet tonnes in 2009. The output increased mainly in the iron ore rich regions, with Australia, Brazil and China being the largest producers, in descending order of magnitude.

Due to the disparity in regional supply and demand, particularly in China, there has been a significant increase in world exports of iron ore. In 2012, Metalytics estimated world exports/availability had reached 1,209 million wet tonnes, an increase of 22.9% from 2009, with the world seaborne iron ore trade market reaching 1,123 million wet tonnes, which represented growth of 25.3% from 2009.

During 2012, Australian producers exported 524 million wet tonnes, while Brazil exported approximately 327 million wet tonnes of iron ore. These two countries together represented 70.4% of all world exports/ availability of iron ore in 2012. This trend is expected to continue as iron ore quality in China is inferior and needs to be blended with higher quality iron ore for its steel production requirements and thus China will increasingly require import of higher quality iron ore from other regions. In addition to Australia and Brazil, India, CIS and the African Continent are also significant exporters of iron ore.

The following table sets forth the regional production pattern of iron ore from 2009 to 2012:

	Fiscal Year Ended 31 December							
	2009		2010		2011		2012	
Region	Volume	%	Volume	%	Volume	%	Volume	%
	(millions of tonnes, except percentages)							
Australia	394	24.8%	435	23.9%	482	25.2%	525	27.6%
Brazil	299	18.8%	372	20.4%	391	20.4%	392	20.6%
China	268	16.8%	300	16.5%	317	16.6%	301	15.8%
India	218	13.7%	211	11.6%	188	9.8%	135	7.1%
Europe & CIS	203	12.8%	241	13.2%	242	12.7%	243	12.8%
North America	68	4.3%	100	5.5%	106	5.6%	105	5.5%
Africa	68	4.3%	73	4.0%	76	4.0%	89	4.7%
Rest of the World	73	4.6%	92	5.0%	111	5.8%	113	6.0%
Total	**1,590**	**100.0%**	**1,823**	**100.0%**	**1,914**	**100.0%**	**1,903**	**100.0%**

Source: Metalytics Iron Ore Statistical Compendium February 2013

The iron ore market is highly consolidated with a few producers accounting for the majority of supply. According to Metalytics, the five largest iron ore mining companies are Vale Limited ("Vale") (16.2% of global iron ore production in 2012), Rio Tinto (13.3%), BHP Billiton (9.8%), Fortescue Metals Group (3.2%) and Cliffs Natural Resources (2.7%). The top three companies accounted for 39.2% of global iron ore production and approximately 64% of the supply of seaborne iron ore trade in 2012.

World Seaborne Iron Ore Trade

According to Metalytics, international seaborne iron ore trade reached a record level of 1,123 million tonnes in 2012 and is expected to increase in the future. China continues to be the main destination for world iron ore shipments, importing 744 million tonnes in 2012, representing a 62.3% share of the total world imports. Australia is the largest exporter of iron ore, accounting for 43.9% of total world exports in 2012 followed by Brazil (27.4%) and India (2.6%).

The below table sets forth historical and projected world seaborne iron ore trade for the last five years with major exporting and importing countries:

	2008	2009	2010	2011	2012	2013(E)	2014(E)	2015(E)
	(millions of tonnes)							
World Seaborne Trade	832	896	988	1,053	1,123	1,247	1,371	1,480
Top 3 Seaborne Export Countries (2011)								
Australia	333	388	427	464	524	592	661	745
Brazil	282	266	311	331	327	365	416	448
India(1)	102	117	104	79	31	24	40	47
Top 3 Seaborne Import Countries (2011)								
China(2)	444	628	619	687	744	828	926	1,021
Japan	140	105	134	128	131	129	131	128
Korea	50	42	56	65	66	71	73	75

Source: Metalytics Iron Ore Statistical Compendium February 2013

(1) India was among the Top 3 Seaborne Export Countries up until 2011. From 2012 onwards, Metalytics expects South Africa to overtake India as the third largest seaborne iron ore exporter

(2) Includes overland imports into China

Pricing

Iron ore pricing is established by the price agreements made in the spring/early summer between large iron ore producers (Vale, Rio Tinto, BHP Billiton) and major steel manufacturers. Traditionally, the first deal reached between these two groups sets a benchmark to be followed by the rest of the industry.

The following table sets forth the movement in iron ore prices from 2009 to 2012:

	Fiscal Year Ended 31 December			
	2009	2010	2011	2012
	($ per dry metric tonne, except percentages)			
Iron Ore				
China Imported Iron Ore Fines (62% Fe, CFR Tianjin Port)	$86.4	$146.7	$167.6	$128.3
% Change	—	69.9	14.2	(23.4)

Source: Bloomberg

Iron ore has seen significant price increases in recent years due to tight supply in the market, increasing at a CAGR of 14.1% from 2009 to 2012. While prices have decreased by 23.4% on average from 2011 to 2012 due to weakness in the global macroeconomy, the continued absence of India from the seaborne market (as a result of the mining ban in the State of Karnataka and the suspension of mining activities in the State of Goa) has been a factor in the recent strengthening of iron ore prices. The average price for China Imported Iron Ore Fines (62% Fe, CFR Tianjin Port) was $145.4 per tonne between January to April 2013 as compared to an average of $113.9 per tonne between September to December 2012.

Indian Iron Ore Market

Background

India is self-sufficient in iron ore. India has been a traditional exporter of iron ore, with most of the exports going to China, Japan, South Korea and other Far Eastern countries. India has substantial iron ore resources, and has around 29 billion tonnes of iron ore resources in estimates as on 1 April 2010 as reported in the Indian Minerals Yearbook 2011. According to the estimates by USGS, India is the fifth largest country in terms of size of crude ore reserves in 2012, at 7 billion tonnes of crude ore. Overseas iron ore mining companies are looking to acquire rights to explore, mine and export iron ore from India. Key players include National Mineral Development Corporation ("NMDC"), Sesa Goa Ltd ("SGL"), Kudremukh Iron Ore Co. ("KIOCL"), Rungta Mines Ltd ("Rungta"), Mineral Sales Private Limited ("MSPL") and Essel Mining & Industries Ltd ("Essel"). Apart from these, some of the integrated steel companies like Steel Authority of India and Tata Iron and Steel Companies have their own captive mines. Global steel companies such as South Korea-based Pohang Iron and Steel Company ("POSCO") are in the process of constructing greenfield steel production plants integrated into iron ore mines.

Supply and Demand

As of 2010, based on Metalytics data, India was producing approximately 211 million tonnes of iron ore, of which approximately 104 million tonnes is being exported. From 2011 to 2012, India's iron ore production has decreased by 28.4% to 135 million tonnes while exports have also fallen from 79 million tonnes to around 31 million tonnes. The sharp decrease in both production and exports can be attributed to mining ban and suspensions of mining activities that were in place since 2011 and 2012 in the Indian states of Karnataka and Goa, respectively. On 18 April 2013, the Indian Supreme Court has eased the mining ban on in the state of Karnataka by allowing around 100 iron-ore mines to restart operation. Despite the temporary mining bans, Metalytics forecasts India iron ore production to bottom out in 2012 and grow by a CAGR of 14.4% to 202 million tonnes by 2015.

The table below sets forth India's historical and forecasts iron ore production, consumption and export:

	2008	2009	2010	2011	2012	2013E	2014E	2015E
				(millions of tonnes)				
Production	213	218	211	188	135	150	181	202
Consumption	111	102	110	111	109	134	148	161
Export	102	117	104	79	31	24	40	47

Source: Metalytics Iron Ore Statistical Compendium February 2013

Pricing and tariff

In spite of being self-sufficient in iron ore, the domestic prices tend to follow the international prices. The contract prices are determined by the government-owned agency, NMDC, which usually reacts to firm rise in international prices, though with a lag, by increasing the domestic prices to align with the international prices.

	13 June 2008 to 28 February 2011	1 March 2011 to 29 December 2011	30 December 2011 to Present
Lumps	15%	20%	30%
Fines	5%	20%	30%

The Indian Government had set an export duty on iron ore fines with less than 62% iron content of Rs. 50 per tonne while the export duty on iron ore fines with an iron content of 62% or more and all grades of lumps was Rs. 300 per tonne. On 13 June 2008, the GoI changed the export duty on iron ore to 15% ad valorem on the FOB value of exports. On 28 February 2011, India raised the duty to 20% from 5% on fines and to 20% from 15% on lumps with effect from 1 March 2011. With effect from 30 December 2011, the GoI raised the rate of export duty on iron ore fines as well as lumps to 30%.

Market Outlook

Global Iron Ore Outlook

Since late 2012, there have been signs of improvement in the economy of China, the world's largest consumer of iron ore accounting for around 55.6% of global iron ore consumption in 2012. Manufacturing appears to be strengthening after indicators changed direction in November 2012 and moved into positive territory. December 2012 and January 2013 indicators pointed to stronger domestic activity with rising manufacturing output and new orders. In 2012, China overtook the United States as the world's largest trading nation with total trade of \$3.87 trillion and a surplus of \$231 billion.

According to Metalytics, rising iron ore consumption in China along with the limitations of its domestic iron ore industry and gradual global economic recovery will drive incremental iron ore demand ahead of new supply actually delivered to the market over the next two years, resulting in a further increase in average price levels in 2014. The market balance will then cross over during 2015 as the increased tonnages from expansions by the Big Four exporters (Vale, Rio Tinto, BHP Billiton and Fortescue) in particular overtake the growth in demand.

Indian Iron Ore Outlook

According to Metalytics, Indian iron ore exports are expected to remain modest at 47 million tonnes in 2015 compared with 31 million tonnes in 2012 following the uncertainty in its iron ore export situation stemming from its domestic mining ban and suspension of mining activities in Karnataka and Goa, respectively. The incremental volume is expected to be absorbed by China as China's iron ore import is expected to increase from 744 million tonnes in 2012 to 1,021 million tonnes in 2015, an increase of 278 million tonnes. The import increase from the rest of world over the same period is expected to be 98 million tonnes. Metalytics forecasts that iron ore production in India will grow steadily between 2013 and 2019, from 134 million tonnes to 235 million tonnes, representing a CAGR of 9.8%.

Demand for iron ore in India, China and globally is expected to grow from 109 million wet tonnes, 1,045 million tonnes and 1,878 million tonnes, respectively, in 2012, to 161 million tonnes, 1,259 million tonnes and 2,318 million tonnes in 2015. This represents a CAGR of 13.9%, 6.4% and 7.3%, respectively. As such, India's growth in iron ore consumption is expected to outpace that of China and the world over the next three years.

Aluminium

Global Aluminium Market

Background

Aluminium is lightweight in relation to its strength, durability and resistance to corrosion. It can be extruded, rolled, formed and painted for a wide variety of uses.

The raw material from which aluminium is produced is bauxite, which is a very common mineral found mainly in tropical regions. It normally occurs close to the surface and can be mined by open-pit methods. The bauxite is refined into alumina. Typically, bauxite ranges from 35% to 60% contained alumina. There are several different types of bauxite, and alumina refineries are usually designed to treat a specific type. The majority of alumina refineries are therefore integrated with mines.

The importance of different sectors in aluminium demand varies significantly between developed and developing nations. In mature economies, transport plays a more important role in aluminium demand than construction. As estimated by Wood Mackenzie, in 2012, the four largest sectors of end-uses for aluminium in mature economies like Germany, Japan, North America and South Korea were transport (36%), packaging (21%), construction (14%) and electrical (6%). In comparison, in 2012, the four largest sectors of end-uses for aluminium in China were transportation (31%), followed by construction (23%), electrical (21%) and consumer goods (9%).

Aluminium consumption

Based on Wood Mackenzie data, world primary aluminium consumption increased from 35.1 million tonnes in 2009 to 46.4 million tonnes in 2012, at a CAGR of 9.7%. The growth was primarily due to increased demand in China, which accounted for 45.2% of total global consumption in 2012. Between 2009 and 2012, China's demand for primary aluminium increased at a CAGR of 14.8%, compared to an increase of 6.1% for world demand excluding China. In comparison, the CAGR in demand in each of Europe and North America between 2009 and 2012 was 4.1% and 7.7%, respectively, reflecting the impact of a relatively slower economic growth in these regions.

The following table sets forth the regional consumption of primary aluminium from 2009 to 2012:

	Fiscal Year Ended 31 December							
	2009		2010		2011		2012	
Region	**Volume**	**%**	**Volume**	**%**	**Volume**	**%**	**Volume**	**%**
	(thousands of tonnes, except percentages)							
China	13,879	39.5%	16,472	40.6%	19,167	43.3%	20,972	45.2%
Europe	6,826	19.4%	7,689	18.9%	8,022	18.1%	7,697	16.6%
Rest of Asia(1)	5,616	16.0%	6,442	15.9%	6,485	14.7%	6,688	14.4%
North America	4,719	13.4%	5,363	13.2%	5,634	12.7%	5,893	12.7%
Latin America	1,748	5.0%	1,921	4.7%	2,082	4.7%	2,139	4.6%
India	1,478	4.2%	1,715	4.2%	1,839	4.2%	1,919	4.1%
Africa	424	1.2%	531	1.3%	544	1.2%	562	1.2%
Oceania	445	1.3%	476	1.2%	464	1.0%	492	1.1%
Total	**35,135**	**100.0%**	**40,609**	**100.0%**	**44,237**	**100.0%**	**46,363**	**100.0%**

(1) Rest of Asia is Asia excluding China and India, but including the Middle East.

Source: Wood Mackenzie Metals Market Service — Long Term Outlook, March 2013

Aluminium supply

Aluminium production has become increasingly more concentrated in recent years, with the leading ten producers accounting for 49.7% of world primary aluminium production in 2012 as reported by Wood Mackenzie. The five largest primary aluminium producing companies are RUSAL Ltd. ("UC RUSAL") (8.8%), Alcoa Inc. ("Alcoa") (7.6%), Aluminium Corporation of China Limited ("CHALCO") (7%), Rio Tinto Alcan (7.3%), and China Power Investment ("China Power") (3.8%), which together accounted for approximately 34.5% of the total primary aluminium produced worldwide in 2012.

Global production of primary aluminium increased from 37.5 million tonnes in 2009 to 47.9 million tonnes in 2012, at a CAGR of 8.5%. In 2012, North America, Europe and China together accounted for approximately 73.7%, with China alone accounting for 46.3%, of global primary aluminium production.

The following table sets forth the regional production of primary aluminium from 2009 to 2012:

	Fiscal Year Ended 31 December							
	2009		2010		2011		2012	
Region	**Volume**	**%**	**Volume**	**%**	**Volume**	**%**	**Volume**	**%**
	(thousands of tonnes, except percentages)							
China	13,500	36.0%	17,300	40.9%	19,800	42.9%	22,200	46.3%
Europe	8,144	21.7%	8,378	19.8%	8,673	18.8%	8,241	17.2%
Rest of Asia(1)	3,220	8.6%	3,968	9.4%	4,784	10.4%	5,018	10.5%
North America	4,759	12.7%	4,689	11.1%	4,970	10.8%	4,851	10.1%
Oceania	2,212	5.9%	2,278	5.4%	2,307	5.0%	2,187	4.6%
Latin America	2,507	6.7%	2,307	5.5%	2,185	4.7%	2,051	4.3%
India	1,479	3.9%	1,609	3.8%	1,661	3.6%	1,708	3.6%
Africa	1,682	4.5%	1,745	4.1%	1,803	3.9%	1,640	3.4%
Total	**37,503**	**100.0%**	**42,275**	**100.0%**	**46,184**	**100.0%**	**47,897**	**100.0%**

(1) Rest of Asia is Asia excluding China and India, but including the Middle East.

Source: Wood Mackenzie Metals Market Service — Long Term Outlook, March 2013

Notwithstanding the rise in aluminium production and capacities in the region, aluminium supplies in Asia remains lagging behind demand, resulting in a supply deficit of 0.7 million tonnes during 2012. During this period, China had a surplus of 1.2 million tonnes while the rest of Asia had a deficit of 1.9 million tonnes. In particular, India has experienced a widening deficit increasing from 0.1 million tonnes in 2010 to 0.2 million tonnes in 2012. Despite increased production capacities in Asia, the demand-supply gap is likely to remain at similar levels given the strong demand growth expected in these markets.

Alumina

Alumina is a key raw material for aluminium production. Generally it takes two tonnes of alumina to produce one tonne of primary aluminium. According to data compiled by Wood Mackenzie, in 2012, the five largest alumina producing companies are CHALCO (13.1%), Alcoa (10%), Rio Tinto Alcan (9.6%), UC RUSAL (7.3%), Alumina Limited (6.1%) and Xinfa Aluminium Electrical (6%), which together accounted for approximately 51.2% of the total alumina produced worldwide in 2012.

The following table sets forth the regional production of alumina from 2009 to 2012:

	Fiscal Year Ended 31 December							
	2009		2010		2011		2012	
Region	Volume	%	Volume	%	Volume	%	Volume	%
	(thousands of tonnes, except percentages)							
China	23,850	30.6%	31,000	35.1%	39,200	39.9%	42,500	41.6%
Oceania	20,263	26.0%	20,124	22.8%	19,637	20.0%	21,558	21.1%
Latin America	13,276	17.0%	13,808	15.6%	15,073	15.3%	14,066	13.8%
Europe	9,418	12.1%	11,022	12.5%	11,408	11.6%	10,899	10.7%
North America	4,279	5.5%	5,344	6.0%	5,723	5.8%	6,061	5.9%
India	3,689	4.7%	3,614	4.1%	3,913	4.0%	3,809	3.7%
Rest of Asia(1)	2,735	3.5%	2,859	3.2%	2,788	2.8%	3,061	3.0%
Africa	530	0.7%	597	0.7%	574	0.6%	150	0.1%
Total	**78,039**	**100.0%**	**88,367**	**100.0%**	**98,317**	**100.0%**	**102,104**	**100.0%**

(1) Rest of Asia is Asia excluding China and India but including the Middle East.

Source: Wood Mackenzie Metals Market Service — Long Term Outlook, March 2013

The sharp increase in alumina demand from aluminium production in 2010 turned the global alumina market from a surplus in 2009 to a deficit in 2010. Following the expansion in alumina refinery capacity, the global alumina market returned to a surplus in 2011 and 2012. The following table sets forth the estimated global demand-supply balance for alumina from 2009 to 2012:

	Fiscal Year Ended 31 December			
	2009	2010	2011	2012
	(thousands of tonnes)			
Global Alumina Surplus/(Deficit)	296	(794)	1,323	2,010

Source: Wood Mackenzie Metals Market Service — Long Term Outlook, March 2013

Bauxite

Bauxite, the principal raw material used in the production of alumina, is typically open-pit mined in very large-scale operations. Between 2.0 to 3.6 dry tonnes of bauxite are usually required to make one tonne of alumina (depending on ore type, alumina content and variables such as proportion of reactive silica and organic matter). Based on data from the USGS as reported in January 2013, Guinea has the largest bauxite reserves in the world (26.4%), followed by Australia (21.4%), Brazil (9.3%), Vietnam (7.5%), Jamaica (7.1%) and Indonesia (3.6%).

The table below sets forth the world reserves:

	Reserves (million tonnes):
Guinea	7,400
Australia	6,000
Brazil	2,600
Vietnam	2,100
Jamaica	2,000
Indonesia	1,000
India	900
Guyana	850
China	830
Greece	600
Suriname	580
Venezuela	320
Russia	200
Sierra Leone	180
Kazakhstan	160
United States	20
Other countries	2,100
World total (rounded)	**28,000**

Source: U.S. Geological Survey (USGS), Mineral Commodity Summaries, January 2013

According to the USGS, global production of bauxite was expected to reach 263 million tonnes in 2012, representing a 1.5% increase year on year. Australia, China, Brazil, Indonesia and India are the largest bauxite producing countries, representing 77.9% of world's total production in 2012.

Pricing

Aluminium is an LME traded metal. It is either sold directly to consumers or on a terminal market. The price is based on LME price but producers are also able to charge a regional price premium, which generally reflects the cost of obtaining the metal from an alternative source.

Alumina prices are negotiated on an individual basis between buyers and sellers but are usually determined by reference to the LME price for aluminium. The negotiated agreements generally take the form of long-term contracts, but fixed prices can be negotiated for shorter periods and a relatively small spot market also exists.

The following table sets forth the movement in aluminium and alumina prices from 2003 to 2012:

	Fiscal Year Ended 31 December									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	($ per tonne, except percentages)									
Aluminium[(1)]										
LME Cash Price	$1,432	$1,716	$1,897	$2,566	$2,639	$2,571	$1,667	$2,173	$2,395	$2,019
% Change	6.1	19.9	10.5	35.3	2.8	(2.6)	(35.2)	30.3	10.2	(15.7)
Alumina										
Spot Price[(1)]	$ 283	$ 420	$ 468	$ 420	$ 353	$ 362	$ 245	$ 333	$ 374	$ 319
% Change	92.0	48.3	11.3	(10.1)	(16.0)	2.5	(32.2)	35.6	12.5	(14.9)
Alumina/Aluminium(%)	19.8	24.5	24.6	16.4	13.4	14.1	14.7	15.3	15.6	15.8

(1) *Source: Wood Mackenzie Metals Market Service — Long Term Outlook, March 2013*

The LME aluminium cash price was $1,832 per tonne as of 30 April 2013.

While aluminium prices have risen by 41.1% from 2003 to 2012, alumina prices have risen by 12.5% during the same period. Between 2011 to 2012, aluminium prices have decreased by around 15.7% while alumina prices fell by around 14.9% as a result of weakness in the global macroeconomy.

Indian Aluminium Market

Background

India has been producing primary aluminium since 1938, and over the years, the model that prevailed was of fully integrated operations with access to bauxite, alumina and power. As this model consolidated, the corporate structure of the aluminium industry also changed, with smaller regional producers being absorbed or merged to form larger integrated players with international presence and, in the case of the Company, an international listing.

India possesses considerable bauxite resources, estimated at 3.5 billion tonnes in 2011, according to the Indian Minerals Yearbook. In Orissa, according to Indian industry sources, bauxite reserves are estimated to be 1.3 billion tonnes, with large reserves in Panchpatmali, Pottangi and Baphalimali. In Andhra Pradesh, there are 0.6 billion tonnes, with large bauxite concentrations in Saparla and Jarella. At current extraction rates, these two states alone have the equivalent of over 200 years' of Indian requirements. Even using the more conservative the USGS reserve estimate, India has reserves equivalent to almost 70 years at current output. According to the USGS, India has the seventh largest reserves of bauxite ore in the world, with total recoverable reserves estimated at 900 million tonnes. These bauxite Ore Reserves are high grade and require less energy to refine, thus resulting in significant cost advantages for Indian aluminium producers.

Supply and demand

There are currently five refineries and five smelters operating in India, owned by four producing companies: 87% state-owned Nalco, privately held Hindalco, Vedanta Aluminium and BALCO, which is owned 49% by the Indian government and 51% by Sterlite.

The aluminium industry in India has traditionally been largely self-sufficient. Up until 2009, primary aluminium production has kept pace with demand, with the country being a small net exporter. Following a growth in aluminium demand, India has experienced supply deficit in primary aluminium since 2010 according to the estimates by Wood Mackenzie. The majority of aluminium produced in India is consumed in the building and construction, transport, electrical appliance and equipment and packaging industries, with limited exports to countries including Singapore, Taiwan and the United Arab Emirates. According to Wood Mackenzie, aluminium consumption in India grew at a CAGR of 9.1% between 2009 to 2012, backed by strong growth in the electricity, transportation, industrial and infrastructure sectors. Wood Mackenzie forecasts aluminium consumption in India to grow from 2.1 million tonnes in 2013 to 3.8 million tonnes in 2020, at a CAGR of 9%.

Pricing and tariff

Domestic aluminium prices track global price trends as producers usually price the metal at a marginal discount to the landed cost of imported metal. Though value-added product prices also track metal price movement, they usually have relatively less volatility and command a premium reflecting the degree of value addition and quality, as indicated by the brand.

The following table sets out the customs duties that were applicable for the periods indicated:

	22 January 2007 to 28 April 2008	29 April 2008 to 2 January 2009	3 January 2009 to present
Aluminium	5%	5%	5%

In addition, the Finance Act (2 of 2004) of India, which has been in effect since 8 July 2004, levies an additional surcharge at the rate of 2% of the total customs duty payable, which has been further increased to 3% of the total customs duty payable effective 1 March 2007.

Pursuant to a notification dated 1 March 2013, a customs duty of 10% was introduced by the GoI on bauxite (natural), in calcined and non-calcined form.

Market Outlook

Global aluminium outlook

According to Wood Mackenzie, global primary aluminium production is forecasted to increase by 8.6% in 2013, to 52.0 million tonnes, with China contributing 69.5% of the increase while primary aluminium consumption is projected to increase by an average of 5.9% per year in the period from 2012 to 2016 before slowing down to an average long term growth rate of 4.0% per year.

Collectively, Wood Mackenzie expects the aluminium market to remain in surplus until the end of the decade as supply outpaces consumption. The largest supply glut is projected to take place around 2013-2016 when production will exceed consumption by 12 million tonnes, putting pressure on the LME aluminium price which Wood Mackenzie forecasts to stay at around $2,239 per tonne until 2017.

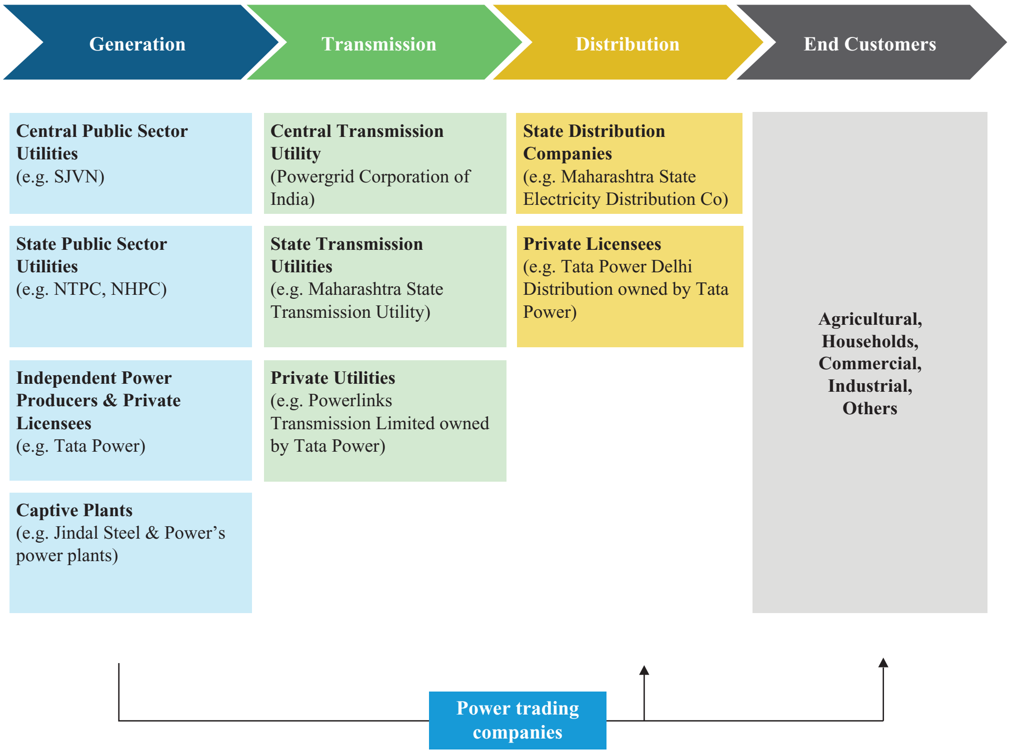
Indian aluminium outlook

India is the fastest growing aluminium market in Asia (excluding China) and according to Wood Mackenzie, primary aluminium consumption in India is expected to grow at a CAGR of 8.9% on average from 2013 to 2020 to reach 3.8 million tonnes, fuelled by India's demand for housing, retail and office space. In terms of cash costs, India is reasonably well placed globally in primary smelting, lying at the lower end of the second quartile, compared to China, which occupies most of the fourth quartile. Indian smelters form part of integrated chains, stretching back to bauxite, alumina and forward into semi-fabricating operations. Indian smelters are also endowed with their own captive power plants and favourable labour costs.

Over the medium term, there will be fewer incentive policies such as those encouraging purchases of new vehicles, but a number of multiannual government expenditure plans will underpin demand in the coming years. The power sector, for instance, will continue to support aluminium demand as village electrification plans carry on. Infrastructure investment will fuel housing investment over the coming three years.

Commercial Power Generation Business

Organisation of the Power Industry



Overview of the Indian Power Sector

A key risk to the continued growth of the Indian economy is inadequate infrastructure. Infrastructure investment in India is on the rise, but growth may be constrained without further improvements. The GoI has identified the power sector as a key sector of focus to promote sustained industrial growth.

The current revised power generation capacity target for the Twelfth Five-Year Plan (i.e. from April 2012 to March 2017) is 88,537 MW. As of 31 March 2013, capacity addition achieved over the 12th Plan has been 27% of the target addition or 23,467 MW. The total installed power generation capacity in India was 223,344 MW as of 31 March 2013. According to the CEA Monthly Review published in March 2013, the total provisional energy deficit and peak power deficit for March 2013 was approximately 8.6% and 7.4%, respectively.

Industry Demand-Supply Overview

The Indian power sector has historically been characterised by energy shortages which have been increasing over the years. The following table sets forth the peak and energy shortages of power in India from April 2007 to March 2013:

Period	Peak				Energy			
	Demand	Supply	Shortage		Demand	Supply	Shortage	
	(MW)	(MW)	(MW)	(%)	(MU)	(MU)	(MU)	(%)
2007-08	108,866	90,793	18,073	16.6	739,345	666,007	73,338	9.9
2008-09	109,809	96,785	13,024	11.9	777,039	691,038	86,001	11.1
2009-10	119,166	104,009	15,157	12.7	830,594	746,644	83,950	10.1
2010-11	122,287	110,256	12,031	9.8	861,591	788,355	73,236	8.5
2011-12	130,006	116,191	13,815	10.6	937,199	857,886	79,313	8.5
2012-13	135,453	123,294	12,159	9.0	995,500	908,574	86,926	8.7

Source: CEA Monthly Review, March 2013

Regional Demand-Supply Overview

The following table displays the provisional peak and normative power shortages in India for the period April 2012 to March 2013 across different regions in India:

Region	Energy Requirement	Deficit	Peak Demand	Deficit
	(MU)	(%)	(MW)	(%)
Northern	300,616	(9.2)	45,860	(8.9)
Western	293,929	(3.3)	40,075	(1.5)
Southern	281,792	(15.5)	37,638	(16.1)
Eastern	107,573	(4.6)	16,655	(7.4)
North Eastern	11,590	(7.3)	1,998	(6.7)
All India	995,500	(8.7)	135,453	(9.0)

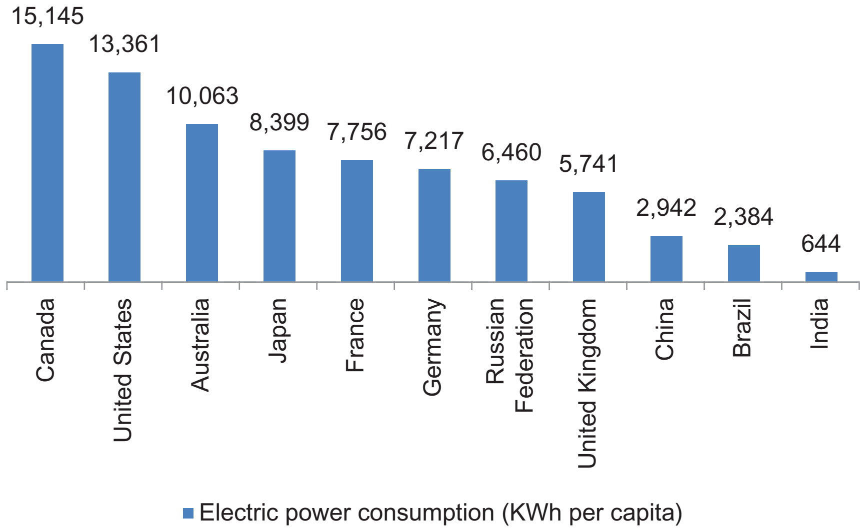
Source: (1) CEA Power Scenario at a Glance, November 2012

(2) CEA Monthly Review, March 2013

Energy deficit varies widely across India, with the Southern region having the highest peak energy shortages followed by the Northern region.

Large Energy Deficit Results in Low Per Capita Consumption of Electricity

Due to inadequate supply and distribution infrastructure, the per capita consumption of energy in India is extremely low in comparison to most other parts of the world. The following chart shows per capita consumption of energy in 2010 in various developed and developing countries.



Source: IEA Key World Energy Statistics, 2012

Historical Capacity Additions

Each successive Five-Year Plan of the GoI has had increased targets for the addition of power generation capacity. The energy deficit in India is a result of insufficient progress in the development of additional energy capacity. In each of the last four Five-Year Plans (the Eight, Ninth, Tenth and Eleventh Five-Year Plans, covering fiscal 1992 to fiscal 2012), the actual capacity additional was less than the target capacity. On cumulative basis, 131 GW of capacity was added in the 20 years against the total target capacity of 191 GW, which is only about 69% of the requirement.

The latest revised target capacity addition for the Twelfth Five-Year Plan is 88,537 MW (Source: CEA Power Scenario at a Glance, November 2012) and this is expected to result in significant investments in the power generation sector.

Installed Capacities

As of 31 March 2013, India's power system had an installed generation capacity of approximately 223,344 MW, with the Central Power Sector Utilities of India, accounting for approximately 29.3% of total power generation capacity, while the various state entities and private sector companies accounted for approximately 39.9% and 30.8%, respectively.

MW	Central	State	Private	Total	Share of Total
Thermal	51,121	57,939	42,471	151,530	67.8%
Hydro	9,459	27,437	2,595	39,491	17.7%
Nuclear	4,780	—	—	4,780	2.1%
Renewable Energy Source	—	3,748	23,794	27,542	12.3%
Total	65,360	89,125	68,859	223,344	100.0%

Source: CEA Monthly Review, March 2013

According to the CEA Monthly Review March 2013, approximately 68% of India's total power generation capacity consists of thermal sources as of 31 March 2013. The predominance of thermal electricity sources in India can be attributed to the fact that India has large thermal coal resources. According to the Indian Minerals Yearbook 2011, India held approximately 286 billion tonnes and 41 billion tonnes in coal and lignite resources respectively, as on 1 April 2011, and it was the third largest country thermal coal producing country after China and the United States of America at the end of 2012.

Future Capacity Additions

According to the Integrated Energy Policy ("IEP") report dated August 2006 issued by the Government of India Planning Commission, India would require total installed capacity of 306 GW and 425 GW and might have a peak demand of 226 GW and 323 GW by fiscal 2017 and fiscal 2022 respectively at 8.0% annual GDP growth. Requirements may be much higher if India is able to achieve a GDP growth rate of higher than 8.0% (Source: IEP, Expert Committee on Power). The following table sets forth the additional capacity required by 2017 and 2022 under different GDP growth rate scenarios:

	Assumed GDP Growth	Electricity Generation Required	Peak Demand	Installed Capacity
	(%)	(BU)	(GW)	(GW)
By fiscal 2017	8.0	1,524	226	306
	9.0	1,687	250	337
By fiscal 2022	8.0	2,118	323	425
	9.0	2,438	372	488

Source: IEP Report, Expert Committee on Power

Transmission and Distribution

In India, the transmission and distribution system is a three-tier structure comprising regional grids, state grids and distribution networks. The five regional grids, structured on a geographical contiguity basis, facilitate transfer of power from a power surplus state to a power deficit state. The regional grids also facilitate the optimal scheduling of maintenance outages and better co-ordination between the power plants. The regional grids shall be gradually integrated to form a national grid, whereby surplus power from a region could be transferred to another region facing power deficits, thereby facilitating a more optimal utilisation of the national generating capacity. Most inter-regional and interstate transmission links are owned and operated by the Power Grid Corporation of India Limited ("PGCIL") though some are jointly owned by the SEBs. PGCIL is the central transmission utility of India and possesses one of the largest transmission networks in the world. Approximately 50% of the total generating capacity in India is transmitted through PGCIL's system, according to the company's disclosures.

PGCIL is working towards establishment of an integrated national power grid, in a phased manner, in order to strengthen the regional grids and to support the generation capacity addition programme. The existing inter-regional power transfer capacity of 27,950 MW (as of March 2012) is expected to be enhanced to 63,000 MW by 2017. Based on the expected generation capacity addition in the Twelfth Five-Year Plan, an investment of approximately Rs. 1,000 billion, Rs. 550 billion and Rs. 250 billion is envisaged in central, state and private sectors respectively (Source: Report of the Working Group on Power for Twelfth Five-Year Plan (2012-17), January 2012).

State grids and distribution networks are primarily owned and operated by the respective SEBs or state governments (through state electricity departments). State distribution networks are managed at the state level and continue to be affected by high AT&C losses estimated to be approximately 26.15% in 2010-11, which implies that 26.15% of power entering the system is lost during distribution (Source: CEA Monthly Review, March 2013). A direct consequence of the high AT&C losses is the poor financial condition of SEBs, thereby constraining the SEBs from making any meaningful investments in generation and in upgrading the T&D network. All India T&D losses for the same period stood at 23.97% (Source: CEA Monthly Review, March 2013).

With the enactment of the Indian Electricity Act, 2003 and the recently notified guidelines for competitive bidding in transmission projects, private investment was permitted in power transmission which became recognised as an independent activity. Power distribution in the States of Delhi and Orissa has been privatised and distribution networks are now operated by private utilities companies such as Tata Power, CESC Limited, Reliance Energy Limited, Torrent Power AEC & SEC and Noida Power Company Limited, and a number of other distribution companies.

In India, transmission sector has grown from a capacity of 52,034 CKms during the 6th fifth-year plan (as of 31 March 1985) to 258,697 CKms currently (as of 31 March 2013). (Source: CEA Monthly Review, March 2013)

Government Policy and Initiatives in the Indian Power Industry

In recent years, in light of persistent power shortages and given the estimated rate of increase in demand for electricity in India, the GoI has taken significant action to restructure the power sector, increase capacity, improve transmission, sub-transmission and distribution, and attract investment to the sector. Some of the various strategies and reforms adopted by the GoI and other initiatives in the power sector in India are summarised below.

Electricity Act, 2003 ("Electricity Act")

See "Business — Indian Regulatory Matters".

National Electricity Policy, 2005

See "Business — Indian Regulatory Matters".

National Tariff Policy, 2006

See "Business — Indian Regulatory Matters".

Rural Electrification Initiatives

The Ministry of Power of the Government of India ("MoP") introduced the Rajiv Gandhi Grameen Vidhyutikaran Yojana ("RGGVY") in April 2005, for achieving the aim of providing access to electricity to all rural households over a period of four years (Source: website for the MoP). Rural Electrification Corporation Limited has been appointed the nodal agency for the RGGVY, and the scheme is 90% funded by Central subsidy and 10% by the States, through their own resources or by seeking financial assistance from financial institutions. The States were responsible for finalising their own rural electrification plans, which were to be a roadmap for generation, transmission, sub-transmission and distribution of electricity within that State to ensure achievement of the scheme objectives. (Source: MoP Office Memorandum No 44/19/2004 D(RE), dated 18 March 2005). As of 31 March 2013, 91.0% of un/de-electrified villages across the participating States had so far been electrified under the RGGVY (Source: website for the RGGVY).

Independent Transmission Projects

The MoP has initiated a tariff based competitive bidding process for independent transmission projects ("ITPs"), for the development of transmission systems through private sector participation. The ITPs aim to evacuate power from generating stations and transmit the power from pooling stations to other grid stations, resulting in system strengthening across India (Source: website of the MoP).

Other Initiatives

Merchant Power Plants

Merchant Power Plants ("MPPs") generate electricity for sale at market-driven rates in the open wholesale market. Typically, the MPPs do not have long-term PPAs and are constructed and owned by private developers. Merchant sales, however, include the sale of power under short-term PPAs and on-spot basis. Many private sector newcomers are starting to adopt the MPP model for their projects to generate higher returns as opposed to selling power through a long term PPA, as the off-take risk is seen to be low in light of significant power shortages in the country. The MPPs can sell power to the power trading companies (such as PTC India Limited and Tata Power Trading Company Limited), the SEBs, distribution companies and industrial and bulk customers.

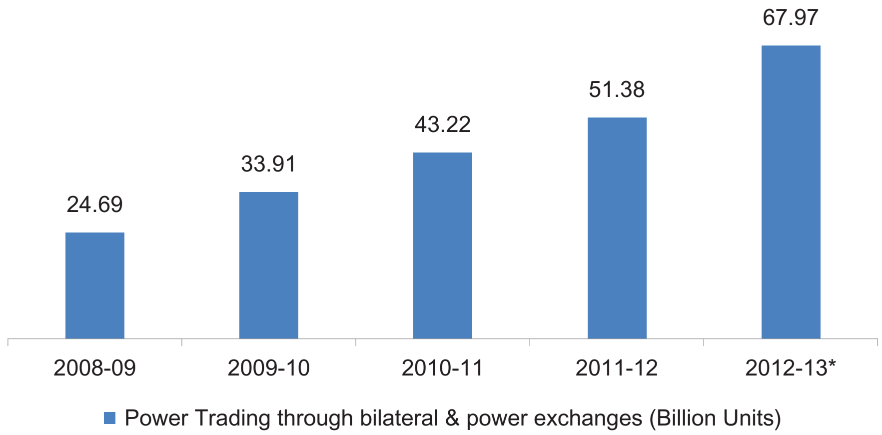
Captive Power Generation

Another segment of power generation in India is the captive power segment. Captive power refers to power generation from a project established for industrial consumption. The dependence on captive power has been rising, due to the continuing shortage of power and India's sustained economic growth. Captive power capacity is currently at 34,444 MW in India (Source: CEA Monthly Review, March 2013).

The Electricity Act provided further incentives to captive power generation companies to grow by making them exempt from licensing requirements. This has resulted in an increase in captive power capacity. Reliability of power supply and better economics are other variables pushing industries to develop captive generation plants.

Power Trading

Historically the main suppliers and consumers of bulk power in India have been the various government controlled generation and distribution companies who typically contracted power on a long term basis by way of PPAs with regulated tariffs. However, in order to encourage the entry of merchant power plants and private sector investment in the power sector, the Electricity Act recognised power trading as a distinct activity from generation, T&D and has facilitated the development of a trading market for electricity in India by providing for open access to transmission networks for normative charges. Power trading involves the exchange of power from suppliers with surpluses to suppliers with deficits. Seasonal diversity in generation and demand, as well as the concentration of power generation facilities in the resources-rich Eastern region of India, has created ample opportunities for the trading of power. Recent regulatory developments include the announcement of rules and provisions for open access and licensing related to interstate trading in electricity. Several entities have started trading operations or have applied for trading licenses. With the aid of the reforms, the volume of power traded as well as its traded price has grown rapidly over the last few years. The following graph and table shows the increasing volume of power traded in India for the periods indicated:



Source: Central Electricity Regulatory Commission, Monthly Reports on Short-term Power Market in India

*Note: *Up to February 2013*

Indian Energy Exchange

Indian Energy Exchange ("IEX") is India's first nation-wide automated and online electricity trading platform. IEX seeks to catalyse the modernisation of electricity trade in India by allowing trading through a technology enabled platform. On 9 June 2008, IEX received CERC approval to begin operations. IEX is a demutualised exchange set up to enable efficient price discovery and price risk management in the power trading market, offering a broader choice to generators and distribution licensees for sale and purchase of power facilitating trade in smaller quantities, and enabling participants to adjust their portfolio as a function of consumption or generation. The total volume of electricity traded on IEX amounted to 1,975.42 million units in February 2013 which is about 35% of the total short term transactions done through bilateral contracts and power exchanges (Source: Central Electricity Regulatory Commission: Monthly Report on Short-term Transactions of Electricity in India, February 2013).

Power Exchange India Limited

Power Exchange India Limited ("PXIL") is a fully electronic nation-wide exchange for trading of electricity. It has been promoted by two of India's leading exchanges, National Stock Exchange of India Limited ("NSE") and National Commodities & Derivatives Exchange Limited. PXIL received regulatory approval to begin operations from the CEA on 30 September 2008, and began its operations on 22 October 2008. The total volume of electricity traded on PXIL amounted to 36.97 million units in February 2013 which is about 1% of the total short term transactions done through bilateral contracts and power exchanges (Source: CERC Monthly Report, February 2013).

BUSINESS

Overview

Vedanta is an LSE-listed globally diversified FTSE 100 oil and gas, metals and mining and commercial power generation company. Its businesses are principally located in India, one of the fastest growing large economies in the world with a 6.2% increase in GDP from fiscal 2011 to fiscal 2012, according to the Central Statistical Organisation of the GoI's Ministry of Statistics and Programme Implementation. In addition, Vedanta has assets and operations in Zambia, Australia, South Africa, Ireland, Liberia, Sri Lanka and Namibia and over 30,000 employees worldwide. Vedanta is primarily engaged in oil and gas, zinc, copper, iron ore, aluminium and commercial power generation businesses and is also developing and acquiring port operation businesses and infrastructure assets. Vedanta has experienced significant growth in recent years through various expansion projects for its zinc, copper, iron ore and aluminium businesses and the acquisition of its oil and gas business with the purchase of a controlling ownership interest in Cairn India in fiscal 2012. Vedanta reported total revenue of $14,989.8 million and a Vedanta EBITDA of $4,888.3 million in fiscal 2013. Vedanta believes its experience in operating and expanding its businesses in India will allow it to capitalise on attractive growth opportunities arising from India's large Mineral Reserves, relatively low cost of operations and large and inexpensive labour and talent pools. Vedanta believes it is also well-positioned to take advantage of the significant growth in industrial production and investments in infrastructure in India, China, Southeast Asia and the Middle East, which it expects will continue to generate strong demand for metals, power and oil and gas.

On 25 February 2012, Vedanta announced an all-share merger of Vedanta's majority-owned subsidiaries, SGL and Sterlite, to create Sesa Sterlite and to effect the consolidation and simplification of Vedanta's corporate structure through two series of transactions (together the "Reorganisation Transactions"). Certain required approvals for the Reorganization Transactions remain pending. Vedanta believes that Sesa Sterlite will be one of the largest global diversified resources major if and when the Restructuring Transactions are consummated. For more information on the Reorganisation Transactions, please see "Reorganisation Transactions".

The following tables set out the revenue for each of Vedanta's business segments as a percentage of Vedanta's revenue on a consolidated basis and the Vedanta EBITDA for each of Vedanta's business segments as a percentage of Vedanta EBITDA on a consolidated basis.

	Year Ended 31 March		
	2011	2012	2013
	(%)	(%)	(%)
Revenue:			
Oil and gas	—	6.3	21.5
Zinc			
— India	18.9	16.5	15.1
— International	1.9	6.4	5.3
Copper			
— India/Australia	30.0	30.0	26.6
— Zambia	16.0	12.2	11.6
Iron ore	17.3	12.1	3.0
Aluminium	15.6	13.4	12.8
Power	1.1	3.3	3.8
Others	—	0.4	0.4
Total	100.0	100.0	100.0

	Year Ended 31 March		
	2011	2012	2013
Vedanta EBITDA[(1)]:			
Oil and gas business	—	17.7%	49.9%
Zinc			
— India	34.2%	30.9%	23.8%
— International	2.8%	9.1%	6.0%
Copper			
— India/Australia	6.8%	7.4%	4.5%
— Zambia	12.3%	9.6%	5.3%
Iron ore	32.9%	17.9%	1.7%
Aluminium	9.9%	4.5%	4.4%
Commercial power generation	1.2%	3.0%	4.4%
Other	(0.2)%	(0.2)%	0.0%
Total	**100%**	**100%**	**100%**

(1) Vedanta defines Vedanta EBITDA as profit for the year before tax expense, other gains and losses (net), finance costs, investment revenue, share in consolidated profit of associate, Special Items, and depreciation and amortisation. Vedanta EBITDA may not be comparable to similarly titled measures reported by other companies due to potential inconsistencies in the method of calculation. Vedanta EBITDA has been included because Vedanta believes it is an indicative measure of its operating performance and is used by investors and analysts to evaluate companies in the industry. Vedanta EBITDA should be considered in addition to, and not as a substitute for, other measures of financial performance and liquidity reported in accordance with IFRS. Vedanta believes that the inclusion of supplementary adjustments applied in its presentation of Vedanta EBITDA are appropriate because it believes it is a more indicative measure of its baseline performance as it excludes certain charges that its management considers to be outside of its core. Vedanta EBITDA is among the primary indicators that its management uses as a basis for planning and forecasting of future periods. The following table reconciles profit for the year to Vedanta EBITDA:

	Fiscal Year Ended 31 March		
	2011	2012	2013
		($ million)	
Profit for the year	$2,033.8	$1,228.7	1,665.8
Adjusted for:			
Tax expense	649.5	516.7	40.1
Other gains & losses (net)	(252.1)	314.2	285.2
Finance costs	534.7	945.7	1,194.0
Investment revenue	(431.6)	(525.4)	(673.1)
Share in consolidated profit of associate	—	(92.2)	—
Special Items[(1)]	163.5	230.2	41.9
Depreciation and amortisation	869.0	1,408.4	2,334.4
Vedanta EBITDA	**$3,566.8**	**$4,026.3**	**$4,888.3**

(1) Special Items are defined in Note 5 to the Annual Financial Statements. Special Items include Asarco transaction costs, voluntary retirement schemes, KCM IPO costs, acquisition and restructuring related costs, loss on revaluation of previously held interest in associates, net, Tuticorin plant compensation, project cost write-off and impairment of mining properties and leases.

Oil and Gas. Vedanta's oil and gas business is owned and operated by Cairn India, the largest private sector oil and gas company in India, by production, and among the top 20 independent exploration and production companies globally, with a market capitalisation of approximately Rs. 523.1 billion ($9.6 billion) as of 31 March 2013. Cairn India has a diversified asset base with nine blocks: one in Rajasthan, two on the west coast of India, four on the east coast of India, one in Sri Lanka and one in South Africa. On 8 December 2011, Vedanta announced the completion of its acquisition of 58.5% of the fully diluted share capital of Cairn India from Cairn Energy plc for total gross consideration of $8.7 billion. As of 31 March 2013, Vedanta's total ownership interest in Cairn India was 58.8%. Upon consummation of the Reorganisation Transactions, which are still pending certain approvals, Sesa Sterlite will directly and indirectly own 58.8% of Cairn India, along with the associated debt of $5.8 billion.

Cairn India's principal production asset is a 70% participating interest in the Rajasthan Block pursuant to the Rajasthan Block PSC that runs until 2020. Cairn India also owns and operates significant infrastructure to facilitate the transport, processing and sale of oil produced in the Rajasthan Block. As of 31 March 2013, Cairn India was producing approximately 169,390 bopd from the Rajasthan Block. The Rajasthan Block represents a significant resource base with estimated aggregate 2P hydrocarbon initially in place of 4.2 bboe as of 31 March 2013.

Revenue from Vedanta's oil and gas business in fiscal 2013 was $3,223.4 million.

Zinc. Vedanta's fully integrated zinc business in India is owned and operated by HZL, India's leading primary zinc producer with a 82.0% market share by sales volume in India in fiscal 2013, according to ILZDA. In 2012, HZL was one of the top five lead mining companies based on production volumes and in the lowest cost quartile in terms of all zinc mining operations worldwide, according to Wood Mackenzie. In addition, HZL's Rampura Agucha mine was the largest zinc mine in the world on a production basis and its Chanderiya hydrometallurgical zinc smelter was the fourth largest smelter on a production basis worldwide in 2012, according to Wood Mackenzie. As of 31 March 2013, Sterlite directly owned 64.9% of the share capital of HZL, with the remainder owned by the GoI (29.5%) and institutional and public shareholders (5.6%). Sterlite has exercised its second call option to acquire the GoI's remaining ownership interest in HZL, although the exercise of this call option is currently being disputed and an alternative offer authorised by the Company's shareholders has not yet been accepted by the GoI. Accordingly, there is no certainty that the acquisition will proceed. See "— Litigation — Sterlite has commenced proceedings against the GoI, which has disputed Sterlite's exercise of the call option to purchase its remaining 29.5% ownership interest in HZL." for further details.

HZL's business includes five lead-zinc mines, one rock phosphate mine, four hydrometallurgical zinc smelters, two lead smelters, one lead-zinc smelter, four sulphuric acid plants, one silver refinery in the State of Rajasthan in northwest India, six captive power plants in northwest India, and two metal processing and refining facilities in the state of Uttarakhand in northern India.

HZL's annual production of zinc and lead for the year ended 31 March 2013 was 676,921 tonnes and 118,316 tonnes, respectively.

In addition, Vedanta owns and operates the assets that comprise Zinc International, namely 100.0% of Skorpion, which owns the Skorpion mine and refinery in Namibia, a 74.0% ownership interest in Black Mountain Mining, which owns assets including the Black Mountain mine and the Gamsberg deposit in South Africa and 100.0% of Lisheen, which owns the Lisheen mine in Ireland.

Total revenue from Vedanta's zinc business in fiscal 2013 was $3,060.5 million.

Copper. Vedanta's copper business comprises operations in India, Zambia and Australia. Vedanta's Indian and Australian copper business is operated by Sterlite, while its Zambian copper business is owned and operated by KCM. Sterlite is one of India's largest non-ferrous metals and mining companies. It is one of only two custom copper smelters, with a 40% primary market share by sales volume in India in fiscal 2013, according to ICPCI. According to Wood Mackenzie, Sterlite's Tuticorin smelter was one of the world's largest, in terms of production volumes, in 2012. As of 31 March 2013, the Company owned 58.2% of the share capital of Sterlite through Twin Star and MALCO, and 79.4% of the share capital of KCM. Pursuant to the Reorganisation Transactions, which are still pending certain approvals, Sterlite will be merged into SGL to create Sesa Sterlite. Upon consummation of the Reorganisation Transactions, Vedanta will own 58.3% of Sesa Sterlite.

In addition, Sterlite owns the Mt. Lyell copper mine in Tasmania, Australia, which provides a small percentage of Sterlite's copper concentrate requirements. KCM's Zambian operations comprise various facilities at Konkola, Nchanga, Nkana and Nampundwe.

On 29 March 2013, the TNPCB ordered the closure of the copper smelter at Tuticorin due to complaints about a noxious gas leak by local residents. On 1 April 2013, Sterlite filed a petition in the NGT challenging the order of the state pollution control board on the basis that the plant's emissions are within permissible limits.

For more information, see "Risk Factors — Litigation — Sterlite is involved in the cessation of activities for alleged violation of environmental regulations at its Tuticorin plant, which is currently closed".

Total revenue from Vedanta's copper businesses in fiscal 2013 was $5,731.8 million.

Iron Ore. Vedanta's iron ore business is owned and operated by SGL, India's largest exporter of iron ore in the private sector by volume since 2003, according to the Federation of Indian Mineral Industries. As of 31 March 2013, Vedanta's ownership interest in SGL was 55.1%. The remaining 44.9% was owned by institutional and public shareholders. Pursuant to the Reorganisation Transactions, which are still pending certain approvals, Sterlite will be merged into SGL to create Sesa Sterlite. Upon consummation of the Reorganisation Transactions, Vedanta will own 58.3% of Sesa Sterlite.

SGL is engaged in the exploration, mining and processing of iron ore. As of 31 March 2013, SGL and its subsidiaries owned or had the rights to Ore Reserves and Mineral Resources consisting of 1,399 million tonnes of iron ore at an average grade of 39.3%. SGL's annual production as of 31 March 2013 was 3.7 million tonnes.

In fiscal 2013, SGL produced approximately 3.7 million dry metric tonnes of saleable iron ore. SGL's mining operations are carried out in the Indian States of Goa and Karnataka, both of which became subject to suspension of mining activities and a mining ban recently due to alleged environmental violations by miners, which has adversely impacted SGL's production of iron ore. Karnataka mining operations were suspended due to a government ban from 26 August 2011 to 18 April 2013. Operations are expected to be restarted as soon as necessary statutory clearances can be obtained. Goa mining operations have been suspended due to a government order since September 2012. Although an application has been made to lift the suspension, a hearing has not yet been scheduled.

See "Risk Factors — Litigation — SGL is involved in proceedings involving a suspension of mining activities on mining operations in the State of Goa" for further information.

In addition, SGL manufactures pig iron and metallurgical coke in Goa. In fiscal 2013, SGL produced approximately 307,775 tonnes of pig iron and 331,000 tonnes of metallurgical coke. During fiscal 2013, SGL expanded its pig iron capacity by 375 ktpa to 625 ktpa at a cost of approximately Rs. 6,580 million ($121.0 million).

Revenue from Vedanta's iron ore business in fiscal 2013 was $447.4 million.

Aluminium. Vedanta's aluminium business is primarily owned and operated by BALCO and Vedanta Aluminium. BALCO and Vedanta Aluminium are two of the four primary producers of aluminium in India and together had a 48.0% market share by sales volume in India in fiscal 2013, according to the Aluminium Association of India (the "AAI") As of 31 March 2013, Sterlite owned 51.0% of the share capital of BALCO and has exercised its call option to acquire the GoI's remaining ownership interest, although the exercise of this call option is currently being disputed and an alternative offer authorised by the Company's shareholders has not yet been accepted by the GoI. Accordingly, there is no certainty that the acquisition will proceed. See "— Litigation — Sterlite has commenced proceedings against the GoI which has disputed Sterlite's exercise of the call option to purchase its remaining 49.0% ownership interest in BALCO" for further details. As of 31 March 2013, Vedanta owned 94.8% of the share capital of MALCO and 70.5% of the share capital of Vedanta Aluminium, with Sterlite owning the remaining 29.5% of Vedanta Aluminium.

BALCO's operations include two bauxite mines, two captive power plants and refining, smelting and fabrication facilities in central India. Vedanta Aluminium's operations include an aluminium smelter and a captive power plant in Jharsuguda and an alumina refinery and a captive power plant at Lanjigarh in the State of Orissa in eastern India, but alumina production at Lanjigarh has been temporarily suspended since 5 December 2012, due to inadequate availability of bauxite.

See "Risk Factors — Litigation — Petitions have been filed in the Supreme Court of India and the High Court of Orissa to seek the cessation of construction of Vedanta Aluminium's refinery in Lanjigarh, which is currently closed, and related mining operations in Niyamgiri Hills, which are currently suspended" for further information.

Pursuant to the Reorganisation Transactions, which are still pending certain approvals, Vedanta Aluminium's aluminium business will be merged into Sesa Sterlite.

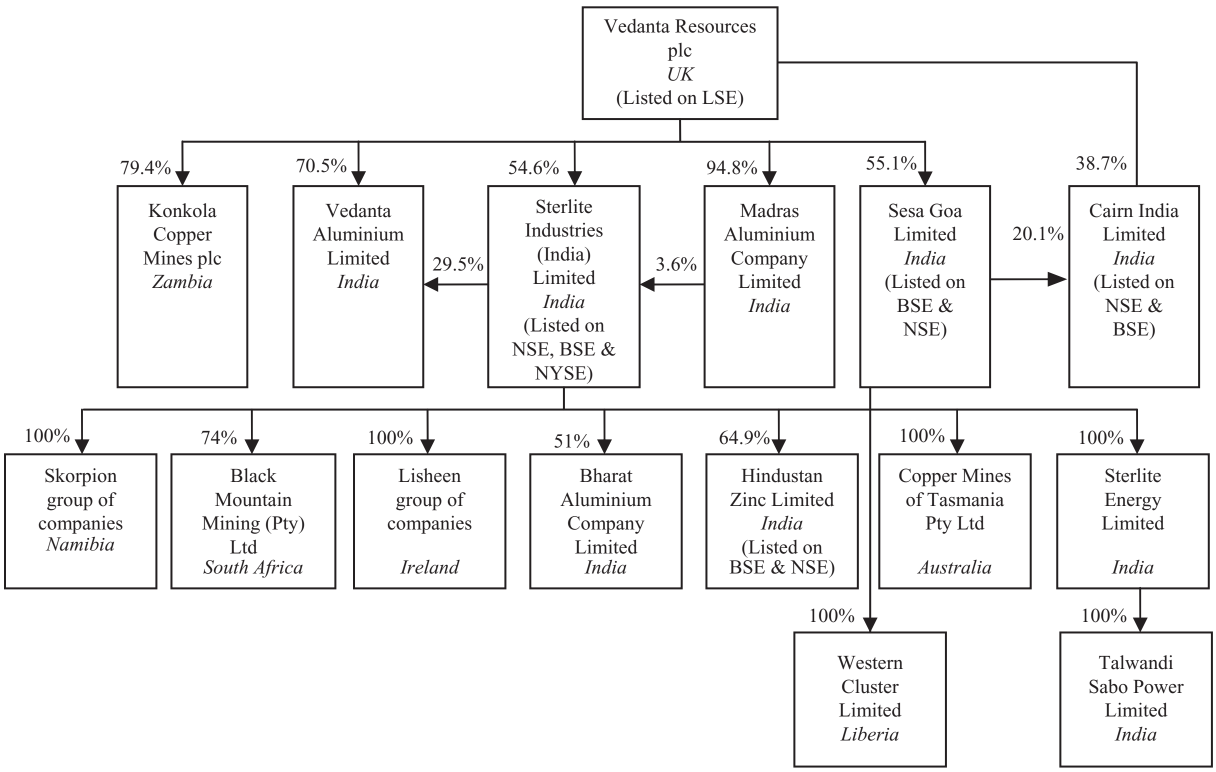
Revenue from Vedanta's aluminium business in fiscal 2013 was $1,918.8 million.

Power. Vedanta has been building and managing captive power plants since 1997. Vedanta's commercial power generation business in India leverages its experience in building and managing captive power plants that support its primary businesses. As of 31 March 2013, the total power generating capacity of Vedanta's non-captive thermal power plants and wind power plants was approximately 2,774 MW.

Revenue from Vedanta's commercial power generation business in fiscal 2013 was $548.7 million.

Current Group Structure

The following organisational charts depict Vedanta's corporate structure as of 31 March 2013. Vedanta also owns certain other non-operating subsidiaries that are not material and are not shown in the organisational charts below.



Please see "The Reorganisation Transactions" for details on the Reorganisation Transactions.

On 25 February 2012, Vedanta announced an all-share merger of the Company's majority-owned subsidiaries, SGL and Sterlite, to create Sesa Sterlite and effect the consolidation and simplification of Vedanta's corporate structure. Such merger and consolidation is being effected through the Reorganisation Transactions, consisting of the Amalgamation and Reorganisation Scheme and the Cairn India Consolidation. Certain approvals required for the completion of the Reorganisation Transactions remain outstanding as of the date of this Offering Circular. See "Reorganisation Transactions" for more information.

Competitive Strengths

Vedanta believes it has the following competitive strengths:

A leading diversified natural resources company.

Vedanta is a leading diversified natural resources company in India based on revenue. It has substantial market shares across the oil and gas, zinc, copper, iron ore, aluminium and power markets in India. Specifically:

- *Oil and gas:* Cairn India is the fourth largest overall in market capitalisation and the largest private oil and gas company by production in India as of 31 March 2013, accounting for 25% of domestic oil and gas production during fiscal 2013, according to data from MoPNG. In fiscal 2013, Cairn India produced approximately gross 71.46 mmboe of oil (a working interest of 45.74 mmboe) and gross 3.48 mmboe (a working interest of 0.93 mmboe) of gas.
- *Zinc:* HZL is India's only integrated zinc producer and had an 82.0% market share by sales volume of the Indian zinc market in fiscal 2013, according to ILZDA. For fiscal 2013, HZL was one of the world's largest integrated producer of zinc and one of the top five lead mining companies based on production volumes and in the lowest cost quartile in terms of all zinc mining operations worldwide, according to Wood Mackenzie.
- *Copper:* Sterlite is one of only two custom copper smelters in India with a 40% primary market share by sales volume in India in fiscal 2013, according to ICPCI.

- *Iron ore:* SGL has been India's largest exporter of iron ore in the Indian private sector by volume since 2003, according to the Federation of Indian Mineral Industries. In fiscal 2013, SGL exported approximately 2.9 million tonnes of iron ore. It has operations in the Indian states of Goa, which are currently suspended, and Karnataka and is geographically well-positioned to benefit from the continued growth of Asian economies, particularly China; and Japan. SGL is also developing a mine in Liberia.

- *Aluminium:* Vedanta, through its subsidiaries BALCO and Vedanta Aluminium, is the second largest primary producer of aluminium in India with a 48.0% primary market share by sales volume in India in fiscal 2013, according to the AAI. BALCO's 245,000 tpa smelter in Korba was ranked thirty-fourth in terms of cost competitiveness among all aluminium smelter operations worldwide in 2010, based on C1™ cash costs according to Wood Mackenzie.

- *Power*: Vedanta has 2,774 MW of commercial power generation capacity, as well as a new power plant at Talwandi Sabo that is currently under construction, with the first unit to be synchronised in the second quarter of fiscal 2014 and full capacity of 1,980 MW to be reached in fiscal 2015 .

Ideally positioned to capitalise on India's growth and resource potential

Vedanta believes that its experience in operating and expanding its business in India will allow it to capitalise on attractive growth opportunities arising from factors including:

India's large mineral reserves. According to the USGS, Mineral Commodity Summaries, January 2013, the zinc, bauxite and iron ore reserves of India are estimated at 12.0 million tonnes, 900 million tonnes and 11.5 billion tonnes, respectively. According to the Indian Ministry of Coal, the total coal resources of India were 293.5 billion tonnes as of 1 April 2012. According to the USGS, India's bauxite reserves are the seventh largest in the world with total recoverable reserves estimated at 900 million tonnes and India also has the fourth largest coal reserves in the world as of 2007.

India's undeveloped oil and gas resource potential. India is an attractive country for investment in the oil and gas exploration and production sector with domestic demand for hydrocarbons exceeding supply and expected to continue to do so in the foreseeable future. The GoI has continued to provide further growth opportunities through annual licensing rounds. Cairn India was awarded four blocks in New Exploration Licensing Policy ("NELP") rounds, one block in the NELP V round, one block in the NELP VI round and an additional two blocks in the NELP VIII round, namely, KG-OSN-2009/3 and MB-DWN-2009/1.

India's economic growth and proximity to other growing economies. India is one of the fastest growing large economies in the world with a 6.2% increase in real GDP during fiscal 2012, according to the Central Statistical Organisation of the GoI's Ministry of Statistics and Programme Implementation. India has a large domestic market and, being a cost effective and labour intensive economy, India has benefited immensely from outsourcing of work from developed countries, and a strong manufacturing and export oriented industrial framework. Vedanta believes that its focus on its oil and gas, metals and mining and power businesses will allow it to directly benefit from this growth.

According to Wood Mackenzie, the annual demand for copper, zinc and aluminium in India is expected to grow from 580,000 tonnes, 561,000 tonnes and 1.7 million tonnes in 2010 to 685,000 tonnes, 708,000 tonnes and 2.5 million tonnes in 2015, representing a compound annual growth rate ("CAGR") of 3.4%, 4.4% and 7.8%, respectively. According to Metalytics, the demand for iron ore in India is expected to grow from 109 million tonnes in 2012 to 161 million tonnes in 2015, representing a CAGR of 13.9%. In addition, India is strategically located close to other growing economies in China, Southeast Asia and the Middle East.

High quality portfolio of assets with low-cost structure.

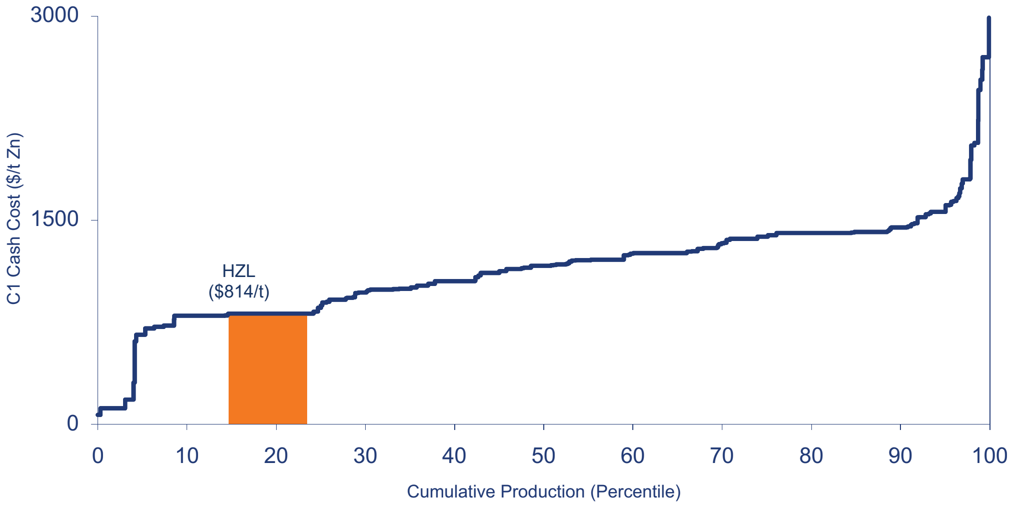
Vedanta believes that its business comprises high quality assets of global size and scale. Vedanta's costs of production in its oil and gas, zinc, copper and aluminium businesses are competitive compared with those of leading natural resources companies in the world, which Vedanta believes is enabled by its high quality assets, operational skills and experience and the integrated nature of its operations.

Oil and gas: Cairn India is the fourth largest overall in market capitalisation and largest private oil and gas company by production in India as of 31 March 2013. It has significant resources of 5.64 billion boe initial in place with gross Proved and Probable reserves and resources of 1,286 mmboe as of 31 March 2013 as estimated by Cairn India. The Cairn India Group holds participating interests in licences covering a significant portfolio of exploration and appraisal acreage in seven blocks in India, one block in Sri Lanka and one block in South Africa, which provides opportunities to grow the business over the longer term.

Cairn India has proven development and operational expertise with an efficient execution track record, and believes it is in the lowest quartile of the global sustainable cash cost position. Lakshmi gas field was discovered in May 2000 and commenced natural gas production in less than 30 months. At the Ravva field, crude oil production increased tenfold, from an initial 3,700 bopd in 1994 to 35,000 bopd, over a 26-month period, and to a plateau of 50,000 bopd in 1999. Those achievements were as a result of prudent reservoir management, integrated multidisciplinary studies, development of the field to international standards and application of the latest technology both in subsurface and surface operations. Cairn India also has long and proven exploration expertise in India. It has conducted successful exploration efforts over the past 10 years with a success ratio of approximately 50.0%. There have been more than 40 hydrocarbon discoveries since 1994, including the largest onshore crude oil discovery in India since 1985 when the Mangala field was discovered in Rajasthan. The Rajasthan block has an additional 2.0 billion boe potential from 22 other fields as estimated by Cairn India as of 31 March 2013.

Zinc: HZL owns six zinc mines in India with total Proved and Probable Ore Reserves of 109.7 mt as of 31 March 2013, according to Wood Mackenzie. HZL's Rampura Agucha Mine is the world's largest zinc mine according to Wood Mackenzie, with Proved and Probable Ore Reserves of 62.7 mt and an annual ore production capacity of 6.15 mtpa, as of 31 March 2013. According to Wood Mackenzie, HZL is in the lowest cost quartile in terms of all zinc mining operations worldwide, as illustrated by the chart below. HZL's operations and assets comprises high grade zinc and lead deposits, open cast and integrated operations, world class facilities, and extensive infrastructure and captive power generation capacities. HZL is also one of the largest silver producers globally, according to Wood Mackenzie.

Zn Composite cost — C1 cash cost ($/tn)



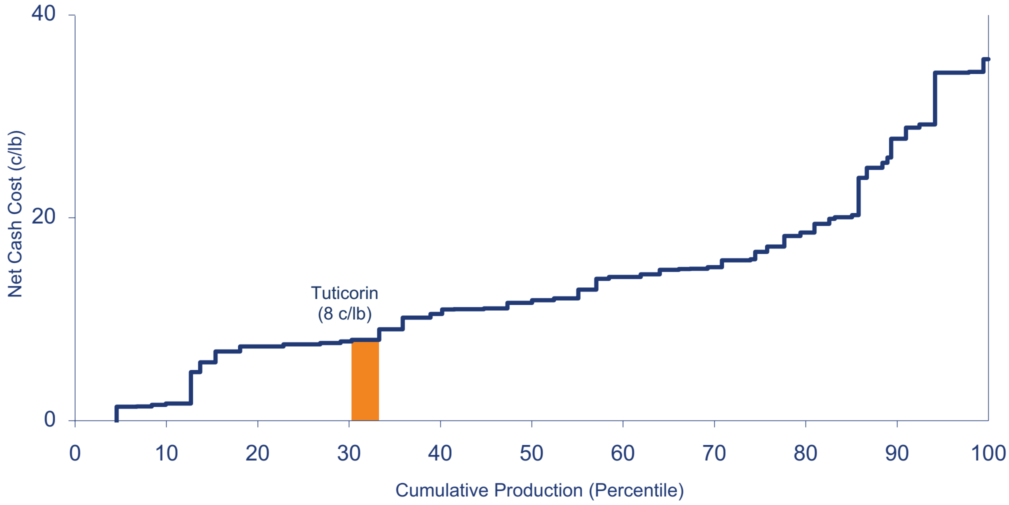
Source: Wood Mackenzie (WM2013 Q2 Scenario)

Vedanta acquired Zinc International during fiscal 2011. The acquisition has consolidated Vedanta's position as the largest integrated zinc and lead producer globally according to Wood Mackenzie. Zinc International comprises three operating assets in Ireland, Namibia and South Africa, which provides Vedanta with a greater presence in Africa and Europe. The total Proved and Probable Ore Reserves at the Skorpion mine, the Lisheen mine and the Black Mountain mine were 6.44, 2.26 and 10.40 mt, respectively, in aggregate, as of 31 March 2013. Zinc International is also currently profitable and management believes it has long-term development potential. The Gamsberg deposit is one of the largest undeveloped zinc deposits globally with Mineral Resources of 186.23 mt as of 31 March 2013. Based on an estimated production capacity of 7.4 mtpa, the Gamsberg project has a mine life of over 25 years. In addition, established and well-invested operations and transport infrastructure are expected to ensure reliable delivery and cost control. Zinc International is in the lower half of the global cost curve in 2013, according to Wood Mackenzie.

Copper: Sterlite owns the Tuticorin copper smelter, one of only two custom copper smelters in India and one of the largest in the world in terms of production volume in 2012 according to Wood Mackenzie. The Tuticorin smelter is currently amongst the lowest quartile cost custom smelters in the world (as demonstrated in the chart below) benefiting from economies of scale, low labour cost, and captive power plant. Sterlite has proposed doubling the copper custom smelting capacity at Tuticorin to 800 ktpa, but government approvals have not yet been received.

On 30 September 2012, the first 80 MW unit of a new captive power plant was successfully synchronised and the second 80 MW unit is expected to be synchronised in the first quarter of fiscal 2014.

Cu Net Cash Cost (c/lb)



Source: Wood Mackenzie (WM2013 Q2 Scenario)

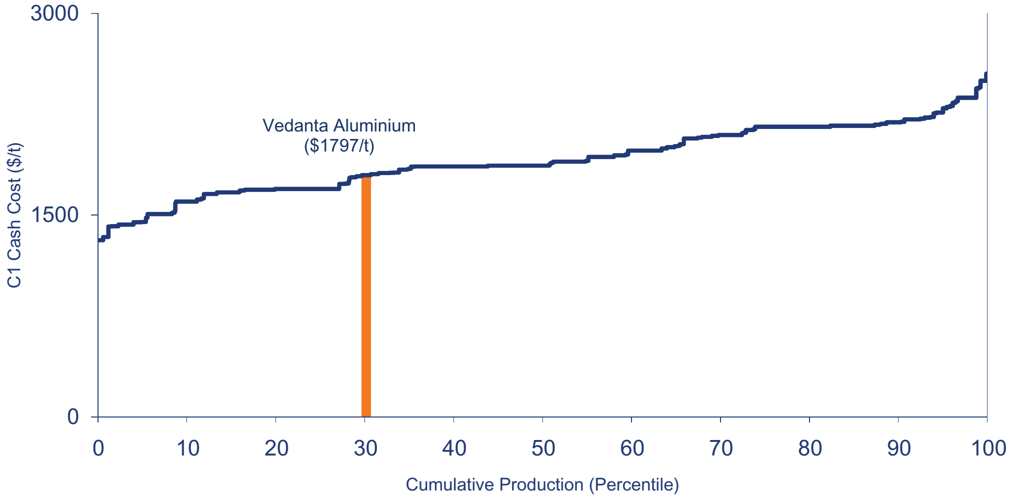
KCM owns resources in Zambia with Proved and Probable Ore Reserves estimated at 317.82 mt as of 31 March 2013. Based on information obtained from a database on mines and deposits compiled by Metals Economics Group, as of 21 April 2011, the Konkola underground mine contained the world's highest grade large-scale (defined as containing over 1.5 mt of contained copper) copper ore body in active production, based on total Ore Reserves and Mineral Resources. The Konkola mine has an estimated mine life of 30 or more years from 1 April 2013 based on Ore Reserves and Mineral Resources as audited by SRK. The mine is also equipped with well invested production facilities and infrastructure. KCM is focused on cost reduction and expects to achieve further cost reduction through operational efficiencies and asset optimisation.

Iron ore: For the past few decades, SGL has been a leading company in iron ore mining, processing and shipping in both the export and domestic markets. As of 31 March 2013, SGL and its subsidiaries owned or had rights to Ore Reserves and Mineral Resources of 1,399 mt with an iron grade of 39.3%. It has historically enjoyed high profitability with Vedanta EBITDA margins higher than 50.0% for each of the past three fiscal years, benefiting from the good quality product and low cost operations. SGL has extensive ore processing facilities and had experienced industry leading organic growth as the capacity has grown to 31 mtpa since the acquisition by Vedanta in 2007. SGL's mining operations are strategically located in India and are complemented by an efficient transportation network. It maintains a network of rail cars, barges and ships that are primarily used to facilitate the export of its ore to foreign customers, and it is in the lowest quartile of the global cost curve for 2012 according to Metalytics. It has a diversified customer base and exports 90.0% of its products to customers in China, Japan and Korea. SGL is also developing a mine in Liberia. SGL's mining operations are carried out in the Indian States of Goa and Karnataka, which, respectively, became subject to a suspension of mining activities and mining ban recently due to alleged environmental violations by miners, which has adversely impacted SGL's production of iron ore.

Aluminium: Vedanta is a leading supplier of high-quality aluminium products to a wide spectrum of industries and continues to enhance its domestic and global footprints. Vedanta is a partially integrated aluminium producer with four captive bauxite mines. As of 31 March 2013, it has Proved and Probable bauxite Ore Reserves of 6.23 mt. It expects to reach a target aluminium capacity of 2,320,000 tpa, representing an increase of over 211% from its capacity as of 31 March 2013 of 745,000 tpa. Vedanta also has sufficient power supply to support its aluminium operations. It has a 1,200 MW captive power plant at BALCO, which is currently under construction and awaiting final stage regulatory approvals for its first two 300 MW units, a 2,400 MW commercial power plant at Jharsuguda (all four units of which have been commissioned as of 31 March 2013), a 540 MW captive power plant and another 270 MW captive power plant at BALCO and 1,215 MW and 75 MW units at Vedanta Aluminium located at Jharsuguda and Lanjigarh, respectively. Vedanta is equipped with established rail and port infrastructure and in the process of upgrading its logistic infrastructure. BALCO is also in the process of commencing coal mining operations for a 211 million tonnes coal block for use in its captive power plants.

In addition, Vedanta is strategically located to service high growth markets such as India, China and the Middle East. Given its mines, captive resources and power supply, established infrastructure and economies of scale, Vedanta's costs of operations are relatively low compared to its peers, currently among the lower half of the global cost curve, and in the lowest quartile for bauxite, according to management's estimate, as illustrated by the chart below.

AI Composite costs — c1 cash cost ($/t)



Source: Wood Mackenzie (WM2013 Q2 Scenario)

Power: Vedanta's power business is well positioned to capitalise on India's economic growth, power deficit and large coal reserves to develop a power business. It has enjoyed high Vedanta EBITDA margins with historical low unit costs. It also has the opportunity to sell power in the spot market in the near term.

As of 31 March 2013, Sterlite Energy had a total capacity of 2,400 MW. The projects under development are strategically located with easy access to fuel and water, and are well connected by railways and roads. It also has a high proportion of coal linkages tied up. In addition, the power projects are in close proximity to power deficit areas, such as the state of Punjab. Vedanta has reduced production and pricing risks with long-term power off-take arrangements with state electricity boards and state-owned utilities. Vedanta has also established long term, sustainable relationships with equipment suppliers and contractors who provide key services and support for large power plant projects at competitive costs and terms. Most importantly, Vedanta's commercial power business will benefit from the expertise of over 20 years in building and operating power plants. The ability to optimise its assets, hone its operating efficiencies and pare costs has been and will be the critical enablers responsible for the Company's growth.

Exceptional Growth Profile — both Organic and Acquisition-led

Vedanta has grown manifold through organic and acquisition driven routes. Organically, it leverages its unique position in India and structural low cost advantages with a focus on exploration. It has one of the largest organic growth capital expenditure programmes in the industry, of which more than half has already been completed. As regards acquisitions, it has consistently selected and acquired attractive targets. Vedanta has been successful in integrating and improving the operations and profitability of acquired businesses.

Vedanta obtained an early foothold in India's metals and mining industry in the 1990s by establishing its copper and aluminium businesses. It then further strengthened and diversified its portfolio by acquiring a controlling ownership interest in HZL in 2003 and SGL in 2007. Further to the rate at which India's economy has been growing in recent years, Vedanta realised the significant opportunities in power and capitalised on these opportunities by developing two large scale power projects through Sterlite Energy starting in 2009. In fiscal 2012, Vedanta entered the oil and gas business with its purchase of a controlling ownership interest in of Cairn India.

Set out below are selected highlights pertaining to growth (by business) over time:

Oil and Gas:

- On 8 December 2011, Vedanta completed its acquisition of 58.5% of the fully diluted share capital of Cairn India for a total consideration of $8.7 billion.

Zinc:

- Acquired a 46.0% interest in HZL in 2002, including 26.0% from the GoI, further increased to 64.9% in 2003 by acquiring stakes from the GoI;
- Brownfield expansions of two hydrometallurgical zinc smelters with 170,000 tpa capacity each, together with coal-based thermal captive power plants of 154 MW and 80 MW at Chanderiya in the State of Rajasthan in May 2005 and December 2007, respectively. The capacities of the two hydrometallurgical zinc smelters were increased to 210,000 tpa through de-bottlenecking in April 2008;
- Increased the capacity of the Rampura Agucha lead-zinc mine and processing plant from 2 mtpa to 6.15 mtpa of ore to supply the brownfield zinc smelter expansion at Chanderiya in the State of Rajasthan between 2003 and 2010; and
- Acquired various zinc assets located in Ireland, Namibia and South Africa in fiscal 2011, thus consolidating Vedanta's position as the largest integrated zinc producer globally.

Copper:

- Established India's first continuous copper rod plant in 1991 and commissioned first privately developed copper smelter in India at Tuticorin in 1997;
- Acquired CMT and TCM in 1999 in Australia to establish access to raw materials;
- Acquired a 51.0% ownership interest in KCM in November 2004 and further increased ownership interest to 79.4% in April 2008; and
- Increased capacity of Sterlite's Tuticorin copper smelter from 180,000 tpa to 300,000 tpa in 2005 and then to 400,000 tpa in November 2006, with a further expansion planned to a capacity of 800,000 tpa including a 160 MW coal-based captive power plan, 80 MW of which was synchronised during fiscal 2013.

Iron Ore:

- Initially acquired a 51.2% ownership interest in SGL in April 2007, and then further increased to 57.6% in 2009. As of 31 March 2013, Vedanta had a 55.1% interest in SGL;
- Doubled the iron ore processing capacity since the acquisition by Vedanta in 2007, with future logistical and capacity improvements and expansions planned;
- During fiscal 2013, SGL completed its acquisition of 100.0% ownership interest in WCL, a Liberian iron ore exploration company; and
- During fiscal 2013, SGL expanded its pig iron capacity by 375 ktpa to 625 ktpa.

Aluminium:

- Commissioned a plant for the manufacture of aluminium sheets and foils in 1993;
- Acquired a 51.0% interest in BALCO from the GoI in 2001; and
- Significant capacity expansion with target aluminium capacities of 1,750 ktpa for Vedanta Aluminium and 570 ktpa for BALCO.

Power:

- Vedanta has been building and managing captive power plants since 1997;
- Sterlite acquired Sterlite Energy in fiscal 2006 to enter into power business in India, leveraging on its experience in building and managing captive power plants;
- Completed Vedanta's wind power plants at Gujarat and Karnataka with a total power generation capacity of 123.2 MW between fiscal 2007 and fiscal 2008;
- Completed Vedanta's wind power plants at Rajasthan, Maharastra, Tamil Nadu and Karnataka with a total power generation capacity of 150.3 MW between fiscal 2011 and fiscal 2012;
- Completed the 2,400 MW commercial power plant at Jharsuguda during fiscal 2013; and

- Construction of the Talwandi Sabo independent power plant is being carried out in phases, with the first unit to be synchronised in the second quarter of fiscal 2014 and full capacity of 1,980 MW to be reached in fiscal 2015.

Proven management team with established track record

Vedanta's senior management has significant experience in all aspects of its business which has contributed in transforming Vedanta into a leading diversified natural resources company that is listed on the LSE and included in the FTSE 100 Index. Mr. Anil Agarwal, Vedanta's founder, remains involved in overseeing Vedanta's business as its Executive Chairman. Vedanta's executive management team focuses on group strategy and capital allocation, while operational and project goals are led by the experienced management teams overseeing each individual business.

Vedanta's experienced and focused management and dedicated project execution teams have a proven track record of successfully implementing capital-intensive projects to increase its production capacities. Vedanta utilises project monitoring and assurance systems to facilitate timely execution of its projects. In addition, Vedanta has established relationships with leading domestic and international vendors that support its expansion projects. Since the listing of the Company's Ordinary Shares on the Official List and admission to trading on the LSE's main market for listed securities on 10 December 2003 (the "Listing"), Vedanta has planned and implemented multiple expansion projects in its businesses.

Cairn India has long and proven exploration expertise in India, having made 40 hydrocarbon discoveries since 1994. Cairn India has continued to add to its exploration portfolio and, in addition to accessing new opportunities, has been an active and successful participant in the NELP licensing rounds, as demonstrated by Cairn India being awarded two blocks in the NELP VIII round. Cairn India's executive management team has a proven track record of developing hydrocarbon resources as follows:

- Cairn India commenced operations in India approximately 17 years ago with the operation of the Ravva Block and subsequently progressing to the discovery of additional reserves in Cambay Basin which was double of the amount originally estimated;
- as of 7 May 2013, Cairn India had made 26 discoveries in the Rajasthan Block, including the landmark Mangala field, and continues to undertake further exploration and appraisal work which may lead to future discoveries, as well as continuing efforts to enhance the resources in the Rajasthan Block through technological applications;
- as the operator of the Lakshmi field in the Cambay Basin, Cairn India commenced natural gas production in less than 28 months following discovery and as the operator of the Ravva field, Cairn India increased crude oil production from an initial 3,700 bopd in 1994 bopd to 35,000 bopd in 26 months and to a plateau production of 50,000 bopd in 1999.

Strong credit profile

Vedanta generated strong cash flows in recent years due to its volume growth and its cost reduction measures. Vedanta's cash flow from operating activities was \$3,203.6 million in fiscal 2013 compared with \$1,979.4 million in fiscal 2012. Vedanta believes it has a strong balance sheet and is driven by growing Vedanta EBITDA and cash flow.

Vedanta's approach of pre-funding projects and acquisitions is carried out through the issuance of equity to maintain a strong balance sheet, by raising funds through its capital market raisings at the Company and subsidiary levels, its balanced debt maturity and issuance of debt at the Company level that can be lent on to other corporate entities within Vedanta.

Vedanta EBITDA Excluding Custom Smelting Margin was 44.9% in fiscal 2013.

	Fiscal Year Ended 31 March				
	2009	2010	2011	2012	2013
			($ million)		
Revenue	6,578.9	7,930.5	11,427.3	14,005.3	14,989.8
Revenue — Copper India custom smelting(2)(3)	—	—	3,158.9	4,205.6	3,990.0
Revenue — Copper Zambia custom smelting(2)	—	—	695.0	507.0	425.6
Revenue — Zinc India custom smelting	—	—	—	—	166.7
Total revenue — Custom Smelting(2)	2,668.1	2,848.1	3,853.9	4,712.6	4,582.3
Revenue Excluding Custom smelting(1)	**3,910.8**	**5,082.4**	**7,573.4**	**9,292.7**	**10,407.5**
Vedanta EBITDA	1,612.2	2,295.9	3,566.8	4,026.3	4,888.3
Vedanta EBITDA — Copper India Custom Smelting(1)(4)	241.7	119.6	166.1	236.5	164.6
Vedanta EBITDA — Copper Zambia Custom Smelting(1)(4)	—	—	24.7	20.8	40.2
Vedanta EBITDA — Zinc India Custom Smelting(1)(4)	—	—	—	—	9.6
Total Vedanta EBITDA — Custom Smelting(1)(4)	241.7	119.6	190.8	257.3	214.4
Vedanta EBITDA Excluding Custom Smelting(1)	**1,370.5**	**2,176.3**	**3,376.0**	**3,769.0**	**4,673.9**
Vedanta EBITDA Excluding Custom Smelting Margin (%)(1)	**35.0**	**42.8**	**44.6**	**40.6**	**44.9**

(1) As defined in "Presentation of Information — Non-IFRS Measures".

(2) Split between India and Zambia not available for 2009 or 2010, and so only shown in total.

(3) Copper — India forms part of the Company's Copper — India/Australia segment.

(4) The following table provides reconciliation of Vedanta EBITDA — Copper India Custom Smelting, Vedanta EBITDA — Copper Zambia Custom Smelting and Vedanta EBITDA — Zinc India Custom Smelting to EBITDA for the respective segments:

	Fiscal Year Ended 31 March				
	2009	2010	2011	2012	2013
			($ million)		
Copper — India/Australia					
EBITDA	**293.7**	**165.9**	**241.5**	**298**	**219.1**
Integrated	52.0	46.3	75.4	61.5	54.6
Custom Smelting	241.7	119.6	166.1	236.5	164.6
Copper — Zambia					
EBITDA	**(70.8)**	**151.8**	**439.9**	**387.9**	**257.3**
Integrated	(70.8)	151.8	415.2	367.1	217.1
Custom Smelting	—	—	24.7	20.8	40.2
Zinc — India					
EBITDA	**603.3**	**982.8**	**1,219.6**	**1,244.8**	**1,165.3**
Integrated	603.3	982.8	1,219.6	1,244.8	1,155.7
Custom Smelting	—	—	—	—	9.6

Vedanta's Strategy

Vedanta's strategic goal is to become one of the top diversified natural resources company in the world, and its strategy is based on the following four key pillars:

Delivering profitable production growth across the portfolio

Vedanta views strict cost management and increases in productivity as fundamental aspects of Vedanta's day-to-day operations and continually seeks to improve efficiency.

Vedanta was in the lowest cost quartile in terms of cost of production in its zinc mining operations worldwide in fiscal 2013, according to Wood Mackenzie, and Vedanta intends to continue to improve its production processes and methods and increase operational efficiencies to further reduce its costs of production in all its businesses. Vedanta's current initiatives include:

- seeking improvements in operations to maximise throughput, mining and plant availability to achieve production increases at its existing facilities with minimum capital expenditures to optimise its asset utilisation;
- reducing logistics costs through various initiatives. For example, Vedanta has focused on continually reducing mining and manufacturing costs and seeking operational efficiency improvements by introducing several initiatives (which are in various stages of progress);
- reducing energy costs and consumption, including through continued investment in advanced technologies to reduce power consumption in the refining and smelting processes and in captive power plants to provide the required power;
- a strong exploration effort seeking to increase reserves, particularly in its zinc and iron ore businesses;
- Vedanta's building and managing of captive power plants to supply a majority of the power requirements of its operations;
- Vedanta's access to relatively large and inexpensive labour and talent pools in India and Zambia;
- continuing to improve recovery ratios such that more finished product is obtained from a given amount of raw material;
- reducing purchase costs, including by entering into long-term contracts for raw materials, making investments in mining operations and optimising the mix of raw material sourcing between long-term contracts, mining operations and the commodities spot markets to address fluctuations in demand and supply;
- securing additional sources of coal through coal block allocations and coal linkages, which are long-term supply contracts for delivery of coal, for use in power plants, such as the coal block allocation of 211 million tonnes Vedanta received for use in BALCO's captive power plants in November 2007, or the 112.2 million tonnes allocation from the Rampia coal block Vedanta received for use in Sterlite Energy's commercial power plants;
- seeking access to bauxite mines for Vedanta Aluminium;
- seeking better utilisation of by-products, including through adding additional processing capabilities to produce end-products from the by-products that can be sold at higher prices and help lower the cost of production of its core metals, such as, for example, the inherent value in the silver business; and lead and silver are by-products of lead while sulphuric acid is a by-product of zinc. Vedanta has become one of the world's top silver producers, according to Wood Mackenzie. In addition, the Sindesar Khurd mine has a mine life of over 30 years based on Ore Reserves and Mineral Resources, from 1 April 2013;
- developing the Rajasthan Block, which will also benefit from Cairn India's extensive subsurface knowledge of the development areas, which includes extensive two dimensional ("2D") and three dimensional ("3D") seismic surveys, a comprehensive series of well tests and core and fluid analyses, helping Cairn India optimise reservoir development to maximise reserves and production;
- increasing recovery from the Rajasthan Block, commencing with the Mangala field, through enhanced oil recovery ("EOR"); and
- maximising recovery from the Ravva and Cambay Basin fields and maintaining low operating costs through the application of the appropriate cost-effective technology. The Ravva and Cambay Basin fields are considered mature fields as production from these fields is currently under decline in line with the depletion of reserves. Cairn India has undertaken various measures, namely four dimensional ("4D") seismic surveys and infill drilling in these fields. The infill drilling in the Cambay Basin fields was completed successfully and will help increase their production potential. In addition, Cairn India plans to drill an exploration well in Ravva in the second half of fiscal 2014.

Simplifying the group structure

Vedanta has and is continuing to seek to increase Vedanta's direct ownership of its underlying businesses to simplify and derive additional synergies and better align cash flows and debt as an integrated group by consolidating its corporate structure and integrating its operations. For example, Vedanta announced a series of transactions on 25 February 2012 to effect the consolidation of Vedanta, including an all-share merger of SGL and Sterlite to create Sesa Sterlite and a consolidation of Vedanta's corporate structure. See "Reorganisation Transactions".

Vedanta owns majority ownership interests in BALCO and HZL and has offered to acquire the remaining shares of both BALCO and HZL from the GoI. To date, these offers have not been accepted by the GoI and therefore there is no certainty that these acquisitions will proceed. See "— Options to Increase Interests in HZL and BALCO".

Continuing to add reserves and resources for long-term value

Vedanta's acquisitions of HZL, BALCO, KCM, SGL, SRL, Skorpion, Lisheen, Black Mountain Mining, WCL and Cairn India have contributed substantially to its growth. Vedanta continually seeks new growth and acquisition opportunities in the metals and mining and related businesses in India and elsewhere, including through government privatisation programmes, where Vedanta can leverage its skills and experience. Vedanta continues to closely monitor the resource markets in its existing lines of business as well as seek out opportunities in complementary businesses such as coal mining. Vedanta also intends to continue to seek out new exploration opportunities for future growth. By selecting opportunities for growth and acquisition carefully and leveraging its skills and experience, Vedanta seeks to continue to expand its business while maintaining a strong balance sheet and investment grade credit profile.

Accelerating cash flows and deleveraging

Vedanta aims to increase its cash flows from operations and decrease capital expenditures, and the indebtedness required to fund capital expenditures. As of 31 March 2013, Vedanta's projects has an estimated total capital expenditure cost of $19.4 billion, of which $12.0 billion had been incurred as of such date. Net cash from operating activities was $3,203.6 million in fiscal 2013, a 61.8% increase from $1,979.4 million in fiscal 2012. Vedanta paid interest of $1,150.9 million on its indebtedness in fiscal 2013, a 14.2% increase from $1,008.0 million in fiscal 2012.

History and Development of Vedanta

In 1979, Mr. Anil Agarwal acquired Shamsher Sterling Corporation, which manufactured polyvinyl chloride power and control cables, overhead power transmission conductors and enamelled copper wire. Sterlite Cables Limited, in which the Agarwal family had a substantial interest, subsequently acquired this business and in 1986 changed its name to Sterlite Industries (India) Limited.

In 1988, Sterlite conducted an initial public offering of its shares and convertible debentures in India to finance in part its first polythene insulated jelly filled copper telephone cables plant.

In 1993, Sterlite Communications Limited which was merged with Sterlite in 1996, established a plant for the manufacture of optical fibre at Aurangabad. Sterlite entered the aluminium production business in 1995 by acquiring an 80.0% interest in MALCO as part of MALCO's financial restructuring.

In 1997, Sterlite commissioned the first privately developed copper smelter in India at Tuticorin.

In July 2000, Sterlite's telecommunications cables and optical fibre business was spun-off into a new company, Sterlite Technologies Limited ("STL"). The Agarwal family has substantial interests in STL although it is not a part of Vedanta.

Sterlite acquired a 51.0% interest in BALCO from the GoI on 2 March 2001. On 19 March 2004, Sterlite gave notice to exercise its call option to purchase the GoI's remaining 49.0% shareholding in BALCO at a price determined in accordance with the shareholders' agreement entered into by Sterlite and the GoI. The exercise of this option has been contested by the GoI. See "— Options to Increase Interests in HZL and BALCO".

In April 2002, Sterlite, through a wholly-owned subsidiary, acquired a 26.0% interest in HZL from the GoI. On 29 August 2003, Sterlite exercised the first call option granted by the GoI to acquire a further 18.9% interest in HZL for Rs. 3,239.0 million ($67.4 million as of the date of the acquisition), taking its interest in HZL to 64.9%. Sterlite has offered to acquire the remaining shares of HZL. See "— Options to Increase Interests in HZL and BALCO".

On 22 April 2003, Vedanta was incorporated in the name of Angelchange Limited, a name that was subsequently changed to Vedanta Resources Limited on 26 June 2003. On 20 November 2003, Vedanta was re-registered as public company and its name was changed to Vedanta Resources plc.

On 10 December 2003, Vedanta became listed on the LSE pursuant to a global offering of 130,000,000 Ordinary Shares, raising approximately £477.0 million, or $825.3 million using the then-current exchange rate, net of underwriting commissions and other fees and expenses.

On 5 November 2004, Vedanta, through its wholly-owned subsidiary, VRHL, completed the acquisition of a 51.0% controlling interest in KCM for a total cash consideration of $48.2 million. VRHL subscribed for $25.0 million of new ordinary shares of KCM, representing 51.0% of the enlarged issued share capital of KCM.

In July 2006, Vedanta's power transmission conductor business was sold to STL as a going concern together with its associated liabilities.

On 3 October 2006, Sterlite acquired 100.0% of Sterlite Energy from Twin Star Infrastructure Limited.

Vedanta acquired its iron ore business on 23 April 2007 through the acquisitions by its wholly-owned subsidiaries of all of the outstanding shares of Finsider, which held a 51.0% interest in SGL, for $981.0 million. Under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, an open offer to acquire a further 20.0% was made in September 2007 at the original acquisition price. After completion of the offer, Vedanta, through its subsidiaries, held a 51.2% ownership interest in SGL.

In June 2007, Sterlite completed an initial public offering of its shares in the form of American Depositary Shares ("ADSs") in the US and its shares were listed on the NYSE. Vedanta's ownership interest, held through its subsidiaries, decreased to 59.9%.

On 9 April 2008, VRHL, through the exercise of Vedanta's call option, purchased an additional 312,244,138 ordinary shares and 48,000,000 deferred shares of KCM for a cash consideration of $213.2 million, increasing its ownership to 79.4%.

In December 2008, Vedanta announced a $250.0 million share buy-back programme to purchase up to 10.0% of its Ordinary Shares in issue. Subsequently, at a meeting on 19 March 2010, Vedanta's Board approved a total share repurchase programme of $825.0 million. As of 31 March 2013, Vedanta held 24,206,816 Ordinary Shares as treasury shares (representing 8.1% of the issued share capital). Any purchases of Ordinary Shares pursuant to the programme will be effected within certain pre-set parameters and in accordance with both the Company's general authority to repurchase shares and Chapter 12 of the Listing Rules, which requires that the maximum price paid will not exceed 5.0% above the average market value of Ordinary Shares for the five dealing days preceding the date of purchase. Vedanta may from time to time announce new share repurchase programmes or increase its existing share repurchase programme.

In February 2009, Vedanta through Twin Star, announced the acquisition of additional shares in MALCO through the reverse book-building guidelines of SEBI and together with Welter Trading Ltd, and held 94.8% of the equity shares of MALCO. Approval to delist its shares from the stock exchanges was received and MALCO was delisted as of 19 June 2009. Pursuant to the Reorganisation Transactions, Vedanta Aluminium's aluminium business and MALCO (excluding its power generation business) will be merged into Sesa Sterlite.

In July 2009, Sterlite completed a follow-on offering of its shares in the form of ADSs in the US where the shares are listed on the NYSE. Vedanta's ownership interest, held through its subsidiaries, decreased to 56.9%.

In fiscal 2009, Vedanta completed the disposal of its interest in IFL.

On 11 June 2009, SGL acquired the entire issued share capital of SRL which increased its iron Ore Reserves and resources by an estimated 101.8 million tonnes including the addition through exploration and drilling in fiscal 2010.

On 10 May 2010, Vedanta agreed to acquire various zinc assets of Anglo American Plc for a total consideration of $1,513.1 million. The net cash available at these entities as of the date of acquisition was $359.2 million. These zinc assets comprise Skorpion, which owns the Skorpion mine and refinery in Namibia, a 74.0% ownership interest in Black Mountain Mining, which assets include the Black Mountain mine and the Gamsberg deposit, in South Africa and Lisheen, which owns the Lisheen mine in Ireland. On 3 December 2010, Vedanta announced the completion of the acquisition of Skorpion by Sterlite Infra Limited, a wholly-owned subsidiary of Sterlite. On 4 February 2011, Vedanta announced the completion of the acquisition of the 74.0% ownership interest in Black Mountain Mining. The acquisition of Lisheen was completed on 15 February 2011.

On 15 August 2010, Vedanta agreed to acquire 40.0% to 51.0% of the share capital of Cairn India from Cairn UK Holdings Limited, a wholly-owned subsidiary of Cairn Energy. Vedanta arranged new debt financing facilities of an aggregate amount of $6.0 billion to finance the acquisition of Cairn India.

On 22 March 2011, SGL acquired the assets of the steel plant assets in Karnataka of BSAL.

On 22 August 2011, SGL acquired 51.0% of WCL from Elenilto.

On 8 December 2011, the acquisition of Cairn India was completed when the Group completed the purchase of an aggregate of 58.5% of Cairn India from Cairn Energy plc for a total gross consideration of $8.7 billion.

On 25 February 2012, Vedanta announced the Reorganisation Transactions.

On 1 March 2012, SGL acquired the entire issued share capital of Goa Energy Limited ("GEL") for $21.0 million.

On 20 December 2012, SGL acquired the remaining 49.0% of WCL from Elenilto.

The principal members of Vedanta's consolidated group of companies as of 31 March 2013 were as follows:

Oil and Gas Business

Cairn India Limited. Cairn India was incorporated in India on 21 August 2006 and was listed on the Bombay Stock Exchange and the National Stock Exchange of India in January 2007 and, as of 31 March 2013, had a market capitalisation of approximately Rs. 523.1 billion ($9.6 billion). Cairn India's headquarters are in Gurgaon, India. On 8 December 2011, Vedanta completed its acquisition of 58.5% of Cairn India from Cairn Energy plc for total gross consideration of $8.7 billion. As of 31 March 2013, Vedanta's total ownership interest in Cairn India was 58.8%. Upon consummation of the Reorganisation Transactions, which are still pending certain approvals, Sesa Sterlite will directly and indirectly own 58.8% of Cairn India, along with the associated debt of $5.8 billion.

Zinc Business

Hindustan Zinc Limited. HZL was incorporated in Jaipur, India, and is headquartered in Udaipur in the State of Rajasthan. HZL's equity shares are listed and traded on the NSE and the BSE. Sterlite directly owns 64.9% of the share capital of HZL and has management control. The remainder of HZL's share capital is owned by the GoI (29.5%) and institutional and public shareholders and employees of HZL (5.6%).

THL Zinc Namibia Holdings (Pty) Ltd. Skorpion was incorporated in Namibia, and is headquartered near Rosh Pinah. Skorpion was acquired from Anglo American plc in May 2010. The acquisition of Skorpion was completed on 3 December 2010.

Vedanta Lisheen Holdings Limited. Lisheen was incorporated in Ireland, and is headquartered in Thurles. Lisheen was acquired from Anglo American plc in May 2010. The acquisition of Lisheen was completed on 15 February 2011.

Black Mountain Mining (Pty) Ltd. Black Mountain Mining was incorporated in South Africa, and is headquartered in Aggeneys. Black Mountain Mining was acquired from Anglo American plc in May 2010 and its assets include the Black Mountain mine and the Gamsberg deposit in South Africa. On 4 February 2011, Vedanta completed the acquisition of the 74.0% ownership interest in Black Mountain Mining.

Copper Business

Sterlite Industries (India) Limited. Sterlite was incorporated in Kolkata, India, and is headquartered in Tuticorin in the State of Tamil Nadu. Sterlite has been a public listed company in India since 1988. Its shares are listed and traded on the NSE and the BSE, and are also listed and traded on the NYSE in the form of ADSs. Vedanta, through Twin Star and MALCO, owns 58.2% of Sterlite and has management control of the company. The remainder of Sterlite's share capital is held by institutional and public shareholders.

Pursuant to the Reorganisation Transactions, which are still pending certain approvals, Sterlite will be merged into SGL to create Sesa Sterlite. Upon consummation of the Reorganisation Transactions, Vedanta will own 58.3% of Sesa Sterlite.

Konkola Copper Mines Plc. KCM was incorporated in Lusaka, Zambia, and has its registered office in Chingola, Zambia. Vedanta owns 79.4% of KCM's share capital through Vedanta's wholly-owned subsidiary, VRHL, and has management control of the company. KCM's other shareholder is ZCCM Investment Holdings Plc. The Government of Zambia has a controlling ownership interest in ZCCM Investment Holdings Plc.

Copper Mines of Tasmania Pty Ltd. CMT was incorporated in Belmont, Australia, and is headquartered in Queenstown, Tasmania. Sterlite owns 100.0% of CMT and has management control of the company.

Iron Ore Business

Sesa Goa Limited. SGL was incorporated in Panaji, India, where it is also headquartered. Its equity shares are listed and traded on the NSE and the BSE. As of 31 March 2013, Vedanta owns, through various wholly-owned subsidiaries, 55.1% of SGL and has management control of the company. The remaining 44.9% is owned by institutional and public shareholders.

Pursuant to the Reorganisation Transactions, which are still pending certain approvals, Sterlite will be merged into SGL to create Sesa Sterlite. Upon consummation of the Reorganisation Transactions, Vedanta will own 58.3% of Sesa Sterlite.

Sesa Resources Limited. SRL was incorporated in Goa, India, and is headquartered in Panaji, Goa. SGL owns 100.0% of SRL.

Western Cluster Limited. WCL was incorporated in Liberia and is headquartered in Monrovia, Liberia. SGL acquired 51.0% of WCL on 22 August 2011 and acquired the remaining 49.0% on 20 December 2012. WCL's assets include development rights to the Western Cluster, a network of iron ore deposits in West Africa.

Aluminium Business

Bharat Aluminium Company Ltd. BALCO was incorporated in New Delhi, India, and is headquartered at Korba in the State of Chhattisgarh. Sterlite owns 51.0% of the share capital of BALCO and has management control of the company. The GoI owns the remaining 49.0%.

Vedanta Aluminium Ltd. Vedanta Aluminium was incorporated in Mumbai, India, and is headquartered in Jharsuguda in the State of Orissa. Vedanta Aluminium's shareholders approved a move of the company's registered office to Tuticorin in October 2007. Vedanta, through Twin Star and Welter Trading Limited, owns 70.5% of the share capital of Vedanta Aluminium and Sterlite owns the remaining 29.5% share capital of Vedanta Aluminium.

Pursuant to the Reorganisation Transactions, which are still pending certain approvals, Vedanta Aluminium's aluminium business will be merged into Sesa Sterlite, and Vedanta Aluminium will become a wholly owned subsidiary of Sesa Sterlite.

Commercial Power Generation Business

Sterlite Energy Limited. Sterlite Energy was incorporated in Mumbai, India, and is headquartered in Mumbai. Sterlite Energy's registered office is in Tuticorin. Sterlite owns 100.0% of Sterlite Energy and has management control of the company. Talwandi Sabo Power Limited ("TSPL") is a wholly-owned subsidiary of Sterlite Energy acquired by Sterlite Energy in September 2008. It is currently developing a 1,980 MW coal-based thermal commercial power plant at Talwandi Sabo, Punjab, India.

Pursuant to the Reorganisation Transactions, which are still pending certain approvals, Sterlite Energy will be merged into Sesa Sterlite.

Madras Aluminium Company Ltd. MALCO was incorporated in Mettur, India, where it is also headquartered. MALCO's equity shares were listed and traded on the NSE and BSE. Vedanta, through Twin Star and Welter Trading Ltd, owns 94.8% of MALCO's share capital and has management control of the company. The remaining 5.4% ownership interest in MALCO is held by public shareholders. MALCO's NSE and BSE shares were delisted from the NSE and BSE on 19 June 2009.

Pursuant to the Reorganisation Transactions, which are still pending certain approvals, MALCO will be merged into Sesa Sterlite and MALCO's power generation business will be divested to Vedanta Aluminium.

Hindustan Zinc Limited. HZL has wind power plants with a combined capacity of 273.5 MW as of 31 March 2013.

Description of the Businesses

Oil and Gas Business

Introduction

Vedanta's oil and gas business is owned and operated by Cairn India Group. Vedanta completed its acquisition of 58.5% of the fully diluted share capital of Cairn India from Cairn Energy plc as of 8 December 2011 for total gross consideration of $8.7 billion. As of 31 March 2013, Vedanta's total ownership interest in

Cairn India was 58.8%. Upon consummation of the Reorganisation Transactions, which are still pending certain approvals, Sesa Sterlite will directly and indirectly own 58.8% of Cairn India, along with the associated debt of $5.8 billion.

Cairn India is primarily engaged in the business of surveying, prospecting, drilling, exploring, acquiring, developing, producing, maintaining, refining, storing, trading, supplying, transporting, marketing, distributing, importing, exporting and generally dealing in minerals, oils, petroleum, gas and related by-products and other activities incidental to the above. As part of its business activities, the Cairn India Group has rights to explore and develop oil exploration blocks in India, Sri Lanka and South Africa.

Cairn India was incorporated in India on 21 August 2006 and was listed on the Bombay Stock Exchange and the National Stock Exchange of India in January 2007 and as of 31 March 2013, had a market capitalisation of approximately Rs. 523.1 billion ($9.6 billion). The following table sets forth information relating to the assets in which Cairn India has an interest and includes its percentage interest, its partner(s), each partner's percentage interest and the operator of the relevant asset:

Block	Interest of Cairn India[1]	Partner(s) and Interest(s) of Partner(s)[1]	Operator
Production			
Block PKGM-1 (the "Ravva Block")	22.5%	ONGC (40.0%); Videocon Industries Limited (25.0%)[2]; Ravva Oil (Singapore) Pte Ltd. (12.5%)[3]	Cairn India
Block CB/OS-2 (the "Cambay Basin Block")	40.0%	ONGC (50.0%); Tata Petrodyne Limited (10.0%)	Cairn India
Production and Development			
Block RJ-ON-90/1 (the "Rajasthan Block")	70.0%	ONGC (30.0)%	Cairn India
Exploration			
PR-OSN-2004/1	35.0%	ONGC (35.0%), Tata Petrodyne Limited (30.0)%	Cairn India
SL 2007-01-001	100.0%	—	Cairn India[4]
KG-ONN-2003/1	49.0%	ONGC (51.0)%	Cairn India
MB-DWN-2009/1	100.0%	—	Cairn India
KG-OSN-2009/3	100.0%	—	Cairn India
Block 1	60.0%	PetroSA (40.0%)	Cairn India[4]

(1) Interest is shown on a net participating interest basis pursuant to the relevant PSC.

(2) Videocon was formerly a separate corporate entity called Petrocon India Limited, previously named Videocon Petroleum Limited.

(3) Ravva Oil is a wholly owned subsidiary of Marubeni Corporation, Japan.

(4) Operated by a subsidiary of Cairn India.

Gross production of Cairn India has grown from 172.9 kboepd in fiscal 2012 to 205.3 kboepd in fiscal 2013.

Cairn India's principal production asset is a 70.0% participating interest in three contiguous development areas totalling 3,111 square km in the Rajasthan Block pursuant to the Rajasthan Block PSC that runs until 2020. The Mangala, Bhagyam and Aishwariya fields (collectively, the "MBA Fields") are the largest in the Rajasthan Block and the Mangala field was the first to be developed, having commenced production of commercial crude oil in August 2009. In addition, Cairn India has completed the Mangala Processing Terminal (the "MPT"), a centralised hub facility to handle crude oil production from the MBA Fields and other fields, such as Raageshwari, Saraswati and other satellite fields. Since 15 June 2010, sales of crude oil from the Rajasthan Block are made through a pipeline (the "Pipeline") of approximately 590 km running from the MPT to Salaya which is in the process of being further extended 73 km to Bhogat. As of 31 March 2013, Cairn India was producing approximately 169,390 bopd from the Rajasthan Block. The Rajasthan Block represents a significant resource base with estimated aggregate 2P hydrocarbon initially in place of 4.2 bboe as of 31 March 2013.

As of 31 March 2013, the MPT has sufficient processing capacity to process the current rate of production with flexibility to expand such capacity. Construction work on the next phase of the Pipeline, an 80-km section from Salaya to Bhogat, is expected to be mechanically completed in fiscal 2014. The Bhogat marine terminal, tank farms and utility facilities are expected to be operational in the first half of fiscal 2014. The Bhogat terminal is a 160 hectare site located 8 km from the Arabian Sea coast at Bhogat in Jamnagar District, Gujarat. The terminal will facilitate the storage and evacuation of Rajasthan crude by sea.

Outside of the Rajasthan Block, in the Ravva Block, the Cambay Basin Block and other blocks, Cairn India estimates that as of 31 March 2013, the aggregate 2P reserves and resources attributable to the fields in production in which it has interests to be 70 million barrels of oil equivalent ("mmboe"). On a net participating interest basis, Cairn India estimates as of 31 March 2013, these same reserves and resources to be 19 mmboe.

In August 2012, Cairn India Group signed a farm-in agreement with the Petroleum Oil & Gas Corporation of South Africa Ltd. ("PetroSA"), the national oil company of South Africa, for the 19,922 sq. km off-shore Block 1, located in the geologically-proven Orange Basin in South Africa. The transaction closed in February 2013, and Cairn India Group now holds a 60.0% interest in the block and is its operator. The 3D survey acquisition commenced in March 2013 and is expected to be completed during the first quarter of fiscal 2014.

With effect from 27 September 2012, Cairn India transferred its 10.0% participating interest in KG-DWN/98/2 to ONGC for total sale consideration of $38.3 million.

For fiscal 2013, the EBITDA for Vedanta's oil and gas segment was $2,439.7 million.

As of 31 March 2013, Cairn India is undertaking a number of initiatives to expand its oil and gas production capacity, including a proposed increase in production at MBA Fields as per the FDP approved numbers and continued expansion of the MPT and the Pipeline. In addition, Cairn India has initiated an exploration and appraisal programme that is aimed at unlocking further potential in Rajasthan as well focusing on the next stage of growth beyond Rajasthan. Cairn India plans for a net capital investment of $3.0 billion from fiscal 2014 through fiscal 2016 for these exploration and appraisal programme across its assets. Of this, about 80% will be spent in the Rajasthan Block and the remaining in the other Cairn India assets.

Principal products

Oil. Cairn India produces crude oil of various grades with different degrees and contents, depending on which field it has been extracted from. The crude oil in the majority of fields in the Rajasthan Block is characterised by its high pour point and its propensity to solidify at certain temperatures.

Gas. The Cambay Basin Block and the Ravva Block produce natural gas, as well as natural gas commingled with crude oil. The Rajasthan Block produces natural gas that is generally used for captive consumption, although commercial sales have commenced following regulatory approval in March 2013.

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Production

The table below sets out Cairn India's total production[(1)] and Cairn India's production results for each of fiscal 2012 and 2013:

	For the Year Ended 31 March	
	2012	2013
Average Daily Gross Operated Production (boepd)	172,887	205,323
Rajasthan	128,267	169,390
Ravva	36,379	29,161
Cambay	8,242	6,772
Average Daily Working Interest Production (boepd)	101,268	127,843
Rajasthan	89,787	118,573
Ravva	8,185	6,561
Cambay	3,297	2,709
Total Oil and Gas (mmboe)		
Oil & Gas-Gross[(2)]	63.27	74.94
Oil & Gas-Working Interest[(2)]	37.06	46.66

(1) See "Presentation of Information — Reserves and Production" for an explanation of the basis of preparation of production amounts.

(2) Includes production for all of fiscal 2012 for comparative purposes. Operating and financial results were consolidated with effect from 8 December 2011, the date Cairn India was acquired.

In fiscal 2013, Cairn India produced approximately gross 71.46 mmboe of oil (a working interest 45.74 mmboe) and gross 3.48 mmboe (a working interest of 0.93 mmboe) of gas.

	For the Year Ended 31 March	
	2012	2013
Gross:		
Oil (bopd)	160,635	195,780
Gas (mmscfd)	74	57
O&G (boepd)	172,887	205,323
Total:		
Oil (mmbbls)	58.79	71.46
Gas (mmboe)	4.48	3.48
O&G (mmboe)	63.27	74.94

Cairn India's Estimates of Hydrocarbons Initially in Place, Reserves and Contingent Resources

Cairn India uses various measures of hydrocarbons to make decisions regarding exploration priorities and investment in field developments. In the exploration phase, estimates of hydrocarbons initially in place, and the associated estimate of prospective resource are essentially speculative and subject both to a binary risk (probability of success or failure) and considerable uncertainty of volumetric magnitude. Following successful exploration and appraisal work, and as a field matures technically and commercially through development work and actual production, it becomes possible for Cairn India to make estimates, which may change over time, of the volumes of hydrocarbons or reserves that, in varying degrees of certainty or uncertainty, will ultimately be recoverable.

Cairn India relies primarily on estimates of proved plus probable, or 2P, reserves for purposes of significant capital investment decisions. For purposes of financial accounting under Indian GAAP, proved reserves will have additional significance in that only proved reserves at the beginning of an accounting period may be compared with production for the period to determine the period's depletion charge on a unit of production basis.

Finally, as a further measure of the potential commerciality of known accumulations of hydrocarbons in Cairn India's areas, estimates of contingent resources are also used. The estimation of these resources, and the likelihood that they may in the future be reclassified as reserves, depends on Cairn India's ability to prove commercial and technical viability of recovery within a reasonable timeframe. Cairn India employs reserves and resources definitions according to SPE/WPC International Standards which provide detailed descriptions for each category of reserves and resources.

Set forth in the table below is certain data regarding Cairn India's estimates of gross hydrocarbons initially in place, gross and net participating interest reserves and gross contingent resources from fields within the Rajasthan Block, the Ravva Block and the Cambay Basin Block as of 31 March 2013. All of Cairn India's estimates with respect to Rajasthan Block fields are based on the assumption that Cairn India will be granted an extension of the Rajasthan Block PSC beyond the expiration of the PSC in 2020 (which is when Cairn India currently estimates economically viable production will no longer be possible) except for the estimates of proved only reserves where Cairn India has only included volumes that it believes can be substantially produced by 2020, the current year of expiration of the Rajasthan Block PSC. There is no assurance that this assumption will prove correct. Based on fiscal 2013 production, the reserves and resources of the operating blocks have a life of approximately 15 years.

	Gross Proved Plus Probable Hydrocarbons Initially in Place	Gross Proved Plus Probable Reserves and 2C resources	Net Participating Interest Proved Plus Probable Reserves and 2C resources
		(mmboe)	
Rajasthan Block			
Mangala	1,329	396	277
Bhagyam	571	155	108
Aishwariya	293	85	60
Total "MBA" Fields	2,193	635	445
Rajasthan Block Small Fields	217	15	10
Rajasthan Block Other Fields	1,788	165	115
EOR			
Mangala	—	166	116
Bhagyam	—	69	48
Aishwariya	—	35	25
Ravva Block	681	50	11
Cambay Basin Block	209	20	8
KG-ONN-2003/1	481	74	36
SL-2007-01-001	74	56	56
Total (excluding EOR)	**5,641**	**1,016**	**682**
Total (including EOR)	**5,641**	**1,286**	**871**

A summary of these definitions is provided under "Estimation of Reserves and Resources" and you should read that summary carefully to understand the different meanings of different estimates presented in the tables below.

DeGolyer and MacNaughton's Estimates of Reserves and Contingent Resources

DeGolyer and MacNaughton, independent petroleum engineering consultants, had been engaged to prepare estimates of the Proved, Probable, and Possible oil, condensate, and sales gas reserves and the contingent resources contained within the areas of Cairn India.

The estimation of oil and gas reserves and resources is highly uncertain and highly subjective and different, reasonable estimates may be produced by different engineers analysing the same geological, technical and commercial data. As a result, there are differences between Cairn India's estimates and DeGolyer and MacNaughton's estimates.

Set forth in the table below is a summary of the gross and net participating interest oil equivalent reserves reported in millions of barrels for certain properties which have been derived from estimates of gross oil and gas reserves prepared by DeGolyer and MacNaughton for fields within the Rajasthan Block, the Ravva Fields, and fields within the Cambay Basin Block as of 31 March 2013. In this table, gas has been converted into oil equivalent using a conversion factor of 6,000 standard cubic feet per barrel of oil equivalent.

	Gross Proved Plus Probable Hydrocarbon Reserves (mmboe)	Net Participating Interest Proved Plus Probable Hydrocarbon Reserves (mmboe)
Rajasthan Block		
Mangala	288.8	202.1
Bhagyam	77.9	54.6
Aishwariya	25.8	18.1
Total "MBA" Fields	392.5	274.8
Rajasthan Block Small Fields	5.9	4.1
Rajasthan Block Other Fields	7.5	5.3
Ravva Block	37.8	8.5
Cambay Basin Block	16.9	6.7

The most significant difference between Cairn India's estimates and DeGolyer and MacNaughton's estimates is that DeGolyer and MacNaughton does not consider recovery factors for waterflood operations in its estimate under the "proved category" for certain fields where no analogy exists. DeGolyer and MacNaughton does not estimate reserves for those quantities of petroleum potentially recoverable after the expiration of the respective production sharing contracts. DeGolyer and MacNaughton classifies those quantities of petroleum as contingent resources.

The Rajasthan Block

The majority of the estimated hydrocarbons in place, 2P reserves and contingent resources attributable to fields in which Cairn India has an interest are contained in the Rajasthan Block.

The Rajasthan Block comprises three contiguous development areas as follows:

- Mangala, Aishwariya, Raageshwari and Saraswati fields;
- Bhagyam and Shakti fields; and
- Kaameshwari West fields.

Currently, the Mangala, Bhagyam, Aishwariya, Saraswati and Raageshwari oil fields are under production. As of 31 March 2013, Cairn India estimates the aggregate gross hydrocarbons initially in place and the gross 2P plus 2C reserves and resources of 2,410 mmboe and 920 mmboe, respectively. The Bhagyam field commenced production in January 2012 and the Aishwariya field commenced production in March 2013.

In each of the MBA Fields, Cairn India is the operator. As of 31 March 2013, Cairn India estimates that the MBA fields together contained gross 2P waterflood reserves and resources of 635 mmboe. Following a successful enhanced oil recovery ("EOR") pilot in the Mangala field, Cairn India expects that its Proved and Probable reserves and resources will increase by 270 mmboe.

The Raageshwari and Saraswati fields continue to cumulatively contribute over 500 bopd towards the total production from the Rajasthan Block as of 31 March 2013. The availability of the integrated processing and evacuation facility has reduced operating costs and has accordingly made these marginal fields economically viable. Currently, drilling operations in the block are progressing with two drilling and two completion rigs. Two more drilling rigs are expected to commence operations during the first quarter of fiscal 2014, and five additional drilling rigs are planned for later in the year.

The other fields in the Rajasthan Block comprise smaller or low permeability fields and reservoirs requiring further evaluation. As of 31 March 2013, Cairn India estimates that these 20 fields have aggregate hydrocarbons initially in place of 1.8 bboe and 2P gross reserves and 2C contingent resources of 165 mmboe.

Cairn India believes that the resource base in the Rajasthan Block will enable Cairn India to produce 300,000 bopd, subject to receipt of regulatory and joint venture partner approvals and additional investments.

Commercial gas sales have now commenced from the Rajasthan Block following regulatory approval during the fourth quarter of fiscal 2013, with initial volumes of 5 million standard cubic feet per day.

As of 31 March 2013, Cairn India estimates the Mangala field to have gross 2P reserves and resources of 562 mmboe, and Cairn India's net participating interest in those reserves and resources to be 393 mmboe (in each case assuming the relevant PSC is extended from 2020 until the end of the field's economic life which is currently estimated beyond 2040). As of 31 March 2013, Cairn India was producing 150,000 bopd from the Mangala field, 20,000 bopd from the Bhagyam field, 1,200 bopd from the Aishwariya field and more than 500 bopd from the small fields. Cairn India estimates the Bhagyam field and the Aishwariya field to have gross 2P reserves and resources of 224 mmboe and 120 mmboe, respectively, as of 31 March 2013.

The approved FDPs for the MBA Fields provide for a plateau production rate for Mangala, Bhagyam and Aishwariya of 150,000 bopd, 40,000 bopd and 10,000 bopd respectively, with the aggregate plateau production rate at 175,000 bopd. Cairn India expects this production rate to increase to 200,000 to 215,000 bopd by the end of fiscal 2014.

As of 7 May 2013, Cairn India has made 26 discoveries in the Rajasthan Block, including, most recently, a discovery made in the Rajasthan Block announced on 9 April 2013. The fields are at different stages of understanding and evaluation and many are still subject to significant appraisal. As of 31 March 2013, Cairn India estimates that the aggregate gross 2P hydrocarbons initially in place attributable to the existing discovered fields in the Rajasthan Block accumulations is approximately 4.2 bboe.

The gross development capital expenditure for the Rajasthan Block is approximately $3.8 billion up to 31 March 2013. The development to date includes the construction of the MPT, the Pipeline, the export system, the sub-surface saline water supply, the gas and power generation system and the development wells.

Set out below is the gross production from the Rajasthan Block and Cairn India's net participating interest with regard to such production for fiscal 2012 and fiscal 2013:

	For the Year Ended 31 March			
	2012		2013	
	Gross	Net	Gross	Net
	(mmbbls)			
Rajasthan Block	46.95	32.86	61.83	43.28
	128,267	89,787	169,390	118,573

The Rajasthan Block PSC

Cairn India is working in partnership with its joint venture partner ONGC, in the Rajasthan Block. The Rajasthan Block PSC was signed in May 1995 between the GoI and a consortium consisting of ONGC and SIPD. Cairn India acquired its interest in the Rajasthan Block PSC in three stages, eventually acquiring a 100.0% beneficial interest in the assets and liabilities as of May 2002 and acquiring legal title to this 100.0% interest on 20 June 2003. Under the Rajasthan Block PSC, the GoI, has an option to acquire a participating interest of 30.0% in any development area containing a commercial discovery. The GoI exercised this right in all three development areas, specifically, the Mangala development area in 2005, the Bhagyam and Shakti development areas in 2007 and the Kameswari development area in 2009, acting through its nominee ONGC, and acquired a 30.0% participating interest.

Under the PSC, the GoI is obliged to purchase the crude oil produced from the Rajasthan Block. However, the GoI has granted permission to Cairn India to sell the crude oil produced to domestic private refineries and as of 31 March 2013, Cairn India is selling the crude oil to both private refineries and the Indian Oil Corporation

Limited ("IOC"). As of 31 March 2013, commercial sales arrangements are in place for over 200,000 bopd with public sector undertakings ("PSU") and private refineries. Any additional sales to the PSU, refineries, Special Economic Zone refineries and overseas are subject to approval from the GoI.

The Rajasthan Block PSC establishes a management committee for the Rajasthan Block which consists of four members, two of whom are nominated by and represent the GoI and the licencee, namely ONGC, taken together, and two of whom are nominated by and represent Cairn India. The management committee must unanimously approve annual work programmes, budgets, proposals for the declaration of a discovery as commercial, FDPs, and the delineation of or additions to a development area, while all other matters only require a majority vote.

The Rajasthan Block PSC is currently valid until May 2020, but it may be extended subject to mutual agreement among the parties for up to an additional ten years in the case of commercial production of non-associated natural gas or up to five years otherwise. There is also provision to further extend the PSC by agreement of the parties if production of crude oil or of natural gas is expected to continue after the relevant period.

The Rajasthan Block benefits from a tax holiday of seven years from fiscal 2009 (the year of commencement of commercial production from the Rajasthan Block) to 31 March 2016. However, during the seven-year tax holiday, minimum alternate tax rules will apply resulting in a taxation of book profits computed in accordance with the generally accepted accounting principles as used in India ("Indian GAAP"). Any minimum alternate tax paid can be carried forward (at current rates) for a total period of ten years from the year of credit and used to reduce corporate tax to be paid in future years in excess of minimum alternate tax payable in those years.

Under the Rajasthan Block PSC, until such time as India attains self-sufficiency in its crude oil supply, Cairn India is required to sell to the GoI, or its nominee, all of Cairn India's entitlement to crude oil and condensate extracted from the Rajasthan Block in order to assist in satisfying domestic Indian crude oil demand. The GoI is entitled to appoint a nominee to purchase all of the contractor's entitlement of the crude oil and condensate produced from the Rajasthan Block. However, the GoI has allowed marketing freedom to Cairn India under the PSC to sell remaining quantities, over and above those allocated to the GoI's nominees, to other domestic private refineries. See "Risk Factors — Operating Risks — Vedanta's PSCs do not permit it to export crude oil, which could restrict its ability to monetise its reserves".

Under the Rajasthan Block PSC, all sales are to be valued at a weighted average FOB selling price per barrel of a basket of international crude oils as agreed by all parties which is quoted in Platts, a provider of energy information. For any delivery period in which sales take place, the price will be set at an average price per barrel determined by calculating the average for such delivery period of the mean of the high and low FOB prices of the basket for each day adjusted for differences in quality, delivery time, quantity, payment terms and other contract terms to the extent known. In agreeing to an appropriate basket, the parties shall attempt, so far as is reasonably practicable, to choose a mixture and weighting of crude oils which would produce a quality similar to the quality of crude oil expected to be produced from that development area, and to agree what quality adjustment (if any) to the basket price is appropriate. In determining the quality of crude oil, account is to be taken of all relevant characteristics including gravity, sulphur and metal content, pour point and product yield.

The crude oil produced at the Rajasthan Block is benchmarked to Bonny Light, an international low sulphur crude oil published in Platt's Crude Oil Market Wire on a daily basis. The pricing formula also adjusts for differences in yield and quality.

In the event that there is a dispute between the parties to the Rajasthan Block PSC as to the basis of, or mechanism for, the calculation of the crude oil price, then any party may refer the matter to a sole expert who is to be an independent and impartial person of international standing with relevant qualifications and experience. Under the provisions of the Rajasthan Block PSC, the decision of the sole expert is final and binding on the parties and not subject to arbitration.

The Barmer Basin and the Northern and Southern Fields

The Barmer Basin is a NNW-SSE oriented rift basin with normal fault growth having occurred mainly during the Palaeocene-Eocene age. The rift basin was developed in a terrain consisting of Pre-Cambrian granitic and metamorphic rocks, Mesozoic sediments (including significant sandstone formations) and Deccan Trap volcanics and volcaniclastics. The Barmer Basin exhibits a marked deepening from North to South along its axis, accompanied by changes in the structural configuration.

The basin has been informally subdivided into the Northern Fields and Southern Fields at an approximate line of latitude immediately north of the Saraswati field. The Northern Fields are in general relatively simple large scale tilted fault blocks, with a series of stacked fluvial sandstones of the Fatehgarh group as the principal reservoir rocks. The Southern Fields consist of two principal plays, namely a shallow crude oil accumulation in fields such as the Saraswati, Guda and Raageshwari oil fields and a deeper gas accumulation beneath these fields, such as in the Raageshwari deep gas field.

The crude oil in the majority of fields in the Rajasthan Block is characterised by its high pour point and its propensity to solidify at certain temperatures. Accordingly, the crude oil needs to be kept hot during processing and transportation and even under reservoir conditions where water injection is employed as a recovery method, the water needs to be heated to ensure that the temperature of the crude oil in the reservoir does not fall below the pour point. The Pipeline is designed to ensure that this level of heat is maintained during transport.

Northern Fields — Mangala. The Mangala field which was discovered in 2004, is the largest field in the Barmer Basin in the state of Rajasthan, with gross 2P reserves and 2C contingent resources totalling 562 mmboe as of 31 March 2013, as estimated by Cairn India. The Mangala field also includes the MPT.

The main reservoir unit in the Mangala field is of the late Palaeocene Age Fatehgarh group which is also common to the other Northern Fields. The Fatehgarh sequence consists of stacked reservoir units of interbedded sands and shales. The Fatehgarh sandstones exhibit reservoir characteristics, with porosities ranging from 21% to 26% and in-situ permeability averaging more than two Darcies. The structure is a simple tilted fault block, bounded to the West and North by first and second order faults respectively, with the field structure dipping at around nine degrees toward the South-East. The depth of the crest of the structure is only 600 metres below sea level, with crude oil-water contact at 960 metres below sea level. Ground elevations are in the order of 200 metres above mean sea level. The Fatehgarh crude oil column covers an area in excess of 13 square km.

Mangala crude oil is waxy and sweet, having a low sulphur content, averaging 27.3 degrees API and a relatively high pour point of 40 degrees Celsius to 45 degrees Celsius. The reservoir is normally pressured and hot water flooding is implemented to maintain reservoir pressure and efficiently improve oil recovery.

The Mangala FDP recommended drilling of wells from the well pads will significantly reduce their overall footprint and environmental impact. Consequently, all wells are deviated to some extent. As of 31 March 2013, a total of 18 well pads were in place and production was originating from wells equipped with artificial lifts, such as jet pumps and electrical submersible pumps.

The Mangala FDP envisages drilling 162 development wells, out of which 12 would be horizontal producers. As of 31 March 2013, a total of 157 Mangala development wells have been drilled, all of which were complete. Of these, 107 wells were producing and 45 were injector wells injecting water into the reservoirs. The other wells are expected to be brought on stream in a staged manner during fiscal 2014. The commercial production in the Mangala field commenced in August 2009 with an initial production rate of approximately 6,000 bopd. Based on drilling and production performance and subsurface studies, the production was increased to 150,000 bopd in April 2012, which is the peak rate approved by the FDP.

Following a successful EOR polymer flood pilot in the second quarter of fiscal 2013, an FDP for a full field application of polymer flood in the Mangala field has been submitted and is currently under the joint venture approval process. Cairn India is working with ONGC, its joint venture partner, towards full field implementation by fiscal 2015.

Northern Fields — Bhagyam. Bhagyam is the second largest discovery, after Mangala, in the Northern Barmer Basin in the state of Rajasthan with estimated gross 2P reserves and 2C resources of approximately 223 mmboe, as of 31 March 2013 as estimated by Cairn India.

The main reservoir unit in the Bhagyam field is of the late Palaeocene Age Fatehgarh group. The Fatehgarh sequence consists of stacked reservoir units of interbedded sands and shales deposited in fluvial environment. The Fatehgarh group reservoir at Bhagyam is of high quality, with porosities ranging between 20% to 26% and absolute rock permeability averaging four to five Darcies. The structure is a simple tilted fault block, bounded to the West and North by first and second order faults, respectively, with the field structure dipping at around 10 to 12 degrees toward the East-South-East. The depth of the crest of the structure is about 250 metres below sea level, with crude oil-water contact at 450 metres below sea level. Ground elevations are in the order of 200 metres above mean sea level. The Fatehgarh crude oil column covers an area of 4.5 square km.

Bhagyam crude oil is waxy and sweet, and of medium gravity, averaging 26 degrees API and has a pour point of 40 to 45 degrees Celsius which is similar to the pour point of the crude oil from the Mangala field.

Further, there is slightly more variation in crude oil type with depth at Bhagyam than in the other Northern Fields with a variation from 21 degrees API close to the oil-water-contact and up to 33 degrees API at the crest of the structure. Moreover, the Bhagyam field has a very small gas cap in the Fatehgarh Group accounting for less than 1% of the total reservoir hydrocarbon pore volume.

The reservoir is normally pressured and peripheral hot water flooding has been implemented to maintain reservoir pressure and efficiently sweep the oil. Artificial lifts have been installed in almost all the production wells in the Bhagyam field.

Crude oil production from Bhagyam commenced in January 2012 and, as of 31 March 2013, production was approximately 20,000 bopd. It is expected to gradually ramp up to its currently approved plateau rate of 40,000 bopd during fiscal 2014. In Bhagyam, a total of 66 development wells have been drilled as of 31 March 2013, of which 43 are producer wells and 23 are injector wells. A further 30 wells are planned to be drilled in the field, of which 25 would be producer wells and five wells would be injector wells. Crude oil is transported via the Bhagyam trunk line to the MPT for processing and further export through the main section of the Pipeline.

There is also an EOR project planned for the Bhagyam field.

Northern Fields — Aishwariya. The Aishwariya field is located in the northern Barmer Basin in the state of Rajasthan, immediately south of the Mangala field and was discovered in March 2004. As of 31 March 2013, Cairn India estimates gross 2P reserves and 2C resources stand at 120 mmboe in this field.

The basin is a tertiary rift, consisting predominantly of Palaeocene-Eocene sediments. The main reservoir unit in Aishwariya is of the Fatehgarh group, consisting of stacked reservoir units of interbedded sands and shales. The reservoir characteristics of the Fatehgarh sands vary from moderate to excellent with porosities ranging from 12% to 26% and *in-situ* permeabilities ranging from 10 milli-Darcies to over 20 Darcies. The Aishwariya structure is a simple tilted fault block, dipping at around 12 degrees to the east.

Aishwariya crude oil is waxy and sweet, having a low sulphur content, with an API gravity ranging from 27 degrees to 32 degrees API. Like the Mangala field, the crude oil has a relatively high pour point of 40 to 45 degrees Celsius. The reservoir is normally pressured and hot water flooding is planned to be implemented to maintain reservoir pressure and efficiently sweep the oil. In Aishwariya, production wells will be required to be lifted by pump when water breakthrough occurs and Cairn India intends to use Electrical Submersible Pumps (ESP) as the artificial lift method.

The Aishwariya FDP recommends a drilling programme of 51 development wells, namely 36 producer wells and 15 injector wells, to recover the reserves using the water flood method. The oil produced at Aishwariya is processed at the MPT.

Production from the Aishwariya field commenced in March 2013 and the early reservoir performance has been in line with expectations. Cairn India expects this field to be ramped up to the FDP approved rate of 10,000 bopd during fiscal 2014 as additional wells are drilled and completed. A total of seven development wells have been drilled in the field as of 31 March 2013.

Northern Fields — Raageshwari Deep Gas Field. The Raageshwari deep gas field is designed to supply gas to meet the energy requirements at the MPT and the Pipeline. As of 31 March 2013, 27 new wells have been drilled out of which ten are completed and five are producing. Hydraulic fracturing operations have also been completed in ten wells with zones fractured in each well. These fracturing operations have been successful in increasing the flow rates, with wells having flow rates of up to 12 to 15 mmscfd, which is three times the rate previously achieved from this reservoir. The processed gas is transported to the MPT through pipelines for captive consumption. Commercial gas sales have now commenced from the Rajasthan Block following regulatory approval during the fourth quarter of fiscal 2013, with initial volumes of 5 million standard cubic feet per day.

Southern Fields — Raageshwari. The Raageshwari crude oil field is located at the northern end of the Central Basin High within the Barmer Basin and was discovered in 2003.

A 3D seismic survey over this area of the Rajasthan Block has identified that the Raageshwari crude oil field is separated into various fault blocks which are likely to require individual drain points to develop the field's resources.

The shallow Thumbli sandstone reservoir is the primary reservoir in the field. The Thumbli section is a relatively low permeability sandstone formation of laminated sands and shales. The typical porosity ranges from 20% to 35%, with permeability varying from 10 milli-Darcies to 250 milli-Darcies.

The Raageshwari field also has a gas cap which provides natural pressure support while the oil field is under production, and the gas cap will serve as a source of production in the future, once the oil recovery has been optimised.

The crude oil from the Raageshwari field has a crude oil gravity of 35 degrees API, a high wax content and a relatively high pour point. though not as high as the crude oil found in the Northern fields.

The approved FDP for Raageshwari will utilise 15 wells (13 new and two existing wells) in the first phase and two drilling campaigns. As of 31 March 2013, seven development wells have been drilled.

The approved FDP focuses on the use of the minimum facilities to provide separation, metering, and flow lines with the associated infrastructure and utilities. Crude oil, water and associated gas from the well heads will be processed through production and separation units on each of the planned pads.

The Raageshwari field contributed 400 to 450 bopd towards the total production from the Rajasthan Block as of 31 March 2013.

Southern Fields — Saraswati. The Saraswati field was discovered by Cairn India in 2001. There are two reservoir types in this field, the Fatehgarh Group Sandstone Reservoir and the Barmer Hill Formation sandstones. The Fatehgarh formation at this location is approximately 65 km south of the Mangala field, at a deeper depth and lower quality as compared to the Northern Fields with porosity of 15% to 20% and permeability of between 50 milli-Darcies to 100 milli-Darcies. The Barmer Hill formation is tight but there is evidence of a fracture system at Saraswati which would increase its production potential.

Saraswati crude oil is light and sweet, having a low sulphur content, and has a typical crude oil gravity of 40 degrees API. Similar to crude oil from the other fields in the Rajasthan Block, it has a high wax content, but its pour point is lower, at 30 degrees Celsius.

As of 31 March 2013, four new development wells as part of phase one of development have been drilled. Additional wells will be drilled if required for optimal recovery. The Saraswati field commenced production in May 2011 and is currently producing at a rate of 220 bopd.

This oil is being processed at the MPT and is being co-mingled with the Mangala oil sold through the Pipeline. The development facilities provide for separation, metering, and flow lines with the associated utilities and infrastructure. Crude oil, water and associated gas are processed through production and separation units on each of the planned pads.

Southern Fields — Barmer Hill and Other Fields. In addition to the MBA, Raageshwari and Saraswati fields, Cairn India has discovered 20 other fields (including the Barmer Hill formation) that contain a gross discovered resource of approximately 1.8 bboe in place of which the gross recoverable reserves and resource is estimated to be 165 mmboe.

The Barmer Hill formation overlies the main producing Fatehgarh reservoirs in the main producing fields in the block. In addition, this formation is present all across the block, except in the extreme western margin. A majority of the wells drilled in the Rajasthan Block have penetrated the Barmer Hill formation and found oil and gas. The Barmer Hill formation in the northern part of the Rajasthan Block and is a high porosity low permeability “tight oil” system. In other parts of the world, analogous fields are being development with long reach horizontal wells and state of the art multi stage hydraulic fracturing. Fields in other parts of the world with characteristics similar to the Barmer Hill have demonstrated recovery factors of 7% to 20%.

During the period from 2009 to 2011, a full reevaluation of the Barmer Basin was undertaken. As a result of these efforts, the estimated Barmer Hill (from Mangala and Aishwariya) and the other 19 fields gross recoverable resources more than doubled from 74 mmboe in 2009 to 165 mmbbls as of 31 March 2013.

Efforts to monetise all these discoveries are ongoing. As a step towards this, the development plan (“DP”) for the Barmer Hill discovery in the Mangala and Aishwariya area has been prepared and submitted. DPs for two other discoveries, namely the NI and NE fields, have also been submitted. DPs and appraisal plans for the other discoveries are at various stages of preparation.

Production from the Barmer Hill field is expected to commence in fiscal 2014, subject to regulatory approvals.

Further Potential Exploration

Following approvals from the GoI, Cairn India has embarked on a multi-year, multi rig exploration programme in the Rajasthan block. This programme is to explore 3.1 bboe of resources and expected to add nearly 530 million boe of recoverable risked resources. Approximately 1,500 to 2,500 square km of 3D seismic is proposed to be acquired in the Rajasthan Block over the next three years. The exploration programme commenced in February 2013 and the first well drilled resulted in the 26th hydrocarbon discovery in the Rajasthan Block as announced on 9 April 2013.

The Mangala Processing Terminal

The MPT has been designed as a centralised hub facility to handle crude oil production from the fields in the Rajasthan Block that have been discovered by Cairn India. The Pipeline connects these fields to the MPT, and adjacent to the MPT are surface facilities that are designed to process the viscous, high pour point, waxy crude oil with a range of associated watercuts to the oil export quality specifications. The water required for reservoir pressure maintenance, makeup water for steam generation, power water circulation and plant utility is drawn from the Thumbli water field. The associated gas produced from in the block along with some gas from the Raageshwari deep gas field is used for the captive consumption in the plant and the pipeline. In addition, commercial gas sales have now commenced from the Rajasthan Block following regulatory approval during the fourth quarter of fiscal 2013, with initial volumes of 5 million standard cubic feet per day.

The MPT has the capacity to process current levels of production and has been designed with sufficient flexibility to be later expanded to process more crude oil, depending on the resource potential of the Rajasthan Block.

While the initial phase of development of the MPT facility was focused on individual processing trains, Cairn India is now focusing on an overall integrated production facility concept in line with the higher basin potential currently envisaged for the Rajasthan Block. Cairn India continues to invest in the integrated capacity of the MPT as such, since it is the central hub for all fluid handling. The de-bottlenecking of MPT facilities will expand the MPT’s capacity along with the production ramp up in line with the current envisaged production level of 200,000 to 215,000 bopd during fiscal 2014. Further investments are planned to augment processing capacity and pipeline infrastructure to deliver the currently envisaged basin potential.

Construction work on the next phase of the Pipeline, a 73-km section from Salaya to Bhogat, is expected to be mechanically completed in the first half of fiscal 2014. The Bhogat marine terminal, tank farms and utility facilities are expected to be operational during fiscal 2014. The Bhogat terminal is a 160-hectare site located 8 km from the Arabian Sea coast at Bhogat in Jamnagar District, Gujarat. The Bhogat terminal will facilitate the storage and evacuation of Rajasthan crude by sea.

The MPT uses boilers to produce steam, which drives the turbines to generate power. A closed loop system of steam condensate recovery helps to meet the feed water requirement of boilers and the heating requirement of various process units and also the power fluid for injection into the oil wells. This closed loop system has resulted in efficient power management and, in turn, has resulted in lower emissions.

Saline water from the Thumbli aquifer, approximately 20 km from the MPT, is transported through a 20-inch pipeline. Some of this water is desalinated to feed the five boilers at the MPT to generate steam for heating, drive the turbines to generate electricity and to aid water flooding of the oil reservoirs. This water is also used to supply potable water and serve other water needs at the MPT. The remaining saline water is injected into the oil reservoirs.

Gas is required to fire the boilers to generate steam, which in turn generates the power to heat the waxy crude at an average of 65 degrees Celsius along the Pipeline. The gas comes from the Raageshwari deep gas field located approximately 90 km away from the MPT. The Raageshwari Gas Terminal, with four gas well pads and 35 wells, is designed to produce dry gas of over 30 mmscfd. The dry gas is transported through a 12-inch gas pipeline to the MPT and the gas liquids, or condensate, are transported by a separate four-inch pipeline.

Reliability of fuel supply for power generation and heating for the Northern Field facilities is critical. The facilities at the Mangala field are fueled by using associated gas from the Mangala field itself, supplemented with gas from the Raageshwari deep gas field located approximately 80 km from the MPT. The gas from the Raageshwari deep gas field is transported through the Pipeline to the MPT. Cairn India expects that the Raageshwari deep gas field will initially be the fuel source for the facilities at the Mangala field and will also serve as a supplemental or back-up fuel source for the associated gas from the Mangala field itself during the early phase of production and eventually become the primary fuel source for the facilities at the Mangala field as the amount of associated gas diminishes.

The other infrastructure currently in place in the Mangala field comprises:

- internal and external communication systems;
- interconnecting roads between facilities and well pads within the Mangala field, the source water wells field and the Raageshwari deep gas field;
- buildings for processing equipment and key infrastructure such as control rooms, office and administrative buildings, warehousing, support services, workshops, a laboratory, a communications centre, a fire station and an ambulance building;
- residential accommodation facilities for field and visiting personnel; and
- a power transmission network.

Enhanced Oil Recovery.

EOR techniques are methods of increasing recovery from oil fields. Historically, EOR has been considered as a tertiary recovery method to be applied at the later stage of field life following primary and secondary recovery from the reservoirs.

Cairn India recognised the potential for EOR at an early stage of development in the MBA Fields. The reservoir quality, oil properties and ambient temperature make these fields appropriate for the application of chemical flooding EOR methods such as polymer or alkali surfactant polymer flooding. The early application of such chemical flooding is designed to extend crude oil production plateau periods, reduce water production, mitigate future decline rates and potentially accelerate crude oil production. With the viscosity of oil being higher than that of water, the injected water is not able to displace the oil very efficiently, resulting in some bypassed oil under a conventional water flooding scheme.

By adding chemicals such as polymers, the injected water attains a viscosity close to that of the oil, which improves the displacement and overall sweep. In addition, the use of alkali and surfactants along with polymer further increases recovery, as these chemicals act like soap and wash off more oil from the reservoir pore spaces.

Studies conducted by two independent laboratories showed favourable trial results of 30.0% to 40.0% incremental recovery from the application of EOR in the reservoir core-floods. Detailed field scale modelling and simulation studies carried out incorporating the findings of the laboratory evaluation indicate incremental recoveries of 15.0% from the MBA Fields by the application of alkali surfactant polymer flooding.

Following a successful EOR polymer flood pilot in the second quarter of fiscal 2013, a FDP for a full field application of polymer flood in the Mangala field has been submitted and is currently under the approval process. Cairn India is working with ONGC, its joint venture partner, towards full field implementation in fiscal 2015. There is also an EOR project planned for the Bhagyam field.

The Ravva Block — Krishna Godavari Basin

Cairn India is the operator of the Ravva field in the Ravva Block, which lies in the Krishna Godavari Basin mostly off the coast of the state of Andhra Pradesh in eastern India in water depths of between approximately 5 and 40 metres isobaths. ONGC discovered the Ravva field in 1987 and production commenced in 1993.

Crude oil and natural gas production from the Ravva Block commenced in 1993 and, as of 31 March 2013, the Ravva field had produced more than 253 mmbbls of crude oil and 317 bcf of gas since it commenced production, significantly more than the initial expectations.

A drilling rig will be mobilised later in fiscal 2014 to drill a well targeting hydrocarbons in the Late Oligocene sands. A separate mat supported jack up drilling rig will also be mobilised for an infill drilling campaign comprising three wells to tap by-passed oil in the second half of fiscal 2014.

The Ravva PSC

The PSC for the exploration, development and production of the Ravva field (the “Ravva PSC”) was signed on 28 October, 1994 between GoI and a consortium consisting of ONGC, Videocon Petroleum Limited, Ravva Oil and Command Petroleum (India) Pty Limited (“Command Petroleum”) with Command Petroleum being designated as the operator. In 1996, Cairn Energy PLC acquired Command Petroleum, including its interest in the Ravva field, and Cairn India became the operator.

Cairn India holds a 22.5% working interest in the Ravva field with the remaining interests currently held by ONGC (40%), Videocon Industries Limited (25%) and Ravva Oil (12.5%) (together, the "Ravva JV). The PSC is currently valid until 27 October 2019, but may be extended by the GoI for up to an additional ten years in the case of commercial production of non-associated natural gas or up to five years otherwise. Under the Ravva PSC, Cairn India is entitled to recover 100% of exploration, development and costs of production from crude oil and natural gas sales before any profit is allocated among the parties.

Under the Ravva PSC, until such time as India attains self-sufficiency in its crude oil supply, Cairn India is required to sell in the domestic Indian market all of its entitlement to crude oil extracted from the Ravva field to assist in satisfying domestic Indian crude oil demand. All sales to the GoI nominees are to be valued at a FOB selling price per barrel in US dollars, ascertained on Platts, of one or more crude oils of similar characteristics and quality or through the spot market for such crude oils, whichever price is determined by the parties to reflect more truly the current value of the sale. See "Risk Factors — Operating Risks — Vedanta's PSCs do not permit it to export crude oil, which could restrict its ability to monetise its reserves".

The Ravva PSC also provides that royalties and cess are payable on production. The royalty rate on crude oil and casing head condensate is set at Rs. 481 per metric tonne ($1.24 per barrel), regardless of the value of the crude oil. A levy on the production of crude oil under the provisions of the Oil Industry (Development) Act, 1974 of India (the "OIDA Cess") is set by the Ravva PSC at Rs. 900 per tonne of crude oil production ($2.32 per barrel). A further Rs. 27 per barrel ($0.07 per barrel) (representing a 3% increase in the OIDA Cess) is levied against members of the Ravva JV as educational cess and senior and higher secondary educational cess. The additional Rs. 27 is being paid; however, Cairn India is disputing the requirement to make such payment. The royalty payable on natural gas is 10% of the wellhead value of the natural gas (typically 9% of natural gas revenue). OIDA Cess is not payable on natural gas production. Royalties and OIDA Cess are capped by the Ravva PSC at these levels regardless of the generally prevailing royalty and OIDA Cess rate. Royalty and OIDA Cess payments are recoverable under the Ravva PSC before any profit is allocated among the parties. As ONGC originally discovered the Ravva field, Cairn India and the other members of the Ravva JV are obliged to make a series of production payments to ONGC based on cumulative crude oil production. The method of calculating the production payments is set out below.

	Gross Payment Owed to ONGC	Net Payment by Cairn India
	($ million)	
For every 25 million barrels produced up to 75 million barrels	9.0	3.4
For every 5 million barrels produced between 80-100 million barrels	1.8	0.7
For every 5 million barrels produced between 100-225 million barrels	1.7	0.6
For every 5 million barrels produced between 225-250 million barrels	1.4	0.5
For every 5 million barrels produced over 250 million barrels	1.0	0.23

From time to time, disputes have arisen between the joint venture over the interpretation of the Ravva PSC which have required arbitration. For example, a hearing on ONGC's appeal of an arbitration award in Cairn India's favour is set for 31 June 2013 in Kuala Lumpur. See "Business — Litigation — Vedanta is involved in arbitration proceedings regarding base development cost".

Production from the Ravva Field

For fiscal 2013, the average oil production level at the Ravva field was 21,849 bopd. This level was maintained through the use of 15 crude oil production wells, four gas production wells and nine water injection wells. The Ravva field has been in production for over 20 years and is thus considered to be a mature field at a stage of decline. The field has produced at a plateau rate in excess of 50,000 bopd for over eight years and is expected to achieve an estimated ultimate recovery of approximately 52%. The Ravva JV has completed a 4D seismic data acquisition campaign to identify by-passed oil zones within the field and is planning to drill three infill producer wells, thereby attempting to arrest the decline of production from the field.

As of 31 March 2013, the Ravva field had produced more than 305 mmboe since the commencement of production, including 253 mmbbls of 36 degrees API crude oil. For fiscal 2013, the Ravva field's gross production rate was 29,161 boepd, of which Cairn India's net participating interest was 6,561 boepd.

The Ravva JV operates eight unmanned offshore platforms and sub-sea pipelines to transfer crude oil and natural gas from offshore and to inject water to the Ravva field to maintain reservoir pressure and to sweep for oil. Cairn India believes that the reservoir management strategy of water flooding utilised for the Ravva field has resulted in the high recovery factor experienced for the field of approximately 46% of OIIP until fiscal 2013.

A 225-acre onshore processing facility at Surasaniyanam (the "Ravva Onshore Terminal") owned by the Ravva JV processes natural gas and crude oil from the Ravva field. The Ravva Onshore Terminal received ISO 14001 certification, an international standard for environmental management systems, in 2005 and OHSAS 18001 certification, an international standard for occupational health and safety, in 2008 and are valid until 2014. As of 31 March 2013, the Ravva Onshore Terminal has the capacity to handle 70,000 bopd, 95 mmscfd of natural gas and 110,000 bwpd of injection water. The Ravva Onshore Terminal also has the capacity to store one mmbbls of crude oil onshore.

The processing facilities at the Ravva Onshore Terminal include three stage separator trains, storage tanks, gas and effluent treatment plants as well as a 10 MW captive power plant.

Crude Oil Production. The Ravva main oil reservoir is of Mid-Miocene age at depths of between 1.5 km and 1.8 km. The average gross production from the Ravva field for fiscal 2013 was 29,161 boepd.

Set out below is the gross production of crude oil from the Ravva field and Cairn India's net participating interest with regard to such production for the periods indicated.

	For the Year Ended 31 March			
	2012		2013	
	Gross	Net	Gross	Net
	(mmbbls)			
Ravva field	9.94	2.24	7.98	1.79

Crude Oil Sales. Pursuant to the Ravva PSC, Command Petroleum, for itself and on behalf of the Ravva JV, is required to sell to the GoI all the crude oil produced from the Ravva field during each year at a price and under delivery terms determined in accordance with the terms of the Ravva PSC.

The price of the crude oil produced at the Ravva field is benchmarked to the average of Tapis, a benchmark crude in Malaysia, and Minas, a benchmark crude in Indonesia, less $0.60 per barrel without any GPW adjustments. The GoI has nominated Indian Oil Corporation Limited (CPCL-CBR) and Hindustan Petroleum Corporation Limited (Vizag) to purchase crude oil extracted from the Ravva field for fiscal 2014.

Tolling Arrangement. The Ravva JV has been providing tolling services to ONGC to allow it to transport crude oil and condensate produced at ONGC's onshore and offshore fields in the KG Basin and eastern offshore asset. ONGC transports its crude to the Ravva Onshore Terminal through four pipelines. Such crude is stored at the Ravva Onshore Terminal, and subsequently commingled with the crude oil produced by the Ravva JV. This commingled crude oil is then re-delivered to ONGC's nominee. ONGC is required to pay tolling charges for the facilities provided under this agreement.

Natural Gas Production. As of 31 March 2013, the main field at Ravva was producing 44 mmscfd of natural gas. Non-associated natural gas in the Ravva field is produced mainly from a satellite field of Late-Miocene age natural gas reserves found at depths of between approximately 800 metres and 1.1 km. The satellite field was discovered during exploration drilling undertaken in 1997 and 1998 and production from the field commenced in September 2001.

Set out below are the gross sales volumes of natural gas from the Ravva field and Cairn India's net participating interest with regard to such production for the periods indicated.

	For the Year Ended 31 March			
	2012		2013	
	Gross	Net	Gross	Net
	(bcf)			
Ravva main field	8.27	1.86	4.08	0.92
Ravva satellite field	11.97	2.69	11.95	2.69
Total	**20.24**	**4.55**	**16.03**	**3.61**

Natural Gas Sales. The Ravva JV has entered into gas sale contracts ("GSCs") with Gail (India) Limited relating to the Ravva main field. The first contract, signed on 27 June 1997, relates to production from the Ravva main field. The second contract, signed on 9 April 2001, relates to the Ravva satellite field. Both GSCs are essentially life of field depletion contracts (though each contract has an expiration date of 27 October 2019 and the GSC for the satellite field provides for the total sales from the satellite field is to be 92.88 bcf).

Exploration Activity. While the Ravva field has been producing crude oil and natural gas for over two decades, Cairn India believes that there are considerable exploration and development opportunities remaining. Cairn India and its joint venture partners are focused on identifying bypassed oil zones in the reservoir, slowing down the production decline rate and evaluating the scope of further potential in the deeper zones.

4D seismic studies have been conducted to help discover remaining oil that has been un-drained by the current recovery scheme. The benefits of the 4D studies include identifying by-passed hydrocarbons, optimising reservoir management, enhancing exploration evaluation through multi-component data and better imaging. Cairn India deployed this new technology to arrest the decline of production from the field. Cairn India is now planning to drill an exploratory well in the block in the second half of fiscal 2014.

As of 31 March 2012, Cairn India estimates that the gross Proved and Probable reserves and resources in the Ravva field are approximately 50 mmboe of which Cairn India has a 11 mmboe net participating interest.

The Cambay Basin Block — Lakshmi, Gauri and CB-X

Cairn India operates in the Cambay Basin Block, which is located in the Cambay Basin offshore of the state of Gujarat in western India. Cairn India's operations in the Cambay Basin Block are centred around the Lakshmi and Gauri oil and gas fields and the CB-X development area. Based on exploration and development activities undertaken by Cairn India, the Cambay Basin Block has yielded natural gas discoveries in its offshore Lakshmi and Gauri fields and onshore CB-X field and crude oil discoveries in the offshore Lakshmi and Gauri fields. Cairn India commenced gas production from the Lakshmi gas field in 2002, with gas production from the Gauri field commencing in 2004. Production of co-mingled crude oil, which consists of crude oil plus condensate, from the Gauri field commenced in 2005.

The Lakshmi and Gauri offshore fields cover areas of 121.1 square km and 50.7 square km, respectively, in the Cambay Basin and lie off the coast of the state of Gujarat in water depths of between approximately six metres and 30 metres. CB-X is an onshore gas field situated in the Cambay Basin Block and covers an area of 33.28 square km.

The onshore CB-X field is a marginal gas field and has a shared reservoir with a gas field owned by ONGC, namely the Olpad gas field. The onshore CB-X field has a single well which was shut-in during August 2009 after producing approximately 6.25 bcf of gas. As directed by the DGH, a third party agency was hired to apportion the reserves between the onshore CB-X field and the Olpad gas field. In accordance with the third-party study, the CB-X reserves were 5.18 bcf, whereas the Cambay Basin JV has produced 6.25 bcf. As of 31 March 2013, discussions are ongoing with ONGC for returning of the excess gas produced. Separately, ONGC had requested the Cambay Basin JV to produce its share of Olpad field gas from the CB-X field subject to payment of tolling fee. In this regard, ONGC has laid down a pipeline connecting its facility to the CB-X well. The Cambay Basin JV is receiving tolling revenue for allowing ONGC to produce its share of reserves through the Cambay Basin JV's CB-X field well.

As of 31 March 2013, the Lakshmi, Gauri and CB-X fields had collectively produced more than 52 mmboe since commencement of production, including in excess of 15.9 mmbbls of commingled crude oil and 212.6 bcf of gas. For fiscal 2013, the gross production rate from the Lakshmi, Gauri and CB-X fields was 6,772 boepd (of which Cairn India's interest was 2,709 boepd) with gross commingled crude oil production averaging 4,541 bopd.

The onshore processing facility at Suvali (the "Suvali Processing Plant"), processes natural gas and crude oil from the Lakshmi and Gauri fields. The Suvali Processing Plant and offshore infrastructure are certified ISO 14001 and OSHAS 18001, which are valid until 2014 and have the capacity to process 150 mmscfd of natural gas and 10,000 bopd of crude oil. The processing facility includes three stage separator trains and a 28,300 bbls storage tank as well as two 2.4 MW captive power plants.

Cambay Basin PSC

Exploration, development and production of the Cambay Basin Block is governed by a PSC between the GoI and a consortium consisting of ONGC, Tata Petrodyne Limited ("Tata") and Cairn India (the "Cambay Basin JV") which was signed on 30 June 1998 (the "Cambay Basin PSC") and runs until 2023 and can be extended up to a period of 35 years in case of commercial production if non-associated natural gas or for a period not exceeding five years. Cairn India's participating interest in the Cambay Basin JV consists of a 40% interest in the Lakshmi, Gauri and CB-X development areas. The remaining interests in these development areas are held by ONGC (50%) and Tata (10%). The rights of Cairn India elsewhere in the Cambay Basin Block have been relinquished as required by the Cambay Basin PSC.

Crude Oil Production. The Lakshmi and Gauri fields have crude oil-bearing reservoirs, which are of Early Miocene age and are found at depths of between approximately 1,190 metres and 1,275 metres. Cairn India, as operator, commenced crude oil production at the Gauri field in October 2005 utilising one crude oil well drilled during the drilling campaign in 2003 and 2004.

Further, as part of crude oil development, an infill drilling campaign was undertaken in 2007 and 2008, with the drilling of four new wells (three wells in Lakshmi and one well in Gauri) and conversion of three gas wells for oil production (two wells in Lakshmi and one well in Gauri). The onshore facilities were upgraded to handle 10,000 bopd. A crude oil sales agreement was signed between Cairn India, on behalf of the Cambay Basin JV, and IOC and price benchmarked to Bonny Light crude oil on a delivered basis with current validity up to 31 March 2013. As there is no pipeline infrastructure between the facility of Cairn India and the IOC refinery, the prevailing mode of transportation is as follows:

- Crude oil is transported by trucks to ONGC's crude transfer facility at Ankleshwar (which is approximately 100 km from the facility of Cairn India) and unloaded where the Cambay Basin JV has leased three 2 KL storage tanks which is close to the unloading facility.
- The crude oil is stored in the 2 KL tanks and custody is then transferred in favour of ONGC. Thereafter, ONGC transports the crude oil belonging to the Cambay Basin JV along with its own crude oil to IOC's refinery in Koyali through ONGC's pipeline.
- ONGC, in its capacity as a service provider, receives service charges for the above.

As of 31 March 2013, the total commingled crude oil production from the Lakshmi and Gauri fields was approximately 8,500 bopd.

Further, an infill drilling campaign comprising two new wells and one work over well was completed successfully in March 2013 and resulted in doubling its oil and gas production potential. The Cambay Basin JV tolling of gas in June 2012, whereby the spare gas processing capacity of the Cambay Basin facilities is utilised by tolling and processing ONGC's gas from its North Tapti field (adjacent to the Lakshmi field).

Natural Gas Production. The natural gas reservoirs of the Lakshmi and Gauri fields are of Mid-Miocene age and are found at depths of between approximately 735 metres and 1,190 metres Cairn India discovered the Lakshmi natural gas reservoir in May 2000 and production from this reservoir commenced in November 2002 utilising two offshore platforms, six wells and a 36 km long, 24-inch diametre offshore pipeline which connects the Lakshmi field to the Suvali Processing Plant. The Gauri natural gas reservoir was discovered in January 2001 and production from this reservoir commenced in April 2004 utilising one offshore platform, four wells and a five km long, 12-inch diametre offshore pipeline connecting the Gauri field to the Lakshmi pipeline. Subsequently, during the infill drilling campaign in 2004 to 2005, five additional gas wells were drilled in the Lakshmi fields. CB-X is an onshore gas field with a single well and a nine km long, six-inch diametre pipeline connected to the Suvali Processing Plant.

Set out below is the gross sales volume of natural gas from Lakshmi, Gauri and CB-X, and Cairn India's net participating interest with regard to such production for the periods indicated.

	For the Year Ended 31 March			
	2012		2013	
	Gross	Net	Gross	Net
	(bcf)			
Lakshmi	3.08	1.23	2.43	0.97
Gauri	0.37	0.15	0.61	0.24
CB-X			0.00	
Gauri field's share of gas pursuant to the gas balancing agreement	3.22	1.29	1.85	0.73
Total	**6.67**	**2.67**	**4.89**	**1.95**

On 30 May 2001, the Cambay Basin JV entered into two GSCs relating to natural gas production from the Lakshmi field, one with CLP India Private Limited (formerly known as Gujarat Powergen Energy Corporation

Limited) and the other with Gujarat Gas Company Limited, whose interest was subsequently assigned to Gujarat Gas Trading Company Limited together with a master GSC to govern the relationship between these individual GSCs.

Each of the GSCs is essentially a life of field depletion contract in respect of natural gas production from the Lakshmi field. Since production of natural gas commenced from the Gauri field, Cairn India has sold natural gas from the Gauri field under the GSCs pursuant to a contractual right of substitution.

The local market price for natural gas has increased over time as liquefied natural gas started flowing in the Gujarat market from 2004 and the re-gasified liquefied natural gas market prices were higher than those being paid by the buyers under the GSCs. Consequently, Cairn India renegotiated both the contracted gas prices and gas volumes with the buyers with effect from 1 January 2009 for Gujarat Gas Trading Company Limited and 1 April 2007 for CLP India Private Limited, while making provisions in the contract to accommodate the natural gases containing heavier hydrocarbons.

The gas supplies are in decline and Cairn India is nominating daily contract quantity in line with the declining profile to CLP India Private Limited and Gujarat Gas Trading Company Limited from July 2011 onwards, where there is no or minimal risk of shortfall of gas.

The Gauri field is adjacent, and connected in parts, to the Hazira field, in which Niko Resources Limited and Gujarat State Petroleum Corporation Limited hold interests (the "Hazira JV"). A gas balancing agreement was agreed on 17 February 2006 between the Cambay Basin JV and the Hazira JV with the intention of ensuring that each field is developed in accordance with good international practice and that each party exploits only the natural gas to which it is entitled under the terms of its respective PSC. Under the gas balancing agreement, each party continued to exploit its share of allocated volumes from the connected and potentially connected reservoir. With an unforeseen early water breakthrough in the Gauri reservoir, it was not technically possible nor economically viable for the Cambay Basin JV to exploit its share of reserves. Accordingly, Cairn India, on behalf of its joint venture partners, entered into an addendum to the gas balancing agreement for producing Gauri's share of reserves through the Hazira JV facilities, which Cairn India believes was the first of its kind in India. Gas production under the gas balancing agreement commenced from the Hazira facilities in December 2009 and, as of 31 March 2013, approximately 10.3 bcf of Gauri's share of natural gas has been produced through the Hazira JV facilities and is being sold to Gujarat Gas Trading Company Limited.

Exploration Activity. There are no current exploration plans for the Cambay Basin Block, but Cairn India continues to assess the fields for any further exploration potential.

Exploration Blocks

In addition to the Rajasthan Block, Ravva Block and Cambay Basin Block, Cairn India also holds interests in six other blocks where there is currently no production or development but which are in various stages of exploration. The main basins where Cairn India is currently actively involved in exploring include the Orange Basin, the Mannar Basin, the Barmer Basin, Mumbai Offshore Basin, the Krishna Godavari Basin, and the Palar Pennar Basin. This section provides a summary of the exploration interests.

Krishna Godavari Basin—Block KG-ONN-2003/1. The onshore block KG-ONN-2003/1, located in the Krishna Godavari Basin in the state of Andhra Pradesh, was awarded in NELP V round to a joint venture between Cairn India and ONGC. Phase I work commitments included reprocessing of 2D and 3D seismic data, geochemical soil sampling acquisition, processing and interpretation of 2D and 3D seismic data and the drilling of five exploratory wells. The three-year period for the first phase was extended by six months to 7 August 2010 with approval from the management committee and the commitments were completed by August 2010.

In fiscal 2010, Cairn India drilled five wells as required pursuant to the minimum work programme and the fifth well, Nagayalanka-1z, flowed light oil to the surface at 75 bopd and natural gas at 0.27 mmscfd.

An exploration well, Nagayalanka SE-1, was spud in November 2011 and resulted in a further light oil discovery.

Following these discoveries, a two-well appraisal programme has been planned and approved by the joint venture. The tendering for rig and services was complete as of 31 March 2013 and drilling is expected to commence during the first quarter of fiscal 2014. The appraisal drilling programme will help the joint venture to evaluate the size and commerciality of the second discovery.

Krishhna Godavari Basin—Block KG-OSN-2009/3. The offshore block KG-OSN-2009/3 covers an area of 1,988 square km and is located in the Krishna Godavari Basin off the coast of the state of Andhra Pradesh. It was awarded to Cairn India, which holds 100% of the interests. Block KG-OSN-2009/3 is a shallow water block with water depths within the block ranging between near shore to 400 metres. The PSC was signed on 30 June 2010 and the PEL was granted in August 2010.

Palar Pennar Basin—Block PR-OSN-2004/1. Block PR-OSN-2004/1 is located in the Palar Pennar basin, south of the Krishna Godavari basin and north of the Cauvery basin off the east coast of India. Water depths in the block range from a few metres (near shore) to 400 metres at the eastern boundary of the block. The block covers an area of approximately 9,417 square km.

Cairn India has a 35.0% ownership interest in the block and is the operator, while the consortium members, ONGC and Tata, hold interests of 35.0%, and 30.0%, respectively.

Phase I of exploration included 2D reprocessing, a gravity and magnetic survey, acquisition, processing and interpretation of 2D and 3D seismic data. The 3D seismic quantities surveyed were in excess of the minimum work programmes. The remaining first phase exploration programme includes the drilling of three exploration wells and force majeure has been declared in this block until permission is granted by the Department of Space of the GoI to continue drilling and survey activities in the area currently designated as inaccessible. Cairn India and the other partners to the PSC are actively pursuing a resolution of this matter with the GoI.

The first phase work commitments included acquisition, processing and interpretation of 2D and 3D seismic data and the drilling of six exploratory wells. A bathymetry survey covering the licence area was completed in May 2011.

In April 2013, the GoI granted a conditional approval to carry out petroleum operations in 60% of the block area with certain conditions. Commencement of work is pending discussions with GoI.

Block MB-DWN-2009/1. The deep water block MB-DWN-2009/1 covers an area of 2,961 square km and is located in the Mumbai offshore basin. Cairn India is the operator and holds a 100% interest. MB-DWN-2009/1 has water depths of between 400 metres to 2 km. The PSC was signed on 30 June 2010 and the PEL was granted in August 2010.

As part of Cairn India's west coast exploration strategy, a detailed regional technical study is being undertaken.

Clearance sought by Cairn India to carry out seismic surveys was denied. As a result, Cairn India declared force majeure with respect to exploration activities in this block, which was accepted by the DGH. Later a conditional approval was received from GoI for exploration activities to which a request was sent for unrestricted access for carrying out Petroleum Operations. The same is under consideration by GoI as of 31 March 2013.

Sri Lanka — Mannar Basin — Block SL-2007-01-001. Block SL-2007-01-001 was awarded to Cairn Lanka (Private) Limited ("CLPL"), a wholly owned subsidiary of Cairn India. A petroleum resources agreement was signed between CLPL and the Government of Sri Lanka acting through the Minister of Petroleum and Petroleum Resources Development in 2008. CLPL has a 100.0% ownership interest in the block and the PEL was awarded by the Government of Sri Lanka in 2008. The licence consists of three phases of three years, two years and three years with Phase I commencing from the date the licence was awarded.

Located in the Mannar Basin in Sri Lanka, Block SL-2007-01-001 covers approximately 3,000 square km and is only 15 km from the shore with water depths ranging from 400 metres to 1.9 km within the block.

Phase I had an initial commitment of acquisition, processing and interpretation of 2D and 3D seismic data and drilling of three wells. During Phase I, gas discoveries were made in two out of three exploration wells.

Options to appraise develop and monetise the two gas discoveries are under evaluation by Cairn India.

The drilling of the Phase II exploration well was completed in February 2013. The well encountered high-quality reservoir sands; however, these sands were water-bearing. The well was plugged and abandoned and the rig was demobilized. The results of the well are being integrated with reprocessed 3D seismic data to finalize the forward programme which includes the options for appraisal of the existing two discoveries and entering exploration Phase III.

Block 1 — Orange Basin, South Africa. The Cairn India Group signed a farm-in agreement with PetroSA, national oil company of South Africa, for the 19,922 sq. km off-shore Block 1, located in the geologically-proven Orange Basin in South Africa. A wholly owned subsidiary of Cairn India holds a 60% interest in the block and is the operator. The 3D survey of the acquisition commenced in March 2013 and should be completed during the first quarter of fiscal 2014.

With respect to another block in South Africa, an application for a Technical Cooperation Permit was approved by Petroleum Agency of South Africa. The agreement was signed in February 2013 for a one year study programme. The Cairn India Group will have an option to convert this to an exploration permit with government approval during the one-year study period provided any such application is made prior to the expiry of the permit.

Distribution, logistics and transport

The MPT has been designed as a centralised hub facility to handle crude oil production from the fields in the Rajasthan Block that have been discovered by Cairn India. Once crude oil reaches the MPT, generally via the Pipeline, it is processed and transported to public-sector undertakings or private refineries that have purchased it. See "— The Mangala Processing Terminal" for more details.

Sales and marketing

Cairn India works primarily in partnership with its joint venture partner, ONGC, in the Rajasthan Block. Under the PSC, the GoI is obliged to purchase the crude oil produced from the Rajasthan Block. However, the GoI has granted permission to Cairn India to sell the crude oil produced to private refineries and as of 31 March 2013, Cairn India is selling the crude oil to both private refineries PSUs. Any additional sales to the PSU, refineries, Special Economic Zone refineries and overseas are subject to approval from the GoI.

Cairn works with other joint venture partners in other blocks, and sales are made pursuant to their arrangements.

Market share and competition

The oil and gas exploration, development and production industry in India is highly competitive. In seeking to obtain desirable exploration and development prospects, Cairn India faces significant competition from Indian companies, including ONGC and Reliance Industries Limited, and major integrated and large independent multinational companies. ONGC, which is controlled by the GoI and has been awarded the majority of the exploration blocks offered by the GoI in the nine NELP licensing rounds completed as of 31 March 2013, has been told by the GoI to focus on its exploration and production activities against which Cairn India competes. Many of these competitors have access to financial or other resources substantially in excess of those available to Cairn India and may, accordingly, be better positioned to acquire and exploit prospects, hire personnel and market production. In addition, many of Cairn India's competitors may be better able to withstand the effect of changes in industry conditions such as worldwide crude oil and natural gas prices and levels of supply and the application of government regulations, which affect Cairn India's business and which are beyond the control of Cairn India.

Seasonality

Cairn India's business is not subject to seasonality.

Zinc Business

Introduction

Vedanta's Indian zinc business is owned and operated by HZL. HZL's business includes five lead-zinc mines, one rock phosphate mine, four hydrometallurgical zinc smelters, two lead smelters, one lead-zinc smelter, four sulphuric acid plants, one silver refinery in the State of Rajasthan in northwest India, six captive power plants in northwest India, and processing and refining facilities for zinc at Haridwar and for zinc, lead and silver at Pantnagar, both in the state of Uttarakhand in northern India. HZL's mines supply almost all of its concentrate requirements and allow HZL to also export surplus zinc and lead concentrates.

Vedanta's Zinc International business comprises assets held by Sterlite, namely (i) Skorpion, which owns the Skorpion mine and refinery in Namibia, (ii) a 74.0% ownership interest in Black Mountain Mining, which has assets that include the Black Mountain mine and the Gamsberg Deposit, in South Africa and (iii) Lisheen, which owns the Lisheen mine in Ireland.

Sterlite acquired its interest in HZL in April 2002. Since then, its operating performance has been significantly improved through expansion, by improving operational efficiencies. There was also an increase in reserves and resources at HZL's mines to 348.3 mt as of 31 March 2013 as a result of further exploration efforts. HZL improved its operating performance further by:

- benefiting from low-cost production available from its two hydrometallurgical smelters with capacity of 210,000 tpa each at Chanderiya commissioned in May 2005 and December 2007, and expanded in April 2008 together with associated captive power plants at Chanderiya;
- benefiting from low-cost production available from one of its hydrometallurgical zinc smelters with capacity of 210,000 tpa at Rajpura Dariba smelting complex, which was commissioned in March 2010, and also from its 100,000 tpa lead smelter at the Rajpura Dariba mine complex, which was commissioned in July 2011;
- increasing the percentage of concentrates being sourced from its Rampura Agucha mine as compared to its other mines to lower its cost of obtaining zinc concentrate;
- continuing its initiatives to improve operational efficiencies at its existing operations;
- reducing power costs by building on-site captive power plants rather than relying on State power grids;
- reducing the size of its workforce including through several a voluntary retirement plans; and
- increasing productivity and upgrading existing technology.

HZL has signed a mining lease for the Kayar mine in the State of Rajasthan which expires in February 2018. In January 2009, HZL obtained environmental clearance for an annual production of 350,000 tonnes. The development of the Kayar mine projects is currently underway and anticipated to commence commercial production in fiscal 2014. The Kayar mine produced developmental ore in the second quarter of fiscal 2013.

HZL pays royalties to the State Government of Rajasthan based on its extraction of lead-zinc ore in Rajasthan, where all of HZL's mines are located. The royalties payable by HZL are subject to change. With effect from 13 August 2009, the royalty rate increased from 6.6% to 8.4% of the LME zinc metal price payable on the zinc metal contained in the concentrate produced and from 5.0% to 12.7% of the LME lead metal price payable on the lead metal contained in the concentrate produced. For silver, HZL pays royalty at a rate of 7% of the silver LME price chargeable on silver-metal produced. Vedanta also pays royalties in connection with its zinc operations in Namibia, Ireland and South Africa.

In addition to ongoing exploration activities, HZL has finalised plans for the next phase of development growth, which will involve the sinking of underground shafts and developing underground mines. The plan comprises developing a 3.75 mtpa underground mine at Rampura Agucha, expanding the Sindesar Khurd mine from 2.0 mtpa to 3.75 mtpa, expanding the Zawar Group mines from 1.2 mtpa to 5.0 mtpa, expanding the Rajpura Dariba mine from 0.6 mtpa to 1.2 mtpa and developing a new mine at Kayar with capacity of 1.0 mtpa. Management expects that this may increase HZL's mined-metal capacity from fiscal 2013 production of 0.87 million tonnes to 1.2 million tonnes in the next few years.

Principal products

Zinc. HZL produces and sells zinc ingots in all three international standard grades: Special High Grade (99.994.5%) ("SHG"), High Grade (99.95%) ("HG") and Prime Western (98.0%) ("PW"). HZL sells most of its zinc ingots to Indian steel producers for galvanising steel to improve its durability and also in the export markets. Some of its zinc is also sold to alloy, dry cell battery, die casting and chemical manufacturers. Skorpion produces SHG zinc ingots of LME grade. Skorpion offers the product to customers through one-year contracts and also through spot contracts with market-determined premiums, covering the sale of all zinc ingots produced at the integrated mine and refinery of Skorpion. Lisheen produces zinc in concentrate which is sold through market-priced off-take concentrate sales contracts with international customers and also in the spot market. Black Mountain produces zinc in concentrate which is sold through market priced off-take concentrate sales contracts with international customers and also in the spot market.

Lead. HZL produces and sells lead ingots of 99.99% purity primarily to battery manufacturers and to a small extent to chemical manufacturers. Lisheen produces lead in concentrate, which is sold through market priced off-take concentrate sales contracts with international customers and in the spot market. Black Mountain produces lead in concentrate, which is sold through market-priced off-take concentrate sales contracts with international customers and in the spot market.

By-products

Sulphuric acid. HZL sells sulphuric acid to fertiliser manufacturers and other industries.

Silver. HZL produces and sells silver ingots primarily to industrial users, jewellery manufacturers and traders of silver. Black Mountain also produces silver as a by-product.

Copper. Black Mountain produces copper in concentrate as a by-product, which is sold through market-priced off–take concentrate sales contracts with international customers and in the spot market.

Production

The following table sets out Vedanta's total production[(1)] from its Chanderiya, Debari, Dariba and Vizag facilities for each of fiscal 2011, 2012 and 2013:

Facility	Product	Year Ended 31 March 2011	2012	2013
		(Tonnes, except for silver which is in kgs)		
Chanderiya:				
ISP[(TM)] pyrometallurgical lead-zinc smelter	Zinc	90,298	90,101	80,062
	Lead[(2)]	20,562	22,262	16,699
Silver refinery	Silver[(5)]	148,082	163,328	139,263
Hydrometallurgical zinc smelters[(3)]	Zinc	334,121	373,920	363,011
Ausmelt[(TM)] lead smelter	Lead	36,733	39,422	36,953
Sulphuric acid plants	Sulphuric acid	600,753	661,640	620,267
Dariba:				
Hydrometallurgical zinc smelter	Zinc	164,551	198,204	165,403
Sulphuric acid plant	Sulphuric acid	218,483	266,671	257,204
Lead smelter	Lead	—	30,415	64,664
Silver[(3)]	Silver	—	43,616	234,637
Debari:				
Hydrometallurgical zinc smelter	Zinc	84,839	68,046	68,445
Sulphuric acid plant	Sulphuric acid	306,949	332,489	316,006
Vizag:				
Hydrometallurgical zinc smelter	Zinc	38,663	28,445	—
Sulphuric acid plant	Sulphuric acid	66,514	49,787	—
Skorpion[(4)]:				
Zinc refinery	Zinc	49,698	144,755	145,342
Total	Zinc	**762,170**	**903,471**	**822,263**
	Lead	**57,295**	**92,099**	**118,316**
	Silver	**148,082**	**206,944**	**373,900**
	Sulphuric acid	**1,192,699**	**1,310,587**	**1,193,478**

(1) See "Presentation of Information — Reserves and Production" for an explanation of the basis of preparation of production amounts.

(2) Excludes lead containing a high content of silver (High Silver lead) produced from the pyrometallurgical lead-zinc smelter for captive use, which was 5,898 tonnes, 6,625 tonnes and 6,500 tonnes in fiscal 2011, 2012 and 2013, respectively.

(3) High-silver lead residue from Dariba is processed at the silver refinery at Pantnagar, which was commissioned in December 2011.

(4) Acquired during fiscal 2011. Production results were consolidated with effect from 3 December 2010.

(5) Excludes silver containing a high content of silver (High Silver Lead) produced from pyrometallurgical zinc-lead smelter for captive use which was 30,997 kg, 34,917 kg and 33,832 kg in fiscal 2011, 2012 and 2013, respectively.

The following table sets out Vedanta's total ore, zinc concentrate and lead concentrate production[1] for each of fiscal 2011, 2012 and 2013:

Mine (Type of Mine)	Product	Year Ended 31 March 2011	2012	2013
		(Tonnes, except percentages)		
Rampura Agucha (Open-pit and Underground)[3]	Ore mined	6,149,165	5,947,081	6,177,679
	Ore grade — Zinc	13.1%	12.0%	12.3%
	Lead	2.2%	1.8%	1.8%
	Recovery — Zinc	88.4%	90.6%	89.4%
	Lead	54.6%	56.6%	57.6%
	Zinc concentrate	1,319,245	1,261,570	1,334,412
	Lead concentrate	117,272	101,629	110,441
Zawar Group (Underground)	Ore mined	240,550	204,150	304,680
	Ore grade — Zinc	3.7%	3.8%	3.8%
	Lead	0.9%	0.5%	1.1
	Recovery — Zinc	88.0%	90.8%	91.8%
	Lead	70.7%	83.4%	89.0%
	Zinc concentrate	—	—	—
	Lead concentrate	—	—	—
	Bulk Concentrate[2]	55,265	22,007	21,745
Sindhesar Khurd (Underground)	Ore mined	654,050	1,303,050	1,585,150
	Ore grade — Zinc	5.4%	4.4%	3.8%
	Lead	2.2%	2.2%	2.4%
	Recovery — Zinc	81.9%	84.0%	86.3%
	Lead	78.9%	83.0%	85.4%
	Zinc concentrate	53,118	100,683	101,480
	Lead concentrate	18,959	49,455	60,164
	Bulk Concentrate[2]	3,943		
Rajpura Dariba (Underground)	Ore mined	496,234	587,600	554,354
	Ore grade — Zinc	5.7%	5.4%	5.4%
	Lead	1.5%	1.3%	1.3%
	Recovery — Zinc	82.6%	83.3%	83.5%
	Lead	72.2%	70.8%	70.1%
	Zinc concentrate	40,246	41,512	39,860
	Lead concentrate	7,937	9,425	9,164
	Bulk Concentrate[2]	10,322	20,003	13,623
Skorpion (Open-pit)[4]	Ore mined	486,102	1,676,001	1,664,282
	Ore grade — Zinc	10.57%	10.39%	10.29%
	Recovery — Zinc	90.38%	91.4%	90.4%
Lisheen (Underground)[4]	Ore mined	158,440	1,397,697	1,458,396
	Ore grade — Zinc	13.54%	12.92%	11.4%
	— Lead	2.82%	2.75%	2.15%
	Recovery — Zinc	91.7%	90.6%	90.4%
	— Lead	76.8%	70.3%	66.1%
	Zinc concentrate	42,660	343,196	317,413
	Lead concentrate	6,353	49,053	39,129
Black Mountain (Underground)[4]	Ore mined	237,722	1,434,088	1,518,540
	Ore grade — Zinc	3.95%	2.95%	3.35%
	— Lead	3.92%	4.17%	3.70%
	Recovery — Zinc	76.34%	76,3%	77.8%
	— Lead	92.95%	91.0%	89.0%
	Zinc concentrate	15,259	64,683	78,457
	Lead concentrate	13,183	74,644	68,986
Totals	Ore mined	**8,422,263**	12,549,667	1,326,308
	Zinc concentrate	**1,470,528**	1,811,644	1,871,622
	Lead concentrate	**163,704**	284,206	287,884
	Bulk Concentrate[2]	**69,530**	42,010	35,368

(1) See "Presentation of Information — Reserves and Production" for an explanation of the basis of preparation of production amounts.

(2) Bulk concentrate is concentrate that contains both zinc and lead.

(3) Includes mining operations at Kayar mine.

(4) Acquired during fiscal 2011. Production results were consolidated with effect from 3 December 2010 for Skorpion, from 4 February 2011 for Black Mountain Mining and from 15 February 2011 for Lisheen.

Ore Reserve base

The following table sets out Vedanta's Proved and Probable zinc and lead Ore Reserves[(1)] as of 31 March 2013:

	Proved Reserve			Probable Reserve			Total Proved and Probable Reserves		
	Quantity	Zinc Grade	Lead Grade	Quantity	Zinc Grade	Lead Grade	Quantity	Zinc Grade	Lead Grade
	(Million tonnes)	(%)		(Million tonnes)	(%)		(Million tonnes)	(%)	
Rampura Agucha	15.3	14.5	2.0	47.4	13.4	1.8	62.7	13.6	1.8
Rajpura Dariba	7.6	6.4	1.7	3.1	6.8	1.3	10.6	6.5	1.6
Zawar Group	3.7	4.2	2.0	5.9	3.4	2.0	9.5	3.7	2.0
Kayar	—	—	—	5.4	10.0	1.5	5.4	10.0	1.5
Sindesar Khurd[(2)]	1.7	4.1	2.3	19.7	4.5	2.5	21.4	4.5	2.5
Skorpion	5.24	9.42	—	0.50	7.58	—	5.73	9.26	—
Lisheen	1.83	11.2	1.78	0.43	13.21	1.18	2.26	11.56	1.67
Black Mountain[(3)]	3.25	3.23	3.96	7.15	2.69	2.54	10.41	2.86	2.98
Total	**38.62**	**9.67**	**1.84**	**89.58**	**9.46**	**1.98**	**128.00**	**9.50**	**1.92**

(1) See "Presentation of Information — Basis of Presentation of Reserves and Resources" for an explanation of the basis of preparation of reserve amounts.

(2) Ore Reserves contain silver.

(3) Ore Reserves contain copper and silver.

Description of operations

Smelters and refineries The following table sets out the total capacities[(1)] as of 31 March 2013 at Vedanta's Chanderiya, Debari, Dariba, Zawar, Pantnagar and Skorpion facilities:

	Capacity				
Facility	Zinc	Lead	Silver	Sulphuric Acid	Power Plant
	(tpa except for silver which is in million oz)				(MW)
Chanderiya[(2)(3)]	525,000	85,000	5.4 million oz	828,500	248.5
Debari	88,000	—	—	419,000	14.5
Dariba[(3)]	210,000	100,000	11.3 million oz	306,000	160
Zawar Group	—	—	—	—	86
Skorpion	150,000	—	—	—	—
Total	**973,000**	**185,000**	**16.7 million oz**	**1,553,500**	**509**

(1) See "Presentation of Information — Reserves and Production" for an explanation of the basis of preparation of production amounts.

(2) The Haridwar plant refines and processes zinc ingots from zinc cathodes produced in the Chanderiya and Dariba smelters and therefore its production capacity does not increase the total production capacity of HZL's facilities.

(3) The Pantnagar plant refines and processes zinc and lead ingots from zinc and lead cathodes that are produced in the Chanderiya and Dariba smelters and silver ingots from lead residues in the Dariba lead smelter. Accordingly, it does not contribute to the total production capacity of HZL's facilities.

Chanderiya. The Chanderiya facility is located approximately 120 km east of Udaipur in the State of Rajasthan in northwest India. The Chanderiya zinc smelter is the fourth largest smelter on a production basis worldwide in 2012, according to Wood Mackenzie. The facility contains four smelters, two associated captive power plants, two sulphuric acid plants and one silver refinery:

(1) An ISP(TM) pyrometallurgical lead-zinc smelter with a capacity of 105,000 tpa of zinc ingots and 35,000 tpa of lead ingots that was commissioned in 1991;

(2) Two hydrometallurgical zinc smelters with 210,000 tpa capacity each that were commissioned in May 2005 and December 2007 and expanded in April 2008 together with associated captive power plants;

(3) An Ausmelt(TM) lead smelter with a capacity of 50,000 tpa that was commissioned in February 2006;

(4) Associated 154 MW and 80 MW coal-based thermal captive power plants commissioned in May 2005 and April 2008, respectively;

(5) A 14.5 MW captive power plant which was commissioned at Debari in March 2003 and transferred from Debari to Chanderiya in March 2009;

(6) Two sulphuric acid plants with a total capacity of 828,500 tpa sulphuric acid; and

(7) A silver refinery with a capacity of 168 tpa silver ingots.

A 154 MW captive power plant and an 80 MW captive power plant were commissioned in 2005 and 2008, respectively. In March 2009, a 14.5 MW captive power plant was transferred from Debari to Chanderiya. These power plants provide all of the power for the Chanderiya facilities. The captive power plant requires approximately 100,000 metric tonnes of coal per month, which is currently met through imports, mostly from Indonesia.

In addition, HZL secured in January 2006, as part of a consortium with five other partners, the award of a coal block from the Ministry of Coal of the GoI, which is expected to help meet the coal requirements of HZL's captive power plants in the future. HZL's share of the coal block is approximately 31.5 million tonnes which, according to the Ministry of Coal of the GoI, are proven reserves with ash content ranging from 28.7% to 47.0% and with gross calorific value ranging from 3,865 Kcal/kg to 5,597 Kcal/kg. On 16 June 2008, the Ministry of Coal of the GoI approved the consortium's plan for mining the coal block. The coal block is located in the Hasdev Arand coal field of Chhattisgarh which is falling under moderate to dense forest. The environmental clearance and approval for the forest diversion was initially rejected by the MoEF and accordingly, a letter of rejection was issued by the state government on 23 January 2010. In February 2012, the HZL consortium resubmitted its application, which requires State Government and MoEF approval. After being denied access to the Hasdev Arand field, HZL continues to import coal from third-party suppliers as it had been during or it may pursue alternative sources. In either event, HZL does not anticipate any difficulty in obtaining an adequate supply of coal. HZL has also been awarded 1.2 million tonnes of coal linkage by the Ministry of Coal of the GoI, which will enable it to source coal from mines of Coal India (catering to approximately a quarter of its total coal requirements), although access to this coal has been stopped since April 2013. HZL's operations source their back-up power from liquid fuel-based captive power plants or from local power companies. The liquid fuel is sourced from third-party suppliers on yearly contracts.

Debari. The Debari hydrometallurgical zinc smelter is located approximately 12 km east of Udaipur in the State of Rajasthan, India. The hydrometallurgical zinc smelter was commissioned in 1968, uses RLE technology and has a capacity of 88,000 tpa. The Debari facility also includes a 419,000 tpa sulphuric acid plant. A majority of the power requirements of the facility is sourced from the coal-based thermal captive power plant at Chanderiya and the balance is sourced from an on-site liquid fuel-based 14.5 MW captive power plant commissioned in March 2003. The liquid fuel is procured from domestic oil-producing companies through a tender process for a yearly contract.

Vizag. The Vizag hydrometallurgical zinc smelter is located approximately 17 km from the Vizag inner harbour on the Bay of Bengal in the State of Andhra Pradesh in southeast India. The hydrometallurgical zinc smelter was commissioned in 1977, uses older RLE technology and has a capacity of 56,000 tpa. The Vizag facility also includes a 91,000 tpa sulphuric acid plant. With effect from February 2012, operations at Vizag have been suspended.

Haridwar. The 210,000 tpa zinc ingot melting and casting plant in Haridwar in the State of Uttarakhand was commissioned in July 2008. This plant refines and processes zinc ingots from zinc cathodes produced in the

Chanderiya and Dariba smelters and therefore its production capacity does not increase the total production capacity of HZL's facilities. After the start of the second stream, the capacity of Haridwar Zinc Plant is 292,000 tpa.

Zawar Group. The Zawar Group facility does not have a smelter. The captive power plant at this facility provides power to the mine.

Dariba. The Dariba hydrometallurgical zinc smelter is located approximately 75 km northeast of Udaipur in the Rajsamand district of Rajasthan in Northwest India. This hydrometallurgical zinc smelter was commissioned in March 2010 and has a capacity of 210,000 tpa. In July 2011, a new lead smelter with capacity of 100,000 tpa was commissioned. The Dariba facility also includes a 306,000 tpa sulphuric acid plant. A majority of the power requirements of the facility is sourced from the coal-based thermal captive power plant at Dariba.

Pantnagar. The Pantnagar plant, which is located in Pantnagar in the State Uttarakhand, India, includes facilities for the refining and processing of zinc, lead and silver. The silver refinery has a capacity of 350 tpa and was commissioned in December 2011. The 465,000 tpa zinc ingot and 100,000 tpa lead ingot melting and casting plant were commissioned in March 2012. This plant was established to convert zinc and lead cathodes from the Chanderiya and Dariba hydrometallurgical smelters, as well as silver-rich lead residues from the Dariba lead smelter, into ingots.

Skorpion. The Skorpion mine and refinery are located 25 kms of Rosh Pinah town in Namibia. The Skorpion mine is an open cast oxide deposit mine, which feeds material directly to the refinery. The refinery uses a leaching process due to the oxide feed from the mine. Metal is casted in the electro wining-circuit as ingots or otherwise according to customer requirement. The Skorpion refinery runs on oxide feed.

Mines

Rampura Agucha. The Rampura Agucha lead-zinc mine is located in Gulabpura, District Bhilwara in the State of Rajasthan, northwestern India. It can be accessed by paved road from the major centres of Udaipur, approximately 225 km to the south, and Jaipur, the capital of the State of Rajasthan, which lies approximately 200 km to the north. The nearest railway to the mine lies approximately ten km to the west. This railway provides access to Jaipur in the north and Chittorgarh in the south where the Chanderiya lead-zinc smelting facility is located.

The Rampura Agucha mine was the largest zinc mine in the world on a production basis in 2012, according to Wood Mackenzie. It is a sediment-hosted zinc deposit which lies within gneisses and schists of the Precambrian Mangalwar Complex. The main ore body is approximately 1.5 km long and has a width ranging from five metres to 120 metres with an average of approximately 58 metres. The southern boundary of the ore body is sharp and steeply dipping while the northern margin is characterised by a thinner mineralised zone. Grades remain relatively consistent with depth. The ore body consists of sphalerite and galena, with localised concentrations of pyrite, arsenopyrite, pyrrhotite and tetrahedrite-tennantite.

The ore body is mined by open-pit methods. The capacity of the mine and concentrator was expanded between 2003 and 2010 from 2.4 mtpa to 6.15 mtpa for the mine and 6.5 mtpa for the concentrator through the purchase of additional mining equipment, upgrading of the truck fleet, improvements to the operational efficiency of the plant and the installation of a new semi-autogenous mill and ball mill circuit.

The 12 square km mining lease was granted by the State Government of Rajasthan and will run until March 2020. Mining leases are governed in accordance with the Mineral Concession Rules 1960 and the Mineral Conservation and Development Rules, 1988. HZL has also obtained consents under various environmental laws to operate the mine. A reconnaissance permit was granted and executed on 25 February 2010, and the reconnaissance work covering an area of 408.65 square km was completed in February 2013. Three applications for prospecting licences covering an area of 57.24 square km have been submitted for exploratory work covering an area north of Rampura Agucha mine. HZL commenced production at the Rampura Agucha mine in 1991. Since then and up to 31 March 2013, approximately 59.3 million tonnes of ore, with an ore grade of 12.7% zinc and 1.9% lead, respectively, have been extracted from the open-pit mine.

Mining at Rampura Agucha is a drill and blast, load and haul sequence using 221 MT tonne trucks and 34 metre^3 excavators. Ore is fed to the primary crusher and waste is dumped at a waste dump. The mining equipment is all owner-operated. The processing facility is a conventional crushing, milling and differential lead-zinc floatation plant. Ore from the mine is crushed in a series of three crushing circuits and then milled in four streams; one rod mill-ball and three SAG mill-balls in closed circuit. The milled ore is then sent to the lead flotation circuit which includes roughing, scavenging and three stages of cleaning. The lead concentrates are thickened and filtered ahead of storage and transport to the Chanderiya lead smelter. The lead flotation tails proceed to zinc flotation which comprises roughing, scavenging and four stages of cleaning. Zinc concentrates are thickened and filtered ahead of storage and transport to all three of the HZL zinc smelters. Zinc flotation tails are thickened ahead of disposal to the tailings dam.

At Rampura Agucha, as of 31 March 2013, a total of 227 holes (approximately 105,966 metres) have been drilled since 2004 which has resulted in significant resource addition in depth. Following open-pit re-optimisation and underground mine feasibility studies completed during 2009 and 2010, a significant part of resources was upgraded to reserves. As of 31 March 2013, the estimated reserves were 62.7 million tonnes with an average grade of 13.6% zinc and 1.8% lead after depletion. The drill spacing for the definition of proved reserves was approximately 50 metres by 50 metres while for probable reserves was 100 metres by 100 metres in the open-pit.

The Rampura Agucha open-pit mine was commissioned in 1991 by HZL and operated as a state-owned enterprise until 2002 when it was acquired by Vedanta. The low strip ratio and good ore mineralogy of the mine provide a high metal recovery ratio and a low overall cost of production for zinc concentrate extracted from the mine. An on-site concentrator is used to produce zinc and lead concentrates which are shipped mainly to HZL's smelters though surplus concentrates are exported through the port of Kandla. The mining and processing facilities are modern and in good condition.

In fiscal 2013, 6.2 million tonnes of ore at 12.3% zinc and 1.8% lead were mined from Rampura Agucha, which produced 1,334.4 million tonnes of zinc concentrate at 50.8% zinc and 110,441 tonnes of lead concentrate at 59.4% lead. Approximately 80.87 tonnes of waste were removed giving a strip ratio of 12.79 tonnes of waste per tonne of ore mined. The expansion of the mine from 5 mtpa to 6.15 mtpa was completed in 2010 and has resulted in a significant increase in the strip ratio as there was dimensional change in the pit with the ultimate depth of the mine increasing to 372 metres. Rampura Agucha mine has initiated a number of steps to optimise the strip ratio. During fiscal 2013, Approximately 89.4% of the zinc was recovered from the zinc concentrate, while 57.6% of the lead and 64.2% of the silver was recovered from the metal contained in the ore mined.

The gross book value of the Rampura Agucha mine's fixed assets and mining equipment (including assets related to the Rampura Agucha's underground mining operations and the Kayar mine) was Rs. 27,213.0 million ($500.3 million) as of 31 March 2013.

Power is mainly supplied from a 234 MW captive power plants at Chanderiya, a 160 MW captive power plant at Dariba and a 80 MW captive power plant at Zawar with two backup 5 MW generators on-site. Water to the site is pumped 57 km from radial wells in the Banas River. A water extraction permit has been granted, which provides sufficient water for a production rate of approximately 6 mtpa.

As HZL's plan for its mines is implemented, both the open-pit and underground mines will run together to deliver the capacity of 6.15 million tonnes of ore. The plan contemplates that, starting in fiscal 2018, only the underground mine will be operational. HZL estimates the remaining mine life at Rampura Agucha based on Ore Reserves and Mineral Resources as of 31 March 2013, and current production to be over 17 years. In 2004, HZL commissioned the first exploration programme since the mine opened and since then has increased the Ore Reserves at Rampura Agucha by approximately 77.0% after depletion. HZL also believes that additional mineralisation exists in an extension in the depth and breadth of the established resource boundary and exploration drillings and is continuing to evaluate the potential of this deeper mineralisation.

An economic feasibility study was carried out in September 2008 based on an industry standard Lerch Grossman open-pit optimisation algorithm using the Whittle 4X multi-element optimisation software. The treatment charges considered were $270.0 per tonne of zinc concentrate and $210 per tonne of lead concentrate. A dilution factor of 3.0% and a mining recovery factor of 96.0% were also applied.

Additionally, a sensitivity analysis was carried out which determined that an ultimate pit shell of 372 metres is optimal. The base metal prices used in the sensitivity analysis were $1,650.0 per tonne for zinc and $1,190.0 per tonne for lead.

In fiscal 2013, 114,435 dmt of zinc concentrate at a grade of 51.1% was sold to third parties from the Rampura Agucha mine. The revenue realised from zinc concentrate sales was Rs. 4,375.0 million ($80.4 million). In fiscal 2013, no dmt lead concentrate was sold to third parties from the Rampura Agucha mine.

Rajpura Dariba. Rajpura Dariba is a medium-sized underground lead-zinc mine and processing facility located approximately 75 km by paved road northeast of Udaipur in the Rajsamand district of Rajasthan in northwest India. Roads to Chittorgarh and Udaipur are used to transport concentrates to the HZL smelters at Chanderiya and Debari.

The ore at Rajpura Dariba occurs in the North, South and East lenses which are typically 15 metres to 50 metres thick, are conformable with the stratigraphy and dip approximately 65 degrees to the east. The lenses have strike lengths of over 900 metres, 500 metres and 600 metres, respectively. They lie within a synclinal structure with a north-south axis which is overturned to the west with steep easterly dips. The lead and zinc mineralisation is hosted within silicified dolomites and graphite mica schists. The main ore minerals are galena and sphalerite with minor amounts of pyrite, pyrrhotite and silver bearing tetrahedrite-tennantite.

Mining at Rajpura Dariba commenced in 1983 and is carried out using the Vertical Crater Retreat method and the Blast Hole Mining method with mined out stopes backfilled with cemented classified mill tailings. In certain areas the ground conditions adversely affect slope stability and dilution. These ground conditions are the result of the weak graphitic nature of the shear zone combined with the dissolution of fractured and sheared dolomites by percolating acidic groundwater derived for overlying adjacent oxidised zones. HZL's Rajpura Dariba mine permit is valid until May 2030.

The mine is serviced by two vertical shafts approximately 600 metres deep. The main shaft is six metres in diametre and the auxiliary shaft is 4.5 metres in diametre. The main shaft has the capacity to hoist one mtpa of ore by counterbalancing two skips each with six tonnes of capacity and is equipped with a modern multi-rope Koepe winder. All personnel and materials are hoisted in a large counter-balanced cage which also operates by Koepe winder. The surface infrastructure includes ventilation fans, compressors and ore loading facilities.

The ore is crushed underground before being hoisted to the surface. It is then crushed again and milled before undergoing a lead flotation process incorporating roughing, scavenging and three stages of cleaning. A facility exists at the mine to direct lead rougher concentrate to multi-gravity separators in order to reduce the graphite levels in the final concentrate as required. The final lead concentrate is thickened and filtered and subsequently stored and sent to HZL's Chanderiya lead smelters.

Lead flotation tails are sent to the zinc flotation process which comprises roughing, scavenging and three stages of cleaning. The facility is able to direct zinc rougher concentrate to column flotation cells to reduce silica levels in the final concentrate if required. Zinc concentrates are thickened, filtered and stored prior to dispatch to HZL smelters. Zinc flotation tails proceed to a backfill plant where they are cycloned with the underflow proceeding to intermediate storage where cement is added in preparation for use as underground fill. The cyclone overflow is thickened to recover water ahead of disposal in the tailings dam. The Ore Reserves the Rajpura Dariba mine as of 31 March consist of 10.6 million tonnes at 6.5% zinc and 1.6% lead.

In fiscal 2013, 554,354 tonnes of ore at a grade of 5.4% zinc and 1.3% lead ore was mined which produced 39,860 tonnes of zinc concentrate at 50.3% zinc, 9,164 tonnes of lead concentrate at 42.7% lead and 2,201 grams per tonne silver, and 13,623 tonnes of bulk concentrate at 37.6% zinc and 8.7% lead with 83.5% of the zinc being recovered in the zinc concentrate and 70.1% of the lead and 75.9% of the silver being recovered in the lead concentrate.

The gross book value of the Rajpura Dariba mine's fixed assets was approximately Rs. 2,890.0 million ($53.1 million) as of 31 March 2013.

Power for the mine is supplied largely from HZL's 160 MW captive power plant at Dariba and through a contract with Ajmer Vidyut Vitran Nigam Limited, a state-owned entity. Water is sourced via a 22-km long pipeline from the Matri Kundia Dam on the seasonal Banas River as well as from underground. Water supply has been erratic in the past requiring supplemental supplies to be delivered by truck.

HZL estimates the remaining mine life at Rajpura Dariba based on Ore Reserves and Mineral Resources as of 31 March 2013 at current production to be over 30 years. An exploration programme is also underway to identify new resources with the potential to be upgraded to Ore Reserves, and has been and continues to be focused on maintaining the reserve position after annual mining depletion. The drill spacing for Proved Ore Reserves was some 30 metres while for Probable Ore Reserves it was less than 60 metres.

The average grade for each individual stope was defined using standard parameters for internal waste and dilution and a geological cut-off grade of 3.0% combined lead and zinc, though the mineralisation generally has a sharp natural contact. The economic cut-off grade was then calculated based on a zinc price of $1,000 per tonne and a lead price of $700 per tonne, treatment charges of $130 per tonne for zinc concentrate and $140 per tonne for lead concentrate and fiscal 2006 cost and performance levels. The in-situ quantities and qualities were adjusted by applying a mining loss factor of 10%, a dilution factor of between 12% and 20% depending on ground conditions, with a further grade adjustment of 0.2% for lead, 0.3% for zinc and five grams per tonne silver. These parameters are based on a reconciliation of historical production. This analysis showed that at these prices the diluted in-situ cut-off grade should be 5.4% combined lead and zinc. Stopes with average grades below this economic cut-off grade were excluded from the reserve estimate. The final reserve estimate is the sum of the stopes with an average grade above the economic cut-off limit. As the stopes are all accessed using the existing infrastructure and as there is sufficient capacity on the tailings dam, the capital expenditure was limited to the replacement of mining equipment and was therefore considered not to have a material impact on the cut-off grade.

In fiscal 2013, 5,135 dmt of zinc concentrate at a grade of 50.2% was sold to third parties from the Rajpura Dariba mines. The revenue realised from zinc concentrate sales was Rs. 170.0 million ($3.1 million). In fiscal 2013, no lead concentrate was sold to third parties from the Rajpura Dariba mines.

Sindesar Khurd. The Sindesar Khurd underground mine deposit that was explored from 1992 to 1995. Mine production at Sindesar Khurd began in April 2006 and HZL's mining permit is valid until 2029.

The Sindesar Khurd mine is an underground mine. The deposit lies five km north of and is on the same geological belt as the Rajpura Dariba mine. Ore from the mine is fed to the Rajpura Dariba mill and processing plant. The two mines are connected by an all-weather gravel road. The Ore Reserves for the Sindesar Khurd mine as of 31 March 2013 consist of 21.4 million tonnes at 4.5% zinc and 2.5% lead and 146 g/t silver.

The Sindesar Khurd mine also produces a substantial amount of silver from its recently ramped up operations in line with HZL's plan for its mines. The ore grade of silver Mineral Resources increased from 103 g/t in fiscal 2012 to 121 g/t in fiscal 2013.

The Sindesar Khurd ore body is conformable with the host stratigraphy. The mineralisation lies within silicified dolomite and graphite mica schist which are overlain by quartzite. The deposit has been drilled to a depth of approximately 1,200 metres below the surface and the ore body is traced over approximately two km along the strike with an 1,200-metre vertical extension. While the deposit is still open in depth in the southern extension of the present mine block, the area below the mine block and towards the north extension only has narrow and low to moderate grade mineralisation intersected.

Access to the mine is through an incline shaft and two ramps from the surface while ore is hauled up the inclined shaft through the ramp. The ore body is accessed via horizontal drives on three levels. The mining method that is used is blast hole stoping with post filling.

Exploration at Sindesar Khurd has been ongoing since March 2005 with a drilling programme aimed at increasing the size of the resource.

The gross book value of the Sindhesar Khurd mine's fixed assets was approximately Rs. 8,470.0 million ($155.7 million) as of 31 March 2013.

Zawar Group. Zawar Group consists of four separate mines, namely, Baroi, Zawar Mala, Mochia and Balaria. The deposit is located approximately 45 km south of the city of Udaipur in the State of Rajasthan, India. Ahmedabad, the capital of the State of Gujarat is located about 215 km to the south. The deposits lie within a 36.2 square km mining lease granted by the State Government of Rajasthan, India, which expired on 29 March 2010. HZL has applied for the renewal of its lease to the Government of Rajasthan on 25 November 2008. The mines are currently operating under deemed renewal. As of January 2013, mining activities at Mochia, Zawar Mala, Balaria and Baroi mines have resumed, pursuant to in-principle approval from MoEF for forest diversion received on 24 January 2013. The mine plan for enhanced quantity was approved by the Indian Bureau of Mines ("IBM") on 21 August 2009 and subsequently amended with a modified mining plan and progressive mine closure plan on 4 October 2012.

The four deposits at Zawar Group are hosted by low grade metamorphosed sediments consisting of greywackes, phyllites, dolomites and quartzites that unconformably overlay the Pre-Cambrian basement. The lead-zinc-pyrite mineralisation is strata bound and occurs as vein-stringers reflecting the high level of fractures within the more competent dolomites. There are multiple ore bodies that are complex in some areas as the lenses split and enclose waste rock. The ore bodies are steeply dipping.

Zawar Group uses the "sub-level open stoping mining method" and its variants for the majority of its production.

Ore processing is carried out in a conventional comminution and floatation plant having facility for "differential" as well as "bulk floatation" of zinc and lead metals. The ore is primarily crushed underground and then hoisted to the surface. Thereafter, the ore is crushed to 15 millimetres in size before being milled to 74 microns. In the differential floatation process, milled ore is conveyed separately to two lead flotation circuits and undergoes a process incorporating roughing, scavenging and cleaning. Final lead concentrate is thickened and filtered and then stored before dispatch to the Chanderiya lead smelter. Lead flotation tails proceed to two zinc flotation circuits comprising roughing, scavenging and cleaning. Zinc concentrate is thickened and filtered, then stored and dispatched to the Debari and Chanderiya smelters. Zinc flotation tails are disposed in slurry form in designated tailings disposal area.

In the bulk flotation process milled ore is conveyed to the flotation circuit and undergoes a process incorporating roughing, scavenging and cleaning. Final bulk concentrate is thickened and filtered, and then stored before dispatch to the Chanderiya lead zinc smelter. Bulk flotation tails are disposed in slurry form in designated tailings disposal areas.

In fiscal 2013, approximately 304,680 tonnes of ore at 3.8% zinc and 1.1% lead was mined which produced 21,745 tonnes of bulk concentrate at 44.1% zinc and 12.1% lead. The recovery of zinc and lead during fiscal 2013 was 91.8% and 89.0%, respectively.

The gross book value of the Zawar Group fixed assets and mining equipment was approximately Rs. 1,635.0 million ($30.1 million) as of 31 March 2013 and of the new 80 MW coal-based thermal captive power plant at Zawar Group was Rs. 3,154.0 million ($58.0 million).

Power is supplied through a combination of an 80 MW coal-based thermal captive power plant commissioned in December 2008 and a six MW captive power plant. Power from the 80 MW coal-based thermal captive power plant is supplied to HZL's Debari hydrometallurgical zinc smelter and the excess power is sold to third parties. Water consumption is controlled by an active water conservation programme with supplemental water supplies sourced from a dedicated 300 million cubic foot dam. The process plant is in a reasonable structural, electrical and mechanical condition and a planned maintenance programme is in place.

Based on Ore Reserves and Mineral Resources as of 31 March 2013 and current production levels, HZL estimates the remaining life of the Zawar Group operation to be over 30 years from 1 April 2013. The focus of mine exploration at Zawar Group is to replenish the Ore Reserves that are being depleted through exploration activities and to look for new mineralised areas to enhance production capacity. A surface drilling programme is underway to locate deeper resources below -100 MRL up to -500 MRL. Underground exploratory drilling is carried out on a grid of between 25 metres and 30 metres which is then infilled to 12 metres and 15 metres after completing the development for final delineation of ore bodies. Past exploration has outlined additional in-mine Mineral Resources which require further delineation to add to reserves and further extend the mine life.

Two approaches were used to determine the reserves. For some of the proved reserves, the stope limits had been designed and the mineable quantities were then derived by applying a mining recovery factor of 90.0% and a dilution factor of 10.0% For the remaining proved resources and all of the probable reserves, the mineable quantities were adjusted further by applying an additional mining recovery factor of 60.0% to reflect the impact of leaving pillars and an additional dilution factor of 15.0% to reflect the effect of internal waste.

The average grade for each individual stope was defined using standard parameters for internal waste and dilution and a geological cut-off grade of 3.0% for combined lead and zinc. The economic cut-off grade was then calculated based on a zinc price of $1,000 per tonne, a lead price of $700 per tonne, treatment charges of $130 per tonne for zinc concentrate and $140 per tonne for lead concentrate and fiscal 2006 cost and performance levels. This analysis showed that at these prices, the diluted cut-off grade should be 3.6% zinc. Stopes with average grades below this economic cut-off grade were excluded from the reserve estimate. The final reserve estimate is the sum of the stopes with an average grade above the economic cut-off limit. As the stopes are all accessed using the existing infrastructure and as there is sufficient capacity on the tailings dam, the capital expenditure was limited to the replacement of mining equipment and was therefore considered not to have a material impact on the cut-off grade. In fiscal 2013, no zinc, lead or bulk concentrate was sold to third parties from the Zawar Group mines. The estimated reserves were 9.5 million tonnes with an average grade of 3.7% zinc and 2% lead.

Kayar. The Kayar lead-zinc mine, located on the eastern fringe of Kayar village, is a satellite mine of the Rampura Agucha mine. The deposit is located approximately 9 km north-northeast of Ajmer city and is connected to Jaipur by tar road. The state capital and nearest airport is 127 km Northeast of the deposit. Udaipur is 280 km to the South of the mine.

HZL's detailed exploration of Kayar deposit commenced in June 1999 and continues to date. HZL has a 480.45 hectare mining lease granted by the State of Rajasthan that is valid until 2018, subject to further renewal.

HZL has also obtained consents required to produce 1000 mt of lead-zinc ore per day at the Kayar mine and has submitted applications to further increase the mine's capacity to 1 mtpa. HZL has also obtained consents under various environmental laws concerning air and water quality to operate the mine, including from the State Pollution Control Board.

The major rock type in the area is quartz-mica schist. There are three lenses of the ore namely the main lens, the K1A lens and the S1 lens. The main lens ranges in average width from 5 metres to about 40 metres and has a maximum strike of 900 metres. The K1A lens has a strike of 250 metres and an average width of 4 metres. The S1 lens has a strike of 170 metres and width of 3 metres. The Ore Reserves for the Kayar mine as of 31 March 2013 consist of 5.4 million tonnes at 10.0% zinc and 1.5% lead. Based on Ore Reserves and Mineral Resources as of 31 March 2013 and current production levels, HZL estimates the remaining life of the Kayar mine to be over 10 years from 14 April 2013.

The ground-breaking of the mine started on 11 June 2011, and a decline is being developed to access the ore body. The Kayar mine produced developmental ore in the second quarter of fiscal 2013, and commercial production is expected to commence in fiscal 2014. The mine is designed to have a 1 mtpa production capacity by fiscal 2016. The mining method in Kayar will be longitudinal long hole open stoping (bench stoping) in the steeper portion of the deposit (upper portion), with transverse stoping method in the flat portion (lower portion) along with rock filling / cemented rock filling. About 37 km of development is planned by 2016. The mining is highly mechanised with 10 T and 17 T diesel load haul dump vehicles coupled with 30/50 T low-profile dump trucks. An additional 50 T electric low-profile dump trucks will be deployed as an environmental measure in the future. The ROM will be stacked in the surface and transported via dumpers to the Rampura Agucha mine for beneficiation.

A 33 KV power line was commissioned in February 2012 to meet the constructional power requirements of the mine. When full capacity is reached at the mine, power will be supplied from HZL's captive power plants.

Skorpion. The Skorpion mine and refinery is located in the Karas region of southern Namibia, comprising an open pit mine with a mine life of approximately 3.5 years from 1 April 2013 based on Ore Reserves and Mineral Resources and an attached electrolytic refinery producing approximately 145,000 to 150,000 tonnes of SHG zinc ingots annually. Further opportunities to extend the life of the mine are currently being evaluated based on the sulphide ore bodies in the nearby areas. Skorpion is also working for possible conversion of the refinery from stand-alone oxide ore treatment to Sulphide ore treatment also.

According to Wood Mackenzie, the Skorpion mine has consistently been one of the largest zinc producing mines in the world and in 2012, it was ranked 14th in the world in terms of production volume with a cost base in the lower-cost half of the zinc industry cost curve. The Skorpion mine produces only high-grade, high purity SHG zinc ingots that are registered in the London Metals Exchange.

The mineral rights over the Skorpion zinc deposit are currently held under mining licence ML 108 and exclusive prospective licence 2229. The EPL was originally issued by the Government of Namibia to Erongo Mining and Exploration Company, which covered 33,192 hectares. An extension to the south was subsequently granted, which increased the exclusive prospective licence area to 98,683 hectares. Mining licence number 108 of July 2000 is valid for 25 years up to July 2025. The licence covers 951 hectares and includes the site for the refinery. Skorpion is also the holder of another mining licence covering the limestone mining area, ML 127, which is valid until February 2026.

The Skorpion deposit lies within the volcano sedimentary rocks of the late proterozoic port nolloth zone of the pan-African Gariep Belt. The ore body consists of secondary oxide zinc mineralisation, including silicates, clays and carbonates. It is covered by a 10 to 20 km thick layer of sand, calcrete, boulder beds and silcrete and is hosted by weakly metamorphosed, quartz-rich clastic sediments. Commonly, mineralisation occurs in the lower portion of the sedimentary package immediately overlaying a unit of impure limestone and calcareous sandstone. A steep dipping zone of sheared sericite schist cuts through the ore and the surrounding host rocks, roughly following the long axis of the mineralised body. Quartz sericite schist, believed to be a weathered product of a felsic volcanic unit, occurs in the north eastern portion of the open pit. Towards the west, black shale, amphibolite and quartz biotite schist underlies the body. Down hole geophysical logging indicates that the water table lies at about 175 metres below the surface.

Although the geology of the deposit is complex and the ore, limestone and arkose interface requires careful separation, the mine has managed this with accurate grade control and selective mining.

The processing at the Skorpion mine is unique, using solvent-extraction / electrowinning from zinc oxide ore. In this process, mined ore is crushed, homogenised and milled before acid leaching in agitated tanks at the refinery. Clarified liquor is purified by solvent extraction and zinc is electrolytically plated on to aluminium cathodes. Zinc is periodically stripped from these cathodes before being melted and cast as ingots for export.

Zinc at the Skorpion mine is cast into ingots for export and transported from the refinery to the port of Luderitz, approximately 300 km away, by trucks each having a maximum capacity of 35 tonnes.

The maximum power demand of the Skorpion mine is 85 MW and power is supplied from South Africa and is governed by a trilateral US dollar-denominated fixed price contract between Namibia Power Corporation (Proprietary) Limited, Eskom Holdings Limited and Skorpion, that currently links the annual increases in power costs to a US inflationary index.

The Skorpion refinery uses 80,000 tonnes of sulphur per year, of which the maximum amount possible is imported in bulk from around the world and shipped to Namibia through the port of Luderitz while the remaining sulphur is brought in from South Africa in molten form via road.

During the year ended 31 March 2013, 1.7 million tonnes of ore at 10.3% zinc were mined from the Skorpion mine, which produced approximately 145,342 tonnes of zinc metal. Approximately 18 million tonnes of waste were removed giving a strip ratio of 11 tonnes of waste per tonne of ore mined.

Lisheen. The Lisheen mine is located in County Tipperary, approximately 160 km southwest of Dublin, Republic of Ireland and consists of an underground mine, concentrator and backfill plant, producing approximately 170,000 tonnes of zinc in concentrate annually with an expected mine life of 3.3 years from 1 April 2013 based on Ore Reserves and Mineral Resources.

According to Wood Mackenzie, the Lisheen mine was one of the top 15 zinc mines by production volume in the world in 2012.

The Lisheen mine is operated pursuant to state mining lease ML 140 issued by the Exploration and Mining division of the Department of Communications, Energy and Natural Resources of the Republic of Ireland which is valid until October 2027. The initial lease was granted in 1997 and a supplementary indenture was issued in 2008. An additional mining licence (State Mining Licence No. 11) was attained by Lisheen in 2012 to allow Lisheen access mineral to the contiguous to the lease. The new licence is also valid until 2027. Lisheen also holds an Integrated Pollution Prevention Control licence (P0088-03), issued by the EPA. The licence has been reviewed on two occasions and a Technical Amendment was also issued in 2013. The mine operates under the planning permission issued from an Bord Pleanala via North Tipperary County Council. It was issued in 1997 and is valid for 30 years. Lisheen also holds two prospecting licences, PL 4055 and PL 4056, relating to areas immediately south and north of the existing mine.

The Lisheen zinc deposit is located in the Rathdowney trend, which comprises sedimentary rocks (mainly limestone). The Lisheen ore bodies occur as three principal zones, main zone, Derryville zone and bog zone. The ore is largely hosted within fault associated hydrothermal breccias, known as the Black Matrix Breccia, which is developed at or proximal to the base of a massive, fine grained dolomitised limestone unit, termed the Waulsortian Formation. This unit is underlain by the argillaceous bioclastic limestone, a dark shaly limestone which forms the lithological footwall to the mineralisation. The ore bodies are at an average depth of 170 metres and are predominantly stratiform or flat lying, ranging in thickness from one to 14 metres. Close to faults, mineralisation may be substantially thicker. The deposit is high grade, with a zinc to lead ratio of 6:1.

The crushed ore from the Lisheen mine is stored in a surface stockpile from which it is conveyed to a two-stage wet grinding circuit as the first processing set in the concentrator. The slurried product from the grinding mills then passes directly to the two flotation circuits, where the lead concentrate and the zinc concentrates are floated off sequentially. The zinc concentrates are leached with sulphuric acid to remove dolomite to bring the product to smelter requirements. The concentrates are dewatered to shipment requirements by thickening and subsequent pressure filtration. The dewatered concentrates are then trucked to the port of Cork and are then shipped to international smelters.

The power requirements at the Lisheen mine are provided by a 110 KV line, rated for 120 MVA, to an on-site substation.

During the year ended 31 March 2013, 1.6 million tonnes of ore at 11.4% zinc and 2.15% lead were mined from the Lisheen mine, which produced approximately 317,412 tonnes of zinc concentrate and 39,129 tonnes of lead concentrate, containing 169,485 tonnes and 23,407 tonnes of zinc and lead, respectively.

Black Mountain. The zinc mine at Black Mountain is an underground operation, mining a polymetallic ore body, with an attached concentrator producing approximately 38,577 tonnes of zinc, 48,883 tonnes of lead, 3,799 tonnes of copper and 51 tonnes of silver in concentrate, annually. Exxaro Resources (through its wholly owned subsidiary, Exxaro Base Metals) holds the remaining 26.0% interest in Black Mountain.

The Black Mountain mine is operated pursuant to mining right 58/2008 MR granted pursuant to the Mineral and Petroleum Resources Development Act, 28 of 2002 of South Africa which entitles Black Mountain Mining to mine for lead, copper, zinc and associated minerals in, on and under an area in the district of Namaqualand measuring 24,195 hectares for a period of 30 years from 2008 to 2038.

Four major stratiform exhalative sediment hosted base metal deposits are located in a 10 by 30 km area, centred on Aggeneys. The deposits are situated in the supracrustal rocks of the mid-Proterozoic age Bushmanland group of the Namaqualand metamorphic complex. The deeps ore body, which is currently being mined, is considered to start at 166 metres above mean sea level, with a down plunge extent of 1.1 km with the deepest position of the ore body being 1,680 metres below the surface. Mineralisation in the deeps is hosted by iron formations, massive sulphide and sulphide quartzite. The massive sulphide rock is either banded, massive or occurs as fine grained mylonite. Banding is expressed as 1-5 m thick sulphide bands alternating with quartz rich bands of similar thickness.

Underground drilling of the deeps ore body was started in December 2000 and were completed in 2012. Based on Ore Reserves and Mineral Resources as of 31 March 2013 and current production levels, HZL estimates the remaining life of the mine of the deeps ore body to be over 15 years from 1 April 2013.

The predominant mining method is ramp in stope cut and fill. The production rate is 1.6 mtpa plant feed and the shaft hoisting capacity is approximately 140,000 tons per month. All production stopes are backfilled and waste filled, integrated into the mining sequence.

The mining process includes primary crushing underground before being hoisted to surface coarse ore silos for stockpile. Coarse ore is screened before secondary and tertiary crushing, from where it is fed into a milling plant. The slurry product from the grinding mills passes directly to the floatation circuits from which copper concentrates, lead concentrates and, finally zinc concentrates are floated off. The concentrates are dewatered by thickening and subsequent pressure filtration to reduce moisture content to shipment requirements. The dewatered concentrates are discharged onto conveyors, before being transferred to separate copper, lead and zinc concentrate stockpiles. From the stockpiles, the concentrates are hauled by truck to a dedicated railway siding 170 kms away, where they are loaded onto rail cars for outbound shipping.

Power at the zinc mine at Black Mountain is supplied from two 40 MVA transformers at the Eskom Aggeneys substation. Water is supplied by the Pelladrift Water Board, which supplies potable water to the mine from the Orange river for both human consumption and industrial water requirements.

Zinc, lead and copper concentrate from the mine are road hauled to a dedicated railway siding along a 170 km gravel road, which is owned by the provincial authorities but maintained by Black Mountain. The concentrate is then transported by train to Saldanha on the Sishen-Saldanha railway with delivery terms to export customers on a cost, insurance and freight basis.

During the year ended 31 March 2013, 1,518,540 tonnes of ore at 3.35% zinc and 3.70% lead were mined from Black Mountain, which produced approximately 78,457 tonnes of zinc concentrate and 68,986 tonnes of lead concentrate, containing 38,577 tonnes of zinc and 48,883 tonnes of lead, respectively. The Black Mountain mine also produced 3,799 tonnes of copper in concentrate and 50.77 tonnes of silver in concentrate.

Principal raw materials

The principal inputs of HZL's zinc smelting business are zinc and lead concentrates and power. HZL has in the past been able to secure an adequate supply of the principal inputs for its business.

Zinc and Lead Concentrates. Zinc and lead concentrates are the principal raw material required by HZL's smelters. HZL's lead-zinc mines have provided all of its requirements for zinc and lead concentrates in the past. Vedanta expects HZL's mines to continue to provide all of its zinc and lead concentrate requirements for the foreseeable future.

Power. Most of HZL's operations are powered by the coal-based captive power plant at Chanderiya for which HZL imports the necessary thermal coal from a number of third-party suppliers. HZL has outsourced the day-to-day operation and maintenance of its captive power plants at Chanderiya, Debari and Zawar. HZL has also been awarded 2.4 million tonnes of coal linkage by the Ministry of Coal of the GoI, which will enable it to source coal for its captive power plants from the mines of Coal India. Due to limited availability, Coal India has been supplying only 50.0% of the 2.4 million tonnes linkage quantity. As of April 2013, the coal supplies to Chanderiya have stopped due to a pending decision at Ministry of Coal on the linkages for plants which have been allocated coal blocks, although supplies to HZL's power plants at Dariba and Zawar are continuing. HZL's operations source their required power back-up from liquid fuel-based captive power plants or from local power companies. The liquid fuel is sourced from third-party suppliers on yearly contracts.

Metallurgical coke. In addition, HZL's pyrometallurgical smelter at Chanderiya requires metallurgical coke that is used in the smelting process. HZL currently sources its metallurgical coke requirements from third parties under long-term contracts and the open market.

Distribution, logistics and transport

Zinc and lead concentrates from HZL's lead-zinc mines are transported to the Chanderiya and Debari smelters by road. Zinc concentrate may also be shipped for export. Zinc and lead ingots, silver and sulphuric acid by-products are transported primarily by road to customers in India directly or via HZL's depots. Zinc and lead cathode is mostly transported by rail to its processing and refining facilities in Uttarakhand state in north India. Zinc and lead ingots are transported for exports to ports in India primarily by rail, from where they are loaded on ships.

Zinc at the Skorpion mine is cast into ingots for export and transported from the refinery to the port of Luderitz, approximately 300 km away by trucks each having a maximum capacity of 35 tonnes.

Zinc concentrate, lead concentrate and copper concentrate from the Black Mountain mine is hauled by road to a dedicated railway siding along a 170 km gravel road, which is owned by the provincial authorities but maintained by Black Mountain Mining. The concentrate is then transported by train to Saldanha on the Sishen-Saldanha railway with delivery terms to export customers on a cost, insurance and freight basis.

Lisheen transports the zinc concentrates it produces to the port at Cork (135 km from mine site) via on-site haulage contracted with a single supplier. Lisheen is within close proximity to international airports (Dublin 157 km, Cork 135 km), the national highway network and nearby towns. The nearest motorway is 10 km from the mine site and provides direct motorway access to the port facility in Cork.

Sales and marketing

The ten largest customers of Vedanta's total zinc business (including a full year of production for Zinc International during fiscal 2011, notwithstanding the fact that Zinc International was acquired during fiscal 2011) accounted for approximately 41.9%, 40.9% and 44.0% of its revenue in fiscal 2011, 2012 and 2013, respectively. Save for Trafigura which accounted for 15.8%, 14.1% and 17.9% in fiscal 2013, 2012 and 2011, respectively, no customer accounted for greater than 10.0% of the revenue from Vedanta's zinc business revenue in fiscal 2011, 2012 or 2013.

HZL's marketing office is located in Mumbai, and it has field sales and marketing offices in most major metropolitan centres in India. In fiscal 2013, HZL sold approximately 77.5% of the zinc and lead metal it produces in the Indian market and exports approximately 22.5%.

Approximately 97.4% of the zinc metal that HZL produced in fiscal 2013 was sold under annual contracts specifying quantity, grade and price, with the remainder sold on the spot market. The contract sales price is linked to prevailing LME price with an additional physical market premium. Thus, the price that HZL receives for its zinc is dependent upon, and subject to fluctuations in, the LME price.

Black Mountain Mining produces zinc, lead and copper concentrates that are sold in the international markets on spot basis and through long term contracts. The commercial terms negotiated on an annual basis include taking into account the percentage of payable metals, treatment and refining charges and applicable prices.

Marketing of the metals and concentrate produced by Lisheen is done centrally from the corporate office located in Aggeneys. There is also a site office to look after the logistics coordination, administrative support and contracting.

Projects and developments

In addition to ongoing exploration activities, HZL has finalised plans for the next phase of development growth, which will involve the sinking of underground shafts and developing underground mines. The plan comprises developing a 3.75 mtpa underground mine at Rampura Agucha and expanding the Sindesar Khurd mine from 2.0 mtpa to 3.75 mtpa, the Zawar Group mines from 1.2 mtpa to 5.0 mtpa, the Rajpura Dariba mine from 0.6 mtpa to 1.2 mtpa and the development of the Kayar mine to 1.0 mtpa. It will also involve the opening up of a small new mine at Bamnia Kalan in the Rajpura Dariba belt. Annual capital expenditures for these projects will average $250.0 million a year over the next six years (totalling approximately $1.5 billion) until they are completed.

These projects are being financed from internal sources.

The Gamsberg deposit comprises two main areas of mineralisation: Gamsberg North, a near surface Mineral Resource of approximately 154 mt at 6.3% zinc, and Gamsberg East, with a Mineral Resource of approximately 32 mt at 9.8% zinc, which requires underground mining. Based on an estimated production capacity of 7.4 mtpa, the Gamsberg project has a mine life of over 25 years.

Black Mountain is the holder of a mining rights to the Gamsberg deposit pursuant to the Mineral and Petroleum Resources Development Act, 28 of 2002 of South Africa which entitles Black Mountain Mining to mine for zinc and lead ore in, on and under an area in the district of Namaqualand measuring 9,506 hectares for a period of 30 years from 2008 to 2038.

The Gamsburg Inselberg preserves a large sheath fold structure developed within the meta-sedimentary rocks of the Bushmanland Sequence. Zinc mineralisation is hosted within the Gams iron formulation, a composite sedimentary package ranging up to 100 metres in thickness comprising a lower meta-pelitic unit and an upper banded-iron formation unit. Stratiform zinc mineralisation has been identified within this meta-sedimentary package and a sedimentary exhalative genetic model has been invoked to account for the association of sulphide mineralisation with shales and chemical sedimentary rocks. Generally, three main ore types are recognised within the mineralised interval; the lowermost pyrite zone is developed above a narrow pyritic quartzite unit, the pyrite unit is overlain by the pyrrhotite unit, which in turn is overlain by the upper magnetite unit. The magnetitite unit is hosted within the banded iron formation, whereas the pyrite and pyrrhotite units are hosted by meta-pelites.

According to Wood Mackenzie, the Gamsberg deposit is projected to be one of the world's largest zinc producers with operating costs in the lower-cost half of the cost curve.

The Gamsberg deposit is favourably distinguished from other large undeveloped zinc deposits for reasons including:

- The deposits have large open-pittable resource in the Northern ore body, supported by higher grade underground resource (Gamsberg East);
- The deposits belong to the class of mineralisation characterised by metamorphosed, re-crystalised sulphide mineralisation;
- There is potential to upgrade the mineralisation using ore-sorting technology due to the magnetic nature of the non-ore mineral such as magnetite and pyrrhotite; and
- The deposits are located adjacent to a well-established mining district with modern infrastructure and is locally in a politically stable country with a mild climate.

Vedanta believes that the Gamsberg deposit will be capable of producing in excess of 400,000 tpa of zinc in concentrate over multiple phases and is expected to comprise an open pit, an underground mine and a concentrator plant.

The estimated power requirement for the Gamsberg deposit is currently under evaluation.

Market share and competition

HZL is the only integrated zinc producer in India and had a market share by sales volume of the Indian zinc market of 82% in fiscal 2013, according to ILZDA. Binani Zinc Limited is the only other zinc producer in India but it is not integrated and depends on imports of zinc concentrate. Binani Zinc Limited had a market share of 5% of the Indian market in terms of sales volume in fiscal 2013, according to ILZDA. Imports and secondary accounted for the remaining 14% market share, according to ILZDA.

Zinc is a commodity product and Vedanta's zinc businesses compete primarily on the basis of price, time of delivery and location. Zinc metal also faces competition as a result of substitution of materials, including aluminium, stainless steel and other alloys, plastics and other materials being substituted for galvanised steel and epoxies, paints and other chemicals being used to treat steel in place of galvanising in the construction market.

HZL is India's leading primary lead producer, with a 54% market share by sales volume in India in fiscal 2013, according to ILZDA.

HZL is the only primary lead producer in India, with competition coming from imports which provide a substantial majority of the lead consumed in India. Lead is a commodity product and Vedanta's zinc businesses compete primarily on the basis of price, time of delivery and location.

Seasonality

Vedanta's zinc business is not subject to seasonality.

Copper Business

Introduction

Vedanta's Indian copper business is owned and operated by Sterlite. It is principally a custom smelting business whose assets include a smelter, refinery, phosphoric acid plant, sulphuric acid plant, copper rod plant and three captive power plants at Tuticorin in southern India, a refinery and two copper rod plants at Silvassa in western India, a precious metal refinery that produces gold and silver, a doré anode plant, and a copper rod plant at Fujairah in the United Arab Emirates ("UAE"). In addition, Sterlite owns the Mt. Lyell copper mine in Tasmania, Australia, which provides a small percentage of its copper concentrate requirements.

As a custom smelter, Sterlite buys copper concentrate at LME-linked copper prices less a TcRc that it negotiates with suppliers. Sterlite sells refined copper at LME-linked prices in domestic and export markets. Sterlite receives a discount from its suppliers in the form of a TcRc, which is influenced by the global copper concentrate demand, supply of copper smelting and refining capacity, LME trends, LME-linked price participation and other factors. Sterlite sources its concentrate from various global suppliers and its Mt. Lyell copper mine.

According to Wood Mackenzie, Sterlite's Tuticorin smelter was one of the world's largest, in terms of production volumes, in 2012. However, on 29 March 2013, the TNPCB ordered the closure of the copper smelter at Tuticorin due to complaints about a noxious gas leak by local residents. On 1 April 2013, Sterlite filed a petition in the national green tribunal challenging the order of the state pollution control board on the basis that the plant's emissions were within permissible limits. Please see "Risk Factors — Litigation — Sterlite is involved in litigation for alleged violation of environmental regulations at its Tuticorin plant, which is currently closed" for additional information.

The copper business in Zambia is owned and operated by KCM which is largely an integrated copper producer. KCM's operations at Nchanga include a number of open-pit mines, a large underground mine, TLP with the associated solvent extraction electro winning ("SX-EW") facility, a smelter with a cobalt recovery furnace, and a sulphuric acid plant and copper concentrators comprising two main processing units and a refractory ore stockpile. At Konkola, KCM operates a large underground mine and a concentrator on site. There is also a refinery at Nkana and a pyrite mine and concentrator at Nampundwe. In fiscal 2013, the KCM mines provided approximately 65% of KCM's copper concentrate requirements for its smelting operations, with the remainder of KCM's copper concentrate requirements being obtained from third parties. The smelter and sulphuric acid plant at Nkana is currently being dismantled. As of 31 March 2013 Vedanta had spent approximately \$2.7 billion since 1 April 2005 on its asset base.

Vedanta acquired a 51.0% interest in KCM in November 2004 and increased its ownership in KCM to 79.4% in April 2008 through the exercise of its call option. Since the acquisition of KCM in 2004, Vedanta has implemented or is in the process of implementing various projects and expansions to improve KCM's operating performance. These include:

- the Konkola Deep Mining Project (the "KDMP"), a comprehensive project developing mining infrastructure to access the large copper ore body available at deeper levels at KCM's Konkola mine, which Vedanta estimates will increase the output of KCM's Konkola underground mine from approximately 1.8 mtpa of ore in fiscal 2010 to approximately 7.5 mtpa in fiscal 2014;
- de-bottlenecking the TLP at Nchanga to increase its capacity from 15.1 mtpa to up to an estimated 19.8 mtpa;
- installing a second cobalt recovery furnace at the Nchanga smelter to double cobalt recovery;

- upgrading and modernising the east and west mill processing plants at the Nchanga concentrator, including upgrading the west mill Nchanga underground mine concentrator with a new 3.0 mtpa concentrator and the east mill Nchanga open-pit concentrator with a new 7.5 mtpa concentrator;
- commissioning a 311,000 tpa direct-to-blister flash smelter at Nchanga with a cobalt recovery furnace;
- commissioning a 6 mtpa concentrator at Konkola to enhance mining output, improve recovery and improve the concentrate grade of its copper;
- expanding the Nkana refinery to a production capacity of 300,000 tpa of copper cathode; and
- commissioning a 640,000 tpa sulphuric acid plant at Nchanga to produce acid for use in the TLP.

KCM intends to further improve its operating performance by:

- substantially developing its open-pit mines at Nchanga, including the opening of additional pits and the mining of cobalt ore at the Nchanga open-pit;
- expanding capacity at, and extending the life of, the existing Nchanga underground mine by extracting as yet unmined ore in the upper ore body of the Nchanga ore deposit; and
- completing the KDMP, which is scheduled to occur in June 2013.

Principal products

Copper cathode. Vedanta's copper cathodes from the Tuticorin and Nchanga smelters are square shaped with purity levels of 99.9% copper. These cathodes meet international quality standards and are registered as LME "A" Grade. KCM also produces Kabundi copper cathode, which is marketed as "KBC" from SX-EW TLP at Nchanga and has been registered with the LME. The major uses of copper cathodes are in the manufacture of copper rods for the wire and cable industry and copper tubes for consumer durable goods. Copper cathodes are also used for making alloys like brass, bronze and alloy steel, with applications in transportation, electrical appliances and machinery in defence and construction.

Copper rods. Vedanta's copper continuous cast rods meet all the requirements of international quality standards including the ASTM B 49: 2010 or the BS EN 1977:1998 standards. Vedanta's copper rods are currently used primarily for power and communication cables, transformers and magnet wires.

Sulphuric acid. Sterlite and KCM produce sulphuric acid at their sulphuric acid plants through conversion of sulphur dioxide gas that is generated from the copper smelter. A significant amount of the sulphuric acid produced at the Tuticorin smelter is consumed by the phosphoric acid plant in the production of phosphoric acid, and the remainder is sold to fertiliser manufacturers and other industries. Sulphuric acid produced at the sulphuric acid plants at the Nchanga smelter is used in the tailings leach plant to extract oxide copper minerals from the current and old tailings and any surplus sulphuric acid is sold in the region.

Phosphoric acid. Sterlite produces phosphoric acid at its phosphoric acid plant by chemical reaction of sulphuric acid and rock phosphate, which Sterlite imports. Phosphoric acid is then sold to fertiliser manufacturers and other industries.

Other by-products. Other by-products of Sterlite's copper smelting operations are gypsum, bismuth and anode slimes, which Sterlite sells to third parties. Copper cobalt alloy is a by-product of KCM's copper mining operations, which KCM also sells to third parties. KCM is also pursuing potential opportunities to extract sales from the slag produced at its Nchanga smelter.

Production

Copper anode is an intermediate product produced by copper smelters and is not sold to customers. It is used for the production of copper cathode by copper refineries. Approximately one tonne of copper anode is required for the production of one tonne of copper cathode. Sulphuric acid is used as a starting material for phosphoric acid. Approximately 2.8 tonnes of sulphuric acid is required for the production of one tonne of phosphoric acid. Copper cathode is produced at the TLP at Nchanga using current tailings from the Nchanga west concentrator and reclaimed tailings sourced from the decommissioned tailings storage facilities. The Nchanga smelter produces copper in the form of copper-cobalt alloy, which accounts for approximately 8 to 10 per cent. of the smelter's total design capacity of 311,000 tpa. Nampundwe currently produces pyrite concentrate which is blended with copper concentrate at the Nchanga smelter when required. Copper cathode is used as a starting material for copper rods. Approximately one tonne of copper cathode is required for the production of one tonne of copper rods. The table below sets out Vedanta's total production[1] from Tuticorin, Silvassa, Nkana, Nchanga and Nampundwe for fiscal 2011, 2012 and 2013.

Facility	Product	Fiscal Year Ended 31 March 2011	2012	2013
			(Tonnes)	
Tuticorin[2]	Copper anode	304,964	327,703	349,845
	Sulphuric acid	968,760	1,026,471	1,060,519
	Phosphoric acid	154,232	153,243	119,793
	Copper cathode	141,281	169,448	191,858
	Copper rods	54,006	44,961	52,404
Silvassa	Copper cathode	162,710	156,428	161,296
	Copper rods	133,886	116,460	119,451
Nkana (refinery and smelter)	Copper anode[3]	—	—	—
	Copper cathode	141,527	132,901	133,752
	Sulphuric acid[3]	—	—	—
Nchanga (smelter and TLP)[4]	Copper anode	152,631	128,603	137,963
	Copper cathode	59,119	45,796	57,548
	Sulphuric acid	283,617	258,620	326,431
Nampundwe	Pyrite concentrate	4,943	22,746	38,560
Total	Copper anode	457,595	456,306	487,808
	Copper cathode	504,637	504,573	544,454
	Copper rods	187,892	161,421	171,855
	Sulphuric acid	1,252,377	1,285,091	1,386,950
	Phosphoric acid	154,232	153,243	119,793
	Pyrite concentrate	4,943	22,746	38,560

(1) See "Presentation of Information — Reserves and Production" for an explanation of the basis of preparation of production amounts.

(2) The Tuticorin smelter has been closed since 29 March 2013.

(3) The smelter and acid plant at the Nkana facility are currently being dismantled.

(4) The production numbers for copper cathode excludes the copper in copper cobalt alloy. Copper in copper cobalt alloy production in fiscal 2011, 2012 and 2013 was 15,853 tonnes, 21,067 tonnes and 24,759 tonnes, respectively.

The table below sets out CMT's, TCM's and KCM's total mine production[(1)] for fiscal 2011, 2012 and 2013:

Mine (Type of Mine)	Product	Fiscal Year Ended 31 March 2011	2012	2013
			(Tonnes)	
Mt. Lyell Mine (Underground)	Ore mined	1,976,177	2,067,407	2,519,464
	Copper concentrate	83,940	85,339	98,682
	Copper in concentrate	22,929	22,607	26,047
Nchanga (Open-Pit and Underground)	Ore mined	8,187,398	7,111,912	6,790,278
	Copper concentrate	132,222	168,392	195,712
	Copper in concentrate	42,654	54,607	55,636
Konkola Mine (Underground)	Ore mined	1,788,172	1,952,910	2,197,094
	Copper concentrate	136,879	130,588	150,092
	Copper in concentrate	47,096	44,601	50,825
Nampundwe Mine (Underground)	Pyrite ore mined	—	92,722	147,192
Total	Copper ore mined	**11,951,747**	**11,132,229**	**11,506,836**
	Copper concentrate	**353,041**	**384,319**	**444,486**
	Copper in concentrate	**112,679**	**121,815**	**132,508**
	Pyrite ore mined	**—**	**92,722**	**147,192**

(1) See "Presentation of Information — Reserves and Production" for an explanation of the basis of preparation of production amounts.

Ore Reserve base

The figures for the Mt. Lyell Mine show the split between the ore derived from primary ("in-situ") ore and secondary ore, which consists of broken fresh ore from previous levels, remnants of ore from the open-pit side wall and pillars remaining from a former mining method together with sub-economic dilution from the mineralised material surrounding the ore body. The quantity and grade of the secondary ore was determined from the analysis of historical production. The estimate of the quantity and grade of the remnant material has been evaluated from previous studies and only uses a small proportion of this source of ore. Consequently, Vedanta believes that this allowance can be sustained for the forecast life of the Ore Reserves.

The table below sets out the Proved and Probable copper Ore Reserves[(1)] at the Mt. Lyell Mine as of 31 March 2013:

	Source	Proved Reserve Quantity	Proved Reserve Copper Grade	Probable Reserve Quantity	Probable Reserve Copper Grade	Total Proved and Probable Reserves Quantity	Total Proved and Probable Reserves Copper Grade
		(Million tonnes)	(%)	(Million tonnes)	(%)	(Million tonnes)	(%)
Mt. Lyell mine	In-situ ore	2.09	1.33	1.67	1.19	3.76	1.27
	Secondary ore	—	—	5.02	1.14	5.02	1.14
	Surface stockpile	0.08	1.15	—	—	0.08	1.15
Total		2.17	1.32	6.69	1.16	8.86	1.20

(1) See "Presentation of Information — Basis of Presentation of Reserves and Resources".

The table below sets out the Proved and Probable copper Ore Reserves, as applicable, at Konkola and Nchanga as of 31 March 2013[1]:

	Proved Reserve		Probable Reserve		Total Proved and Probable Reserves	
	Quantity	Copper Grade	Quantity	Copper Grade	Quantity	Copper Grade
	(Million tonnes)	(%)	(Million tonnes)	(%)	(Million tonnes)	(%)
Konkola	25.04	3.18	25.62	2.83	50.66	3.01
Nchanga (Underground)	1.07	1.59	4.94	2.00	6.02	1.93
Nchanga (Open-Pit)	—	—	59.16	1.2	59.16	1.20
Tailings Dams	54.82	0.68	—	—	54.82	0.68
Refractory Ore	—	—	147.16	0.87	147.16	0.87
Total	80.93	1.47	236.89	1.19	317.82	1.26

(1) See "Presentation of Information — Basis of Presentation of Reserves and Resources".

Description of operations

Smelters and Refineries

The table below sets out Vedanta's total capacities from the Tuticorin, Silvassa, Nkana and Nchanga facilities as of 31 March 2013:

	Capacity					
	Copper Anode[1]	Copper Cathode[2]	Copper Rods[2]	Sulphuric Acid[3]	Phosphoric Acid[3]	Captive Power Plant
			(tpa)			(MW)
Tuticorin[4]	400,000	205,000	90,000	1,300,000	230,000	126.5[6]
Silvassa	—	195,000	150,000	—	—	—
Nkana[5]	—	300,000	—	—	—	—
Nchanga	311,000	100,000	—	640,000	—	—
Total	711,000	800,000	240,000	1,940,000	230,000	126.5

(1) Copper anode is an intermediate product produced by copper smelters and is not sold to customers. It is used for the production of copper cathode by copper refineries. Approximately one tonne of copper anode is required for the production of one tonne of copper cathode.

(2) Copper cathode is used as a starting material for copper rods. Approximately one tonne of copper cathode is required for the production of one tonne of copper rods.

(3) Sulphuric acid is used as a starting material for phosphoric acid. Approximately 2.8 tonnes of sulphuric acid are required for the production of one tonne of phosphoric acid.

(4) The Tuticorin smelter has been closed since 29 March 2013.

(5) The smelter and acid plant at the Nkana facility are currently being dismantled.

(6) On 30 September 2012, the first 80 MW unit of the new captive power plant was successfully synchronised and the second 80 MW unit is expected to be synchronised in the first quarter of fiscal 2014.

Tuticorin facility. The Tuticorin facility, commissioned by Sterlite in 1997, is located approximately 17 km inland from the port of Tuticorin in the State of Tamil Nadu in southern India. Tuticorin is one of India's largest copper smelters based on production volume. As of 31 March 2013, the Tuticorin facility consists of a 400,000 tpa copper smelter, a 205,000 tpa copper refinery, a 90,000 tpa copper rod plant, a 1,300,000 tpa sulphuric acid plant, a 230,000 tpa phosphoric acid plant, and two complete captive power plants with capacities of 22.5 MW and 24 MW, respectively. A third captive power plant of 160 MW is currently under construction. The proposed expansion of the existing capacity of the 400,000 tpa copper smelter at Tuticorin to 800,000 tpa by building a 400,000 tpa copper smelter is pending environmental clearances, although it has also been delayed since December 2009 due to a writ filed before the Madras High Court. On 1 October 2012, the first 80 MW unit of the new captive power plant was and, along with the second 80 MW, unit is expected to be synchronised in the first quarter of fiscal 2014. Surplus power generated by this plant is currently being sold to third parties, but the expansion of the smelter is on hold as required approvals have not yet been received. In addition, on 29 March 2013, the TNPCB ordered the closure of the copper smelter at Tuticorin due to complaints about a noxious gas leak by local residents. On 1 April 2013, Sterlite filed a petition in the NGT challenging the order of the state pollution control board on the basis that the plant's emissions were within permissible limits.

See "Risk Factors — Litigation — Sterlite is involved in litigation for alleged violation of environmental regulations at its Tuticorin plant, which is currently closed".

When both 80 MW units of the new 160 MW coal-fired thermal power plant are synchronised as expected in the first quarter of fiscal 2014, there will be captive power plants with a total capacity of 206.5 MW, which, together with a further 11.2 MW generated from the smelter waste heat boiler, will meet most of the facility's power requirements once the proposed expansion to 800,000 tpa is complete. The remaining power requirements of the facility, which amount to approximately 8.5% and 40% of its total power requirements in fiscal 2013, are obtained from the state power grid and MALCO, respectively. Vedanta's other captive power plants at Tuticorin operate on furnace oil procured through long-term contracts with various oil companies. Coal for the new 160 MW power plant is imported.

The smelter at the Tuticorin facility utilises IsaSmelt(TM) furnace technology. The refinery uses IsaProcess(TM) technology to produce copper cathode and the copper rod plant uses Properzi Continuously Cast and Rolled ("Properzi CCR") copper rod technology from Continuous-Properzi S.p.A., Italy to produce copper rods.

Silvassa refinery. The Silvassa facility, commissioned in 1997, comprises a refinery and two copper rod plants and is located approximately 140 km from Mumbai in the union territory of Dadra and Nagar Haveli in western India. Its refinery uses IsaProcess(TM) technology to produce copper cathode and its copper rod plants use Properzi CCR copper rod technology. The refinery has an installed capacity of approximately 195,000 tpa of copper cathode and the copper rod plants have a total installed capacity of approximately 150,000 tpa of copper rods. As of 31 March 2013, Sterlite has approvals to produce only 120,000 tpa of copper rods. Sterlite's Silvassa facility draws on the state power grid to satisfy its power requirements.

Fujairah precious metal refinery. The Fujairah Gold FZE facility is located in Fujairah Free Zone-2. It is strategically located 130 km east of Dubai, on the coast of the Arabian Sea. The precious metals refinery at the Fujairah Gold FZE facility was completed in March 2009 and it began production in April 2009. The precious metals refinery has a capacity of 20 million tonnes ("mt") of gold and 100 mt of silver. The technology for the refinery was supplied by Outotec Oyj, Finland, a pioneer in providing technology for the extraction and refining of precious metals. The Fujairah Gold FZE facility also has a copper rod plant with an annual capacity of 100,000 tpa. Production commenced in May 2010. Continuous-Properzi S.p.A., Italy supplied the rod mill equipment for this project, and the copper cathode required for the copper rod plant is expected to be sourced from the smelters of KCM. Additionally, the doré anode plant which was previously located at Tuticorin has been relocated to the precious metals refinery at Fujairah. Currently the doré plant is being commissioned for smelting of "anode slime" to "doré anode" which is the raw material used by the Fujairah precious metal refinery.

Nkana facility. The Nkana facility, commissioned in 1932, primarily comprises a smelter, as refinery and a sulphuric acid plant are currently being dismantled. The Nkana operations are located in Kitwe approximately 360 km from Lusaka in the Copperbelt Province of Zambia and approximately 55 km from Chingola where the Nchanga facilities are located.

The Nkana refinery produces finished copper in the form of cathodes. It also produces anode slime as a by-product, which contains copper and smaller amounts of certain precious metals, such as gold, silver, platinum, and palladium. The Nkana refinery uses the conventional electrolytic refining process to produce copper cathode and starter sheets. The starter sheets produced at the Nkana refinery are used at the Nkana and Nchanga TLP for electro-refining and electro-winning, respectively. The Nkana refinery utilises conventional processes to produce copper cathode that is LME-registered REC brand which is at a minimum 99.99% pure copper. Capacity at the Nkana refinery has been expanded from approximately 220,000 tpa to 300,000 tpa and this expansion was completed in November 2009.

Nchanga facility. The Nchanga facility, initially commissioned in 1971, comprises a TLP and SX-EW facility and a state-of-the-art smelter commissioned in 2008 with a capacity of 311,000 tpa in the form of copper in copper anode and copper in copper-cobalt alloy and sulphuric acid plant capacity of 1,850 tonnes per day. It processes reclaimed tailings sourced from the Nchanga surfaces sources operations ("SSO") and the current tailings from the Nchanga concentrator for the production of copper cathode with an installed capacity of 100,000 tpa.

The TLP comprised an acid leach SX-EW circuit which treats both reclaimed tailings and mine tailings from the copper flotation circuits at the west mill.

During fiscal 2013, the west mill Nchanga underground mine concentrator was upgraded with the commissioning of a new 3.0 mtpa concentrator and the east mill Nchanga open-pit concentrator was upgraded with the commissioning of a new 7.5 mtpa concentrator. Additionally, a cobalt recovery furnace was commissioned.

Mines

Mt. Lyell. The Mt. Lyell mine is located in Queenstown on the west coast of Tasmania, Australia, approximately 164 km south of Burnie and approximately 260 km northeast of Hobart. It comprises an underground copper mine and a copper processing facility and is owned and operated by CMT. Mt. Lyell has well-established infrastructure as mining has been conducted in the area since 1883.

The Mt. Lyell mine is owned and operated under the terms and conditions stipulated in the Mining Leases 1M95 and 5M95 granted by the State Government of Tasmania. Mining Lease 1M95 was granted on 1 January 1995 for a period of 15 years and Mining Lease 5M95 was granted on 1 February 1995 for a period of 14 years and 11 months. Both Mining Leases 1M95 and 5M95 are renewable and are subject to the terms and conditions specified in the Mineral Resources Development Act 1995, as amended, of Australia. Renewal applications for a term of 15 years in respect of Mining Lease 1M95 and Mining Lease 5M95 have been submitted, and are expected to be approved in due course. The mine is also covered by the Copper Mines of Tasmania Pty Ltd (Agreement) Act 1999 which, in conjunction with an agreement between the State Government of Tasmania and CMT entered into pursuant to that Act, limits CMT's environmental liabilities to the impact of current operations, thereby insulating CMT from any historical legacy claims.

The principal deposits in the Mt. Lyell region are all of the volcanic disseminated pyrite-chalcopyrite type which accounts for approximately 86.0% of the known ore in the region. The geology of the Mt. Lyell mine consists of a series of intercalated felsic to mafic-intermediate volcanics. Lithologies are highly altered quartz-sericite-chlorite volcanics with individual units delineated largely by the relative abundance of phyllosilicates. Volcaniclastic and rhyolitic lithologies occur sporadically throughout the sequence, as does pervasive iron mineralisation in the form of haematite, magnetite and siderite.

Chalcopyrite is the principal ore mineral and occurs chiefly in higher grade lenses enveloped by lower grade halos. The overall structure of Mt. Lyell is that of a steeply dipping overturned limb of a large anticline. The hanging wall (stratigraphic footwall) of the ore body consists of weakly mineralised chloritic schists with disseminated pyrite. The footwall is sharply defined by the Great Lyell Fault — Owen Conglomerate contact which truncates the ore body at its southern end.

All mining operations at CMT are undertaken by contractors while the processing and mill maintenance operations are undertaken by CMT employees. A sub-level caving underground mining method is used at the Prince Lyell ore body. Ore is loaded into trucks by front end loader at draw points and then transported to the underground crusher and skip loading area. Crushed ore is then hauled via the Prince Lyell shaft and unloaded onto a conveyor feeding the ore bin at the Mt. Lyell processing plant. At the processing plant, the ore is crushed and ground prior to processing by flotation to produce copper concentrate, which is then filtered to form a cake and trucked to the Melba Flats railway siding for transport to the port of Burnie. The concentrate is stored at Burnie until it is loaded into ships for transport to the port of Tuticorin in south India from where it is trucked to the Tuticorin smelter.

The tailings dam is a valley-fill type and excess water is discharged via a spillway. The water quality is sampled before the water is released from the site. The tailings are deposited on beaches some 300 metres from the dam spillway. CMT's accepted closure plan is to flood the tailings which will require CMT to raise the tailings dam wall.

CMT has an active exploration and evaluation programme at Mt. Lyell which involves upgrading resources below the Prince Lyell reserves and testing additional exploration targets on the mining lease. The Western Tharsis deposit lies to the west of the Prince Lyell ore body, but CMT has not yet committed to its development. Additional targets include Tasman & Crown, Glen Lyell, Copper Clays and NW Geophysics.

The processing plant is approximately 30 years old and has been partially refurbished following CMT's acquisition with the addition of crushers, a float cell and a regrind mill at the surface. While the condition of the plant is ageing, maintenance is carried out as required to ensure that the process plant remains in safe and efficient condition.

Power at the mine is supplied through an electricity supply agreement with Aurora Energy Proprietary Limited and Hydro Tasmania Proprietary Limited to supply approximately 112 GW per hour at a fixed rate until 30 September 2012. Since 1 October 2012, Aurora Energy Proprietary Limited has acquired electricity on a spot price basis. There is ample supply of mine water and storm water captured on the tailings dam.

The gross value of fixed assets, including capital works-in-progress, was approximately AUD30.5 million ($31.5 million) as of 31 March 2013.

In fiscal 2013, Mt. Lyell mined and processed 2.4 million tonnes of ore at a grade of 1.16 % copper to produce 98,682 tonnes of copper concentrate which also contained 14,197 ounces of gold and 131,376 ounces of silver. Although the grade of copper at Mt. Lyell is low, it produces a clean concentrate that is valuable in the smelting process. Based on Ore Reserves and Mineral Resources as of 31 March 2013 and anticipated production, the estimated mine life at Mt. Lyell is approximately 13.7 years.

The economic cut-off grade is defined using the metal prices of $6,720 per tonne of copper and $1,371 per ounce of gold. The cut-off grades are based on copper grades with the gold credit deducted from the operating costs. The reserves are derived from stopes which are designed such that the limits of the stope are defined by a cut-off grade of 0.8% copper and have an average grade that exceeds 0.8% copper. The revenue derivation of the cut-off grade includes the gold credit. The break-even cut-off grade of 0.65% copper is the grade that makes enough margin to cover the fixed and variable costs while the actual or operational cut-off grade used is 0.55% copper. CMT operates on a 0.8% copper operational cut-off grade in practice, preferring to take a higher revenue at the expense of a longer mine life.

The reserves at CMT in the proved reserve category are defined as the economically minable portion of the measured in-situ resource, which has good drill coverage (<50 m) and is on or within the 50-metre zone below the lowest active production level. The probable in-situ reserve is the material which has been defined as the economically minable portion and has good drill coverage but is outside the 50-metre zone from the lowest active production level. The ex-situ probable reserve is the portion of ex-situ indicated resource which can be economically recovered with the mining of the in-situ reserves; this is applied as a modifying factor.

CMT does not use a copper equivalent calculation for the determination of stope limits as the relationship between the copper and gold grades is essentially linear, allowing the gold credits to be deducted from operating costs.

The proportion of sub-economic dilution in the reserves varies with the amount of internal dilution and the amount of over-draw. Due to the caving process mixing ore from previous levels, remnant material and material from mineralised halo, it is difficult to determine the level of external dilution, leading CMT to derive the modifying factors from the reconciliation of historical production against the grade and tonnage of the primary ore mined.

In fiscal 2013, the metallurgical recovery was 92.69% for copper, 64.97 % for gold and 59.19% for silver.

KCM mines. KCM's mining operations are located in the Copperbelt Province of Zambia and consist of the Nchanga open pits and Nchanga underground mines, concentrator and TLP, the Konkola underground copper mine and concentrator, the Nchanga smelter with a copper recovery furnace and sulphuric acid plant, and the Nkana smelter and refinery. The Zambian Copperbelt ore deposits lie along a 50-km wide strip of country that extends for 150 km from Chililabombwe in the northwest to Luanshya in the southeast. The Nampundwe pyrite mine and the concentrator are located in the Central Province approximately 50 km from Lusaka.

The geological setting of the Zambian Copperbelt is unusual compared to other worldwide copper deposits in that it occurs in sedimentary host rocks that have high carbonate content. The presence of dolomite in the geological sequence effectively eliminates any risk of acid mine drainage. The dominant structural feature of the Zambian Copperbelt is the Kafue Anticline, a Northwest — Southeast striking structure, the core of which is comprised of granite, schist and gneiss of the basement complex.

The focus of KCM's exploration has been the maintenance of resources and reserves following mining depletions.

Konkola. The Konkola mine is situated about 26 km north of Chingola and is the most northerly of KCM's Copperbelt mines. These mining operations currently exploit the Kirila Bombwe ore body by underground methods and have historically been focused on two existing shaft systems, the Kirila Bombwe South ore body (the "No. 1 shaft") and the Kirila Bombwe North ore body (the "No. 3 shaft"). Additionally, in June 2006, KCM commenced sinking of the No. 4 shaft in the Kirila Bombwe South ore body as part of the KDMP. The No. 4 shaft lies approximately 130 metres due north of the No. 1 shaft. The mid-shaft loading station of the No. 4 shaft was commissioned in April 2010. The mid-shaft loading station of the No. 4 shaft was commissioned in April 2010. Construction of the bottom shaft sinking, which included the continued development of the No. 4 shaft to a design depth of approximately 1,500 metres, was completed during fiscal 2012. As of 30 September 2012, the bottom-shaft loading has been commissioned and waste hoisting has commenced. During fiscal 2013, the west mill Nchanga underground mine concentrator was upgraded with the commissioning of a new 3.0 mtpa concentrator and the east mill Nchanga open-pit concentrator was upgraded with the commissioning of a new 7.5 mtpa concentrator. Additionally, a cobalt recovery furnace was commissioned.

The Konkola mine commenced production in 1957. Following early exploration in 1923, a company was incorporated in May 1953 to operate the mine. KCM acquired the mine in April 2000 from Zambia Consolidated Copper Mines Limited ("ZCCM"). At Konkola, KCM holds large scale mining licence ("LML") number 7076-HQ-LML for its operations, which expires on 31 March 2025. The licence permits the mining of copper, cobalt, gold, silver, sulphur, selenium and tellurium within the leasehold area. KCM's mining licence is valid until 31 March 2025, but operating permits must be renewed annually.

As of 31 March 2013, the Konkola mine's operating units employed a total of 3,118 employees and 5,748 contractors. The operating units at the Konkola mine are the underground mine (No. 1 shaft, No. 3 shaft and new No. 4 shaft, along with a number of ventilation shafts as well as the pipe shaft) and the Konkola east and west concentrators.

The dominant features of the mine are the Kirila Bombwe Anticline in the southeast and the Konkola Dome in the northwest. The ore body in the No. 1 shaft area lies on the southern flank of the Kirila Bombwe Anticline and has an average thickness of about nine metres. The No. 1 shaft ore body generally strikes to the northwest-southeast and dips steeply southwest. It has a strike length of approximately 4,000 metres with an average dip of 50 degrees. The ore body at the No. 3 shaft lies across the axis of the Kirila Bombwe Anticline and has an average thickness of 13 metres. The dips at the No. 3 shaft generally range from 15 degrees to 55 degrees. The ore body at the No. 3 area has been traced to a depth of 1,100 metres and is open-ended at that depth.

Historically, the No. 1 and No. 3 shafts have been managed as two separate mines. Underground haulage connections between the two mines were developed mainly for cross tramming and de-watering purposes. The separate treatment of the two mines was due to their Ore Reserves being physically divided by the presence of a barren gap in the ore body that extended from the surface down to about 720 metres. Below that level the ore body is continuous along a strike length of approximately 10 km and this large ore body forms the basis of the KDMP. The total capacity of the Konkola underground mine has been expanded by the KDMP.

Mine developments consist of primary and secondary developments at both the No. 1 and No. 3 shafts. Primary developments involve mining haulages, drain drives, access ramps, footwall ventilation raises and rock passes on main levels. Secondary development includes the mining of drives, crosscuts and raises in ore and waste on the sublevel to prepare the ore body for stoping. The mining operations are constrained by the necessity to de-water from both hangingwall and footwall aquifers at an overall pumping rate of approximately 300,000 m^3 to 320,000 m^3 per day.

The ore body limits are defined by mining as well as diamond drilling on a 30 metres by 30 metres pattern. The stope limits are contained within the ore body defined using a 1.0% total copper cut-off. Other stope dimensions are worked out using geomechanical properties of the rocks.

Appropriate actions are taken while designing the blast holes as well as during blasting to minimise dilution from the sub-economic areas outside the ore body limits. However, due to the stratified nature of the rocks some dilution does take place. Dilution generally ranges from 5.0% to 40.0%, depending on the rock condition.

Mining methods employed at the Konkola mine include overcut and bench drift and fill, post pillar cut and fill and longitudinal room and pillar. The total rock hoisting capacity at the Konkola mine is 645 kilo tonnes per month ("ktpm") which comprises 160 ktpm from the No. 1 shaft, 135 ktpm from the No. 3 shaft and 350 ktpm from the No. 4 shaft. On reaching the surface run of the mine ("RoM") ore from the No. 1 shaft is conveyed via conveyor belt directly to the Konkola concentrator and the RoM ore from the No. 3 shaft is transported three km to the Konkola concentrator using 85 tonne off-highway trucks.

The 6 mtpa Konkola concentrator processes RoM ore sourced from the Konkola underground mine using froth flotation to produce copper concentrate for smelting at the smelter in Nchanga. RoM ore hoisted from the new No. 4 shaft, through the mid-shaft loading station is transported to the plant through conveyor belts.

The 6 mtpa concentrator comprises two streams of 3 mtpa. KCM commissioned the first stream of 3 mtpa in October 2008 and the second stream of 3 mtpa in February 2010. The Konkola concentrator utilises SAG & Ball mill comminution and beneficiation by froth flotation processing. The nominal capacity of the milling circuit is 6.6 mtpa, which with a 10.0% design allowance yields a maximum milling capacity of 7.3 mtpa.

The crushed RoM ore is fed directly into the concentrator's SAG mill with final milling being performed in the Ball mill prior to flotation. The concentrates are thickened and filtered to produce a final concentrate with a grade of approximately 36.0% to 40.0%.

The concentrates are then transported 30 km southwest of Chililabombwe by road to the Nchanga smelter in Chingola. Approximately 60.0% of the residual tailings from the concentrator are thickened and pumped straight to the Lubengele tailings dam situated approximately 4.5 km north of the plant, while approximately 40.0% of the tailings are pumped to the backfill plant to produce backfill for underground mining operations.

During fiscal 2013, Konkola mined and processed approximately 2.2 million tonnes of ore, to produce 150,092 tonnes of copper concentrate containing 50,825 tonnes of copper. Based on Ore Reserves and Mineral Resources as of 31 March 2013 and anticipated production, the Konkola mine has an estimated mine life of over 30 years from 1 April 2013. The total capacity of the Konkola underground mine has been expanded by the KDMP.

Power at the mine is supplied by Copperbelt Energy Corporation ("CEC") with fixed rates subject to index adjustment based on the US Producer Price Indices until 2020. The maximum demand for Konkola is currently 90 MW, but Vedanta estimates that it will rise to 120 MW by 2015 primarily due to the KDMP. On-site emergency power is available from two 10 MW diesel generators owned and operated by CEC. This power is mainly utilised for running the de-watering pumps underground. Water pumped from underground is utilised for the plant. The power infrastructure at Konkola is being upgraded to meet the enhanced requirements of the KDMP project. In addition, in anticipation of any power failure, KCM has installed three diesel generator sets of 8 MW each to meet the power requirements of its Konkola mining operations and the KDMP project.

Mine water as well as water from the nearby Kafue river is utilised for domestic requirements. Mulonga Water and Sewerage Company handles the domestic water supply.

Nchanga. The Nchanga mine is situated in the Copperbelt Province of Zambia, in the vicinity of the town of Chingola. As of 31 March 2013, Nchanga operating units employed approximately 3,986 employees and 4,850 contractors. Nchanga's operating units comprise four operational open-pit mines, a large underground mine, a TLP with the associated SX-EW facility, a sulphuric acid plant, copper concentrators comprising two main processing units and a recently commissioned direct blister flash smelter. At Nchanga, KCM holds LML number 7075-HQ-LML for its operations which expires on 31 March 2025. The licence allows KCM to mine copper, cobalt, gold, silver, sulphur, selenium and tellurium within the leasehold area. Under its mining licence, KCM is required to obtain an operating permit on an annual basis. The current mining licence is valid until 31 March 2025.

Following exploration in 1923, development in 1927 and the cessation of operations due to flooding and low copper prices in 1931, mining at the Nchanga underground mine recommenced in 1937. Surface mining operations from NOP commenced in 1957.

Access to the underground operations is by a series of vertical and inclined primary and sub-vertical shafts. The combined rock hoisting capacity is 292 ktpm. The current operations are projected to extend to 920 metres below the surface. Mine de-watering at Nchanga requires pumping approximately 75,000 m^3 of water per day, a component of which is derived from inflow through the open-pit during the wet months.

The Nchanga deposit is situated on the northern end of the southwest margin of the Kafue anticline in the vicinity of Chingola. The mineralisation is hosted within two stratigraphic horizons being the Lower Ore Body ("LOB") and Block "A". Block "A" lies to the southwest of LOB and has a similar deposit with a slightly more gentle dip of about 20 degrees. The underground Mineral Resources are defined using an assay footwall and an assay hanging wall with a cut-off grade of 1.5% total copper.

The Nchanga mining licence areas also have stockpiles of Chingola Refractory Ore with a high refractory material content in mica which is not treatable by conventional methods. These stockpiles add up to approximately 147.2 million tonnes of Probable Ore Reserves with an average grade of 0.9% total copper and 0.6% Acid Soluble ("AS") Copper.

The mining method currently employed at Nchanga is block carving using a continuous advancing long wall caving method. The ore body and the rocks above the areas where the long wall caving method is used are very weak and as a result no development takes place within it. Ore body limits are primarily defined by diamond drilling from the access established below the ore body. The drill holes are located on a 30 metres by 30 metres pattern. Extreme care is taken to ensure that core recovery from diamond drilling remains high (in excess of 85.0%) and contamination is avoided by use of double or triple tube core barrels. Logging, sampling and assaying are carried out in accordance with quality assurance/quality control procedures. An external cut-off of 1.5% total copper is taken to define the ore body limits. The cut-off is reduced to 1.0% total copper where the ore body is thin and richly mineralised. For the Nchanga open-pit ore bodies, a cut-off grade of 0.5% total copper is used.

Sub-economic dilution is practically zero at the initial stages, but it increases as the extraction increases. Depending upon the in situ grade, a dilution in excess of 50.0% may be recorded at the time when the grade of material from a finger raise has fallen below 1.0% exhausted finger raises are barricaded with timbers.

Open-pit mining has historically been exploited near surface ore bodies, including the LOB, UOB, River Lode, Luano and Chingola Ore Bodies. The mining operations are heavily mechanised using surface drilling techniques, electric shovel loading and 60 tonnes/300 tonnes off-highway rear dump trucks. The majority of mining operations at Nchanga have been outsourced to specialised mining contractors to improve overall mining efficiency, recovery factors and cost efficiency.

The Nchanga concentrator comprises two main processing units; the east mill and the west mill. The east mill is a conventional comminution circuit with a RoM capacity of 6.6 mpta which treats copper ore from the open-pits to produce a thickened product which is pumped to the west mill situated approximately two km away for further processing. The west mill comprises three distinct circuits: the copper comminution circuit for underground ore, the copper flotation circuit for open-pit and underground ore and the cobalt milling-flotation circuit for open-pit cobalt ore. The copper comminution circuit crushes and mills ore from the Nchanga underground mine ahead of the flotation circuit and has a RoM capacity of approximately 3.0 mpta. The copper flotation circuit treats milled ore from the Nchanga underground mine (copper comminution circuit) and milled ore from NOP (east mill) to produce concentrates with a rated capacity of approximately 264 ktpa. Residues from the concentrator are pumped to the TLP for hydrometallurgical processing. The cobalt milling flotation circuit treats RoM cobalt ore from the NOP and includes a conventional crushing, milling and flotation with a rated RoM operating capacity of approximately 0.8 mtpa. The concentrates are transported to the Nchanga smelters except bulk copper-cobalt concentrates which are sold in the market.

During fiscal 2013, the west mill Nchanga underground mine concentrator was upgraded with the commissioning of a new 3.0 mtpa concentrator and the east mill Nchanga open-pit concentrator was upgraded with the commissioning of a new 7.5 mtpa concentrator.

During fiscal 2013, the Nchanga underground mine mined and processed approximately 4.8 million tonnes of ore at a grade of 1.46% copper and the Nchanga open-pit mines mined and processed approximately 0.06 million tonnes of cobalt ore at a grade of 0.82% copper and 0.23% of total cobalt. During fiscal 2013, the Nchanga open pits and underground mine concentrators processed ore to produce 195,712 tonnes of copper concentrates containing 55,636 tonnes of copper.

Power at the mine is supplied by CEC with fixed rates subject to index adjustment based on the US Producer Price Indices until 2020. KCM agreed to a 33.0% increase in the tariff under its agreement with CEC. This increase became effective on 1 January 2008. Nchanga's maximum demand is 97 MW.

Based on Proved and Probable Ore Reserves and Mineral Resources as of 31 March 2013, the estimated mine life for the Nchanga underground mine is approximately 34 years and for the open-pits is 43 years from 1 April 2013, respectively.

Nampundwe. The Nampundwe mining operating assets are the Nampundwe pyrite underground mine and concentrator. These are located in the Central Province of Zambia, approximately 50 km west of Lusaka. Nampundwe exploits iron pyrite rich ore bodies containing 16.0% in situ sulphur and has capacity to produce 60,000 tpa of pyrite concentrate that is blended with copper concentrate for smelting. As of 31 March 2013, the Nampundwe mine also had a reserve of 1.85 mt of sulphur, which is a material used in the smelting process. As of 31 March 2013, the Nampundwe operating unit employed 100 employees and 200 contractors.

Principal raw materials

The principal inputs of Vedanta's copper business are copper concentrate, rock phosphate, power, fuel and sulphuric acid. Other inputs include coke, lime, reagents and oxide ore. Vedanta has in the past been able to secure an adequate supply of the principal inputs for its copper production.

Copper concentrate. Copper concentrate is the principal raw material of Sterlite's copper smelters. As of 31 March 2013, Sterlite sourced 93.1% of its copper concentrate requirements from third-party suppliers, either through long-term contracts or on spot markets, and sourced only 6.9% of its copper concentrate requirements from its mine in Australia. Sterlite purchases copper concentrate at the LME price less a TcRc that it negotiates with its suppliers but which is influenced by the worldwide prevailing market rate for the TcRc.

As of 31 March 2013, KCM sourced approximately 35% of its copper concentrates requirements (in terms of copper content) from third-party suppliers and sourced 65% of its copper concentrates requirements (in terms of copper content) from its own mines in Zambia. KCM purchases copper concentrate at the LME price less a TcRc that KCM negotiates with its suppliers, but which is influenced by the worldwide prevailing market rate for the TcRc.

Sterlite expects the percentage of copper concentrate that it purchases from third-party suppliers to also increase in future periods to the extent it seeks to increase its copper smelting and refining capacity.

In general, Sterlite's long-term agreements run for a period of three to five years and KCM's agreements run for a period of one year, and are renewable at the end of the period. The quantity of supply for each contract year is fixed at the beginning of the year and terms like TcRc and freight differential are negotiated each year depending upon market conditions. As of 31 March 2013, Sterlite and KCM sourced approximately 60.9% and 100%, respectively, of their copper concentrate requirements through long-term agreements.

Sterlite also purchases copper concentrate on a spot basis to fill any gaps in its requirements based on production needs for quantity and quality. These deals are struck on the best possible TcRc during the period and are specific for short-term supply. As of 31 March 2013, Sterlite sourced approximately 39.1% of its copper concentrate requirements through spot purchases.

Rock phosphate. Sterlite's rock phosphate is sourced primarily from Jordan and Egypt pursuant to long term supply contracts. Sterlite is currently exploring the sourcing of rock phosphate from countries such as Morocco, Nauru, Togo, Algeria and Israel to diversify its supply base.

Power. The electricity requirements of Sterlite's copper smelter and refinery at Tuticorin are primarily met by the on-site captive power plants. The first 80 MW of a new 160 MW coal-fired thermal power plant was commissioned in the first quarter of fiscal 2014. Sterlite's other captive power plants at Tuticorin operate on furnace oil that is procured through long-term contracts with various oil companies. Sterlite has outsourced the day-to-day operation and maintenance of its captive power plants at Tuticorin. Sterlite's Silvassa facility relies on the state power grid for its power requirements.

KCM's Nkana, Nchanga and Konkola operations receive their electricity requirements pursuant to a long-term agreement with CEC. KCM also has an agreement with the national utility company of Zambia, Zambia Electricity Supply Corporation Limited ("ZESCO"), to provide power to Nampundwe on substantially the same terms as its agreement with CEC. ZESCO transmits power from hydroelectric generating stations at Kariba North, Kafue Gorge and Victoria Falls to the central switching station in Kitwe and at the Luano substation outside Chingola at 330 KV, which is sold in bulk to CEC. The 330 KV voltage is stepped down to 220 KV and 66 KV and distributed by CEC throughout the Zambian Copperbelt. ZESCO also supplies electricity directly to the mining operations at Nampundwe in the Central Province of Zambia. In addition, in anticipation of any power failure, KCM has installed a diesel generator set of 24 MW to meet the power requirements of its Konkola mining operations and the KDMP project.

KCM agreed to a 33.0% increase in its tariff under the terms of its electricity supply agreement with CEC. This increase became effective on 1 January 2008 and remained fixed for a period of three years. A 50.0% tariff increase effective from 2011 and spread over a period of five years was signed with CEC and is currently in effect.

Fuel. KCM's fuel supply is completely dependent on imports. In the past, Zambia has faced fuel shortages. KCM has addressed these fuel shortages by entering into a light fuel supply agreement with BP Zambia Limited on 1 September 2010, which expires on 31 December 2013. In addition to the light fuel supply agreement with BP Zambia Limited, KCM is also party to a heavy fuel oil supply agreement with Kobil Zambia Limited.

Sulphuric acid. The sulphuric acid for KCM's TLP is largely supplied by the Nchanga smelter.

Distribution, logistics and transport

Copper concentrate from the Mt. Lyell processing facility is transported by road to a rail head and then transported by rail to the port of Burnie, Tasmania, from which it is shipped to the port of Tuticorin in India. Copper concentrate sourced from both the Mt. Lyell processing facility and from third parties is received at the port of Tuticorin and then transported by road to the Tuticorin facility.

Once processed at the Tuticorin facility, copper anodes are either refined at Tuticorin or transported by road to Silvassa. Copper cathodes, copper rods, sulphuric acid, phosphoric acid and other by-products are shipped for export or transported by road to customers in India.

KCM's finished copper in the form of copper cathodes are mainly sold to overseas markets in the Middle East, Southeast Asia and the Far East with very little copper being sold locally in Zambia. The metal is transported to these markets by road and rail to the Indian Ocean ports of Dar-es-Salaam in Tanzania and Durban in South Africa and, more recently, Beira in Mozambique.

Sales and marketing

The ten largest customers of Vedanta's copper business accounted for approximately 43.5%, 53.3% and 55.2% of Vedanta's revenue from the copper business in fiscal 2011, 2012 and 2013, respectively. Save for Standard Bank Plc in fiscal 2012 and 2013, Ambrian Metals Ltd in fiscal 2011 and Umicore Precious Metals Refining in fiscal 2012, no customer accounted for greater than 10.0% of Vedanta's copper business revenue in the last three fiscal years.

Sterlite's copper sales and marketing head office is located in Mumbai, and it has field sales and marketing offices in most major metropolitan centres in India. KCM does not maintain any significant sales offices as sales are effected mainly through contracts executed at its corporate offices in Chingola, Zambia. Sterlite sells its copper rods and cathodes in both domestic and export markets. KCM primarily sells its products in export markets. Domestic sales in Zambia form an insignificant portion of KCM's sales. In fiscal 2011, 2012 and 2013, exports accounted for approximately 61.2%, 58.6% and 60.5% of the revenue from Vedanta's copper business, respectively. Vedanta's export sales were primarily to China, Japan, the Philippines, Singapore, South Korea, Taiwan, Thailand and various countries in the Middle East. Sterlite also sells phosphoric acid and other by-products in both domestic and export markets. Vedanta's exports of copper anode slimes are predominately sold to Europe.

Domestic sales by Sterlite in India are broadly based on the LME spot price plus regional premiums, as well as domestic supply and demand conditions. A majority of Vedanta's sales are made pursuant to existing supply agreements. The price for the copper Sterlite sells in India is normally higher than the price it charges in the export markets due to the tariff structure on costs, smaller order sizes that domestic customers place and the packaging, storing and truck loading expenses that it incurs when supplying domestic customers.

Sterlite's export sales of copper are made on the basis of both long-term sales agreements and spot sales. The prices of Sterlite's copper exports include the LME price plus a producer's premium. Sterlite does not enter into fixed price long-term copper sales agreements with its customers. In fiscal 2013, 90% of KCM's sales were through annual contracts priced on the monthly average LME price plus a premium.

Market share and competition

According to ICPCI, Sterlite is one of only two major custom copper smelters in India and had a 40% primary market share by sales volume in India in fiscal 2013. The other major custom copper smelter in India is Hindalco Industries Limited ("Hindalco"), which had a primary market share by sales volume of approximately 35% in fiscal 2013, with the remainder of the primary copper market in India primarily served by imports and Hindustan Copper Limited.

KCM accounted for 20% of total national copper mine production in 2009 and this is expected to grow to 25% by 2013 to be one of the largest producers in Zambia, according to Wood Mackenzie. In 2012, KCM operated the largest single site copper smelter in Africa in terms of production at its facilities in Nchanga, according to Wood Mackenzie.

Copper is a commodity product and Sterlite competes primarily on the basis of price and service, with price being the most important consideration when supplies of copper are abundant. Sterlite's metal products also compete with other materials, including aluminium and plastics that can be used in similar applications by end-users. Copper is sold directly to consumers or on terminal markets such as the LME. Prices are established based on the LME price, though as a regional producer Sterlite is able to charge a premium to the LME price which reflects the cost of obtaining the metal from an alternative source.

Projects and developments

Tuticorin. Sterlite has proposed expansion projects at Tuticorin costing $528.0 million to increase its total copper capacity to 800,000 tpa. A 160 MW coal-based thermal captive power plant is currently under construction, and on 1 October 2012, the first 80 MW unit of the new captive power plant was commissioned and, along with the second 80 MW unit, is expected to be synchronised in the first quarter of fiscal 2014. Surplus power generated by this plant is currently being sold to third parties, but the expansion of the smelter is on hold as required approvals have not yet been received. Specificially, the proposed capacity expansion at Tuticorin had been delayed since December 2009 due to a writ filed before by the Madras High Court, although this writ had not prevented the continued operation of the plant.

For additional information on these proceedings, please see "Risk Factors — Litigation — Sterlite is involved in litigation for alleged violation of environmental regulations at its Tuticorin plant, which is currently closed".

Sterlite has incurred $273.7 million on these projects as of 31 March 2013.

Separately and unrelated to the settled proceeding described above, on 29 March 2013, the TNPCB ordered the closure of the copper smelter at Tuticorin due to complaints about a noxious gas leak by local residents, and the 400,000 tpa copper smelter expansion project at Tuticorin remained suspended. On 1 April 2013, Sterlite filed a petition in the national green tribunal challenging the order of the state pollution control board on the basis that the plant's emissions were within permissible limits.

KDMP. The KDMP was approved by KCM's board of directors in July 2005, at a total initial capital outlay of approximately $357.0 million. This project is expected to contribute to the productivity of KCM's underground copper deposit. All governmental approvals for the KDMP have been received. The mid-shaft loading station of the No. 4 shaft was commissioned in April 2010. Construction of the bottom shaft sinking, which included the continued development of the No. 4 shaft to a design depth of approximately 1,500 metres, was completed during fiscal 2012. As of 30 September 2012, the bottom-shaft loading has been commissioned and waste hoisting has commenced. The KDMP was originally planned to increase the ore production of the Konkola mine from 1.8 mtpa of ore to approximately 6 mtpa, and its scope and configuration was subsequently revised. This revised scope and configuration plans an increase in target output of up to an estimated 7.5 mtpa by fiscal 2017, an increase of 37.5% over the earlier announced expansion. The increase in target output, changes in commodity prices and other project work have resulted in an increase in the estimated project cost from $357.0 million to $674.0 million. The cost has since been revised upward to $974.0 million primarily due to an increase in the scope of the project and consequent extra time required, weak ground conditions at the site resulting in additional engineering costs, commodity price increases and appreciation of the South African rand to the US dollar.

Work on the KDMP, including ore crushing at bottom shaft, is anticipated to be completed by June 2013.

Seasonality

Vedanta's copper business is not subject to seasonality.

Iron Ore Business

Introduction

Vedanta's iron ore business is owned and operated by SGL, India's largest exporter of iron ore in the private sector by volume since 2003, according to the Federation of Indian Mineral Industries. In April 2007, Vedanta acquired 51.0% of the share capital of SGL which, as of 31 March 2013, owns 100.0% of the share capital of SRL. As of 31 March 2013, Vedanta owns 55.1% of the share capital of SGL. Pursuant to the Reorganisation Transactions, which are still pending certain approvals, Sterlite will be merged into SGL to create Sesa Sterlite. Upon consummation of the Reorganisation Transactions, Vedanta will own 58.3% of Sesa Sterlite. SGL engages in the exploration, mining and processing of iron ore. In fiscal 2013, SGL exported approximately 2.9 million tonnes of iron ore. In fiscal 2013, SGL produced approximately 3.7 million tonnes of iron ore fines and lumps.

SGL's mining operations are carried out in the Indian states of Goa and Karnataka. Ore from SGL's mine at Karnataka is exported mainly through the ports at Goa and Mangalore. In the early 1990s, SGL diversified into the manufacturing of pig iron and metallurgical coke. SGL directly operates a metallurgical coke plant with an installed capacity of 560,000 tpa and operates a pig iron plant with an installed capacity of 625,000 tpa. SGL manufactures pig iron through the blast furnace route. SGL has a patent for the technology for the manufacture of energy recovery based metallurgical coke.

On 26 August 2011, the Supreme Court of India passed an order banning mining activities in the Chitradurga and Tumkur districts of Karnataka due to alleged environmental violations by miners. In view of this order, SGL's activities at this mine were suspended with immediate effect. On 18 April 2013, this ban was lifted and operations are expected to be restarted as soon as necessary statutory clearances can be obtained.

In September 2012 and October 2012, the State of Goa and the Supreme Court of India, respectively, ordered the suspension of all mining operations and transportation of iron ore of the mines in the State of Goa due to alleged environmental violations by miners. In view of the foregoing, operations at SGL's mines in Goa remain suspended. SGL has filed an application before the Supreme Court of India to lift the suspension, but the hearing has not yet commenced effectively. See "Risk Factors — Litigation — SGL is involved in proceedings involving suspension of mining operations in the State of Goa" for more information.

SGL intends to further leverage its position in the iron ore sector on the basis of the following strengths:

- As of 31 March 2013, SGL owns or has the rights to Ore Reserves consisting of 342 million tonnes of iron ore at an average grade of 46.8% and Mineral Resources consisting of 1,057 million tonnes of iron ore at an average grade of 36.9%.
- The opportunity to expand through consolidation of the fragmented Indian iron ore industry.
- Experienced personnel with technical skills in Indian mining and resource development.
- Well-positioned to capitalise on the world's sixth largest (according to the Indian Steel Alliance) iron Ore Reserves and resources in India of approximately 28.5 billion tonnes, according to the Ministry of Mines in 2012.
- Strong growth potential with additional prospecting and mining licences and de-bottlenecking operations.
- Robust balance sheet.
- Vertically integrated pig iron and metallurgical coke operations with patented in-house technology.

On 22 August 2011, Vedanta acquired a 51.0% ownership interest in WCL, a Liberian iron ore exploration company which was wholly-owned subsidiary of Elenilto, for a cash consideration of $90.0 million. WCL is developing the Western Cluster, a network of iron ore deposits in west Africa which has a long life potential and access to an estimated one billion tonnes of potential iron ore resources. On 20 December 2012, SGL acquired the remaining 49.0% of the outstanding common shares of WCL from Elenilto for a cash consideration of $33.5 million.

On 1 March 2012, SGL acquired the entire issued share capital of GEL for $21.0 million. GEL owns a 30 MW waste heat recovery power plant in Goa which generates power from the waste gases of SGL metallurgical coke plant and blast furnace.

A number of initiatives are being undertaken to expand SGL's mining and logistical capacity at its mines at Goa and Karnataka to 36 mt, but these initiatives have been scaled back and are currently on hold due to the recently removed ban of mining activities in Karantaka and the ongoing suspension of mining activities in Goa. To date, these initiatives have included additional investment in mining equipment, processing plants, barges, land and infrastructure at an estimated capital expenditure of $500.0 million, of which $345.0 million remained unspent as of 31 March 2013. SGL has also made substantial progress on its logistics capacity, with a new railway siding already commissioned in Karnataka and progress made on widening of the existing roads and building dedicated road corridors in both Karnataka and Goa. SGL has also added capacity in river and port logistics, with 17 new barges already on stream, with two more expected soon.

Principal products

Iron ore. SGL's iron Ore Reserves consist of both lump and fine ore. As of 31 March 2013, the percentage of lump ore in the Ore Reserves is approximately 12.0% and 17.0% in Goa and Karnataka, respectively. While the Goan ore contains average iron content deposits of 50.0% to 55.0%, the mines in Karnataka are of higher grade deposits, ranging between 56.0% to 60.0% iron. SGL sells lump ore from its mines in Karnataka primarily to domestic pig iron/steel producers; the majority of other iron ore produced by SGL's mines is sold internationally, primarily to purchasers in China.

Pig iron. SGL produces basic, foundry and nodular grade pig iron in various grades for steel mills and foundries.

Metallurgical coke. SGL also produces metallurgical coke, the majority of which is consumed internally.

Production

The table below sets out SGL's total production[1] for each of fiscal 2011, 2012 and 2013:

Mine/Mine Type[1]	Product	Year Ended 31 March 2011	2012	2013
		(Million tonnes)		
Goa (Open-Pit)[2]	Iron ore	10.3	9.7	2.8
A. Narrain (Open-Pit)[3]	Iron ore	3.0	1.0	—
Thakurani (Open-Pit)[4]	Iron ore	1.4	—	—
SRL (Open-Pit)[2]	Iron ore	4.1	3.1	0.9
Total Iron Ore	Iron ore	**18.8**	**13.8**	**3.7**
Amona Plant	Metallurgical coke	0.26	0.26	0.33
	Pig iron	0.28	0.25	0.31

(1) See "Presentation of Information — Reserves and Production" for an explanation of the basis of preparation of production amounts.

(2) Goa mining operations have been suspended due by the State of Goa since 11 September 2012. Although proper application has been made to lift the suspension, a hearing has not yet been scheduled.

(3) Karnataka mining operations were suspended due to a government ban from 26 August 2011 to 18 April 2013. Operations are expected to be restarted as soon as necessary statutory clearances can be obtained.

(4) The Thakurani mine was operated by SGL as an ore raising contractor from 1999 until the lease expired on 30 November 2010. Production at this mine has ceased.

In fiscal 2013, SGL produced approximately 3.7 million tonnes of iron ore fines and lumps. In addition, as of 31 March 2013, SGL had total production capacities of 625,000 tpa of pig iron and 560,000 tpa of metallurgical coke.

The table below sets out Proved and Probable iron Ore Reserves[1] as of 31 March 2013 at mines that SGL owns or has rights to:

	Proved Reserve		Probable Reserve		Total Proved and Probable Reserves	
	Quantity	Fe Grade	Quantity	Fe Grade	Quantity	Fe Grade
	(Million tonnes)	(%)	(Million tonnes)	(%)	(Million tonnes)	(%)
Goa:						
Codli Group	18.85	54.7	7.52	56.4	26.37	55.2
Sonshi Group	16.42	57.6	20.54	57.4	36.96	57.5
Other	8.24	54.2	13.60	55.8	21.84	55.2
A. Narrain	29.75	57.9	13.77	56.2	43.51	57.4
SRL	41.34	52.2	30.39	54.5	71.73	53.1
Sub-Total (India)	114.60	55.0	85.82	55.8	200.41	55.4
Bomi			141.65	34.7	141.65	34.7
Sub- Total (Liberia)	—	—	141.65	34.7	141.65	34.7
Total Iron Ore Reserves	**114.60**	**55.0**	**227.46**	**42.7**	**342.06**	**46.8**

(1) See "Presentation of Information — Basis of Presentation of Reserves and Resources" for an explanation of the basis of preparation of reserve amounts.

Description of operations

Production facilities

The following table sets out the total rated capacities as of 31 March 2013 at SGL's Amona facility:

	Capacity	
	Metallurgical Coke	Pig Iron
	(tpa)	
Amona Plant	560,000	625,000

Amona plant. SGL commenced operations at its Amona plant in Goa in 1992 and has been engaged in the manufacture and sale of pig iron since then. SGL's metallurgical coke plant at Amona produces a range of coke fractions from over 70 mm for foundries, 20 mm to 60 mm for blast furnaces and six mm to 25 mm for the ferrous alloy industry. Approximately 63.0% of the total production of metallurgical coke is consumed by SGL for its pig iron production and the remainder is sold to customers primarily located in India. The cost of the input coal blend is the single most important cost component for the production of coke. SGL's production consists mainly of low ash coking coal and it imports 100.0% of low ash coking coal each year. In order to ensure a stable raw material supply, SGL has long-term supply contracts for the procurement of such coal. Electric power for SGL is supplied by its wholly owned subsidiary, GEL, which generates power from the waste heat of SGL's metallurgical coke plant and the blast furnace gas from SGL.

Mines

Goa mines. SGL's Goa operations consist of two major iron ore mining areas, one in Codli village (in the South Goa District) and the other in Sonshi village (in the North Goa District). In addition, SGL derives ore production from several satellite mines in North Goa. SGL's Goa leases were originally granted as mining concessions by the government during the Portuguese regime from 1955 onwards, and in 1987 these concessions were converted to mining leases. SGL now operates a total of nine mining leases in Goa representing an area of approximately 653 hectares as well as one third-party lease on contract, representing an area of approximately 62 hectares. The lease periods for SGL's nine mining leases in Goa have expired and are in the process of being renewed and were being operated, until the suspension of mining activity by the State of Goa and the Supreme Court of India, under deemed consent. SGL applied to the State of Goa for the renewal of these mining leases within the applicable statutory period, and the renewal is in process. Under applicable law, a leaseholder can continue mining while its application is pending with the State of Goa. Furthermore, under applicable law every person seeking renewal of a mining lease for the mining of a mineral that is used in its own industry is generally entitled to renewal of its mining lease for a period not exceeding 20 years. SGL has paid lease renewal stamp duty for its leases where notices have been received by SGL and the payment of stamp duty of one third-party lease operated by SGL was made by such third party. All renewal applications by SGL for leases which have expired were submitted on a timely basis and SGL does not expect that any of these leases will not be renewed.

SGL carries out exploration in grid patterns of 100 metres by 100 metres at the initial stage of exploration, followed by grid patterns of 50 metres by 50 metres. Core samples are analysed and used to interpret the ore body for the preparation of geological cross sections and the classification of the ore as either crude ore or sub-grade ore. Drill core sampling is undertaken on entire holes and the drill core material is sampled at the sample preparation facilities.

The gross value of fixed assets for SGL's Goa operations, including capital works-in-progress, was $250.0 million as of 31 March 2013.

Codli mines. The Codli group of mines is situated in South Goa, approximately 600 km south of Mumbai and 50 km east of Panaji, the capital of Goa. It is an open-pit operation and the mining leases are held by SGL. The nearest railway stations, Sanvordem and Margao, are approximately 13 km and 40 km, respectively, from the mine. There is an airport 55 km from the mine at Dabolim. The river loading points at Sanvordem and Capxem are approximately 12 km and 14 km, respectively, from the Codli mines while the port is approximately 40 nautical miles from the river loading point.

The Codli mines cover an area of approximately 340 hectares and are operated under the terms and conditions stipulated in four contiguous leases, three of which are owned by SGL with the remaining lease being owned by a third-party. SGL owns an additional two mining leases to the northwest of the current Codli mine operations where exploration is being undertaken. All of these leases expired in November 2007 and are in the process of being renewed.

SGL's leases were originally granted as mining concessions by the government during the Portuguese regime, and SGL acquired these mining leases in 1958. Exploration at the Codli mines began in 1966 and the mine first commenced production in 1973. Production at the mine reached 3 mtpa by 1995. The mines have been granted environmental clearance by the MoEF for a production of 7 mtpa.

At the Codli mines, the lower grade iron formation is folded and subsequently eroded into basinal areas amenable to open-pit mining. Economically mineable material occurs over an area of about 3.1 km by 1.6 km and is located between 84 metres above sea level and 50 metres below sea level. The formations show a general northwest-southeast trend with shallow to moderate dips towards the northeast with local reversals. The footwall is comprised manganiferous clay and decomposed quartzites and the stratigraphy of the ore body is cross cut by late dolerite dykes and sills which are manifested by pink clayey zones in the mine area.

The Codli mines are multi-pit, multi-lease fully mechanised mining units. The open-pits have a bench height of seven metres, haulage roads of 25 metres width and an overall pit slope of 26 degrees. The Codli mines have 14 basins, of which five pits have been exhausted. The lateritic overburden is removed either by ripping or dozing, and loaded by excavators and/or wheel loaders into heavy earth moving machinery such as rigid dumpers and articulated dumpers. Hauling within the mine is also done by rigid and articulated dumpers. An ore stockpile is maintained at all times to continuously feed the processing plants.

SGL has extensive ore processing facilities for upgrading the ore, which include crushing, dry screening, scrubbing, log washing, classifying, hydrocycloning, and magnetic separation with a wet high- intensity magnetic separator. The four Codli processing plants are between one and 18 years old and throughput capacity of the four Codli processing plants is 10 mtpa. The processed ore is transported by road to a riverhead jetty by 10 tonne tipper trucks and then further transported by barges to the Goa ports or transhipper for onward shipment. SGL has a captive fleet of 36 barges and one transhipper and one floating transfer station, based at the Mormugao port. The transhipper is a large panamax size vessel (82,000 dwt) with gears, capable of picking up ore from barges and loading into ocean-going vessels at the maximum rate of 40,000 tonnes per day. One plant is provided with a dry circuit to process high grade ore, while the remaining four wet plants process low grade ores. The Codli processing plants undergo regular maintenance and annual repairs are conducted during the monsoon season.

SGL has an extensive exploration and evaluation programme at the Codli mines which involved, as of 31 March 2013, drilling a total of 56,531 metres in depth in 944 holes. The Codli mine deposits are extensively sampled in vertical drill hole grids between eight metres and 127 metres in length. The resource estimation by at the Codli mines is done using mine planning software by solid/block modelling techniques and geostatistical analyses.

Power at the Codli mines is supplied through a Government Grid Supply network with a maximum contracted demand of 5,000 kVA. There are also generator sets with an aggregate of 5,190 kVA available to supply power. The site's full water requirements are met from the rainwater accumulated in exhausted pits.

In fiscal 2013, the Codli mines produced 2.1 million tonnes of iron ore.

The economic cut-off grade at the Codli mines is determined by the requirement to meet various sales contracts. SGL operates on a 50.0% iron operational cut-off grade in practice, as compared to the statutory cut-off grade of 45.0% iron. Ore containing 45.0 to 50.0% iron is preserved for future use and ore containing 50.0 to 54.0% iron is beneficiated in order to make it saleable.

The reserves at the Codli mines in the Proved Ore Reserve category are defined by drill holes spaced at 50 metre intervals, the Probable Ore Reserves are generally defined by drill holes spaced at a further 50 metre interval from the proved reserves. Possible reserves are generally defined by drill holes spaced at a further 50 metre to 75 metre interval from the probable reserves. As the area is drilled at approximately 50 metres by 50 metres grids, the physical continuity of the ore is well demonstrated.

SGL has been operating the Gauthona Dusrifal mine, the lease of which is held by M/s Timblo Private Limited, as an ore raising contractor since 1989. This mining concession was granted in 1958 to M/s Timblo Private Limited, which owned and operated the mine until 1988. Since 1983, SGL has had a common boundary working agreement with M/s Timblo Private Limited and, in 1989, SGL acquired control of 40.8 hectares of the leasehold area. This mine is contiguous to the Codli mines. The mine has environmental clearance from the MoEF for 0.7 mtpa. The mining method at the Gauthona Dusrifal mine is the same as that of the Codli mines described above. As of 31 March 2013, ore production of the Gauthona Dusrifal mine is approximately 0.2 mtpa to 0.7 mtpa.

Sonshi mine. The Sonshi mine is situated in the North Goa District, approximately 34 km from Panaji and approximately 40 km north of the Codli mines. It comprises an open-pit mine. The area is well connected by metalled roads and the nearest railway station is at Tivim, approximately 25 km from the Sonshi mine. The river loading point, Amona, is nine km from the site and the port is approximately 35 nautical miles from the river loading point. The airport is approximately 50 km from the Sonshi mine.

The leasehold area of the Sonshi mine is 62 hectares. The lease expired in October 2007 and is in the process of being renewed. The leaseholder submitted timely renewal applications and no rejections have been notified. The Sonshi mine is currently operating under deemed consent. Due to the narrow width of the leasehold area, SGL has entered into common boundary working agreements with adjourning lessees to facilitate mining operations. The original mining concession was granted in 1953 to Cosme Costa & Sons. SGL has not acquired the lease, but has been operating the Sonshi mine as an ore raising contractor since 1958. Production at the mine commenced in 1958. The agreements entered into by SGL with Cosme Costa & Sons for the raising and sale of iron ore expired in March 2013 but negotiations are currently underway to renew it and SGL believes it will be renewed. The Sonshi mine has been granted environmental clearance for a production level of 3.0 mtpa from the MoEF.

The area surrounding the Sonshi mine is covered with laterite capping underlain by lumpy ore zone. The ore deposit at the Sonshi mine forms the northern limb of the northwest-southeast trending syncline. The formations dip 50 degrees to 60 degrees northeast. The principal deposit of the Sonshi mine comprises three distinct ore bodies that are folded into a syncline. The youngest ore body has a width of 50 metres, while the other ore bodies dip steeply to the northeast and have widths of approximately 20 metres to 25 metres. The intervening parting between the ore bodies comprised 50 metres of manganiferous clay and a 30-metre wide limonitic zone separating one ore body from the footwall phyllite. The depth extent of these bands has been outlined with deep drilling. Hematite is the major economic mineral in each of the bands.

The open-pit mining operations at the Sonshi mine are fully mechanised. The hard laterite capping is loosened either by drilling, blasting or ripping/dozing. The soft sub-lateritic zone is excavated and transported to respective laterite, clay and ore stacks. The material is then reloaded into smaller 10-tonne trucks and transported to the plants for processing and beneficiation, which involves crushing, scrubbing, log washing, classifying, double stage cycloning and thickening. The waste is transported to a dump stockpile six to seven km away. Processing operations for the Sonshi mine are similar to those of the Codli mines described above. The processed ore is transported to the Amona jetty, loaded in barges and sent to Mormugao port approximately 35 nautical miles away.

There is no processing plant on-site. The extracted ore is transported by a fleet of contractors with 10-tonne trucks to the processing plants at Amona (approximately nine km away) and at Cudnem (approximately six km away). The combined throughput capacity of the processing plants is 7.9 mtpa. The plants undergo regular maintenance and annual repairs are carried out during the monsoon season.

The Sonshi mine has been extensively sampled in vertical and inclined drill holes with a total of 25,914 metres being drilled in 450 holes as of 31 March 2013.

Power at the mine is supplied through a Government Grid Supply network and the maximum contracted demand is 1,000 kVA. A 625 kVA diesel generator is also available to supply power.

In fiscal 2013, the Sonshi mine produced 0.8 million tonnes of ore.

The economic cut-off grade at the Sonshi mine is determined by the requirement to meet various sales contracts and the need to maintain stockpiles to meet the contract. SGL operates on a 50.0% iron operational cut-off grade in practice, as compared to the statutory cut-off grade of 45.0% iron. Ore containing 45.0 to 50.0% iron is preserved for future use and ore containing 50.0 to 54.0% iron is beneficiated in order to make it saleable.

Geological understanding of the nature of bedded mineralisation and confidence in the reasonableness and variation in forecasts is used to classify tonnages as either measured resources (mine's internal proved), indicated resources (mine's internal probable) or inferred resources (mine's internal possible), depending on drill spacing, drill density and/or continuity.

SGL acquired an adjoining mining lease for the Mareta Sodo mine in 2004 from Pandurang Timblo Industries. This mining concession was granted in 1955 and was operated intermittently until the mine was transferred to SGL in November 2004. This mine has been granted environmental clearance for production of 0.5 mtpa from the MoEF. As of 31 March 2013, 6,073 metres have been drilled in 54 boreholes on the leased area. The mining method of the Mareta Sodo mine is the same as that of the Sonshi mine described above.

Other leases/mines. In addition to the Codli mines and right to the third-party mining lease at the Sonshi mine, SGL has ten additional mining leases, of which four are non-operative leases. The operative mines are the Sanquelim mines with three contiguous leases with an environmental clearances of 0.2 mtpa, the Orasso Dongor mine (0.2 mtpa) and the Botvadeacho Dongor mine (0.2 mtpa). The non-operative leases are under exploration.

The economic cut-off grade at these other mines is determined by the requirement to meet various sales contracts and the need to maintain stockpiles to meet the contracts. SGL operates on a 50.0% iron operational cut-off grade in practice, as compared to the statutory cut-off grade of 45.0% iron. Ore containing 45.0 to 50.0% iron is preserved for future use and ore containing 50.0 to 54.0% iron is beneficiated in order to make it saleable.

Karnataka. SGL's main operations in Karnataka are at the A. Narrain mine which is located approximately 200 km northwest of Bangalore. The open-pit mine is operated by SGL and is well connected by rail, with the nearest stations, Sasalu and Amruthapura, located 16 km and 17 km, respectively, from the A. Narrain mine. The nearest port at Mangalore is approximately 430 km from the mine and the nearest airport is located at Bangalore, approximately 230 km from the mine.

The leasehold area of the mine is 163.5 hectares, which is classified into two blocks, namely the South block, which is 123.5 hectares, and the North block, which is 40.0 hectares. These two blocks are joined by a narrow stretch of land 40 metres in width and 665 metres in length along the eastern side of the leasehold area. SGL has operated the mine since 1994, and the MoEF granted requisite permission for enhanced productions to SGL to 6.0 mtpa in 2009. By its order dated 18 April 2013, the Supreme Court of India has granted a provisional production capacity of 2.29 mtpa based on current reclamation and rehabilitation plans subject to other necessary approvals. SGL's lease expired in October 2012, but SGL applied to the State of Karnataka for the renewal of these mining leases within the applicable statutory period, and the renewal is in process. Under applicable law, a leaseholder can continue mining while its application is pending with the State of Karnataka. Furthermore, under applicable law every person seeking renewal of a mining lease for the mining of a mineral that is used in its own industry is generally entitled to renewal of its mining lease for a period not exceeding 20 years.

The geological formation of this region belongs to the Archean-Proterozoic age. The geology of the A. Narrain mine consists of Archean formations locally termed "Dharwars" which contain rich and large iron ore deposits. The leasehold area forms part of the Chitradurga-Tumkur schist belt and part of a regional isoclinal fold. The strike direction of the ore body dips westerly at an angle of about 60 degrees to 70 degrees.

Hematite is the principal ore mineral and limonite, goethite and magnetite constitute the associated minor minerals of the mine. The mineralised horizon extends over a length of about two km. The footwall comprised decomposed quartzite and phyllite, and the stratigraphy is cross cut by late dolerite dykes and sills which are manifested by pink clayey zones in the mine area.

Currently, the North and the South block of the A. Narrain mine have fully mechanised mining operations. The open-pit mines have a bench height of seven metres, haulage roads of 12 metres to 15 metres in width and an overall pit slope of less than 30 degrees. The A. Narrain mine is equipped with dry process facilities for processing all grades of ore.

The lateritic overburden is removed either by blasting or ripping/dozing, loaded onto and transported by 30-tonne trucks. The ore mined is processed at the mine's processing facilities, which involves crushing and dry screening processes. The processed ore is then transported by road to the railway yard, for onward transport to customers in Karnataka, Goa and other places. Ore produced in Karnataka ranges from 56.0% to 60.0% iron content and comprises 77.0% fines and 23.0% lumps.

The two processing plants at the A. Narrain mine have a combined capacity of 1,150 tonnes per hour.

Since the mine was taken over by SGL, exploration at the A. Narrain mine involved the drilling of a total of 31,684 metres in 425 boreholes as of 31 March 2013. The A. Narrain deposit is extensively sampled in vertical and inclined drill hole grid intervals of between 50 metres and 100 metres in length, with most of the holes covering a depth of 50 metres to 200 metres.

Power at the mine is supplied by a 725 kVA and 320 kVA generator. All power supplied to the mines and plants is through generators.

The gross value of fixed assets, including capital works-in-progress, was $36.0 million as of 31 March 2013.

On 26 August 2011, the Supreme Court of India passed an order banning mining activities in the Chitradurga and Tumkur districts of Karnataka. In view of this order, SGL's activities at this mine were suspended with immediate effect. On 18 April 2013, this ban was lifted and operations are expected to be restarted as soon as necessary statutory clearances can be obtained.

The economic cut-off grade at the A. Narrain mine is determined by the requirement to meet various sales contracts and the need to maintain stockpiles to meet the contract specifications.

The Ore Reserves in the Proved Ore Reserve category at the Karnataka mines are estimated based on drilled boreholes spaced at 50 metres along predefined section lines and occasionally off of the section lines, the probable reserves are estimated based on drilled boreholes spaced at 50 metres from the Proved Ore Reserves. As the area is drilled at approximately 50 metres by 50 metres grids, the physical continuity of the ore is well demonstrated.

Orissa. The Thakurani mine is situated at Barbil within the State of Orissa, approximately 400 km from Kolkata airport. The Thakurani mine has been operated by SGL as an ore raising contractor since 1999 and the lease expired on 30 November 2010. Production at this mine has ceased.

SRL, Goa. SRL and its subsidiary SMCL extract iron ore from 11 mining leases spread across a total of approximately 980 hectares in Goa. SRL's operations consist of two major iron ore mining areas, one in Bicholim and the other in Surla, both located in North Goa and which together account for approximately 85% of SRL's total estimated iron Ore Reserves as of 31 March 2013.

The Bicholim mine consists of five contiguous mining leases covering an area of 479.3 hectares in North Goa. The Surla mine consists of three contiguous mining leases covering an area of 253.4 hectares in the recognised iron ore belt of Pale-Velguem-Bicholim-Shirgao in North Goa. Mining operations started at the Bicholim mine and the Surla mine in 1958. Processed ore from the Bicholim and Surla mines is transported by SRL to loading jetties at Sarmanas and Surla/Sinori in North Goa, and then loaded into barges and sent to Mormugao port in Goa, India, where it is then shipped to customers. SRL's mining assets include processing plants, barges, jetties, transhippers and loading capacities at the Mormugao port.

In fiscal 2013, SRL produced 0.9 million tonnes and sold 0.7 million tonnes of iron ore. SRL's major customer base is in Japan and China.

SGL also has a ship building division which commenced operations in 1984 for the construction and repair of inland mini bulk carriers owned by SGL as its primary activity as well as supporting SGL's core activities including the export of iron ore and the import of coke and coal.

The ship building division has since developed into a medium sized yard with the capability of designing and building sophisticated vessels. The facilities of the ship building division comprises a slipway, several sheds, cranes, a quayside with water depth of 3 metres, gas manifold system and docking equipment.

The ship building division has designed and built various types of vessels such as barges, pusher tugboats, oil recovery vessels and landing crafts. In 1996, the ship building division was awarded a National Award for excellence in indigenisation of defence equipment from the Department of Defence Production and Supplies, Ministry of Defence, India for designing and constructing two landing crafts for the Indian Army. The ship building division was also the first to design and build hatch covers for barges in Goa for shipment of fines during the monsoon season. As of 31 March 2013, the ship building division was certified ISO 9001:2008 Quality Management System in 2008, ISO 14001:2004 Environment Management System in 2008 and OHSAS 18001:2007 for Occupational Health Management System.

WCL. At WCL's Liberia iron ore project, exploration activities are progressing, with over 68,686 metres of drilling completed as of 31 March 2013. Delivery of the first shipment is expected in fiscal 2014.

WCL is an iron ore project comprising three deposits:

- Bomi Hills, which is estimated to have 149 mt of Mineral Reserves, at a grade of 33.0% iron, and 149 mt in total Mineral Resources as of 31 March 2013, and is located 70 km from Monrovia port;
- Bea Mountain, which is estimated to have 580 mt in total Mineral Resources, at a grade of 53.2% iron, as of 31 March 2013, and is located 105 km from Monrovia port; and
- Mano River which is estimated to have 95 mt in total Mineral Resources, at a grade of 32.9% iron, as of 31 March 2013, and is located 140 km from Monrovia port.

The operational infrastructure at these deposits will be developed in phases, with a target capacity of 30 mtpa. The first phase of the project envisages a 2 mtpa iron ore output from the Bomi Mine. Initially, the saleable ore will be transported 76 km to the Monrovia port by road, but this arrangement will be replaced by an integrated logistics solution gradually set up for the integrated project. WCL is in the process of securing statutory clearances for the project.

Principal raw materials

Iron ore operations. There are no direct raw materials used in SGL's iron ore mining and processing operations. Indirect raw materials include power, fuel and lubricants. SGL procures these indirect materials from various vendors. The electricity required for its operations is supplied by the government grid and supplemented by SGL's owned and hired diesel generator sets. The prices of fuel and necessary lubricants are volatile and the price of power is dependent on tariffs imposed by State Governments.

Pig iron operations. The principal raw materials for the manufacture of pig iron are iron ore, metallurgical coke, limestone and dolomite.

Iron ore is largely sourced from mines in Karnataka and Goa. The iron ore is transported from Karnataka by truck and railway rakes and from Goa by truck. Iron ore requirements are met by SGL's own mines from Karnataka and purchases from other mines in Karnataka and Goa. SGL's metallurgical coke requirements are met by its metallurgical coke division. Limestone and dolomite are purchased from mines in Karnataka and transported to SGL by truck.

Metallurgical coke. The principal raw materials for the manufacture of metallurgical coke are hard and semi-hard coking coals. These raw materials are imported from various international suppliers mainly from Australia.

Power. Electricity for SGL's metallurgical coke and manufacturing operations is primarily supplied by its wholly owned subsidiary, GEL, which generates power from the waste gases of SGL's metallurgical coke plant and its blast furnace.

Distribution, logistics and transport

SGL's mining operations are advantageously located in Goa and are complemented by an efficient transportation network. In order to achieve higher volume and loading capacities and vessels with higher drafts, SGL and SRL own and operate transfer vessels, which are used for mid-stream loading at Goa. In addition, SRL owns 50.0% of a transhipper vessel "MV Goan Pride" at Goa, which is also used for mid-stream loading. SGL ships its products from ports on both the east and west coasts of India so although the annual monsoon season shuts down shipping services on the west coast of India from the Mormugao port in Goa from June to September.

SGL maintains a network of rail cars, barges and transhippers that are primarily used to facilitate the export of its ore to foreign customers. SGL's fleet includes 36 barges with a total floating capacity of 68,000 dwt and a transfer vessel which is based at the ports in Goa and has the ability to load vessels as large as 300,000 dwt.

Sales and marketing

Pig iron. Currently, the majority of the pig iron produced by SGL is sold within India to foundries and steel mills. The sale of pig iron is generally done on a spot basis with prices valid for a month. The prices of pig iron are fixed on a delivered basis, with material generally being sent on a freight-to-pay basis.

Metallurgical coke. Currently, all of the metallurgical coke produced by SGL is sold primarily within India to foundries, pig iron producers, ferrous alloys producers and cement plants. Approximately 70.0% of SGL's total metallurgical coke production during fiscal 2013 was used for its production of pig iron. The balance was sold in the domestic Indian market.

The sale of metallurgical coke to other customers is done on a spot basis with prices valid for a month. Contracts with some ferrous alloy producers are on a quarterly or bi-monthly basis, where the quantity, grade and price are fixed.

SGL sold 91.0% of its iron ore by volume in the export market in fiscal 2013 with domestic sales being 9.0%. The geographical distribution of the exports of SGL by volume in fiscal 2013 was China (89.0%), Japan (6.0%), and The Netherlands (5.0%). The ten largest customers of SGL's iron ore business accounted for 57.0% of its free on board business revenue in fiscal 2013. Save for Jihan Steel, which accounted for 10.2% in fiscal 2013, no customer accounted for more than 10% in fiscal 2013. About 68.0% of the exports of SGL by volume in fiscal 2013 were linked to spot prices. The remainder of SGL's sales were priced based on long-term contracts which are linked to international benchmark prices that are negotiated quarterly.

SGL has a marketing office at Panaji in Goa with indenting agents to sell its pig iron and metallurgical coke products. SGL manages its iron ore sales in China through its own representative offices in China. The remaining sales and chartering needs of SGL are managed from the office at Goa.

Market share and competition

Since 2003, SGL has been India's largest exporter of iron ore in the Indian private sector by volume, according to the Federation of Indian Mineral Industries. In fiscal 2013, SGL exported approximately 2.9 million tonnes of iron ore, which accounted for approximately 16.0% of India's total iron ore exports of 18 million tonnes. SGL's primary competitors in both the public and private sectors in India include National Mineral Development Corporation, MMTC India Limited, Rungta Mines Ltd., MSPL and Essel. In addition, SGL competes with a number of international producer-exporters of iron ore worldwide.

Seasonality

Vedanta's iron ore mining operations are affected by changes in weather conditions, particularly heavy rains. Goa, where the majority of Vedanta's iron ore mining operations are located, experiences monsoon seasons, which usually occurs from early June to early October. During the monsoon season, restricted barge movements result in significantly lower exports through the Mormugao port in Goa, where Vedanta's iron ore is shipped to customers. Vedanta attempts to mitigate the effects of the monsoon season by concentrating on mine development and extracting larger quantities of overburden waste during the monsoon season in order to permit speedier extraction of iron ore during the dry season. In addition, during the monsoon season, Vedanta typically conducts annual maintenance at its processing plants and its other mining machinery.

Aluminium Business

Introduction

Vedanta's aluminium business is primarily owned and operated by BALCO and Vedanta Aluminium. In fiscal 2013, the combined market share of BALCO and Vedanta Aluminium was approximately 48.0% of the primary market share by sales volume in India, according to the AAI. Pursuant to the Reorganisation Transactions, which are still pending certain approvals, Vedanta Aluminium's aluminium business will be merged into Sesa Sterlite.

BALCO's operations include two bauxite mines, two captive power plants and refining, smelting and fabrication facilities in central India. BALCO's operations benefit from relatively cost effective access to power, the most significant cost component in aluminium smelting due to the power intensive nature of the process. This is, to a considerable extent, as a result of BALCO being an energy-integrated aluminium producer. BALCO received a coal block allocation of 211 million tonnes for use in its captive power plants in November 2007. BALCO is constructing a 1,200 MW coal-based thermal power facility in the State of Chhattisgarh, which is currently under construction and awaiting final stage regulatory approvals for its first two 300 MW units. BALCO's annual production as of 31 March 2013 was 246,989 tonnes.

Sterlite acquired its interest in BALCO in 2001 and has since worked to improve BALCO's operating performance through expansion and by improving operational efficiencies and reducing unit costs of production. BALCO currently sources the alumina required for its smelters from third-party suppliers on the international markets. BALCO intends to further improve its operating performance by continuing to reduce unit operating costs at the Korba facility, including by lowering power consumption and improving the operating efficiency of the captive power plant. BALCO also intends to focus on the production of fabricated products with higher margins.

Vedanta Aluminium has a 1 mtpa, expandable to 1.4 mtpa, of installed capacity subject to government approvals, alumina refinery at Lanjigarh in the State of Orissa in eastern India, with an associated 75 MW captive power plant, expandable to 90 MW. The alumina refinery at Lanjigarh produced 527,052 tonnes of alumina in fiscal 2013, although alumina production at Lanjigarh has been temporarily suspended since 5 December 2012, due to inadequate availability of bauxite. Vedanta Aluminium remains engaged with the Orissa State authorities and expects to be able to resume operations at the refinery once it has secured bauxite from other sources, including BALCO mines. Projects to expand the capacity of the Lanjigarh alumina are planned, subject to government approvals. Production of alumina does not affect production at the smelters. See "Risk Factors — Litigation — Petitions have been filed in the Supreme Court of India and the High Court of Orissa to seek the cessation of construction of Vedanta Aluminium's refinery in Lanjigarh, which is currently closed, and related mining operations in Niyamgiri Hills, which are currently suspended".

In addition, Vedanta Aluminium has a greenfield 500,000 tpa aluminium smelter, together with an associated 1,215 MW coal-based captive power plant, in Jharsuguda in the State of Orissa. Vedanta Aluminium is also setting up another 1,250,000 tpa aluminium smelter in Jharsuguda, although this project is currently on hold. As of 31 March 2013, Vedanta Aluminium has 500,000 tpa of aluminium capacity and 1,000,000 tpa of alumina capacity.

Principal products

Primary aluminium. Primary aluminium is produced from the smelting of metallurgical grade alumina. Vedanta produces primary aluminium in the form of ingots and wire rods for sale. Ingots are used extensively for aluminium castings and fabrication in the construction and transportation industries. Wire rods are used in various electrical applications especially in the form of electrical conductors and cables. Vedanta Aluminium also produces aluminium billets.

Rolled products. Rolled products, namely coils and sheets, are value-added products that BALCO produces from primary aluminium. Rolled products are used for a variety of purposes in different industries, including aluminium foil manufacturing, printing, transportation, consumer durables, building and architecture, electrical and communications, packaging and general engineering industries.

By-products. Vanadium sludge is a by-product of the alumina refining process and is primarily used in the manufacture of vanadium-based ferrous alloys.

Production

The following table sets out Vedanta's total production[(1)] from its Korba, Lanjigarh[(2)] and Jharsuguda facilities for fiscal 2011, 2012 and 2013:

Facility	Product	Year Ended 31 March 2011	2012	2013
			(Tonnes)	
Korba	Alumina[(3)]	—	—	—
	Ingots	26,460	7,474	7,621
	Rods	160,665	167,826	179,986
	Rolled products	66,706	69,157	58,587
	Billets	30	40	0
	Busbar	1,438	1,157	795
Lanjigarh	Alumina[(3)]	706,640	927,516	527,052
Jharsuguda	Ingots	288,150	255,212	305,878
	Rods	58,971	99,493	115,464
	Hot metal sold	—	9,164	7,396
	Billets	37,525	65,853	98,299
	Busbar/Slab	717	—	—
Total	**Alumina[(3)]**	**706,640**	**927,516**	**527,052**
	Ingots	**314,610**	**262,686**	**313,499**
	Rods	**219,636**	**267,320**	**295,450**
	Rolled products	**66,706**	**78,321**	**65,983**
	Billets	**37,555**	**65,893**	**98,299**
	Busbar/Slab	**2,155**	**1,157**	**795**

(1) See "Presentation of Information — Reserves and Production" for an explanation of the basis of preparation of production amounts.

(2) Alumina production at Lanjigarh has been temporarily suspended since 5 December 2012, due to inadequate availability of bauxite.

(3) Alumina is used for the production of aluminium and rolled products. Approximately two tonnes of alumina is required for the production of one tonne of aluminium. Additional alumina needed for the production of aluminium is purchased from third parties and is not reflected in alumina production numbers.

The following table sets out the total bauxite ore production[(1)] for each of Vedanta's mines for fiscal 2011, 2012 and 2013:

Mine (Type of Mine)	Product	Year Ended 31 March 2011	2012	2013
			(Tonnes, except percentages)	
Mainpat (Open-pit)	Bauxite ore mined	564,608	620,123	230,137
	Ore grade	45.8%	43.9%	43.9%
Bodai-Daldali (Open-pit)	Bauxite ore mined	506,108	882,300	705,870
	Ore grade	45.8%	46.3%	45.9%
Total	**Bauxite ore mined**	**1,070,716**	**1,502,423**	**936,007**

(1) See "Presentation of Information — Reserves and Production" for an explanation of the basis of preparation of production amounts.

Ore Reserve base

The table below sets out BALCO's and MALCO's Proved and Probable bauxite Ore Reserves as of 31 March 2013:

		Proved Reserve		Probable Reserve		Total Proved and Probable Reserves	
		Quantity (Million tonnes)	Oxide (%)	Quantity (Million tonnes)	Oxide (%)	Quantity (Million tonnes)	Oxide (%)
BALCO(1)	Mainpat	3.1	46.3	—	—	3.1	46.3
	Bodai-Daldali	3.1	46.4	—	—	3.1	46.4
MALCO(2)	Shevaroy	—	—	—	—	—	—
	Kolli Hills	—	—	—	—	—	—
Total		6.2	46.3	—	—	6.2	46.3

(1) See "Presentation of Information — Basis of Presentation of Reserves and Resources" for an explanation of the basis of preparation of reserve amounts.

(2) Operations at these mines have been suspended. Reserves as of 31 March 2013 are estimated to be 0.04 million tonnes in the case of Shevaroy and 0.11 million tonnes in the case of Kolli Hills.

Description of operations

Smelters and Refineries

The following table sets out the total capacities as of 31 March 2013 at BALCO's Korba and Vedanta Aluminium's Lanjigarh and Jharsuguda facilities:

	Capacity		
	Alumina(1) (tpa)	Aluminium (tpa)	Power (MW)
Korba	200,000	245,000	810
Lanjigarh	1,000,000	—	75
Jharsuguda	—	500,000	1,215
Total	1,200,000	745,000	2,200

(1) Alumina is used for the production of aluminium and rolled products. Approximately two tonnes of alumina is required for the production of one tonne of aluminium.

Vedanta Aluminium and BALCO intend to increase their aluminium capacities to 1,750,000 tpa and 570,000, respectively.

Korba aluminium complex. BALCO's aluminium complex is located at Korba in the State of Chhattisgarh in central India. The aluminium smelter at Korba, which uses pre-baked Guiyang Aluminium Magnesium Design Research Institute technology ("GAMI technology") and has a capacity of 245,000 tpa, was fully commissioned in November 2006 at a cost of $543.2 million. BALCO is in the process of constructing a new 325,000 tpa aluminium smelter using pre-baked GAMI technology along with an associated 1,200 MW power plant at a cost of $1,872.0 million to increase production capacity and lower costs of production. As of 31 March 2013, at the new 325,000 tpa aluminium smelter, mechanical and electrical completion and precommissioning of the rectifier, potline and related utilities for the first phase of 84 pots out of the total 336 pots have been completed. BALCO plans to tap first metal in the second quarter of fiscal 2014. The smelter plans to initially draw power from the existing 810 MW power plants at BALCO. Additionally, BALCO is currently constructing a 1,200 MW captive power plant which is awaiting final stage regulatory approvals for the first two 300 MWunits.

The fabrication facility at Korba has two parts, a cast house and a sheet rolling shop. The cast house uses Properzi CCR copper rod technology and has a foundry which has twin-roll continuous casters with a SNIF degasser and hydraulically driven semi-continuous ingot casting machine to produce ingots and wire rods. The sheet rolling shop has three parts: a hot rolling mill with a capacity of 75,000 tpa, an older cold rolling mill with a capacity of 30,000 tpa and a cold rolling mill commissioned in 2004 with a capacity of 36,000 tpa. Molten metal is cast into slabs and then either hot-rolled and sold as hot-rolled sheets or converted into cold-rolled sheets in the cold rolling mills. Alternatively, molten metal is directly used in strip casting and then fed to the cold rolling mills to be converted into cold-rolled sheets or coils.

Smelting requires a substantial continuous supply of power and interruptions can cause molten metal to solidify and damage or destroy the pots. Power for the Korba facility is, for the most part, provided by the older coal-based 270 MW captive power plant commissioned in 1988 together with a new coal-based 540 MW captive power plant commissioned in March 2006 at a cost of $325.6 million as part of the expansion project. BALCO is also constructing a 1,200 MW coal-fired captive power plant. Thermal coal is a key raw material required for the operation of BALCO's captive power plants. In April 2008, and as amended in April 2013, BALCO entered into a five-year coal supply agreement with South Eastern Coalfields Limited ("SECL"), a subsidiary of Coal India, for the supply of thermal coal by SECL to BALCO, representing approximately 33.5% of its thermal coal requirements, with the remainder obtained through open market purchases and imports of coal. In November 2007, BALCO received a coal block allocation of 211 million tonnes for use in its captive power plants. These allocated coal blocks are currently in the post-exploration but pre-development stage. BALCO expects mine development activities to commence in the second quarter of 2014.

Lanjigarh alumina refinery. The Lanjigarh alumina refinery is located in the Lanjigarh district in the State of Orissa in India, which is located approximately 450 km from BALCO's Korba facility in the State of Chhattisgarh. In March 2007, Vedanta Aluminium began the progressive commissioning of a 1,000,000 tpa greenfield alumina refinery, expandable to 1.4 mtpa of installed capacity and an associated 75 MW, expandable to 90 MW, captive power plant. The captive power plant is fully operational and can meet the power requirements of the refinery. The second production stream of the Lanjigarh alumina refinery was commissioned in March 2010. Production of alumina at the refinery at Lanjigarh has been temporarily suspended since 5 December 2012, due to inadequate availability of bauxite. Vedanta is currently in discussions with government authorities to access bauxite once an adequate supply of bauxite has been secured. A ministerial level committee looking into the issue of bauxite supply is expected to submit its report shortly. Production at the alumina refinery does not affect production at the smelters.

Vedanta Aluminium had planned to invest an estimated $1,720.0 million to expand its alumina refining capacity at Lanjigarh to 5 mtpa by increasing the current alumina refinery's capacity from 1,400,000 tpa to 2,000,000 tpa by de-bottlenecking and then further expand the refinery by constructing a second alumina refinery with a refining capacity of 3 mtpa with an associated 210 MW captive power plant. However, the expansion of the alumina refinery at Lanjigarh and related mining operations in Niyamgiri Hills have been on hold since 20 October 2010, the date of the MoEF's direction to Vedanta Aluminium to cease further construction. On 18 April 2013, the Supreme Court of India directed the State Government of Odisha to place unresolved issues and claims of the local communities that had served as the basis for MoEF's order before the Gram Sabha, a decision-making body of the affected local communities. The proceedings before the Gram Sabha are expected to conclude in the second quarter of fiscal 2014, after which MoEF will make a final decision on the expansion and mining projects that have been put on hold. See "Risk Factors — Litigation — Petitions have been filed in the Supreme Court of India and the High Court of Orissa to seek the cessation of construction of Vedanta Aluminium's refinery in Lanjigarh, which is currently closed, and related mining operations in Niyamgiri Hills, which are currently suspended." for further details.

Jharsuguda aluminium smelter. The Jharsuguda aluminium smelter is located in Jharsuguda in the State of Orissa in India. Operations in the Jharsuguda facility were implemented in 2 phases. The first phase has a production capacity of 250,000 tpa and was completed in November 2009. The second phase was commissioned in June 2010. A total of nine units of the associated 1,215 MW coal-based thermal captive power plant of 135 MW each, has been commissioned. It produced 429,723 and 527,037 tonnes of aluminium in fiscal 2012 and 2013, respectively. The captive power plant units are expected to meet the power requirements of the Jharsuguda smelter and all other power requirements of this facility. Vedanta Aluminium has also invested an estimated $2,920.0 million to set up a second 1,250,000 tpa aluminium smelter, which is expected to be completed in the first quarter of fiscal 2014. Power to the new smelter will be provided by Sterlite Energy's new 2,400 MW commercial power plant at Jharsuguda.

Mines

Chhattisgarh. BALCO has two captive bauxite mines, namely the Mainpat bauxite mines and the Bodai-Daldali bauxite mines, located in the State of Chhattisgarh in central India. Mainpat is an open-pit bauxite mine located approximately 210 km from the Korba facility in the Surguja district of the State of Chhattisgarh. The Mainpat mine has been in production since 1993 and has a leasehold area of 6.39 square km. The Mainpat mining lease is valid up to 8 July 2012 and is renewable. BALCO has applied for renewal of the mining lease for a further period of 10 years from 9 July 2012 and is currently operating under deemed renewal as the renewal is in process. The bauxite extraction limit for the mine as granted by MoEF is 750,000 tpa. BALCO had also applied to the MoEF for renewal of environmental clearance for the Mainpat mine in November 2011 and July 2012. The Bodai-Daldali deposits are located approximately 260 km from Korba in the Kawardhha district of the State of Chhattisgarh. Bodai-Daldali was commissioned in 2004 by BALCO with a lease hold area of 6.3 square km. The mining lease is valid until 26 March 2017 and is renewable. The bauxite extraction limit for the Bodai-Daldali mine approved by the IBM is 1,250,000 tpa.

The Chhattisgarh bauxite deposits are situated over a plateau with steep scarps on both sides, at an elevation of approximately 1,000 metres above sea level, for Mainpat, and approximately 940 metres above the surrounding land, for Bodai-Daldali. The bauxite is generally one metre to three metres thick and lies within a laterite sequence overlying thick tertiary basalts of the Deccan Traps. The cover of laterite and thin topsoil is up to five metres thick but is generally less than two metres. The bauxite outcrops around much of the plateau rims.

A typical profile of the Chhattisgarh deposits comprises topsoil and soft overburden above the laterite. The upper laterite consists of hard, loose or indurated bauxite pebbles and boulders with a clear contact with the underlying hard bauxites. The bauxite occurs in discontinuous lenses up to four metres in thickness with laterite infilling joints and fractures with the bauxite. The contact with the softer lower laterite is usually gradational and irregular.

The bauxite is hard to very hard with a natural moisture content of 5.0% to 10.0%, with an in-situ density of 2.3 tonnes per metre^3 to 2.4 tonnes per metre^3. It comprises primarily gibbsite with boehmite and minor diaspore. The reactive silica content is low and iron is present in the form of hematite and aluminous goethite. The average grade of the bauxite is, as of 31 March 2013, approximately 46.3% aluminium oxide and silica levels of less than 3.7%.

All mining and transportation at both mines are undertaken by contractors. One thin topsoil layer is removed by an excavator and is either transported to an adjacent storage point or an area that is being backfilled. The laterite layer is drilled and blasted. The overburden is then removed by backhoe excavators and 15-tonne dumpers. Broken ore is hand-sorted, leaving waste material behind. Ore productivity is around two to three tonnes per person per day in the dry season, which decreases to around 1.25 tonnes per person per day to 1.75 tonnes per person per day in the wet season.

The ore pile is loaded by hand into non-tipping 16-tonne to 25-tonne trucks. Loaded trucks undertake a one-way trip of approximately 210 km via public roads to the respective railway siding or intermittent storage yard. The journey takes around six to seven hours depending upon the truck and road conditions which are highly variable, ranging from seven-metre wide, drained, cambered, smooth bitumen highways to non-surfaced, ungraded, three-metre wide dirt tracks.

At Mainpat's processing site, the trucks are unloaded manually and the bauxite is bulldozed onto an armoured pan feeder conveyor, where it is fed into the crusher.

The current exploration drilling programme is based on a 50-metre square pattern and is reduced to 25-metre centres for detailed mine planning. Sampling is normally in 0.40 metre lengths and core is currently split and retained for future reference. Bauxite samples are tested for silica and aluminium oxide at laboratories situated on site and at the Korba plant. Selected samples are re-assayed as part of a quality control programme.

Since commencing operations, the Mainpat mine has produced approximately 7.4 million tonnes of bauxite to 31 March 2013, with production in fiscal 2013 amounting to 230,137 tonnes at 43.9% aluminium oxide and was therefore less than the bauxite extraction limit for the mine fixed by the IBM. The potential consequences of this deviation include cancellation of the associated mining lease and a restriction from removing the mined ore from the mining site. See "Risk Factors — Risks relating to Business — Vedanta's operations are subject to extensive governmental, health and safety and environmental regulations, which require it to obtain and comply with the terms of various approvals, licenses and permits. Any failure to obtain, renew or comply with the terms of such approvals, licenses and permits in a timely manner may have a material adverse effect on its results of operations and financial condition".

Power and water requirements at Mainpat are minimal and can be supplied by small on-site diesel generators and from boreholes in the mine.

BALCO estimates the Proved and Probable reserves at Mainpat to be 3.08 million tonnes as of 31 March 2013. Based on current production rates, BALCO expects that the mine will continue to operate for approximately 4 years from 31 March 2013.

Total production at the Bodai-Daldali mine since the commencement of production to 31 March 2013 was 3.6 million tonnes of bauxite, with production in fiscal 2013 of 705,870 tonnes at 45.9% aluminium oxide. At the Mainpat mine, manual sorting and sizing of ore is carried out due to the bauxite occurring as boulders but trials for mechanised crushing and screening on-site are planned. Power is supplied by on-site diesel generators and ground water provides the water requirements for the mine.

BALCO estimates the Proved and Probable reserves at Bodai-Daldali to be 3.14 million tonnes as of 31 March 2013. BALCO estimates that the remaining life of the Bodai-Daldali mine is three years from 31 March 2013.

The cut-off grade used to define the reserves at BALCO's mines was 44.0%.

In fiscal 2013, all mining and transportation of the bauxite was done by contractors and the total cost for this was Rs. 2,157.0 ($40.0) per tonne of bauxite.

In fiscal 2013, the stripping ratio at the Mainpat mine was 1.0:2.1 with 490,441 tonnes of waste overburden being removed to mine one tonne of ore, while the stripping ratio at the Bodai-Daldali mine was 1.0:3.0 with 2,116,750 tonnes of waste overburden being removed to mine one tonne of ore. The strip ratio for the remaining reserves at Mainpat is 2.41 tonnes of waste per tonne of ore, while at the Bodai-Daldali mine, it is 2.36 tonnes of waste per tonne of ore.

Shevaroy. The Shevaroy bauxite mine is located eight km northeast of Yercaud town in the State of Tamil Nadu in India, which is approximately 85 km east of the Mettur Dam complex, where MALCO's aluminium operations were located when they were operational. Work at the Shevaroy mine has been suspended since MALCO's aluminium operations ceased in November 2008. MALCO estimates the balance reserves of the portion of the Shevaroy mine which MALCO is permitted to mine to be 0.04 million tonnes as of 31 March 2013. If mining recommences at this mine, its life is estimated by MALCO to be approximately three months.

Kolli Hills. The Kolli Hills bauxite mine is located in the State of Tamil Nadu in India, approximately 150 km southeast of the Mettur Dam complex, where MALCO's aluminium operations were located when they were operational. Work at the Kolli Hills mine has been suspended since MALCO's aluminium operations ceased in November 2008. It is estimated the balance reserves of the portion of the Kolli Hills mine which MALCO is permitted to mine to be 0.11 million tonnes as of 31 March 2013. If mining recommences at this mine, its life is estimated by MALCO to be approximately seven months.

Principal raw materials

The principal inputs for Vedanta's aluminium operations are bauxite, alumina, power, water, carbon, caustic soda and certain other raw materials. In the past, Vedanta has been able to secure an adequate supply of the principal inputs for its aluminium business.

Bauxite. Bauxite is the primary raw material used in the production of alumina. BALCO supplies bauxite to the Lanjigarh refinery, which is currently closed, on per job basis, providing 56.0% of the Lanjigarh refinery's requirements prior to suspension of alumina production on 5 December 2012 and receives alumina produced from the supplied bauxite. Vedanta's Lanjigarh refinery also purchases bauxite from various other sources in India.

Alumina. Alumina is the primary raw material used in the production of aluminium. BALCO currently sources all of its alumina from third-party suppliers in international markets. Vedanta Aluminium also sources its alumina requirement from third-party suppliers in international markets. The alumina sourced externally is metallurgical grade calcined alumina with a minimum guaranteed alumina content of 98.3% on a dry basis. In fiscal 2011, 2012 and 2013 Vedanta purchased approximately 521,383 tonnes, 504,570 tonnes and 960,390 tonnes of alumina from international markets at an average price of $382, $393 and $353 per tonne, respectively, on a cost, insurance and freight basis at the port of Vizag in India.

Power. Smelting primary aluminium requires a substantial, continuous supply of electricity. A reliable and inexpensive supply of electricity, therefore, significantly affects the viability and profitability of aluminium smelting operations. As a result, power is a key input at BALCO's Korba facility and Vedanta Aluminium's Jharsuguda facility, where it is provided primarily by the older 270 MW captive power plant together with a new coal-based 540 MW captive power plant, and nine coal-based captive power plants of 135 MW each, respectively. Additionally the first two 300 MW units of the BALCO 1,200 MW captive power plant is awaiting final stage regulatory approvals. BALCO's captive power plant had historically been dependent upon coal allocations from Coal India. If such allocations are not available, BALCO imports coal from third parties. In November 2007, BALCO received a coal block allocation of 211 million tonnes for use in its captive power plants. These allocated coal blocks are currently in the post-exploration but pre-development stage. BALCO expects mine development activities to commence in the second quarter of 2014. Power for BALCO's mines is also provided by on-site diesel generators.

Water. Water is also an important input for BALCO's and Vedanta Aluminium's captive power plants. BALCO sources its water requirements at Korba from a nearby canal, with the water being transported by pipelines. Vedanta Aluminium sources its water requirements for its operations at Jharsuguda from the Hirakud reservoir which is approximately 35 km from the plant through a pipeline and its water requirements for its operations at Lanjigarh from the Tel river located at Kesinga which is approximately 67 km from the plant through a dedicated pipeline.

Carbon. Carbon is an important raw material to the aluminium smelting process. Carbon is used in the process of electrolysis, in the form of cathodes and anodes, with the latter being the biggest component of BALCO's and Vedanta Aluminium's carbon costs. Anodes are made up of carbonaceous material of high purity. For pre-baked anodes, green carbon paste made of calcined petroleum coke and coal tar pitch is compacted or pressed into the required form. These anodes are baked before their use in electrolytic cells or pots.

BALCO and Vedanta Aluminium have in-house facilities to manufacture carbon anodes to meet their entire carbon anode requirements. Calcined petroleum coke, coal tar pitch and fuel oil, which are the key ingredients for the manufacture of carbon anodes, are sourced primarily from the Indian market. There is an adequate supply of these raw materials in India, though their prices are generally determined by movements in global prices. At times, based on commercial comparison, orders for imports are also placed.

Caustic soda. Caustic soda is a key raw material used to dissolve the bauxite in the alumina refining process. The caustic soda requirement varies significantly depending on the silica content of the bauxite and the technology employed.

Other raw materials. BALCO and Vedanta Aluminium use other raw materials such as fluorides and other chemicals. For these raw materials, there are several sources of supplies in the domestic/international markets and Vedanta does not currently foresee any difficulty in securing supplies when needed.

Distribution, logistics and transport

Bauxite mined from the Mainpat and Bodai-Daldali mines is transported by road to BALCO's Korba facility. Alumina purchased from third-party suppliers is obtained from a combination of domestic sources and imports, and is transported to the Korba facility by rail and the Jharsuguda facility by road from domestic third-party suppliers or ports. BALCO's and Vedanta Aluminium's aluminium products are transported from the Korba facility and the Jharsuguda facility to domestic customers through a combination of road and rail, and shipped for export.

Sales and marketing

Vedanta's aluminium businesses' ten largest customers accounted for 38.0%, 30.0% and 36% of its revenue from the aluminium business in fiscal 2011, 2012 and 2013 respectively. No customer accounted for greater than 10.0% of Vedanta's aluminium business revenue in the last three fiscal years.

Vedanta's aluminium sales and marketing head office is located in Mumbai, and it has field sales and marketing offices in most major metropolitan centres in India. Currently, Vedanta sells its aluminium products in both the Indian and international markets. However, with the commissioning of BALCO's new 325,000 tpa aluminium smelter and Vedanta Aluminium's 1.25 mtpa smelter at Jharsuguda, a significant part of the additional production may be sold in the export market. Vedanta's key customers in the aluminium segment include conductor manufacturers, state road transport corporations, railways, defence contractors and electrical equipment and machinery manufacturers.

Domestic sales are normally conducted on the basis of a fixed price that BALCO and Vedanta Aluminium determine from time to time based on the LME spot prices plus regional premiums, as well as domestic supply and demand conditions. The price for the aluminium which BALCO and Vedanta Aluminium sell in India is normally higher than the price it charges in the export markets due to the Indian tariff structure, smaller order sizes that domestic customers place and the packaging, storing and truck loading expenses incurred when supplying domestic customers.

Vedanta Aluminium's export sales of aluminium are currently through short-term contracts as well as on a spot basis at a price based on the LME price plus a premium.

Projects and developments

Lanjigarh alumina refinery. Vedanta Aluminium had planned to invest an estimated $1,720.0 million to expand its alumina refining capacity at Lanjigarh to 5 mtpa, subject to government approvals, by increasing the capacity of the current alumina refinery from 1 mtpa to 2 mtpa through de-bottlenecking and by constructing a 3 mtpa alumina refinery and an associated 210 MW captive power plant. Vedanta Aluminium started with a 1 mtpa capacity, expandable to 1.4 mtpa of installed capacity subject to government approvals, an alumina refinery at Lanjigarh in the State of Orissa in eastern India, with an associated 75 MW captive power plant, expandable to 90 MW. The second stream of the 1.4 mtpa of installed capacity alumina refinery at Lanjigarh was commissioned in March 2010.

However, the expansion of the alumina refinery at Lanjigarh and related mining operations in Niyamgiri Hills have been on hold since 20 October 2010, the date of the MoEF's direction dated to Vedanta Aluminium to cease further construction. On 18 April 2013, the Supreme Court of India directed the State Government of Odisha to place unresolved issues and claims of the local communities that had served as the basis for MoEF's order before the Gram Sabha, a decision-making body of the affected local communities. The proceedings before the Gram Sabha are expected to conclude in the second quarter of fiscal 2014, after which MOEF will make a final decision on the expansion and mining projects that have been put on hold.

Unrelated to these proceedings, production of alumina at the refinery at Lanjigarh has been temporarily suspended since 5 December 2012, due to inadequate availability of bauxite. Vedanta is currently in discussions with government authorities to access bauxite and expects production at the refinery to resume once an adequate supple of bauxite has been secured. A ministerial level committee looking into the issue of bauxite supply is expected to submit its report shortly. Production at the alumina refinery does not affect production at the smelters.

See "Risk Factors — Litigation — Petitions have been filed in the Supreme Court of India and the High Court of Orissa to seek the cessation of construction of Vedanta Aluminium's refinery in Lanjigarh, which is currently closed, and related mining operations in Niyamgiri Hills, which are currently suspended".

As of 31 March 2013, Vedanta Aluminium had spent $886.0 million on the Lanjigarh expansion project.

Jharsuguda aluminium smelter. Vedanta Aluminium is also investing an estimated $2,920.0 million to set up additional 1,250,000 tpa aluminium smelter. As of 31 March 2013, Vedanta Aluminium had spent $2,479 million on this project.

Korba aluminium smelter. BALCO is constructing a new 325,000 tpa aluminium smelter and an associated 1,200 MW captive power plant at a cost of $1,872.0 million. As of 31 March 2013, at the new aluminium smelter, mechanical and electrical completion and precommissioning of the rectifier, potline and related utilities for the first phase of 84 pots out of the total 336 pots have been completed. Further work is in progress, and BALCO plans to tap first metal in the second quarter of fiscal 2014. The smelter plans to initially draw power from the existing 810 MW power plants at BALCO. Additionally, BALCO is currently constructing a 1,200 MW captive power plant which is awaiting final stage regulatory approvals for its first two 300 MW units.

As of 31 March 2013, BALCO had spent $1,596 million on the new Korba smelter and the associated captive power plant.

BALCO coal block. Having obtained the Stage-II Forest Clearance for the 211 mt coal block at BALCO, the process for diversion of forest land has been initiated by the State Government. BALCO is in the process of signing a mining lease agreement and expects to commence mining by the end of the second quarter or fiscal 2014.

Market share and competition

According to AAI, BALCO and Vedanta Aluminium are two of the four primary producers of aluminium in India and together had a 48.0% market share by sales volume in India in fiscal 2013 while its main competitors are Hindalco and National Aluminium Company Limited with a 33.0% and 19.0% market share by sales volume in India in fiscal 2013, respectively.

Aluminium ingots, wire rods and rolled products are commodity products and BALCO and Vedanta Aluminium compete primarily on the basis of price and service, with price being the most important consideration when supplies are abundant. Aluminium competes with other materials, particularly plastic, steel, iron, glass, and paper, among others, for various applications. In the past, customers have demonstrated a willingness to substitute other materials for aluminium.

Seasonality

Vedanta's aluminium business is not subject to seasonality.

Commercial Power Generation Business

Introduction

Vedanta has been building and managing captive power plants in India since 1997. As of 31 March 2013, Vedanta's total power generating capacity was 5,510 MW, of which approximately 5,154 MW was from coal-based thermal captive power plants.

In addition to these captive power plants, Vedanta also owns and operates several commercial power plants, namely Sterlite Energy's 2,400 MW coal-based thermal power plant in Jharsuguda, MALCO's 100 MW coal-based thermal power plant in Mettur Dam, and HZL's wind power plants in Gujarat, Karnataka and Rajasthan aggregating 2,774 MW. TSPL, a wholly owned subsidiary of Sterlite Energy, is currently constructing a 1,980 MW coal-based thermal power plant at Talwandi Sabo, the first unit of which is expected to be synchronised in the second quarter of fiscal 2014.

Pursuant to the Reorganisation Transactions, which are still pending certain approvals, MALCO will be merged into Sesa Sterlite and MALCO's power generation business will be divested to Vedanta Aluminium.

Sales of units of power increased from 6,554 million units in fiscal 2012 to 8,888 million units of power in fiscal 2013. The increase in sales drove revenue from Vedanta's commercial power generation business from $420.9 million in fiscal 2012 to $548.7 million in fiscal 2013.

The following table sets out information relating to Vedanta's existing power plants:

Year Commissioned	Capacity (MW)	Location	Type	Fuel Used
1988(1)	270	Korba	CPP	Thermal coal
1997	24	Tuticorin	CPP	Liquid fuel
1999	75	Mettur	CPP	Thermal coal
2003	29	Debari	CPP	Liquid fuel
2003	6	Zawar	CPP	Liquid fuel
2005	23	Tuticorin	CPP	Liquid fuel
2005	154	Chanderiya	CPP	Thermal coal
2006	540	Korba	CPP	Thermal coal
2007	75(2)	Lanjigarh	CPP	Thermal coal
2007	107	Gujarat and Karnataka	WPP	Wind
2008	80	Chanderiya	CPP	Thermal coal
2009	80	Zawar	CPP	Thermal coal
2009	16	Gujarat and Karnataka	WPP	Wind
2009	25	Mettur	CPP	Thermal coal
2010	1,215	Jharsuguda	CPP	Thermal coal
2010	160	Dariba	CPP	Thermal coal
2010	1,200	Jharsuguda	IPP	Thermal coal
2011	48	Rajasthan and Karnataka	WPP	Wind
2012	103	Rajasthan, Maharashtra Tamil Nadu and Karnataka	WPP	Wind
2012	600	Jharsuguda	IPP	Thermal coal
2012(3)	80	Tuticorin	CPP	Thermal coal
2013	600	Jharsuguda	IPP	Thermal coal
Total	5,510			

(1) Commissioned by BALCO prior to Vedanta's acquisition of BALCO in 2001.

(2) Expandable up to 90 MW, subject to the GoI's approvals.

(3) On 1 October 2012, the first 80 MW unit of this power plant was commissioned and, along with the second 80 MW unit, is expected to be synchronised in the first quarter of fiscal 2014.

Commercial power plants

Sterlite Energy. Sterlite Energy has one commercial power plant, namely a 2,400 MW coal-based thermal power facility (comprising four units of 600 MW each) in Jharsuguda in the State of Orissa built with an investment of approximately Rs. 87,300.0 million ($1,900 million). The first unit was lighted on 30 June 2010 and commercial operation commenced in November 2010. The second unit was operational on 30 March 2011 and the third unit was operational in July 2011. The fourth unit was commissioned on 31 March 2013.

The facility requires approximately 15 mtpa of coal. Sterlite Energy applied to the Ministry of Coal of the GoI for allocation of coal blocks for its captive use. In January 2008, the Ministry of Coal allocated to six companies, including Sterlite Energy, coal blocks in the Rampia Dipside in the State of Orissa for the captive mining of coal and Sterlite Energy has been allocated a proportionate share of 112.2 million tonnes. These six companies have entered into an agreement to jointly promote a new company called Rampia Coal Mine and Energy Private Limited which is expected to develop the coal mines over a period of three to five years for the purposes of mining these allocated coal blocks. Sterlite Energy has not yet received a prospecting licence for Rampia. At the time of the allocation, the Ministry of Coal estimated that the coal block contains reserves of 645.3 million tonnes of coal. In addition, Sterlite Energy received a letter of assurance in June 2008 from Mahanadi Coalfields Limited that it would supply 2.6 million tonnes of coal per annum in order to meet the coal requirements of the first unit of 600 MW. In July 2010, a further letter of assurance was issued to Sterlite Energy for the supply of coal through a coal linkage of 6.94 mtpa for the Jharsuguda project from Mahanadi Coalfields Limited to meet the coal requirements of the three remaining units.

The facility is also designed to include a water reservoir, railway marshalling yard, coal stockpile, ash pond and other required facilities.

The power generated from the 2,400 MW power plant is sold to entities including state electricity boards, state-owned utility companies, power trading companies, private entities and to Vedanta Aluminium's 1,250,000 tpa smelter at Jharsuguda.

In September 2006, Sterlite Energy entered into a PPA with Grid Corporation of Orissa Limited, a nominee of the State Government of Orissa ("GRIDCO"), which was amended in August 2009, in which GRIDCO was granted the right to purchase up to 25.0% of the installed capacity of the power plant after adjustments for auxiliary consumption by Sterlite Energy, i.e. approximately up to 561 MW from this project. Further, GRIDCO would at all times have the right on behalf of the State Government of Orissa to receive from the Jharsuguda power project, 7.0% of the power generated (after adjustments for auxiliary consumption by Sterlite Energy), i.e. approximately 157 MW of power at variable cost, as determined by the Orissa Electricity Regulatory Commission ("OERC"). Further, Sterlite Energy is required to make available to GRIDCO the entire power generated from the first unit of the Jharsuguda power project after meeting its own requirement. GRIDCO will have the right to purchase an aggregate 718 MW of power from Sterlite Energy once every five years, for a period of 25 years from the date of commercial operation of the last unit. This right is an option to purchase rather than a binding commitment of GRIDCO. The PPA is subject to the approval of the OERC. Power from the power plant to be purchased by GRIDCO will be evacuated by GRIDCO from the bus bar of the project. For the evacuation of the remaining power, Sterlite Energy has constructed a 400 KV transmission line to connect to the transmission line being developed by Power Grid Corporation India Limited ("PGCIL") near Jharsuguda. Sterlite Energy entered into an agreement with PGCIL in July 2010 to build the dedicated transmission system required for evacuating power from the power plant to the pooling units of PGCIL and to dispatch power to beneficiaries.

MALCO. MALCO has a 100 MW coal-based thermal power plant at the site of its former aluminium operations in Mettur Dam. The first unit, of 75 MW, was commissioned in 1999, and the second unit, of 25 MW, was commissioned in 2009. Prior to November 2008, MALCO also produced aluminium.

HZL. HZL currently has wind power plants with a combined capacity of 274 MW, as of 31 March 2013.

The electricity from these wind power plants is sold to state electricity boards in India. This project was funded through internal resources and benefits from certain various tax incentives available under the Income Tax Act.

Surplus Power from Captive Power Plants

Vedanta also sells any excess power generated from its captive power plants to third parties pursuant to commercial arrangements. For example, Vedanta Aluminium entered into a letter of intent dated 16 November 2011 revised on 14 September 2012, with GRIDCO for the sale of excess power from its captive power plant at Jharsuguda. Vedanta also has an arrangement for the sale of excess power from its captive power plant at Tuticorin.

Projects

Talwandi Sabo. The first unit of Sterlite Energy's 1,980 MW coal-based thermal power plant at Talwandi Sabo is expected to be synchronised in the second quarter of fiscal 2014.

In July 2008, Sterlite Energy was awarded a project for the construction of a 1,980 MW coal-based thermal power plant at Talwandi Sabo in the State of Punjab in India at an estimated cost of $2,087.0 million. Sterlite Energy also completed the acquisition of TSPL for a purchase price of Rs. 3,866.4 million on 1 September 2008.

In October 2010, TSPL signed a MoU with Punjab State Power Corporation Limited to construct an additional unit of 660 MW in line with the State of Punjab's 2010 power generation policy, but this expired in Oct 2012 and has not been renewed. TSPL does not plan to construct this additional unit in the future.

In May 2008, Sterlite Energy entered into an on-shore and offshore engineering, procurement and construction contract with Shandong Electric Power Construction Corporation ("SEPCO"), for Sterlite Energy's Talwandi Sabo thermal power project for Rs. 69,500.0 million ($1,544 million), which was revised upward by $74 million as of 15 November 2012 to reflect a changed scope of work.

SEPCO's obligations under the contract include testing and delivery of plant and equipment, system design and engineering of plant and equipment as per technical specifications, supervision of civil, structure and manufacturing work, custom clearance, port clearance, inland transportation of offshore as well as onshore plant and equipment, unloading, storage and preservation for all equipment and material required, ash disposal among others within the period specified in the contracts. The fixed contract price is payable in multiple instalments according to a fixed payment schedule. SEPCO has provided performance guarantees with respect to various parameters, for instance, net unit heat rate of 2,222.80 kwph/kcal and net unit electric output of 611.82 MW. If there is a delay in completion or failure to meet performance guarantees, liquidated damages may be imposed on SEPCO in accordance with the terms of the contract.

Seasonality

Vedanta's commercial power business is not subject to seasonality.

Other Activities

Vedanta's other activities include:

Infrastructure

Vedanta actively considers on an ongoing basis investment opportunities in port and infrastructure. Any future transactions will be publicly announced by Vedanta at the appropriate time in accordance with applicable law and stock exchange rules and regulations.

Vizag port

Vedanta has a 74.0% interest in Vizag General Cargo Berth Pvt Limited ("VGCB"), a joint venture between Sterlite and Leighton which won the bid to mechanise the coal handling facilities and upgrade the general cargo berth for handling coal at the outer harbour of Vishakhapatnam port, on the east coast of India.

The initial capacity of the upgraded berth will be 10.2 mtpa, with flexibility to be upgraded to 12.5 mtpa. VGCB has entered into an agreement on 8 October 2010 with the port authority, Vishakhapatnam Port Trust, to mechanise the coal handling facilities and upgrade the general cargo berth on a build-operate-transfer basis for 30 years commencing on the date of award of concession. Vishakhapatnam Port Trust will receive a share of the revenue earned from the berth. VGCB has received formal communication from Independent engineer with regard to project completion certificate as per the concession agreement with Visakhapatnam Port Trust.

In January 2013, operations commenced, and construction was completed on 8 April 2013. The estimated project cost was Rs. 6,640.0 million ($132.8 million).

Intellectual Property

Vedanta, through SGL, owns one patent in India and another in Europe that relates to a system for producing metallurgical coke. SGL also has a patent in the USA relating to the reduction of sulphur-based gases during the production of iron ore. Vedanta, through Sterlite, owns an additional patent in India that relates to a system for enhancing the quality of cathodes. Vedanta also has a number of patents in the process of being granted in India related to mining, refining and smelting processes. Vedanta owns a number of trademarks that are used to identify its businesses and products. Vedanta has also acquired certain intellectual property rights under licences from third parties for use in its businesses.

Cairn India has entered into various agreements with the Cairn Energy Group in connection with the Cairn trademark and corporate logo.

Mark	Territory and Registered Number	Classes	Expiration
Cairn	European Community (8232861)	16,35,37,39,40,41 and 42	Registered (due for renewal on 21 April 2019)
Cairn Energy	Benelux (656253)	16,35,37,39,40,41 and 42	Registered (due for renewal on 8 April 2019)
Cairn	Benelux (656260)	16,35,37,39,40,41 and 42	Registered (due for renewal on 8 April 2019)
Cairn Logo	Benelux (0936553)	16,35,37,39,40,41 and 42	Registered (due for renewal on 16 April 2019)
Cairn Energy	European Community (8232886)	16,35,37,39,40,41 and 42	Registered (due for renewal on 21 April 2019)
Cairn Logo	European Community (8232101)	16,35,37,39,40,41 and 42	Registered (due for renewal on 21 April 2019)
Cairn Energy	UK (2183151)	16,35,37,39,40,41 and 42	Registered (due for renewal on 28 November 2018)
Cairn	UK (2183153)	16,35,37,39,40,41 and 42	Registered (due for renewal on 28 November 2018)
Cairn Logo	UK (2183158)	16,35,37,39,40,41 and 42	Registered (due for renewal on 28 November 2018)
Cairn Resources	UK (2276265)	16,35,37,39,40,41 and 42	Registered (due for renewal on 26 July 2021)
Cairn Resources	Benelux (705023)	16,35,37,39,40,41 and 42	Registered (due for renewal on 07 August 2021)
Cairn	India (1505110)	16,35,37,39,40,41 and 42	Registered (due for renewal on 17 November 2016)
Cairn Logo (in series)	India (1586828)	16,37,39,40,41 and 42	Registered (due for renewal on 02 August 2017)
Cairn Oil & Gas	European Community (011070372)	16,35,37,39,40,41 and 42	Registered (due for renewal on 24 December 2022)
Cairn Petroleum	European Community (011070398)	16,35,37,39,40,41 and 42	Registered (due for renewal on 24 December 2022)

Vedanta's patents, licences and trademarks constitute valuable assets. However, Vedanta does not depend on any single patent, licence or trademark in a material manner in the conduct of its sales and operations viewed as a whole.

Options to Increase Interests in HZL and BALCO

BALCO Call Option

On 2 March 2001, Sterlite acquired a 51.0% interest in BALCO from the GoI for a cash consideration of Rs. 5,533.0 million ($115.2 million at the time of acquisition). On the same day, Sterlite entered into a shareholders' agreement with the GoI and BALCO to regulate, among other things, the management of BALCO and dealings in BALCO's shares. The shareholders' agreement provides that as long as Sterlite holds at least 51.0% of the share capital of BALCO, it is entitled to appoint one more director to the board of BALCO than the GoI and is also entitled to appoint the managing director. There are various other matters reserved for approval by both the GoI and Sterlite under the shareholders' agreement, including amendments to BALCO's articles of association, the commencement of a new business, non-pre-emptive issues of shares or convertible debentures and the provision of loans or guarantees or security to other companies under the same management as BALCO.

Under the shareholders' agreement, if either the GoI or Sterlite wishes to sell its shares in BALCO to a third party, the selling party must first offer the shares to the other party at the same price at which it is proposing to sell the shares to the third party. The other party shall then have the right to purchase all, but not less than all, of the shares so offered. If a shareholder does not exercise its right of first refusal, it shall have a tag along right to participate in the sale pro rata and on the same terms as the selling party, except that if the sale is by the GoI by way of a public offer, the tag along right will not apply. However, a transfer of shares representing not more than

5.0% of the equity share capital of BALCO by the GoI to the employees of BALCO is not subject to such right of first refusal by Sterlite.

The GoI also granted to Sterlite an option to acquire the remaining shares in BALCO held by the GoI at the time of exercise. The exercise price is the higher of:

- the fair value of the shares on the exercise date, as determined by an independent valuer; and
- the original sale price (Rs. 49.0 per share) ($1.1 per share) together with interest at a rate of 14.0% per annum compounded half yearly from 2 March 2001 to the exercise date, less all dividends received by the GoI since 2 March 2001 to the exercise date.

On 19 March 2004, Sterlite exercised its option to acquire the remaining 49.0% of BALCO's issued share capital held by the GoI at that time. Thereafter, the GoI sought several extensions to complete the sale of the shares as well as its interest during these additional time periods. On 7 June 2006, the GoI contended that the clauses of the shareholders' agreement relating to Sterlite's option violated the provisions of section 111A of the Indian Companies Act, 1956 by restricting the right of the GoI to transfer its shares and that as a result the shareholders' agreement was null and void. The GoI has also expressed an intention to exercise its right to sell 5.0% of BALCO to BALCO employees.

Sterlite has filed a petition before the High Court of Delhi seeking that the High Court direct the GoI to deposit with it at least 44.0% of the equity shares in BALCO and that the High Court further grant an injunction to restrain the GoI from selling, transferring, pledging or mortgaging or in any other way disposing of or encumbering its shareholding in BALCO in favour of any third party. The GoI retains the right to sell its shares representing 5.0% of BALCO to BALCO employees.

Subsequently, the GoI notified Sterlite that it would require Sterlite to amicably negotiate or, if that fails, commence informal mediation as provided for under the terms of the shareholders' agreement. The High Court of Delhi on 7 August 2006 directed that negotiations between the parties take place expeditiously. As negotiations for an amicable resolution were unsuccessful, on 17 May 2007, Sterlite filed a petition requesting that the court appoint an arbitrator as provided for under the terms of the shareholders' agreement.

At a hearing on 10 July 2007, the High Court directed the parties to conduct mediation proceedings failing which arbitration would proceed. The mediation process failed to resolve the dispute and the High Court directed the arbitrators appointed by the parties to constitute the arbitration tribunal. Consequently all applications before the High Court were discontinued. Arbitration proceedings commenced on 16 February 2009 and concluded on 29 August 2010. On 25 January 2011, the arbitration tribunal rejected the claims of Sterlite on the ground that the clauses relating to the call option, the right of first refusal, the "tag-along" rights and the restriction on the transfer of shares violate section 11A(2) of the Indian Companies Act, 1956. On 23 April 2011, Sterlite filed an application under section 34 of the Arbitration and Conciliation Act, 1996 in the High Court of Delhi to set aside the award dated 25 January 2011 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 dated 25 January 2011 in respect of certain matters involving valuation. The High Court of Delhi passed an order dated 10 August 2011 directing our application and the application by the Government of India to be heard together as they arise from a common arbitral award. The matter is currently pending before the High Court of Delhi.

On 9 January 2012, Vedanta offered to acquire the GoI's interests in BALCO for $338.0 million. Vedanta has, by way of letters dated 10 April 2012 and 6 July 2012, sought to engage with the GoI on the same terms as the offer. This offer was separate from the contested exercise of the call options, and Vedanta proposed to withdraw the ongoing litigation in relation to the contested exercise of the options should the offer be accepted. On 28 August 2012, Vedanta's shareholders approved the terms of the offer and authorised Vedanta to negotiate the acquisition of the entirety of the GoI's interest in BALCO for an aggregate consideration not exceeding $550.0 million. To date, the offer has not been accepted by the GoI and therefore there is no certainty that the acquisition will proceed.

HZL Call Options

On 11 April 2002, Sterlite acquired a 26.0% interest in HZL from the GoI through its subsidiary, SOVL (which has been merged into Sterlite with effect from 1 April 2012). At the time of the acquisition, Sterlite owned 80.0% of Sterlite and STL owned the remaining 20.0%. In February 2003, STL transferred its 20.0% interest in Sterlite to Sterlite and Sterlite became Sterlite's wholly-owned subsidiary. Sterlite subsequently acquired a further 20.0% interest in HZL through an open market offer. The total cash consideration paid by Sterlite for the acquisition of the 46.0% interest in HZL was Rs. 7,776.0 million ($161.9 million at the time of acquisition).

Upon Sterlite's acquisition of the 26.0% interest in HZL, the GoI and Sterlite entered into a shareholders' agreement to regulate, among other things, the management of HZL and dealings in HZL's shares.

Under the shareholders' agreement, the GoI granted Sterlite two call options to acquire all the shares in HZL held by the GoI at the time of exercise. Sterlite exercised the first call option on 29 August 2003 and acquired an additional 18.9% of HZL's issued share capital at a cost of Rs. 3,239.0 million ($72.5 million) on 12 November 2003, taking Sterlite's interest in HZL to 64.9%.

The shareholders' agreement provides that prior to selling shares in HZL to a third party, either party must first issue a sale notice offering those shares to the other party at the price it intends to sell them to the third party. However, a transfer of shares, representing not more than 5.0% of the equity share capital of HZL, by the GoI to the employees of HZL is not subject to such right of first refusal by Sterlite. The GoI has transferred shares representing 1.5% of HZL's share capital to the employees of HZL. The shareholders' agreement also provides that if the GoI proposes to make a sale of its shares in HZL by a public offer prior to the exercise of Sterlite's second call option, then Sterlite shall have no right of first refusal.

The second call option provides Sterlite a right to acquire the GoI's remaining 29.5% shareholding in HZL, subject to the right of the GoI to transfer up to 3.5% of the issued share capital of HZL to employees of HZL, in which case the number of shares that Sterlite may purchase under the second call option will be reduced accordingly. This call option became exercisable on 11 April 2007 and remains exercisable for as long as the GoI has not sold its remaining interest pursuant to a public offer of its shares. Under the shareholders' agreement, upon the issuance of a notice of exercise of the second call option by Sterlite to the GoI, Sterlite shall be under an obligation to complete the purchase of the shares, if any, then held by the GoI, within a period of 60 days from the date of such notice. The exercise price for the second call option will be equal to the fair market value of the shares as determined by an independent appraiser. In determining the fair market value of the shares, the independent appraiser may take into consideration a number of factors including, but not limited to, discounted cash flows, valuation multiples of comparable transactions, trading multiples of comparable companies, SEBI guidelines and principles of valuation, the minority status of the shares, the contractual rights of the shares and the current market price of the shares. Based solely on the market price of HZL's shares on the NSE on 31 March 2011 of Rs. 137.6 ($3.1) per share, and not including the other factors that the independent appraiser may consider, one possible estimation of the exercise price to acquire all of the GoI's 1,247,950,590 shares in HZL would be Rs. 171,656.0 million ($3.8 billion).

By a letter dated 21 July 2009, Sterlite exercised the second call option. The GoI disputes the validity of the call option and has refused to act upon it. Consequently, Sterlite invoked arbitration and filed a statement of claim. The arbitral proceedings are under progress and will be next heard on 6 July 2013.

On 9 January 2012, Vedanta offered to acquire the GoI's interests in HZL for $2,938.0 million. Vedanta has, by way of letters dated 10 April 2012 and 6 July 2012, sought to engage with the GoI on the same terms as the offer. This offer was separate from the contested exercise of the call options, and Vedanta proposed to withdraw the ongoing litigation in relation to the contested exercise of the options should the offer be accepted. On 28 August 2012, Vedanta's shareholders approved the terms of the offer and authorised Vedanta to negotiate the acquisition of the entirety of the GoI's interest in HZL for an aggregate consideration not more than 15.0% higher. To date, the offer has not been accepted by the GoI and therefore there is no certainty that the acquisition will proceed.

Litigation

Save as disclosed below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Vedanta is aware), which Vedanta believes could reasonably be expected to have a material adverse effect on Vedanta's results of operation or financial position.

Sterlite has commenced proceedings against the GoI, which has disputed Sterlite's exercise of the call option to purchase its remaining 29.5% ownership interest in HZL.

Under the terms of the shareholders' agreement between the GoI and SOVL (which has been merged into Sterlite with effect from 1 April 2012), Sterlite was granted two call options to acquire all the shares in HZL held by the GoI at the time of exercise. Sterlite exercised the first call option on 29 August 2003. Mediation is on-going in relation to a dispute between the GoI and Sterlite, with respect to Sterlite's exercise of its second call option to acquire the remaining shares in HZL held by the GoI, pursuant to the shareholders' agreement between the parties. The GoI has refused to act upon the second call option, stating that Sterlite's second call option violates the provisions of the Indian Companies Act, 1956, by restricting the right of the GoI to transfer its shares.

Sterlite has commenced proceedings against the GoI which has disputed Sterlite's exercise of the call option to purchase its remaining 49.0% ownership interest in BALCO.

Arbitration proceedings have been concluded in relation to a dispute between the GoI and Sterlite, with respect to Sterlite's exercise of its second call option to acquire the remaining shares in BALCO held by the GoI, pursuant to the shareholders' agreement between the parties. In January 2011, the arbitration tribunal rejected Sterlite's claims 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 provisions of the Indian Companies Act, 1956. In April 2011, Sterlite filed an application under section 34 of the Arbitration and Conciliation Act, 1996 in the High Court of Delhi to set aside the award dated 25 January 2011 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 dated 25 January 2011 in respect of certain matters involving valuation. The High Court of Delhi passed an order dated 10 August 2011 directing our application and the application by the Government of India to be heard together as they arise from a common arbitral award. The matter is currently pending before the High Court of Delhi.

On 9 January 2012, Vedanta offered to acquire the GoI's interests in BALCO for $338.0 million. Vedanta has, by letters dated 10 April 2012 and 6 July 2012, sought to engage with the GoI on the same terms as the offer. This offer was separate from the contested exercise of the call options, and Vedanta proposed to withdraw the litigation in relation to the contested exercise of the options should the offer be accepted. On 28 August 2012, Vedanta's shareholders approved the terms of the offer and authorised Vedanta to negotiate the acquisition of the entirety of the GoI's interest in BALCO for an aggregate consideration not exceeding $550.0 million. To date, the offer has not been accepted by the GoI and therefore there is no assurance that the acquisition will proceed.

Appeal proceedings in the High Court of Bombay brought by SEBI to overrule a decision by the SAT that Sterlite has not violated regulations prohibiting fraudulent and unfair trading practices.

In April 2001, SEBI ordered prosecution proceedings to be brought against Sterlite, alleging that it violated regulations prohibiting fraudulent and unfair trading practices, and also passed an order prohibiting Sterlite from accessing the capital markets for a period of two years. SEBI's order was overruled by the SAT in 22 October 2001 on the basis of a lack of sufficient material evidence to establish that Sterlite had, directly or indirectly, engaged in market manipulation and that SEBI had exercised its jurisdiction incorrectly in prohibiting Sterlite from accessing the capital markets. In November 2001, SEBI appealed to the High Court of Bombay. No further action or procedures have taken place since 2001.

SEBI's order was based on its finding that Sterlite had manipulated the price of its shares in connection with its proposed acquisition of shares in Indian Aluminium Company Limited ("INDAL") and its proposed open offer to the shareholders of INDAL in 1998. SEBI also alleged that MALCO provided funds to an entity Vedanta allegedly controlled to enable its associate to purchase Sterlite's shares, as part of a connected price manipulation exercise.

In addition to the civil proceedings, SEBI also initiated criminal proceedings in 2001 before the Court of the Metropolitan Magistrate, Mumbai, against Sterlite, Vedanta's Executive Chairman, Mr. Anil Agarwal, Sterlite's Director of Finance, Mr. Tarun Jain, and the chief financial officer of MALCO at the time of the alleged price manipulation. When SEBI's order was overturned in October 2001, Sterlite filed a petition before the High Court of Bombay to defend those criminal proceedings on the grounds that the SAT had overruled SEBI's order on price manipulation. An order has been passed by the High Court of Bombay in Sterlite's favour, granting an interim stay of the criminal proceedings.

Investigation by the SFIO.

The Ministry of Corporate Affairs of the GoI (the "MCA") passed an order in October 2009 for the investigation by the SFIO into the affairs of SGL and its then subsidiary, SIL (which has since been amalgamated with SGL), in respect of alleged mismanagement, malpractices, financial and other irregularities, including the alleged siphoning and diversion of funds, which allegedly occurred primarily in the period prior to acquisition by

Vedanta and for a report to be submitted to the central government. Vedanta understands from the order that this investigation was initiated pursuant to a report of the Registrar of Companies in Goa, India in October 2009. The investigation originates from the allegations made in the complaint filed by Ms. Krishna Bajaj against SGL and its directors.

The SFIO investigation pursuant to section 235 of the Indian Companies Act, 1956 ("the Act") was carried out and the investigation report dated 29 April 2011 were submitted to the Central Government. On the basis of the report submitted by the inspectors, the MCA by letters dated 12 October 2011 authorised the SFIO to file complaints in respect of offences committed by the two companies and their directors. Consequently, a complaint dated 12 March 2012 under section 621 of the Act for violation of section 147 of the Act pertaining to non-publication of name and address of the registered office of SGL at the branch office premises was filed by the Assistant Director of SFIO against SGL, its directors, company secretary and ex-directors. Further, a complaint against SGL its ex-directors and the company secretary was filed under section 621 of the Act for violation of section 68 of the Act for fraudulently inducing people to invest money by making false promises that shares of SIL would be listed on stock exchange(s) within 12-18 months from the date of offer. Similarly, a complaint for violation of sections 211 (3A) and 211 (3B) of the Act was filed against SGL and its directors alleging non-disclosure of segment information with respect to three geographical segments collectively producing more than 10% each of the total saleable iron ore which SGL was required to disclose as per AS 17. All the above three matters are pending before the court of Judicial Magistrate First Class at Panjim. Further, the MCA by its letter dated 29 March 2012 directed the SFIO to send supplementary report on the working of new management of SGL on certain issues, which was submitted by the SFIO subsequently on 7 May 2012. By this report, the SFIO absolved SGL of allegations of payment of excess agency commission, over-invoicing in import and under-invoicing of export and in relation to all disbursements in relation to the loan of Rs. 100 million made by SGL to Vedanta Aluminium. Further, the MCA by its letter dated 10 May 2013 directed the SFIO not to file prosecutions for the violations under the Indian Penal Code, 1860 against SGL. The matter is pending before the MCA.

Criminal proceedings against SGL and its directors.

Ms. Krishna Bajaj filed a complaint against the then directors of SIL (which has since been amalgamated with SGL) before the Magistrate at Mumbai in 2000, in relation to shares issued on a preferential basis by SIL in 1993 to SGL's shareholders of SGL, alleging that the shares of SIL were not listed within 12 to 18 months of the offer as stated in the offering document. The four directors appeared before the court on 16 June 2009 and pleaded not guilty to the charges. The four directors have filed a criminal application in the High Court of Bombay challenging the Magistrate's order of framing charges before the High Court of Bombay. The High Court of Bombay admitted the criminal application and stayed the proceedings pending before Magistrate at Mumbai.

Ms. Krishna Bajaj also filed another complaint against SIL, SGL and their directors in 2003 alleging that when SGL had offered in 2003 to buy back shares issued on a preferential basis by SIL in 1993 from SIL's minority shareholders of SIL (including herself), it had committed the same offence alleged against the then directors of SIL described in the preceding paragraph and accordingly, SIL, SGL and their directors should also be liable for the failure to list SIL's shares. The Chief Judicial Magistrate at Mumbai issued an order for process in October 2006 against SIL, SGL and its directors, against which a criminal writ petition was filed by SIL, SGL and their then directors before the High Court of Bombay, which stayed further proceedings in August 2007. The High Court of Bombay subsequently passed an order in December 2008 in favour of SIL, SGL and their directors, quashing Ms. Bajaj's complaint. The Supreme Court of India subsequently issued notices to all the parties in the special leave petition of Mrs. Krishna Bajaj challenging the order of December 2008 of the High Court of Bombay. Ms. Krishna Bajaj submitted an application to implead SFIO as a party to the proceedings which was allowed by the Supreme Court of India in November 2011.

BALCO is involved in litigation in relation to the illegal felling of trees situated on forest land.

BALCO is involved in public interest litigations filed by an organisation known as "Sarthak" and Bhupesh Baghel before the forest bench of Supreme Court of India alleging encroachment by BALCO over the land on which the Korba facility is situated. It alleges that the land belongs to the State Government of Chhattisgarh and that BALCO has engaged in illegal felling of trees on that land and usage of forest land in violation of the Forest Conservation Act, 1980. The Supreme Court of India has referred the matter to the Central Empowered Committee of India ("CECI") which has submitted its report on the petitions to the Supreme Court of India in 17 October 2007, recommending that BALCO be directed to seek ex-post facto approval for diversion of forest land in possession of BALCO for non-forest use.

In February 2008, the Supreme Court of India had separately issued an order directing that no trees were to be felled pending resolution of disputes. The petitioners filed an application alleging contempt of the February 2008 order. The application was heard in March 2010 and in April 2010, the Supreme Court of India referred the application to CECI. Further, BALCO filed an application on 30 March 2012 before the Supreme Court of India, seeking directions to the Ministry of Environment and Forests, Government of India to grant ex-post facto approval for forest land diversion as per the report of the CECI, as well as permit BALCO to deposit the net present value of the forest land towards such approval. The proceedings before the Supreme Court of India are currently pending.

Sterlite is involved in alleged violations of environmental regulations at its Tuticorin plant, which is currently closed.

A writ petition was filed in December 2009 in the High Court of Madras by Mr. Pushparayan, challenging the grant of environmental clearance for Sterlite's expansion project from 400,000 mtpa to 800,000 mtpa of copper production. The petitioner sought an order from the High Court of Madras for declaring the environmental clearance as incorrect in law for want of public hearing for the aforesaid expansion of the smelter plant. The matter was heard on 5 January 2010. Vedanta's submission that the petitioner should have filed an appeal before the National Environmental Appellate Authority was not accepted by the Court which directed the matter to be decided on merits. In April 2010, counter affidavits were filed by the TNPCB and the MoEF. Another respondent, State Industries Promotion Corporation of Tamil Nadu Limited filed its counter affidavit.

Separately, on 24 March 2013, the TNPCB issued a show cause notice to Sterlite alleging violation of environmental laws and conditions imposed by the TNPCB and releasing pollutants from the Tuticorin plant. Further, TNPCB issued an order dated 29 March 2013 ordering the closure of the Tuticorin plant. Stelite Industries filed an appeal before the National Green Tribunal, Chennai against the order of closure by the TNPCB on 1 April 2013. The matter was transferred to the National Green Tribunal Principal Bench at New Delhi and in a hearing in May 2013, Sterlite was directed to provide certain information to the Tribunal.

The Enforcement Directorate has levied penalty of approximately Rs. 347 million on Sterlite.

The Enforcement Directorate ("ED") by an order in August 2004 alleged that Twin Star Holdings Limited had remitted approximately $46 million through Sterlite and MALCO in the past without prior permission from the Reserve Bank of India. By this order, the ED levied penalties on Sterlite and certain directors of Sterlite of approximately Rs. 347.0 million.

Sterlite filed an appeal against the order of ED before Appellate Tribunal of Foreign Exchange seeking waiver of pre-deposit, which was allowed by the Appellate Tribunal of Foreign Exchange. The ED challenged this order before Delhi High Court. The Delhi High Court remanded the matter back to the Appellate Tribunal of Foreign Exchange for deciding the issue of waiver of pre-deposit. Tribunal started functioning and matter adjourned to later date.

Dispute with the Department of Excise and Taxation, Haryana involving Sterlite.

A special leave petition has been filed by the Department of Excise and Taxation, Haryana in relation to an assessment order for the assessment year 1997-98, challenging a Punjab & Haryana High Court order of September 2010, which upheld the assessment of sales tax on sale-purchase of aluminium sheets and aluminium foils at the same rate of 2% as against the department's claim for it to be at 9-10% due to being different marketable commodities. The matter came up for admission in August 2011 where the Supreme Court of India ordered "Issue Notice". Sterlite has yet to file a counter-affidavit in this matter.

Petitions have been filed in the Supreme Court of India and the High Court of Orissa to seek the cessation of construction of Vedanta Aluminium's refinery in Lanjigarh, which is currently closed, and related mining operations in Niyamgiri Hills, which are currently suspended.

In 2004, a writ petition was filed against Sterlite, Vedanta Aluminium, the State of Orissa, the Republic of India, OMC, OIDC, and others by a private individual before the High Court of Orissa, alleging that the proposed grant of the mining lease by OMC to Vedanta Aluminium and Sterlite to mine bauxite in the Niyamgiri Hills at Lanjigarh in the State of Orissa would violate the provisions of the Forest (Conservation) Act, 1980 of India (the "Forest Act"). The petition further alleges that the felling of trees and construction of the alumina refinery by Sterlite and Vedanta Aluminium and the development of the mine is in violation of the Forest Act and would have an adverse impact on the environment. The petition sought, among other things, to restrain the grant of the mining lease to mine bauxite in the Niyamgiri Hills at Lanjigarh in the State of Orissa by OMC to Vedanta Aluminium and Sterlite, to declare the memorandum of understanding entered into between OMC and Vedanta Aluminium void, a court direction for the immediate cessation of construction of the alumina refinery by Vedanta Aluminium and an unspecified amount of compensation from Sterlite and Vedanta Aluminium for damage caused to the environment. This issue was also filed before the Supreme Court of India by certain non-governmental organisations and individuals. The CECI heard the petitioners and filed its report to the Supreme Court of India. The Supreme Court of India approved the forest diversion proposal for mining in the Niyamgiri Mines of OMC with Sterlite as the beneficiary of the Bauxite on terms and condition as specified in the order. Consequent to the order of the Supreme Court of India, the proceedings before the High Court of Orissa became infructuous as the issues were already determined. Thereafter, the MoEF on 24 August 2010 declined to grant the forest clearance to the Niyamgiri Mines and rendered the environmental clearance non-operational. On 8 March 2011, OMC challenged the order of the MoEF by a special leave petition to the Supreme Court of India. In 1 April 2011, the Supreme Court of India admitted OMC's plea against the MoEF. Upon direction of the Supreme Court of India, the application has been converted into a writ petition. The Supreme Court of India directed on 18 April 2013 directed the State Government of Odisha to place unresolved issues and claims of the local communities under the Forest Right Act and/or other relevant acts and regulations before the Gram Sabha. The Gram Sabha would take a decision on these claims within three months and communicate the same to MOEF through the State Government of Odisha. On conclusion of the proceedings before the Gram Sabha, the MOEF shall take a final decision for grant of final stage forest clearance for the Niyamgiri mining lease of OMC within two months thereafter. Further, all conditions and compliances as directed by the Supreme Court of India in respect of Niyamgiri Hill mines should be complied with prior to applying to the Ministry of Environment and Forests, Government of India for clearance, in a time-bound manner. The lack of the clearance granted by the MoEF in respect of the Niyamgiri mines would prevent Sterlite from procuring bauxite from the Niyamgiri mines and thereby be unable to supply bauxite to the alumina refinery of Vedanta Aluminium.

Vedanta Aluminium was issued two notices by the MoEF dated 31 August 2010 to show cause as to (i) why the environmental clearance of its existing 1 mtpa alumina refinery should not be revoked and directions should not be issued for closure of its existing refinery and (ii) why the terms of reference issued on 12 March 2009 for the expansion of its alumina refinery from 1 mtpa to 6 mtpa should not have been withdrawn.

On 20 October 2010, in respect of the first show cause notice, the MoEF permitted Vedanta Aluminium to carry on its business operations subject to compliance with certain conditions.

On 20 October 2010, in respect of the second show cause notice, the MoEF withdrew the terms of reference issued on 12 March 2009 and directed Vedanta Aluminium to cease further construction of the expansion of its alumina refinery from 1 mtpa to 6 mtpa. Vedanta Aluminium filed a writ petition in the High Court of Orissa challenging the order dated 20 October 2010. The High Court of Orissa passed an order dated 19 July 2011 dismissing the writ petition, against which Vedanta Aluminium filed a review petition before the High Court of Orissa. The High Court of Orissa on 19 January 2012 declined to review the order. Fresh application was made by Vedanta Aluminium with the Ministry of Environment and Forests, Government of India for environmental clearance for the expansion of the Lanjigarh refinery, and was granted terms of reference for such project on 2 February 2012. Vedanta Aluminium applied on 23 March 2012 to the state pollution control board with a request to conduct fresh public hearing. The Ministry of Environment and Forests, Government of India issued an order on 17 April 2012 keeping the terms of reference in abeyance until the matter of diversion of forest land is resolved. The matter is presently under consideration by the Ministry of Environment and Forests, Government of India.

Sterlite and Vedanta Aluminium have entered into three separate leases with the OIDC which specify that Sterlite and Vedanta Aluminium are required to start construction at the three sites that are the subject of the leases within a stipulated time period and to subsequently install plant and machinery and begin commercial production within a specified period from the date of taking possession of the premises. As a result of the pending litigation with respect to the Lanjigarh facility, Vedanta Aluminium has not been in compliance with the conditions of the leases. However, Sterlite and Vedanta Aluminium have not received any notice from the OIDC with respect to such non-compliance. Vedanta Aluminium applied to the OIDC for an extension of the terms of the leases in 25 August 2006.

Demands against HZL by the Department of Mines and Geology and Ministry of Mines.

The Department of Mines and Geology of the State of Rajasthan issued several show cause notices in August, September and October 2006, aggregating \$83.5 million in demand, to HZL in relation to alleged unlawful occupation and unauthorised mining of associated minerals other than zinc and lead at its Rampura Agucha, Rajpura Dariba and Zawar Group mines in Rajasthan, during the period from July 1968 to March 2006. In addition, the Department of Mines and Geology has also demanded an aggregate of Rs. 55 million ($1.2 million), being the sum equivalent to the alleged arrears in royalty payments at such mines as a result of incorrect computation by HZL during the period from April 1971 to March 2000. HZL has filed writ petitions in the High Court of Rajasthan in Jodhpur and in 2006 has obtained a stay in respect of these demands in 2006.

A writ petition was filed by HZL in October 2006 against the Union of India through the Ministry of Mines and others before the High Court of Rajasthan at Jodhpur with regard to a demand notice dated 20 October 2006 issued by the Mining Engineer of Rajasthan to HZL. As per the terms of the notice, the Ministry of Mines stated that the mining lease granted to HZL was for the extraction of zinc and lead but that HZL was also extracting cadmium and silver in violation of the terms of the lease for the Rampura Agucha mine. The Department of Mines and Geology claimed Rs. 2,435.88 million ($54.6 million) from HZL for the extraction of cadmium and silver.

HZL asserted in its writ petition that the lease was granted for lead, zinc and associated minerals and that cadmium and silver are associated minerals. Further it has stated that the contested minerals are found alongside lead and silver in an inseparable form and cannot be extracted separately. It has also submitted that it has been paying the royalty on cadmium and silver, which has been duly accepted by the Department of Mines and Geology, which is part of the Ministry of Mines, without objection. In October 2006, the High Court issued a stay and restrained the Department of Mines and Geology from undertaking any measures to recover the penalty. In January 2007, the High Court directed the Ministry of Mines not to issue any orders cancelling the lease.

Subsequently, while deleting the averments pertaining to the validity of certain provisions of the Mines and Minerals (Regulation and Developments) Act, 1957, from its petitions, HZL sought to shift the forum of adjudication of the cases from the division bench of the High Court of Rajasthan to a single bench of the High Court of Rajasthan. This has been allowed by an oral order, and four amended petitions with respect to Rampura Agucha, Zawar Group and Rajupra Dariba mines have been filed in March 2013 for quashing of the demand notices issued by the Department of Mines and Geology and an order restraining the State Mines Department from adopting any coercive measures in the interim. The case has been listed for hearing in August 2013.

Demands against HZL by the State of Rajasthan

The State of Rajasthan issued a notification in June 2008 notifying the Rajasthan Environment and Cess Rules, 2008, imposing environment and health cess on major minerals including lead and zinc. HZL and other mine operators resisted the notification and the imposition thereunder before the High Court of Rajasthan on the ground that the imposition of such cess and all matters relating to the environment fall under the competence of the Central Government as opposed to a State Legislature. In October 2011, the High Court of Rajasthan disposed of the writ petitions. HZL has challenged this order by a special leave petition in December 2011, before the Supreme Court of India. The Supreme Court of India passed an interim order in March 2012, restraining the State of Rajasthan from taking any coercive steps for recovery of the demand.

SGL is challenging the constitutional validity of the Goa Rural Improvement and Welfare Cess Act, 2000.

SGL filed two writ petitions before the High Court of Bombay, Goa Bench, against the State of Goa and others, being aggrieved by the levy of cess by the Government of Goa on transportation of mineral ore, coal and coke. SGL has challenged the constitutional validity of the Goa Rural Improvement and Welfare Cess Act, 2000 Goa Rural Improvement and Welfare Cess Rules, 2006 and the various notifications issued thereunder on the ground that these legislations are beyond the legislative competence of the State legislature. SGL has requested the Court to direct the respondents to refund the sum paid by SGL till date along with interest at 12% per annum. Further, SGL has filed miscellaneous applications before the Court, requesting the Court to stay demand notices issued by the Government of Goa, through the Directorate of Transport, on 27 July 2010, 16 August 2010, 28 September 2010 and 12 January 2011 for Rs. 62,755,860, Rs. 12,555,000, Rs. 513,495,380 and Rs. 12,555,000 respectively. In June 2011, the High Court of Bombay refused to grant interim stay. However, it directed that the state government would not initiate proceedings against the applicant for non-payment of the amount due in terms of the demand notice. Also, the Court said that the recovery shall be subject to the result of these writ petitions.

SGL is involved in proceedings involving a suspension of mining operations in the State of Goa.

A writ petition was filed by Goa Foundation before the Supreme Court of India on 25 September 2012, based on the Justice M.B. Shah Commission Report dated 15 March 2012, directing certain actions against the

Union of India, State of Goa, Ministry of Mines, Indian Bureau of Mines and the GSPCB. The petitioner has submitted that the respondents be directed to initiate termination of all leases that are found to be involved in illegal mining and to direct action against all the violators involved in illegal mining as named in the Shah Commission Report. The Shah Commission Report, appointed to inquire into illegal mining of iron and manganese ore in Goa and a few other states, alleged illegal mineral extraction in Goa and renewal of mining leases without appropriate consents and approvals in violation of environmental laws and rules thereby causing ecological and environmental damage due to extinction of limited natural resources. Consequently, the Supreme Court of India issued an interim order on 5 October 2012, directing that all mining operations in the leases in Goa as identified in the Shah Commissions Report, and transportation of iron ore and manganese ore from those leases, be suspended pending further directions. On 30 October 2012, the CEC inspected SGL's Bicholim, Sonshi and Codli mines and raised certain queries regarding dumping of rejects outside the mining lease areas and excavation outside mining lease areas, in violation of Mining Concession Rules, 1960. On 8 November 2012, the mining lessees, submitted their clarifications to the CEC with regard to the queries raised by them during the inspection. Simultaneously submitted in November 2012, SGL filed an application before the Supreme Court of India to be impleaded as a respondent which was allowed by the Court by its order dated 15 February 2013. Further, SGL filed an intervention application in November 2012 before the Supreme Court of India alleging that no opportunity was accorded to the respondents while recording the findings of the Shah Commission Report, in violation of Article 14 of the Constitution of India and the principles of natural justice. Accordingly, SGL sought to stay the implementation of the adverse findings in the Shah Commission Report and to modify the order of the Supreme Court of India dated 5 October 2012 so that mining operations of SGL can be resumed. Further, on 21 November 2012, the CEC called for a meeting to discuss the allegations posed by it during the inspection of the mines. On 26 November 2012, SGL and other lessees including SGL's subsidiaries, Sesa Mining Corporation Limited ("SMCL") and Sesa Resources Limited ("SRL"), submitted their detailed replies stating that no illegal mining activities were being carried out as alleged in the CEC report. Subsequently, SGL filed an affidavit on 29 November 2012 challenging the Shah Commission Report's findings that mining companies have been carrying out mining operations beyond their respective mining lease areas. The affidavit seeks to allow modification of the order of the Supreme Court of India dated 5 October 2012 and allow resumption of mining operations.

CEC filed their interim report on 7 December 2012 before the Supreme Court. By an order dated 7 December 2012, the Supreme Court of India directed the issuance of notice restricted only to applications for intervention/ impleadment and further directed that the State of Goa may file its reply against the interim report submitted by CEC. SGL in January 2013 filed its reply to the CEC report denying all allegations posed by CEC and praying modification of the interim order. Further, SGL has filed an interim application dated 23 April 2013 to modify the Supreme Court of India order dated 5 October 2012 to the extent of allowing sale/movement of iron ore already extracted under the supervision of a statutory authority.

SGL is involved in proceedings challenging environmental consents received for its expansion project of pig iron, metallurgical coke, sinter plants and power plant.

The High Court of Bombay by its order dated 6 March 2012 dismissed a public interest litigation filed by Mr. Ramachandra Vaman Naik and others for quashing an approval issued by the MoEF/GSPCB for the expansion project of a pig iron plant, sinter plant, met coke plant and power plant at Bicholim. Mr. Naik challenged this order by filing a special leave petition before the Supreme Court of India on 26 July 2012 for an interim stay of the operations of the High Court of Bombay order and for the stay of the construction and operation of the pig iron plant, sinter plant, met coke plant and power plant. SGL filed a counter affidavit in February 2013 requesting for the dismissal of the special leave petition.

Separately, an application was filed by village panchayat of Navelim before the NGT against GSPCB, MoEF, State of Goa, SGL and others alleging that (i) GSPCB had issued its approval for 'consent to establish' under the Water Act, and Air Act by its order dated 4 March 2010 in a piecemeal manner to SGL even though the environment clearance order issued by the MoEF and the approval for 'consent to establish' are for four units of the project (sinter, blast furnace, coke oven and power plant) together, thereby violating the conditions prescribed in the MoEF order, (ii) the no-objection certificate issued by for the project in 2007 was forged and fabricated, and (iii) the CN5 bridge at Maina-Navelim junction falls outside the notified industrial area. The application sought cancellation of the approval for 'consent to establish', approval for 'consent to operate' and the MoEF order to this project. On 1 March 2013, the NGT gave directions to issue notices to parties. SGL has filed its preliminary reply on 11 April 2013 before the NGT, denying all contentions and submissions made by the applicant and praying that the application be dismissed. The next date of hearing before the NGT is on 22 May 2013.

SGL is involved in certain proceedings alleging illegal mining activities.

Twelve applications have been filed before the NGT by the Goa Paryavaran Savrakshan Sangharsh Samitee ("GPSSS") claiming compensation from SGL and its subsidiaries, SRL and SMCL, and other mine lessees for causing environmental destruction and degradation due to illegal mining activity based upon the findings in the Shah Commission Report. The applications allege that environmental clearances obtained by the mining lessees specifically required the lessees to obtain prior approval of Chief Wild Life Warden ("CWLW") which had not been adhered to and that the extraction done during the period when CWLW permission was pending was illegal. It is further alleged that the government authorities and officials acted in connivance with the lessees and assisted them in procuring the lease/concessions by adopting a short circuited system as also confirmed in the Shah Commission Report. On the other hand, these applications state that MoEF orders obtained by the lessees required that no mining could be done without taking prior permission from the 'competent authority' under the Wildlife Protection Act, 1972, and that the competent authority to grant the approval was the National Board of Wildlife ("NBWL"). However, no such approval was obtained by the lessees who went further with excavations in violation of the environmental laws. The applicants seek restoration of extensively damaged environmental area and assessment and recovery of actual damage caused to original property granted to the lessee's under the mining leases.

Further, applications seeking interim relief have been filed by the GPSSS to seek removal of dumped wastes and protection of environment in and around the mining lease area's till final disposal of the main applications. SGL in its reply has denied all the allegations posed in the applications and has prayed before the tribunal that the applications may be rejected.

SGL has initiated proceedings with respect to renewal of its environmental consents.

The GSPCB on 7 December 2012 informed the mining lessees, including SGL and its subsidiaries, SRL and SMCL, that in light of the order made by the Supreme Court of India on 5 October 2012 and the decision of the GSPCB in its board meeting held on 1 November 2012, applications filed by mining lessees for renewal of consent to operate under the Water Act and the Air cannot be processed and therefore, such applications were returned to the mining lessees with the liberty to apply afresh. On 28 December 2012, SGL and its subsidiaries SRL and SMCL applied to the GSPCB for grant of consent to operate under the Water Act and the Air Act, which was subsequently denied by GSPCB by its order dated 5 March 2013. Aggrieved by this order, SGL, SRL, SMCL preferred separate appeals on 9 April 2013 before the Administrative Tribunal at Goa.

Tax demands against subsidiaries of Twin Star.

The Indian Income Tax Department issued block assessment orders, dated December 2001 and January 2002, for unpaid income tax (including interest) of approximately \$57.3 million against three former Indian subsidiaries of Twin Star, which previously held Twin Star's interests in Sterlite and MALCO and which are in the process of being wound up. Twin Star has furnished bank and corporate guarantees for the amount of the tax claims and interest thereon.

The three subsidiaries filed an appeal against the block assessment orders and the Commissioner of Income Tax (Appeals) vide orders dated 31 October 2003 and 4 November 2003, disallowed the tax department's assessment of undisclosed income totalling approximately \$74.6 million (in respect of which income tax (including interest) of approximately \$57.5 million had been assessed) and allowed the tax department's assessment of undisclosed income totalling approximately \$4.5 million (in respect of which income tax (excluding interest) of approximately \$2.9 million had been assessed).

The three subsidiaries as well as the tax department filed separate appeals against the orders of the Commissioner of Income Tax (Appeals) before the Income Tax Appellate Tribunal. In April 2007, the Income Tax Appellate Tribunal upheld the decision of the Commissioner of Income Tax (Appeals) and dismissed the appeal filed by the tax department. The tax department has filed an appeal in the Supreme Court of India.

The tax department subsequently issued notices to the three subsidiaries seeking to reopen the assessment of undisclosed income and assess the alleged income under reassessment proceedings, in lieu of the block assessment. The three subsidiaries have filed writ petitions in the High Court against these reassessment proceedings. An interim stay has been granted.

SGL is involved in certain environmental proceedings.

Certain local residents of Amona have filed a writ petition against SGL and SIL (which has since been amalgamated with SGL) before the High Court of Bombay, Goa Bench, alleging pollution due to industrial activities in the village of Amona and seeking, among other things, an order to shut down one of the SGL group's plants located in Amona and to appoint the National Environmental Engineering Research Institute ("NEERI") to conduct an inquiry into the adverse effects of graphite pollution on the human body, agriculture and fishing. The High Court appointed NEERI to conduct such an inspection and NEERI submitted a report to the court in December 2008. The High Court subsequently directed the parties to file their responses to the report and ordered a further inspection by the GPCB to check the level of river pollution in Amona. Subsequently, the GPCB filed an inspection report before the High Court. The petitioners have amended the petition in August 2011 and have impleaded three new parties, which include Goa Energy Limited. The matter is for final argument.

The villagers of Shirgao filed a writ petition in January 2008 before the High Court of Bombay at Goa against the Sirigao Nagarik Sanghatana Sirigao-Goa, State of Goa, Dempo Mining Corporation Limited and certain others alleging environmental degradation and adverse impact on water resources on account of mining activities carried out by certain companies. The petitioners have also filed a miscellaneous application in May 2008 seeking immediate stoppage of mineral ore transport or further mining activity creating noise, air or dust pollution. In July 2010, the High Court of Bombay at Goa directed the Pollution Control Board file reports with the Court with regard to compliance by mining companies of the directions issued by it and in terms of the order of the High Court in February 2010. In March 2011, the High Court appointed the National Geophysical Research Institute ("NGRI") to identify the source of water. NGRI has filed its report before the High Court of Bombay in December 2011 which was taken on record by the High Court in February 2012.

SGL is involved in suits relating to the lands on which its units are located.

SGL has filed two civil appeals before the Administrator of Comunidade of North Zone Mapusa, Goa in relation to a notice issued by Comunidade of Amona to SGL in December 2005 (subsequently modified in February 2006) stating that SGL had violated the terms of lease entered into between SGL and Comunidade of Amona in relation to land, where the pig iron plant of SGL is located, on the grounds that SGL had sub-leased part of the land to a private company. The notice requests SGL to reply and explain why the lease should not be forfeited. In the event of an adverse order and subject to SGL's right to appeal, these plants may have to be relocated.

SGL has challenged the imposition of forest development tax by Government of Karnataka.

SGL filed a writ petition in the High Court of Karnataka in October 2008 against the Government of Karnataka and others, challenging the imposition of forest development tax at a rate of 8% on the value of iron ore sold by SGL from the mining leases in the forest area, in terms of the notification in August 2008 issued by the Government of Karnataka and the memorandum/common order in September 2008 issued by the Deputy Conservator of Forests. In August 2009, the High Court of Karnataka permitted the respondents to levy forest development tax and directed that the demand be restricted to 50% of the forest development tax as an interim arrangement pending disposal of the writ petition. An application was filed by SGL before the High Court seeking modification of the order in August 2009. However, the application was not taken up for hearing. Subsequently, SGL filed a special leave petition in November 2009 before the Supreme Court of India, against the order of the High Court of Karnataka. In November 2009, the Supreme Court of India directed the High Court to dispose of the application for modification of the order dated 19 August 2009 and directed SGL to furnish a bank guarantee towards payment of the forest development tax. In April 2010 SGL was directed by the High Court of Karnataka to pay 25% of the demand in cash and furnish bank guarantee for the remaining 25%.

Subsequently, the Government of Karnataka argued before the High Court of Karnataka and SGL filed its written submission dated 25 July 2012 before the High Court of Karnataka praying that the writ petition may be allowed and the notification dated 16 August 2008 be set aside.

Vedanta is involved in a tax dispute with the Indian tax department.

In 2007, Vedanta acquired SGL through the acquisition of all of the outstanding shares of Finsider by its wholly-owned subsidiaries, Richter Holding Ltd and Westglobe Limited. Finsider held Mitsui & Company Limited's 51.0% interest in SGL. In October 2009, the Indian tax department issued a show cause notice to Richter as to why Richter did not withhold taxes in respect of its acquisition of Finsider from Mitsui. The Indian tax department contended that the acquisition of Finsider amounted to an indirect acquisition of SGL, accordingly giving rise to capital gains taxable under Indian tax law.

Richter filed a writ petition in the High Court of Karnataka to quash the show cause notice and in March 2011, the single judge directed Richter to submit its arguments to the Indian tax department. While the proceedings were in progress, the Indian tax department also served a show cause notice on Richter's wholly owned subsidiary, Westglobe Limited, for alleged failure to deduct withholding tax on capital gains in connection with the same matter.

Vedanta is involved in arbitration proceedings regarding base development cost.

Ravva is an unincorporated joint venture to which the Cairn India Group is a party (the "Ravva JV"). The Ravva JV received a demand from the DGH for the period from 2000 to 2005 for $166.4 million in respect of an alleged underpayment of profit petroleum to the GoI, of which the Cairn India Group's share would be $37.4 million (approximately Rs. 1.688 billion) plus potential interest at the applicable rate (LIBOR plus 2%). This claim relates to the GoI's allegation that the Ravva JV has recovered costs in excess of the BDC cap imposed in the Ravva PSC and that the Ravva JV has also allowed these excess costs in the calculation of the Post Tax Rate of Return ("PTRR"). Additionally, the Ravva JV has also contested the basis of the calculation in the above claim from the DGH. Even if upheld, Vedanta believes that the DGH has miscalculated the sums that would be due to the GoI in such circumstances. The Ravva JV (with the exception of ONGC) has initiated arbitration proceedings. The arbitration panel had published its award on 18 January 2011 that was broadly in favour of the Ravva JV that the Ravva JV was entitled to recover the development costs over and above the BDC cap but the cost overruns of $22.3 million were not recoverable. The GoI had also been ordered to pay 50.0% of the Ravva JV's legal costs. Subsequently, GoI filed an application before the High Court of Kuala Lumpur to set aside part of the arbitral award. The High Court of Kuala Lumpur dismissed GoI's application on 30 August 2012 with costs. However, Cairn India has received a notice of appeal by the GoI before the High Court of Appeal of Kuala Lumpur to set aside the award. A procedural hearing is scheduled on 13 June 2013.

The Cairn India Group is involved in a special leave petition relating to income tax

The Cairn India Group filed a writ petition with the High Court of Gujarat in December 2008 challenging the restriction of section 80-IB (9) of the Indian Income Tax Act, 1961 ("Section 80-IB(9)") to the production of oil. Section 80-IB(9) allows the deduction of 100% of profits from the commercial production or refining of mineral oil. The term "mineral oil' is not defined but has always been understood to refer to both oil and gas, either separately or collectively. The 2008 Indian Finance Bill appeared to remove this deduction by stating (without amending section 80-IB(9)) that "for the purpose of section 80-IB(9), the term "mineral oil' does not include petroleum and natural gas, unlike in other sections of the Act". Subsequent announcements by the Indian Finance Minister and the MoPNG have confirmed that a tax holiday would be available on production of crude oil but have continued to exclude gas. The High Court of Gujarat did not admit the writ petition on the ground that the matter needs to be first decided by the lower tax authorities. A special leave petition has been filed before the Supreme Court of India against the decision of the High Court of Gujarat. In the event that this challenge is unsuccessful, the potential liability for tax and related interest on the tax holiday claimed on gas production for all periods to 31 March 2013 is approximately Rs. 2,432 million.

CEIPL and CEHL have filed certain writ petitions relating to sales tax

CEIPL and CEHL have filed two writ petitions before the Rajasthan High Court seeking to set aside the letters and show cause notice issued by the Rajasthan Sales Tax Department and others demanding 4% VAT on sales of crude oil on the basis of an intra-state sale (as opposed to an inter-state sale). A 2% Central States Tax is currently being paid. A stay against the show cause notices has been issued. The potential liability for tax and related interest for all periods until 31 March 2013 is approximately Rs. 14,172 million.

CEIPL has filed a writ petition relating to payment of service tax

CEIPL received five show cause notices from the Indian tax authorities for the non-payment of service tax as a recipient of services from foreign suppliers, in the periods from 1 April 2006 to 31 March 2011. A writ petition has been filed with Chennai High Court challenging the scope of services in respect of first show cause notice (for the period 1 April 2006 to 31 March 2007). The reply for the show cause notices has been filed before the relevant authorities.

Should future adjudication go against the Cairn India Group, it will be liable to pay the service tax of approximately Rs. 1,124 million and potential interest (calculated up to 31 March 2013) of approximately - Rs. 901.2 million, although this could be recovered in part, where it relates to services provided to joint venture of which Cairn India is operator.

Sustainability

During fiscal 2012, Vedanta introduced a series of policies and technical and management standards (the "Sustainability Framework") aligned to international sustainability standards, such as the International Finance Corporation Performance Standards, the International Council on Mining and Metals Sustainable Development Framework and the United Nations Global Compact Principles.

During fiscal 2013, Vedanta took further steps to implement the Sustainability Framework by requiring its operating subsidiaries to have clear action plans in place with supporting documentation to guide them to further implement the Sustainability Framework, based on a self-assessment.

In addition to the self-assessment requirement, Vedanta has also adopted an evaluation and internal assurance process and programmes to train and develop its employees and contractors in the Sustainability Framework. As of 31 March 2013, more than 9,000 employees have participated.

Vedanta's Board, particularly the Sustainability Committee, is responsible for ensuring the implementation of the Sustainability Framework and to otherwise assist the Board in meeting its responsibilities in relation to sustainability related matters arising out of the activities and operations of Vedanta. See "Management — The Board — Sustainability Committee".

As of 31 March 2013, 40 out of Vedanta's 48 major plants are certified to ISO 9001, 14001 and OHSAS 18001 standards. Vedanta Aluminium's plant at Lanjigarh and Sterlite Energy have been certified for ISO 50001 and SGL has been certified for SA8000.

Despite 20 employee fatalities during fiscal 2013, Vedanta's target is the elimination of fatalities.

As of 31 March 2013, Vedanta employed, directly or through contractors, more than 87,000 people, including over 30,000 direct employees.

During fiscal 2013, Vedanta held more than 4,700 meetings with community leaders, non-governmental organisations, governments and government bodies, academic institutions and approximately 250 partnerships with such parties were in place as of 31 March 2013.

Vedanta also develops local infrastructure, including roads, sanitation, education and medical facilities, in the communities where it operates, investing $42 million during fiscal 2013 to provide support for schools, hospitals, health centres and farmers which benefited approximately 3.7 million people.

Additionally, Vedanta paid $5.3 billion to the various governments during fiscal 2013 through direct and indirect taxes, royalty and oil tax.

Indian Regulatory Matters

Mining Laws

The Mines and Minerals (Development and Regulations) Act, 1957 (the "MMDR Act"), Mines Act, 1952 (the "Mines Act"), Mineral Concession Rules, 1960 (the "MC Rules") and the Mineral Conservation and Development Rules, 1988 (the "MCD Rules") govern mining rights and the operations of mines in India. The Mines Act and MMDR Act provide for the development and regulation of mines and minerals in India and regulate the grant, renewal and termination of reconnaissance permits, mining leases and prospecting licences. The Indian Bureau of Mines (the "IBM"), established March 1948, is a subordinate office under the Ministry of Mines, GoI (the "MoM") and the principal Government agency for compiling exploration data and mineral maps, and performs regulatory functions, including the enforcement of the MMDR Act, MC Rules and MCD Rules.

The GoI announced the National Mineral Policy, last updated in March 2008 (for non-fuel and non-coal minerals) to sustain and develop Mineral Resources so as to ensure their adequate supply for the present needs and future requirements of India in a manner which ensures sustainable development, takes account of bio-diversity issues and provides for measures for restoration of the ecological balance. Various States of India, including the States of Goa, Chhattisgarh, and Rajasthan, have notified, or are in the process of notifying, their own State Mineral Policies, based on the Model State Mineral Policy introduced by the GoI in 2010. These policies, read with the guidelines issued by the MoM to the State governments from time to time, govern the examination and processing of mineral concession proposals under the MMDR Act.

The MMDR Act empowers State governments to develop and regulate mines and minerals, including in relation to grant of reconnaissance permits (for preliminary prospecting of a mineral through regional, aerial, geophysical or geochemical surveys and geological mapping), prospecting licences (for undertaking operations for exploring, locating or proving mineral deposits) and mining leases (for undertaking operations for mining any mineral). The mining lease governs the terms on which a lessee may use the land for the mining operations. If land on which mines are located belongs to private parties, the lessee must acquire surface rights relating to the land from such private parties. If such land belongs to the GoI or a State Government, such government may grant surface rights on application.

If mining operations result in displacement of persons, the consent of affected persons, their resettlement and rehabilitation, and payment of benefits in accordance with guidelines of the applicable State government, including payment for land acquired from displaced persons, need to be settled before commencement of mining. In respect of minerals listed in the First Schedule of the MMDR Act, the GoI's prior approval is required to be obtained by the State government for entering into the mining lease. GoI approval is granted on the basis of recommendations of the State governments, although the GoI has discretion to overlook recommendations of the State governments. On receiving GoI clearance, the State government grants the mining lease or prospecting licence. The lease can be executed only after obtaining mine plan approval from the IBM, which is valid for five years. No person can acquire one or more mining leases for any mineral or prescribed group of associated minerals in a State covering a total area of more than 10 square km, except with GOI permission.

The maximum term of a mining lease is 30 years and the minimum term is 20 years. A mining lease may be renewed for further periods of up to 20 years at the option of the lessee. Renewals are subject to the lessee not being in default of applicable laws. The MC Rules provide that if a lessee uses the minerals for its own industry, such lessee is generally entitled to renewal of its mining lease for 20 years, unless it applies for a lesser period. The lessee is required to apply to the relevant State government for renewal of the mining lease at least one year prior to its expiration. Delay in applying for a renewal of a mining lease may be waived by the State government if the application for renewal is made prior to expiry of the mining lease. If the State government does not make orders relating to an application for renewal prior to the expiration of the mining lease, the mining lease is deemed extended until such time that the State government makes the order on the application for renewal.

The MMDR Act also deals with the measures required to be taken by the lessee for protection and conservation of the environment from adverse effects of mining. The MCD Rules require every lessee to take all possible precautions for protection of the environment and control of pollution while conducting mining operations. The required environmental protection measures include measures in respect of surface water, total suspended solids, ground water pH, chemicals and suspended particulate matter in respect of air pollution, noise levels, slope stability and impact on flora, fauna and local habitation. The National Mining Policy emphasises that no mining lease would be granted to any party without a proper mining plan, including an environmental plan approved and enforced by statutory authorities and which provides for controlling environmental damage and restoration of mined areas.

Working conditions of mine labourers are regulated by the Indian Mines Act, 1952, which sets out standards of work, including the number of hours of work, leave requirements, medical examination, weekly days of rest, night shift requirements and other requirements to ensure the health and safety of mine workers.

Royalties on minerals extracted or a dead rent component, whichever is higher, are payable to the relevant State government in India by the lessee, in accordance with the MMDR Act. The mineral royalty is payable in respect of an operating mine from which minerals are removed or consumed and is computed by a prescribed formula. The GoI has broad powers to modify the royalty scheme under the MMDR Act, but may not do so more than once every three years. In addition, the lessee must pay the occupier of the surface land over the mining lease an annual compensation determined by the State government depending on whether the land is agricultural or non-agricultural.

The Coal Mines (Nationalization) Act, 1973 (the "Coal Nationalization Act"), Coking Coal Mines (Nationalization) Act, 1972, Coal Mines (Taking Over of Management) Act, 1973, Coking Coal Mines (Emergency Provision) Act, 1971, Coal Bearing Areas (Acquisition and Development) Act, 1957, and Coal Mines (Conservation and Development) Act, 1974, govern the mining rights of coal mines and coal mining operations in India. Under the Coal Nationalization Act, on and from 1 May 1973, the right, title and interest of the owners of coal mines were transferred to the GoI and the GoI is required to pay a specified amount for such transfer to the owner. The Coal Nationalization Act prohibits any person from carrying on coal mining operations in India, except for: (a) the GoI or a Government Company including corporations owned, managed or controlled by the GoI; (b) a person to whom a sub-lease has been granted by the GoI or such company or corporation mentioned in (a) above; or (c) a company which is engaged in the production of iron and steel, generation of power, washing of coal obtained from a mine, or such other end use as the GoI may notify.

The New Coal Distribution Policy, 2007 (the "NCD Policy") was issued by the Ministry of Coal removes the classification of consumers into core and non-core sectors, and requires verification of consumers of erstwhile non-core sector deals with distribution and pricing of coal to different consumers or sectors like the defence sector, railways, power utilities, and integrated steel plants, provides for an exclusive distribution policy for consumers in the small and medium sector, replacement of the linkage system with enforceable fuel supply agreements, and policies for new consumers and for e-auction of coal.

The Coal Mines Provident Fund and Miscellaneous Provision Act, 1948 provides for implementation of certain welfare mechanisms in relation to a provident fund scheme, a family pension scheme, a deposit-linked insurance scheme and a bonus scheme for persons employed in coal mines.

The MoM has prepared the Mines and Minerals (Development and Regulation) Bill, 2011 (the "Mining Bill"), which seeks to decentralise powers to the States and increase revenues to the GoI, including through rationalisation of royalties, taxes and cesses, and the offer of mining blocks on auction basis pursuant to promotional regional exploration by the State government. The Mining Bill mandates that with respect to the land in which minerals vest, the holder of a mining lease or prospecting licence be liable to pay reasonable compensation to the stakeholders holding occupation, usufruct or traditional rights of the surface of the land over which the licence and lease has been granted, as mutually agreed (failing which the relevant State government will determine compensation payable). The Mining Bill includes a proposal for the formation of a National Mineral Fund. A portion of the proceeds of the cess collected by the GoI will be utilised by the National Mineral Fund to, among other things, promote scientific management of mining activities and mine closures, including research and development, training and detecting and preventing illegal mining.

The Mines Bill proposes several amendments to the Mines Act, 1952, including significant enhancement to the monetary penalties and terms of imprisonment for violations under the Mines Act, 1952. Both of these Bills would be required to be passed by both houses of the Indian Parliament and notified in the national gazette before they come into effect.

Power Sector

Under the Electricity Act, 2003 ("Electricity Act"), transmission and distribution of, and trading in, electricity require licences from the appropriate Central or State Electricity Regulatory Commissions (respectively, "CERCs" and "SERCs", and collectively, "ERCs"), unless exempted in accordance with the Electricity Act. CERC has jurisdiction over generating companies owned or controlled by the GoI or which have a composite scheme for generation and sale in more than one State. SERCs have jurisdiction over generating stations within State boundaries, except those under CERC's jurisdiction. The respective ERC determines the tariff for supply of electricity from a generating company to a licencee, transmission, wheeling, and retail sale of electricity. The Electricity Act was amended in 2007 to exempt captive power generation plants from licencing requirements.

Currently, any generating company in India can establish, operate and maintain a generating station if it complies with the technical standards relating to connectivity with the grid. Generating companies are permitted to sell electricity to any licencees and where permitted by the respective SERCs, to consumers. The respective ERCs determine the tariff for supply of electricity from a generating company to any distribution licencee, transmission of electricity, wheeling of electricity and retail sale of electricity. CERC has jurisdiction over generating companies owned or controlled by the GoI and those generating companies who have entered into or otherwise have a composite scheme for generation and sale in more than one State. SERCs have jurisdiction over generating stations within State boundaries, except those under CERC's jurisdiction.

In order to qualify as a captive generating plant, the Electricity Rules, 2005 ("Electricity Rules") require that not less than 26% of the ownership of the plant be held by a captive user and not less than 51% of the aggregate electricity generated in such plant, determined on an annual basis, be consumed for captive use. If the minimum percentage of captive use is not complied with in any year, the entire electricity generated is treated as supplied by a "generating company" and benefits available to a "captive generating plant" (such as exemption from payment of certain levies and surcharges) will not apply in such year.

The Electricity Act allows generating companies open access to transmission lines. The provision of open access is subject to the availability of adequate transmission capacity as determined by the Central or State Transmission Utility. CERC amended its rules in 2009, permitting any captive generating plant using 25% of its own power to sell electricity through an open access system without requiring a separate licence. The balance may be sold through the Indian Energy Exchange, also without requiring a separate licence.

Under the Electricity Act, ERCs determine tariff for supply of electricity by a generating company (as well as for transmission, wheeling and retail sale of electricity). In case of shortage of electricity supply, the ERC may fix the minimum and maximum tariff for sale or purchase of electricity, pursuant to an agreement entered into between a generating company and licencee or between licencees, for up to one year. Under guidelines issued by the MoP, the determination of tariff for a particular power project depends on the mode of participation in the project, i.e., (i) the MoU route, based on tariff principles prescribed by CERC (cost plus basis, comprising capacity charge, energy charge, unscheduled interchange charge and incentive payments); or (ii) the competitive bidding route, where tariff is market based.

Bidding route: The Guidelines for Determination of Tariff by Bidding Process for Procurement of Power by Distribution Licencees, 2005 ("Bidding Guidelines") envisage two types of bids: Case I bids, where location, technology and fuel are not specified by the procurers, i.e., the generating company is free to choose the site and technology for the generation plant; and Case II bids, where procurement is location and fuel specific. The Bidding Guidelines envisage a two-step process — pre-qualification and final bid. For long-term procurement (for seven or more years), a two-stage process featuring separate request for qualification ("RFQ") and request for proposal ("RFP") stages is required. Bidders are required to submit a technical and financial bid at RFP stage. For medium-term procurement (for up to seven years but exceeding one year), the procurer may, at its option, adopt a single-stage tender process (combining the RFP and RFQ processes). Individual power producers ("IPPs") may typically bid at two parameters: fixed or capacity charge; and variable or energy charge, which comprises fuel cost for electricity generated. Bidders are typically permitted to quote a base price and an acceptable escalation formula. The MoP has issued guidelines for competitive bidding as well as draft documentation in the form of model PPAs.

MoU Route: The MoU route involves negotiation between the State power utility and developer. Cost determination under the MoU route involves determination of receivables of capital cost and approval of capital costs by CEA, approval of interest rates and local and foreign debt by CEA, finalizing term of loans and/or other debt, finalizing the extent of foreign exchange protection, fixing operating parameters within prescribed ceilings, identifying deemed generation provisions, evaluating the extent of dispatchability, evaluating the level of incentive payments, identifying change in law in terms of tax or any other matter, identifying the extent of working capital permissible, evaluating the premium on fuel prices for assured supply, identifying fuel supply and transportation risk and issues, evaluating escalations in O&M and insurance expenses permissible, evaluating the extent of maintenance of spares permissible, and rebates in respect of prompt payment.

The Tariff Policy, 2006 requires all procurement of power after 6 January 2006 to be through the bidding route. Certain State governments in India have continued to purchase power under the MoU route, with the view that the Tariff Policy is indicative and not binding.

The CERC (Terms and Conditions of Tariff) Regulations, 2009 ("Tariff Regulations") apply where tariff for a generating station or unit (other than those based on non-conventional energy sources) and transmission system is yet to be determined by CERC. Tariff for supply of electricity from a thermal generating station comprises two parts: capacity charge (for recovery of annual fixed cost) and energy charge (for recovery of primary fuel cost and limestone cost where applicable). Tariff in respect of a generating station may be determined for the whole generating station, or a stage, unit, or block of the generating station. The generating company may apply for determination of tariff in respect of the units of the generating station completed or projected to be completed within six months from the date of application.

In compliance with the Electricity Act, the GoI announced the National Electricity Policy in February 2005. The National Electricity Policy aims at achieving the following objectives:

1. access to electricity;
2. availability of power energy and peaking shortages to be overcome and adequate spinning reserve to be available;
3. supply of reliable and quality power of specified standards at reasonable rates;
4. per capita availability of electricity to be increased;
5. minimum lifeline consumption of 1 unit/household/day as a merit good;
6. financial turnaround and commercial viability of electricity sector; and
7. protection of consumers' interests.

National Electricity Plan

The Electricity Act requires CEA to frame a National Electricity Plan once in five years and revise such plan from time to time in accordance with the National Electricity Policy. CEA last updated the National Electricity Plan in January 2012, to include initiatives and measures for capacity additions in generation and transmission, energy security, greenhouse gases mitigation, optimisation of land and water requirements for thermal power plants.

Mega Power Projects

Under the Mega Power Policy introduced by the MoP in November 1995 and amended in December 2009, power projects meeting the following criteria are eligible to be classified as mega power projects:

1. a thermal power plant with capacity of 1,000 MW or more; or

2. a thermal power plant with a capacity of 700 MW or more, in the States of Jammu and Kashmir, Sikkim, Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland and Tripura; or

3. a hydro electricity power project of capacity 500 MW or more; or

4. a hydro electricity power plant of a capacity of 350 MW or more, in the States of Jammu and Kashmir, Sikkim, Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland and Tripura.

Mega power projects are eligible for certain concessions and benefits, including waiver of customs duty for import of capital goods for setting up such projects and certain income tax benefits. Mega Power Policy benefits have been extended to brownfield projects where the size of the expansion unit would not be not less than that provided in the earlier phase of the project certified as a mega power project.

Environment Laws

The Environment Protection Act, 1986 (the "EPA") is an umbrella legislation in respect of the various environment protection laws in India. The EPA vests in the GoI the power to take any measures it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution. Penalties for violation of the EPA include fines up to Rs. 100,000 or imprisonment of up to five years, or both. The MoEF, in exercise of powers conferred under the EPA, issued a notification on 6 January 2011 declaring coastal stretches as coastal regulation zones and thereby imposing restrictions on industries, operations and processes in a coastal regulation zone.

The EIA Notification issued under the EPA and the Environment (Protection) Rules, 1986 requires prior MoEF approval if any new project in certain specified areas is proposed to be undertaken. To obtain environmental clearance, a no-objection certificate must first be obtained from the applicable regulatory authority. This is granted after a notified public hearing, submission and approval of an environmental impact assessment report that sets out the operating parameters such as the permissible pollution load and any mitigating measures for the mine or production facility and an environmental management plan. Under the EPA and the Environment (Protection) Rules, 1986, as amended, the GoI has issued notifications) in January 1994 and 14 September 2006 (together, the "EIA Notifications"), which requires that prior approval of the MoEF, GoI, or State Environment Impact Assessment ("EIA") Authority, as the case may be, be obtained for the establishment of any new project and for expansion or modernisation of existing projects specified in the EIA Notification (including power projects). An application for environment clearance is made after identification of the prospective site for the project or activity to which the application relates, but prior to commencing construction activity or preparation of land at the site. Certain projects which require approval from a State Environment Impact Assessment Authority ("SEIAA") may not require an EIA report. For projects that require preparation of an EIA report, public consultation involving public hearing and written responses is conducted by the State PCB, prior to submission of a final EIA report. The environment clearance (for commencement of the project) is valid for up to 30 years for mining projects and five years for all other projects and activities. This period of validity may be extended by the concerned regulator for up to five years. The EIA Notification states that obtaining of prior environment clearance includes four stages, i.e., screening, scoping, public consultation and appraisal.

The MoEF in November 2010, decided that proposals for obtaining environment clearance for projects that rely on the availability of coal as a raw material, including thermal power projects, will be considered only after the availability of firm coal linkage and the status of environment and forestry clearances of the source of the coal, i.e., the linked coal mine or block, are known. If a project is dependent on coal sourced from outside India, a copy of a signed memorandum of understanding between the foreign coal supplier and project proponent is required to be submitted to the MoEF prior to environment clearance being granted. All proposals for environment clearance that are currently pending either before the MoEF or SEIAA, will be deferred and delisted until the conditions of the circular are complied with by the project proponents.

The MoEF has in November 2010, requested State governments to initiate action against projects where substantial progress relating to construction has been made and significant investments been made without obtaining requisite prior environment clearance. The memorandum prescribes the procedure for rectifying instances of non-compliance with the EIA Notification. Prior to environment clearance being granted, the concerned entity would be required to mandatorily highlight the violation before its board of directors/managing director/chief operating officer for consideration of its environmental policy or plan of action, and provide written commitment in the form of a formal resolution, to the MoEF or SEIAA within 90 days from receiving the communication from the MoEF or SEIAA, which will be uploaded on the websites of the MoEF or SEIAA. If the project proponent does not file a response with the MoEF or SEIAA within 90 days, it will be assumed that the project proponent is no longer interested in pursuing the project and the project file will be closed, after which the procedure for obtaining environment clearance will be required to be initiated afresh if the project proponents are desirous of pursuing the project.

The Forest (Conservation) Act, 1980 (the "Forest Act") requires consent from the relevant authorities prior to clearing forests by felling trees. Final clearance in respect of both forests and the environment is given by the GoI, through the MoEF. However, all applications must be made through the respective State governments who recommend the application to the GoI. Penalties for non-compliance may include closure of the mine or prohibition of mining activity, stoppage of supply of energy, water or other services and monetary penalties on and imprisonment of persons in charge of the conduct of the business of the company.

The Water Act (Prevention and Control of Pollution) Act, 1974 (the "Water Act") aims to prevent and control water pollution and to maintain or restore wholesomeness of water. The Water Act provides for a Central and various State Pollution Control Boards to be constituted to implement its provisions. The Water Act debars any person from establishing any industry, operation or process or any treatment and disposal system likely to discharge sewage or trade effluents into a water body, without prior consent of the State Pollution Control Board.

The Air (Prevention and Control of Pollution) Act, 1981 (the "Air Act") aims to prevent, control and abate air pollution, and stipulates that no person shall, without prior consent of the State Pollution Control Board, establish or operate any industrial plant which emits air pollutants in an air pollution control area. The Central Pollution Control Board and State Pollution Control Board constituted under the Water Act perform similar functions under the Air Act as well. All provisions of the Air Act do not automatically apply to all parts of India, and the State Pollution Control Board must notify an area as an 'air pollution control area' before the restrictions under the Air Act apply.

The Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008 (the "Hazardous Wastes Rules") regulate the collection, reception, treatment, storage and disposal of hazardous waste by imposing an obligation on every occupier and operator of a facility generating hazardous waste to dispose of such waste without adverse effect on the environment. Every occupier and operator of a facility generating hazardous waste must obtain approval from the applicable State Pollution Control Board. The occupier is liable for damages caused to the environment resulting from the improper handling and disposal of hazardous waste and any fine that may be levied by the respective State Pollution Control Board.

Under the Water (Prevention and Control of Pollution) Cess Act, 1977 (the "Water Cess Act"), a lessee carrying on any industry specified under the Water Cess Act is required to pay a surcharge calculated on the amount of water consumed and purpose for which the water is used. Penalties for non-compliance include a penalty not exceeding the cess in arrears, imprisonment up to six months or fine, or both.

Employment and Labour Laws

The Industrial Disputes Act, 1947 (the "IDA") seeks to pre-empt industrial tensions in an establishment and provide the mechanics of dispute resolution, collective bargaining and investigation and settlement of industrial disputes between trade unions and companies. While the IDA provides for voluntary reference of industrial disputes to arbitration, it also empowers the appropriate government agency to refer industrial disputes for compulsory adjudication and prohibit strikes and lock-outs during the pendency of conciliation proceedings before a board of conciliation or adjudication proceedings before a labour court.

The Factories Act, 1948 (the "Factories Act") regulates occupational safety, health and welfare of workers of industries in which 10 or more workers are employed in a manufacturing process being carried out with the aid of power. The Factories Act includes provisions as to the approval of factory building plans before construction or extension, investigation of complaints, maintenance of registers and the submission of yearly and half-yearly returns. Penalties for non-compliance include imprisonment of the occupier and manager for up to two years or fine, or both and further fine for each day of continued contravention.

The Contract Labour (Regulation and Abolition) Act, 1970 (the "CLRA") regulates the employment of workers hired on the basis of individual contracts in certain establishments. The CLRA applies to every establishment in which 20 or more workmen are employed or were employed on any day of the preceding 12 months as contract labour. The CLRA vests the responsibility with the principal employer of an establishment, to register as an establishment that engages contract labour. Likewise, every contractor to whom the CLRA applies must obtain a licence and may not undertake or execute any work through contract labour except in accordance with the licence issued. Penalties, including both fines and imprisonment, may be levied for contravention of the CLRA. Penalties for non-compliance include imprisonment up to three months or fine, or both.

The Minimum Wages Act, 1948 (the "MWA") provides for a minimum wage payable by employers to employees. Under the MWA, every employer is required to pay the minimum wage to all employees, whether for skilled, unskilled, manual or clerical work, in accordance with the minimum rates of wages that have been fixed and revised under the MWA. Workmen are to be paid for overtime at overtime rates stipulated by the appropriate State Government. Contravention may result in imprisonment for up to six months or fine or both. State governments may stipulate a higher penalty for contravention, if it is deemed fit to do so.

The Payment of Wages Act, 1936 (the "PWA") regulates payment of wages to certain classes of employees and makes every employer responsible for payment of wages to persons employed by such employer. No deductions are permitted from, nor is any fine permitted to be levied on, wages earned by a person employed except as provided under the PWA. Penalties under the PWA include fine.

The Workmen's Compensation Act, 1923 (the "WCA") makes every employer liable to pay compensation if injury, disability or death is caused to an employee (including those employed through a contractor) due to an accident arising out of or in the course of employment. If the employer fails to pay the compensation due under the WCA within a month from the date it falls due, the commissioner may direct the employer to pay the compensation along with interest and impose a penalty for non-payment. The maximum gratuity payable to an employee is Rs. 5,000.

The Employee State Insurance Act, 1948 (the "ESIA") requires the provision of certain benefits to employees or their beneficiaries in the event of sickness, maternity, disability or employment injury. Every employee, including casual and temporary employees, whether employed directly or through a contractor, who is in receipt of wages up to Rs. 10,000 per month, is entitled to be insured under the ESIA. The ESIA contemplates payment of a contribution by the principal employer and each employee to the Employee State Insurance Corporation of India. Penalties for failure to make contributions under the ESIA include imprisonment for a term which may extend to three years which shall not be less than one year, in case of failure to pay the employee's contribution which has been deducted by him from the employee's wages and shall also be liable for a fine and which shall not be less than six months, in any other case and shall also be liable for a fine.

The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (the "EPFA") institutes provident funds for the benefit of employees in factories, industrial undertakings, and other establishments notified by the GoI from time to time. Contributions are required to be made by employers and employees to a provident fund and pension fund established and maintained by the GoI.

Under The Payment of Gratuity Act, 1972 (the "PGA"), an employee who has been in continuous service for five years is eligible for gratuity on retirement, resignation, death or disablement due to accident or disease. Entitlement to gratuity in the event of superannuation or death or disablement due to accident or disease is not contingent on an employee having completed five years of continuous service. The maximum gratuity payable to an employee is Rs. 1,000,000.

The Payment of Bonus Act, 1965 (the "PBA") provides for payment of a minimum annual bonus to all employees regardless of whether the employer has made a profit or a loss in the accounting year in which the bonus is payable. Contravention of the PBA by a company is punishable by imprisonment up to six months or fine, or both, against persons in charge of, and responsible to the company for, the conduct of the business of the company at the time of contravention.

Land Acquisition Laws

Under the Land Acquisition Act, 1984 (the "Land Acquisition Act"), the GoI or appropriate State government may acquire any land from private persons for 'public purpose' subject to payment of compensation to the persons from whom land is so acquired. The Land Acquisition Act prescribes the manner in which such acquisition may be made. Any person having an interest in such land has the right to object to such proposed acquisition. The penalties under the Land Acquisition Act for wilfully obstructing any person in any acts authorised by the Land Acquisition Act is liable to imprisonment of up to one month or fine, or both.

In the case of land owned by the central or any State government, the surface right to operate in a mining lease area or otherwise use such land for any industrial purpose may be granted by the relevant government on application.

The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Bill, 2012 ("Land Acquisition Bill") seeks to govern processes in relation to land acquisition in India and contains provisions relating to the compensation, rehabilitation and resettlement of persons affected by such acquisitions. The Land Acquisition Bill was introduced in the Indian Parliament and is currently pending approval. The Land Acquisition Bill proposes that "public purpose" as defined in the Land Acquisition Act, 1894 be redefined to restrict its scope for acquisition of land for strategic purposes vital to the state, and for infrastructure projects where the benefits accrue to the general public, for which consent of at least 80% of the project affected families would have to be obtained through a prior informed process. Additionally, a social impact assessment study is required to be carried out in the affected area by the appropriate government whenever land is intended to be acquired for a public purpose. It is proposed that a minimum compensation based on the market value of the land, as well as rehabilitation and resettlement benefits, including rehabilitation and resettlement amounts, land, one-time subsistence allowance or inflation adjusted annuity and mandatory employment be provided to members of the affected families. Further, the relevant district Collector may take possession of the land to be acquired only after the payment of compensation and completion of rehabilitation and resettlement of affected persons. While change of the purpose or related purposes for which the land is originally acquired is not permitted, specific permission from the appropriate Government authority is required for change in ownership of the acquiring entity.

Oil and Gas related Laws

In keeping with the liberalised policy of the GoI for attracting private investments in the oil and gas sector, the GoI formulated the New Exploration Licencing Policy ("NELP"), which came into effect in February 1999. The DGH is the nodal agency for implementation of NELP. The key features of NELP are that there would be no mandatory state participation, exploration acreages and mining blocks would be awarded on competitive basis instead of the earlier system of nomination, there would be freedom to contractors for marketing of crude oil and gas in the domestic market, companies would be exempt from payment of import duty on the goods imported for petroleum operations, a seven year tax holiday from the date of commencement of commercial production would be available, and contractors would be allowed full cost recovery with unlimited carry forward on contract area basis, unlike the previous regime in which exploration cost was recovered on contract area basis and development and production cost on field basis. Under NELP, the first round of offer for exploration of oil and natural gas was in 1999 and the second to ninth rounds were in 2000, 2002, 2003, 2005, 2006, 2008, 2009 and 2011, respectively. As per the report of the DGH on Hydrocarbon Exploration and Production Activities, 2009-10, the intention of the GoI is to move from NELP to an Open Acreage Licencing Policy ("OALP"). Under OALP, companies can choose any block for offer at any time without waiting for bid rounds under NELP. The blocks will be awarded to the party giving the best bid at any time of the year. DGH is taking steps to implement OALP.

The Oilfields (Regulation and Development) Act, 1948 ("Oilfields Act") empowers the GoI to make rules for grant of mining leases in respect of any mineral oil. The holder of a mining lease is required to pay royalty in respect of any mineral oil mined, excavated or collected. The Oil Industry (Development) Act, 1974 ("OID Act") provides for establishment of the Oil Industry Development Board ("OID Board") for development of the oil industry and to levy excise duty on crude oil and natural gas, including through financial and other assistance. The OID Board may apply to courts for relief, including transfer of the management of the oil industrial concern to the OID Board, in case an oil industrial concern or other persons default on repayments of loans or violate the terms of the assistance agreement. The Oil Mines Regulations, 1984 ("Oil Mines Regulations") prescribe the duties of persons employed in oil mines, such as workers, managers, installation managers, safety officers and fire officers, including with respect to examination of equipment, usage of safeguards, safety devices and other appliances. The Oil Mines Regulations regulate production activities in oil mines, transportation of oil through pipelines, machinery, plant and equipment apart from laying down requirements for protection measures against gases and fires and general safety provisions. The Petroleum and Natural Gas (Safety in Offshore Operations) Rules, 2008 ("SOO Rules") require operators of offshore installations to obtain consent from the competent authority and to intimate the competent authority within 30 days of commencement, or cessation of operations. The operator is also responsible for providing health-related resources, establishing a strategy for environmental preparedness and a safety management system, carrying out risk assessment, maintaining information and records for petroleum activities, accidental pollution, recovery, rescue and remedial actions taken, and environment reporting.

The Petroleum Act, 1934 ("Petroleum Act") and Petroleum Rules, 2002 ("Petroleum Rules") regulate import, transport, storage, production, refining and blending of petroleum. Only the holder of a storage licence issued under the Petroleum Rules or his authorised agent or a port authority or railway administration or a person authorised under the Petroleum Act to store petroleum without a licence may deliver or dispatch petroleum in India. The Petroleum and Natural Gas Rules, 1959 ("PNG Rules") regulate prospecting and mining of petroleum and natural gas. Prospecting for petroleum is permitted only on receiving a petroleum exploration licence ("PEL") under the PNG Rules, and mining petroleum is permitted only on receiving a petroleum mining lease ("PML") granted under the PNG Rules. A PEL or a PML in respect of any land or mineral underlying the ocean within the territorial waters or continental shelf of India is granted by the GoI. In respect of any land vested in a State Government, a PEL or a PML is granted by the State Government with previous approval of the GoI. The PNG Rules require the payment of royalty on petroleum in case PML is granted. The PEL and PML may be cancelled by the GoI or the State Government, if the licencee or lessee fails to fulfil, or contravenes, any terms, covenants and conditions contained therein; fails to use the land covered by it for the purposes for which it has been granted, or uses such land for a purpose other than that for which it has been granted.

The Petroleum and Natural Gas Regulatory Board Act, 2006 ("PNGRB Act") provides for establishment of the Petroleum and Natural Gas Regulatory Board ("PNGR Board") to regulate refining, processing, storage, transportation, distribution, marketing, import, export and sale of petroleum, petroleum products and natural gas excluding production of crude oil and natural gas. Every entity desirous of marketing any notified petroleum or petroleum products or natural gas, or establishing or operating a liquefied natural gas terminal, or establishing storage facilities for petroleum, petroleum products or natural gas exceeding such capacity as may be specified by regulations and fulfilling eligibility conditions is required to apply to the PNGR Board for its registration. The functions of the PNGR Board include registration of entities in accordance with the PNGRB Act, declaring pipelines as common or contract carriers, receiving complaints, adjudication of certain disputes, and such other functions as entrusted to it by the GoI to implement the PNGRB Act. The PNGR Board may notify regulations consistent with the PNGRB Act and rules thereunder to implement the PNGRB Act. The PNGR Board (Codes of Practices for Emergency Response and Disaster Management Plan) Regulations, 2010 ("ERDMP Regulations") cover the identification and classification of emergencies, pre-emergency planning and preparedness to develop plans for actions when disaster or emergencies occur, responses that mobilise necessary emergency services and post disaster recovery, mitigation measures and implementation schedules to reduce or eliminate risk or disaster. The ERDMP Regulations apply to hydrocarbon processing installations, natural gas pipelines, commercial petroleum storage facilities and any other installation notified by the PNGR Board.

The Petroleum and Minerals Pipelines (Acquisition of Right of User in Land) Act 1962 (the "Pipelines Act") provides the framework governing acquisition of right of use ("ROU") in land for laying pipelines for transportation of petroleum and minerals and other matters connected therewith. The Pipelines Act governs the acquisition procedure, restrictions on use of land, and compensation payable to persons interested in the land. The PNGR Board notified the Petroleum and Natural Gas Regulatory Board (Authorising Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Product Pipelines) Regulations, 2010 ("Petroleum Pipeline Regulations") under the PNGRB Act. Under the Petroleum Pipeline Regulations, any entity desirous of laying, building, operating or expanding a petroleum and petroleum products pipeline is required to submit an expression of interest to the PNGR Board in the form of an application in the prescribed format along with the prescribed fee. The application cum bid has to be submitted in two parts including a technical bid and a financial bid. The PNGR Board may also initiate a proposal inviting entities to participate in the process of selection of an entity for laying, building, operating or expanding petroleum and petroleum products pipeline along any route. The Petroleum Pipeline Regulations provide certain minimum eligibility criteria for an entity desirous of laying, building, operating or expanding a petroleum and petroleum products pipeline in respect of the entity's technical capability of laying, building, operating and maintaining petroleum and petroleum products pipeline. After evaluation of bids, the letter of intent is issued to the selected entity within 30 days from the last date of opening of the financial bid. The grant of authorisation to the entity cannot be renounced by way of sale, assignment, transfer or surrender to any person or entity during the period of three years from the date of its issue. However, an authorised entity may induct a new partner as long as it remains the lead partner. The authorised entity is required to provide, to the PNGR Board a quarterly progress report detailing clearances obtained, targets achieved, expenditure incurred, work-in progress and any other relevant information.

In June 2008, the MoPNG issued guidelines for sale of natural gas by NELP contractors ("Gas Sale Guidelines"), which apply for an initial period of five years. Contractors are permitted to sell to consumers in accordance with marketing priorities determined by GoI on the basis of an approved pricing formula. If consumers in a particular higher priority sector are not in a position to take gas when it becomes available, it would go to the sector next in the order of priority. The priority for supply of gas from a particular source would apply only amongst customers not connected to an existing and available pipeline network connected to a source.

REORGANISATION TRANSACTIONS

On 25 February 2012, Vedanta announced an all-share merger of the Company's majority-owned subsidiaries, SGL and Sterlite, to create Sesa Sterlite ("Sesa Sterlite") and to effect the consolidation and simplification of Vedanta's corporate structure through two series of transactions (together the "Reorganisation Transactions" consisting of the "Amalgamation and Reorganisation Scheme" and the "Cairn India Consolidation"). Vedanta believes that Sesa Sterlite will be one of the largest global diversified resources major if and when the Restructuring Transactions are consummated.

The Amalgamation and Reorganisation Scheme

1. Sterlite will merge with and into SGL (which will be renamed Sesa Sterlite) through the issue of SGL shares to Sterlite shareholders (other than MALCO) on a three for five basis resulting in the issue of approximately 1,945 million SGL shares to Sterlite shareholders. The holders of Sterlite ADRs will receive three SGL ADRs for every five existing Sterlite ADRs. Sterlite's outstanding convertible bonds will become convertible bonds of SGL with equivalent rights and obligations;

2. MALCO's power business will be sold to Vedanta Aluminium for cash consideration of Rs. 1,500 million;

3. MALCO will merge with and into SGL through the issue of SGL shares to the shareholders of MALCO on a seven for ten basis, resulting in the issue of approximately 78.7 million SGL shares to the shareholders of MALCO and consequently, MALCO's holding in Sterlite will be cancelled;

4. Sterlite Energy will merge with and into SGL for no consideration;

5. Vedanta Aluminium's aluminium business will merge with and into SGL for no consideration; and

6. Through a separate but concurrent amalgamation under Indian and Mauritian law, Ekaterina Limited, a Mauritian company and a wholly owned subsidiary of the Company which holds the Company's 70.5% ownership interest in Vedanta Aluminium will be merged with and into SGL. As Sterlite currently holds the remaining 29.5% of the shares of Vedanta Aluminium, upon this concurrent amalgmation scheme becoming effective, Vedanta Aluminium will be a wholly-owned subsidiary of Sesa Sterlite.

Cairn India Consolidation

The subsidiaries of the Company and SGL have entered into a sale and purchase agreement pursuant to which the Company's 38.7% ownership interest in Cairn India, together with debt of approximately $5.9 billion incurred by Vedanta to acquire that interest in Cairn India, will be transferred to a subsidiary of Sesa Sterlite for nominal consideration. The Cairn India Consolidation is not conditional on the Amalgamation and Reorganisation Scheme being completed.

Please see section entitled "Summary" for details on the existing corporate structure and the corporate structure of Vedanta after the Reorganisation Transactions.

The table below summarises the Company's economic interests in each of its material subsidiaries prior to and immediately following completion of the Reorganisation Transactions:

	Existing (%)	At completion (%)
Sterlite	58.2	58.3[1]
SGL	55.1	58.3[1]
KCM	79.4	79.4
Vedanta Aluminium	87.6	58.3
MALCO	94.8	—[2]
Cairn India	49.8	34.3
BALCO	29.6	29.7
HZL	37.7	37.8
BMM	42.9	43.1
Skorpion and Lisheen	58.0	58.3
Sterlite Energy	58.0	—[3]
Copper Mines of Tasmania Pty Ltd	58.0	58.3
WCL	55.1	58.3

(1) 58.3% interest held in SGL (renamed Sesa Sterlite). Sterlite will be dissolved.

(2) Following MALCO being merged with and into SGL (renamed Sesa Sterlite), MALCO will be dissolved. MALCO's power business will be divested to Vedanta Aluminium prior to MALCO being merged with and into SGL.

(3) Upon Sterlite Energy being merged with and into SGL, its subsidiary TSPL will be wholly owned by SGL (renamed Sesa Sterlite).

The SGL shares are, and the Sesa Sterlite shares will continue to be, listed on the BSE Limited and the National Stock Exchange of India Limited in India. In connection with the merger of Sterlite into SGL to form Sesa Sterlite, Sesa Sterlite will establish an ADS facility and its ADSs are expected to be listed on The New York Stock Exchange.

Current Status of the Reorganization Transactions

The Reorganisation Transactions will become effective once approval has been obtained from the High Court of Madras and the appeal before the High Court of Bombay at Goa is disposed. The hearing before the bench at the High Court of Madras was completed on 30 October 2012.The High Court of Bombay at Goa approved the Amalgamation and Reorganisation Scheme by an order dated 3 April 2013. However, an appeal against this order has been filed by a shareholder of SGL, which is currently listed for hearing on 19 June 2013. Further, all the necessary approval and shareholder resolutions to implement the Cairn India Consolidation have been obtained.

MANAGEMENT

The following table sets forth certain information regarding Vedanta's Directors and executive officers and senior management as of 31 March 2013[13]:

Name	Nationality	Age	Position
Board of Directors			
Anil Agarwal[1]	Indian	61	Executive Chairman
Navin Agarwal[3][12]	Indian	52	Deputy Executive Chairman
Mahendra Singh Mehta[2][4][12]	Indian	57	Chief Executive Officer
Naresh Chandra[5][6][7][8][11]	Indian	78	Non-Executive Director and Senior Independent Director
Aman Mehta[7][8][9][10]	Indian	66	Non-Executive Director
Euan R. Macdonald[6][7][8][10]	British	73	Non-Executive Director
Geoffrey Green[8]	British	63	Non-Executive Director
Executive Officers			
Tarun Jain[2]	Indian	53	Director of Finance, Sterlite
Dindayal Jalan[2]	Indian	57	Chief Financial Officer
Dilip Golani[2]	Indian	47	President, Management Assurance
A. Thirunavukkarasu[2]	Indian	52	President, Group Human Resources
Other Significant Employees			
Copper Business			
Jeyakumar Janakaraj[2][4]	Indian	42	Chief Executive Officer and Whole Time Director, KCM
Zinc Business			
Akhilesh Joshi [2][4][12]	Indian	59	Chief Executive Officer and Whole Time Director, HZL
Rajagopal Kishore Kumar[2]	Indian	51	Chief Executive Officer, Vedanta Zinc International, Non-Executive Director, KCM
Aluminium and Power Business			
SK Roongta[2]	Indian	63	Managing Director, Vedanta Aluminium Limited, Chairman, TSPL and Vice Chairman — BALCO
Iron Ore Business			
Prasun Kumar Mukherjee[2]	Indian	57	Managing Director, SGL
Oil and Gas Business			
P Elango	Indian	52	Whole Time Director and Interim CEO — Cairn India
Group Projects			
Mansoor Siddiqi[2][12]	Indian	60	Group Director — Projects

(1) Chairman of the Nominations Committee.
(2) Member of the Executive Committee.
(3) Chairman of the Executive Committee.
(4) Member of the Sustainability Committee.
(5) Chairman of the Remuneration Committee.
(6) Member of the Audit Committee.
(7) Member of the Nominations Committee.
(8) Independent Director.
(9) Chairman of the Audit Committee.
(10) Member of the Remuneration Committee.

(11) Chairman of the Sustainability Committee.

(12) A "Whole Time Director" is a Director who is employed full-time in rendering services to the management of the company with respect to which he is a Director. An individual can be a Whole Time Director with respect to only one company, although he or she may accept the position of non-whole time director in other companies. In addition to Messrs. Tarun Jain, Mahendra Singh Mehta, Akhilesh Joshi, Mansoor Siddiqi, Sushil Kumar Roongta and Mr. Navin Agarwal is also considered to be a Whole Time Director.

(13) On 16 May 2013, Vedanta announced that Deepak Parekh has been appointed as an independent Non-Executive Director on the Company's Board with effect from 1 June 2013. Deepak Parekh is a Chartered Accountant from the Institute of Chartered Accountants in England and Wales. He began his career at Ernst & Young Management Consultancy Services in New York. In 1978 he joined Housing Development Finance Corporation Limited ("HDFC"), an Indian housing finance company. He held various senior roles within the organisation playing a key role in transforming HDFC into India's premier housing finance company. He became Chairman in 1993, and is currently its Non-Executive Chairman. Mr Parekh also serves on the board of a number of leading corporations across a diverse range of sectors. He is the Non-Executive Chairman of Glaxosmithkline Pharmaceuticals Limited and Siemens India Limited and a non-executive director of Lafarge SA in France, DP World Limited in the United Arab Emirates and Mahindra & Mahindra Limited.

Directors and Senior Management

Other than those interests and relationships disclosed in "Principal Shareholders" and "Related Party Transactions", no conflicts of interest exist between the private interests of the management team and the interests of the Company.

Directors

The Company's Board is chaired by Mr. Anil Agarwal. The other members of the Board are Messrs. Navin Agarwal, Mahendra Singh Mehta, Naresh Chandra, Geoffrey Green, Euan R. Macdonald and Aman Mehta. The business address of each of the Directors, executive officers and other significant employees is 16 Berkeley Street, London WIJ 8DZ.

Executive Directors

Mr. Anil Agarwal is the Company's Executive Chairman and was appointed to the Company's Board in November 2003. Mr. Agarwal, who founded Vedanta in 1976 is the non-executive chairman of Sterlite and Sterlite Technologies. Mr. Agarwal was Sterlite's chairman, managing director and chief executive officer from 1980 until the expiration of his term in October 2004. He was also the chief executive officer of the Company from December 2003 to March 2005. Mr. Agarwal has experience of over three decades as an industrialist and has been instrumental in the Company's growth and development since its inception.

Mr. Navin Agarwal is the Company's Deputy Executive Chairman and was appointed to the Company's Board in November 2004. Mr. Agarwal is also the non-executive chairman of BALCO, MALCO and Cairn India, chairman of KCM, executive vice chairman of Sterlite and director of each of HZL, Vedanta Aluminium, Sterlite Iron & Steel Company Limited, Vedanta Resources Holding Limited and Vedanta Resources Investment Limited. Mr. Agarwal also chairs Vedanta's Executive Committee. In this role, he provides strategic direction and oversees the planning, execution and completion of the pipeline of growth projects along with implementation of management practices. Mr. Agarwal has over 25 years' experience in strategic and operational management. He received a Bachelor of Commerce degree from Sydenham College, Mumbai, India and has completed the Owner/President Management Programme at Harvard University, USA.

Mr. Mahendra Singh Mehta is the Company's Chief Executive Officer and was appointed to the Company's Board on 1 October 2008. He is also the director of each of Vedanta Resources Holding Ltd. Prior to his appointment, Mr. Mehta was the chief executive officer and a director of HZL. Mr. Mehta joined Vedanta in April 2000 and has held various leadership roles within Vedanta. He was also the Commercial Director (Base Metals) responsible for the marketing of copper, aluminium, zinc and lead, procurement of copper concentrate, export and tolling of zinc concentrate and coal procurement. Before joining Vedanta, Mr. Mehta worked with Lloyds Steel Industries Ltd, where he handled wide ranging portfolios, including marketing, procurement, working capital finance and projects. Mr. Mehta has a Mechanical Engineering degree from MBM Engineering College, Jodhpur, and holds a Master's degree in Business Administration from the Indian Institute of Management, Ahmedabad.

Non-Executive Directors

Mr. Naresh Chandra is a Non-executive Director and Senior Independent Director. Mr Chandra joined the Company's Board in May 2004. Mr. Chandra was the Home Secretary of India in 1990, the cabinet secretary from 1990 to 1992, senior adviser to the then Prime Minister of India from 1992 to 1995 and India's ambassador to the United States from 1996 to 2001. He was chairman of the Indian Government Committee on Corporate Governance & Audit from 2002 to 2003 and was chairman of the Committee on Civil Aviation Policy from 2004 to 2005. Mr. Chandra is a director of Avtec Limited, Tata Consultancy Services Limited, Hindustan Motors Ltd, Bajaj Auto Limited, Bajaj Financial Services Ltd., Bajaj Holdings and Investment Ltd., Balrampur Chini Mills Ltd, Electrosteel Casting Limited, Cairn India Ltd and Gammon Infrastructure Projects Limited. He was awarded the prestigious Padma Vibhushan award by the President of India in 2007. Mr. Chandra holds a Master's degree in Mathematics from Allahabad University.

Mr. Aman Mehta is a Non-executive Director. Mr Mehta, a senior banker, joined the Company's Board in November 2004 following his retirement from The Hongkong and Shanghai Banking Corporation Limited ("HSBC") after 36 years. He held numerous positions, including chairman and chief executive officer of HSBC USA Inc. (the New York based arm of HSBC Holdings plc), and as deputy chairman of HSBC Bank Middle East, based in Dubai with responsibility for the HSBC group's operations in the Middle East. In 1999, Mr. Mehta was appointed chief executive officer of HSBC, a position he held until his retirement. Mr. Mehta is a director of Jet Airways (India) Limited, PCCW Limited, Tata Consultancy Services Limited, Wockhardt Limited, Max India Limited, Godrej Consumer Products Ltd and Cairn India Ltd. In addition, he is also a member of the Board of Governors of the Indian School of Business, Hyderabad. Mr. Mehta has a degree in Economics from Delhi University.

Mr. Euan R. Macdonald is a Non-executive Director. Mr Macdonald joined the Company's Board in March 2005. Mr. Macdonald spent over 20 years with SG Warburg, specialising in emerging market finance. From 1995 to 1999, Mr. Macdonald was the chairman of SBC Warburg India, responsible for all of the bank's activities in India, and from 1999 to 2001, he was the executive vice chairman of HSBC Securities and Capital Markets, India. Mr. Macdonald has a degree in Economics from Cambridge University and a Master's degree in Finance and International Business from Columbia Business School, New York.

Mr. Geoffrey Green is a Non-Executive Director. Mr Geoffrey Green joined the Company's Board in August 2012. Mr Green has been a partner of Ashurst LLP, a leading international law firm, since 1983 and formerly served as Ashurst's senior partner and chairman of its management board for 10 years until 2008, when he was appointed as head of the firm's expanding Asian practice. As a long serving legal adviser to major listed companies in the UK, Mr Green has knowledge and expertise in relation to the strategic issues of UK listed companies and the UK corporate governance framework. Mr. Green holds a degree in Law from Cambridge University and qualified as a solicitor at Ashurst.

Executive Officers

Tarun Jain is the Director of Finance of Sterlite. Mr. Jain joined Sterlite in 1984 and has over 24 years of experience in corporate finance, accounts, audit, taxation and secretarial practice. He is responsible for Sterlite's strategic financial matters, including finance and accounting, legal and regulatory compliance and risk management. Mr. Jain is a graduate of the Institute of Cost and Works Accountants of India and a Fellow Member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India.

Dindayal Jalan is the Company's Chief Financial Officer and a Whole Time Director of Sterlite. Mr. Jalan joined Sterlite as the president of its Australian operations and was responsible for the business and operations of CMT and TCM from January 2001 to February 2002 before becoming its chief financial officer (metals). He was appointed as the Company's Chief Financial Officer in October 2005. Mr. Jalan has over 32 years of experience working in various companies in the engineering, mining and non-ferrous metals industries. Mr. Jalan received a Bachelor of Commerce from Gorakhpur University, India, and is a member of the Institute of Chartered Accountants of India.

Dilip Golani is the Director and group head of the management assurance department. Mr. Golani joined Sterlite in 2000 as the head of its management assurance department before becoming the head of its performance improvement department from August 2004 to August 2005. Between September to December 2005, Mr. Golani was also appointed as the head of marketing for HZL. In December 2005, he assumed the position as head of management assurance for Vedanta. Mr. Golani has a Bachelor of Engineering degree from Motilal National Institute of Technology, Allahabad and a Post-Graduate Diploma in Industrial Engineering from the National Institute of Industrial Engineering, India.

A Thirunavukkarasu is the President for Human Resources ("HR"). Mr. Thirunavukkarasu was Senior Vice President of HR for the Company's copper division heading the human resources, total quality management, corporate social responsibility and public relations functions, prior to becoming President, Group Human Resources in July 2007. Mr. Thirunavukkarasu held positions in Hindustan Lever and TVS Electronics before joining Vedanta. Mr. Thirunavukkarasu holds a Bachelor degree in Literature and Master's degree in Social Work with Personnel Management and Organisational behaviour from Loyola College, Chennai, India.

Other Significant Employees

Copper business

Mr. Jeyakumar Janakaraj is currently the chief executive officer and Whole Time Director of KCM. Mr. Janakaraj joined Vedanta in September 1995 as a mechanical engineer in Sterlite's copper division at Tuticorin and moved to HZL subsequently as senior manager in July 2002 and worked in various capacities, including projects head for both mines and smelters. Mr. Janakaraj was conferred a gold medal for his significant contributions to non-ferrous metallurgical industries by the Indian Institute of Metals, Kolkata in 2006 and 2008. Mr. Janakaraj holds a B.E. (Mechanical) from PSG College of Technology, Bharathiar University, Coimbatore, India.

Zinc business

Mr. Akhilesh Joshi is the chief executive officer and Whole Time Director of HZL. He was appointed to the Board in October 2008 as the Chief Operating Officer and Whole Time Director. joined HZL in September 1976. He obtained his First Class Mines Manager's certificate of competency. Mr. Joshi became the general manager of HZL when HZL became a part of Vedanta. He is the recipient of the National Mineral Award in 2006 for his outstanding contribution in the firls of mining technology. Mr. Joshi has a Bachelor's degree in Engineering (Mining) from M.B.M. Engineering College, Jodhpur and completed his postgraduate diploma in "Economic Evaluation of Mining Projects" from the University of Paris.

Mr. Rajagopal Kishore Kumar is the chief executive officer of zinc assets (Africa and Ireland) of Zinc International and is also a non-executive director of KCM. He was chief executive officer of KCM from 2008 to 2010. Prior to this he was heading Sterlite's copper division and zinc division and was responsible for the overall management of copper business since December 2006 and zinc business since October 2008. Mr. Kumar joined the Company in April 2003 as vice president — marketing of HZL, and became senior vice president — marketing for Sterlite's copper division from June 2004 to December 2006, where he was responsible for copper marketing and concentrate procurement. Prior to joining the Company, Mr. Kumar was employed by Hindustan Lever Ltd for 12 years. Mr. Kumar has a Bachelor's degree in Commerce from Kolkata University, India and is a member of the Institute of Chartered Accountants of India.

Aluminium and Power business

Mr. Sushil Kumar Roongta has responsibility for both the Aluminium and Commercial power generation businesses. Prior to joining Vedanta, Mr Roongta worked with the Steel Authority of India Limited (SAIL) for about four decades, holding key positions before being appointed as Director on the Board in 2004 and later as Chairman of the SAIL Board in August 2006. He is a Bachelor of Engineering from the Birla Institute of Technology and Science ('BITS'), Pilani, and was a gold medallist in his Post Graduate Diploma in Business Management in International Trade, from the Indian Institute of Foreign Trade ('IIFT'), Delhi. He is also a fellow member of All India Management Association (AIMA). He serves as an Independent Director on the Boards of Neyveli Lignite Corporation Limited, The Shipping Corporation of India Limited, Jubilant Industries Limited, Hindustan Petroleum Corporation Limited and ACC Limited. He is also a Chairperson of the Board of Governors of the Indian Institute of Technology ('IIT'), Bhubaneswar and also chairs FICCI's national committee on Steel and Non-ferrous metals.

Iron ore business

Mr. Prasun Kumar Mukherjee is the Managing Director of SGL. Mr. Mukherjee joined SGL in April 1987 and held various positions in internal audit, corporate affairs, taxation, finance and accounts before taking up the position of director finance for SGL from July 2000 to March 2006. In April 2006, he was appointed the Managing Director of SGL. Prior to joining SGL, Mr. Mukherjee was associated with CEAT Tyres of India, Ltd. (now known as CEAT Ltd.), and Bridge and Roof Co. (India) Limited. Mr. Mukherjee was rated as one of India's Best Chief Financial Officers in 2005 by Business Today and as India's Most Valuable CEO in 2009 by

Business World Magazine. Mr. Mukherjee is a fellow member of the Institute of Chartered Accountants of India and an associate member of the Institute of Cost and Works Accountants of India. He is also currently the President of the Federation of Indian Mineral Industries.

Oil and gas business

Mr. P Elango holds a degree in Masters in Business Administration from Annamalai University and a Bachelor's degree in English Literature. He joined Cairn India in 1996. Prior to his appointment as the interim CEO, he was the Director — Strategy and Business Services of Cairn India. Mr. Elango has over 25 years of experience in the oil and gas sector. He began his career with ONGC in 1985. He is on the board of various subsidiaries of Cairn India.

Group Projects

Mr. Mansoor Siddiqi is Vedanta Director of Projects. He is also a director of TSPL and Vedanta Aluminium. Prior to this he was the Chief Executive Officer for the aluminium sector for Vedanta and Whole Time Director of Vedanta Aluminium. He joined Vedanta in 1991. Prior to joining Vedanta, Mr. Siddiqi worked at Hindustan Copper Limited. Mr. Siddiqi has over 35 years of experience in various areas of operations and project management. Mr. Siddiqi has a Bachelor's degree in Mechanical Engineering from the Indian Institute of Technology, Delhi, India.

Corporate Governance

The Company's shares were listed on the LSE in December 2003. Most of Vedanta's assets and management are located in India. Four of Vedanta's subsidiary companies, namely Sterlite, HZL, Cairn India and SGL, are currently listed on stock exchanges in India and maintain their own corporate governance arrangements in compliance with Indian regulations. Sterlite also has ADSs listed on the New York Stock Exchange ("NYSE") and is thus subject to compliance with NYSE listing requirements. In addition, BALCO, HZL and KCM have government appointees on their boards of directors to represent wider shareholder interests.

Vedanta's Executive Chairman, Mr. Anil Agarwal, is Vedanta's original promoter and founder having built Vedanta from its inception in 1976. Volcan, a company Mr. Agarwal is deemed to have beneficial ownership of, remains as the Company's controlling shareholder with a 64.94% voting shares interests as of 31 March 2013. The relationship between Volcan, Mr. Agarwal and Vedanta is governed by a relationship agreement which was entered into at the time of the Listing and amended in December 2011 during the relisting of the Company's shares (the "Relationship Agreement") to ensure the Company is able to operate independently of the controlling shareholder. See "Relationship with the Major Shareholder — Transactions and arrangements with the Major Shareholder — Relationship Agreement — The Company, Volcan, Onclave and Mr. Anil Agarwal". Under the terms of the Relationship Agreement, the Board, and Nominations Committee will at all times consist of a majority of Directors who are all independent of Volcan and the Agarwal family, whilst the Remuneration and Audit Committees shall at all times comprise only Non-Executive Directors. Volcan is entitled to nominate for appointment as Director such number of persons as is one less than the number of Directors who are independent of Volcan, the Agarwal family and their associates. The Board considers these to be adequate safeguards in that Directors who are independent of Volcan make up a majority of the Board and the Company's ability to operate independently of Volcan is protected by the Relationship Agreement.

Since the Company's Listing, the Board has moved towards compliance with the requirements of "The UK Corporate Governance Code" issued by the Financial Reporting Council (the "Code") in June 2010. The Board is aware of the new requirements under the Code as revised in September 2012 and intends to comply subject to the exceptions mentioned below.

Vedanta does not provide for any benefits to its officers and directors upon the termination of their services.

Statement of Compliance

The Board has sought to achieve the standards of corporate governance as set out in section 1 of the Code and believes that the Company has complied with the provisions of the Code throughout fiscal 2013, except as follows:

Code Provision A.3.1

Anil Agarwal was appointed Executive Chairman of the Company in 2005, having previously been Chief Executive Officer of the Company. In addition, through Volcan, members of his family have a controlling interest in the shares of the Company. Therefore, on his appointment as Chairman, Mr. Agarwal did not meet the independence criteria defined under Code Provision A.3.1. It is the board's view that Mr. Agarwal is pivotal in helping to develop the strategic direction of Vedanta, and the Company has achieved significant growth through acquisitions and organically.

Code Provision B.2.1

The Relationship Agreement put in place at the time of the Company's Listing stipulates that Volcan be consulted on all appointments to the board of directors. Accordingly, the Nominations Committee which leads the process for board appointments consults with Volcan prior to recommending any candidates for appointment to the board. However, Volcan does not have any veto powers in respect of appointments to the board. To this extent, the Company's approach differs from the principle in Code Provision B.2.1.

The Board

Role and Responsibilities of the Board

The role of the Board is to provide leadership to maximise opportunities to develop the Company's portfolio of businesses profitably while assessing and managing the associated risks. The boards of directors of Vedanta's individual businesses are responsible for managing their businesses profitably while controlling risks. The Board assesses the strategic objectives of each business, monitors performance, ensures the availability of financial, management and other resources required to meet the objectives, sets Vedanta's standards of conduct and ensures that effective controls are in place to manage risk and that the interests of shareholders and other investors are observed. For example, in March 2011 a new code of conduct and ethics (the "Code of Conduct and Ethics") was approved to provide overarching standards for Vedanta's individual businesses.

The Board has adopted a schedule of matters reserved for its consideration to ensure that it is in a position to assess strategy, monitor performance and maintain effective controls while delegating operational management to the Executive Committee and Vedanta's businesses. Such matters reserved to the Board include, but are not limited to, approving Vedanta's overall strategy and annual budgets, major capital expenditures, major acquisitions, disposals and significant changes to capital structure and dividend policy. This schedule of matters reserved was reviewed in May 2010.

The Board meets on a regular basis and throughout the fiscal year ended 31 March 2013 met 6 times. The Chairman also met with the Non-Executive Directors without the Executive Directors present on several occasions throughout the same period. All of the committees are authorised to obtain legal or other professional advice as necessary, to secure the attendance of external advisers at their meetings and to seek information from any employee of the Company in order to perform their duties.

There are four Board Committees: Nominations, Remuneration, Audit, and Sustainability. Each committee has its own clearly defined terms of reference which can be obtained from the Company Secretary and each committee reports directly to the Board.

Board Balance and Independence

The Board comprises the following members as of 31 March 2013:

Mr. Anil Agarwal	Executive Chairman
Mr. Navin Agarwal	Deputy Executive Chairman
Mr. Mahendra Singh Mehta	Chief Executive Officer
Mr. Naresh Chandra	Non-Executive Director and Senior Independent Director
Mr. Aman Mehta	Non-Executive Director
Mr. Euan R. Macdonald	Non-Executive Director
Mr. Geoffrey Green	Non-Executive Director

With the exception of Mr. Green who was appointed to the board on 1 August 2012, all the Non-Executive Directors served throughout the fiscal 2013 and up to the date of this Offering Circular. There have been no new appointments to the Board during the year.

As of the date of this Offering Circular, the Board consists of the Executive Chairman, the Deputy Executive Chairman, one Executive Director and four Non-Executive Directors. The Company regards this as an appropriate board structure. The Company considers all of its Non-Executive Directors as independent Non-Executive Directors within the meaning of "independent" as defined in the Code and free from any business or other relationship which could materially interfere with the exercise of their independent judgment. In making its assessment of the independence of the Non-Executive Directors, the Board has considered the fact that Mr. Aman Mehta and Mr. Euan R. Macdonald have held previous senior management positions within subsidiary companies of HSBC Holdings plc (which acted as the joint global co-ordinator and bookrunner in the Listing of the Ordinary Shares in December 2003). At the time of their appointments, the Board considered that neither Mr. Aman Mehta's nor Mr. Euan R. Macdonald's previous employments included the provision of corporate finance services in London by the HSBC group (and thus they had no involvement with Vedanta prior to their appointment to the Board) and that the value of the business transacted between the Company and the HSBC group was less than 1% of the turnover of either organisation. The Board therefore remains of the view that these circumstances will not affect the judgment exercised by either Mr. Aman Mehta or Mr. Euan R. MacDonald, and therefore considers them to be independent. Ashurst LLP provides legal advice to the Company from time to time. The fee paid to Ashurst LLP during the fiscal year ended 31 March 2013 was $0.7 million. The Board does not view the amount of legal fee as material or interfering with the independence of Mr. Green.

Mr. Naresh Chandra is the Senior Independent Director. His primary responsibilities are to lead discussions at meetings of the Non-Executive Directors, provide an effective channel of communication between the Chairman and Non-Executive Directors, ensure that the views of the Non-Executive Directors are given due consideration and provide a point of contact for any shareholder who wishes to raise concerns which the normal channels of communication through the Executive Chairman and Chief Executive Officer have failed to resolve, or for which contact is inappropriate.

The Directors support high standards of corporate governance. Following Readmission, the Company will comply with the UK Corporate Governance Code, save that the Executive Chairman is not independent, as outlined under "— Corporate Governance — Statement of Compliance" above.

Executive Chairman and Chief Executive Officer

There is a clear division of the responsibilities between the running of the Board and executive responsibility for running the business, so that no one person should have undue power of decision. In June 2005, the Board approved a policy to ensure a clear separation is maintained between the responsibilities of the Executive Chairman and the Chief Executive Officer, as detailed below:

Executive Chairman	Chief Executive Officer
Setting a vision for the Company, formulating its strategy, creating a growth pipeline of profitable business opportunities and reviewing potential merger and/or acquisition opportunities;	Developing and managing the executive team;
Providing leadership to the Board and ensuring its effectiveness;	Delivery of budgets for operations;
Ensuring that there is effective communication with shareholders;	Supporting the Executive Chairman in the delivery and implementation of business strategy;
Facilitating the effective contribution of Non-Executive Directors; and	Optimising the Company's assets and management and the allocation of resources;
Overseeing corporate governance arrangements in compliance with the Code.	Supporting the Executive Chairman in effective communication with various shareholders; and
	Creating and maintaining a sound control environment.

Executive Committee

The Executive Committee, comprising the Executive Directors and the senior management within Vedanta who head the principal businesses and corporate functions, meets on a monthly basis to consider the operating performance of each of the principal subsidiaries. Mr. Navin Agarwal chairs the Executive Committee. The Board's role is to set Vedanta's values and standards, determine its strategic objectives and monitor operational performance.

The Executive Committee supports the Board in fulfilling this role and is essentially responsible for operational performance including: implementing and delivering the strategic plans formulated by the Board, monitoring operational and financial performance, prioritising and allocating resources and developing and reviewing objectives and budgets with subsidiary company boards to ensure that these fall within agreed targets and parameters set by the Board. In addition, the Executive Committee approves capital expenditure and reviews the Vedanta's Human Resources Policy and Treasury Policy.

The Executive Committee had 12 meetings in fiscal 2013.

Nominations Committee

In conjunction with the consultation of Volcan pursuant to the Relationship Agreement, the Nominations Committee has a role in reviewing the structure, size and composition of the Board, particularly the balance between Executive and Non-Executive Directors, and advising the Board on proposed appointments of new Non-Executive Directors. The Nominations Committee draws up a list of criteria to be used to assess potential new appointments to the Board and this is to be used as part of the selection process for new non-executive directors appointed during the year. In respect of the appointment of Non-Executive Directors to the Board, the candidates will be made aware of the time commitment expected of them which will be reflected in the letter of appointment. The approval of the Chairman must be sought before an Executive Director may take on a Non-Executive Directorship outside of Vedanta. Mr. Anil Agarwal is Chairman of the Nominations Committee. The other members are Messrs. Naresh Chandra, Euan R. Macdonald and A Mehta.

The 2010 Code requires that all directors be re-elected on an annual basis and that Non-Executive Directors should be appointed for specific terms. Accordingly, during fiscal 2013, all the directors were re-elected to the Board.

The Company's Articles of Association (the "Articles") require that at every annual general meeting, one-third of the Directors or, if their number is not three or a multiple of three, the number nearest to one-third, shall retire from office. Non-Executive Directors are only put forward for re-election if, following performance evaluation, the Board believes the Director's performance continues to be effective and demonstrates commitment to the role.

The Nominations Committee held 3 meetings in fiscal 2013.

Remuneration Committee

Mr. Naresh Chandra is Chairman of the Remuneration Committee. The other members are Messrs. Euan R. Macdonald and Aman Mehta. The Remuneration Committee is responsible for setting the remuneration policy and remuneration packages for the Executive Directors and for maintaining an awareness of the overall remuneration of the key operational and financial heads within Vedanta. In the Remuneration Committee's terms of reference approved by the Board the Remuneration Committee is required to consider and give due regard to the recommendations of the Code and other guidelines published in respect of the remuneration of directors of listed companies such as that produced by the Association of British Insurers and National Association of Pension Funds. A significant proportion of the Executive Directors' remuneration is performance related through the annual bonus and long term incentive schemes. The fees of the Non-Executive Directors are independently reviewed and take into account the time commitments and responsibilities of the role.

The Remuneration Committee had 5 meetings in fiscal 2013.

Audit Committee

The primary role of the Audit Committee is to oversee the integrity of Vedanta's financial reporting system, its approach to risk and internal controls, the effectiveness of its internal audit activity, its relationship with its external auditors and compliance with relevant statutory and other required financial reporting standards, including corporate governance disclosures. The Audit Committee has an established process for identifying, evaluating and managing significant risks faced by Vedanta in accordance with the Turnbull Guidance on Internal Control published by the Financial Reporting Council. In addition the Audit Committee has discussions with the auditor, without management being present. The Audit Committee reviews Vedanta's whistleblowing policy and risk matrix, its annual report and interim statement, fraud or misappropriation cases, and reviews Vedanta's external audit engagement, scope and strategy.

In line with best practice, the Board has reviewed the internal control system in place for Vedanta up to the period ended 31 March 2013. During the course of its review of the system of internal control, the Board has not identified nor been advised of any weaknesses or control failure that is significant.

In addition to the requirements of the UK Corporate Governance Code issued in September 2012, certain of the Company's subsidiaries, by virtue of their listings on the Indian stock exchanges or the NYSE, have their own audit committees which are established in accordance with Indian or NYSE corporate governance requirements, as applicable. This provides a second level of financial oversight below Vedanta's Audit Committee which also monitors the discussions and findings of the audit committees of the Company's subsidiaries.

Mr. Aman Mehta is the Chairman of the Audit Committee. The other members are Messrs. Naresh Chandra and Euan R. Macdonald.

The Audit Committee had four meetings in fiscal 2013.

Sustainability Committee

Mr. Naresh Chandra is the Chairman of Vedanta's Sustainability Committee. The other members are Messrs. M. S. Mehta, Jeyakumar Janakaraj. The Chief Sustainability Officer acts as the secretary to the committee.

The role of the Sustainability Committee is to assist the Board in meeting its responsibilities in relation to sustainability-related matters arising out of the activities and operations of Vedanta. For more information on sustainability-related matters arising out of the activities and operations of Vedanta, please see "Business — Sustainability".

The principal duties and responsibilities of the Sustainability Committee are:

1. to recommend to the Board sustainability policies for Vedanta, clearly setting out the commitments of Vedanta to manage matters of sustainable development effectively;

2. to advise the Board to enable it to discharge its responsibilities, having regard to the law and the expected international standards of governance;

3. to outline initiatives required to institutionalise a sustainability culture through involvement of the employees at all levels;

4. to review and report to the Board the performance of Vedanta and Vedanta companies with respect to the implementation of the Sustainability Management System designed to ensure that the commitments made in the policy are being met and that sustainability and reputational related risks are being assessed, controlled and managed effectively;

5. to review targets for sustainability performance and report to the Board with respect to their appropriateness and assess progress towards achieving those targets;

6. to recommend, when appropriate, amendments to the sustainability policies or management system; and

7. to approve the Sustainability Report prior to publication.

The Healthy, Safety and Environment Committee, which, by order of the Board, was renamed the Sustainability Committee, held 4 meetings in fiscal 2013.

Directors' and Executive Officers' Compensation

The aggregate compensation the Company paid to its executive directors and executive officers for fiscal 2013 was $22.0 million, which includes $17.3 million paid towards short term benefits comprising salary, bonuses and allowances, $0.7 million paid towards post-employment benefits and $4.0 million in non-cash payments relating to the LTIP. The total compensation paid to the Company's most highly compensated executive during fiscal 2013 was £2.1 million, of which £2.06 million comprised salary, bonus and benefits in kind and £0.04 million comprised non-cash payments relating to the LTIP.

The aggregate compensation the Company paid its Non-Executive Directors in fiscal 2013 was £123,000.

The following table sets forth the pre-tax remuneration for fiscal 2013 for individual Directors who held office in the Company during this period. Payment is generally made in UK pounds sterling although payments in India under service contracts with Sterlite are paid in Indian Rupees. The table below indicates the salary paid to the Company's Directors for fiscal 2013. Pursuant to a Board meeting held in May 2010, the compensation for Non-Executive Directors was reviewed leading to an increase in the annual fees payable to such Directors.

	Base Compensation	Benefits in kind	Pensions	Annual Performance Bonus	Total for fiscal 2013	Total for fiscal 2012
	(£ in thousands)					
Executive Directors						
Anil Agarwal(1)	1,475	46	—	590	2,111	2,010
Navin Agarwal(2)	953	49	147	417	1,566	1,482
M.S. Mehta(3)	391	—	31	147	569	550
Non-Executive Directors						
Naresh Chandra(4)	182	—	—	—	182	167
Aman Mehta(4)	155	—	—	—	155	139
Euan Macdonald	100	—	—	—	100	100
Geoffrey Green	53	—	—	—	53	—
Total	3,309	95	178	1,154	4,736	4,448

(1) Mr. Anil Agarwal's benefits in kind include provision of a car and fuel in the UK and India for business and personal purposes.

(2) Mr. Navin Agarwal's benefits in kind include club membership and use of a car and driver.

(3) Mr. Mahendra Singh Mehta's benefits in kind include use of a car and driver.

(4) This includes the salary of £42,000 paid by Cairn India and its subsidiaries after it became a subsidiary of Vedanta.

Employee Share Schemes

Vedanta Reward Plan

The Company operated the Vedanta Reward Plan which was adopted to reward a limited number of employees who had contributed to the Company's development and growth over the period leading up to the Company's initial public offering and listing on the LSE, and no further awards were granted under the Vedanta Reward Plan.

Vedanta Long-Term Incentive Plan

The Company operates the Vedanta Resources Long-Term Incentive Plan (the "LTIP") which was adopted to grant share options to its employees or employees of its subsidiaries. Awards are made to certain senior employees and executive directors on an annual basis. Awards under the LTIP may be granted to any employee of the Company or any of its subsidiaries.

The LTIP is consistent with the Company's reward philosophy, which aims to provide superior rewards for outstanding performance, and to provide a high proportion of "at risk" remuneration for Executive Directors and senior employees. The maximum value of the Ordinary Shares which may be conditionally awarded in any fiscal year to a participant in the LTIP who is an executive director is restricted to 100% of that Executive Director's annual base salary (including fees).

As of 31 March 2013, options were outstanding under the LTIP to acquire an aggregate of 2,611,450 Ordinary Shares of Vedanta.

Vedanta Share Option Plan

Vedanta adopted the Vedanta's Share Option Plan (the "Plan") in 2004. Vedanta has no intention to grant options under the Plan for the foreseeable future and has adopted that Plan for maximum flexibility in the design of incentive arrangements in the long-term.

ESOP Scheme

On 28 August 2012, the shareholders of the Company adopted a plan named the "ESOP Scheme", that allows the Company to issue share options to the executive directors, senior management and certain select employees across Vedanta. Under the terms of the ESOP Scheme, the remuneration committee of the Company, on 24 September 2012, approved the grant of a total of 4,652,550 options. On 14 May 2013, the remuneration committee approved the grant of an additional aggregate of 4,547,650 options under another ESOP Scheme with terms similar to the ESOP Scheme. The maximum value of the awards that can be conditionally awarded to an executive director in a year is 100.0% of the base compensation for that director.

Each share option is exercisable in the form of a nil cost option or a right to acquire shares, at any time during the period of six months following the date the share options vest. As of 31 March 2013, options for a total of 4,542,150 options were outstanding.

According to the ESOP Scheme, 50% of the shares are due to vest on 24 September 2013 based on performance conditions from 1 April 2012 to 31 March 2013. The next 30% of the shares will vest on the second anniversary from the date of grant and the remaining 20% of the shares will vest on the third anniversary from the date of grant. The exercise price is 10 cents.

The following table sets forth the options granted to and exercised by the Company's Directors and executive officers during fiscal 2013:

Option Granted	Exercise Price	1 April 2012	Movements During the Year		Lapsed due to performance conditions	Options Outstanding 31 March 2013	Exercise Period (Earliest/ latest Exercise Dates)	Date Award Exercised
			Grants	Exercised				
A.K. Agarwal								
1 August 2009	0.10	60,000	—	—	60,000	—	1 August 2012 to 1 January 2013	—
1 August 2011	0.10	73,500	—	—	—	73,500	1 August 2014 to 1 January 2015	—
24 September 2012 ...	0.10	Nil	125,000	—	—	—	24 September 2013	—
N. Agarwal								
1 August 2009	0.10	40,000	—	—	40,000	Nil	1 August 2012 to 1 January 2013	—
1 August 2011	0.10	57,500	—	—	—	57,500	1 August 2014 to 1 January 2015	—
24 September 2012 ...	0.10	Nil	85,000	—	—	—	—	—
M.S. Mehta								
1 August 2009	0.10	17,500	—	—	17,500	Nil	1 August 2012 to 1 January 2013	—
1 August 2011	0.10	21,000	—	—	—	21,000	1 August 2014 to 1 January 2015	—
24 September 2012 ...	0.10	Nil	38,000	—	—	—	—	—

Directors Dealings in Shares

The Company has a policy based on the Model Code published in the listing rules of the UK Listing Authority (the "Listing Rules") under Section 74 of the United Kingdom Financial Services and Markets Act 2000, as amended, (the "FMSA"), which covers dealings in securities and applies to directors and senior management. A comprehensive insider list is maintained and all participants are notified of close periods.

Limitations on Liability and Indemnification Matters

Section 201 of the Indian Companies Act provides that a company may indemnify any director, officer or auditor against any liability incurred by such director, officer or auditor in defending any civil or criminal proceedings, in which a judgment is given in favour of such director, officer or auditor or in which he or she is acquitted or discharged or in connection with application made by a director or an officer to the High Court of the relevant state for relief, because he or she has reason to apprehend that any proceeding will or might be brought against him in respect of any negligence, default, breach of duty, misfeasance or breach of trust, in which relief has been granted by the High Court of the relevant state.

Section 201 also provides that, except for such indemnity described above, any provision, whether contained in the articles of association of a company or in an agreement with the company or in any other instrument, for exempting any director, officer or auditor of the company from, or indemnifying him or her against, any liability which, by any rule of law, would otherwise attach to such director, officer or auditor in respect of any negligence, default, misfeasance, breach of duty or breach of trust of which he or she may be guilty in relation to the company, shall be void.

PRINCIPAL SHAREHOLDERS

The following table sets forth information regarding beneficial ownership of Ordinary Shares as of 31 March 2013 held by:

1. each person who is known to the Company to have more than 5% beneficial share ownership;

2. each of the Company's Directors and executive officers having more than 1% beneficial share ownership; and

3. all of the Company's Directors and executive officers as a group.

Each Ordinary Share is entitled to one vote on all matters that require a vote of shareholders, and none of the Company's shareholders has any contractual or other special voting rights.

As used in this table, beneficial ownership means the sole or shared power to vote or direct the voting or to dispose of or direct the sale of any security. A person is deemed to be the beneficial owner of securities that can be acquired within 60 days upon the exercise of any option, warrant or right. Ordinary Shares subject to options, warrants or rights that are currently exercisable or exercisable within 60 days are deemed outstanding for computing the ownership percentage of the person holding the options, warrants or rights, but are not deemed outstanding for computing the ownership percentage of any other person. The amounts and percentages as of 31 March 2013 are based upon 266,471,199 voting Ordinary Shares (excluding 6,904,995 Ordinary Shares held through global depository receipts, with no voting rights, 22,502,483 treasury shares held by the Company and a further 1,704,333 shares were purchased pursuant to the Company's buyback programme by an independent company, Gorey Investments Ltd. Gorey Investments Ltd. Will not vote on these shares and such shares purchased by Gorey Investments Ltd. Will be treated in the consolidated accounts of the Company as treasury shares outstanding as of that date.

Shareholders' Name	Number of Ordinary Shares	Percentage of Issued Voting Share Capital
5% shareholders		
Volcan Investments Limited and affiliates(1)	173,042,443	64.94%
Loyalist Plaza,		
Don Mackay Boulevard		
P O Box AB-20377		
Marsh Harbour, Abaco		
Bahamas		
Directors and Executive Officers		
Anil Agarwal(1)(2)	173,129,683	64.97%
Navin Agarwal	223,160	*
Mahendra Singh Mehta	41,857	*
Naresh Chandra	—	—
Aman Mehta	—	—
Euan R. Macdonald	—	—
Geoffrey Green	—	—
Tarun Jain	111,988	*
Dindayal Jalan	21,560	*
Dilip Golani	11,731	*
A. Thirunavukkarasu	3,797	*
All of the Company's directors and executive officers as a group(3)	173,588,810	65.14%

(1) Volcan owns 173,042,443 Ordinary Shares, or approximately 64.94% of the issued voting share capital, of the Company. Volcan is owned and controlled by the Anil Agarwal Discretionary Trust (the "Trust"). Onclave PTC Limited ("Onclave") is the trustee of the Trust and controls all voting and investment decisions of the Trust. As a result, shares beneficially owned by Volcan may be deemed to be beneficially owned by the Trust and, in turn, by Onclave. Mr. Anil Agarwal, the Executive Chairman of the Company and the Non-Executive Chairman of Sterlite, may be deemed to have beneficial ownership of shares that

may be owned or deemed to be beneficially owned by Onclave. The Company, Volcan, Onclave and Mr. Anil Agarwal are parties to a relationship agreement that regulates the ongoing relationship among them.

(2) Includes 87,240 Ordinary Shares of the Company held directly by Mr. Anil Agarwal.

(3) Those directors and executive officers of the Company that hold shares.

* Represents beneficial ownership of less than 1.0%.

RELATED PARTY TRANSACTIONS

The following is a summary of material transactions that Vedanta has engaged in with its controlling shareholder, Volcan, and its subsidiaries and other related parties, including those in which Vedanta or its management has a significant equity interest. In addition, the following contains a discussion of how Vedanta intends to handle conflicts of interest and allocations of business opportunities between itself and its affiliates, Directors and executive officers. For further discussion of related party transactions, see the consolidated financial statements appearing elsewhere in this Offering Circular.

Related Parties

Volcan and the Agarwal Family

Volcan owns approximately 64.94% of the issued ordinary shares of Vedanta. Volcan is 100% owned and controlled by the Trust. Onclave is the trustee of the Trust and controls all the voting and investment decisions of the Trust. As a result, securities beneficially owned by Volcan may be regarded as being beneficially owned by the Trust and, in turn, by Onclave. Mr. Anil Agarwal, the Executive Chairman of Vedanta and the Non-Executive Chairman of Sterlite, may be deemed to have beneficial ownership of securities that are owned by Onclave. Vedanta, Volcan, Onclave and Mr. Agarwal are parties to the Relationship Agreement, which regulates the ongoing relationship among them. See "— Related Transactions — Relationship Agreement — Vedanta, Volcan, Onclave and Mr. Anil Agarwal". Mr. Agarwal, his father, Mr. Dwarka Prasad Agarwal, and his son, Mr. Agnivesh Agarwal, the Non-Executive Chairman of HZL, also have a controlling interest in STL, a publicly-listed company in India which was spun-off from Vedanta in July 2000, except for nominal interests in STL held by MALCO and Sterlite. In addition, Mr. Anil Agarwal holds directorships with other members of Vedanta and will continue to hold such cross directorships following Readmission. Mr. Agarwal is also the non-executive chairman of Sterlite. These directorships and positions give rise to situations in which Mr. Agarwal could have a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.

Related Transactions

Relationship Agreement — Vedanta, Volcan, Onclave and Mr. Anil Agarwal

Vedanta, Volcan, Onclave and Mr. Anil Agarwal are parties to the Relationship Agreement. The principal purpose of the Relationship Agreement is to enable Vedanta to carry on its business independently of Volcan and its direct and indirect shareholders, and their respective associates (the "Volcan Parties") as required by the Listing Rules of the Financial Services Authority of the United Kingdom (the "FSA") and to ensure that transactions and relationships, including all matters that are the subject of the Shared Services Agreement (as described below), among the Volcan Parties are at arm's length and on a normal commercial basis. The Relationship Agreement will terminate in respect of Volcan at such time as each of the Volcan Parties, acting individually or jointly by agreement, cease to be a controlling shareholder of Vedanta for the purposes of the Listing Rules of the FSA or if Vedanta is de-listed from the LSE. In addition, the Relationship Agreement will terminate in respect of Onclave and Mr. Anil Agarwal if any of them individually or acting jointly ceases to be a controlling shareholder of Vedanta or Volcan. Currently, a controlling shareholder of a company for the purposes of the Listing Rules of the FSA is any person (or persons acting jointly by agreement whether formal or otherwise) who is entitled to exercise, or to control the exercise of, 30% or more of the rights to vote at general meetings of such company or is able to control the appointment of directors who are able to exercise a majority of the votes at board meetings of such company.

Under the Relationship Agreement:

1. the parties agree to ensure that Vedanta is capable, at all times, of carrying on its business independently of the Volcan Parties as required by the Listing Rules of the FSA;

2. the Board and Nominations Committee and any other committee of the Board (other than the Audit Committee or the Remuneration Committee or any committee which may be established by the Board in connection with a specific transaction, the constitution of which is approved by the Board) to which significant powers, authorities or discretions are delegated shall at all times comprise a majority of Directors who are independent of the Volcan Parties and who are free from any business or other relationship with the Volcan Parties which could materially interfere with the exercise of the Director's judgment concerning Vedanta;

3. Vedanta's Remuneration Committee and Audit Committee shall at all times consist only of Non-Executive Directors;

4. Volcan is entitled to nominate for appointment to the Board such number of persons as is one less than the number of Directors who are independent of the Volcan Parties and who are free from any business or other relationship with the Volcan Parties which could materially interfere with the exercise of the director's judgment concerning Vedanta;

5. neither Mr. Anil Agarwal nor any non-independent Directors shall be permitted, unless the independent Directors agree otherwise, to vote on any resolutions of the Board or of a committee of the Board to approve the entry into, variation, amendment, novation or abrogation or enforcement of any contract, arrangement or transaction with any of the Volcan Parties;

6. Volcan shall not exercise voting rights attaching to its shares in Vedanta or any resolution to approve the entry into, variation, amendment, novation or abrogation of any transactions or arrangements between Vedanta and the Volcan Parties;

7. the Volcan Parties represented and warranted to Vedanta that at the time of the execution of the Relationship Agreement they did not own directly or indirectly any interests in the smelting, refining, mining or sale of any base metals or mineral otherwise than through Vedanta or any member of Vedanta;

8. the Volcan Parties agreed to, and agreed to cause each member of the Volcan group, the Agarwal family and their respective associates to, directly or indirectly, acquire or otherwise invest in any company, business, business operation or other enterprise which engages in the smelting, refining or mining of base metals or minerals only through the Company or other member of Vedanta . However, this Relationship Agreement does not prevent, restrict or limit the acquisition or ownership by the Volcan Parties of:

(i) not more than 5% in aggregate of any class of shares, debentures or other securities in issue from time to time of any company which engages in the smelting, refining or mining of base metals or minerals which is for the time being listed on any stock exchange; or

(ii) of, or of any interest in, a base metal or mineral property or asset (together with any associated property, plant and equipment), which is not adjacent or geographically proximate to an existing property or operation of Vedanta so as to give them operational synergies, where the acquisition cost (including assumed indebtedness), including any related capital expenditures committed at the date of acquisition for the following 12 months, is equal to $50 million or less, for which purpose any acquisitions of two or more related or adjacent base metal or mineral properties or assets shall be aggregated when calculating the acquisition cost, provided that the relevant interested party (i) is not an officer or director of Vedanta; and (ii) before acquiring such property or asset, first made the opportunity to acquire such property or asset available to Vedanta, with a reasonable period for the independent directors of Vedanta to consider the opportunity, on terms no less favourable than those on which they are proposed to be acquired by the interested party and a majority of the independent directors has determined that Vedanta should not make the acquisition; and

(iii) transactions and relationships between Vedanta and the Volcan Parties must be conducted at arm's length and on a normal commercial basis, including those to be provided under the Shared Services Agreement.

Shared Services Agreement — STL, Sterlite Gold, Vedanta and Sterlite

Vedanta entered into a shared services agreement dated 5 December 2003 with STL, Sterlite Gold Ltd ("Sterlite Gold") (which at that time was an affiliated company) and Sterlite (the "Shared Services Agreement") as part of the Listing. Under this Shared Services Agreement, Sterlite and Vedanta agreed to continue to provide STL and Sterlite Gold with certain advisory services on an ongoing basis consisting primarily of access to certain of the Directors, officers and employees of Vedanta. On 27 September 2007, Vedanta sold its entire interest in Sterlite Gold to an unaffiliated third party, and as of such date Sterlite Gold ceased to be an affiliated company of Vedanta.

In fiscal 2011, 2012 and 2013, Vedanta received nil, $0.1 million and $0.04 million from STL, respectively, under the shared services agreement.

Sales to STL

In fiscal 2011, 2012 and 2013, Vedanta had total sales of $137.8 million, $184.7 million and $205.2 million, respectively. The sales revenue was received on account of sales of copper rods and copper sheets to STL. Net amounts receivable at year end from STL as of 31 March 2011, 31 March 2012 and 31 March 2013 were $13.3 million, $13.5 million and $10.5 million.

Guarantees — Sterlite, CMT, TCM, Vedanta Aluminium, TSPL, Sterlite Infra, VGCBPL, Sterlite Energy

Sterlite has provided guarantees on behalf of CMT, TCM, Vedanta Aluminium, TSPL, Sterlite Infra, VGCBPL and Sterlite Energy. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Guarantees”.

Vedanta has provided guarantees to third party vendors to facilitate procurement of copper concentrate by its subsidiary, Sterlite, pursuant to a board resolution passed on 16 November 2005. As of 31 March 2013, it issued guarantees of $50.0 million.

Loans to Sterlite Iron and Steel Limited

As of 31 March 2013, Vedanta had an outstanding loan balance receivable from Sterlite Iron and Steel Limited of $7.3 million. Sterlite Iron and Steel Limited is a related party by virtue of having the same controlling party as the Company, namely Volcan. This loan was granted by SGL in tranches for an aggregate sum of Rs. 250.0 million.

MATERIAL CONTRACTS

The following is a summary of each of the Vedanta's material contracts.

Call options to increase interests in HZL and BALCO

HZL call options

For details on the HZL call options, please see the section "Business — Options to Increase Interests in HZL and BALCO".

BALCO call option

For details on the BALCO call option, please see the section "Business — Options to Increase Interests in HZL and BALCO".

Volcan relationship agreement between Vedanta, Volcan, the Anil Agarwal Discretionary Trust, Onclave PTC Limited and Anil Agarwal

For details on the Volcan relationship agreement, please see the section "Related party Transactions — Related Transactions — Relationship Agreement — Vedanta, Volcan, Onclave and Mr. Anil Agarwal".

Shared Services Agreement between Sterlite and the Company dated 5 December 2003

For details on the Volcan relationship agreement, please see the section "Related party Transactions — Related Transactions — Shared Services Agreement — STL, Sterlite Gold, Vedanta and Sterlite".

Cairn India Purchase Agreement

On 15 August 2010, THL Aluminium Limited, which was at the time in the process of changing its name to TSEHL, entered into the Cairn India Share Purchase Deed with Cairn UK Holdings Limited ("CUKHL") and others.

Pursuant to the Cairn India Share Purchase Deed, TSEHL agreed to purchase a maximum of 51.0% of the fully diluted share capital of Cairn India at a price of Rs. 355 per Cairn India share. This was subject to an open offer to the shareholders of Cairn India shareholders, of not less than Rs. 355, for up to 20.0% of the issued shares in Cairn India (the "Open Offer"), in accordance with the requirements of the Takeover Code.

Depending on the results of the Open Offer, the number of Cairn India shares acquired under the Cairn India Share Purchase Deed was therefore subject to a maximum reduction of 11.0% to 40.% of Cairn India's fully diluted share capital on completion.

The Cairn India Share Purchase Deed contained a non-compete clause that required TSEHL to pay to CUKHL on completion a fee of Rs. 50 per Cairn India share acquired, as consideration for Cairn Energy, its subsidiaries (the "Cairn Energy Group") and CUKHL undertaking not to engage in the business of oil or gas extraction and/or its transport or processing in India, Sri Lanka, Pakistan and Bhutan or any other business competing with the business of the Cairn India Group. Please refer to the amendment deed dated 27 June 2011 summarised in paragraph (b) below.

TSEHL and CUKHL agreed reciprocal put and call option arrangements for up to 5.0% of the issued share capital of Cairn India as calculated at the date of exercising the option. The put and call options were exercisable for a period of six months from 31 July 2012 and 31 July 2013.

The maximum aggregate number of shares that TSEHL would be obliged or entitled to acquire under the put and call options was capped at the number of Cairn India shares equal to 51.0% of the fully diluted share capital of Cairn India at completion minus the aggregate of: (i) the number of Cairn India shares actually acquired at completion; (ii) the number of Cairn India shares acquired under the exercise of any of the options; and (iii) the number of Cairn India shares sold by CUKHL (and/or members of CUKHL's Group to any person at any price, provided that these shares were first offered to TSEHL at Rs. 405 per share (payable in US dollars at completion of such pre-emptive purchase based on a fixed exchange rate of Rs. 46.765:$ 1) within six months of completion. Please refer to the summary of an amendment deed relating to these call options agreed by the parties on 23 March 2011 summarised below.

Amendment deeds to the Cairn India Share Purchase Deed

The Cairn India Share Purchase Deed was amended on 25 November 2010 to extend the date by which the approval of Vedanta's shareholders was to be obtained from 30 October 2010 to 13 December 2010.

On 18 March 2011, the SEBI notified TSEHL that the put and call options and the right of first refusal contained in the Cairn India Share Purchase Deed were in violation of Indian securities regulations. On 23 March 2011, as a result of the determination by SEBI, the Cairn India Share Purchase Deed was amended to reflect: (i) TSEHL and Vedanta's agreement that the call options and rights of first refusal would not be exercisable or enforceable; and (ii) CUKHL and Cairn Energy's agreement that the put options would not be exercisable or enforceable. On 6 April 2011, the Cairn India Share Purchase Deed was amended to extend the longstop date for completion to 20 May 2011. On 20 April 2011, the Cairn India Share Purchase Deed was amended with the effect that the 200 million Cairn India shares acquired by Sesa Goa pursuant to the acquisition by Sesa Goa of 200 million shares of Cairn India, amounting to a 10.4% ownership interest, from Petronas International Ltd. on 19 April 2011, as well as Cairn India shares acquired in the Open Offer, would operate to decrease the number of Cairn India shares to be acquired under the Cairn India Share Purchase Deed. On 20 May 2011, the Cairn India Share Purchase Deed was amended to extend the long stop date for completion to 17 June 2011, after which time either Vedanta or Cairn Energy were entitled to terminate the Cairn India Share Purchase Deed by giving five business days' notice. On 31 May 2011, the Cairn India Share Purchase Deed was further amended to allow the parties to agree in writing other consideration payable, the date and time of completion and conditions relating to the completion.

On 27 June 2011, the Cairn India Share Purchase Deed was amended to provide for:

- 191,920,207 Cairn India shares (being 10.0% of the fully diluted equity share capital of Cairn India) to be acquired by TSEHL on or before 11 July 2011, with the balance of the fully diluted equity share capital of Cairn India to be acquired by TSEHL on completion after satisfaction or waiver of the relevant conditions precedent set out in the Cairn India Share Purchase Deed;
- extension of the long stop date for satisfaction of the conditions precedent to completion to 15 December 2011, after which either Vedanta or Cairn Energy may terminate the Cairn India Share Purchase Deed (save for certain provisions relating to the sale of 10.0% of the fully diluted share capital of Cairn India to Vedanta pursuant to the terms of the Cairn India Share Purchase Deed, which completed on 11 July 2011 by giving five business days' notice; and
- removal of all provisions relating to the Rs. 50 per Cairn India share non- compete fee and removal of the associated non-compete undertakings of the Cairn Energy Group.

Information agreement between Cairn Energy and Cairn India dated 8 December 2011

In accordance with the Cairn India Purchase Agreement, Cairn Energy Plc, CUKHL (collectively, the "Cairn Energy Group") and Cairn India have entered into an agreement pursuant to which Cairn Energy Group has certain rights to information on the Cairn India Group. This agreement replaces the previous relationship agreement between Cairn Energy, Cairn India and CUKHL. This information agreement requires subject to other conditions that:

1. all related party transactions between Cairn India and the Cairn Energy Group, respectively, be on an arm's length basis and approved by the board of directors of Cairn India;
2. Cairn India provide, to the extent permitted under applicable law, the information Cairn Energy Group requires in order to comply with its financial and regulatory reporting requirements; and
3. Cairn India will provide reasonable assistance and information in the form of marketing material, road shows and presentations for any sale of shares in Cairn India by the Cairn Energy Group.

Cairn relationship agreement between Cairn India and the Company dated 8 December 2011

In accordance with the Cairn India Purchase Agreement, Vedanta and Cairn India have entered into a relationship agreement which is substantially on similar terms as the relationship agreement which previously existed between Cairn Energy, Cairn India and CUKHL. This relationship agreement requires Vedanta and Cairn India to each exercise all of their respective powers and, so far as they are respectively able to do so, procure that the directors of Cairn India exercise their respective powers to ensure that: (i) the business of Cairn India is at all times carried on independently of any other member of Vedanta; (ii) all dealings between Cairn India and the rest of Vedanta are approved by the Cairn India audit committee; and (iii) the business of Cairn India is managed for the benefit of its shareholders as a whole. The parties also agreed to use their reasonable endeavours to ensure that they can comply with their respective obligations under applicable law or under the rules of the stock exchanges on which their securities are traded. This relationship agreement requires Cairn India to provide Vedanta with such information as it may require in order to comply with its legal, regulatory and reporting obligations for so long as Vedanta's holding in Cairn India is of a level that requires Vedanta to account for the holding as a subsidiary or associated undertaking under IFRS. This relationship agreement requires that any offer, allotment or issue of securities in Cairn India be approved by a securities committee of the board of Cairn India. Any meeting of the securities committee must be quorate, and any decision of that committee is only valid if the majority of the members present are directors of Cairn India who have been nominated in accordance with the articles of association of Cairn India. For so long as Vedanta holds at least 10.0% of the issued equity share capital of Cairn India, Cairn India has agreed that, subject to certain limitations and subject to applicable law, Vedanta has the right to require Cairn India to take such steps as may be reasonably required by it in connection with a proposed sale or disposal of Cairn India shares by any member of Vedanta. Cairn India is required to comply with such best practice principles, standards, policies and provisions with Vedanta reasonably requires it to comply with and has approved from time to time.

Share purchase agreement relating to the acquisition of Sesa Resources

On 11 June 2009, Sesa Goa entered into a share purchase agreement with the shareholders of V.S. Dempo & Co. Pvt. Ltd. (which later changed its name to Sesa Resources Limited) pursuant to which Sesa Goa agreed to purchase the entire issued share capital of Sesa Resources for a total consideration of Rs. 17,500 million ($361 million as recorded in Vedanta's fiscal 2011 accounts) on a debt-free and cash-free basis other than with respect to two loans owed to Mitsui and the Bank of India, New York. The sale included the entire issued share capital of Sesa Resources' wholly-owned subsidiary, SMC, and 50.0% of the share capital held by Sesa Resources in Goa Maritime Private Limited. The assets acquired include mining leases, mining rights and related infrastructure in Goa, India.

The agreement contains an indemnity in favour of Sesa Resources, SMC and Sesa Goa with respect to certain representations, warranties, covenants and liabilities. The sellers' liability in respect of (i) the sellers' title to the shares in Sesa Resources, (ii) any tax (to the extent such amount is not covered by the retained amount provided for under the agreement) and (iii) the admiralty suit No. 31/1995 filed by Salgaocar on 19 June 1996 in the High Court of Bombay against MV Priyamvada, a transhipper owned by Sesa Resources, in relation to a collision that took place on 5 June 1994 between MV Priyamvada and MV Sanjeevani, a ship owned by Salgaocar, is limited to the purchase price.

The sellers' aggregate liability with respect to all other claims is capped at Rs. 350 million ($7.8 million). No such claim may be brought against the sellers unless the value of the claim is at least Rs. 10 million ($223,964) and arises within 18 months from completion.

The agreement is governed by the laws of India.

Share purchase agreement relating to the acquisition of the zinc assets of Anglo American

On 9 May 2010, Welter Trading Limited, a wholly-owned Vedanta subsidiary, and Vedanta entered into a share purchase agreement with Anglo Operations Limited, Taurus International S.A., Anglo South Africa Capital (Pty) Ltd and Anglo American Services (UK) Limited pursuant to which Vedanta agreed to purchase various zinc assets comprising (i) a 74.0% ownership interest in BMM (whose assets include the Black Mountain mine and Gamsberg project in South Africa), (ii) the entire issued share capital of Skorpion, which owns the Skorpion mine and refinery in Namibia and (iii) the entire issued share capital of Lisheen, which owns the Lisheen mine in Ireland. The total consideration paid by Vedanta was $1,513 million. Completion of the purchase was conditional upon receipt of various anti-trust approvals with respect the assets. Completion of the acquisition of Skorpion, the 74.0% ownership interest in BMM and Lisheen took place on 3 December 2010, 4 February 2011 and 15 February 2011, respectively.

The sellers agreed to use reasonable endeavours to procure the transfer of prospecting licences relating to BMM (including any approval required for the transfer from the South African Minister of Mineral Resources under the South African Mineral and Petroleum Resources Development Act of 2002) and the assignment of various third-party contracts to a member of Vedanta. Vedanta and Anglo American Services (UK) Limited provided guarantees with respect to Vedanta's and the sellers' respective obligations under the agreement.

The sellers' liability for breach of representations and warranties (other than certain core warranties) is capped at 15.0% of the consideration and the sellers' aggregate liability for all claims is capped at 100.0% of the consideration. No claims may be brought against the sellers unless the value of all claims is at least $15 million. Claims with respect to the tax warranties, environmental warranties and certain other warranties may be brought within six, two or one year(s), respectively, of the relevant completion date. The agreement is governed by English law.

Share purchase and operation agreement relating to the acquisition of 100.0% of the fully diluted ordinary share capital of WCL

On 25 July 2011, Sesa Goa entered into a share purchase and operation agreement with Elenilto, WCL and Bloom Fountain Limited ("BFL"), a wholly-owned subsidiary of Sesa Goa, pursuant to which BFL agreed to acquire 51.0% of the fully diluted ordinary share capital of WCL for a cash consideration of $90 million. Subsequently, on 20 December 2012, BFL acquired the remaining 49.0% of the fully diluted ordinary share capital of WCL from Elenilto for $33.5 million.

It is intended that Sesa Goa and Elenilto undertake the development of the Western Cluster iron ore deposits as joint venture partners. Under the share purchase and operation agreement, WCL shall appoint BFL to manage and control the operations and management of WCL's business and Elenilto shall assist WCL in obtaining various permits, consents and licenses relating to WCL's business and providing all reasonably necessary assistance required by BFL to run the business.

BFL provided, on behalf of WCL, a bank guarantee issued by Standard Chartered Bank, London branch in favour of the Government of Liberia. The share purchase agreements are governed by English law.

Mineral Development Agreement executed relating to the rehabilitation and development of the Western Cluster iron ore deposits with the Government of Liberia

On 3 August 2011, Sesa Goa, BFL, Elenilto, WCL and the Government of Liberia entered into a Mineral Development Agreement relating to the exploration and development of the Western Cluster iron ore deposits (the "MDA"). The MDA became effective on 22 August 2011 (the "Effective Date") following satisfaction of certain conditions, including ratification of the MDA by the Legislature of the Republic of Liberia. The initial term of the MDA is 25 years from the Effective Date and will automatically be extended to match any extensions of the term of any mining licence granted by the Government of Liberia to WCL pursuant to the MDA.

The MDA provides that exploration licences are to be granted to WCL for the exclusive exploration of iron ore deposits in the Bomi, Mano River and Bea Mountain exploration areas. The MDA provides that WCL be granted land use rights in relation to the land subject to any exploration licence or mining licence; provided WCL pays reasonable compensation to landowners and occupants of the land for loss of or diminution in value of the land. These land use rights terminate at the end of the term of the MDA.

WCL must pay the Government of Liberia a royalty of 4.5.0% multiplied by the fair market value determined in accordance with the Liberian revenue code. WCL must also pay the Government of Liberia a fee of $25 million. In addition, WCL is required to develop programmes for the development and maintenance of the communities that have formed and that may form as a result of its operations in the exploration areas and to also make annual contributions ranging from $2 million to $3.1 million to a specially managed fund for the benefit of communities in affected counties.

In the event of a transfer of an interest in WCL, WCL or the transferor of such interest must pay a withholding tax to the Government of Liberia of 15.0% of the value of all cash and other consideration received by the transferor or any other entity with respect to the transfer. No change of control of WCL is permitted by the MDA unless the prior written consent of the Government of Liberia is obtained or is otherwise permitted under the MDA. The MDA provides that a change of control of a shareholder of WCL (including Elenilto, BFL and any person who acquires an interest in WCL) will constitute a change of control of WCL. Due to a change in control of WCL pursuant to the share purchase agreement dated 20 December 2012, the Legislature of Liberia is required to approve the amendment to the MDA which is currently in progress.

WCL agreed to indemnify the Government of Liberia and its officers and agents from all losses and liabilities incurred as a direct consequence of death or injury to persons or damage to property directly resulting from the conduct of WCL. Sesa Goa, BFL and Elenilto jointly and severally guaranteed the performance of the obligations of BFL and WCL under the MDA. Furthermore, Sesa Goa agreed to maintain a net worth of at least $100 million. The MDA is governed by Liberian law.

Conflicts of Interest

From time to time, conflicts of interest have in the past and will in the future arise between the Company and its affiliates. With respect to transactions between the Company and its affiliates, Directors and executive officers that involve conflicts of interests, the Company has in the past undertaken and will continue in the future to undertake such transactions in compliance with the rules for interested or related party transactions of the LSE on which the Company is listed, the NYSE on which Sterlite is listed and the Indian stock exchanges.

The rules applicable to LSE listed companies require that the details of a related party transaction be notified to a regulatory information service and disclosed to the FSA as soon as possible after the terms of the transaction are agreed upon. There is also a requirement that a circular containing information about the related party transaction be sent to all shareholders and that their approval of the related party transaction be obtained either before the transaction is entered into or, if the transaction is conditional on shareholder approval, before the transaction is completed. The related party and its associates must be excluded from voting on the related party transactions. The requirement of shareholder approval does not apply to transactions where the gross assets of the transaction as a percentage of the gross assets of the listed company, the profits attributable to the assets of the transaction as a percentage of the profits of the listed company, the consideration for the transaction as a percentage of the aggregate market value of all the ordinary shares (excluding treasury shares) of the listed company and the gross capital of the company or business being acquired as a percentage of the gross capital of the listed company, does not exceed 5%. However, the listed company must, before entering into the related party transaction, inform the FSA of the details of the proposed related party transaction, provide the FSA with a written confirmation from an independent adviser acceptable to the FSA that the terms of the proposed related party transaction with the related party are fair and reasonable as far as the shareholders of the listed company are concerned and undertake in writing to the FSA to include details of the related party transaction in the listed company's next published annual financial statements, including, if relevant, the identity of the related party, the value of the consideration for the transaction or arrangement and all other relevant circumstances. Related party transactions where all the above percentage ratios are 0.25% or less have no requirements under the rules applicable to LSE-listed companies. Where several separate transactions occur between a company and the same related party during a 12-month period, the transactions must be aggregated for the purpose of applying the percentage ratio tests.

As part of Sterlite's listing on the NYSE, Sterlite was required to confirm to the NYSE that it will appropriately review and oversee related party transactions on an ongoing basis. Such related party transactions include transactions between Sterlite and the Company, and the Company's affiliates. The NYSE reviews the proxy statements and other public filings of its listed companies as to related party transactions. Under the rules of the NYSE, Sterlite was required to have an independent audit committee comprised of a majority of independent directors within 90 days of listing and comprised entirely of independent directors within one year of listing. Sterlite currently has an independent audit committee comprised entirely of independent directors and expects to continue to do so following the Listing. One of the functions of its independent audit committee is to review any related party transactions by Sterlite or any of its subsidiaries or affiliates. In addition, under the rules of the NYSE, Sterlite is required to obtain shareholder approval for any issuance of its equity shares, or securities convertible into or exercisable for the Company's equity shares, to any related party, except that such approval would not be required for sales of the Company's equity shares to the Company's controlling shareholder or its affiliates in an amount not to exceed 5% of the number of the Company's equity shares outstanding prior to such issuance and at a price equal to or greater than the higher of the book or market value of the Company's equity shares.

Under the listing agreements that the Company's Indian subsidiaries have entered into with the Indian stock exchanges, these subsidiaries are required to ensure that their disclosures in relation to material and significant related party transactions in their annual reports are in compliance with Indian GAAP. Specifically, these subsidiaries are required to place before their audit committee and publish in their annual reports a statement in summary form of the related party transactions entered into by them during the previous fiscal year, providing details of whether such transactions were undertaken in the ordinary course of business and details of material individual transactions with related parties or others which were not on an arm's length basis, together with their management's justification for such transactions. Under the listing agreements, their audit committee is required to review and discuss with the management the disclosures of any related party transactions, as defined under Indian GAAP, in the Company's annual financial statements.

The Company also has used and will continue to use independent appraisers in appropriate circumstances to help determine the terms of related party transactions. The Company has had and will continue to have an Audit Committee comprised entirely of independent directors which is responsible for reviewing any related-party transaction by the Company or any of its subsidiaries or affiliates.

DESCRIPTION OF MATERIAL INDEBTEDNESS

Set forth below is a summary of the terms and conditions of certain of Vedanta's debt instruments that Vedanta considers to be the most material as of the date of this Offering Circular. The summary may not contain all of the information that is important to you. You should read the notes to the financial statements for additional information about the indebtedness of Vedanta.

As of 31 March 2013, Vedanta had $16,592.8 million of debt outstanding including term loans and working capital facilities. In addition, Vedanta had $3,353.0 million of undrawn credit facilities. Set forth below is information regarding Vedanta's material debt outstanding as of 31 March 2013.

Material Indebtedness

$1.2 billion Term Loan Facility dated 15 May 2013 between TSMHL as borrower and Bank of America, N.A., Barclays Bank PLC, Citigroup Global Markets Asia Limited, JPMorgan Chase Bank N.A., Singapore Branch, The Royal Bank of Scotland plc and Standard Chartered Bank as arrangers

On 15 May 2013, TSMHL entered into a Term Loan facility agreement with Bank of America, N.A., Barclays Bank PLC, Citigroup Global Markets Asia Limited, JPMorgan Chase Bank N.A., The Royal Bank of Scotland plc and Standard Chartered Bank for an amount of $1.2 billion (the "2013 Term Loan Facility").

The proceeds of the 2013 Term Loan Facility will be used to (i) refinance (a) all obligations of TSMHL under the facility agreement dated 17 November 2010. See "Description of Material Indebtedness — Vedanta Material Indebtedness — $3.5 billion Term Loan Facility Agreement dated 17 November 2010, between TSMHL as borrower and Barclays Capital, Citigroup Global Markets Asia Limited, Credit Suisse International, Goldman Sachs International, J.P. Morgan plc, Morgan Stanley Bank International Limited, Standard Chartered Bank and The Royal Bank of Scotland N.V. as arrangers"; (b) all the obligations of Valliant (Jersey) Limited owed to Bank of America, N.A. under a $150.0 million facility agreement dated 5 April 2013; and (c) to the extent then outstanding, the Bridge Facility; and (ii) refinance the Company's other outstanding indebtedness or other indebtedness guaranteed by it and to pay related transaction costs.

The interest payable is LIBOR plus 2.75% and the facility is secured against Cairn India shares held by TSMHL (subject to RBI approvals), the shares of TSMHL held by Twin Star Energy Limited and a segregated deposit account of TSMHL. The 2013 Term Loan Facility has average maturity of 3.5 years and is payable in equal instalment each year starting from second anniversary from the date of first drawdown.

$1.35 billion Bridge Facility dated 6 May 2013 with Sesa Sterlite Mauritius Holdings Limited as borrower and Bank of America, N.A., Barclays Bank PLC, Citigroup Global Markets Asia Limited, JPMorgan Chase Bank N.A., Singapore Branch, The Royal Bank of Scotland plc and Standard Chartered Bank as lead arrangers

On 6 May 2013, the Company entered into a bridge facility between, Sesa Sterlite Mauritius Holdings Limited as borrower, the Company as the guarantor, Bank of America, N.A., Barclays Bank PLC, Citigroup Global Markets Asia Limited, JPMorgan Chase Bank N.A., The Royal Bank of Scotland plc and Standard Chartered Bank as lead arrangers (the "Bridge to Bond").

The Bridge to Bond provides for a total aggregate amount of $1.35 billion in cash (the "Bridge Facility") to be advanced to Sesa Sterlite Mauritius Holdings Limited for the purpose of bridging the receipt of funds via the issuance of the Bonds and to refinance, through an intercompany loan to TSMHL, the obligations of TSMHL under Tranche A of that certain facility agreement dated 17 November 2010 and to pay the related transaction costs. See "Description of Material Indebtedness — Vedanta Material Indebtedness — $3.5 billion Term Loan Facility Agreement dated 17 November 2010, between TSMHL as borrower and Barclays Capital, Citigroup Global Markets Asia Limited, Credit Suisse International, Goldman Sachs International, J.P. Morgan plc, Morgan Stanley Bank International Limited, Standard Chartered Bank and The Royal Bank of Scotland N.V. as arrangers."

The Bridge Facility has a final maturity of 6 months from the utilisation date. It will automatically convert into rollover loans at the end of 6 months from the utilisation date. The rollover loans will have a maturity of 4.5 years. Rollover loans can be converted into exchange notes at the discretion of lead arrangers. The drawings under the Bridge to Bond accrue interest at a rate per annum equal to the one-month LIBOR (with a Libor Floor of 1%) plus 300 bps plus mandatory costs and will increase by 100 bps every month till final maturity. The rollover loans or exchange notes will bear interest at certain interest rate caps as long as the Bridge Facility is outstanding.

Under the Bridge to Bond, the mandatory prepayment events include change of control, utilisation of the term facility described above and the proceeds of the Bonds (other than as required in accordance of $3.5 billion Term Loan Facility) will be applied in prepayment of the Bridge Facility.

There are covenants in relation to the provision of information and other representations and warranties, general undertakings, events of default and indemnities customary for a facility of this nature.

$150.0 million Term Loan Facility to Valliant Jersey Limited from Bank of America N.A. Taipe Offshore Banking Branch (BAML)

In April 2013, Valliant Jersey Limited entered into a term loan agreement arranged by BAML for an amount of $150.0 million. The interest payable is 3.15% above one, three or six month US dollar LIBOR depending on the selection of the interest period which is at the discretion of the Valliant Jersey Limited. The term loan is unsecured and is repayable at the end of 3 years.

$150.0 million Stand By Letter of Credit (SBLC) Facility between the Company and Axis Bank, Hong Kong Branch

In April 2013, the Company entered into an SBLC agreement arranged by Axis Bank, Hong Kong branch for an amount of $150.0 million. The letter of credit commission is payable in advance on the first day of each successive period of three months. This facility is unsecured and matures 61 months post utilisation. Against the same, in April 2013, the Company entered into a term loan agreement with Bank of India, London branch for an amount of $148.5 million. The interest payable is 2.9% above three month USD LIBOR. The term loan is secured against the above mentioned SBLC issued by Axis Bank and is repayable in 2 equal instalments after 48 months and 60 months of utilisation.

$185.0 million Term Loan Facility between the Company and Deutsche Bank AG, London Branch and DBS Bank Limited, London Branch

In March 2013, the Company entered into a term loan agreement with Deutsche Bank AG, London Branch and DBS Bank Limited, London Branch for an amount of $185.0 million. The interest payable is 3.15% above one, three or six month US dollar LIBOR depending on the selection of the interest period which is at the discretion of the Company. The term loan is unsecured and is repayable at the end of 3 years. As of 31 March 2013 $50.0 million was outstanding under this facility.

$180.0 million Term Loan Facility between Vedanta Finance (Jersey) Limited and ICICI Bank Limited, Hong Kong Branch

In March 2013, Vedanta Finance (Jersey) Limited entered into a term loan agreement arranged by ICICI Bank, Hong Kong branch for an amount of $180.0 million. The interest payable is 4.27% above three month US dollar LIBOR. The term loan is unsecured and with an average maturity of 4.8 years. As of 31 March 2013, $nil was outstanding.

$170.0 million Term Loan Facility between Valliant Jersey Limited and ICICI Bank Limited, DIFC Branch

In March 2013, Valliant Jersey Limited entered into a term loan agreement with ICICI Bank Limited, DIFC Branch for an amount of $170.0 million. The interest payable is 4.3% above three month US dollar LIBOR. The term loan is unsecured and with an average maturity of 6.2 years. As of 31 March 2013, $nil was outstanding.

$595.0 million Term Loan Facility between the Company and SBI Bank Limited, London Branch

In July 2012, the Company entered into a term loan agreement arranged by SBI Bank Limited for an amount of $300.0 million. The loan is divided into two tranches (Tranche A and B) of $150.0 million each. The interest margin payable on Tranche A is 4.25% and 4.35% on Tranche B. The same is payable above three or six month US dollar LIBOR depending on the selection of the interest period which is at the discretion of the Company. The term loan is not secured and Tranche A has an average maturity of 4.75 years while Tranche B has an average maturity of 5.75 years.

This facility has been upsized to an amount of $595.0 million in December 2012 with Union Bank of India, SBI (Mauritius) Ltd, Indian Overseas Bank, Syndicate Bank and Bank of Baroda joining the facility as lenders.

The facility is divided into four tranches (Tranche A, B, C & D) of $247.5 million, $197.5 million, $50.0 million and $100.0 million each. The interest margin payable on Tranche A and C is 4.25% and 4.35% on Tranche B and D. The same is payable above three or six month US dollar LIBOR depending on the selection of the Interest Period which is at the discretion of the Company. The term loan is not secured and Tranche A and C have an average maturity of 4.75 years while Tranche B and D have an average maturity of 5.75 years. As of 31 March 2013, $595.0 million was the amount outstanding under this facility.

$300.0 million Term Loan Facility between the Company and Standard Chartered Bank

In March 2012, the Company entered into a term loan agreement with Standard Chartered Bank for an amount of $300.0 million. The interest margin payable is 4.15% for the first 18 months after which there is a step up to 4.5%. The same is payable above one, three or six month US dollar LIBOR depending on the selection of the interest period which is at the discretion of the Company. The term loan is unsecured and is repayable at the end of 39 months. As of 31 March 2013 $300.0 million was the outstanding amount under this facility.

$500.0 million Term Loan Facility between Monte Cello Corporation NV and ICICI Bank Limited Bahrain and DIFC Dubai Branch

In July 2011, Monte Cello Corporation NV entered into a term loan agreement with ICICI Bank for an amount of $500.0 million. The interest payable is 3.9% above three month US dollar LIBOR. The term loan is not secured and is repayable in two equal instalments at the end of six and a half years and seven years of the loan. As of 31 March 2013 $500.0 million was the outstanding amount under this facility.

Issue of $750.0 million 6.75% bonds due 2016 and $900.0 million 8.25% bonds due 2021 by the Company with Barclays Capital, Citi, Credit Suisse, The Royal Bank of Scotland and Standard Chartered Bank as joint global co-ordinators

On 7 June 2011, the Company issued $750.0 million 6.75% bonds due 2016 ("2016 Bonds") and $900.0 million 8.25% bonds due 2021 ("2021 Bonds"). The 2016 Bonds and 2021 Bonds were offered by Barclays Capital, Citi, Credit Suisse, The Royal Bank of Scotland and Standard Chartered Bank as joint lead managers, outside of and within the United States in accordance with Regulation S and Rule 144A, respectively, under the Securities Act.

The issue price of the bonds was 100% of the principal amount. The interest on the 2016 Bonds is payable semi-annually in arrear on 7 June and 7 December each year, at a rate of 6.75% per annum. The 2016 Bonds will mature on 7 June 2016. The interest on the 2021 Bonds is payable semi-annually in arrear on 7 June and 7 December each year, at a rate of 8.25% per annum. The 2021 Bonds will mature on 7 June 2021.

Under the terms and conditions of the 2016 Bonds and 2021 Bonds, the Company is subject to certain covenants restricting it and its material subsidiaries (as defined in the terms and conditions of the bonds) from creating or permitting to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of their respective undertaking, assets or revenues, present or future to secure any indebtedness or debt or any guarantee or indemnity in respect of the Company's indebtedness or relevant debt (as defined in the terms and conditions of the bonds) of its material subsidiaries, unless the bonds are secured equally and rateably therewith or otherwise benefit identically or not materially less beneficial to the bondholders.

Rs. 161.5 billion Term Loan Facility to Vedanta Aluminium from State Bank of India, London Branch and others

On 5 April 2011, Vedanta Aluminium entered into a facility agreement with State Bank of India for an amount of Rs. 100 billion. The interest payable is benchmarked to the SBI base rate plus 225 basis points per annum. The term loan is secured against Vedanta Aluminium's projects and assets at Jharsuguda and Lanjigarh and guaranteed by the Company. This facility was further upsized by Rs. 61.5 billion in July 2011 and is currently held by a consortium of 23 banks. The term loan is repayable in 30 instalments by 31 March 2021. The amount outstanding under this loan as of 31 March 2013 is Rs. 129.5 billion. This facility was partially prepaid in April 2013 to the extent of Rs. 25,000 million.

$150.0 million Term Loan Facility between Twin Star Holdings Limited with ICICI Bank Limited (Hong Kong Branch)

In January 2011, Twin Star Holdings Limited entered into a term loan agreement with ICICI Bank Limited (Hong Kong Branch) for an amount equivalent to $150.0 million. The interest payable is 3.89% above three month GBP LIBOR. The term loan is not secured and is repayable in two equal instalments at the end of the fifth and six years of the loan. As of 31 March 2013 $150.0 million was outstanding under this facility.

$180.0 million Term Loan to the Company from ICICI Bank UK Plc

In December 2010, the Company entered into a term loan agreement with ICICI Bank UK Plc for a sterling amount equivalent to $180.0 million. The interest payable is 3.85% above three month GBP LIBOR. The term loan is not secured and is repayable in two equal instalments at the end of the fourth and fifth years of the loan. As of 31 March 2013 $180.0 million was outstanding under this facility.

$3.5 billion Term Loan Facility Agreement dated 17 November 2010, between TSMHL as borrower and Barclays Capital, Citigroup Global Markets Asia Limited, Credit Suisse International, Goldman Sachs International, J.P. Morgan plc, Morgan Stanley Bank International Limited, Standard Chartered Bank and The Royal Bank of Scotland N.V. as arrangers ("$3.5 billion Term Loan Facility")

On 17 November 2010, the Company entered into a syndicated term loan facility agreement between, amongst others, TSMHL as borrower, the Company and TSEHL as the guarantors, Barclays Bank PLC, Citicorp Securities Asia Pacific Limited, Credit Suisse International, Goldman Sachs Lending Partners LLC, J.P. Morgan Chase Bank, N.A. (London Branch), Morgan Stanley Senior Funding, Inc., Standard Chartered Bank and The Royal Bank of Scotland N.V., Singapore Branch as lenders, Barclays Capital, Citigroup Global Markets Asia Limited, Credit Suisse International, Goldman Sachs International, J.P. Morgan plc, Morgan Stanley Bank International Limited, Standard Chartered Bank and The Royal Bank of Scotland N.V. as arrangers, and Standard Chartered Bank as the agent (the "Acquisition Facility Agreement").

The Acquisition Facility Agreement provided for a total aggregate amount of up to $3.5 billion in cash to be advanced to TSMHL for the purpose of financing the cash consideration payable by TSMHL to the Cairn Energy Group in order to acquire up to 40% of the fully diluted share capital of Cairn India under the terms of the Purchase Agreement. Out of the $3.5 billion in cash to be advanced under the Acquisition Facility Agreement:

1. up to $1.85 billion was to be advanced as part of a first tranche ("Tranche A"); and
2. up to $1.65 billion was to be advanced as part of a second tranche ("Tranche B").

As of 7 December 2011 $1.5 billion of tranche A and $1.3 billion of tranche B was drawn down from the above mentioned facility. Tranche A has a final maturity of 12 months from the date of first drawdown under the Acquisition Facility Agreement, subject to an option by TSMHL to extend the facility by a further period of six months (the "Roll-Over Option"). The Roll-Over Option is exercisable on payment by TSMHL of a fee equal to 75 basis points on the amount advanced under Tranche A and is payable on the date of exercise of the Roll-Over Option. This Roll-Over Option was exercised by TSMHL. Tranche B has a final maturity of three years following first drawdown under the Acquisition Facility Agreement.

Drawings under the Acquisition Facility Agreement bear interest at the aggregate of (a) the applicable margin, (b) USD LIBOR, and (c) additional mandatory costs. The applicable margin in relation to Tranche A is 1.75% per annum for the first year after its first drawdown date, and 2.5% per annum in respect of the six months following the anniversary of its first drawdown date.

The applicable margin in relation to Tranche B is 3.25% per annum for the first 12 months after its first drawdown date. After this 12 month period, the applicable margin in relation to Tranche B will adjust by reference to the amount of time that has elapsed since first drawdown and the long-term unsecured corporate credit rating from any two rating agencies of bonds issued by Vedanta.

The interest periods for both Tranche A and Tranche B over which interest is calculated can be selected by TSMHL, but must be 1, 2, 3 or 6 months or such other period as may be agreed with the agent. TSMHL may prepay amounts (in whole or in minimum amounts of $25 million) at any time subject to payment of break costs in certain circumstances. Mandatory prepayment obligations may arise where there is a change of control of the Company (including where Mr. Anil Agarwal and his affiliates, cease to be interested in at least 35% of the issued equity share capital of the Company and/or cease to control the appointment of the majority of the Board and where the Company and certain underlying subsidiaries cease to hold requisite percentage shareholdings in such subsidiaries). The Acquisition Facility Agreement is subject to further mandatory prepayment events which are prepayments from, sources derived from the sale of Cairn India Shares (whether to SGL or otherwise); dividends from Cairn India Shares; the sale of shares in other specified subsidiaries; the raising of new debt, equity, equity linked instruments and bond proceeds (subject to agreed thresholds and exceptions); the sale of treasury stock; and the disposal of other assets by obligors under the Acquisition Facility Agreement (subject to a $10 million threshold). There are covenants, without limitation, in relation to the provision of information and other representations and warranties, general undertakings, events of default and indemnities customary for a facility of this nature. The principal security in relation to the facility is a share pledge by TSEHL (a wholly-owned subsidiary of the Company) over its shares in TSMHL. The total amount outstanding under this facility as of 31 March 2013 was $2,664.43 million.

Issue of $883.0 million 4.0% guaranteed convertible bonds due 2017 by Vedanta Resources Jersey II Limited with JPMorgan Cazenove and Morgan Stanley as joint global co-ordinators

On 30 March 2010, Vedanta Resources Jersey II Limited issued $883.0 million 4.0% guaranteed convertible bonds due 2017 ("2017 Bonds"). The 2017 Bonds were offered by JPMorgan Cazenove and Morgan Stanley as joint global co-ordinators, outside of the United States in accordance with Regulation S under the Securities Act.

The issue price of the 2017 Bonds was 100.0% of the principal amount. The interest on the 2017 Bonds is payable semi-annually in arrear on 30 March and 30 September each year, at a rate of 4.0% per annum. The 2017 Bonds will mature on 30 March 2017.

Under the terms and conditions of the 2017 Bonds, Vedanta Resources Jersey II Limited and the Company are subject to certain covenants restricting them and the Company's material subsidiaries (as defined in the terms and conditions of the bonds) from creating or permitting to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of their respective undertaking, assets or revenues to secure any indebtedness or debt (as defined in the terms and conditions of the bonds), or any guarantee or indemnity in respect of any relevant debt (as defined in the terms and conditions of the bonds), unless the 2017 Bonds are secured equally and rateably therewith or otherwise benefit identically or not materially less beneficial to the bondholders.

The 2017 Bonds are first convertible into exchangeable redeemable preference shares to be issued by Vedanta Resources Jersey II Limited, which will then be exchanged for ordinary shares of the Company. The bondholders have the right to convert at any time from 10 May 2010 until the earlier of the date falling seven days prior to 30 March 2017 or, if the bonds shall have been called for redemption by Vedanta Resources Jersey II Limited before 30 March 2017, the day which is seven days before the date fixed for redemption. The 2017 Bonds are convertible at $51.9251 per share of $0.10 each.

If the 2017 Bonds have not been converted, they will be redeemed at the option of the Company on or at any time after 14 April 2013, subject to the conditions as part of the issue, or be redeemed at the option of the bondholders on 29 April 2013 or 30 March 2015 through a put option. On 29 April 2013, $809.8 million of the 2017 Bonds were redeemed by the bondholders. As of 15 May 2013, $73.2 million is outstanding under these 2017 Bonds.

Issue of $500.0 million 5.0% foreign currency convertible bonds due 2014 by SGL with Goldman Sachs (Asia) L.L.C. and Morgan Stanley as joint lead managers.

On 30 October 2009, SGL issued $500.0 million 5.0% foreign currency convertible bonds due 2014 (the "SGL FCCBs"). The SGL FCCBs were offered by Goldman Sachs (Asia) L.L.C. and Morgan Stanley as joint lead managers, outside of the United States in accordance with Regulation S under the Securities Act.

The issue price of the SGL FCCBs was 100.0% of the principal amount and interest is payable semi-annually in arrear on 30 April and 30 October each year, at a rate of 5.0% per annum. The SGL FCCBs will mature on 31 October 2014.

Under the terms and conditions of the SGL FCCBs, SGL is subject to certain covenants restricting SGL and its Material Subsidiaries (as defined in the terms and conditions of the SGL FCCBs) from creating or permitting to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of their respective undertakings, assets or revenues, present or future, to secure any Relevant Indebtedness (as defined in the terms and conditions of SGL FCCBs), or any guarantee or indemnity in respect of any Relevant Indebtedness, unless SGL's obligations under the SGL FCCBs and the trust deed dated 30 October 2009 between SGL and Citicorp International Limited are secured equally and rateably therewith or otherwise benefit identically or not materially less beneficial to the bondholders.

The SGL FCCBs are convertible into equity shares of SGL at Rs. 346.88 per share, based on a fixed $ / Rs. exchange rate of 48.00 at the election of the bondholders at any time from the 40th day after closing to 7 days prior to maturity. If the SGL FCCBs have not been converted, they will be redeemed at the option of SGL on or at any time after 30 October 2012, subject to the conditions as part of the issue.

As of 31 March 2013, $283.2 million SGL FCCBs had been converted, with $216.8 million still outstanding.

Issue of $500.0 million 4.0% foreign currency convertible bonds due 2014 by Sterlite with Deutsche Bank Securities Inc. and Morgan Stanley as underwriters

On 29 October 2009, Sterlite issued $500.0 million 4.0% foreign currency convertible bonds due 2014 (the "Sterlite FCCBs") The Sterlite FCCBs were offered by Deutsche Bank Securities Inc. and Morgan Stanley, outside of and within the United States in accordance with Regulation S and Rule 144A, respectively, under the Securities Act.

The issue price of the Sterlite FCCBs was 100% of the principal amount and interest is payable semi-annually in arrear on 30 April and 30 October each year, at a rate of 4.0% per annum. The Sterlite FCCBs will mature on 30 October 2014.

The Sterlite FCCBs are convertible into Sterlite ADSs at $23.33 per ADS, at the election of the bondholders at any time on the business day immediately preceding the maturity date. As of 31 March 2013, there has been no conversion and the entire $500.0 million convertible bonds are outstanding.

Issue of $1,250.0 million 5.50% guaranteed convertible bonds due 2016 by Vedanta Resources Jersey Limited with JPMorgan Cazenove as sole bookrunner and lead manager

On 13 July 2009, Vedanta Resources Jersey Limited issued $1,250.0 million 5.50% guaranteed convertible bonds due 2016 ("2016 Bonds"). The 2016 Bonds were offered by J.P. Morgan Cazenove as sole bookrunner and lead manager, outside of the United States in accordance with Regulation S under the Securities Act.

The issue price of the 2016 Bonds was 100.0% of the principal amount. The interest on the 2016 Bonds is payable semi-annually in arrear on 13 January and 13 July each year, at a rate of 5.5% per annum. The 2016 Bonds will mature on 13 July 2016.

Under the terms and conditions of the 2016 Bonds, Vedanta Resources Jersey Limited and the Company are subject to certain covenants restricting them and the Company's material subsidiaries (as defined in the terms and conditions of the bonds) from creating or permitting to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of their respective undertaking, assets or revenues, present or future to secure any indebtedness or debt (as defined in the terms and conditions of the bonds), or any guarantee or indemnity in respect of the Company's indebtedness or any relevant debt (as defined in the terms and conditions of the bonds) of its material subsidiaries, unless the 2016 Bonds are secured equally and rateably therewith or otherwise benefit identically or not materially less beneficial to the bondholders.

The 2016 Bonds are first convertible into exchangeable redeemable preference shares to be issued by Vedanta Resources Jersey Limited, which will then be exchanged for ordinary shares of the Company. The bondholders have the right to convert at any time from 24 August 2009 until the earlier of the date falling seven days prior to 13 July 2016 or, if the bonds shall have been called for redemption by Vedanta Resources Jersey Limited before 13 July 2016, the day which is seven days before the date fixed for redemption. The 2016 Bonds are convertible at $36.48 per share of $0.10 each.

If the 2016 Bonds have not been converted, they will be redeemed at the option of the Company on or at any time after 28 July 2012, subject to the conditions as part of the issue, or be redeemed by way of a put option by the bondholders on 13 July 2014.

$500 million Term Loan Facility to Vedanta Aluminium from Axis Bank Limited, Hong Kong Branch

On 27 June 2011, Vedanta Aluminium entered into a $500 million term loan facility agreement with Axis Bank Hong Kong Branch, as the lender in place of the original lender, Welter Trading Limited. The Company guaranteed the loan facility. The rate of interest payable is US dollar LIBOR plus 400 basis points. The term loan facility is repayable in three instalments from April 2015 to April 2017. The amount outstanding under this loan as of 31 March 2013 was $500 million.

Issue of $500.0 million 8.75% bonds due 2014 and $750.0 million 9.50% bonds due 2018 by the Company with JPMorgan and Morgan Stanley as joint global co-ordinators

On 2 July 2008, the Company issued $500.0 million 8.75% bonds due 2014 ("2014 Bonds") and $750.0 million 9.50% bonds due 2018 ("2018 Bonds"). The 2014 Bonds and 2018 Bonds were offered by JPMorgan and Morgan Stanley as joint global co-ordinators, outside of and within the United States in accordance with Regulation S and Rule 144A, respectively, under the Securities Act.

The issue price of the bonds was 100.0% of the principal amount. The interest on the 2014 Bonds is payable semi-annually in arrear on 15 January and 15 July each year, at a rate of 8.75% per annum. The 2014 Bonds will mature on 15 January 2014. The interest on the 2018 Bonds is payable semi-annually in arrear on 18 January and 18 July each year, at a rate of 9.5% per annum. The 2018 Bonds will mature on 18 July 2018.

Under the terms and conditions of the 2014 Bonds and the 2018 Bonds, the Company is subject to certain covenants restricting it and its material subsidiaries (as defined in the terms and conditions of the bonds) from creating or permitting to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of their respective undertaking, assets or revenues, present or future to secure any indebtedness or debt (as defined in the trust deed dated 2 July 2008 between the Company and Deutsche Trustee Company Limited), or any guarantee or indemnity in respect of the Company's indebtedness or any relevant debt (as defined in the terms and conditions of the bonds) of its material subsidiaries, unless the bonds are secured equally and rateably therewith or otherwise benefit identically or not materially less beneficial to the bondholders.

$700.0 million Term Loan Facility to KCM from Standard Bank

A term loan facility of $700.0 million was availed from Standard Bank by KCM. The term loan facility includes two tranches, the first tranche of $300.0 million ("Facility A") and the second tranche of $400.0 million ("Facility B"). The loan is secured against fixed assets of KCM. Interest is payable quarterly at three monthly LIBOR plus 3.5% for Facility A and three monthly LIBOR plus 2.5% for Facility B.

Facility A is repayable in eleven quarterly instalments commencing from 31 March 2013 and Facility B is repayable in 12 quarterly instalments commencing from 31 December 2014. The amount outstanding under this loan as on 31 March 2013 is $672.7 million.

Non-Equity Non-Controlling Interests

The Company bought out certain non–equity non-controlling interests by purchasing the deferred shares in KCM held by ZCI of $47.5 million. As of 31 March 2013, non-equity non-controlling interests remain of $11.9 million, being deferred shares in KCM held by ZCI. The deferred shares have no voting rights or rights to KCM's dividends, but are entitled on a winding up to a return of $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 fiscal year ended 31 March 2005. They are classified as non-current liabilities as they are repayable only on the winding up of the Company. The shares have been valued at $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.

Non-Convertible Debentures

Vedanta has non-convertible debentures ("NCDs") aggregating to Rs. 69,000 million outstanding. These NCDs were issued by Vedanta between October 2008 and April 2013. The aggregate amount outstanding under the NCDs as of 31 March 2013 was Rs. 44,000 million. The details of the NCDs are as follows:

Issuer of NCDs	Sanctioned Amount (in Rs. in millions)	Current Interest Rate	Maturity Profile	Outstanding Amount as of 31 March 2013 (in Rs. Millions)
BALCO	5,000	12.25%	November 2015	5,000
Sterlite				
Tranche I	5,000	9.4%	October 2022	5,000
Tranche II	5,000	9.4%	November 2022	5,000
Tranche III	5,000	9.24%	December 2022	5,000
Tranche IV	5,000	9.24%	December 2022	5,000
Tranche V	25,000	9.1%	April 2023	—
TSPL	15,000	9.8%	March 2021 and April 2021	15,000
Vedanta Aluminium	4,000	11.5%	October 2015	4,000

In addition to the above indebtedness, Vedanta has entered into various arrangements with lenders in relation to its long-term and short-term borrowings (which includes commercial paper and credit lines) to fund its working capital requirements. Certain of these financing arrangements are secured by movable and immovable assets of the Company, including the capital stock of its subsidiaries and, in certain instances, guarantees by the Company.

TERMS AND CONDITIONS OF THE BONDS

The following, other than the paragraphs in italics, is the text of the terms and conditions of the Bonds which will be endorsed on the individual certificates ("Individual Certificates") issued in respect of the Bonds. References in the following to the "Issuer" are to Vedanta Resources plc.

The issue of the $1,200,000,000 6.00% Bonds due 2019 (the "2019 Bonds") and the $500,000,000 7.125% Bonds due 2023 (the "2023 Bonds" and, together with the 2019 Bonds, the "Bonds", which expression shall, unless the context requires, include any bonds issued pursuant to Condition 15 and forming a single series with the Bonds of that series issued on the Closing Date) was authorised by a resolution of the Board of Directors of Vedanta Resources plc (the "Issuer") on 15 May 2013 and 22 May 2013. The Bonds are constituted by a Trust Deed (the "Trust Deed") to be dated on or about the Closing Date between the Issuer and Citicorp International Limited (the "Trustee" which expression shall include all persons for the time being acting as trustee or trustees under the Trust Deed) as trustee for the holders of the Bonds. These terms and conditions (the "Conditions") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. The Issuer will enter into a paying agency agreement to be dated on or about the Closing Date (the "Paying Agency Agreement") among the Issuer, the Trustee, Citibank, N.A., London Branch, as principal paying agent, Citigroup Global Markets Deutschland AG as transfer agent and registrar, and the other paying and transfer agents appointed under it. The principal paying agent, transfer agent, registrar, paying agents and transfer agents for the time being are referred to herein as the "Principal Agent", the "Registrar", the "Paying Agents" (which expression shall include the Principal Agent) and the "Transfer Agents" (which expression shall include the Registrar), respectively, each of which expressions shall include the successors from time to time of the relevant persons, in such capacities, under the Paying Agency Agreement, and are collectively referred to herein as the "Agents". Copies of the Trust Deed, and of the Paying Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at Floor 39, ICBC Tower, 3 Garden Road, Central, Hong Kong) and at the specified offices of each of the Paying Agents. The Bondholders (as defined in Condition 1(b)) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of the provisions of the Paying Agency Agreement applicable to them.

1. Form, Denomination, Title and Status

(a) **Form and denomination:** The Bonds are in registered form in the minimum denomination of $200,000 each and in integral multiples of $1,000 in excess thereof, without coupons attached. A bond certificate (each a "Certificate") will be issued to each Bondholder in respect of its registered holding of Bonds. Each Bond and each Certificate will have an identifying number which will be recorded on the relevant Certificate and in the Register (as defined in Condition 2(a)).

Certificates issued with respect to Rule 144A Bonds will bear the Securities Act Legend (as defined in the Trust Deed), unless determined otherwise in accordance with the provisions of the Paying Agency Agreement by reference to applicable law. Certificates issued with respect to the Regulation S Bonds will not bear the Securities Act Legend. Upon issue, the Rule 144A Bonds of each series will be represented by the Restricted Global Certificate and the Regulation S Bonds of each series will be represented by the Unrestricted Global Certificate. The Restricted Global Certificate will be deposited with a custodian for, and registered in the name of Cede & Co. as nominee of, The Depository Trust Company ("DTC") and the Unrestricted Global Certificate will be deposited with a custodian for, and registered in the name of Cede & Co. as nominee of, DTC for the accounts of Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). The Conditions are modified by certain provisions contained in the Global Certificates. See "Summary of Provisions relating to the Bonds while in Global Form."

Except in the limited circumstances described in the Global Certificates and "Summary of Provisions relating to the Bonds while in Global Form," owners of interests in Bonds represented by the Global Certificates will not be entitled to receive Individual Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

(b) **Title:** Title to the Bonds passes only by transfer and registration in the Register (as defined in Condition 2(a)). The holder of any Bond will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or the theft or loss of, the Certificate (if any) issued in respect of it or anything written on it or on the relevant Certificate) and no person will be liable for so treating the holder. In these Conditions, "Bondholder" and (in relation to a Bond) "holder" mean the person in whose name a Bond is registered in the Register from time to time.

(c) **Status:** The Bonds of each series constitute senior, unsubordinated, direct, unconditional and (subject to Condition 3(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 3(a), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

2. Transfer of Bonds

(a) **The Register:** The Issuer will cause to be kept at the specified office of the Registrar and in accordance with the terms of the Paying Agency Agreement a register (the "Register") on which shall be entered, on behalf of the Issuer, the names and addresses of the holders of the Bonds from time to time and the particulars of the Bonds held by them and of all transfers and redemptions of Bonds. Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding.

(b) **Transfers:** Subject to the terms of the Paying Agency Agreement and to Conditions 2(e) and 2(f), a Bond may be transferred by delivering the Certificate issued in respect of it, with the form of transfer on the back duly completed and signed, to the specified office of the Registrar or any of the Transfer Agents. No transfer of a Bond will be valid unless and until entered on the Register.

Transfers of interests in the Bonds evidenced by the Global Certificates will be effected in accordance with the rules of the relevant clearing systems.

Upon the transfer, exchange or replacement of a Rule 144A Bond, a Transfer Agent will only deliver Certificates with respect to Rule 144A Bonds that bear the Securities Act Legend unless there is delivered to such Transfer Agent such satisfactory evidence, which may include an opinion of legal counsel, as may be reasonably required by the Issuer, that neither the Securities Act Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the US Securities Act of 1933, as amended (the "Securities Act").

Interests in Bonds represented by the Restricted Global Certificate may be transferred to a person who wishes to take delivery of any such interest in the form of an interest in Bonds represented by the Unrestricted Global Certificate only if a Transfer Agent receives a written certificate from the transferor (in the form provided in the Paying Agency Agreement) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S under the Securities Act ("Regulation S") or Rule 144 under the Securities Act ("Rule 144A") (if available).

Prior to the 40th day after the day of issue of the Bonds (the "Restricted Period"), an interest in Bonds represented by the Unrestricted Global Certificate may be exchanged for an interest in Bonds represented by the Restricted Global Certificate only if a Transfer Agent receives a written certificate from the transferee of the interest in Bonds represented by the Unrestricted Global Certificate (in the form provided in the Paying Agency Agreement) to the effect that the transferee is a qualified institutional buyer (as defined in Rule 144A) and is obtaining such interest in a transaction meeting the requirements of Rule 144A and any applicable securities laws of any state of the United States or any other jurisdiction. After the expiration of the Restricted Period, this certification requirement will no longer apply to such transfers.

Transfers of Bonds are also subject to the restrictions described under "Plan of Distribution" and "Transfer Restrictions" below.

(c) **Delivery of new Certificates:** Each new Certificate to be issued on transfer of a Bond or Bonds will, within five Business Days of receipt by the relevant Transfer Agent of the duly completed and signed form of transfer, be made available for collection at the specified office of the relevant Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds transferred (free of charge to the holder), to the address specified in the form of transfer.

Except in the limited circumstances described in "Summary of Provisions relating to the Bonds while in Global Form — Registration of Title", owners of interests in Bonds represented by the Global Certificates will not be entitled to receive physical delivery of Individual Certificates. Issues of Certificates upon transfers of Bonds are subject to compliance by the transferor and transferee with the certification procedures described above and in the Paying Agency Agreement and, in the case of Rule 144A Bonds, compliance with the Securities Act Legend.

Where some but not all of the Bonds in respect of which a Certificate is issued are to be transferred or redeemed, a new Certificate in respect of the Bonds not so transferred or redeemed, will, within five Business

Days of delivery or surrender of the original Certificate to the relevant Transfer Agent or Registrar, be made available for collection at the specified office of the relevant Agent or, if so requested by the holder, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred or redeemed (free of charge to the holder), to the address of such holder appearing on the Register.

In this Condition 2, "Business Day" means a day (other than a Saturday or a Sunday) on which banks are open for business in the city in which the specified office of the Registrar and the relevant Transfer Agent to which the Certificate in respect of the Bonds to be transferred or relevant form of transfer is delivered is situated.

(d) Formalities free of charge: Registration of transfer of Bonds will be effected without charge by or on behalf of the Issuer or any of the Transfer Agents, but only upon the person making such application for transfer, paying or procuring the payment (or the giving of such indemnity as the Issuer or any of the Transfer Agents may require) of any tax, duty or other governmental charges which may be imposed in relation to such transfer.

(e) Closed periods: No Bondholder may require the transfer of a Bond to be registered during the period of 15 days ending on (and including) the due date for any payment of principal of that Bond or seven days ending on (and including) any Interest Record Date (as defined in Condition 6(a)).

(f) Regulations: All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Paying Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Bondholder upon written request.

3. Covenants

(a) **Negative Pledge:** So long as any Bond remains outstanding (as defined in the Trust Deed):

(i) the Issuer will not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("Security") upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any Indebtedness or any guarantee or indemnity in respect of any Indebtedness; and

(ii) the Issuer will not permit any of its Material Subsidiaries to create or permit to subsist any Security upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any Relevant Debt, or any guarantee of or indemnity in respect of any Relevant Debt;

unless, at the same time or prior thereto, the Issuer's obligations under the Bonds and the Trust Deed, (x) are secured equally and rateably therewith in substantially identical terms thereto, in each case to the satisfaction of the Trustee; or (y) have the benefit of such other security or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Bondholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

Provided that sub-clause (i) above shall not apply to Security (x) arising by operation of law or (y) created in respect of Indebtedness (which for this purpose shall exclude Relevant Debt) in an aggregate principal amount not exceeding 10% of Total Assets.

As used in these Conditions:

"Excluded Indebtedness" means any Indebtedness to finance or refinance the ownership, acquisition, development and/or operation of projects, assets or installations (the "Relevant Property") in respect of which the person or persons (in this definition the "Lender") to whom any Indebtedness is or may be owed by the relevant borrower (whether or not a member of Vedanta) has or have no recourse whatsoever to any member of Vedanta for the repayment of all or any portion of such indebtedness other than;

(i) recourse to such borrower for amounts limited to the present and future cash flow or net cash flow from the Relevant Property; and/or

(ii) recourse to the proceeds of enforcement of any Security given by such borrower over the Relevant Property or the income, cash flow or other proceeds deriving therefrom (or given by any shareholder or the like in the borrower over its shares or the like in the capital of the borrower) to secure such Indebtedness, provided that (A) the extent of such recourse to such borrower is limited solely to the amount of any recoveries made on any such enforcement, and (B) such Lender is not entitled, by virtue of any right or claim arising out of or in connection with such Indebtedness, to commence proceedings for the winding-up or dissolution of such borrower or to appoint or procure the appointment of any receiver, trustee or similar person or officer in respect of such borrower generally or any of its projects, assets or installations (save for the Relevant Property the subject of such security);

(iii) recourse to such borrower generally, or directly or indirectly to a member of Vedanta, under any form of assurance, undertaking or support, which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a specified way) for breach of an obligation (not being a payment obligation or an obligation to procure payment by another person or an indemnity in respect thereof or an obligation to comply or to procure compliance by another person with any financial ratios or other tests of financial condition) by the person against whom such recourse is available; and/or

(iv) recourse to any Subsidiary of the Issuer by way of guarantee of such Indebtedness (but not benefiting from any security or quasi-security from that Subsidiary of the Issuer).

"Group" means the Issuer and its Subsidiaries;

"Indebtedness" means any obligation (whether present or future, actual or contingent, secured or unsecured, as principal, surety or otherwise) for the payment or repayment of money;

"Material Subsidiary" has the meaning specified in Condition 8.

"Relevant Debt" means any present or future indebtedness (other than Excluded Indebtedness) of the Issuer or any other person in the form of, or represented by, bonds, notes, debentures, loan stock or other securities, which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, have an original maturity of more than one year from their date of issue and are denominated, payable or optionally payable in a currency other than Rupees or are denominated in Rupees and more than 50% of the aggregate principal amount of which is initially distributed outside India by or with the authority of the Issuer;

"Subsidiary" means any company or other business entity of which the Issuer owns or controls (either directly or through one or more other Subsidiaries) more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity or any company or other business entity which at any time has its accounts consolidated with those of the Issuer or which, under English or other applicable law or regulations and under generally accepted accounting principles in the United Kingdom, or International Financial Reporting Standards, as the case may be, from time to time, should have its accounts consolidated with those of the Issuer; and

"Total Assets" means the aggregate of consolidated total current assets and consolidated total non-current assets of (i) the Issuer as shown in the balance sheet of the latest available audited consolidated financial statements of the Issuer; and (ii) any Subsidiary of the Issuer acquired by the Issuer or any Subsidiary of the Issuer since the date of the latest available audited consolidated financial statements of the Issuer as shown in the balance sheet of the latest available audited consolidated financial statements of such Subsidiary.

(b) **Dividend restriction**: The Issuer shall not, and shall procure that each of its Material Subsidiaries shall not, create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Material Subsidiary to pay dividends or make any other distribution with respect to its Share Capital or to make or repay loans to the Issuer or any other Material Subsidiary of the Issuer, other than (v) the subordination of any Indebtedness made to the Issuer or any of its Material Subsidiaries to any other Indebtedness of the Issuer or any of its Material Subsidiaries; provided that (i) such other Indebtedness is permitted under these Conditions and (ii) such subordination would not singly or in the aggregate have a materially adverse effect on the ability of the Issuer to meet its obligations under the Bonds, (w) such encumbrance or restriction in relation to any Indebtedness of any Material Subsidiary of the Issuer or other assurance against financial loss where such encumbrance or restriction relates to payment of dividends or other distributions during the continuance of an event of default (howsoever described) which has occurred pursuant to the terms of that Indebtedness; (x) such encumbrance or restriction arising by operation of law; (y) such encumbrance or restriction as is in existence on the date of issue of the Bonds; or (z) in respect of any Person (including any existing Subsidiary of the Issuer) which becomes a Material Subsidiary after the date of issue of the Bonds, any encumbrance or restrictions on such Person as may be in existence on the date such Person becomes a Material Subsidiary provided such restrictions were not imposed in contemplation of such Person becoming a Material Subsidiary; provided that this Condition 3(b) shall not restrict any Material Subsidiary from issuing Preferred Stock otherwise in accordance with the terms of the Conditions.

(c) **Limitation on Borrowings**: The Issuer shall not, and shall procure that each of its Subsidiaries shall not, Incur directly or indirectly any Borrowings, and the Issuer shall procure that each of its Subsidiaries shall not issue any Preferred Stock; provided that (x) the Issuer may Incur Borrowings if, after giving pro forma effect to the Incurrence of such Borrowings and the application of the proceeds thereof, the Fixed Charge Coverage Ratio would be not less than 3.0 to 1.0 and (y) any Subsidiary of the Issuer may Incur Borrowings or issue Preferred Stock if, after giving pro forma effect to the Incurrence of such Borrowings or issuance of Preferred Stock and the application of the proceeds thereof, the Fixed Charge Coverage Ratio would be not less than 3.5 to 1.0.

(d) **Limitation on distribution of Net Proceeds of Asset Sales**: The Issuer shall not, and shall procure that each of its Subsidiaries shall not pay any dividend in respect of or otherwise distribute the Net Proceeds from any Asset Sale to any Person (other than to the Issuer or any of its Subsidiaries) if such dividend or distribution, individually or when aggregated with all other dividends or distributions in respect of the Net Proceeds from any Asset Sales in the twelve month period prior to the date of the declaration of such dividend or distribution, exceeds $250,000,000 or its equivalent in other currencies.

(e) **Material Subsidiaries**: So long as any of the Bonds are outstanding (as defined in the Trust Deed), the Issuer or any of its Subsidiaries shall retain Control over, or, directly or indirectly, own more than 50% of the issued equity share capital of, each of its Material Subsidiaries.

(f) **Accounts**: The Issuer agrees that (i) as soon as reasonably practicable after the issue or publication thereof and in any event within 180 days after the end of each financial year (beginning with 31 March 2014) it will deliver to the Trustee and the specified office of each of the Paying Agents three copies of its annual report and audited Accounts as at the end of and for the financial year ending on such 31 March and will establish, announce and conduct one conference call with all the holders of Bonds (including the beneficial owners thereof), the contents of which will be limited to such annual report and audited Accounts and any other publicly available information regarding the Issuer and its Subsidiaries; (ii) as soon as reasonably practicable after the issue or publication thereof, it will deliver to the Trustee and the specified office of each of the Paying Agents three copies of its unaudited interim Accounts as of the end of the six month period ending on 30 September (beginning with 30 September 2013), provided that if and to the extent that the financial statements are not prepared or adjusted on a basis consistent with that used for the preceding relevant semi-annual or annual fiscal period, that fact shall be stated, and will establish, announce and conduct one conference call with all the holders of Bonds (including the beneficial owners thereof), the contents of which will be limited to such unaudited interim Accounts and any other publicly available information regarding the Issuer and its Subsidiaries; and (iii) with each set of Accounts delivered by it under this Condition 3 or otherwise within 14 days of the request of the Trustee, the Issuer will deliver to the Trustee and the specified office of each of the Paying Agents the Compliance Certificate.

(g) **Covenant suspension**: If, on any date following the date of the Trust Deed, the Bonds of any series have an Investment Grade rating from any two of the Rating Agencies and no Event of Default or Potential Event of Default (as defined in the Trust Deed) has occurred and is continuing (a "Suspension Event"), then, beginning on that day and continuing until such time, if any, at which the Bonds of that series cease to have an Investment Grade rating from either of the Rating Agencies, the provisions of the Trust Deed summarised under the following captions will not apply to the Bonds of that series:

(a) Condition 3(c) "Limitation on Borrowings"; and

(b) Condition 3(d) "Limitation on distribution of Net Proceeds of Asset Sales."

Such covenants will be reinstituted and apply according to their terms as at and from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Issuer properly taken in compliance with the provisions of the Trust Deed during the continuance of the Suspension Event.

(h) **Definitions:** As used in these Conditions:

"Accounts" means (i) as of each 31 March and for the twelve month period then ending, the audited consolidated profit and loss account and balance sheet of the Issuer prepared in accordance with Applicable Accounting Principles and (ii) as of each 30 September and for the six month period then ending, the unaudited consolidated profit and loss account and balance sheet of the Issuer prepared in accordance with Applicable Accounting Principles; provided that if the accounting principles, standards and practices generally accepted in the United Kingdom, or International Finance Reporting Standards, as the case may be, should be changed and the consolidated profit and loss account and balance sheet of the Issuer are prepared on such changed basis, the Accounts may comprise such consolidated financial statements together with a certificate of the independent auditors of the Issuer setting out the adjustments necessary to restate such financial statements in accordance with Applicable Accounting Principles.

"Adjusted Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield in maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"Affiliate" means, with respect to any Person, any other Person, directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Applicable Accounting Principles" means the accounting principles and provisions of International Financial Reporting Standards applicable to the Issuer and its Subsidiaries as of 1 April 2005.

"Applicable Premium" means with respect to a Bond at any redemption date, the greater of (i) 1.0% of the principal amount of such Bond and (ii) the excess of (A) the present value at such redemption date of 100% of the principal amount of such Bond, plus all required remaining scheduled interest payments due on such Bond through the stated maturity of the Bond (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate plus 50 basis points, over (B) the principal amount of such Bond.

"Assets" of any Person means all or any of its shares, business, undertaking, property, assets, revenues (including any right to receive revenues) and uncalled capital.

"Asset Sale" means any sale, transfer or other disposition (including by way of merger, consolidation or sale leaseback transactions) in one or a series of transactions in any twelve month period by the Issuer or any Subsidiary to any Person other than the Issuer or any of its Subsidiaries of a material part of the consolidated Assets of the Issuer.

"Balance Sheet Date" means each 30 September and 31 March or other semi-annual date at which the Issuer prepares its audited or unaudited Accounts.

"Borrowings" means, with respect to any Person at any date, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (iii) all obligations of such Person as lessee which are capitalised in accordance with Applicable Accounting Principles, (iv) all non-contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit or similar instrument, except in respect of trade accounts payable arising in the ordinary course of business, (v) all obligations of such Person representing Disqualified Stock valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, plus accrued dividends, if any, (vi) all Borrowings of others guaranteed by such Person (vii) all Borrowings of others secured by Security on any Asset of such Person (whether or not such Borrowings are assumed by such Person); provided that the amount of such Borrowings will be the lesser of (A) the fair market value of such asset at such date of determination and (B) the amount of such Borrowings, and (viii) in the case of a Subsidiary of the Issuer, all obligations representing Preferred Stock valued at the greater of its voluntary or involuntary maximum fixed repurchase price, plus accrued dividends, if any; provided that for the purposes of Condition 3(c), the Borrowings shall not include (A) Borrowings of the Issuer or any of its Subsidiaries owed to the Issuer or any of its Subsidiaries; provided that where (1) any Subsidiary of the Issuer to which such Borrowing is owed ceases to be a Subsidiary of the Issuer or (2) there is a subsequent transfer of such Borrowing to any Person (other than the Issuer or any of its Subsidiaries), then such Borrowing shall be deemed to constitute a Borrowing for the purposes of Condition 3(c) and (B) Preferred Stock or Disqualified Stock issued by any Subsidiary of the Issuer to the Issuer or any other Subsidiary of the Issuer; provided further that for the purposes of clause (y) of the proviso in Condition 3(c), Borrowings shall not include the Borrowings of any Subsidiary (which is established as a special purpose entity for the sole purpose of engaging in financing activities) of the Issuer, which are guaranteed by the Issuer and have no recourse, directly or indirectly, to any other member of Vedanta.

"Business Day" means a day (other than a Saturday or Sunday) on which commercial banks are open for business in New York City and London.

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the date of the Trust Deed or issued thereafter, including, without limitation, all Common Stock and Preferred Stock.

"Change of Control" means the occurrence of either of the following events:

(1) the Permitted Holders are the beneficial owners of less than 35% of the total voting power of the Voting Stock of the Issuer; or

(2) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act")) is or becomes the "beneficial owner" (as such term is used in Rule 13d-3 of the Exchange Act), directly or indirectly, of total voting power of the Voting Stock of the Issuer greater than such total voting power held beneficially by the Permitted Holders.

"Change of Control Triggering Event" means the occurrence of both a Change of Control and a Rating Decline.

"Common Stock" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding at the date of the Trust Deed, and include, without limitation, all series and classes of such common stock or ordinary shares.

"Comparable Treasury Issue" means any United States Treasury security having a maturity comparable to the remaining term of the Bonds to be redeemed that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Bonds.

"Comparable Treasury Price" means, with respect to any redemption date:

(1) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the fifth Business Day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities;" or

(2) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (a) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (b) if fewer than three such Reference Treasury Dealer Quotations are available, the average of all such quotations.

"Compliance Certificate" means a certificate signed by each of (i) the chief financial officer and (ii) either a director or other authorised signatory of the Issuer confirming compliance with the financial ratios set out in this Condition 3, in each case as of each Balance Sheet Date and in respect of the whole of the financial year for each Balance Sheet Date falling on 31 March and in respect of the whole of the six month period ending on the Balance Sheet Date for each Balance Sheet Date falling on 30 September, and setting out in reasonable detail the computations necessary to demonstrate such compliance.

"Consolidated EBITDA" means, for any period, the amount equal to (i) "operating profit" plus (ii) "depreciation" plus (iii) "special items" reducing "operating profit" minus (iv) "special items" increasing "operating profit," in each case as it is presented on consolidated financial statements of the Issuer and its Subsidiaries prepared in accordance with the Applicable Accounting Principles for such period.

"Consolidated Fixed Charges" means, for any period, the sum (without duplication) of (i) Consolidated Net Interest Expense for such period and (ii) all cash and non-cash dividends accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of the Issuer or any of its Subsidiaries held by Persons other than the Issuer or any of its Subsidiaries.

"Consolidated Net Interest Expense" means, for any period, the amount equal to "finance costs" minus "investment revenue," in each case as it is presented on a consolidated income statement of the Issuer and its Subsidiaries prepared in accordance with the Applicable Accounting Principles for such period.

"Control", "Controlling" or "Controlled" means the right to appoint and/or remove all or the majority of the members of the board of directors or other governing body or the right to direct or cause the direction of the management and policies, in each case whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise.

"Disqualified Stock" means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the stated maturity of the Bonds, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the stated maturity of the Bonds or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Borrowing having a scheduled maturity prior to the stated maturity of the Bonds.

"Fitch" means Fitch Ratings Limited, its affiliates and any successor to its ratings business.

"Fixed Charge Coverage Ratio" means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the then most recent two semi-annual periods prior to such Transaction Date for which consolidated financial statements of the Issuer prepared in accordance with the Applicable Accounting Principles (which the Issuer shall use its best efforts to compile in a timely manner) are available (the "Two Semi-annual Period") and have been provided to the Trustee to (2) the aggregate Consolidated Fixed Charges during such Two Semi-annual Period.

"Incur" means, as applied to any obligation, to directly or indirectly, create, incur, issue, assume, guarantee or in any other manner become directly or indirectly liable, contingently or otherwise. Such obligation and "Incurred", "Incurrence" and "Incurring" shall each have a correlative meaning.

"Investment Grade" means a long term credit rating of "AAA," "AA," "A" or "BBB," as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories, by S&P or any of its successors or assigns or a long term credit rating of "Aaa," or "Aa," "A" or "Baa," as modified by a "1," "2" or "3" indication, or an equivalent rating representing one of the four highest rating categories, by Moody's or any of its successors or assigns or assigns or a long term credit rating of "AAA," or "AA," "A" or "BBB," as modified by a "+," or "-" indication, or an equivalent rating representing one of the four highest rating categories, by Fitch or any of its successors or assigns or the equivalent long term credit ratings of any internationally recognised rating agency or agencies, as the case may be, which shall have been designated by the Issuer as having been substituted for S&P, Moody's or Fitch or all of them, as the case may be.

"Moody's" means Moody's Investors Service, Inc., its affiliates and any successor to its ratings business.

"Net Proceeds" means the aggregate cash proceeds received by the Issuer or any Subsidiary of the Issuer in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the direct costs relating to such Asset Sale.

"Offer to Purchase" means an offer to purchase the Bonds of any series by the Issuer from the Bondholders of Bonds of that series commenced by mailing a notice by first class mail, postage prepaid, to the Trustee and each Bondholder of Bonds of that series at its last address appearing in the Bond register stating:

(1) the provision of the Trust Deed pursuant to which the offer is being made and that all Bonds of that series validly tendered will be accepted for payment on a pro rata basis;

(2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "Offer to Purchase Payment Date");

(3) that any Bond of that series not tendered will continue to accrue interest pursuant to its terms;

(4) that, unless the Issuer defaults in the payment of the purchase price, any Bond of that series accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;

(5) that Bondholders of Bonds of that series electing to have a Bond of that series purchased pursuant to the Offer to Purchase will be required to surrender the Bond, together with the form entitled "Option of the Holder to Elect Purchase" on the reverse side of the Bond completed, to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;

(6) that Bondholders of Bonds of that series will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Bondholder, the principal amount of Bonds of that series delivered for purchase and a statement that such Bondholder is withdrawing his election to have such Bonds of that series purchased; and

(7) that Bondholders of Bonds of that series whose Bonds of that series are being purchased only in part will be issued new Bonds of that series equal in principal amount to the unpurchased portion of the Bonds of that series of surrendered; provided that each Bond purchased and each new Bond issued shall be in a minimum principal amount of $200,000 or integral multiples of $1,000.

On the Offer to Purchase Payment Date, the Issuer shall (a) accept for payment on a pro rata basis Bonds of any series or portions thereof tendered pursuant to an Offer to Purchase; (b) deposit with the Paying Agent money sufficient to pay the purchase price of all Bonds of that series or portions thereof so accepted; and (c) deliver, or cause to be delivered, to the Trustee all Bonds of that series or portions thereof so accepted together with a certificate signed by two directors of the Issuer specifying the Bonds of that series or portions thereof accepted for payment by the Issuer. The Paying Agent shall promptly mail to the Bondholders of Bonds of that series so accepted payment in an amount equal to the purchase price, and the Trustee shall promptly authenticate and mail to such Bondholders a new Bond of that series equal in principal amount to any unpurchased portion of the Bond of that series surrendered; provided that each Bond purchased and each new Bond issued shall be in a principal amount of $200,000 or integral multiples of $1,000. The Issuer will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Issuer will comply with all applicable securities laws and regulations, in the event that the Issuer is required to repurchase Bonds pursuant to an Offer to Purchase.

The materials used in connection with an Offer to Purchase are required to contain or incorporate by reference information concerning the business of the Issuer and its Subsidiaries which the Issuer in good faith believes will assist such Bondholders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Issuer to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Bondholders to tender Bonds pursuant to the Offer to Purchase.

"Permitted Holders" means any or all of the following:

(1) Mr. Anil Agarwal, Mr. D.P. Agarwal and Mr. Agnivesh Agarwal, individually or collectively;

(2) Any Affiliate or a direct family member of any of the Persons specified in clause (1) of this definition; and

(3) Any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are more than 80% owned by Persons specified in clauses (1) and (2) of this definition.

"Person" means any individual, firm, corporation, partnership, association, joint venture, tribunal, limited liability company, trust, government or political subdivision or agency or instrumentality thereof, or any other entity or organisation.

"Preferred Stock" as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over any other class of Capital Stock of such Person.

"Rating Agencies" means (i) S&P, (ii) Moody's, (iii) Fitch and (iv) if any or all of them shall not make a rating of the Bonds publicly available, an internationally recognised securities rating agency or agencies, as the case may be, selected by the Issuer, which shall be substituted for such Rating Agency or Rating Agencies, as the case may be.

"Rating Date" means the date which is 90 days prior to the earlier of the date of consummation of Change of Control and a public announcement of a Change of Control.

"Rating Decline" means the occurrence on, or within six months after, the earlier of the date of consummation of Change of Control or public announcement of a Change of Control (which period shall be extended so long as the rating of the Bonds of any series is under publicly announced consideration for possible ratings change by any of the Rating Agencies) of any of the events listed below:

(1) In the event the Bonds of that series are rated by all Moody's, S&P and Fitch on the Rating Date as Investment Grade, the rating of the Bonds of that series by at least two such Rating Agencies shall be below Investment Grade;

(2) In the event the Bonds of that series are rated by two of the three Rating Agencies on the Rating Date as Investment Grade, the rating of the Bonds of that series by either such Rating Agency shall be below Investment Grade;

(3) In the event the Bonds of that series are rated by one of the three Rating Agencies on the Rating Date as Investment Grade, the rating of the Bonds of that series by such Rating Agency shall be below Investment Grade; or

(4) In the event the Bonds of that series are rated by all Moody's, S&P and Fitch on the Rating Date as below Investment Grade, the rating of the Bonds of that series by any such Rating Agency shall be below the rating it provided on the Rating Date.

"Reference Treasury Dealer" means each of any three investment banks of recognised standing that is a primary United States Government securities dealer in The City of New York, selected by the Issuer in good faith.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by the Issuer or any of its agents of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer or such agent by such Reference Treasury Dealer at 5:00 p.m. on the fifth Business Day preceding such redemption date.

"S&P" means Standard & Poor's Ratings Services, a division of the McGraw Hill Companies, Inc., its affiliates and any successor to its ratings business.

"Share Capital" means any and all shares, interests (including joint venture and partnership interests), participations or other equivalents of capital stock of a corporation or any and all equivalent ownership interests in a Person.

"Transaction Date" means, with respect to the Incurrence of any Borrowing, the date such Borrowing is to be Incurred.

"Voting Stock" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

4. Interest

The 2019 Bonds will bear interest from the Closing Date at the rate of 6.00% per annum and the 2023 Bonds will bear interest from the Closing Date at the rate of 7.125% per annum, in each case, payable semi-annually in arrear on (i) with respect to the 2019 Bonds, 3 June and 3 December of each year, commencing 3 December 2013, except that the 3 December 2018 interest payment date will be replaced with an interest payment date on 31 January 2019, and (ii) with respect to the 2023 Bonds, 3 June and 3 December of each year, commencing 3 December 2013, except that the last interest payment date will be on 31 May 2023 (each such interest payment date an "Interest Payment Date"). Interest on the Bonds of any series shall accrue from (and including) the most recent date to which interest has been paid and ending on (but excluding) the next Interest Payment Date for the Bonds of that series, except that (i) the first payment of interest, to be made on 3 December 2013 with respect to the 2019 Bonds, will be made in respect of the period from the Closing Date to 2 December 2013 and (ii) the first payment of interest, to be made on 3 December 2013 with respect to the 2023 Bonds, will be made in respect of the period from the Closing Date to 2 December 2013. Each Bond will cease to bear interest from the due date for redemption unless, upon surrender in accordance with Condition 6, payment of the full amount of principal is improperly withheld or refused or unless default is otherwise made in respect of any such payment. In such event each Bond shall continue to bear interest at the applicable rate (both before and after judgment) until, but excluding whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day which is seven calendar days after the Trustee or the Principal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh calendar day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions). If interest is required to be calculated for a period of less than one year, it will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

5. Redemption and Purchase

(a) **Final redemption:** Unless previously redeemed, or purchased and cancelled as provided herein, the 2019 Bonds will be redeemed at their principal amount on 31 January 2019 and the 2023 Bonds will be redeemed at their principal amount on 31 May 2023. The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 5.

(b) **Redemption at the option of the Issuer:** The Bonds of any series may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 calendar days' written notice to the Bondholders of Bonds of that series (which notice shall be irrevocable), at a redemption price equal to 100% of the principal amount of the Bonds of that series plus the Applicable Premium applicable to the Bonds of that series, plus accrued and unpaid interest, if any, to, the redemption date. For the avoidance of doubt, none of the Agents or the Trustee have any responsibility with respect to the calculation of the Applicable Premium.

(c) **Redemption for taxation reasons:** The Bonds of any series may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 calendar days' written notice to the Bondholders of Bonds of that series (which notice shall be irrevocable), at their principal amount (together with interest accrued and unpaid to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any authority therein or thereof having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date hereof, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it (*provided* that changing the jurisdiction of organisation of the Issuer is not a reasonable measure for purposes of this section) , provided that no such notice of redemption shall be given earlier than 90 calendar days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds of that series then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above in which event it shall be conclusive and binding on the Bondholders.

(d) **Repurchase of Bonds Upon a Change of Control Triggering Event:** Not later than 30 days following the occurrence of a Change of Control Triggering Event, the Issuer will make an Offer to Purchase all outstanding Bonds of each series (a "Change of Control Offer") at a purchase price equal to 101.0% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date.

Notwithstanding the above, the Issuer will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the same manner, at the same times and otherwise in compliance with the requirements set forth in the Trust Deed applicable to a Change of Control Offer made by the Issuer and purchases all Bonds validly tendered and not withdrawn under such Change of Control Offer.

Except as described above with respect to a Change of Control, the Trust Deed does not contain provisions that permit the Bondholders to require that the Issuer purchase or redeem the Bonds in the event of a takeover, recapitalisation or similar transaction.

(e) **Purchase:** Subject to the requirements (if any) of any stock exchange on which the Bonds may be listed at the relevant time the Issuer and any of its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. Any purchase of Bonds of any series by tender shall be made available to all Bondholders of Bonds of that series alike and such Bonds of that series may be retained for the account of the relevant purchaser or otherwise dealt with at its discretion (but may not be resold). The Bonds of any series so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders of Bonds of that series and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders of Bonds of that series or for the purposes of Condition 12(a).

(f) **Cancellation:** All Bonds of any series so redeemed will be cancelled and may not be re-issued or resold. All Bonds purchased pursuant to this Condition may be cancelled at the discretion of the relevant purchaser. Bonds may be surrendered for cancellation by surrendering each such Bond to the Principal Agent and if so surrendered shall be cancelled forthwith (and may not be reissued or resold) and the obligations of the Issuer in respect of any such Bonds shall be discharged.

6. Payments

(a) **Principal and Interest:** Payment of principal and interest due other than on an Interest Payment Date will be made in United States dollars by transfer to the registered account of the Bondholder. Payment of principal will only be made after surrender of the relevant Certificate at the specified office of any of the Paying Agents.

Interest on Bonds due on an Interest Payment Date will be paid in United States dollars on the due date for the payment of interest to the holder shown on the Register at the close of business on the fifteenth day before the due date for the payment of interest (the "Interest Record Date"). Payments of interest on each Bond will be made by transfer to the registered account of the Bondholder.

(b) **Registered accounts:** For the purposes of this Condition, a Bondholder's registered account means the United States dollar account maintained by or on behalf of it with a bank in New York City, details of which appear on the Register at the close of business on the second business day (as defined below) before the due date for payment, and a Bondholder's registered address means its address appearing on the Register at that time.

(c) **Payments subject to fiscal laws:** All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

(d) **Payment initiation:** Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a business day (as defined below), for value on the first following day which is a business day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (at the risk and, if mailed at the request of the holder otherwise than by ordinary mail, expense of the holder) on the due date for payment (or, if it is not a business day, the first following day which is a business day) or, in the case of a payment of principal, if later, on the business day on which the relevant Certificate is surrendered at the specified office of a Paying Agent.

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a business day, if the Bondholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

(e) **Business Day:** In this Condition, "business day" means: (i) in the case of payment by transfer to a registered account, a day (other than a Saturday or Sunday) on which commercial banks are open for business in New York City; and (ii) in the case of the **surrender** of a Certificate, a day in which commercial banks are open for business in the place of the specified office of the Paying Agent to whom the Certificate is surrendered. If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.

(f) **Paying Agents:** The initial Paying Agents, Transfer Agents and Registrar and their initial specified offices are listed below. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of any Paying Agent, Transfer Agents or Registrar and appoint additional or other Paying Agents, Transfer Agents or Registrar; provided that it will maintain: (i) a Principal Agent; (ii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments or any law implementing or complying with, or introduced in order to conform to, such Directive; (iii) a Paying Agent in Singapore so long as the Bonds of any series are listed on the SGX-ST and the rules of the SGX-ST so require; and (iv) a Registrar. Notice of any change in the Paying Agents, Transfer Agents or Registrar or their specified offices will promptly be given to the Bondholders and the SGX-ST (so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require).

7. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the United Kingdom or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In the event that such withholding or deduction is required is required by law, the Issuer shall pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond:

(a) to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the United Kingdom other than the mere holding of the Bond; or

(b) in the case of payment of principal or interest (other than interest due on an Interest Payment Date)) if the Certificate in respect of such Bond is presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting such Certificate for payment on the last day of such period of 30 days; or

(c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments or any law implementing or complying with, or introduced in order to conform to, such Directive;

(d) if the Certificate in respect of such Bond is presented for payment by or on behalf of a Bondholder who would have been able to avoid such withholding or deduction by presenting the relevant Certificate to another Paying Agent;

(e) with respect to taxes, duties, assessments or governmental charges in respect of such Bond imposed as a result of the failure of the holder or beneficial owner of the Bond to comply with a written request of the Issuer before any such withholding or deduction would be payable to provide timely or accurate information concerning the nationality, residence or identity of the holder or beneficial owner or to make any valid or timely declaration or similar claim or satisfy any certification, information or other reporting requirement, which is required or imposed by a statute, treaty, regulation or administrative practice of the United Kingdom or any authority therein or thereof having the power to tax as a condition to exemption from all or part of such taxes;

(f) for any estate, inheritance, gift, sale, transfer, personal property or similar tax or assessment;

(g) for any Taxes imposed or required to be withheld under Sections 1471 to 1474 (or any successor provisions or amendments thereof) of the United States Internal revenue Code of 1986, as amended, including any regulations or other official guidance thereunder, any law implementing an intergovernmental approach to such Sections, or any agreements entered into pursuant to Section 1471(b) of the Code; or

(h) for any taxes, duties, assessments or governmental charges payable otherwise than by deduction or withholding on payments of principal or interest on the Bonds.

Such additional amounts shall also not be payable where, had the beneficial owner of the Bond been the holder of the Bond, it would not have been entitled to payment of additional amounts by reason of clauses (a) through (h) inclusive above.

"Relevant Date" means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received in New York City by the Principal Agent or the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders and cheques despatched or payment made.

Any reference in these Conditions to principal and/or interest in respect of the Bonds shall be deemed to include any additional amounts which may be payable under this Condition or any undertaking given in addition to or substitution for it under the Trust Deed.

8. Events of Default

The Trustee at its discretion may, and if so requested by holders of not less than 25% in principal amount of the Bonds of any series then outstanding or if so directed by an Extraordinary Resolution of the Bondholders of Bonds of any series shall (subject in each case to it being indemnified and/or secured (including by way of payment in advance) to its satisfaction), give notice in writing to the Issuer that the Bonds of that series are, and they shall immediately become, due and payable at their principal amount together with accrued interest, if applicable, if any of the following events (each an "Event of Default") shall have occurred:

(a) **Non-Payment:** (i) the Issuer fails to pay all or any part of the principal of any of the Bonds of that series when the same shall become due and payable, whether at maturity, upon redemption or otherwise and such failure continues for a period of seven calendar days; or (ii) the Issuer fails to pay any instalment of interest upon any of the Bonds of that series as and when the same shall become due and payable, and such failure continues for a period of 14 calendar days; or

(b) **Breach of Other Obligations:** (i) the Issuer fails to make or consummate an Offer to Purchase with respect to any of the Bonds of that series in the manner set out in Condition 5(d); or (ii) the Issuer defaults in the performance or observance of or compliance with any of its other obligations set out in the Bonds of that series or the Trust Deed, which default is incapable of remedy or, if in the opinion of the Trustee such default is capable of remedy, is not in the opinion of the Trustee remedied within 45 calendar days after the date on which written notice specifying such failure, stating that such notice is a "Notice of Default" under the Bonds of that series and demanding that the Issuer remedy the same, shall have been given to the Issuer by the Trustee; or

(c) **Cross-Default:** (i) any other present or future indebtedness of the Issuer or any of its Material Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity (otherwise than at the option of the Issuer or such Material Subsidiary, as the case may be) by reason of any actual or potential default, event of default or the like (howsoever described); or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period originally provided for; or (iii) the Issuer or any of its Material Subsidiaries fails to pay when due (or within any applicable grace period originally provided for) any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised; provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which any one or more of the events mentioned above in this Condition 8(c) has or have occurred equals or exceeds $100,000,000 or its equivalent in other currencies; or

(d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process (other than distraint or attachment imposed by any government, authority or agent prior to enforcement foreclosure) is levied, enforced or sued out, as the case may be, on or against a substantial part of the property, assets or revenues of the Issuer or all or a substantial part of the property, assets or revenues of any of its Material Subsidiaries and is not (i) either discharged or stayed within 60 calendar days or in circumstances where the levy, enforcement or suing out, as the case may be, of such legal process is not, or does not become, materially prejudicial to the interests of the Bondholders, within 120 calendar days; or (ii) being contested in good faith on the basis of appropriate legal advice provided by reputable independent counsel in the relevant jurisdiction or jurisdictions and by appropriate proceedings; or

(e) **Security Enforced:** an encumbrancer takes possession or a receiver, administrative receiver, administrator, manager or other similar person is appointed over, or an attachment order is issued in respect of, the whole or a substantial part of the undertaking, property, assets or revenues of the Issuer or any of its Material Subsidiaries and in any such case such possession or appointment is not stayed or terminated or the debt on account of which such possession was taken or appointment made is not discharged or satisfied within 60 calendar days of such appointment or the issue of such order; or

(f) **Insolvency:** the Issuer or any of its Material Subsidiaries (i) is insolvent or bankrupt or is deemed to be insolvent as a result of the court being satisfied that the value of the Issuer's or such Material Subsidiary's assets is less than the amount of its liabilities, taking into account contingent and prospective liabilities or unable to pay its debts or stops, suspends or threatens to stop or suspend payment of all or a substantial part of (or of a particular type of) its debts as they mature; or (ii) applies for or consents to or suffers the appointment of an administrator, administrative receiver, liquidator, manager or receiver or other similar person in respect of the Issuer or any of its Material Subsidiaries or over the whole or a substantial part of the undertaking, property, assets or revenues of the Issuer or any of its Material Subsidiaries; or (iii) proposes or makes or enters into a general assignment or an arrangement or composition with or for the benefit of its creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or a substantial part of (or of a particular type of) the debts of the Issuer or any of its Material Subsidiaries, except, in any such case, for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee or by an Extraordinary Resolution of the Bondholders of Bonds of that series; or

(g) **Winding-up, Disposals:** an administrator or an administrative receiver is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or any of its Material Subsidiaries, or the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on all or a substantial part of its business or operations, or the Issuer or any of its Material Subsidiaries sells or disposes of all or a substantial part of its assets or business whether as a single transaction or a number of transactions, related or not; except, in any such case, for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger, consolidation or other similar arrangement (i) on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Bondholders of Bonds of that series, or (ii) in the case of a Material Subsidiary, not including arising out of the insolvency of such Material Subsidiary and under which all or substantially all of its assets are transferred to another member or members of Vedanta or to a transferee or transferees which immediately upon such transfer become(s) a Subsidiary of Subsidiaries of Vedanta; or

(h) **Expropriation:** any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates (excluding any distraint or attachment prior to enforcement or foreclosure) all or a substantial part of the assets or shares of the Issuer or any of its Material Subsidiaries; or

(i) **Analogous Events:** any event occurs which under the laws of England or, in the case of the Issuer's Material Subsidiaries, the laws of the relevant Material Subsidiary's place of incorporation or principal place of business has an analogous effect to any of the events referred to in paragraphs (d) to (h) above.

Upon any such notice being given to the Issuer, the Bonds of that series will immediately become due and payable at their principal amount together with accrued interest as provided in the Trust Deed, provided that no such notice may be given unless an Event of Default shall have occurred and provided further that, in the case of paragraphs (b), (d), (e) and (h), the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Bondholders of Bonds of that series.

For the purposes of paragraph (c) above, any indebtedness which is in a currency other than US dollars shall be translated into US dollars at the middle spot rate for the sale of US dollars against the purchase of the relevant currency quoted by any leading bank selected by the Trustee on any day when the Trustee requests a quotation for such purposes.

"Material Subsidiary" means, at any particular time, a Subsidiary of the Issuer:

(a) whose (i) total assets or (ii) gross revenues (in each case on an unconsolidated basis) attributable to the Issuer are equal to or greater than 10% of the consolidated total assets or consolidated gross revenues of the Issuer, as applicable (in each case as calculated based on the latest annual unconsolidated financial statements of the Subsidiary and the latest audited annual consolidated financial statements of the Issuer); or

(b) to which is transferred all or substantially all of the business, assets and undertaking of a Subsidiary of the Issuer which immediately prior to such transfer is a Material Subsidiary, whereupon the transferor Subsidiary of the Issuer shall immediately cease to be a Material Subsidiary and the transferee Subsidiary shall immediately become a Material Subsidiary (subject to the provisions of paragraph (a) above) or;

(c) which both (A) owns or controls (either directly or through one or more other Subsidiaries) more than 50% of the issued share capital or other ownership interest of an entity that is a "Material Subsidiary" by virtue of the application of paragraphs (a) or (b) above and (B) has incurred Indebtedness to persons other than the Issuer or any of its Subsidiaries in an amount equal to or in excess of US$100,000,000.

A report by two Directors of the Issuer certified by the Issuer's auditor that in their opinion a Subsidiary of the Issuer is or is not, or was or was not, at any particular time or throughout any specified period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Trustee and the Bondholders.

9. Consolidation, Amalgamation or Merger

The Issuer will not consolidate with, merge or amalgamate into, or transfer its properties and assets substantially as an entirety to, any corporation or convey or transfer its properties and assets substantially as an entirety to any person (the consummation of any such event, a "Merger"), unless:

(a) the corporation formed by such Merger or the person that acquired such properties and assets shall expressly assume, by a supplemental trust deed in form and substance satisfactory to the Trustee, all obligations of the Issuer under the Trust Deed and the Bonds and the performance of every covenant and agreement applicable to it contained therein;

(b) the corporation formed by such Merger, or the person that acquired such properties and assets, if not organised under the law of the United Kingdom, shall expressly agree, by a supplemental trust deed in form and substance satisfactory to the Trustee, that its jurisdiction of organisation (or any authority therein or thereof having power to tax) will be added to Condition 7 and clause (iii) of Condition 5 in each place therein in which reference is made to the United Kingdom, subject to clause (iv) of this Condition 9;

(c) immediately after giving effect to any such Merger, no Event of Default or Potential Event of Default (as defined in the Trust Deed) shall have occurred or be continuing or would result therefrom as confirmed to the Trustee by (i) a certificate signed by two Directors of the Issuer and (ii) a certificate signed by two directors of the corporation that would result from such Merger or, as the case may be, a certificate from any such person referred to above; and

(d) the corporation formed by such Merger, or the person that acquired such properties and assets, shall expressly agree, among other things, not to redeem the Bonds pursuant to Condition 5(c) as a result of it becoming obliged to pay any additional amounts (as provided or referred to in Condition 7) arising solely as a result of such Merger.

10. Prescription

Claims in respect of principal and interest will become void unless made as required by Condition 6 within a period of 10 years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

11. Replacement of Certificates

If any Certificate representing a Bond is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the costs and expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12. Meetings of Bondholders, Modification and Waiver

(a) **Meetings of Bondholders:** The Trust Deed contains provisions for convening meetings of Bondholders of Bonds of any series to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of the Bondholders of Bonds of that series of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Bondholders of Bonds of any series holding not less than 15% in principal amount of the Bonds of that series for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution of the Bondholders of Bonds of any series will be two or more persons holding or representing a clear majority in principal amount of the Bonds of that series for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders of Bonds of that series whatever the principal amount of the Bonds of that series held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the maturity of the Bonds of that series or the dates on which interest is payable in respect of the Bonds of that series, (ii) to reduce or cancel the principal amount of, or interest on, the Bonds of that series, (iii) to change the currency of payment of the Bonds of that series or (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders of Bonds of that series or the majority required to pass an Extraordinary Resolution of the Bondholders of Bonds of that series, in which case the necessary quorum will be two or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in principal amount of the Bonds of that series for the time being outstanding. Any Extraordinary Resolution of the Bondholders of Bonds of any series duly passed shall be binding on Bondholders of Bonds of that series (whether or not they were present at the meeting at which such resolution was passed and whether or not they voted in favour).

(b) **Modification and Waiver:** The Trustee may agree, without the consent of the Bondholders of Bonds of any series, to (i) any modification to these Conditions or to the provisions of the Trust Deed which is in its opinion of a formal, minor or technical nature or is made to correct a manifest or proven error, and (ii) any other modification (except as provided for in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders of Bonds of that series. Any such modification, authorisation or waiver shall be binding on the Bondholders of Bonds of that series and such modification shall be notified to the Bondholders of Bonds of that series as soon as practicable.

(c) **Written resolutions of 90% holders:** The Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 90% of the aggregate principal amount outstanding of Bonds of any series who for the time being are entitled to receive notice of a meeting in accordance with the provisions of the Trust Deed shall be as valid and effective as a duly passed Extraordinary Resolution of the Bondholders of Bonds of that series.

(d) **Entitlement of the Trustee:** In connection with the exercise of its powers, trusts, authorisations or discretions (including but not limited to those referred to in this Condition), the Trustee shall have regard to the interests of the Bondholders of Bonds of any series as a class and shall not have regard to the consequences of such exercise for individual Bondholders of Bonds of that series (including as a result of their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory) and the Trustee shall not be entitled to require, nor shall any Bondholder of Bonds of any series be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders of Bonds of that series.

13. Enforcement

At any time after the Bonds of any series become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Bonds of that series, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Bondholders of Bonds of that series or so requested in writing by Bondholders holding at least one-quarter in principal amount of the Bonds of that series outstanding, and (b) it shall have been indemnified and/or secured (including by way of payment in advance) to its satisfaction. No Bondholder may proceed directly against the Issuer unless subject to Condition 13(b) above, the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

14. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Bondholders on any certificate or report prepared by the auditors or any other person pursuant to the Conditions and/or the Trust Deed, whether or not addressed to the Trustee and whether or not the auditors liability in respect thereof is limited by a monetary cap or otherwise; any such certificate shall be conclusive and binding on the Issuer, the Trustee, and the Bondholders.

15. Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further securities either having the same terms and conditions as the Bonds of any series in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue, provided that, if the securities of such further issue are not fungible with the Bonds of any series for U.S. federal income tax purposes, such securities will have a separate CUSIP or ISIN. References in these Conditions to the Bonds of any series include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Bonds of that series. Any further securities forming a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of securities of other series where the Trustee so decides.

16. Notices

Notices to Bondholders will be valid if published in a leading newspaper having general circulation in Singapore (which is expected to be the Business Times). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made.

So long as the Bonds are represented by the Global Certificates and the Global Certificates are held on behalf of DTC or the alternative clearing system (as defined in the Global Certificates), notices to Bondholders may be given by delivery of the relevant notice to DTC or the alternative clearing system, for communication by it to entitled accountholders in substitution for notification as required by the Conditions.

17. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

18. Governing Law and Jurisdiction

(a) **Governing Law:** The Trust Deed, the Bonds and all non-contractual matters arising from or connected with the Bonds and the Trust Deed, are governed by and are construed in accordance with English law.

(b) **Jurisdiction:** The courts of England have exclusive jurisdiction to settle any dispute (a "Dispute") arising from or connected with the Trust Deed or the Bonds and all non-contractual matters arising from or in connection therewith (including a dispute regarding the existence, validity or termination of the Trust Deed or the Bonds or the consequences of their nullity). The submission to the jurisdiction of the courts of England is for the benefit of the Trustee and the Bondholders only and shall not (and shall not be construed so as to) limit the right of the Trustee or any Bondholder to take proceedings relating to a Dispute ("Proceedings") in any other courts with jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if any to the extent permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM

The Global Certificates contain provisions which apply to the Bonds while they are in global form, some of which modify the effect of the Conditions of the Bonds set out in this Offering Circular. Terms defined in the Conditions have the same meaning in the paragraphs below. The following is a summary of certain of those provisions.

Book-Entry; Delivery and Form

The certificates representing the Bonds will be issued in fully registered form without interest coupons attached. The Regulation S Bonds of each series will initially be represented by the Unrestricted Global Certificate and will be deposited with a custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream. Prior to the 40th day after the date of issue of the Bonds, beneficial interests in the Regulation S Bonds may only be held through Euroclear or Clearstream, and any resale or transfer of such interests to United States persons shall not be permitted during such period unless such resale or transfer is made pursuant to Rule 144A or Regulation S under the Securities Act.

The Rule 144A Bonds of each series will be represented by the Restricted Global Certificate and will be deposited with a custodian for, and registered in the name of a nominee of, DTC.

Each Global Certificate (and any Bonds issued for exchange therefor) will be subject to certain restrictions on transfer set forth therein as described under "Transfer Restrictions".

Ownership of beneficial interests in a Global Certificate will be limited to persons who have accounts with DTC ("participants") or persons who hold interests through participants. Ownership of beneficial interests in a Global Certificate will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants). QIBs may hold their interests in a Restricted Global Certificate directly through DTC if they are participants in such system, or indirectly through organisations which are participants in such system.

Investors may hold their interests in a Regulation S Bond directly through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organisations that are participants in such system. On or after the 40th day following the date of issue of the Bonds, investors may also hold such interests through organisations other than Euroclear or Clearstream that are participants in the DTC system. Euroclear and Clearstream will hold interests in the Regulation S Bonds on behalf of their participants through DTC.

So long as DTC, or its nominee, is the registered owner or holder of a Global Certificate, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Bonds represented by such Global Certificate for all purposes under the Trust Deed and the Bonds. No beneficial owner of an interest in a Global Certificate will be able to transfer that interest except in accordance with DTC's applicable procedures, in addition to those provided for under the Trust Deed and the Paying Agency Agreement and, if applicable, those of Euroclear and Clearstream.

Registration of Title

Individual Certificates will not be issued in exchange for interests in the Bonds in respect of which the Global Certificates are issued, except in the event that (where they shall be issued free of charge to the holder) DTC (or any clearing system as shall have been designated by the Company and approved by the Trustee (the "Alternative Clearing System") on behalf of which the Bonds evidenced by the Restricted Global Certificate may be held) notifies the Company that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Bonds, or ceases to be a "Clearing Agency" registered under the Exchange Act or is at any time no longer eligible to act as such and the Company is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC (or, as the case may be, such Alternative Clearing System).

So long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Company shall appoint and maintain a paying agent in Singapore in the event that the Global Certificate is exchanged for Individual Certificates. In addition, in the event that the Global Certificate is exchanged for Individual Certificates, an announcement of such exchange shall be made through the SGX-ST (so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require) and such announcement will include all material information with respect to the delivery of the Individual Certificates, including details of the paying agent in Singapore.

In such circumstances, the Company will cause sufficient Individual Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Bondholders. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar with a written order containing instructions and such other information as the Company and the Registrar may require to complete, execute and deliver such Individual Certificates and, in the case of a person with an interest in the Bonds represented by the Restricted Global Certificate, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or in the case of a simultaneous sale pursuant to Rule 144A, Regulation S or Rule 144 under the Securities Act ("Rule 144"), a certification that the transfer is being made in compliance with the provisions of Rule 144A, Regulation S or Rule 144, as the case may be, in accordance with the Paying Agency Agreement. Restricted individual certificates issued in respect of the Rule 144A Bonds shall bear the Securities Act Legends applicable to transfers pursuant to Rule 144A.

Payments and Transfers

Payments of principal and interest in respect of Bonds represented by a Global Certificate will be made to DTC or its nominee, as the case may be, and will be made without presentation or, if no further payment falls to be made in respect of the Bonds, against presentation and surrender, of the Global Certificate to or to the order of the Principal Agent or such other Paying Agent as shall have been notified to the Bondholders for such purpose. None of the Company, the Trustee nor any Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Certificate or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Company expects that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a Global Certificate, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Certificate as shown on the records of DTC or its nominee. The Company also expects that payments by participants to owners of beneficial interests in such Global Certificate held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

Transfers between participants in DTC will be effected in the ordinary way in accordance with DTC rules and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

The Company expects that DTC will take any action permitted to be taken by a Bondholder (including the presentation of Bonds for exchange as described below) only at the direction of one or more participants to whose account the DTC interests in a Global Certificate is credited and only in respect of such portion of the aggregate principal amount of Bonds as to which such participant or participants has or have given such direction.

The Company understands that DTC is a limited purpose trust company organised under the laws of the State of New York, a "banking organisation" within the meaning of New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "Clearing Agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of securities certificates. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies and certain other organisations that clear through or maintain a custodial relationship with a participant, either directly or indirectly ("indirect participants").

Although DTC, Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in a Global Certificate among participants of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Company, the Trustee or any Paying Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Notices

So long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, notices will be published in a leading newspaper having general circulation in Singapore (which is expected to be the Business

Times). Any such notice shall be deemed to have been given on the date of such publication. So long as the Bonds are represented by a Global Certificate and such Global Certificate is held on behalf of DTC or an Alternative Clearing System, notices to Bondholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled account holders in substitution for publication as required by the Conditions.

Meetings

The registered holder of each Global Certificate will be treated as being two persons for the purposes of any quorum requirements of a meeting of Bondholders and, at any such meeting, as having one vote in respect of each $1,000 in principal amount of the Bonds for which the Global Certificates may be exchanged. The Trustee may allow a person with an interest in the Bonds in respect of which a Global Certificate has been issued to attend and speak at a meeting of Bondholders on appropriate proof of his identity and interest.

Purchase and Cancellation

Cancellation of any Bond required by the Conditions to be cancelled following its purchase will be effected by reduction in the principal amount of the Bonds in the register of Bondholders.

Trustee's Powers

In considering the interests of Bondholders while a Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may have regard to any information provided to it by or on behalf of the relevant clearing system or its operator as to the identity (either individually or by category) of its account holders with entitlements to the Bonds and may consider such interests as if such account holders were the holders of the Bonds.

The Clearing Systems

General

DTC, Euroclear and Clearstream have advised the Company as follows:

DTC. DTC is a limited-purpose trust company organised under the laws of the State of New York, a "banking organisation" within the meaning of New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book entry changes in accounts of its participants, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organisations, some of whom own DTC, and may include the Joint Bookrunners. Indirect access to the DTC system is also available to others that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Transfers of ownership or other interests in Bonds in DTC may be made only through DTC participants. In addition, beneficial owners of Bonds in DTC will receive all distributions of principal of and interest on the Bonds from the Trustee through such DTC participant.

Euroclear and Clearstream. Euroclear and Clearstream hold securities for participating organisations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organisations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Initial Settlement

Initial settlement for the Bonds will be made in immediately available funds. All Bonds issued in the form of global certificates will be deposited with Cede & Co., as custodian for DTC. Investors' interests in Bonds held in book-entry form by DTC will be represented through financial institutions acting on their behalf as direct and indirect participants in DTC. As a result, Euroclear and Clearstream will initially hold positions on behalf of their participants through DTC.

Investors electing to hold their Bonds through DTC (other than through accounts at Euroclear or Clearstream) must follow the settlement practices applicable to United States corporate debt obligations. The securities custody accounts of investors will be credited with their holdings against payment in same day funds on the settlement date.

Investors electing to hold their Bonds through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Bonds will be credited to the securities custody accounts of Euroclear holders and of Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

Because the purchaser determines the place of delivery, it is important to establish at the time of trading of any Bonds where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Trading between DTC participants. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in same-day funds using DTC's Same-Day Funds Settlement System.

Trading between Euroclear and Clearstream participants. Secondary market trading between Euroclear participants and Clearstream participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional Eurobonds in same-day funds.

Trading between DTC seller and Euroclear or Clearstream purchaser. When Bonds are to be transferred from the account of a DTC participant to the account of a Euroclear participant or a Clearstream participant, the purchaser must send instructions to Euroclear or Clearstream through a participant at least one business day prior to settlement. Euroclear or Clearstream, as the case may be, will receive the Bonds against payment. Payment will then be made to the DTC participant's account against delivery of the Bonds. Payment will include interest accrued on the Bonds from and including the last interest payment date to and excluding the settlement date, on the basis of a calendar year consisting of twelve 30-day calendar months. For transactions settling on the 31st day of the month, payment will include interest accrued to and excluding the first day of the following month. Payment will then be made to the DTC participant's account against delivery of the Bonds. After settlement has been completed, the Bonds will be credited to the respective clearing system and by the clearing system, in accordance with its usual procedures, to the Euroclear participant's or Clearstream participant's account. Credit for the Bonds will appear on the next day (European time), and cash debit will be backvalued to, and the interest on the Bonds will accrue from, the value date (which would be the preceding day when settlement occurs in New York). If settlement is not completed on the intended value date (i.e., the trade date fails), the Euroclear or Clearstream cash debit will be valued instead on the actual settlement date.

Euroclear participants or Clearstream participants will need to make available to the respective clearing systems the funds necessary to process same-day funds settlement. The most direct means of doing so is to pre-position funds for settlement, either from cash on hand or existing lines of credit, as they would for any settlement occurring within Euroclear or Clearstream. Under this approach, they may take on credit exposure to Euroclear or Clearstream until the Bonds are credited to their accounts one day later.

As an alternative, if Euroclear or Clearstream has extended a line of credit to them, participants can elect not to pre-position funds and allow that credit line to be drawn upon to finance settlement. Under this procedure, Euroclear participants or Clearstream participants purchasing Bonds would incur overdraft charges for one day, assuming they cleared the overdraft when the Bonds were credited to their accounts. However, interest on the Bonds would accrue from the value date. Therefore, in many cases, the investment income on Bonds earned during that one-day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each participant's particular cost of funds.

The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the DTC participant, a cross-market transaction will settle no differently than a trade between two DTC participants.

Finally, day traders that use Euroclear or Clearstream and that purchase Bonds from DTC participants for credit to Euroclear participants or Clearstream participants should note that these trades will automatically fail on the sale side unless affirmative action is taken. At least three techniques should be readily available to eliminate this potential problem:

(1). borrowing through Euroclear or Clearstream for one day (until the purchase side of the day trade is reflected in their Euroclear account or Clearstream account) in accordance with the clearing system's customary procedures;

(2). borrowing the Bonds in the United States from a DTC participant no later than one day prior to settlement, which would give the Bonds sufficient time to be reflected in the borrower's Euroclear account or Clearstream account in order to settle the sale side of the trade; or

(3). staggering the value dates for the buy and sell sides of the trade so that the value date for the purchase from the DTC participant is at least one day prior to the value date for the sale to the Euroclear participants or Clearstream participants.

Trading between Euroclear or Clearstream seller and DTC purchaser. Due to the time zone differences in their favour, Euroclear participants or Clearstream participants may employ their customary procedures for transactions in which Bonds are to be transferred by the respective clearing system to another DTC participant. The seller must send instructions to Euroclear or Clearstream through a participant at least one business day prior to settlement. In these cases, Euroclear or Clearstream will credit the Bonds to the DTC participant's account against payment. Payment will include interest accrued on the Bonds from and including the last interest payment date to and excluding the settlement date, on the basis of a calendar year consisting of twelve 30-day calendar months. For transactions settling on the 31st day of the month, payment will include interest accrued to the Bonds excluding the first day of the following month. Payment will then be made to the DTC participant's account against delivery of the Bonds. The payment will then be reflected in the account of the Euroclear participant or Clearstream participant the following day, and receipt of the cash proceeds in the Euroclear or Clearstream participant's account will be back-valued to the value date (which would be the preceding day when settlement occurs in New York). If the Euroclear participant or Clearstream participant has a line of credit with its respective clearing system and elects to draw on such line of credit in anticipation of receipt of the sale proceeds in its account, the back-valuation may substantially reduce or offset any overdraft charges incurred over the one-day period. If settlement is not completed on the intended value date (i.e., the trade fails), receipt of the cash proceeds in the Euroclear or Clearstream participant's account would instead be valued on the actual settlement date.

As in the case with respect to sales by a DTC participant to a Euroclear or Clearstream participant, participants in Euroclear and Clearstream will have their accounts credited the day after their settlement date. See "— Trading between DTC seller and Euroclear or Clearstream purchaser" above.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Regulation S Bonds or the Rule 144A Bonds.

This offering is being made in reliance on Rule 144A under the Securities Act and Regulation S under the Securities Act. The Bonds have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any State in the United States or any other jurisdiction, and may only be offered or sold (a) within the United States to QIBs in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (b) to non-US persons outside the United States in reliance on Regulation S under the Securities Act, and in each case in accordance with any other applicable law.

Rule 144A Bonds

Each purchaser of the Bonds within the United States pursuant to Rule 144A, by accepting delivery of this Offering Circular, will be deemed to have represented, agreed and acknowledged that it has received such information as it deems necessary to make an investment decision and that:

1. It is (a) a QIB within the meaning of Rule 144A, (b) acquiring such Bonds for its own account or for the account of one or more QIBs, (c) not acquiring the Bonds with a view to further distribute such Bonds, and (d) aware, and each beneficial owner of such Bonds has been advised, that the sale of such Bonds to it is being made in reliance on Rule 144A.

2. It understands that such Bonds have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, resold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that the holder and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) or (d) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable securities laws of the States of the United States; and the purchaser will, and each subsequent holder is required to, notify any subsequent purchaser of the Bonds of the resale restrictions referred to in this clause (2).

3. It acknowledges that the Bonds offered and sold hereby in the manner set forth in paragraph (1) above are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, are being offered and sold in a transaction not involving any public offering in the United States within the meaning of the Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of the Bonds.

4. It understands that any offer, sale, pledge or other transfer of the Bonds made other than in compliance with the above-stated restrictions may not be recognised by the Company.

5. The Company, the Registrar, the Joint Bookrunners and their respective affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. If it is acquiring any Bonds for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make (and does make) the foregoing acknowledgments, representations and agreements on behalf of each such account.

6. It understands that the Bonds of each series offered in reliance on Rule 144A will be represented by the Restricted Global Certificate. Before any interest in the Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Paying Agency Agreement) as to compliance with applicable securities laws.

7. It understands that such Bonds, unless otherwise agreed between the Company and the Trustee in accordance with applicable law, will bear a legend to the following effect:

THIS BOND HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE

UNDER THE SECURITIES ACT, (2) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER OF THIS BOND WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS BOND OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

Prospective purchasers are hereby notified that sellers of the Bonds may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Regulation S Bonds

Each purchaser of Bonds offered hereby in reliance on Regulation S under the Securities Act, by accepting delivery of this Offering Circular and the Bonds, will be deemed to have represented, agreed and acknowledged that it has received such information as it deems necessary to make an investment decision and that:

(i) It understands that such Bonds have not been and will not be registered under the Securities Act, and such Bonds are being offered and sold in reliance on Regulation S.

(ii) It is, or at the time the Bonds are purchased will be, the beneficial owner of such Bonds and (a) it is purchasing the Bonds in an offshore transaction (within the meaning of Regulation S); (b) it is not an affiliate of the Company or a person acting on behalf of such an affiliate and (c) it is not a US person (as defined in Regulation S under the Securities Act) and is located outside the United States and will continue to be located outside the United States at the time the buy order is originated.

(iii) It will not offer, sell, pledge or transfer Bonds, except in accordance with the Securities Act and any applicable laws of the states of the United States and any other jurisdiction.

(iv) The Company, the Registrar, the Joint Bookrunners and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

(v) It understands that the Bonds of each series offered in reliance on Regulation S will be represented by the Unrestricted Global Certificate. For the period until and including the 40th day after the commencement of the offering, any interest in the Unrestricted Global Certificate may be offered, sold, pledged or otherwise transferred to a US person or a person located in the United States or a person who takes delivery in the form of an interest in the Restricted Global Certificate, provided that it will be required to provide a Transfer Agent with a written certification (in the form provided in the Paying Agency Agreement) to the effect that the transferee is a "qualified institutional buyer" (as defined in Rule 144A) and as to compliance with applicable securities laws.

(vi) It understands that such Bonds will, unless otherwise agreed between the Company and the Trustee in accordance with applicable law, will bear a legend to the following effect:

THIS BOND HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO, FOR THE ACCOUNT OR BENEFIT OF, ANY UNITED STATES PERSON EXCEPT PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ALL APPLICABLE STATE SECURITIES LAWS. TERMS USED ABOVE HAVE THE MEANINGS GIVEN TO THEM IN REGULATION S UNDER THE SECURITIES ACT.

TAXATION

European Union Savings Directive

Under European Council Directive 2003/48/EC regarding the taxation of savings income in the form of interest payments (the "Directive"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest and other similar income paid by a person within its jurisdiction to, or where payments of interest or similar income are secured by such a person for, an individual resident in, or certain entities established in, that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments, deducting tax at the current rate of 35% (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories and certain dependent or associated territories of certain Member States have adopted or agreed to adopt similar measures. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in, or certain entities established in, one of those territories. A consultation process is currently underway within the EU in relation to the scope of the Directive and, in particular, whether the Directive should also extend to payments channelled through intermediate entities and/or to payments considered to be of an interest-like nature. If any of the proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements above.

Certain United Kingdom Taxation Considerations

The following is a general description of certain UK tax considerations relating to the Bonds. It does not purport to be a complete analysis of all tax considerations relating to the Bonds and it does not generally deal with the tax position of prospective Bondholders who may be subject to tax in a jurisdiction other than the UK. It relates to the position of persons who hold Bonds as an investment and who are the absolute beneficial owners of the same and some aspects do not apply to certain classes of taxpayer (such as dealers in securities, Bondholders who are connected with the Company for relevant tax purposes or those who are treated for tax purposes as having received their Bonds by reason of their employment). Prospective Bondholders should seek their own professional advice as to their tax position. This summary is based on the Company's understanding of UK tax law and HM Revenue & Customs practice as in effect on the date of this Offering Circular and is subject to any change in such law or practice that may take effect after such date (possibly with retrospective effect).

PROSPECTIVE PURCHASERS OF BONDS WHO MAY BE SUBJECT TO TAX IN ANY JURISDICTION OTHER THAN THE UK, OR WHO HAVE ANY DOUBT WHATSOEVER AS TO THEIR TAX POSITION SHOULD CONSULT AN APPROPRIATE PROFESSIONAL ADVISER.

Interest on the Bonds

The Bonds will constitute "quoted Eurobonds" within the meaning of section 987 of the Income Tax Act 2007 (the "Act") as long as they are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Act. SGX-ST is a "recognised stock exchange" for these purposes. The Bonds will be treated as listed on SGX-ST if the Bonds are included in the official list of, and are admitted to trading on (which, in the case of SGX-ST, means quoted on), the Main Board of SGX-ST.

Provided, therefore, that the Bonds are and remain so listed and quoted, payments of interest on the Bonds will be made without deduction or withholding for or on account of UK income tax.

If the Bonds are not, or cease to be, so listed, generally an amount must be deducted or withheld for or on account of UK income tax at the basic rate (currently 20%), subject to any direction to the contrary by HM Revenue & Customs under an applicable double taxation treaty, and except that the deduction or withholding obligation is disapplied in respect of payments of interest to Bondholders who the Company reasonably believes are either UK resident companies or non-UK resident companies carrying on a trade in the UK through a permanent establishment which is, in each case, within the charge to UK corporation tax and to which the interest is attributable, or are partnerships consisting entirely of such persons (unless, in each such case, HM Revenue & Customs directs otherwise), or where any other relevant exception, exemption or relief applies. Any premium payable on redemption may be treated as a payment of interest for UK tax purposes and may accordingly be subject to the withholding tax treatment described above.

Interest on the Bonds will constitute UK source income for UK tax purposes and may be subject to UK income tax or UK corporation tax (as appropriate) by assessment (including self-assessment) even where paid without deduction or withholding for or on account of UK tax. However, interest with a UK source received without deduction or withholding for or on account of UK income tax will not be chargeable to UK tax in the hands of a Bondholder who is not resident for tax purposes in the UK unless that Bondholder: (i) is not a company and carries on a trade, profession or vocation in the UK through a UK branch or agency, or is a company and carries on a trade in the UK through a UK permanent establishment and the interest is received in connection with, or the Bonds are attributable to, that branch or agency or permanent establishment (as applicable); or (ii) is a trustee in certain circumstances. There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double tax treaty may also be relevant for such Bondholders.

Provision of information

In certain circumstances, HM Revenue & Customs has the power to require any person in the UK (i) paying interest to, or receiving interest on behalf of another person who is an individual; or (ii) paying amounts due on redemption of any Bonds which constitute deeply discounted securities as defined in Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 to, or receiving such amounts on behalf of, another person who is an individual, to disclose the name and address of that Bondholder and to provide information regarding the amounts paid to him or received on his behalf. In relation to the payment or receipt of interest, these provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of UK income tax and whether or not the Bondholder is resident in the UK for UK taxation purposes. Where the Bondholder is not so resident, the details provided to HM Revenue & Customs may, in certain cases, be passed on to the tax authorities of the jurisdiction in which the Bondholder is resident for taxation purposes.

Transfer and redemption of the Bonds

UK corporation taxpayers

In general, Bondholders who are within the charge to UK corporation tax in respect of the Bonds will be treated for tax purposes as realising profits, gains or losses (including exchange gains and losses) in respect of the Bonds on a basis which is broadly in accordance with their statutory accounting treatment so long as that accounting treatment is in accordance with generally accepted accounting practice as that term is defined for the relevant tax purposes. Such profits, gains and losses will be taken into account in computing taxable income for UK corporation tax purposes.

Other UK taxpayers

It is not entirely certain whether or not the Bonds will be treated as "deeply discounted securities" for the purposes of Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005. Accordingly, Bondholders are advised to consult their own professional advisers in respect of this issue.

If the Bonds are treated as "deeply discounted securities" for the purposes of Part 4, Chapter 8 of the Income Tax (Trading and Other Income) Act 2005, Bondholders who are not within the charge to UK corporation tax and who are resident for tax purposes in the United Kingdom, or who carry on a trade, profession or vocation in the UK through a branch or agency to which the Bonds are attributable, may be subject to UK tax on income on a disposal of the Bonds (including a disposal occurring on redemption of Bonds). In such a case, no chargeable gain or allowable loss would arise on a disposal of a Bond by a Bondholder (including a disposal occurring on redemption) nor should the accrued income profits and losses regime (as set out below) apply to Bondholders on such a disposal.

If the Bonds are not treated as "deeply discounted securities" for the purposes of Part 4, Chapter 8 of the Income Tax (Trading and Other Income) Act 2005, a disposal of the Bonds (including a disposal occurring on redemption) by an individual Bondholder who is resident for tax purposes in the United Kingdom, or who carries on a trade, profession or vocation in the UK through a branch or agency to which the Bonds are attributable, may give rise to a chargeable gain or allowable loss for the purposes of the UK taxation of chargeable gains. In calculating any gain or loss accordingly, a taxable profit can arise even where the amount received in a non-sterling currency is the same as, or less than, the amount paid in that currency for the Bond. Special rules may apply to individuals who have ceased to be resident in the United Kingdom and who dispose of their Bonds before becoming once again resident in the United Kingdom.

The provisions of the "accrued income profits and losses" regime (formerly known as the "accrued income scheme") (the "Regime") may apply to Bondholders who are subject to UK income tax in relation to the Bonds. On a transfer of securities with accrued interest, the Regime can, in certain circumstances, apply to deem the transferor to receive an amount of income equal to the accrued interest and to treat the deemed or actual interest subsequently received by the transferee as reduced by a corresponding amount. Generally, persons who are not resident in the UK and who do not carry on a trade in the UK through a branch or agency to which the Bonds are attributable will not be subject to the provisions of these rules. Bondholders are advised to consult their own professional advisers for further information about the rules relating to the Regime.

Stamp duty and stamp duty reserve tax. No UK stamp duty or stamp duty reserve tax should be payable on issue, transfer or redemption of the Bonds.

US Federal Income Tax Considerations

The following discussion is a summary of certain material US federal income tax consequences of the purchase, ownership and disposition of the Bonds by a US holder (defined below), but does not purport to be a complete analysis of all potential tax effects. This summary is based upon the US Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), Treasury regulations issued or proposed thereunder, and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. This discussion does not address all of the US federal income tax consequences that may be relevant to a US holder in light of such US holder's particular circumstances or to US holders subject to special rules, such as certain financial institutions, US expatriates, insurance companies, dealers in securities or currencies, traders in securities, US holders whose functional currency is not the US dollar, tax-exempt organisations, regulated investment companies, real estate investment trusts, partnerships or other pass-through entities, persons liable for alternative minimum tax and persons holding the Bonds as part of a "straddle," "hedge," "conversion transaction" or other integrated transaction. In addition, this discussion is limited to persons who purchase Bonds for cash pursuant to this Offering Circular at original issue, at their "issue price" (the first price at which a substantial part of the Bonds are sold to the public for cash, excluding sales to bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the Bonds as capital assets within the meaning of Section 1221 of the Internal Revenue Code.

TO COMPLY WITH TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF US FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS OFFERING CIRCULAR IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY PROSPECTIVE INVESTORS, FOR THE PURPOSES OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS BEING USED IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE COMPANY OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

For purposes of this discussion, a "US holder" is a beneficial owner of a Bond that is, for US federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation or any entity taxable as a corporation created or organised in the United States or under the laws of the United States, any state thereof or the District of Columbia;
- any estate the income of which is subject to US federal income taxation regardless of its source; or
- any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or if a valid election is in place to treat the trust as a United States person.

If a partnership (including any entity treated as a partnership for US federal income tax purposes) holds Bonds, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A holder that is a partnership, and partners in such partnerships, should consult their tax advisers regarding the tax consequences of the purchase, ownership and disposition of Bonds.

Prospective purchasers of Bonds should consult their tax advisers concerning the tax consequences of the purchase, ownership and disposition of the Bonds in light of their particular circumstances, including the application of the US federal income tax considerations discussed below, as well as the application of state, local, foreign or other tax laws.

Payments of Interest

It is expected, and the following discussion assumes, that the Bonds will not be issued with original issue discount in excess of a statutorily defined *de minimis* amount. Payments of stated interest on the Bonds generally will be taxable to a US holder as ordinary income at the time that such payments are received or accrued, in accordance with such US holder's method of accounting for US federal income tax purposes.

Interest income on a Bond generally will constitute foreign source income and generally will be considered "passive category income" or, in the case of certain US holders, "general category income" for purposes of the foreign tax credit limitation rules.

Should any foreign tax be withheld, the amount withheld and the gross amount of any additional amounts paid to a US holder as a result of such withholding as described in "Terms and Conditions of the Bonds — Taxation" (such amounts, "Additional Amounts"), will be included in such US holder's income as ordinary income at the time such amount is received or accrued in accordance with such US holder's method of tax accounting. Foreign withholding tax paid at the rate applicable to a US holder would, subject to limitations and conditions, be treated as foreign income tax eligible for credit against such US holder's US federal income tax liability or, at such US holder's election, eligible for deductions in computing taxable income. US holders should consult their tax advisers regarding the creditability or deductibility of any withholding taxes. Any Additional Amounts would generally constitute foreign source income.

Sale, Exchange, Redemption or Other Disposition of Bonds

Generally, upon the sale, exchange, redemption or other disposition of a Bond, a US holder will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange, redemption or other disposition (less any amount attributable to accrued but unpaid interest not previously included in income, which will be taxable as such) and such US holder's adjusted tax basis in the Bond. A US holder's adjusted tax basis in a Bond generally will equal the cost of such Bond to such US holder, less any principal payments received by the US holder.

Such gain or loss generally will be US source capital gain or loss, and will be long-term capital gain or loss if at the time of the sale, exchange, redemption or other disposition the Bond has been held by such US holder for more than one year. Long-term capital gain recognised by a non-corporate US holder will generally be subject to taxation at a reduced rate. The deductibility of capital losses is subject to limitation.

Information Reporting and Backup Withholding

In general, payments made in the United States or through certain US-related financial intermediaries of interest or principal and the proceeds from sales of Bonds held by a US holder will be required to be reported to the US Internal Revenue Service (the "IRS") unless the US holder is an exempt recipient and when required, demonstrates this fact. In addition, a US holder that is not an exempt recipient may be subject to backup withholding unless it provides a taxpayer identification number and otherwise complies with applicable certification requirements.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a US holder's US federal income tax liability and may entitle the US holder to a refund, provided that the appropriate information is timely furnished to the IRS.

Individuals that own "specified foreign financial assets" with an aggregate value in excess of $50,000 are generally required to file an information report with respect to such assets with their tax returns. "Specified foreign financial assets" include any financial accounts maintained by foreign financial institutions, as well as any of the following, but only if they are held for investment and not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-US persons, (ii) financial instruments and contracts that have non-US issuers or counterparties, and (iii) interests in foreign entities. The Bonds may be subject to these rules. Persons required to file US tax returns that are individuals are urged to consult their tax advisers regarding the application of this rule to their ownership of the Bonds.

Foreign Account Tax Compliance

Pursuant to Sections 1471 through 1474 of the Internal Revenue Code (commonly referred to as "FATCA"), a "foreign financial institution" may be required to withhold US tax on payments on certain debt instruments and the gross proceeds from the disposition of such debt instruments. The Issuer believes that it should not be treated as a "foreign financial institution" under these rules. However, the application of these rules is not clear. Even if the Issuer were treated as a foreign financial institution, notes issued on or prior to the date that is six months after the date on which applicable final regulations are filed generally would be "grandfathered" unless materially modified after such date. Non-US governments may enter into an agreement with the IRS to implement FATCA in a manner that alters the rules described herein. Based on the law and facts on the date hereof, the Issuer does not intend to withhold US tax on payments on the Bonds under FATCA. Holders should consult their tax advisers on how these rules may apply to their investment in the Bonds. In the event any withholding under FATCA is required or advisable with respect to any payments on the Bonds, there will be no Additional Amounts payable to compensate for the withheld amount.

PLAN OF DISTRIBUTION

Each of the Joint Bookrunners has, pursuant to a subscription agreement dated 22 May 2013 (the "Subscription Agreement"), severally and not jointly agreed with the Company, subject to the satisfaction of certain conditions, to subscribe for the principal amount of the Bonds set forth opposite its name below.

Joint Bookrunners	Principal Amount $1,200,000,000 6.00% Bonds Due 2019	Principal Amount $500,000,000 7.125% Bonds Due 2023	%
Barclays Bank PLC	$ 199,166,667	$ 82,500,000	16.59%
Citigroup Global Markets Limited	199,166,667	82,500,000	16.59%
J.P. Morgan Securities plc	199,166,667	82,500,000	16.59%
Merrill Lynch, Pierce, Fenner & Smith Incorporated	199,166,667	82,500,000	16.59%
The Royal Bank of Scotland plc	199,166,667	82,500,000	16.59%
Standard Chartered Bank	199,166,667	82,500,000	16.59%
Deutsche Bank AG, Singapore Branch	4,999,998	5,000,000	0.58%
	$1,200,000,000	$500,000,000	100.00%

The Subscription Agreement provides that the Joint Bookrunners will purchase all the Bonds if they purchase any of the Bonds. The Subscription Agreement entitles the Joint Global Coordinators and Joint Lead Managers on behalf of the Joint Bookrunners to terminate the Subscription Agreement in certain circumstances prior to payment being made to the Company. The Company has under the Subscription Agreement agreed to indemnify the Joint Bookrunners against certain liabilities. The Joint Bookrunners may offer and sell the Bonds through certain of their affiliates. The Joint Bookrunners or certain of their affiliates may purchase Bonds and be allocated Bonds for asset management and/or proprietary purposes but not with a view to distribution.

Neither the Company nor any person acting on its behalf will, from the date of this Offering Circular until the date 30 days after the date of the issuance of the Bonds, without the prior written consent of the Joint Bookrunners, issue, offer, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal) non-equity-linked debt securities issued or guaranteed (other than guarantees in respect of Indian Rupee denominated non-equity linked debt securities) by the Company and having a maturity of more than one year from the date of issue.

The Bonds are a new issue of securities with no established trading market. The Company intends to apply for the listing of the Bonds on the SGX-ST. In connection with this offering, the Stabilising Managers or any of their affiliates (or persons acting on behalf of any Stabilising Manager) may, to the extent permitted by laws and regulations, over-allot or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail for a limited time after the issue date of the Bonds. However, there is no assurance that the Stabilising Managers or any of their affiliates (or persons acting on behalf of any Stabilising Manager) will undertake any stabilisation action. Any stabilising action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Bonds and 60 days after the date of the allotment of the Bonds. Any stabilisation action must be conducted by the relevant Stabilising Manager or any of their affiliates (or persons acting on behalf of any Stabilising Manager or any of their affiliates) in accordance with all applicable laws and rules.

The Joint Bookrunners and their respective affiliates have, in the past, provided banking, investment banking and advisory services for the Company and the group for which they have received customary fees and expenses. Any or all of the Joint Bookrunners and their respective affiliates may, from time to time, engage in transactions with and perform services for the Company, its subsidiaries and to affiliates in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. It is expected that the Joint Bookrunners and their respective affiliates will continue to provide such services to, and enter into such transactions with, the Company and its subsidiaries and affiliates in the future.

In connection with the offering of the Notes, each Joint Bookrunner and/or its affiliate(s) may act as an investor for its own account and may take up Bonds in the offering and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Company or related investments and may offer or sell such securities or other investments otherwise than in connection with the offering. Accordingly, references herein to the Bonds being offered should be read as including any offering of the Bonds to the Joint Bookrunners and/or their affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Each of the Joint Bookrunners or its affiliate, with the exception of Bank of America and Deutsche Bank AG, Singapore Branch, is a party to a $3.5 billion syndicated term loan facility dated 17 November 2010. $2,664.43 million was outstanding under this facility as at 31 March 2013. One of the Company's indirect wholly owned subsidiary, Sesa Sterlite Mauritius Holdings Limited has a Bridge to Bond, and TSMHL has a 2013 Term Loan Facility with affiliates of certain of the Joint Bookrunners dated 6 May 2013 for $1.35 billion and 15 May 2013 for $1.2 billion, respectively. See "Description of Material Indebtedness."

It is expected that delivery of beneficial interests in the Bonds will be made through the facilities of DTC on or about 3 June 2013, which will be the seventh business day following the initial sale of the Bonds. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Bonds prior to the third business day before the delivery of the Bonds will be required, by virtue of the fact that the Bonds initially will settle on a delayed basis, to agree to a delayed settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of Bonds who wish to make such trades should consult their own advisors.

European Economic Area

Each Joint Bookrunner, severally and not jointly, has represented and warranted that, in relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each a "Relevant Member State"), it has not made and will not make an offer of the Bonds to the public in that Relevant Member State, except that an offer to the public in that Relevant Member State of the Bonds may be made at any time under the following exemptions under the Prospectus Directive, as implemented in that Relevant Member State:

(a) to any legal entity which is a qualified investor within the meaning of Article 2(1)(e) of the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than a person that is a qualified investor within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of the relevant dealer nominated by the Issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Bonds shall result in a requirement for the publication by us or any Joint Bookrunner of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of the Bonds to the public" in relation to any of the Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive means Directive 2010/73/EU".

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any of the Bonds under, the offers contemplated in this document will be deemed to have represented, warranted and agreed to and with the Company and each Joint Bookrunner that:

(a) it is a qualified investor as defined under the Prospectus Directive or another exemption under Article 3(2) of the Prospectus Directive applies; and

(b) in the case of any of the Bonds acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Bonds acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Joint Bookrunners has been given to the offer or resale; or (ii) where the Bonds have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Bonds to it is not treated under the Prospectus Directive as having been made to such persons.

Hong Kong

No Bonds may be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made thereunder; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance.

No advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) has been or will be issued other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

India

This document has not been and will not be registered as a prospectus or a statement in lieu of prospectus with any registrar of companies in India. This document has not been and will not be reviewed or approved by any regulatory authority in India, including the Securities and Exchange Board of India, any registrar of companies in India or any stock exchange in India. This document and this offering of Bonds are not and should not be construed as an invitation, offer or sale of any securities to the public in India. Other than in compliance with the private placement exemptions under applicable laws and regulations in India, including the Companies Act, 1956, as amended, our Bonds have not been, and will not be, offered or sold to the public or any member of the public in India. This document is strictly personal to the recipient and neither this document nor the offering of our Bonds is calculated to result, directly or indirectly, in our Bonds becoming available for subscription or purchase by persons other than those receiving the invitation or offer.

Indonesia

This Offering Circular may only be distributed outside Indonesia to persons who are neither citizens of Indonesia (wherever located) nor residents of Indonesia.

Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Law of Japan and may not be offered or sold, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to, or for the account or benefit of, any person for reoffering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan, except (a) pursuant to an exemption from the registration requirements of, or otherwise in compliance with, the Financial Instruments and Exchange Law of Japan and (b) in compliance with any other relevant laws and regulations of Japan.

Malaysia

This Offering Circular has not been and will not be registered as a prospectus with the Securities Commission Malaysia under the Capital Markets And Services Act 2007 ("CMSA") but will be deposited as an information memorandum with the Securities Commission Malaysia in accordance with the CMSA. The distribution of this Offering Circular is restricted only to persons who fall within schedules 6 and 7 of the CMSA.

The Securities Commission Malaysia has approved the issue, offer or invitation in respect of the offering in Malaysia. However, the approval should not be taken to indicate that the Securities Commission Malaysia recommends the offering or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Offering Circular. The Securities Commission Malaysia has not, in any way, considered the merits of the Bonds for investment.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of the Company and takes no responsibility for the contents of this Offering Circular, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss an investor may suffer arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

Investors should rely on their own evaluation to assess the merits and risks of the investment. Investors who are in any doubt as to the action to be taken should consult their stockbrokers, bank managers, solicitors, accountants, or other professional advisers immediately.

Singapore

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds may be circulated or distributed, nor may the Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (b) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

1. a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

2. a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor;

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor (for corporations, under section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

(ii) where no consideration is or will be given for the transfer; or

(iii) where the transfer is by operation of law.

United Kingdom

Each of the Joint Bookrunners represents and agrees that (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("**FSMA**")) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

United States

The Bonds have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of, United States persons, except that the Bonds may be offered or sold to qualified institutional buyers in reliance on an exemption from registration under the Securities Act or outside the United States in accordance with Regulation S. The Bonds are being offered and sold outside the United States to non-US persons in reliance on Regulation S and within the United States to qualified institutional buyers in reliance on Rule 144A or another exemption from registration under the Securities Act. In addition, until 40 days after the commencement of the offering, an offer or sale of the Bonds within the United States (whether or not as part of the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.

The Bonds have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offence in the United States.

LEGAL MATTERS

Certain legal matters with respect to the Bonds will be passed upon for Vedanta Resources plc by Latham & Watkins LLP as to matters of English law and US federal securities law. Certain legal matters will be passed upon for the Joint Bookrunners by Shearman & Sterling LLP with respect to English law and US federal securities law. Certain legal matters with respect to the Bonds will be passed upon for Vedanta Resources plc and the Joint Bookrunners by Amarchand & Mangaldas & Suresh A. Shroff & Co. as to Indian law.

INDEPENDENT AUDITORS

The consolidated financial statements of Vedanta Resources plc as of and for the years ended 31 March 2012 and 2013 included in this Offering Circular have been audited by Deloitte LLP, independent auditors, as stated in their reports appearing herein. Deloitte LLP is a member of the Institute of Chartered Accountants in England and Wales.

The audit reports of Deloitte LLP, with respect to the Company's consolidated financial statements, in accordance with guidance issued by The Institute of Chartered Accountants in England and Wales, include the following limitations: "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 auditors' 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".

EXPERTS

The information included in this Offering Circular regarding Ore Reserves is based on estimates determined by Vedanta and;

- The Mineral Resources and Ore Reserves of KCM's Konkola, Nchanga and Nampundwe mines were audited as of 31 March 2013, by SRK Consulting (South Africa) (Pty) Ltd.
- The Mineral Resources of CMT's copper mines were reviewed as of 31 March 2013, by SRK Consulting (Australasia) Pty Ltd. The Ore Reserves of CMT's copper mines are derived from management estimates as of 31 March 2013.
- The Mineral Resources and Ore Reserves of HZL's mines were verified by SRK Consulting (UK) Limited as of 31 March 2013.
- The Mineral Resources and Ore Reserves of Black Mountain Mining's Black Mountain mine were reviewed by SRK Consulting (South Africa) (Pty) Ltd as of 31 March 2013.
- The Mineral Resources of Black Mountain Mining's Gamsberg deposits are derived from management estimates as of 31 March 2013 which were based on Mineral Resources of this deposit reviewed by SRK Consulting (South Africa) (Pty) Ltd as of 31 December 2010.
- The Mineral Resources and Ore Reserves of Lisheen's Lisheen mine were audited by AMC Consultants (UK) Limited as of 31 March 2013.
- The Mineral Resources and Ore Reserves of Skorpion were reviewed by Axe Valley Mining Consultants Ltd. as of 31 March 2013.
- The Mineral Resources and Ore Reserves of BALCO's mines were audited by Geo Solutions Private Limited as of 31 March 2013.
- The Mineral Resources and Ore Reserves of the mines of SGL and its subsidiaries (including SRL and WCL) were audited as of 31 March 2013 by Roscoe Postle Associates Inc. ("RPA").
- The Ore Reserves of MALCO's bauxite mines are derived from management estimates as of 31 March 2013. There has been no bauxite mining in these mines during fiscal years 2011, 2012 and 2013.

DeGolyer and MacNaughton has independently estimated the information included in this Offering Circular regarding the proved, probable, and possible reserves and contingent resources of Cairn India as of 31 March 2013 according to the Petroleum Resources Management System ("PRMS") approved in March 2007 by the Society of Petroleum Engineers ("SPE"), the World Petroleum Council ("WPC"), the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers.

The information included in this Offering Circular regarding the proved, probable and possible oil, condensate, and sales gas reserves and the contingent and prospective resources owned by Cairn India in India is based on estimates determined by Cairn India.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

Definitions

The following definitions apply throughout this Offering Circular unless the context requires otherwise:

"AAI"	Aluminium Association of India
"Act"	Income Tax Act 2007 of the UK
"ADSs"	American Depositary Shares
"Affiliate"	a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, a specified person. A person shall be deemed to control another person if such first person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of such other person, whether through the ownership of voting securities, by contract or otherwise
"Agarwal family"	Messrs. Anil Agarwal, Dwarka Prasad Agarwal and Agnivesh Agarwal, any of their parents, spouses, children, siblings and their children of Vedanta, and the families of any such person
"Air Act"	Air (Prevention and Control of Pollution) Act, 1981 of India
"Alcoa"	Alcoa Inc.
"aluminium business"	the business of Vedanta comprising the aluminium operations as further described in "Business — Description of the Businesses — Aluminium Business"
"AMC"	African Mining Consultants Ltd, an independent consulting firm
"Annual Financial Statements"	the consolidated audited financial information for the Company as of and for the fiscal years ended 31 March 2011, 2012 and 2013
"APDRP"	The Accelerated Power Development and Reform Programme, an initiative implemented by the Finance Ministry of the GoI
"Articles"	Articles of Association of the Company
"Asarco"	Asarco LLC, formerly known as American Smelting and Refining Company
"associated undertakings"	has the meaning ascribed to it under paragraph 20(1) of Schedule 4A to the Companies Act
"AT&C"	Aggregate Technical and Commercial
"Aurubis"	The Aurubis Group
"Australia"	The Commonwealth of Australia, its possessions and territories and all areas subject to its jurisdiction or any political subdivision thereof
"BALCO"	Bharat Aluminium Company Limited, a company incorporated in India
"BHP Billiton"	BHP Billiton Limited
"Binani Zinc"	Binani Zinc Limited
"Bloomberg"	Bloomberg L.P.
"Board"	the board of Directors of the Company
"Bondholders"	Holders of the Bonds
"Bonds"	$1,200,000,000 6.00% Bonds due 2019 and $500,000,000 7.125% Bonds due 2023

"BPC"	Bharat Petroleum Corporation Limited
"BSAL"	Bellary Steel & Alloys Limited
"BSE"	the Bombay Stock Exchange Limited
"CAGR"	Compound annual growth rate
"Cairn Energy"	Cairn Energy plc, a company incorporated in England & Wales
"Cairn Energy Group"	Cairn Energy, its subsidiaries and "member of the Cairn Energy Group" shall be construed accordingly
"Cairn India"	Cairn India Limited, a company incorporated in India
"Cairn India Group"	Cairn India, its subsidiaries and "member of the Cairn India Group" shall be construed accordingly
"Cairn India Shareholders"	The holders of Cairn India Shares
"Cairn India Shares"	Ordinary shares of Rs. 10 each in the share capital of Cairn India
"Cairn Relationship Agreement"	The agreement between CUKHL, Cairn India and Cairn Energy dated 4 October 2006, as amended
"Canada"	Canada, its possessions and territories and all areas subject to its jurisdiction or any political subdivision thereof
"CDM"	Clean development mechanism
"CEA"	the Central Electricity Authority of India
"CEC"	Copperbelt Energy Corporation PLC, a public company in Lusaka, Zambia
"CEE"	Central and Eastern Europe
"CEIPL"	Cairn Energy India Pty Limited
"CGU"	Cash generating unit
"CHALCO"	Aluminium Corporation of China Limited
"CIS"	Commonwealth of Independent States
"Clearstream"	Clearstream Banking, *société anonyme*
"Closing Date"	on or about 3 June 2013
"CLRA"	Contract Labour (Regulation and Abolition) Act, 1970 of India
"CMT"	Copper Mines of Tasmania Pty Ltd, a company incorporated in Tasmania, Australia
"Co-Manager"	UniCredit Capital Markets LLC
"Coal India"	Coal India Limited, the government-owned coal monopoly in India
"Code"	"The Combined Code on Corporate Governance" issued by the Financial Reporting Council of the UK
"Codelco"	Corporación Nacional del Cobre
"Command Petroleum"	Command Petroleum (India) Pty Ltd.
"Commission"	US Securities and Exchange Commission
"Companies Act"	the United Kingdom Companies Act 1985, as amended
"copper business"	the business of Vedanta comprising the copper operations as further described in "Business — Description of the Businesses — Copper Business"

"CRISIL"	Credit Rating Information Services of India Limited
"CRISIL Research"	CRISIL Research & Information Services Limited
"CRO"	Chingola Refractory Ore
"CUKHL"	Cairn UK Holdings Limited, a company incorporated in England & Wales
"Development Agreement"	the development agreement dated 5 November 2004 between KCM and the Government of Zambia
"Development Area"	The three contiguous development areas in the Rajasthan Block totalling 3,111 square km including the Mangala, Bhagyam and Aishwariya fields
"DGH"	Directorate General of Hydrocarbons
"Directive"	Directive/2003/48/EC adopted by the EU regarding the taxation of savings income in the form of interest payments that came into force on 1 July 2005
"Directors"	the Executive Directors and Non-executive Directors of the Company
"DTC"	The Depository Trust Company
"EIA Notification"	Environment Impact Assessment Notification No. 1553(E), 2006 of India
"EPA"	Environment (Protection) Act, 1986 of India
"EPFA"	Employees' Provident Funds and Miscellaneous Provisions Act, 1952 of India
"ESIA"	Employee State Insurance Act, 1948 of India
"Essel"	Essel Mining & Industries Ltd
"EU"	the European Union as established by the Treaty on European Union
"Euroclear"	Euroclear Bank S.A./N.V.
"Exchange Act"	United States Securities Exchange Act of 1934, as amended
"Executive Directors"	Messrs. Anil Agarwal, Navin Agarwal and Mahendra Singh Mehta
"Factories Act"	Factories Act, 1948, as amended, of India
"FDP"	Field development plan
"FEMA"	Foreign Exchange Management Act, 1999 of India
"Finsider"	Finsider International Company Limited, a company incorporated in England and Wales
"fiscal"	the financial year ended or ending 31 March of that year
"Fitch"	Fitch Ratings Limited
"FOB"	Free on Board — means that the seller fulfils his obligation to deliver when the goods have passed over the ship's rail at the named part of shipment. This means that the buyer has to bear all costs and risks of loss or damage to the goods from that point
"Forest Act"	Forest (Conservation) Act, 1980 of India
"Freeport-McMoran"	Freeport McMoran Copper and Gold Corporation
"FSA"	Financial Services Authority of the United Kingdom
"FSMA"	the United Kingdom Financial Services and Markets Act 2000, as amended

"GAIL"	Gail (India) Limited
"GDP"	gross domestic product
"GEL"	Goa Energy Limited, an independent power producer
"Global Certificate"	the Restricted Global Certificate and the Unrestricted Global Certificates
"GoI"	Government of India
"GPEC"	Gujarat Paguthan Energy Corporation Private Limited
"GRIDCO"	Grid Corporation of Orissa Limited, a nominee of the State Government of Orissa
"GRZ"	the Government of Zambia
"GSC"	gas sale contracts
"GSPC"	Gujarat State Petroleum Corporation Limited
"GTCL"	Gujarat Gas Trading Company Limited
"Highway Reward"	an underground copper mine in Queensland, Australia (now closed) in which TCM had a 70% interest
"Hindalco"	Hindalco Industries Limited
"HPCL"	Hindustan Petroleum Corporation Limited
"HZL"	Hindustan Zinc Limited, a company incorporated in India
"IAS"	International Accounting Standards
"IBM"	Indian Bureau of Mines
"ICPCI"	International Copper Promotion Council, India
"IDA"	Industrial Disputes Act, 1947 of India
"IFL"	India Foils Limited, a company incorporated in India
"IFRS"	International Financial Reporting Standards
"ILZDA"	India Lead Zinc Development Association
"Income Tax Act"	Income Tax Act, 1961 of India
"INDAL"	Indian Aluminium Company Limited
"India"	Republic of India
"Indian GAAP"	generally accepted accounting principles as used in India
"Indian Takeover Code"	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended from time to time
"Internal Revenue Code"	US Internal Revenue Code of 1986, as amended
"IOC"	Indian Oil Corporation Limited
"iron ore business"	the business of Vedanta comprising the iron ore operations as further described in "Business — Description of the Businesses — Iron Ore Business"
"IRS"	US Internal Revenue Service
"ISO"	International Standards Organisation. ISO 14001 refers to the international standard for environmental management systems published by the ISO in 1996
"JIP"	Joint Industry Project
"Joint Bookrunners"	Barclays Bank PLC, Citigroup Global Markets Limited, J.P. Morgan Securities plc, Merrill Lynch, Pierce, Fenner & Smith

	Incorporated, The Royal Bank of Scotland plc, Standard Chartered Bank and Deutsche Bank AG, Singapore Branch
"Joint Global Coordinators, and Joint Lead Managers"	Barclays Bank PLC, Citigroup Global Markets Limited, J.P. Morgan Securities plc, Merrill Lynch, Pierce, Fenner & Smith Incorporated, The Royal Bank of Scotland plc and Standard Chartered Bank
"JPY"	Japanese Yen
"Kapasan Project"	The implementation of a 100,000 tpa greenfield zinc smelter plan at Kapasan, State of Rajasthan, by HZL under the terms of SOVL's shareholders' agreement
"KCM"	Konkola Copper Mines plc, a company incorporated in Zambia
"KDMP"	Konkola Deep Mining Project
"Konkola Resources"	Konkola Resources plc
"Land Acquisition Act"	Land Acquisition Act, 1894, as amended, of India
"LBMA"	The London Bullion Metal Association
"LIBOR"	London Interbank Offering Rate
"Lisheen"	Lisheen Mine Partnership and its subsidiaries
"Listing"	The Company's listing of the Ordinary Shares on the Official List and admission to trading on the LSE's main market for listed securities on 10 December 2003
"Listing Rules"	the rules relating to admission to the Official List, made in accordance with under Section 73A(2) of FSMA
"LME"	the London Metal Exchange Limited
"LML"	the four large-scale mining licences granted to KCM by the Republic of Zambia on 31 March 2000, each of which has a term of 25 years
"LOB"	Lower Ore Body, a stratigraphic horizon for mineralisation
"LSE"	London Stock Exchange plc
"LTIP"	Vedanta Resources Long-Term Incentive Plan
"Major Shareholder"	Volcan Investments Ltd
"MALCO"	Madras Aluminium Company Ltd, a company incorporated in India
"MBA Fields"	the Mangala, Bhagyam and Aishwariya fields located in the Rajasthan Block
"MC Rules"	Mineral Concession Rules, 1960, as amended, of India
"MCD Rules"	Mineral Conservation and Development Rules, 1988, as amended, of India
"Mitsui"	Mitsui & Co.
"MLMC"	Mt. Lyell Mining Company Limited, formerly Gold Mines of Australia
"MMDR Act"	Mines and Minerals (Development and Regulations) Act, 1957, as amended, of India
"MoEF"	Ministry of Environment and Forest of the GoI
"Monte Cello"	Monte Cello BV, a company incorporated in The Netherlands
"Moody's"	Moody's Investors Service, Inc.

"MoP"	Ministry of Power of the Government of India
"MoPNG"	Ministry of Petroleum and Natural Gas of the GoI
"MoU"	Memorandum of Understanding
"MPT"	Mangala Processing Terminal
"MSPL"	Mineral Sales Private Limited
"MWA"	Minimum Wages Act, 1948 of India
"NALCO"	National Aluminium Company Limited
"NEERI"	National Environmental Engineering Research Institute
"NELP"	New Exploration Licensing Policy
"NELP PSCS"	the blocks which the Cairn India Group has a participating interest in, which comprise KK-DWN-2004/1 (Kerala Konkan Basin); GS-OSN-2003/1 (Gujarat Saurashtra Offshore); KG-DWN-98/2 (Krishna Godavari Basin); PR-OSN-2004/1 (Pallar Pennar Basin); MB-DWN-2009/1 (Mannar Basin); KG-OSN-2009/3 (Krishna Godavari Basin) and KG-ONN 2003/1 (Krishna Godavari Basin — Onshore)
"Nippon"	Nippon Mining and Metals Co. Ltd
"NMDC"	National Mineral Development Corporation
"No. 1 shaft"	the mining operations by underground methods focusing on the shaft system of the Kirila Bombwe South ore body
"No. 3 shaft"	the mining operations by underground methods focusing on the shaft system of the Kirila Bombwe North ore body
"Non-executive Directors"	Messrs. Naresh Chandra, Euan R. Macdonald and Aman Mehta
"Noon Buying Rate"	the noon buying rate in New York City for cable transfer of such foreign currency as certified for customs purposes by the Federal Reserve Bank of New York
"NOP"	Nchanga open-pit
"NSE"	the National Stock Exchange of India Limited
"NTP"	the National Tariff Policy of India
"NTPC"	National Thermal Power Corporation Limited
"Nyrstar"	Nyrstar NV
"NYSE"	New York Stock Exchange
"Official List"	the official list maintained by the UK Listing Authority for the purposes of Part VI of the FSMA
"OHSAS"	Occupational Health and Safety Assessment Series
"OIDA"	Indian Oil Industry (Development) Act 1974, as amended
"OIDC"	Orissa Infrastructure Development Corporation
"OMC"	Orissa Mining Corporation Ltd.
"Onclave"	Onclave PTC Limited, the trustee of the Trust
"ONGC"	The Oil and Natural Gas Corporation Limited
"Open Offer"	the purchase of Cairn India Shares pursuant to an open offer made to Cairn India Shareholders (other than members of the Cairn Energy Group)
"Option Plan"	Vedanta Resources Share Option Plan. The share option plan described in "Management — Employee Share Schemes"

"Ordinary Shares"	ordinary shares of $0.10 each in the Company
"Paying Agency Agreement"	the paying agency agreement to be dated on or about the Closing Date among the Issuer, the Trustee and the Principal Agent
"PBA"	Payment of Bonus Act, 1965 of India
"PGA"	Payment of Gratuity Act, 1972 of India
"PGCIL"	Power Grid Corporation India Limited
"Phase I"	the first phase of development of the Rajasthan Block, including the development of the Mangala field, the commissioning of the MPT and the Pipeline
"Phase II"	the second phase of development of the Rajasthan Block, including the development of Bhagyam and Aishwariya fields and the construction and installation of the Salaya to Bhogat section of the Pipeline
"Pipeline"	the heated pipeline for the transportation of crude oil produced at the Rajasthan Block of approximately 600 km
"Plan"	Vedanta's Share Option Plan adopted in 2004
"Platts"	Platts, McGraw Hill Financial, a global provider of energy, petrochemicals, metals and agriculture information, including benchmark price assessments for commodity markets.
"PPAs"	power purchase agreements
"Principal Agent"	Citibank, N.A., London Branch
"PRMS"	Petroleum Resources Management System
"PWA"	Payment of Wages Act, 1936 of India
"PWD"	Public Works Department of India
"QIB"	qualified institutional buyer within the meaning of Rule 144A
"Rajasthan Block"	Block RJ-ON-90/1
"Rajasthan Block PSC"	The PSC between the GoI and a consortium consisting of ONGC, SIPD and Cairn India in relation to the Rajasthan Block
"Ravva Block"	Block PKGM-1
"RBI"	Reserve Bank of India
"RBI Reference Rate"	the exchange rates certified by the Reserve Bank of India
"Readmission"	Admission of the Ordinary Shares to the Official List and to trading on the LSE's main market for listed securities becoming effective in accordance with, respectively, the Listing Rules and the Admission and Disclosure Standards
"Registrar"	Citigroup Global Markets Deutschland AG
"Regulation S"	Regulation S under the Securities Act
"Regulation S Bonds"	the Bonds which are offered and sold outside the United States to non-US persons in reliance on Regulation S
"Relationship Agreement"	the relationship agreement dated 5 December 2003 entered into by the Company, Volcan, Onclave and Anil Agarwal
"Restricted Global Certificate"	the restricted global certificate in restricted form initially representing the Rule 144A Bonds
"Richter"	Richter Holding Ltd.

"Rio Tinto"	Rio Tinto plc
"Rio Tinto Alcan"	Rio Tinto Alcan Ltd.
"Rule 144A"	Rule 144A under the Securities Act
"Rule 144A Bonds"	the Bonds which are offered and sold in the United States to QIBs in reliance on Rule 144A
"RPA"	Roscoe Postle Associates Inc. (formerly known as Scott Wilson Roscoe Postle Associates Inc.), an independent consulting firm
"SAT"	Securities Appellate Tribunal of India
"SEBI"	Securities and Exchange Board of India
"SEBs"	State electricity boards in India
"SECL"	South Eastern Coalfields Limited, a subsidiary of Coal India
"Securities Act"	United States Securities Act of 1933, as amended
"Securities Act Legend"	has the meaning as ascribed to in the Trust Deed
"SEPCO"	Shandong Electric Power Construction Corporation
"SEWT"	SIL Employee Welfare Trust
"SFA"	Securities and Futures Act, Chapter 289 of Singapore
"SFIO"	Serious Fraud Investigation Office
"SGL"	Sesa Goa Limited, a company incorporated in India
"SGX-ST"	Singapore Exchange Securities Trading Limited
"Shared Services Agreement"	the shared services agreement dated 5 December 2003 entered into among STL, Sterlite Gold (an affiliated company then) and Sterlite as part of the Listing
"SICA Act"	Sick Industrial Companies (Special Provisions) Act 1985 of India
"SIL"	Sesa Industries Limited, a company incorporated in India, which was formerly the subsidiary of SGL, which has since amalgamated with SGL with effect from 14 February 2011 and the appointment date of 1 April 2005
"SIPD"	Shell India Production Development B.V.
"SKCCL"	Sesa Kembla Coke Company Limited
"Skorpion"	Skorpion Mining Company (Pty) Ltd and its subsidiaries
"SMCL"	Sesa Mining Corporation Limited
"SOVL"	Sterlite Opportunities and Ventures Limited, now merged with and into Sterlite
"SPE"	Society of Petroleum Engineers
"SRK Consulting"	independent consulting firms of SRK Consulting (South Africa) Pty Ltd, SRK Consulting (UK) Limited and SRK Consulting (Australasia) Pty Ltd. collectively
"SRL"	Sesa Resources Limited (previously known as V.S. Dempo & Co. Private Limited)
"SSO"	surfaces sources operations
"Standard & Poor's"	Standard & Poor's Ratings Services, a division of McGraw-Hill Companies, Inc.
"Sterlite"	Sterlite Industries (India) Limited, a company incorporated in India

"Sterlite USA"	Sterlite (USA), Inc.
"Sterlite Energy"	Sterlite Energy Limited, a company incorporated in India
"Sterlite Gold"	Sterlite Gold Ltd, a company incorporated in Canada
"STL"	Sterlite Technologies Limited, a company incorporated in India
"Subscription Agreement"	a subscription agreement entered into by the Joint Bookrunners and the Company and dated 26 May 2011
"Tata"	Tata Petrodyne Limited
"T&D"	transmission and distribution
"Tax Department"	the Indian Income Tax Department
"TCM"	Thalanga Copper Mines Pty Ltd, a company incorporated in Victoria, Australia
"Thalanga"	a copper processing facility (now closed) in which TCM had a 100% interest associated with the Highway Reward mine
"TLP"	tailings leach plant
"TNEB"	Tamil Nadu Electricity Board
"TNPCB"	Tamil Nadu Pollution Control Board
"Trust"	Anil Agarwal Discretionary Trust
"Trust Deed"	the trust deed to be dated on or about the Closing Date between the Company and the Trustee
"Trustee"	Citicorp International Limited
"TSEHL"	Twin Star Energy Holdings Limited, a company incorporated in Mauritius
"TSMHL"	Twin Star Mauritius Holdings Limited, a company incorporated in Mauritius
"Twin Star"	Twin Star Holdings Limited, a company incorporated in Mauritius
"UC RUSAL"	United Company RUSAL Ltd.
"TSPL"	Talwandi Sabo Power Limited
"UK Corporate Governance Code"	The UK Corporate Governance Code issued by the Financial Reporting Council of the UK in June 2010
"UK GAAP"	generally accepted accounting principles as used in the UK
"UK Listing Authority" or "UKLA"	the FSA acting in its capacity as the competent authority for the purpose of Part VI of the FSMA and in the exercise of its functions in respect of admission to the Official List otherwise than in accordance with Part VI of the FSMA
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"United States" or "US"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
"Unrestricted Global Certificate"	the unrestricted global certificate is registered form initially representing the Regulation S Bonds
"US EIA"	US Energy Information Administration
"US GAAP"	generally accepted accounting principles as used in the US
"USGS"	US Geological Survey a science agency for the US Department of the Interior with a mission to provide for the provision of reliable

	scientific information to describe and understand the Earth; minimise loss of life and property from natural disasters; manage water, biological, energy, and Mineral Resources; and enhance and protect quality of life
"Vale"	Vale Limited
"Vedanta Aluminium" or "VAL"	Vedanta Aluminium Limited, a company incorporated in India
"Vedanta"	Vedanta and its subsidiaries and "member of Vedanta" shall be construed accordingly
"VFJL"	Vedanta Finance (Jersey) Limited
"Videocon"	Videocon Industries Limited (formerly a separate corporate entity called Petrocon India Limited, previously named Videocon Petroleum Limited)
"Volcan"	Volcan Investments Limited, a company incorporated in the Bahamas
"VRHL"	Vedanta Resources Holdings Limited, a company incorporated in England and Wales
"Water Act"	Water (Prevention and Control of Pollution) Act, 1974 of India
"Water Cess Act"	Water (Prevention and Control of Pollution) Cess Act, 1977 of India
"WCA"	Workmen's Compensation Act, 1923 of India
"WPC"	World Petroleum Council
"Xinfa"	Xinfa Aluminium Electrical
"Xstrata"	Xstrata AG
"Zambia" or "GRZ"	the Republic of Zambia
"ZCCM"	Zambia Consolidated Copper Mines Limited, a company incorporated in Zambia
"ZCI"	Zambia Copper Investments Ltd, a company incorporated in Zambia
"ZCIH"	ZCI Holdings S.A., a company incorporated in Zambia
"ZESCO"	Zambia Electricity Supply Corporation Limited
"zinc business"	the business of Vedanta comprising the zinc operations as further described in "Business — Description of the Businesses — Zinc Business"
"Zinifex"	Zinifex Limited

Glossary of Technical Terms

The following definitions shall apply to the technical terms used herein:

"2D"	two dimensional
"2P"	gross proved plus probable reserves
"3D"	three dimensional
"4D"	four dimensional
"alloy"	a compound of two or more metals
"alumina"	the calcined product from an alumina refinery containing at least 98% aluminium oxide (Al2O3)

"anode"	the electrode by which current enters the cell. For copper refining, the impure copper is used as an anode. For zinc refining, lead anodes are used. For aluminium refining, a carbon anode is used
"anode slime"	a deposit of insoluble residue formed from the dissolution of the anode in commercial electrolysis. In copper refining, this slime contains the precious metals that are recovered from it
"API"	a specific gravity scale developed by the American Petroleum Institute for measuring the relative density of various petroleum liquids
"AS"	acid soluble (pertaining to copper)
"ASP"	alkaline surfactant polymer
"assay"	a test to determine the level of a particular element in a sample
"asset capacity"	the maximum throughput of fixed facilities such as a processing plant or material handling system, which can vary over the life of the facility from the initial nameplate capacity
"bboe"	billion barrels of oil equivalent
'boepd"	barrels of oil equivalent per day
"bopd"	barrels of oil per day
"bauxite"	a general term for a rock composed of a mixture of hydrated aluminium oxides and hydroxides and generally contaminated with compounds of iron; it is the main ore from which aluminium is produced
"Bayer process"	this is the principal industrial means of refining bauxite to produce alumina. In the Bayer process, bauxite is washed with a hot solution of sodium hydroxide at 175°C (*digestion*). This converts the alumina to aluminium hydroxide which dissolves in the hydroxide solution. The other components of bauxite do not dissolve and are filtered from the solution as solid impurities (*clarification*). The mixture of solid impurities is called *red mud*, and presents a disposal problem. Next, the hydroxide solution is cooled, and the dissolved aluminium hydroxide precipitates out as a white, fluffy residue. When then heated to 1,050°C, the aluminium hydroxide decomposes to alumina (*calcination*), giving off water vapour in the process. A large amount of the alumina so produced is then subsequently *smelted* in order to produce aluminium
"beneficiation"	beneficiation is a variety of processes whereby minerals suitable for further processing or direct use are separated from extracted ore
"Blast Hole Mining method"	this mining method involves the drilling of blast holes within an ore block in an upward and/or downward direction which are then filled with explosives. These explosives are set off in stages to break up the ore block in order to extract it from the mine. The broken ore is removed by loading and transportation equipment at the mine. The cavity in the ore block is filled with mill tailing and cement to maintain the stability of the mine
"brownfield"	development project to upgrade, modify or further develop an existing property
"bwpd"	barrels of water per day

"calcined"	to be heated to a high temperature, but below the melting or fusing point causing loss of moisture, reduction or oxidation or thermal decomposition (a chemical reaction where a single compound breaks up into two or more simpler compounds or elements when heated)
"cathode"	the cathode is the conductor through which electricity leaves the cell. For copper refining, the cathode is where the refined copper is deposited. For aluminium smelting, the cathode is known as the pot lining
"cells"	cells are the containers in which the electrolytic process for formation of metal takes place. For aluminium smelting, these are known as pots
"concentrate"	material which has been processed to increase the percentage of the valuable mineral to facilitate transportation and downstream processing
"copper concentrate"	a product of the flotation process with a copper content typically ranging between 24% and 40%
"CPP"	captive power plant
"cut-off grade"	the lowest grade of mineralised material considered economic to mine; cut-off grade is used in the calculation of the Ore Reserves for a given deposit
"Darcy"	A darcy unit, a unit to measure permeability
"DCQ"	daily contract quantity
"de-bottlenecking"	the removal of a constraint on production by increasing the productivity of one part of an operation
"deposit"	a mineralised body which has been physically delineated by sufficient drilling, trenching, and/or underground work, and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures; such a deposit does not qualify as a commercially mineable ore body or as containing Ore Reserves, until final legal, technical and economic factors have been resolved
"Development"	activities related to a mineral deposit commencing at the point economically recoverable reserves can reasonably be estimated to exist and generally continuing until commercial production begins
"dmt"	dry metric tonnes
"dmtu"	dry metric tonne unit. Iron ore prices are quoted in dmtu
"DOC"	declaration of commerciality
"DORS II"	Dynamic Ore Reserve System II; an in-house system developed to calculate the Nchanga underground reserves by applying the grade factor to the resource based on the percentage of ore drawn and forecasts of the grades to be mined
"Draft"	with respect to a ship's hull, the vertical distance between the waterline and the bottom of the hull (keel), with the thickness of the hull included
"DTH"	down the hole; a drilling method in all application segments including blasthole, water well, foundation, oil and gas, cooling systems, and drilling for heat exchange pumps

“dwt” .... dead weight tonnes; refers to the maximum amount of tonnes of cargo a ship is able to carry

“economic feasibility of the reserves” ..... the degree on the other hand categorising the resources under economic, marginally economic and sub-economic according to the relationship between prices and extraction costs and technological exploitability

“EOR” .... enhanced oil recovery

“exploration” .... prospecting, sampling, mapping, drilling and other work Involved in searching for ore

“EUR” .... estimated ultimate recovery

“g/t” .... grams per tonne

“Fe” .... symbol for the chemical element, iron

“flotation” .... a wet chemistry process by which particular minerals are induced to become attached to bubbles and to float, while other minerals sink

“flue gas” .... gas that exits to the atmosphere via a flue, which is a pipe or channel for conveying exhaust gases from a fireplace, oven, furnace, boiler or steam generator.

“FDPs” .... field development plans

“FOB” .... Free on Board

“footwall” .... the rock which lies below the ore

“frame contracts” .... prospecting, sampling, mapping, drilling and other work involved in searching for ore

“GAMI technology” .... technology from Guiyang Aluminium — Magnesium Design & Research Institute of China. In the GAMI technology, pots are cut into the circuit by taking complete power outage. This involves loss of production as well as regular operational disturbances to pot operation. Fuses are designed to bypass the line current, until the pot was cut into the circuit. After a calculated safe period of time, the fuses melted resulting in the pot coming into potline circuit. The GAMI technology potline has a capacity for producing initially 245,000 tpa aluminium

“GBA” .... gas balancing agreement

“Geostatistics” .... geostatistics is a branch of statistics used to predict probability distributions of ore grades for mining operations

“grade” .... proportion (by weight) of the valuable element within the mineralised rock

“greenfield” .... new development project on previously undeveloped land that is built from scratch

“GW” .... gigawatt, a unit of electrical energy equal to 1 billion watts

“HG” .... high grade; an international standard of grading for zinc ingots

“hydrometallurgical” .... the treatment of metal or the separation of metal from ores and ore concentrates by liquid processes, such as leaching, extraction and precipitation to extract and recover metals from their ores

“inferred resources” .... mineral resource inferred from geoscientific evidence, drill holes, underground openings or other sampling procedures where the lack of data is such that continuity cannot be predicted with

	confidence and where geoscientific data may not be known with a reasonable level of reliability
"IPP"	independent power plant
"IsaProcess(TM)"	an electrolytic refining process developed by MIM Holdings Ltd.'s Process Technologies
"IsaSmelt(TM)"	a lance-based intensive bath smelting technology developed by MIM Holdings Ltd.'s Process Technologies
"JORC Code"	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2004 Edition, prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
"Kcal/kg"	thousands of calories per kilogramme, a measurement of energy per unit mass
"Koepe winder"	a system where the winding drum is replaced by a large wheel or sheave. Both cages are connected to the same rope, which passes around some 200 degrees of the sheave in a groove of friction material. The Koepe sheave may be mounted on the ground adjacent to the headgear or in a tower over the shaft. The drive to the rope is the frictional resistance between the rope and the sheave. It requires the use of a balance rope. It is often used for hoisting heavy loads from deep shafts and has the advantage that the large inertia of the ordinary winding drum is avoided. The system has been widely used in Europe for many years, and some large projects in the UK are being equipped with winders of this type
"kt"	kilotonne
"ktpa"	kilotonne per annum
"ktpm"	thousand tonnes per month
"KV"	kilovolt
"kVA"	kilovolt-ampere
"kWh"	kilowatt-hours
"lb"	imperial pound (mass) equivalent to 0.4536 kilogrammes
"leaching"	extracting a soluble metallic compound from an ore by selectively dissolving it in a suitable solvent
"lead concentrate"	product of the flotation process with a lead content typically ranging between 50% and 70%
"life of mine"	the remaining life of a mine in years calculated by deducting the scheduled production rates (i.e. the rate at which material will be removed from the mine, from the current defined reserves)
"m(3)"	cubic metres
"MAT"	minimum alternate tax
"metcoke"	metallurgical coke which is produced by the carbonisation of coals or coal blends at temperatures up to 1,400 K (1,127 degrees Celsius) to produce a macroporous carbon material of high strength and relatively large lump size.
"mill"	a plant in which ore is treated and metals are recovered or prepared for smelting; also a revolving drum used for the grinding of ores in preparation for treatment

"million oz"	millions of ounces
"mineral"	a natural, inorganic, homogeneous material that can be expressed by a chemical formula
"mineralisation"	the process by which minerals are introduced into a rock. More generally, a term applied to accumulations of potentially economic or related minerals in quantities ranging from anomalous to economically recoverable
"Mineral Resource"	a tonnage or volume of rock or mineralisation of intrinsic economic interest
"mm"	millimetres
"mmbbls"	million barrels
"mmboe"	million barrels of oil equivalent
"mmbtu"	million British thermal units
"mmscfd"	million standard cubic feet per day
"mt"	metric tonnes
"mtpa"	million tonnes per annum
"MW"	megawatt, a unit of electrical energy equal to one million watts
"OIIP"	oil initially in place
"open-pit mine"	a mine that is entirely on the surface. Also referred to as an open-cut or opencast mine
"ore"	a mineral or mineral aggregate containing precious or useful minerals in such quantities, grade and chemical combination to make extraction economic
"Ore Reserve"	the economically mineable part of a measured and/or indicated mineral resource, and includes diluting materials and allowances for losses which may occur when the material is mined
"overburden"	waste material overlying ore in an open-pit mine
"pH"	potential of Hydrogen; a measure of the acidity or alkalinity of a solution
"pig iron"	pig iron is raw iron that is the immediate product of smelting iron ore with coke and limestone in a blast furnace
"plant"	fixed or moveable equipment required in the process of winning or processing the ore
"plant load factor"	in relation to a given period, is expressed as the percentage of total kilowatt hours per unit (Kwh) generated at generator terminals to installed capacity, expressed in kilowatts (Kw) multiplied by number of hours in that period
"ppm"	parts per million (in relation to silver)
"probable reserves"	those measured and/or indicated Mineral Resources which are not yet "proved", but of which detailed technical and economic studies have demonstrated that extraction can be justified at the time of the determination and under specified economic conditions
"Properzi"	technology for fabricating wire, sheets and ingots sold by Continuous Properzi S.p.A., Italy
"Properzi CCR"	Properzi Continuously Cast and Rolled; a copper rod technology from Continuous-Properzi S.p.A. to produce copper rods

"proven reserves"	reserves for which (a) quantities are computed from dimensions revealed in outcrops, trenches, workings or drill holes; (b) grade and/or quality are computed from the results of detailed sampling; and (c) sites for inspection, sampling and measurement are spaced so closely and the geologic character is sufficiently defined that the size, shape, depth and mineral content of the reserves are well established
"PSC"	production sharing contracts. These contracts are a common type of contract signed between a government and a resource extraction company (or group of companies) concerning how much of the resource (usually oil) extracted from the country each will receive
"PSU"	public sector undertaking
"PTRR"	post tax rate of return regime
"PW"	Prime Western; an international standard of grading for zinc ingots
"Pyrometallurgical"	pertaining to metallurgical operations that involve processing temperatures above ambient conditions, generally involving chemical reactions as distinct from metal casting substantially which involves only a physical transformation, such as, solidification
"Rc"	refining charge; the price paid by mining companies to smelters for refining the contained precious metals (and copper) in their concentrates to produce a payable metal. The Rc is based on the payable metal content (after deductions)
"refining"	the final process of upgrading of the metal quality, although for aluminium, it is the intermediate stage of converting bauxite to alumina
"refining charge"	the fees charged by a refinery for purifying crude metallic products
"reserves"	those parts of Mineral Resources for which sufficient information is available to enable detailed or conceptual mine planning and for which such planning has been undertaken. Reserves are classified as either proved or probable
"resources"	all of the potential minerals in a defined area based on points of observation and extrapolations from those points. Potential 195 minerals are defined as minerals which have been or could be beneficiated to give a quality acceptable for commercial usage in the foreseeable future
"RLE"	roast-leach-electrowin; a process utilised in many hydrometallurgical zinc smelters whereby zinc concentrate is first roasted to remove the sulphur content, which comes out in the form of sulphur dioxide gas, and then subjected to leaching and electrolysis
"RoM"	run of mine, which includes all material mined including the waste
"SAG"	semi-autogenous
SAMREC Code	the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves which sets out minimum standards, recommendations and guidelines for public reporting of exploration results, Mineral Resources and Mineral Reserves in South Africa
"SCF"	slag cleaning furnace

"SHG"	Special High Grade; an international standard of grading for zinc ingots
"slag"	the vitreous mass separated from the fused metals in the smelting process
"SLOS"	sub land open stoping
"smelting"	a thermal process whereby molten metal is liberated from a concentrate, with impurities separating into a lighter slag
"SNIF degasser"	a spinning nozzle inert flotation (SNIF) in-line degassing/filtration system for treatment of molten aluminium
"spot market"	a market in which commodities are bought and sold for cash and delivered immediately
"spot price"	the current price of a metal for immediate delivery
"SSO"	surfaces sources operations
"STOIIP"	stock tank oil initially in place
"stope"	the underground excavation within the ore body where the main production takes place; depending on the ore body qualities, stopes can range from 5 kt to 2 mt
"strip ratio"	the number of units of waste material in a surface mine which must be removed in order to extract one unit of ore
"sustaining capital expenditure"	capital expenditure to maintain Vedanta's operating capacity
"SX-EW"	solvent extraction/electrowinning
"synchronise"/"synchronisation"	Synchronisation is the process of matching the speed and frequency of a generator or other source to a running network necessary to commence operations at an electricity-generating power plant
"t" or "tonne"	metric tonne equivalent to 2,204.62 lb or 1,000 kilogrammes
"tailing dam"	a low-lying depression used to confine tailings, the prime function of which is to allow enough time for heavy metals to settle out or for cyanide to be destroyed before water is discharged into the local watershed
"Tc"	treatment charge
"TcRc"	treatment charge and refining charge levied by smelters and refineries for the smelting and refining of copper concentrate from mines into copper metal
"TCu"	total copper
"toll smelter"	a smelter that is independent of the concentrate supplier and charges a fee for smelting the concentrate
"total production"	that part of production at mines and operations in which subsidiaries of the Company have an interest; in this Offering Circular, unless expressly stated otherwise, production also refers to total production
"total reserves"	that part of the reserves from a mine in which subsidiaries of the Company have an interest; in this Offering Circular, unless expressly stated otherwise, reserves also refer to total reserves
"tpa"	tonnes per annum

"Vertical Crater Retreat method"	a comparatively new method of blast hole mining in which only large diametre in-the-hole drills are used to blast down horizontal slices of ore into an opening below the block of ore being mined
"VSS technology"	Vertical Stud Soderberg technology; a method of primary aluminium reduction using the Soderberg process in which the electrical current is introduced to self baking anodes by steel rods, or studs, inserted into the top of a monolithic anode
Whittle 4X multi-element optimisation software	this software is used for strategic planning and provides information which is used to determine the life of an open pit mine. This software helps define the economically workable limits of an open pit mine and provides a template for the pit design. Using this template, the KCM Group is able to determine the quantity of waste that is required to be mined in order to extract a known quantity of copper ore
"zinc concentrate"	product of flotation process with a zinc content typically ranging between 45% and 60%

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Vedanta

Fiscal Years ended 31 March 2012 and 31 March 2011*

Fiscal Years ended 31 March 2013 and 31 March 2012*

* Certain references included in the consolidated financial statements refer to sections in our annual reports, which are not included in this Offering Circular.

Independent Auditor's Report to the Members of Vedanta Resources plc

We have audited the financial statements of Vedanta Resources plc for the year ended 31 March 2012 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes 1 to 42. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements
In our opinion the group financial statements:

> give a true and fair view of the state of the Group's affairs as at 31 March 2012 and of its profit for the year then ended;

> have been properly prepared in accordance with IFRSs as adopted by the European Union; and

> have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on Other Matter Prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements.

Matters on Which we are Required to Report by Exception
We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

> certain disclosures of Directors' remuneration specified by law are not made; or

> we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

> the Directors' statement, contained within the Director's Report, in relation to going concern;

> the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and

> certain elements of the report to shareholders by the Board on Directors' remuneration.

Other Matter
We have reported separately on the parent company financial statements of Vedanta Resources plc for the year ended 31 March 2012 and on the information in the Directors' Remuneration Report that is described as having been audited.

Andrew Kelly (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
16 May 2012

Consolidated Income Statement

(US$ million except as stated)	Note	**Year ended 31 March 2012**	Year ended 31 March 2011
Continuing operations			
Revenue	3	**14,005.3**	11,427.2
Cost of sales		**(10,442.0)**	(8,107.0)
Gross profit		**3,563.3**	3,320.2
Other operating income		**85.1**	73.9
Distribution costs		**(569.0)**	(319.6)
Administrative expenses		**(461.5)**	(376.7)
Special items	5	**(230.2)**	(163.5)
Operating profit	9	**2,387.7**	2,534.3
Share in consolidated profit of associate	36	**92.2**	–
Investment revenue	6	**525.4**	431.6
Finance costs	7	**(945.7)**	(534.7)
Other gains and losses (net)	8	**(314.2)**	252.1
Profit before taxation		**1,745.4**	2,683.3
Tax expense	12	**(516.7)**	(649.5)
Profit for the year		**1,228.7**	2,033.8
Attributable to:			
Equity holders of the parent		**59.8**	770.8
Non-controlling interests		**1,168.9**	1,263.0
		1,228.7	2,033.8
Basic earnings per ordinary share (US cents)	13	**21.9**	283.2
Diluted earnings per ordinary share (US cents)	13	**21.6**	270.2

Consolidated Statement of Comprehensive Income

(US$ million except as stated)	**Year ended 31 March 2012**	Year ended 31 March 2011
Profit for the year	**1,228.7**	2,033.8
Income and expenses recognised directly in equity:		
Exchange differences arising on translation of foreign operations	**(1,861.4)**	162.6
Change in fair value of available-for-sale financial assets	**(86.0)**	59.1
Change in fair value of cash flow hedges deferred in reserves	**(119.0)**	5.4
Tax effects arising on cash flow hedges deferred in reserves	**38.5**	(1.7)
Total (expense)/income recognised in equity	**(2,027.9)**	225.4
Change in fair value of cash flow hedges transferred to income statement	**(55.8)**	(1.6)
Tax effects arising on cash flow hedges transferred to income statement	**18.0**	0.5
Total transferred from the income statement	**(37.8)**	(1.1)
Total comprehensive (loss)/income for the year	**(837.0)**	2,258.1
Attributable to:		
Equity holders of the parent	**(843.1)**	886.9
Non-controlling interests	**6.1**	1,371.2

Consolidated Balance Sheet

(US$ million except as stated)	Note	**Year ended 31 March 2012**	Year ended 31 March 2011
Assets			
Non-current assets			
Goodwill	15	**16.6**	12.2
Property, plant and equipment[1]	16	**34,598.2**	17,427.1
Financial asset investments	17	**209.6**	304.2
Other non-current assets	18	**122.3**	24.6
Other financial assets (derivatives)	27	**22.8**	99.4
Deferred tax assets	29	**402.8**	18.2
		35,372.3	17,885.7
Current assets			
Inventories	19	**1,704.1**	1,924.6
Trade and other receivables[1]	20	**1,795.9**	1,337.9
Other current financial assets (derivatives)	27	**106.8**	40.9
Liquid investments	21	**4,940.3**	6,865.4
Cash and cash equivalents	22	**1,945.0**	911.6
Current tax assets		**70.1**	18.6
		10,562.2	11,099.0
Total assets		**45,934.5**	28,984.7
Liabilities			
Current liabilities			
Short-term borrowings	23	**(4,151.6)**	(3,045.1)
Trade and other payables	25a	**(3,842.9)**	(3,407.5)
Other current financial liabilities (derivatives)	27	**(101.1)**	(9.3)
Retirement benefits	31	**(6.7)**	–
Provisions	28	**(18.1)**	(22.8)
Current tax liabilities		**(26.8)**	(68.2)
		(8,147.2)	(6,552.9)
Net current assets		**2,415.0**	4,546.1
Non-current liabilities			
Medium and long-term borrowings	23	**(10,513.5)**	(4,435.9)
Convertible bonds	26	**(2,290.3)**	(2,271.5)
Trade and other payables	25b	**(164.0)**	(148.1)
Other financial liabilities (derivatives)	27	**(32.1)**	(94.2)
Deferred tax liabilities[1]	29	**(5,916.7)**	(1,358.1)
Retirement benefits	31	**(52.3)**	(56.8)
Provisions	28	**(387.0)**	(301.5)
Non-equity non-controlling interests	23	**(11.9)**	(11.9)
		(19,367.8)	(8,678.0)
Total liabilities		**(27,515.0)**	(15,230.9)
Net assets		**18,419.5**	13,753.8
Equity			
Share capital	33	**29.7**	29.7
Share premium account		**196.8**	196.8
Share-based payment reserves	30	**39.8**	20.5
Convertible bond reserve		**382.0**	453.3
Hedging reserves		**(55.6)**	38.2
Other reserves		**1,008.5**	1,452.4
Treasury shares		**(556.9)**	(556.9)
Retained earnings		**3,606.3**	4,014.9
Equity attributable to equity holders of the parent		**4,650.6**	5,648.9
Non-controlling interests[1]		**13,768.9**	8,104.9
Total equity		**18,419.5**	13,753.8

1 The previous year balance sheet has been restated to give effect to the fair value adjustments to provisional fair values and business combination accounting relating to acquisition of Zinc International entities for the year ending 31 March 2011. Intangible asset of US$162.1 million for the year ending 31 March 2011 has been reclassified as exploratory and evaluation assets within property, plant and equipment during the current year (Note 34).

Financial Statements of Vedanta Resources plc, registration number 4740415 were approved by the Board on 16 May 2012.

MS Mehta
Director

Consolidated Cash Flow Statement

(US$ million except as stated)	Note	**Year ended 31 March 2012**	Year ended 31 March 2011
Operating activities			
Profit before taxation		**1,745.4**	2,683.3
Adjustments for:			
Depreciation & amortisation		**1,408.4**	869.0
Investment revenue		**(525.4)**	(431.6)
Finance costs, including other gains and losses		**1,259.9**	282.6
Profit on disposal of property, plant and equipment		**(1.2)**	–
Share-based payment charge		**20.2**	18.4
Share of profit in associate		**(92.2)**	–
Impairment of asset		**–**	118.3
Other non-cash items		**15.5**	(7.7)
Operating cash flows before movements in working capital		**3,830.6**	3,532.3
Decrease/(increase) in inventories		**48.6**	(534.5)
Increase in receivables		**(28.9)**	(398.5)
(Decrease)/increase in payables		**(286.9)**	585.7
Cash generated from operations		**3,563.4**	3,185.0
Dividends received		**82.7**	160.4
Interest income received		**401.1**	194.7
Interest paid		**(1,008.0)**	(625.7)
Income taxes paid		**(915.8)**	(756.5)
Dividends paid		**(144.0)**	(129.9)
Net cash from operating activities		**1,979.4**	2,028.0
Cash flows from investing activities			
Net cash on acquisition of subsidiaries[1]	34	**(8,017.4)**	(1,124.4)
Purchases of property, plant and equipment		**(2,796.4)**	(2,491.4)
Proceeds on disposal of property, plant and equipment		**23.6**	28.3
Sale of liquid investments	24	**2,354.1**	178.4
Purchase of financial asset investments		**(3.9)**	(25.9)
Net cash used in investing activities		**(8,440.0)**	(3,435.0)
Cash flows from financing activities			
Issue of ordinary shares		**–**	0.1
Dividends paid to non-controlling interests of subsidiaries		**(219.7)**	(87.4)
Buyback of shares		**–**	(128.0)
Buy out of non-controlling interest		**(60.3)**	(122.1)
Increase in short-term borrowings	24	**981.8**	1,863.2
Proceeds from long-term borrowings	24	**6,833.9**	847.8
Repayment of long-term borrowings	24	**(570.4)**	(686.2)
Net cash from financing activities		**6,965.3**	1,687.4
Net increase in cash and cash equivalents	24	**504.7**	280.4
Effect of foreign exchange rate changes	24	**528.7**	241.2
Cash and cash equivalents at beginning of year		**911.6**	390.0
Cash and cash equivalents at end of year	22	**1,945.0**	911.6

1 Year ended 31 March 2011 includes cash paid for acquisition of US$1,513 million, settlement of shareholder's loan of US$87.7 million and cash acquired on acquisition of US$476.3 million.

Year ended 31 March 2012 includes cash paid for acquisition of US$8,683 million and cash acquired on acquisition of US$665.8 million.

Consolidated Statement of Changes in Equity

(US$ million)	Attributable to equity holders of the Company										
	Share capital	Share premium	Treasury Shares	Share-based payment reserves	Convertible bond reserve	Hedging reserve	Other reserves	Retained earnings	Total	Non-controlling Interests	Total equity
At 1 April 2010	**29.6**	**196.8**	**(428.9)**	**25.5**	**305.9**	**27.8**	**2,463.8**	**2,090.0**	**4,710.5**	**6,729.1**	**11,439.6**
Total comprehensive income for the period	–	–	–	–	–	10.4	105.7	770.8	886.9	1,371.2	2,258.1
Acquisition of subsidiary*	–	–	–	–	–	–	–	–	–	74.8	74.8
Issue of convertible bond	–	–	–	–	211.6	–	–	–	211.6	–	211.6
Conversion of convertible bond (Note 26)	–	–	–	–	–	–	–	163.6	163.6	55.0	218.6
Merger of subsidiaries	–	–	–	–	–	–	–	(21.4)	(21.4)	21.4	–
Convertible bond transfers	–	–	–	–	(64.2)	–	–	64.2	–	–	–
Transfers[2]	–	–	–	–	–	–	(1,117.1)	1,117.1	–	–	–
Dividends paid	–	–	–	–	–	–	–	(129.9)	(129.9)	(87.4)	(217.3)
Exercise of LTIP/ STIP awards	0.1	–	–	(23.4)	–	–	–	23.4	0.1	–	0.1
Purchase of Treasury Shares[3]	–	–	(128.0)	–	–	–	–	–	(128.0)	–	(128.0)
Additional investment in subsidiaries	–	–	–	–	–	–	–	(62.9)	(62.9)	(59.2)	(122.1)
Recognition of share-based payment (note 30)	–	–	–	18.4	–	–	–	–	18.4	–	18.4
At 31 March 2011	**29.7**	**196.8**	**(556.9)**	**20.5**	**453.3**	**38.2**	**1,452.4**	**4,014.9**	**5,648.9**	**8,104.9**	**13,753.8**

* Provisional fair value of assets and liabilities acquired during the year ended 31 March 2011 have been finalised during the measurement period and its consequent effect is given to non-controlling interest (Note 34).

(US$ million)	Attributable to equity holders of the Company Share capital	Share premium	Treasury Shares	Share-based payment reserves	Convertible bond reserve	Hedging reserve	Other reserves	Retained earnings	Total	Non-controlling Interests	Total equity
At 1 April 2011	**29.7**	**196.8**	**(556.9)**	**20.5**	**453.3**	**38.2**	**1,452.4**	**4,014.9**	**5,648.9**	**8,104.9**	**13,753.8**
Total comprehensive income for the period	–	–	–	–	–	(93.8)	(809.1)	59.8	(843.1)	6.1	(837.0)
Acquisition of subsidiary	–	–	–	–	–	–	–	–	–	5,906.5	5,906.5
Inter-Group transfers[4]	–	–	–	–	–	–	(22.2)	6.4	(15.8)	15.8	–
Convertible bond transfers	–	–	–	–	(71.3)	–	–	71.3	–	–	–
Transfers[2]	–	–	–	–	–	–	387.4	(387.4)	–	–	–
Dividends paid	–	–	–	–	–	–	–	(144.0)	(144.0)	(219.7)	(363.7)
Exercise of LTIP/ STIP awards	–	–	–	(0.9)	–	–	–	0.9	–	–	–
Additional Investment in subsidiaries	–	–	–	–	–	–	–	(15.6)	(15.6)	(44.7)	(60.3)
Recognition of share-based payment (note 30)	–	–	–	20.2	–	–	–	–	20.2	–	20.2
At 31 March 2012	**29.7**	**196.8**	**(556.9)**	**39.8**	**382.0**	**(55.6)**	**1,008.5**	**3,606.3**	**4,650.6**	**13,768.9**	**18,419.5**

Other reserves[1] comprise:

(US$ million)	Currency translation reserve	Merger reserve	Investment revaluation reserve	General reserves	Total
At 1 April 2010	**(120.7)**	**4.4**	**98.4**	**2,481.7**	**2,463.8**
Exchange differences on translation of foreign operations	46.6	–	–	–	46.6
Revaluation of available-for-sale investments	–	–	59.1	–	59.1
Transfer from retained earnings[2]	–	–	–	(1,117.1)	(1,117.1)
At 31 March 2011	**(74.1)**	**4.4**	**157.5**	**1,364.6**	**1,452.4**
Exchange differences on translation of foreign operations	(717.3)	–	–	–	(717.3)
Inter-Group transfers[4]	–	–	(22.2)	–	(22.2)
Revaluation of available-for-sale investments	–	–	(91.8)	–	(91.8)
Transfer from retained earnings[2]	–	–	–	387.4	387.4
At 31 March 2012	**(791.4)**	**4.4**	**43.5**	**1,752.0**	**1,008.5**

1 Other reserves comprise the currency translation reserve, merger reserve, investment revaluation reserve and the general reserves established in the statutory accounts of the Group's Indian subsidiaries. General reserves also includes US$20.9 million of debenture redemption reserve.

2 Under Indian law, a general reserve is created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers is to ensure that the total dividend distribution is less than the total distributable results for that year.

3 Includes buy back of US$66.4 million made by an independent company Gorey Investments Ltd., funded by a wholly-owned subsidiary of Vedanta.

4 During the year the shareholding in Lakomosko BV, a Group company and 100% subsidiary of the Company was transferred to THL Zinc Holdings BV, a Group company and 58.02% subsidiary of the Company as on 31 March 2012.

Notes to the Consolidated Financial Statements

1. Presentation of Financial Statements

Compliance with Applicable Law and IFRS

The financial statements have been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under International Financial Reporting Standards ('IFRS'), Article 4 of the IAS Regulation and IFRS as adopted by the European Union and related interpretations.

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, available-for-sale financial assets, fixed rate bonds and defined benefit pension obligations that have been measured at fair value. The consolidated financial statements are presented in US dollars and all values are rounded to one decimal of the nearest million except where otherwise indicated.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

> IAS 1 (amended) – Financial statement presentation-presentation of items of other comprehensive income

> IAS 12 (amended) – Deferred Tax: Recovery of underlying assets

> IAS 19 (revised) – Employee benefits

> IAS 27 (revised) – Separate financial statements

> IAS 28 (revised) – Investments in associates and joint ventures

> IAS 32 – Offsetting financial assets and financial liabilities

> IFRS 7 (amended) – Financial instruments: Disclosures

> IFRS 9 – Financial instruments

> IFRS 10 – Consolidated financial statements

> IFRS 11 – Joint arrangements

> IFRS 12 – Disclosures of interests in other entities

> IFRS 13 – Fair value measurement

> IFRIC 20 – Stripping costs in the production phase of a surface mine

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group except for IFRS 9 Financial Instruments and IFRIC 20 Stripping costs in the production phase of a surface mine. We have not yet considered the quantitative impact of adoption of IFRS 9 and IFRIC 20.

Going Concern

The financial statements have been prepared in accordance with the going concern basis of accounting. The use of this basis of accounting takes into consideration the Group's current and forecast financing position, additional details of which are provided in the Going Concern section of the Directors' Report.

Parent Company Financial Statements

The financial statements of the parent company, Vedanta Resources plc, have been prepared in accordance with UK GAAP, UK accounting presentation and UK company law. The Company balance sheet is presented in Note 43.

2(a) Accounting Policies

Basis of Consolidation

Subsidiaries:

The consolidated financial information incorporates the results of the Company and all its subsidiaries, being the companies that it controls. This control is normally evidenced when the Group is able to govern a company's financial and operating policies so as to benefit from its activities or where the Group owns, either directly or indirectly, the majority of a company's equity voting rights unless in exceptional circumstances it can be demonstrated that ownership does not constitute control.

The financial statements of subsidiaries are prepared for the same reporting year as the parent company. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with accounting policies used by the Group.

For non-wholly owned subsidiaries, a share of the profit for the financial year and net assets is attributed to the non-controlling interests as shown in the consolidated income statement and consolidated balance sheet.

For acquisitions of additional interests in subsidiaries, where there is no change in control, the Group recognises a reduction to the non-controlling interest of the respective subsidiary with the difference between this figure and the cash paid, inclusive of transaction fees, being recognised in equity. In addition, upon dilution of non-controlling interests the difference between the cash received from sale or listing of the subsidiary shares and the increase to non-controlling interest is also recognised in equity. The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intercompany balances and transactions, including unrealised profits arising from intra-Group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Joint Ventures:
A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control such that significant operating and financial decisions require the unanimous consent of the parties sharing control. The Group has:

> Jointly controlled assets ('JCAs'): The Group in its oil and gas business participates in several unincorporated joint ventures 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 ventures in which the Group holds an interest, classified in the appropriate balance sheet and income statement headings. In addition, where the Group acts as operator to the joint venture, the gross liabilities and receivables (including amounts due to or from non-operating partners) of the joint venture are included in the Group balance sheet.

Restatement
The prior year balance sheet has been restated to give effect to the fair value adjustments to provisional fair values and business combination accounting relating to acquisition of Zinc International entities for the year ending 31 March 2011 (Note 34).

Adoption of New and Revised Standards
In the Current Financial Period the Group Has Adopted the Following New Standards:
The Group has adopted with effect from 1 April 2011, the following new and revised standards and interpretations. Their adoption has not had any impact on the amounts reported in the financial statements.

IAS 24 (2009) Related Party Disclosures – The revised standard has a new, clearer definition of a related party. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

Amendments to IFRIC 14 Prepayments of a minimum funding requirement – The amendments now enable recognition of an asset in the form of prepaid minimum funding contributions. The adoption has no effect on the financial position or performance of the Group.

Other amendments to accounting standards or new interpretations issued by the International Accounting Standards Board, which were applicable from 1 April 2011, do not have an impact on the Group.

Revenue Recognition
Revenue represents the net invoice value of goods and services provided to third parties after deducting discounts, volume rebates, outgoing sales taxes and duties, and are recognised when all significant risks and rewards of ownership of the asset sold are transferred to the customer.

Certain of our sales contracts provide for provisional pricing based on the price on the London Metal Exchange Limited ('LME'), as specified in the contract, when shipped. Final settlement of the prices is based on the applicable price for a specified future period. The Company's provisionally priced sales are marked to market using the relevant forward prices for the future period specified in the contract with a corresponding adjustment to revenue.

Crude oil prices are based on Brent index. Revenue from oil, gas and condensate sales represent the Group's share of oil, gas and condensate production, recognised on a direct entitlement basis, and tariff income received for third party use of operating facilities and pipelines in accordance with agreements.

Revenue from holding certificate contracts is recognised when goods have been delivered to a distribution warehouse or has been identified and kept separately, have been inspected by a nominee of the buyer and cash has been received. Under these arrangements, revenue is recognised once legal title has passed and all significant risks and rewards of ownership of the asset sold are transferred to the customer.

Revenues from sale of material by-products are included in revenue.

Dividend income is recognised when the shareholders' right to receive payment is established.

Interest income is recognised on an accrual basis in the income statement.

Special Items
Special items are those items that management considers, by virtue of their size or incidence, should be disclosed separately to ensure that the financial information allows an understanding of the underlying performance of the business. The determination as to which items should be disclosed separately requires a degree of judgement.

Business Combinations
The results of subsidiaries acquired or sold during the year are consolidated for the periods from, or to, the date on which control passed. Acquisitions are accounted for under the purchase method. The acquirer's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (revised 2008) Business Combinations are recognised at their fair value at the acquisition date.

To the extent that such excess purchase consideration relates to the acquisition of mining properties and leases, that amount is capitalised within property, plant and equipment as 'mining properties and leases'. To the extent that such excess purchase consideration relates to the acquisition of oil and gas properties, that amount is capitalised within property, plant and equipment as 'exploratory and evaluation assets'. Other excess purchase consideration relating to the acquisition of subsidiaries is capitalised as goodwill. Goodwill arising on acquisitions is reviewed for impairment annually.

Where the fair values of the identifiable assets and liabilities exceed the cost of acquisition, the surplus is credited to the income statement in the period of acquisition.

Where it is not possible to complete the determination of fair values by the date on which the first post-acquisition financial statements are approved, a provisional assessment of fair values is made and any adjustments required to those provisional fair values, and the corresponding adjustments to purchased goodwill, are finalised within 12 months of the acquisition date.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholder's proportion of the net assets or proportion of the net fair value of the assets, liabilities and contingent liabilities recognised. This accounting choice is made on a transaction-by-transaction basis.

Acquisition expenses are charged to the income statement in line with IFRS 3 (revised 2008).

Property, Plant and Equipment
Relating to Mineral Assets – Mining Properties and Leases
Exploration and evaluation expenditure is written off in the year in which it is incurred. The costs of mining properties and leases, which include the costs of acquiring and developing mining properties and mineral rights, are capitalised as property, plant and equipment under the heading 'Mining properties and leases' in the year in which they are incurred.

When a decision is taken that a mining property is viable for commercial production, all further pre-production primary development expenditure other than land, buildings, plant and equipment is capitalised as part of the cost of the mining property until the mining property is capable of commercial production. From that point, capitalised mining properties and lease costs are amortised on a unit-of-production basis over the total estimated remaining commercial reserves of each property or group of properties.

Exploration and evaluation assets acquired are recognised as assets at their cost of acquisition subject to meeting the commercial production criteria mentioned above and are subject to impairment review.

Stripping costs and secondary development expenditure, mainly comprising costs on blasting, haulage, excavation, etc, incurred during the production stage of an ore body are charged to the income statement immediately.

In circumstances where a mining property is abandoned, the cumulative capitalised costs relating to the property are written off in the period.

Commercial reserves are proved and probable reserves as defined by the 'JORC' Code and 'SAMREC' Code. Changes in the commercial reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves.

Relating to Oil and Gas Assets – Exploration & Evaluation Assets and Developing/Producing Assets
For oil and gas assets we follow successful efforts based accounting policy. Costs incurred prior to obtaining the legal rights to explore an area are expensed immediately to the income statement. Expenditure incurred on the acquisition of a licence interest is initially capitalised on a licence-by-licence basis. Costs are held, un-depleted, within exploration and evaluation assets until such time as the exploration phase on the licence area is complete or commercial reserves have been discovered.

Exploration expenditure incurred in the process of determining oil and gas exploration targets is capitalised initially within property, plant and equipment – exploration and evaluation assets and subsequently allocated to drilling activities. Exploration drilling costs are initially capitalised on a well-by-well basis until the success or otherwise of the well has been established. The success or failure of each exploration effort is judged on a well-by-well basis. Drilling costs are written off on completion of a well unless the results indicate that hydrocarbon reserves exist and there is a reasonable prospect that these reserves are commercial.

Following appraisal of successful exploration wells, if commercial reserves are established and technical feasibility for extraction demonstrated, then the related capitalised exploration costs are transferred into a single field cost centre within property, plant and equipment – development/producing assets after testing for impairment. Where results of exploration drilling indicate the presence of hydrocarbons which are ultimately not considered commercially viable, all related costs are written off to the income statement.

All costs incurred after the technical feasibility and commercial viability of producing hydrocarbons has been demonstrated are capitalised within property, plant and equipment – development/producing assets on a field-by-field basis. Subsequent expenditure is capitalised only where it either enhances the economic benefits of the development/producing asset or replaces part of the existing development/producing asset. Any remaining costs associated with the part replaced are expensed.

Net proceeds from any disposal of an exploration asset are initially credited against the previously capitalised costs. Any surplus proceeds are credited to the income statement. Net proceeds from any disposal of development/producing assets are credited against the previously capitalised cost. A gain or loss on disposal of a development/producing asset is recognised in the income statement to the extent that the net proceeds exceed or are less than the appropriate portion of the net capitalised costs of the asset.

Other Property, Plant and Equipment
The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the income statement in the period in which the costs are incurred. Major shut-down and overhaul expenditure is capitalised as the activities undertaken improve the economic benefits expected to arise from the asset.

Assets in the Course of Construction
Assets in the course of construction are capitalised in the assets under construction account. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset and any obligatory decommissioning costs are capitalised where the asset is available for use but incapable of operating at normal levels until a period of commissioning has been completed. Revenue generated from production during the trial period is capitalised. Borrowing costs and certain foreign exchange gains or losses are in certain circumstances capitalised in the cost of the asset under construction. This policy is set out under 'Borrowing Costs'.

Depreciation and Amortisation
Mining properties and other assets in the course of development or construction, freehold land and goodwill are not depreciated or amortised. Capitalised mining properties and lease costs are amortised once commercial production commences, as described in 'Property, plant and equipment – mining properties and leases'. Leasehold land and buildings are depreciated over the period of the lease or if shorter their useful economic life.

Relating to Oil and Gas Assets
All expenditure carried within each field is amortised from the commencement of production on a unit of production basis, which is the ratio of oil 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. There should be a 50% statistical probability that the actual quantity of recoverable reserves will be more than the amount estimated as proven and probable reserves and a 50% statistical probability that it will be less.

Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future field development costs required to access commercial reserves. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

Other buildings, plant and equipment, office equipment and fixtures, and motor vehicles are stated at cost less accumulated depreciation and any provision for impairment. Depreciation commences when the assets are ready for their intended use. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Buildings:	
– Operations	30 years
– Administration	50 years
Plant and equipment	10–30 years
Office equipment and fixtures	3–20 years
Motor vehicles	9–11 years

Major overhaul costs are depreciated over the estimated life of the economic benefit derived from the overhaul. The carrying amount of the remaining previous overhaul cost is charged to the income statement if the next overhaul is undertaken earlier than the previously estimated life of the economic benefit.

Property, plant and equipment held for sale or which is part of a disposal Group held for sale is not depreciated. Property, plant and equipment held for sale is carried at the lower of its carrying value and fair value less disposal cost and is presented separately on the face of the balance sheet.

Impairment
The carrying amounts of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying value of an asset may not be recoverable and the carrying amount of goodwill is reviewed for impairment annually. If there are indicators of impairment, an assessment is made to determine whether the asset's carrying value exceeds its recoverable amount. Whenever the carrying value of an asset exceeds its recoverable amount, an impairment loss is charged to the income statement.

The Group reviews the residual value and useful life of an asset at least at each financial year-end and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

For mining properties and leases, oil and gas assets, other investments and goodwill, the recoverable amount of an asset is determined on the basis of its value in use, being the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life, discounted using a market-based, risk-adjusted, discount rate.

For other property, plant and equipment, the recoverable amount of an asset is also considered on the basis of its net selling price, where it is possible to assess the amount that could be obtained from the sale of an asset in an arm's length transaction, less the cost of disposal.

Recoverable amounts are estimated for individual assets or, if this is not possible, for the relevant cash-generating unit.

Non-current Assets Held for Sale and Discontinued Operations
Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when a sale is highly probable from the date of classification, management are committed to the sale and the asset is available for immediate sale in its present condition. Non-current assets are classified as held for sale from the date these conditions are met and are measured at the lower of carrying amount and fair value (less costs to sell). Any resulting impairment loss is recognised in the income statement as a special item. On classification as held for sale the assets are no longer depreciated.

Government Grants
Government grants relating to property, plant and equipment are treated as deferred income and released to the income statement over the expected useful lives of the assets concerned. Other grants are credited to the income statement as and when the related expenditure is incurred.

Inventories
Inventories and work-in-progress are stated at the lower of cost and net realisable value, less any provision for obsolescence.

Cost is determined on the following bases:

> purchased copper concentrate is recorded at cost on a first-in, first-out ('FIFO') basis; all other materials including stores and spares are valued on a weighted average basis;

> finished products are valued at raw material cost plus costs of conversion, comprising labour costs and an attributable proportion of manufacturing overheads based on normal levels of activity; and by-products and scrap are valued at net realisable value.

Net realisable value is determined based on estimated selling price, less further costs expected to be incurred to completion and disposal.

Taxation
Tax expense represents the sum of tax currently payable and deferred tax.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided, using the balance sheet method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Exceptions to this principle are:

> Tax payable on the future remittance of the past earnings of subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future;

> Deferred income tax is not recognised on goodwill impairment 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 or loss; and

> Deferred tax assets are recognised only to the extent that it is more likely than not that they will be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority upon a specific entity and the relevant Group entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is provided on temporary differences arising on acquisitions that are categorised as Business Combinations. Deferred tax is recognised at acquisition as part of the assessment of the fair value of assets and liabilities acquired. Any deferred tax is charged or credited in the income statement as the underlying temporary difference is reversed.

Retirement Benefit Schemes
The Group operates or participates in a number of defined benefits and contribution schemes, the assets of which are (where funded) held in separately administered funds.

For defined benefit schemes the cost of providing benefits under the plans is determined each year separately for each plan using the projected unit credit method by independent qualified actuaries. Actuarial gains and losses arising in the year are recognised in full in the income statement of the year.

For defined contribution schemes, the amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year.

Share-based Payments
Certain employees (including Executive Directors) of the Group receive part of their remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (‘equity-settled transactions’).

The cost of equity-settled transactions with employees is measured at fair value at the date at which they are granted. The fair value of share awards with market-related vesting conditions are determined by an external valuer and the fair value at the grant date is expensed on a straight-line basis over the vesting period based on the Group’s estimate of shares that will eventually vest. The estimate of the number of awards likely to vest is reviewed at each balance sheet date up to the vesting date at which point the estimate is adjusted to reflect the current expectations. No adjustment is made to the fair value after the vesting date even if the awards are forfeited or not exercised.

Provisions for Liabilities and Charges
Provisions are recognised when the Group has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the income statement as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

Restoration, Rehabilitation and Environmental Costs
An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mine or oil fields. Costs arising from the installation of plant and other site preparation work, 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 income statement over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The cost estimates are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost estimates or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown as a finance cost in the income statement.

Costs for restoration of subsequent site damage which is caused on an ongoing basis during production are provided for at their net present values and charged to the income statement as extraction progresses. Where the costs of site restoration are not anticipated to be significant, they are expensed as incurred.

Operating Leases
Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Finance Leases
Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs.

The Group has reviewed the terms and conditions of the lease arrangements and determined that all risks and rewards of ownership lie with the Group and has therefore accounted for the contracts as finance leases.

Foreign Currency Translation
The functional currency for each entity in the Group is determined as the currency of the primary economic environment in which it operates. For all principal operating subsidiaries, the functional currency is the local currency of the country in which it operates, except KCM and Cairn where the functional currency is US dollars, since that is the currency of the primary economic environment in which it operates. In the financial statements of individual Group companies, transactions in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in other currencies are translated into the functional currency at exchange rates prevailing on the balance sheet date. All exchange differences are included in the income statement, except, where the monetary item is designated as an effective hedging instrument of the currency risk of designated forecast sales, where exchange differences are recognised in equity exchange differences on foreign currency borrowings relating to assets under construction, for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the purposes of consolidation, the income statement items of those entities for which the US dollar is not the functional currency are translated into US dollars at the average rates of exchange during the period. The related balance sheets are translated at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of such operations, and on foreign currency borrowings to the extent that they hedge the Group's investment in such operations, are reported in other comprehensive income and accumulated in equity.

On disposal of entities with a different functional currency to the Company's functional currency, the deferred cumulative exchange differences recognised in equity relating to that particular operation would be recognised in the income statement.

Financial Asset Investments
Financial asset investments are classified as available for sale under IAS 39 and are initially recorded at cost and then remeasured at subsequent reporting dates to fair value. Unrealised gains and losses on financial asset investments are recognised directly in equity. On disposal or impairment of the investments, the gains and losses in equity are recycled to the income statement.

Investments in unquoted equity instruments that do not have a market price and whose fair value cannot be reliably measured are measured at cost.

Investments in equity instruments are recorded in non-current assets unless they are expected to be sold within one year.

Liquid Investments
Liquid investments represent short-term current asset investments that do not meet the definition of cash and cash equivalents for one or more of the following reasons:

> They have a maturity profile greater than 90 days.

> They may be subject to a greater risk of changes in value than cash.

> They are held for investment purposes.

The change in fair value of trading investments incorporates any dividend and interest earned on the held for trading investments.

Cash and Cash Equivalents
Cash and cash equivalents in the balance sheet comprise cash at bank and in hand, short-term deposits with banks and short-term highly liquid investments that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

Trade Receivables
Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. An allowance for impairment for trade receivables is made where there is an event, which based on previous experience, is an indication of a reduction in the recoverability of the carrying value of the trade receivables.

Trade Payables
Trade payables are stated at their nominal value.

Equity Instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Borrowings
Interest bearing loans and overdrafts are recorded at the proceeds received. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis and charged to the income statement using the effective interest method. They are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Convertible Bonds
Convertible bonds denominated in the functional currency of the issuing entity are accounted for as compound instruments. The equity components and the liability components are separated out on the date of the issue. The equity component is recognised in a separate reserve and is not subsequently remeasured. The liability component is held at amortised cost. The interest expense on the liability component is calculated by applying the effective interest rate, being the prevailing market interest rate for similar non-convertible debt. The difference between this amount and interest paid is added to the carrying amount of the liability component.

Convertible bonds not denominated in the functional currency of the issuing entity or where a cash conversion option exists, are split into two components: a debt component and a component representing the embedded derivative in the convertible bond. The debt component represents a liability for future coupon payments and the redemption on the principal amount. The embedded derivative, a financial liability, represents the value of the option that bond holders have to convert into ordinary shares. At inception the embedded derivative is recorded at fair value and the remaining balance, after deducting a share of issue costs, is recorded as the debt component. Subsequently, the debt component is measured at amortised cost and the embedded derivative is measured at fair value at each balance sheet date with the change in the fair value recognised in the income statement. The embedded derivative and the debt component are disclosed together and the current/non-current classification follows the classification of the debt component which is the host contract.

The deferred tax effect arising on the movement in the fair value of the embedded derivative is provided in the income statement.

Borrowing Costs
Borrowing costs directly relating to the acquisition, construction or production of a qualifying capital project under construction are capitalised and added to the project cost during construction until such time that the assets are substantially ready for their intended use in accordance with the Group policy which is when they are capable of commercial production. Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available out of money borrowed specifically to finance a project, the income generated from such short-term investments is also capitalised to reduce the total capitalised borrowing cost.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Available for Sale Financial Assets
Listed equity shares and debt instruments held by the Group that are traded in an active market are classified as being available for sale ('AFS') financial assets and are stated at fair value. Unrealised gains and losses on financial asset investments are recognised directly in equity. On disposal or impairment of the investments, the gains and losses in equity are recycled to the income statement. Dividends received from investees accounted for as equity instruments are recognised in income statement when the Group receives the dividends.

Held for Trading Financial Assets
Financial assets are classified as held for trading if they have been acquired principally for the purpose of selling in the near term. The change in fair value of trading investments incorporates any dividend and interest earned on the held for trading investments and is accounted for in the income statement.

Held-to-maturity Financial Assets
Financial instruments with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method.

Derivative Financial Instruments
In order to hedge its exposure to foreign exchange, interest rate and commodity price risks, the Group enters into forward contracts, option contracts, swap contracts and other derivative financial instruments. The Group does not hold derivative financial instruments for speculative purposes.

Derivative financial instruments are initially recorded at their fair value on the date of the derivative transaction and are remeasured at their fair value at subsequent balance sheet dates.

Hedge Accounting
The Group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement. The hedged item is recorded at fair value and any gain or loss is recorded in the income statement and is offset by the gain or loss from the change in the fair value of the derivative.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in equity. This includes certain non-derivative liabilities that are designated as instruments used to hedge the foreign currency risk on future, highly probable, forecast sales. Amounts deferred to equity are recycled in the income statement in the periods when the hedged item is recognised in the income statement.

The gain or loss on hedging instruments relating to the effective portion of a net investment hedge is recognised in equity. The ineffective portion is recognised immediately in the income statement. Gains or losses accumulated in the equity are included in the income statement on disposal of the foreign operations to which they relate.

Derivative financial instruments that do not qualify for hedge accounting are marked to market at the balance sheet date and gains or losses are recognised in the income statement immediately.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the income statement.

2(b) Critical Accounting Judgement and Estimation Uncertainty
In the course of applying the policies outlined in Note 2(a), management made estimations and assumptions that impact the amounts recognised in the financial statements. Vedanta believes that judgement and estimation has been made in the following areas:

Oil and 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 at least twice annually and is regularly reviewed by independent consultants. Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable, and internal engineers.

Net entitlement reserves estimates are subsequently calculated using the Group's current oil price and cost recovery assumptions, in line with the relevant agreements.

Changes in reserves as a result of factors such as production cost, recovery rates, grade of reserves or commodity prices could impact the depreciation rates, asset carrying values and environmental and restoration provisions.

Carrying Value of Exploration and Evaluation Fixed Assets
Where a project is sufficiently advanced the recoverability of exploration assets are assessed by comparing the carrying value to internal and operator estimates of the net present value of projects. Exploration assets are inherently judgemental to value and further details on the accounting policy is included in accounting note above. The amounts for exploration and evaluation assets represent active exploration projects. These amounts will be written off to the income statement as exploration costs unless commercial reserves are established or the determination process is not completed and there are no indications of impairment. The outcome of ongoing exploration, and therefore whether the carrying value of exploration and evaluation assets will ultimately be recovered, is inherently uncertain.

Carrying Value of Developing/Producing Oil and Gas Assets
Management perform impairment tests on the Group's developing/producing oil and gas assets at least annually with reference to indicators in IAS 36. Key assumptions in the impairment models relate to prices that are based on forward curves for two years and the long-term corporate assumptions thereafter and discount rates that are risked to reflect conditions specific to individual assets.

Other key assumptions in the impairment models based on management expectations are that government approval will be received to further increase production rates and that the Enhanced Oil Recovery programme will be successfully implemented.

Mining Properties and Leases
The carrying value of mining property and leases is arrived at by depreciating the assets over the life of the mine using the unit of production method based on proved and probable reserves. The estimate of reserves is subject to assumptions relating to life of the mine and may change when new information becomes available. Changes in reserves as a result of factors such as production cost, recovery rates, grade of reserves or commodity prices could thus impact the carrying values of mining properties and leases and environmental and restoration provisions.

Useful Economic Lives and Impairment of Other Assets
Property, plant and equipment other than mining properties, oil and gas properties, and leases are depreciated over their useful economic lives. Management reviews the useful economic lives at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values. The Group also reviews its property, plant and equipment, including mining properties and leases, for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the property, plant and equipment for impairment, factors leading to significant reduction in profits such as changes in commodity prices, the Group's business plans are taken into consideration. The carrying value of the assets of a cash generating unit ('CGU') is compared with the recoverable amount of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on commodity prices, market demand and supply, economic and regulatory climates, long-term plan, discount rates and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on the carrying value of the assets.

Assessment of Impairment at Lanjigarh Refinery
As set out in the risks and uncertainties section of this Annual Report, the planned operation of the Lanjigarh Refinery is subject to a number of legal proceedings. It has been assessed that there is no impairment of the Lanjigarh Refinery on 31 March 2012 based on the assumptions set out below:

> The State of Orissa has abundant bauxite reserves and under the terms of its MOU with the State Government of Orissa, management is confident that bauxite will be made available in the short to medium term.

> On the continued operation and planned refinery expansion, management is confident that the conditions for construction of the alumina refinery will be fulfilled, and expect the approval for the same in due course.

Should one or both of these assumptions not be borne out, a reassessment of the impairment of the Refinery would need to be made. Carrying value as at 31 March 2012 is US$1,519.6 million.

Assessment of Impairment at Tuticorin
During the year ended 31 March 2011, the Group was ordered to close the Tuticorin smelter pursuant to an order from the Madras High Court. The Group has been successful in obtaining stay orders to allow the continued operation of the smelter while an appeal is heard in the Supreme Court. Carrying value as at 31 March 2012 is US$162 million.

Management is confident that they have complied with the environmental regulations and that they will be permitted to continue operating the Tuticorin smelter in the long term. Accordingly, they have concluded that no impairment of the asset is required.

Assessment of Impairment of Karnataka Mines at Sesa Goa
From July 2011 a mining ban was imposed in various parts of the state of Karnataka thereby affecting the Narrain mine owned and operated by Sesa Goa which has a carrying cost of US$314.1 million.

Since the time of the ban the Central Empowered Committee appointed to submit its report in respect of illegal mining has recommended that operations only recommence after reclamation and rehabilitation works are undertaken by the Company, together with a penalty of approximately US$6 million.

Management is confident that having complied with the recommendation of the Central Empowered Committee the ban will be lifted and the Company will be permitted to continue operations.

Accordingly, they have concluded that no impairment of the asset is required.

Restoration, Rehabilitation and Environmental Costs
Provision is made for costs associated with restoration and rehabilitation of mining sites and oil fields as soon as the obligation to incur such costs arises. Such restoration and closure costs are typical of extractive industries and they are normally incurred at the end of the life of the mine. The costs are estimated on the basis of closure plans and the estimated discounted costs of dismantling and removing these facilities and the costs of restoration are capitalised when incurred reflecting our obligations at that time. A corresponding provision is created on the liability side. The capitalised asset is charged to the income statement over the life of the asset through depreciation over the life of the operation and the provision is increased each period via unwinding the discount on the

provision. Management estimates are based on local legislation and/or other agreements such as the KCM acquisition agreement. The actual costs and cash outflows may differ from estimates because of changes in laws and regulations, changes in prices, analysis of site conditions and changes in restoration technology.

Management estimated that restoration, rehabilitation and environmental costs related to the Rajasthan licence area are expected to be incurred in 2040 despite the Production Sharing Agreement expiring in 2020. The present values of these costs have been accounted for on this basis.

Changes in the measurement of a liability relating to the decommissioning of plant or other site preparation work that result from changes in the estimated timing or amount of the cash flow or a change in the discount rate are added to or deducted from the cost of the related asset in the current period. If a change in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the income statement. Management uses its judgement and experience to provide for and amortise these estimated costs over the life of the mine.

As per local legislation, our Indian operations provide for restoration costs in accordance with statutory requirements. In Australia, appropriate provision has been made in accordance with local legal requirements and at KCM, a provision has been recognised with reference to a plan agreed with the Government of Zambia at the time of KCM's privatisation in April 2000 and pursuant to the KCM acquisition agreement. In Namibia, South Africa and Ireland appropriate provision has been made in accordance with the local regulatory requirements.

Provisions and Liabilities
Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can be reasonably estimated. The timing of recognition requires the application of judgement to existing facts and circumstances which may be subject to change. The actual cash outflows takes place over many years in the future and hence the carrying amounts of provisions and liabilities are regularly reviewed and adjusted to take into account the changing circumstances and other factors that influence the provisions and liabilities.

The HZL and BALCO Call Option
The Group had exercised its call option to acquire the remaining 49% interest in BALCO and 29.5% interest in HZL. The Government of India has however, contested the validity of the options and disputed its valuation (details set out in Note 39). In view of the lack of resolution on the options, the non-response to the exercise and valuation request from the Government of India, the resultant uncertainty surrounding the potential transaction and the valuation of the consideration payable, the Group could not reliably measure the value. The call options has thus has not been recognised in the financial statements.

Contingencies and Commitments
In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Where it is management's assessment that the outcome cannot be reliably quantified or is uncertain the claims are disclosed as contingent liabilities unless the likelihood of an adverse outcome is remote. Such liabilities are disclosed in the Notes but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, we do not expect them to have a materially adverse impact on our financial position or profitability. These are set out in Note 37.

3. Segment Information
The Group's primary format for segmental reporting is based on business segments. The business segments consist of zinc, iron ore, copper, aluminium, power and oil and gas with residual components being reported as 'Others'. Business segment data includes an allocation of certain corporate costs, allocated on an appropriate basis. The risks and returns of the Group's operations are primarily determined by the nature of the different activities in which the Group is engaged. Inter-segment sales are charged based on prevailing market prices. The Group's activities are organised on a global basis.

The Group's reportable segments under IFRS 8 are as follows:

> Zinc-India

> Zinc-International

> Iron Ore

> Copper-India/Australia

> Copper-Zambia

> Aluminium

> Power

> Oil & gas

The Power segment (previously referred to as the 'Energy' segment) has been reclassified and now comprises power plants at Sterlite Energy, Talwandi Sabo, MALCO and wind power at HZL. The surplus power sold from captive power plants earlier classified under Energy segment is now included in the respective business segments.

In compliance with IFRS 8, this classification was applied from 1 April 2011 and accordingly, comparative information for the year ended 31 March 2011 has been restated for this change.

Management monitors the operating results of reportable segments for the purpose of making decisions about resources to be allocated and for assessing performance. Segment performance is evaluated based on the EBITDA of each segment.

During the year ended 31 March 2012, Cairn India was acquired whose business includes exploration, development and production of oil and gas. 'Oil & gas' has been categorised as a separate reportable segment.

(a) Reportable Segments

The following tables present revenue and profit information and certain asset and liability information regarding the Group's reportable segments for the years ended 31 March 2012 and 2011.

Period ended 31 March 2012

(US$ million)	Zinc-India	Zinc-International	Iron Ore	Copper-India/Australia	Copper-Zambia	Aluminium	Power	Oil and gas	Elimination/Others	Total operations
Revenue										
Sales to external customers	2,316.1	859.5	1,688.9	4,205.1	1,709.2	1,872.9	420.9	882.5	50.2	14,005.3
Inter-segment sales	–	31.2	2.0	0.1	0.6	0.6	37.4	–	(71.9)	–
Segment revenue	**2,316.1**	**890.7**	**1,690.9**	**4,205.2**	**1,709.8**	**1,873.5**	**458.3**	**882.5**	**(21.7)**	**14,005.3**
Result										
EBITDA[1]	1,244.8	366.0	721.4	298.0	387.9	182.5	122.0	713.0	(9.3)	4,026.3
Depreciation and amortisation	(109.2)	(236.8)	(226.3)	(45.4)	(142.6)	(221.5)	(81.7)	(346.7)	1.8	(1,408.4)
Segment result before special items	**1,135.6**	**129.2**	**495.1**	**252.6**	**245.3**	**(39.0)**	**40.3**	**366.3**	**(7.5)**	**2,617.9**
Special items (Note 5)	(9.0)	–	(13.8)	(88.6)	(24.4)	(1.3)	–	–	(93.1)	(230.2)
Segment result after special items	**1,126.6**	**129.2**	**481.3**	**164.0**	**220.9**	**(40.3)**	**40.3**	**366.3**	**(100.6)**	**2,387.7**
Net finance cost										(734.5)
Share in consolidated profit of associate	–	–	–	–	–	–	–	–	–	92.2
Profit before taxation	–	–	–	–	–	–	–	–		**1,745.4**
Tax expense										(516.7)
Profit after taxation										**1,228.7**
Segments assets	5,522.3	1,494.1	2,507.8	2,130.2	2,524.9	8,310.7	2,862.2	20,208.2	56.5	45,616.9
Unallocated assets	–	–	–	–	–	–	–	–	–	317.6
Total assets										**45,934.5**
Segment liabilities	(338.1)	(374.6)	(1,455.5)	(1,829.2)	(1,482.7)	(5,479.9)	(1,540.8)	(5,516.2)	(27.2)	(18,044.2)
Unallocated liabilities	–	–	–	–	–	–	–	–	–	(9,470.8)
Total liabilities										**(27,515.0)**
Other segment information										
Additions to property, plant and equipment	220.3	32.0	363.4	122.6	421.8	798.2	861.8	17,698.7	49.0	20,567.8
Depreciation and amortisation	(109.2)	(236.8)	(226.3)	(45.4)	(142.6)	(219.6)	(81.7)	(346.7)	(0.1)	(1,408.4)

1 EBITDA is a non-IFRS measure and represents operating profit before special items, depreciation and amortisation.

Period ended 31 March 2011 (Restated)

(US$ million)	Zinc-India	Zinc-International	Iron Ore	Copper-India/Australia	Copper-Zambia	Aluminium	Power	Elimination/Others	Total operations
Revenue									
Sales to external customers[1]	2,159.5	218.9	1,977.9	3,428.2	1,741.3	1,778.1	123.3	–	11,427.2
Inter-segment sales	–	–	1.6	–	83.7	1.5	0.7	(87.5)	–
Segment revenue	**2,159.5**	**218.9**	**1,979.5**	**3,428.2**	**1,825.0**	**1,779.6**	**124.0**	**(87.5)**	**11,427.2**
Result									
EBITDA	1,219.6	101.3	1,174.1	241.5	439.9	352.7	43.9	(6.2)	3,566.8
Depreciation and amortisation	(97.8)	(54.1)	(298.2)	(45.0)	(130.8)	(221.4)	(23.6)	1.8	(869.0)
Segment result before special items	**1,121.8**	**47.2**	**875.9**	**196.5**	**309.1**	**131.3**	**20.3**	**(4.4)**	**2,697.8**
Special items (Note 5)	(4.6)		(118.3)			(7.8)	(0.1)	(32.7)	(163.5)
Segment result after special items	**1,117.2**	**47.2**	**757.6**	**196.5**	**309.1**	**123.5**	**20.2**	**(37.1)**	**2,534.3**
Net finance income									149.0
Profit before taxation									**2,683.3**
Tax expense									(649.5)
Profit after taxation									**2,033.8**
Segments Assets	5,641.0	1,990.8	4,709.5	2,859.3	2,243.5	8,776.5	2,259.4		28,480.0
Unallocated Assets									504.7
Total assets									**28,984.7**
Segment liabilities	(415.1)	(489.1)	(1,113.8)	(2,157.4)	(827.8)	(4,577.0)	(908.2)		(10,488.4)
Unallocated liabilities									(4,742.5)
Total liabilities									**(15,230.9)**
Other segment information									
Additions to property, plant and equipment	297.1	1,442.3	249.8	132.5	295.9	1,371.1	396.7	13.6	4199.0
Depreciation and amortisation	(97.8)	(54.1)	(298.2)	(45.0)	(130.8)	(221.4)	(23.6)	1.8	(869.0)

1 Includes within Aluminium segment and Zinc-India segment, the surplus power sold from captive power plants of US$208 million and US$6.7 million respectively.

(b) Segment Result After Special Items

(US$ million)	**Year ended 31 March 2012**	Year ended 31 March 2011
Zinc	**1,610.8**	1,320.9
– India	**1,244.8**	1,219.6
– International	**366.0**	101.3
Iron Ore	**721.4**	1,174.1
Copper	**685.9**	681.4
– India/Australia	**298.0**	241.5
– Zambia	**387.9**	439.9
Aluminium	**182.5**	352.7
Power	**122.0**	43.9
Oil & gas[1]	**713.0**	–
Others	**(9.3)**	(6.2)
EBITDA	**4,026.3**	3,566.8
Depreciation & amortisation	**(1,408.4)**	(869.0)
Special items	**(230.2)**	(163.5)
Segment result after special items	**2,387.7**	2,534.3

1 Acquired during the year ended 31 March 2012.

(c) Geographical Segmental Analysis

The Group's operations are located in India, Zambia, Namibia, South Africa, Liberia, Ireland, Australia, UAE and Sri Lanka. The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods:

(US$ million)	**Year ended 31 March 2012**	Year ended 31 March 2011
India	**6,764.9**	4,924.4
China	**2,819.4**	2,157.0
Far East Asia	**983.3**	1,354.6
UK	**–**	23.8
Africa	**255.2**	172.3
Europe	**1,538.4**	1,047.3
Middle East	**1,030.3**	1,068.9
Asia Others	**467.8**	648.7
Other	**146.0**	30.2
Total	**14,005.3**	11,427.2

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of non-current assets[1]		Additions to property, plant and equipment[2]	
(US$ million)	**As at 31 March 2012**	As at 31 March 2011	**Year ended 31 March 2012**	Year ended 31 March 2011
Australia	**23.6**	15.3	**15.0**	1.7
India	**30,588.2**	14,278.1	**19,063.5**	2,309.2
Zambia	**2,082.2**	1,786.1	**421.8**	295.9
Namibia	**424.1**	578.0	**2.8**	610.9
Ireland	**218.8**	275.2	**15.8**	279.0
South Africa	**494.1**	569.5	**13.5**	552.4
Sri Lanka	**828.0**	–	**828.0**	–
Other	**287.7**	265.9	**207.4**	149.9
Total	**34,946.7**	17,768.1	**20,567.8**	4,199.0

1 Non-current assets do not include deferred tax assets and derivative receivables.

2 Includes assets acquired on acquisition of Zinc International and Cairn India.

4. Total Revenue

(US$ million)	**Year ended 31 March 2012**	Year ended 31 March 2011
Revenue from sales of goods	**14,005.3**	11,427.2
Other operating income	**85.1**	73.9
Investment revenue	**525.4**	431.6
Change in fair value of cash flow hedge transferred to the income statement	**(55.8)**	(1.6)
	14,560.0	11,931.1

5. Special Items

(US$ million)	**Year ended 31 March 2012**	Year ended 31 March 2011
Asarco transaction costs[1]	**(88.6)**	–
Voluntary retirement schemes	**(21.2)**	(12.5)
KCM IPO costs	**(13.5)**	–
Acquisition related costs[2]	**(75.5)**	(32.7)
Loss on revaluation of previously held interest in associates, net[3]	**(31.4)**	–
Impairment of mining properties and leases[4]	**–**	(118.3)
	(230.2)	(163.5)

1 The Bankruptcy court of the Southern District of Texas, United States Judge had issued the final judgement on 27 February 2012 to pay incidental damages of US$132.7 million net of US$50 million paid to Asarco in December 2009, making Asarco entitled for a net amount of US$82.7 million.

2 Acquisition related costs include costs of US$2.5 million (2011: US$8.5 million) related to the acquisition of Anglo Zinc assets and US$73 million (2011: US$24.2 million) related to Cairn India acquisition.

3 Loss on revaluation of existing carrying value of investment in Cairn India on 8 December 2011 (refer Note 34).

4 The impairment of mining properties and leases relates to mines at Sesa Goa operated on a lease basis which have expired and have not been renewed during the year.

6. Investment Revenue

(US$ million)	**Year ended 31 March 2012**	Year ended 31 March 2011
Interest income on loans and receivables	**31.8**	19.7
Interest income on cash and bank balances	**157.5**	131.6
Change in fair value of financial assets held for trading	**83.5**	78.8
Profit on disposal of financial assets held for trading	**170.3**	35.4
Profit on sale of available-for-sale investment	**1.0**	5.9
Dividend income on financial assets held for trading	**82.7**	160.4
Expected return on defined benefit arrangements (Note 31)	**2.0**	2.1
Foreign exchange loss on cash and liquid investments	**(1.5)**	(0.5)
Capitalisation of interest income	**(1.9)**	(1.8)
	525.4	431.6

7. Finance Costs

(US$ million)	**Year ended 31 March 2012**	Year ended 31 March 2011
Interest on bank loans, overdrafts and bonds	**718.1**	365.7
Coupon interest on convertible bonds (Note 26)	**138.6**	138.6
Accretive interest on convertible bond	**115.0**	101.8
Interest on other loans	**177.9**	97.3
Total interest cost	**1,149.6**	703.4
Unwinding of discount on provisions (Note 28)	**11.5**	7.9
Interest on defined benefit arrangements (Note 31)	**9.4**	6.7
Capitalisation of borrowing costs (Note 16)[1]	**(224.8)**	(183.3)
	945.7	534.7

1 All borrowing costs are capitalised using rates based on specific borrowings.

8. Other Gains and (Losses) (Net)

(US$ million)	**Year ended 31 March 2012**	Year ended 31 March 2011
Exchange (losses)/gains on borrowings and capital creditors	**(407.8)**	75.9
Qualifying borrowing costs capitalised (Note 16)	**68.8**	(11.0)
Change in fair value of financial liabilities measured at fair value	**(1.2)**	0.4
Change in fair value of embedded derivative on convertible bonds (Note 26)	**97.1**	188.4
Loss arising on qualifying hedges and non-qualifying hedges	**(71.1)**	(1.6)
	(314.2)	252.1

9. Profit for the Year has been Stated after Charging/(Crediting):

(US$ million)	**Year ended 31 March 2012**	Year ended 31 March 2011
Depreciation on property, plant and equipment	**1,408.4**	869.0
Costs of inventories recognised as an expense	**4,655.4**	4,218.3
Auditor's remuneration for audit services	**2.8**	1.5
Research and development	**1.0**	0.7
Staff costs	**542.7**	446.9
Impairment of mining property and leases	**–**	118.3
Net foreign exchange losses/(gains)	**438.7**	(76.2)

10. Auditor's Remuneration

The table below shows the fees payable globally to the Company's auditor, Deloitte LLP, for statutory external audit and audit related services, as well as fees paid to other accountancy firms for statutory external audit and audit related services in each of the two years ended 31 March:

(US$ million)	**Year ended 31 March 2012**	Year ended 31 March 2011
Fees payable to the Company's auditor for the audit of Vedanta Resources plc annual accounts	**0.8**	0.6
The audit of the Company's subsidiaries pursuant to legislation	**2.0**	0.9
Total audit fees	**2.8**	1.5
Fees payable to the Company's auditor and their associates for other services to the Group		
Other services pursuant to legislation[1]	**1.7**	0.7
Tax services[4]	**0.3**	0.1
Corporate finance services[2]	**4.9**	5.4
Other services[3]	**0.3**	0.3
Total non-audit fees	**7.2**	6.5
Total fees paid to the Company's auditor	**10.0**	8.0
Audit fees payable to other auditors of the Group's subsidiaries	**0.2**	0.1
Non-audit fees payable to other auditors of the Group's subsidiaries	**0.2**	0.1
Total fees paid to other auditors	**0.4**	0.2

1 Other services pursuant to legislation principally comprise further assurance services, being quarterly reviews of the Group's listed Indian subsidiaries and the half year review of the Group's results.

2 Corporate finance services principally comprise reporting accountant services relating to the raising of equity and debt and Cairn India acquisition. These assurance-related services are ordinarily provided by the auditor.

3 Includes certification related services.

4 Tax services principally comprise certification and assurance services as required by Indian income tax regulations.

11. Employee Numbers and Costs
Average Number of Persons Employed by the Group in the Year

Class of business	**Year ended 31 March 2012**	Year ended 31 March 2011
Zinc	**8,330**	7,341
– India	**6,480**	5,494
– International	**1,850**	1,847
Iron ore	**4,710**	4,346
Copper	**10,009**	10,976
– India/Australia	**1,191**	1,414
– Zambia	**8,818**	9,562
Aluminium	**7,487**	8,168
Power	**343**	220
Oil & gas[1]	**1,144**	–
Other	**156**	120
	32,179	31,171

1 Acquired during the year ended 31 March 2012.

Costs Incurred During the Year in Respect of Employees and Executive Directors

(US$ million)	**Year ended 31 March 2012**	Year ended 31 March 2011
Salaries and wages	**477.9**	434.7
Defined contribution pension scheme costs (Note 31)	**23.1**	22.3
Defined benefit pension scheme costs (Note 31)	**21.5**	29.3
Share-based payments charge	**20.2**	18.6
	542.7	504.9

12. Tax

(US$ million)	**Year ended 31 March 2012**	Year ended 31 March 2011
Current tax:		
UK Corporation tax	–	–
Foreign tax		
– India	**754.0**	689.4
– Australia	**16.0**	21.3
– Africa and Europe	**41.7**	18.7
– Other	**10.6**	–
	822.3	729.4
Deferred tax: (Note 29)		
Current year movement in deferred tax	**(305.6)**	(79.9)
	(305.6)	(79.9)
Total tax expense	**516.7**	649.5
Effective tax rate	**29.6%**	24.2%

The deferred tax benefit recycled from equity to the income statement is US$5.7 million (2011: US$10.6 million).

Deferred Tax Recognised in the Income Statement:

(US$ million)	**Year ended 31 March 2012**	Year ended 31 March 2011
Accelerated capital allowances	**(130.4)**	(14.4)
Unutilised tax losses	**(44.8)**	(32.8)
Other temporary differences	**(130.4)**	(32.7)
	(305.6)	(79.9)

No deferred tax has been recognised in respect of temporary differences associated with investments in subsidiaries where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with such investments in subsidiaries is represented by the contribution of those investments to the Group's retained earnings and amounted to US$5,290.2 million (2011: US$3,966.1 million).

A reconciliation of income tax expense applicable to accounting profit before tax at the Indian statutory income tax rate to income tax expense at the Group's effective income tax rate for the year ended 31 March 2012 is as follows:

(US$ million)	**Year ended 31 March 2012**	Year ended 31 March 2011
Accounting profit before tax	**1,745.4**	2,683.3
At Indian statutory income tax rate of 32.45% (2011: 32.45%)	**566.4**	891.4
Unrecognised tax losses	**333.6**	141.4
Disallowable expenses	**79.3**	67.1
Non-taxable income	**(119.1)**	(83.7)
Impact relating to changes in tax rate	**65.0**	(21.9)
Tax holiday and similar exemptions	**(416.1)**	(334.6)
Minimum Alternative Tax	**11.7**	7.0
Adjustments in respect of previous years	**(4.1)**	(17.2)
At effective income tax rate of 29.4% (2011: 24.2%)	**516.7**	649.5

13. Earnings Per Share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options and the Group's convertible bonds).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

(US$ million)	**Year ended 31 March 2012**	Year ended 31 March 2011
Net profit attributable to equity holders of the parent	**59.8**	770.8

(US$ million except as stated)	**Year ended 31 March 2012**	Year ended 31 March 2011
Weighted average number of ordinary shares for basic earnings per share (million)	**272.7**	272.2
Effect of dilution:		
Convertible bonds[1]	**–**	34.3
Share options	**4.4**	2.2
Adjusted weighted average number of ordinary shares for diluted earnings per share	**277.1**	308.7

1 During the year ended 31 March 2012, the adjustment in respect of convertible bonds has an anti-dilutive impact on the number of shares and earnings and is thus not considered for determining diluted EPS.

a) Earnings per share based on profit for the year
Basic earnings per share on the profit for the year

(US$ million except as stated)	**Year ended 31 March 2012**	Year ended 31 March 2011
Profit for the year attributable to equity holders of the parent (US$ million)	**59.8**	770.8
Weighted average number of shares of the Company in issue (million)	**272.7**	272.2
Earnings per share on profit for the year (US cents per share)	**21.9**	283.2

Diluted Earnings Per Share on the Profit for the Year

(US$ million except as stated)	**Year ended 31 March 2012**	Year ended 31 March 2011
Profit for the year attributable to equity holders of the parent (US$ million)	**59.8**	770.8
Adjustment in respect of convertible bonds of Vedanta (US$ million)	**–**	63.4
Profit for the year after dilutive adjustment (US$ million)	**59.8**	834.3
Adjusted weighted average number of shares of the Company in issue (million)	**277.1**	308.7
Diluted earnings per share on profit for the year (US cents per share)	**21.6**	270.2

During the year ended 31 March 2012, 62,294 options issued under the long-term incentive plan were converted to equity shares pursuant to vesting and exercise of the options (2011: 738,248 options).

Profit for the year would be increased if holders of the convertible bonds in Vedanta exercised their right to convert their bond holdings into Vedanta equity. The impact on profit for the year of this conversion would be the reduction in interest payable on the convertible bond net of any amount capitalised. This has been taken into account in determining diluted EPS.

The outstanding awards under the LTIP are reflected in the diluted EPS figure through an increased number of weighted average shares.

Earnings Per Share Based on Underlying Profit for the Year

The Group's Underlying Profit is the profit for the year after adding back special items, other gains and losses (Note 8) and their resultant tax and non-controlling interest effects, as shown in the table below:

(US$ million)	Note	**Year ended 31 March 2012**	Year ended 31 March 2011
Profit for the year attributable to equity holders of the parent		**59.8**	770.8
Special items	5	**230.2**	163.5
Other losses/(gains)		**314.2**	(252.1)
Tax and non-controlling interest effect of special items and other losses/gains		**(217.0)**	33.1
Underlying Profit for the year		**387.2**	715.3

Basic earnings per share on Underlying Profit for the year

(US$ million except as stated)	**Year ended 31 March 2012**	Year ended 31 March 2011
Underlying profit for the year (US$ million)	**387.2**	715.3
Weighted average number of shares of the Company in issue (million)	**272.7**	272.2
Earnings per share on underlying profit for the year (US cents per share)	**142.0**	262.8

Diluted Earnings Per Share on Underlying Profit for the Year

(US$ million except as stated)	**Year ended 31 March 2012**	Year ended 31 March 2011
Underlying profit for the year (US$ million)	**387.2**	715.3
Adjustment in respect of convertible bonds of Vedanta (US$ million)	**–**	63.4
Underlying profit for the year after dilutive adjustment (US$ million)	**387.2**	778.7
Adjusted weighted average number of shares of the Company (million)	**277.1**	308.7
Diluted earnings per share on Underlying Profit for the year (US cents per share)	**139.8**	252.3

14. Dividends

(US$ million)	**Year ended 31 March 2012**	Year ended 31 March 2011
Amounts recognised as distributions to equity holders:		
Equity dividends on ordinary shares:		
Final dividend for 2010–11: 32.5 US cents per share (2009–10: 27.5 US cents per share)	**89.2**	75.2
Interim dividend paid during the year: 20 US cents per share (2010–11: 20 US cents per share)	**54.9**	54.7
	144.1	129.9
Proposed for approval at AGM		
Equity dividends on ordinary shares:		
Final dividend for 2011–12: 35 US cents per share (2010–11: 32.5 US cents per share)	**96.0**	89.2

15. Goodwill

(US$ million)	**Year ended 31 March 2012**	Year ended 31 March 2011
Cost (gross carrying amount)	**16.9**	16.9
Acquisition[1]	**4.4**	–
Accumulated impairment losses	**(4.7)**	(4.7)
Net carrying amount at 31 March	**16.6**	12.2

1 Goodwill on acquisition of Goa Energy Private Limited ('GEPL') during the year ended 31 March 2012.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The Company has undertaken an impairment review of goodwill of US$12.2 million as at 31 March 2012. The carrying amount of goodwill was evaluated using the discounted future cash flows of the entity to which the goodwill pertains and comparing this to the total carrying value of the cash generating unit. It was determined that the carrying amount of goodwill is not impaired.

16. Property, Plant and Equipment

(US$ million)	Mining property and leases	Leasehold land and buildings	Freehold land and buildings	Plant and equipment[1]	Assets under construction	Oil and gas properties	Exploratory & evaluation assets	Others	Total
Cost									
At 1 April 2010	**3,118.3**	**122.1**	**665.0**	**7,397.0**	**5,661.7**	**–**	**–**	**22.6**	**16,986.7**
Additions	–	2.5	208.2	995.4	1,502.5	–	–	48.1	2,756.7
Transfers	72.4	–	39.1	565.3	(676.8)	–	–	–	–
Additions due to acquisition[2]	411.9	–	121.0	686.5	14.8	–	208.1	–	1,442.3
Reclassification from accumulated depreciation	–	6.8	(1.8)	–	–	–	–	(0.6)	4.4
Disposals	–	(0.1)	(3.8)	(80.1)	–	–	–	(0.4)	(84.4)
Impairment of assets	(118.3)	–	–	–	–	–	–	–	(118.3)
Foreign exchange differences	5.4	–	–	13.3	8.4	–	–	–	27.1
At 1 April 2011	**3,489.7**	**131.3**	**1,027.7**	**9,577.4**	**6,510.6**	**–**	**208.1**	**69.7**	**21,014.5**
Additions	13.3	11.5	207.4	1,015.8	1,367.6	116.8	259.8	11.3	3,003.5
Transfers	87.0	9.4	21.3	389.7	(507.5)	–	–	–	–
Additions due to acquisition	–	1.2	2.6	16.9	–	7,210.4	10,329.3	3.9	17,564.3
Reclassification from accumulated depreciation	37.5	–	(0.4)	(36.2)	0.1	–	–		1.0
Disposals	–	(0.7)	(0.3)	(63.4)	(2.1)	–	–	(0.2)	(66.7)
Foreign exchange differences	(365.3)	(5.7)	(127.9)	(1,000.3)	(813.2)	–	(25.5)	(4.0)	(2,341.9)
At 31 March 2012	**3,262.2**	**147.0**	**1,130.4**	**9,899.9**	**6,555.5**	**7,327.2**	**10,771.7**	**80.7**	**39,174.7**
Accumulated depreciation and impairment									
At 1 April 2010	**805.2**	**44.5**	**84.8**	**1,695.3**	**17.8**	**–**	**–**	**12.4**	**2,660.0**
Charge for the year	289.1	0.5	29.6	543.6	–	–	–	6.2	869.0
Disposals	–	–	(3.3)	(52.5)	–	–	–	(0.2)	(56.0)
Reclassification to cost	–	6.8	(1.8)	–	–	–	–	(0.6)	4.4
Foreign exchange differences	45.2	0.1	1.3	62.9	–	–	–	0.5	110.0
At 1 April 2011	**1,139.5**	**51.9**	**110.6**	**2,249.3**	**17.8**	**–**	**–**	**18.3**	**3,587.4**
Charge for the year	355.1	6.6	51.3	646.7	–	331.2	14.3	3.1	1,408.3
Disposals	–	(0.6)	(0.2)	(43.4)	–	–	–	(0.2)	(44.4)
Reclassification to cost	–	–	–	1.0	–	–	–	–	1.0
Foreign exchange differences	(140.3)	(1.0)	(16.3)	(216.2)	–	–	–	(2.0)	(375.8)
At 31 March 2012	**1,354.3**	**56.9**	**145.4**	**2,637.4**	**17.8**	**331.2**	**14.3**	**19.2**	**4,576.5**
Net book value									
At 1 April 2010	**2,313.1**	**77.6**	**580.2**	**5,701.7**	**5,643.9**	**–**	**–**	**10.2**	**14,326.7**
At 1 April 2011	**2,350.2**	**79.4**	**917.1**	**7,328.1**	**6,492.8**	**–**	**208.1**	**51.4**	**17,427.1**
At 31 March 2012	**1,907.9**	**90.1**	**985.0**	**7,262.5**	**6,537.7**	**6,996.0**	**10,757.4**	**61.5**	**34,598.2**

1 Plant and equipment include refineries, smelters, power plants and related facilities. Other tangible fixed assets include office equipment and fixtures, and light vehicles. At 31 March 2012, land with a carrying value of US$101.2 million (31 March 2011: US$144.3 million) was not depreciated. During the year ended 31 March 2012, cumulative capitalised interest and foreign exchange gains capitalised was US$293.6 million (31 March 2011: US$194.3 million). Additions to Exploratory and Evaluation assets include acquisition of assets of Western Cluster Limited.

2 Prior year restated to give effect to adjustments to provisional fair values (Note 34).

17. Financial Asset Investments

Financial asset investments are required to be classified and accounted for as either available-for-sale or fair value through profit or loss.

Available-for-sale Investments

(US$ million)	**Year ended 31 March 2012**	Year ended 31 March 2011
At 1 April	**304.2**	201.2
Additions	**4.1**	46.6
Movements in fair value	**(92.1)**	55.3
Exchange difference	**(6.6)**	1.1
At 31 March	**209.6**	304.2

Analysis of Financial Asset Investments

(US$ million)	**Year ended 31 March 2012**	Year ended 31 March 2011
Quoted	**179.0**	265.2
Unquoted	**30.6**	39.0

Quoted investments represent investments in equity securities that present the Group with opportunity for return through dividend income and gains in value. These securities are held at fair value based on market prices.

Unquoted investments include mainly an investment in the equity share capital of the Andhra Pradesh Gas Power Corporation Limited which is held at cost as it is not quoted.

18. Other Non-current Assets

(US$ million)	**As at 31 March 2012**	As at 31 March 2011
Deposits, advances and other receivables due after one year	**122.3**	24.6
	122.3	24.6

19. Inventories

(US$ million)	**As at 31 March 2012**	As at 31 March 2011
Raw materials and consumables	**863.3**	1,011.9
Work-in-progress	**677.3**	690.9
Finished goods	**163.5**	221.8
	1,704.1	1,924.6

Inventories with a carrying amount of US$999.5 million (2011: US$1,112.2 million) have been hypothecated or pledged as security against certain bank borrowings of the Group.

20. Trade and Other Receivables

(US$ million)	**As at 31 March 2012**	As at 31 March 2011
Trade receivables	**888.4**	761.4
Amounts due from related parties (Note 38)	**13.8**	13.6
Prepayments	**79.5**	93.4
Deposits with governments	**101.8**	141.9
Other receivables	**712.4**	327.6
	1,795.9	1,337.9

The credit period given to customers ranges from zero to 90 days. Other receivables primarily include excise balances, customs balances, advances to suppliers, claims receivables and other receivables.

21. Liquid Investments

(US$ million)	**As at 31 March 2012**	As at 31 March 2011
Bank deposits	**1,985.4**	1,929.0
Other investments	**2,954.9**	4,936.4
	4,940.3	6,865.4

Bank deposits are made for periods of between three months and one year depending on the cash requirements of the companies within the Group and earn interest at the respective deposit rates.

Other investments include mutual fund investments and are fair valued through the income statement. Liquid investments do not qualify for recognition as cash and cash equivalents due to their maturity period and risk of change in value of the investments.

22. Cash and Cash Equivalents

(US$ million)	**As at 31 March 2012**	As at 31 March 2011
Cash at bank and in hand	**264.2**	238.5
Short-term deposits[1]	**1,680.8**	673.1
	1,945.0	911.6

1 Includes US$89.9 million (2011: US$96.3 million) of cash held in short-term deposit accounts that is restricted in use as it relates to unclaimed deposits, dividends, interest on debentures, share application money, closure costs and future redundancy payments.

Short-term deposits are made for periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

23. Borrowings

(US$ million)	**As at 31 March 2012**	As at 31 March 2011
Bank loans	**11,464.9**	5,654.9
Bonds	**2,876.3**	1,244.7
Other loans	**323.9**	581.4
Total	**14,665.1**	7,481.0
Borrowings are repayable as:		
Within one year (shown as current liabilities)	**4,151.6**	3,045.1
More than one year	**10,513.5**	4,435.9
Total	**14,665.1**	7,481.0

At 31 March 2012, the Group had available US$2,897.3 million (2011: US$3,407.6 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. The principal loans held by Group companies at 31 March 2012 were as follows:

BALCO

Non-convertible Debentures

BALCO issued Non-convertible Debentures of US$97.7 million to the Life Insurance Corporation of India at a rate of 12.25% per annum. The debentures are secured and have the first pari passu charge on the fixed assets of the Company including land and buildings. The above loan is repayable in three yearly equal instalments starting November 2013.

Project Buyers’ Credit

As at 31 March 2012, BALCO has extended credit terms relating to the purchase of property, plant and equipment of US$348.3 million at an average interest rate of six month LIBOR plus 200 basis points. Project buyers’ credit has an average maturity of May 2013.

External Commercial Borrowings

BALCO has obtained an External Commercial Borrowing loan from State Bank of India, London of US$200 million at an interest rate of six month LIBOR plus 260 basis points secured by first pari passu charges on all the fixed assets (excluding land) of BALCO, projects of the Company both present and future along with secured lenders. The repayment period is from August 2016 to August 2018.

VAL

Rupee Term Loan

VAL has taken a US$2,119 million rupee loan from State Bank of India at a floating interest rate of 12.25%, secured by a first priority charge by way of hypothecation of all present and future unencumbered and encumbered movable fixed assets for the project and second charge on the current assets of the Company for the project.

Non-convertible Debentures

VAL has issued Non-convertible Debentures of US$78 million to the Life Insurance Corporation of India at a rate of 11.5% per annum. The debentures are secured and have the first pari passu charge over the identified assets (including land and building) of the issuer to the extent of 1.33 times the issued amount. Debentures are repayable in three yearly equal instalments starting October 2013.

External Commercial Borrowing

VAL has obtained an External Commercial Borrowing loan from ICICI Bank, Singapore of US$100 million at an interest rate of LIBOR plus 240 basis points secured by negative lien undertaking on the assets of the Jharsuguda project of the Company, both present and future, excluding assets already charged in favour of ICICI bank and other lenders. The repayment period is from February 2012 to August 2014. As at 31 March 2012 the amount outstanding is US$90 million.

VAL has obtained an External Commercial Borrowing loan from Axis Bank of US$500 million at an interest rate of LIBOR plus 400 basis points secured by negative lien undertaking on the assets of the Jharsuguda project of the Company, both present and future, excluding assets already charged in favour of ICICI bank and other lenders. The repayment is to be made in three equal instalments starting from April 2015.

Project Buyers' Credit
As at 31 March 2012, VAL had extended credit terms relating to purchases of property, plant and equipment amounting to US$683 million. These loans bear average interest at LIBOR plus 264 basis points. These are secured by all of the fixed assets of VAL, immovable or movable, present and future, on a pari passu basis with other term lenders and with priority over other creditors.

As on 31 March 2012, average maturity of project buyers' credit of US$580 million and US$103 million is December 2012 and October 2012 respectively.

Sterlite Energy
Project Buyers' Credit
As at 31 March 2012, SEL has extended credit terms relating to the purchase of property, plant and equipment of US$62 million at an average rate of LIBOR plus 196 basis points. The facility is unsecured. As on 31 March 2012, average maturity of project buyers' credit is July 2012.

Commercial Papers
During the period under consideration, SEL has issued commercial paper to various asset management companies for funding project payable. As on 31 March 2012 outstanding balance is US$406 million bearing coupon rate of 10.3%.

Talwandi Sabo
Non-convertible Debentures
Talwandi Sabo has issued Non-convertible Debentures of US$291 million to ICICI Bank at a rate of 9.8% per annum. The debentures are secured by first pari passu charge on the assets of the Company both present and future, with a minimum asset cover of 1.25 times during the lifetime of the NCDs (including the Debt Service Reserve Account) and unconditional and irrevocable corporate guarantee by Sterlite Industries. Debentures have a tenure of 13 years repayable in 12 equal instalments after 10 years of allotment.

Project Buyers' Credit
As at 31 March 2012, Talwandi Sabo has availed extended credit terms relating to the purchase of capital goods of US$366 million at an average rate of six month LIBOR plus 232 basis points. As on 31 March 2012, average maturity of project buyers' credit is November 2013.

KCM
In 2009 KCM obtained a loan of US$100 million from the Development Bank of Southern Africa (five year term) and US$191.7 million from Standard Chartered Bank (four year term). The loans bear an interest rate of three month LIBOR plus 280 basis points and 550 basis points respectively. Both the loans are repayable in 12 quarterly instalments starting from the third and second year, respectively. As at 31 March 2012 the total outstanding is US$149 million.

A term loan facility of US$500 million was taken from Standard Bank. During the period from 30 September 2011 to 26 March 2011, interest was payable monthly at one month LIBOR plus 165 basis points and thereafter, interest is payable monthly at one month LIBOR plus 250 basis points. The loan is repayable on 22 September 2012. The tenure for the facility is 12 months. The amount drawn as on 31 March 2012 under this facility is US$500 million.

Cairn India
In October 2010, CIL raised US$500 million through unsecured non-convertible Debentures ('NCDs'). The NCDs were issued in three tranches Series A, Series B and Series C. Series A & Series B are for INR6,250 million each, at a coupon rate of 8.35% and 8.40% with maturity on 12 July 2012 and 12 October 2012 respectively. As at 31 March 2012 Series A and Series B for an aggregate amount of US$244.3 million are outstanding.

Vedanta Resources plc
Long-term Bonds
In July 2008, Vedanta issued US$500 million, 8.75% bonds due January 2014, and US$750 million, 9.50% bonds due July 2018 in the United States of America ('USA') pursuant to Rule 144A of US Securities Act of 1933 ('Securities Act') and outside of the USA in Compliance with Regulation S pursuant to the Securities Act. The bonds are unsecured and are currently rated BB by Standard & Poor's, Ba3 by Moody's and BB by Fitch Ratings Limited.

In June 2011, the Company issued US$750 million, 6.75% bonds due June 2016 and US$900 million, 8.25% bonds due June 2021.

Syndicated Bridge Term Loan
In April 2008, the Group refinanced the short-term syndicated bridge loan facility of US$1,100 million taken out to acquire Sesa Goa. The new facility is for US$1,000 million, fully drawn down at 31 March 2012, which bears interest at LIBOR plus 296 basis points. US$250 million is repayable in April 2012 and the remaining US$750 million is repayable in January 2013.

Cairn Acquisition Facility
In December 2011 the Company made a drawdown of US$2,788.2 million against the term loan facility from Standard Chartered Bank ('SCB') (US$1,473.7 million under facility A and US$1,314.4 million under facility B). The net proceeds of the loan were used to meet the funding requirements for acquisition of 28.5% stake in Cairn India Limited in December 2011.

Facility A from SCB bears an interest rate of LIBOR plus 175 basis points. The loan is due for repayment in December 2012 (with an option to extend the term further for six months at the request of the borrower). The interest for the rollover period is USD LIBOR plus 250 basis points. Facility B bears an interest rate of USD LIBOR plus 325 basis points and is due for repayment in December 2014.

Term Loan
In December 2010, the Group obtained a loan from ICICI Bank for US$180 million repayable US$90 million in December 2014 and the balance US$90 million in December 2015 and bears an interest rate of three month GBP LIBOR plus 385 basis points. In January 2011, the Group obtained a loan from ICICI Bank for US$150 million repayable US$75 million in January 2016 and the balance US$75 million in January 2017 and bears interest rate of three month USD LIBOR plus 389 basis points.

In July 2011, the Group obtained a loan from ICICI Bank for US$500 million repayable US$250 million in January 2018 and the balance US$250 million in July 2018 and bears an interest rate of three month USD LIBOR plus 390 basis points.

In March 2012, the Company entered into a facility agreement of US$300 million with Standard Chartered Bank and withdrew US$150 million under the agreement. The loan bears an interest rate of USD LIBOR plus 415 basis points and is due for repayment in June 2015. The remaining facility amount of US$150 million was undrawn as on 31 March 2012.

Non-equity Non-controlling Interests
As at 31 March 2012, non-equity non-controlling interests remain of US$11.9 million, being deferred shares in KCM held by ZCCM. The deferred shares have no voting rights or rights to KCM's dividends, but are entitled on a winding up to a return of up to US$0.99 per share once all of KCM's ordinary shares have received a distribution equal to their par value and any share premium created on their issue and which remains distributable to them.

The deferred shares are held at historic cost, being the fair value attributed to them at the time of initial acquisition of KCM in the year ended 31 March 2005. They are classified as non-current liabilities as they are repayable only on the winding up of the Company, for an amount different than the pro rata share of net assets upon liquidation. The shares have been valued at US$0.99 per share, which is the maximum amount payable to the deferred shareholders. These deferred shares have not been discounted as the effect would not be material.

24. Movement in Net Debt[1]

			Debt due within one year		Debt due after one year		
(US$ million)	Cash and cash equivalents	Liquid investments	Debt carrying value	Debt-related derivatives[2]	Debt carrying value	Debt-related derivatives[2]	Total net debt
At 1 April 2010	**390.0**	**6,849.4**	**(1,012.6)**	**(0.9)**	**(7,161.0)**	**(12.1)**	**(947.2)**
Cash flow	(108.2)	(178.4)	(1,863.2)	–	(161.6)	–	(2,311.4)
Net cash flows arising on acquisition of subsidiaries	388.6	37.3	(29.4)	–	–	–	396.5
Other non-cash changes[3]	–	78.8	(96.1)	0.9	635.6	17.3	636.5
Foreign exchange differences	241.2	78.3	(43.8)	–	(20.4)	–	255.3
At 1 April 2011	**911.6**	**6,865.4**	**(3,045.1)**	**–**	**(6,707.4)**	**5.2**	**(1,970.3)**
Cash flow	(161.1)	(2,354.1)	(981.8)	–	(6,263.5)	–	(9,760.5)
Net cash flows arising on acquisition of subsidiaries	665.8	1,151.0	(240.5)	–	–	–	1,576.3
Other non-cash changes[3]	–	45.0	(211.1)	–	(210.1)	0.5	(375.7)
Foreign exchange differences	528.7	(767.0)	326.9	–	377.2	–	465.8
At 31 March 2012	**1,945.0**	**4,940.3**	**(4,151.6)**	**–**	**(12,803.8)**	**5.7**	**(10,064.4)**

1 Net (debt)/cash being total debt after fair value adjustments under IAS 32 and 39 as reduced by cash and cash equivalents and liquid investments.

2 Debt related derivatives exclude derivative financial assets and liabilities relating to commodity contracts and forward foreign currency contracts.

3 Other non-cash changes comprises of US$420.7 million (2011: US$462.4 million) of project buyers credit obtained from banks, interest accrued, MTM of embedded derivatives, exchanges losses and gains on borrowings and capital creditors for which there is no cash movement. It also includes US$45 million (2011: US$59.1 million) of fair value movement in investments. A movement of US$0.5 million (2011: US$18.2 million) which pertains to fair value of debt related derivatives is also included in other non-cash changes.

25. Trade and Other Payables
(a) Current Trade Payables

(US$ million)	**As at 31 March 2012**	As at 31 March 2011
Trade payables	**1,776.4**	1,969.0
Bills of exchange payable	**850.8**	816.6
Accruals and deferred income	**320.0**	272.5
Other trade payables	**895.7**	349.4
	3,842.9	3,407.5

Trade payables are non-interest-bearing and are normally settled on 60 to 90-day terms.

Interest bearing trade payables amount to US$1,083 million (31 March 2011: US$1,159 million).

Bills of exchange are interest-bearing and are normally payable within 180 days. Bills of exchange payable comprise credit availed from financial institutions for direct payment to suppliers for raw materials purchased. The arrangements are interestbearing and are normally payable within 180 days.

The fair value of trade and other payables is not materially different from the carrying values presented.

(b) Non-current Trade Payables

(US$ million)	**As at 31 March 2012**	As at 31 March 2011
Other trade payables	**164.0**	148.1
	164.0	148.1

Other trade payables primarily comprise the amounts withheld as retentions, payable to suppliers of capital projects after satisfactory completion of contractual commissioning period, which are payable after the completion of commissioning.

26. Convertible Bonds

(US$ million)	**Year ended 31 March 2012**	Year ended 31 March 2011
A. VRJL	**1,009.7**	968.2
B. VRJL II	**681.6**	651.8
C. FCCB – SIIL & Sesa	**599.0**	651.5
	2,290.3	2,271.5

A. Vedanta Resource Jersey Limited (‘VRJL’) issued 5.5% US$1,250 million guaranteed convertible bonds on 13 July 2009. The bonds are first convertible into exchangeable redeemable preference shares to be issued by VRJL, which will then be automatically exchanged for ordinary shares of Vedanta Resources plc. The bondholders have the option to convert at any time from 24 August 2009 to 6 July 2016. The loan notes are convertible at US$36.48 per share at an average rate of GBP:USD of 1.6386

If the notes have not been converted, they will be redeemed at the option of the Company at any time on or after 28 July 2012 subject to certain conditions, or be redeemed at the option of the bondholders on or after 13 July 2014.

The net proceeds of the convertible issue have been split between the liability element and equity component, representing the fair value of the embedded option to convert the liability into equity of the Company, as follows:

(US$ million)	**Year ended 31 March 2012**	Year ended 31 March 2011
Opening liability	**968.2**	931.3
Effective interest cost	**110.4**	105.8
Coupon interest paid/accrued	**(68.9)**	(68.9)
Closing liability	**1,009.7**	968.2

The interest charged for the year is calculated by applying an effective interest rate of 11.2% (March 2011: 11.2%).

The fair value of the convertible bond as at 31 March 2012 is US$1,022 million (March 2011: US$1,304.9 million).

B. Vedanta Resource Jersey II Limited ('VRJL – II') issued 4.0% US$883 million guaranteed convertible bonds on 30 March 2010. The bonds are first convertible into exchangeable redeemable preference shares to be issued by VRJL-II, which will then be automatically exchanged for ordinary shares of Vedanta Resources plc. The bondholders have the option to convert at any time from 10 May 2010 to 23 March 2017. The loan notes are convertible at US$51.9251 per share at an average rate of USD:GBP of 1.4965.

If the notes have not been converted, they will be redeemed at the option of the Company at any time on or after 14 April 2013 subject to certain conditions, or be redeemed at the option of the bondholders on or after 29 April 2013 to 30 March 2015.

At the inception the net proceeds of the convertible issue was split between the liability element and a derivative component, representing the fair value of the embedded option to convert the liability into equity of the Company. The latter has not been recorded within equity due to the existence of partial cash settlement terms within the bond which prevent the adoption of compound financial instrument accounting. During the year ended 31 March 2011, US$44.8 million was debited to the value of the derivative liability with a corresponding credit taken to the income statement. This represents the movement in the fair value of the embedded option to convert to equity from 1 April 2010 to 28 July 2010, the date of removal of the cash settlement option.

There was no embedded derivate for the year ended 31 March 2012.

(US$ million)	**Year ended 31 March 2012**	Year ended 31 March 2011
Opening liability	**651.8**	881.1
Equity Component	–	(211.6)
Effective interest cost	**65.1**	62.4
Coupon interest paid/accrued	**(35.3)**	(35.3)
Decrease in fair value of derivative component	–	(44.8)
Closing liability	**681.6**	651.8

The interest charged for the year is calculated by applying an effective interest rate of 9.8% (2011: 9.3%).

The fair value of the convertible bond as at 31 March 2012 was US$698.9 million (March 2011: US$907.6 million).

C. Sterlite Industries (India) Limited ('SIIL') issued 4% US$500 million convertible senior notes (denominated in US Dollars) on 29 October 2009 which are due on 30 October 2014. The bonds are convertible into American Depository Share ('ADS') to be issued by SIIL. The bondholders have the option to convert at any time before 29 October 2014 at a conversion ratio of 42.8688 for every US$1,000 of principal which is equal to a conversion price of US$23.33 per ADS. SIIL has the option (subject to the terms of the bond) to redeem the convertible bond at any time after 4 November 2012.

Sesa Goa Limited ('Sesa') issued 5% US$500 million convertible bonds (denominated in US dollars) on 30 October 2009 and due 31 October 2014. The bonds are convertible into ordinary shares of Sesa. The bondholders have the option to convert at any time after 10 December 2009 and before 24 October 2014 at a conversion ratio of 13837.6384 for every US$100,000 principal. Sesa has the option (subject to certain conditions) to redeem the convertible bond at any time after 30 October 2012.

As the functional currency of SIIL and Sesa is INR, the conversion of the convertible bonds (which are denominated in US dollars) would not result in the settlement and exchange of a fixed amount of cash in INR terms, for a fixed number of SIIL's and Sesa's shares respectively. Accordingly, the convertible bond must be separated into two component elements: a derivative component consisting of the conversion option (carried at fair value) and a liability component consisting of the debt element of the bonds. Further details of the accounting for such instruments are provided in the Group accounting policies (Note 2a).

The following table shows the movements in the SIIL and Sesa bonds during the year on an aggregated basis:

(US$ million)	**Year ended 31 March 2012**	Year ended 31 March 2011
Opening liability	**651.5**	965.4
Effective interest cost	**78.1**	71.6
Coupon interest paid	**(34.4)**	(34.4)
Conversion of bonds into equity of subsidiaries	–	(207.7)
Decrease in fair value of derivative component	**(96.2)**	(143.4)
Closing liability (including derivative component of US$30 million, March 2011: US$126.2 million)	**599.0**	651.5

The interest charged for the year is calculated by applying an effective interest rate of 9.9% (March 2011: 9.9%) for SIIL convertible notes and 13.1% (March 2011: 10.1%) for Sesa convertible notes.

The fair value of the convertible bonds as at 31 March 2012 was US$675.7 million (March 2011: US$751.6 million).

27. Financial Instruments

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below:

(US$ million)	**As at 31 March 2012**	As at 31 March 2011
Financial assets		
At fair value through profit or loss		
– Held for trading	**4,940.3**	6,865.4
– Other financial assets (derivatives)	**129.6**	140.3
Cash and cash equivalents	**1,945.0**	911.6
Loan and receivables		
– Trade and other receivables	**1,795.9**	1,328.6
– Other non-current assets	**97.9**	24.6
Available-for-sale investments		
– Financial asset investments held at fair value	**179.0**	265.2
– Financial asset investments held at cost	**30.6**	39.0
Total	**9,118.3**	9,574.7
Financial liabilities		
At fair value through profit or loss		
– Other financial liabilities (derivatives)	**(133.2)**	(103.5)
Designated into fair value hedge		
– Borrowings[1]	**(30.0)**	(126.2)
Financial liabilities at amortised cost		
– Trade and other payables	**(4,006.9)**	(3,555.6)
– Borrowings[2]	**(16,925.3)**	(9,626.3)
Total	**(21,095.5)**	(13,411.6)

1 Includes embedded derivative liability portion of convertible bonds US$30 million (2011: US$126.2 million).

2 Includes amortised cost liability portion of convertible bonds US$2,260.3 million (2011: US$2,145.3 million).

IFRS 7 requires additional information regarding the methodologies employed to measure the fair value of financial instruments which are recognised or disclosed in the accounts. These methodologies are categorised per the standard as:

> Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

> Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

> Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below summarises the categories of financial assets and liabilities measured at fair value:

	As at 31 March 2012	
(US$ million)	**Level 1**	**Level 2**
Financial assets		
At fair value through profit or loss		
– Held for trading	**4,940.3**	**–**
– Other financial assets (derivatives)	**–**	**129.6**
Available-for-sale investments		
– Financial asset investments held at fair value	**179.0**	**–**
Total	**5,119.3**	**129.6**
Financial liabilities		
At fair value through profit or loss		
– Other financial liabilities (derivatives)	**–**	**(133.2)**
Designated into fair value hedge		
– Borrowings	**–**	**(30.0)**
Total	**–**	**(163.2)**

There were no transfers between Level 1 and Level 2 during the year. No financial assets or liabilities were measured by Level 3 Fair Value Measurement.

The fair value of borrowings is US$16,062.3 million (2011: US$10,011.2 million). For all other financial instruments, the carrying amount is either the fair value, or approximates the fair value.

The fair value of financial asset investments represents the market value of the quoted investments and other traded instruments. For other financial assets the carrying value is considered to approximate fair value.

The fair value of financial liabilities is the market value of the traded instruments, where applicable. Otherwise fair value is calculated using a discounted cash flow model with market assumptions, unless the carrying value is considered to approximate fair value.

The fair value of the embedded derivative liability of convertible bond has been calculated using the binomial and Black-Scholes models with market assumptions.

Derivative Instruments and Risk Management
The Group's businesses are subject to several risks and uncertainties including financial risks.

The Group's documented risk management policies act as an effective tool in mitigating the various financial risks to which the businesses are exposed to in the course of their daily operations. The risk management policies cover areas such as liquidity risk, commodity price risk, foreign exchange risk, interest rate risk, credit risk and capital management (Note 32).

Risks are identified through a formal risk management programme with active involvement of senior management personnel and business managers at both the corporate and individual subsidiary level. Each operating subsidiary in the Group has in place risk management processes which are in line with the Group's policy. Each significant risk has a designated 'owner' within the Group at an appropriate senior level. The potential financial impact of the risk and its likelihood of a negative outcome are regularly updated. The risk management process is co-ordinated by the Management Assurance function and is regularly reviewed by the Group's Audit Committee. Key business decisions are discussed at the monthly meetings of the Executive Committee. The overall internal control environment and risk management programme including financial risk management is reviewed by the Audit Committee on behalf of the Board.

Treasury Management
Treasury management focuses on capital protection, liquidity maintenance and yield maximisation. The treasury policies are approved by the Board and adherence to these policies is strictly monitored at the Executive Committee meetings. Day-to-day treasury operations of the subsidiary companies are managed by their respective finance teams within the framework of the overall Group treasury policies. Long-term fund raising including strategic treasury initiatives are handled by a central team while short-term funding for routine working capital requirements is delegated to subsidiary companies. A monthly reporting system exists to inform senior management of investments, debt, currency, commodity and interest rate derivatives. The Group has a strong system of internal control which enables effective monitoring of adherence to Group policies. The internal control measures are effectively supplemented by regular internal audits.

The Group uses derivative instruments as part of its management of exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices. The Group does not acquire or issue derivative financial instruments for trading or speculative purposes. The Group does not enter into complex derivative transactions to manage the treasury and commodity risks. Both treasury and commodities derivative transactions are normally in the form of forward contracts and interest rate and currency swaps and these are subject to the Group guidelines and policies. Interest rate swaps are taken to achieve a balance between fixed and floating rates (as described below under 'Interest risk') and currency swaps are taken primarily to convert the Group's exposure to non-US dollar currencies to US dollar currencies.

Commodity Risk
The Group is exposed to the movement of base metal commodity prices on the London Metal Exchange. Any decline in the prices of the base metals that the Group produces and sells will have an immediate and direct impact on the profitability of the businesses. As a general policy, the Group aims to sell the products at prevailing market prices. As much as possible, the Group tries to mitigate price risk through favourable contractual terms. The Group undertakes hedging activity in commodities to a limited degree. Hedging is used primarily as a risk management tool and, in some cases, to secure future cash flows in cases of high volatility by entering in to forward contracts or similar instruments. The hedging activities are subject to strict limits set out by the Board and to a strictly defined internal control and monitoring mechanism. Decisions relating to hedging of commodities are taken at the Executive Committee level and with clearly laid down guidelines for their implementation by the subsidiaries.

Whilst the Group aims to achieve average LME prices for a month or a year, average realised prices may not necessarily reflect the LME price movements because of a variety of reasons such as uneven sales during the year and timing of shipments.

The Group is also exposed to the movement of international crude oil price and the discount in the price of Rajasthan crude oil to Brent price.

Copper
The Group's custom smelting copper operations at Tuticorin is benefited by a natural hedge except to the extent of a possible mismatch in quotational periods between the purchase of concentrate and the sale of finished copper. The Group's policy on custom smelting is to generate margins from TCRCs, 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 actively managed to ensure that the gains or losses are minimised. The Group hedges this variability of LME prices and tries to make the LME price a pass-through cost between purchases of copper concentrate and sales of finished products, both of which are linked to the LME price. The Company also benefits from the difference between the amounts paid for quantities of copper content received and recovered in the manufacturing process, also known as 'free copper'. The Group hedges on a selective basis the free copper by entering into future contracts.

The Group's Australian mines in Tasmania supply approximately 7% to 8% of the requirement of the custom copper smelter at Tuticorin on arm's length basis. Hence, TCRCs are a major source of income for the Indian copper smelting operations. Fluctuations in TCRCs are influenced by factors including demand and supply conditions prevailing in the market for mine output. The Group's copper business has a strategy of securing a majority of its concentrate feed requirement under long-term contracts with mines.

KCM is largely an integrated copper producer and whenever hedging is done it is with an intention to protect the Company from price fluctuations in copper.

For the mining assets in Australia and Zambia, part of the production may be hedged to secure cash flows on a selective basis.

Aluminium
The requirement of the primary raw material, alumina, is partly met from own sources and the rest is purchased primarily on negotiated price terms. Sales prices are linked to the LME prices. At present the Group on a selective basis hedges the aluminium content in outsourced alumina to protect its margins.

Zinc and Lead
The sales prices are linked to the LME prices. The Group has some long-term volume contracts with some customers where the prices are linked to prevailing LME prices at the time of shipment. The Group hedged custom protection from India through forward contracts or other instruments.

Iron Ore
The Group sells some portion of its iron ore production on quarterly price contracts and the balance on the basis of prevailing market prices.

Provisionally Priced Financial Instruments
On 31 March 2012, the value of net financial liabilities linked to commodities (excluding derivatives) accounted for on provisional prices was a liability of US$ 469.5 million (2011: US$411.8 million). These instruments are subject to price movements at the time of final settlement and the final price of these instruments will be determined in the financial year beginning 1 April 2012.

Set out below is the impact of 10% increase in LME prices on profit for the year and total equity as a result of changes in value of the Group's commodity financial instruments as at 31 March 2012:

(US$ million except as stated)

Commodity price sensitivity	Closing LME as at 31 March 2012 US$	Effect on profit of a 10% increase in the LME 31 March 2012 (US$ million)	Effect on total equity of a 10% increase in the LME 31 March 2012 (US$ million)
Copper	**8,480**	**9.3**	**9.3**
Zinc	**2,003**	**2.2**	**2.2**
Lead	**2,021**	**3.2**	**3.2**

Commodity price sensitivity (US$ million except as stated)	Closing LME as at 31 March 2011 US$	Effect on profit of a 10% increase in the LME 31 March 2011 (US$ million)	Effect on total equity of a 10% increase in the LME 31 March 2011 (US$ million)
Copper	9,400	4.6	4.6
Zinc	2,319	4.5	4.5
Lead	2,720	3.4	3.4

The above sensitivities are based on volumes, costs, exchange rates and other variables and provide the estimated impact of a change in LME prices on profit and equity assuming that all other variables remain constant.

Further, the impact of a 10% increase in closing copper LME for provisionally priced copper concentrate purchase at Sterlite custom smelting operations is US$37 million (2011: US$37.3 million), which is pass through in nature and as such will not have any impact on the profitability.

Financial Risk and Sensitivities
The Group's Board approved financial risk policies comprise liquidity, currency, interest rate and counterparty risk. The Group does not engage in speculative treasury activity but seeks to manage risk and optimise interest and commodity pricing through proven financial instruments.

(a) Liquidity
The Group requires funds both for short-term operational needs as well as for long-term investment programmes mainly in growth projects. The Group generates sufficient cash flows from the current operations which together with the available cash and cash equivalents and liquid financial asset investments provide liquidity both in the Short-term as well as in the long-term. Anticipated future cash flows and undrawn committed facilities of US$2,897.3 million, together with cash and liquid investments of US$6,885.3 million as at 31 March 2012, are expected to be sufficient to meet the ongoing capital investment programme and liquidity requirement of the Group in the near future.

The Group has a strong balance sheet that gives sufficient headroom to raise further debt should the need arise. The Group's current ratings from Standard & Poor's, Moody's & Fitch Ratings are BB, Ba1 and BB+ respectively (2011: BB, Ba1 and BB+ respectively). These ratings support the necessary financial leverage and access to debt or equity markets at competitive terms. The Group generally maintains a healthy net gearing ratio and retains flexibility in the financing structure to alter the ratio when the need arises.

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 2012

(US$ million except as stated)

Payment due by period	**< 1 year**	**1–2 years**	**2–5 years**	**> 5 years**	**Total**
Trade and other payables	3,906.4	164.0	–	–	4,070.4
Bank and other borrowings	5,140.2	2,829.4	5,076.6	5,473.4	18,519.6
Convertible bonds	114.3	795.9	1,808.4	–	2,718.7
Derivative liabilities	101.1	–	32.1	–	133.2
Total	**9,262.0**	**3,789.3**	**6,917.1**	**5,473.4**	**25,441.9**

At 31 March 2011[1]

(US$ million except as stated)

Payment due by period	< 1 year	1–2 years	2–5 years	> 5 years	Total
Trade and other payables	3,434.0	148.2	–	–	3,582.2
Bank and other borrowings	3,528.2	2,186.2	1,771.8	1,302.3	8,788.6
Convertible bonds	107.4	107.4	945.7	1,699.4	2,859.9
Derivative liabilities	9.3	–	94.2	–	103.5
Total	**7,078.9**	**2,441.8**	**2,811.7**	**3,001.7**	**15,334.2**

1 Prior year number restated to include interest.

At 31 March 2012, the Group had access to funding facilities of US$19,852.7 million of which US$2,897.3 million was not yet drawn, as set out below.

(US$ million)

Funding facilities	Total facility	Drawn	Undrawn
Less than 1 year	6,776.1	4,151.6	2,624.5
1–2 years	3,241.4	3,241.4	–
2–5 years and above	9,835.2	9,562.4	272.8
Total	**19,852.7**	**16,955.4**	**2,897.3**

At 31 March 2011, the Group had access to funding facilities of US$19,160.1 million of which US$9,407.6 million was not yet drawn, as set out below.

(US$ million)

Funding facilities	Total facility	Drawn	Undrawn
Less than 1 year	10,946.8	3,045.1	7,901.7
1–2 years	3,336.3	1,914.2	1,422.1
2–5 years and above	4,877.0	4,793.2	83.8
Total	**19,160.1**	**9,752.5**	**9,407.6**

(b) Foreign Currency

The Group's presentation currency is the US dollar. The majority of the assets are located in India and the Indian rupee is the functional currency for the Indian operating subsidiaries, except Cairn where the functional currency is US dollars, since that is the currency of the primary economic environment in which Cairn operates.

Exposure on foreign currency loans are managed through the Group-wide hedging policy, which is reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed. Natural hedges available in the business are identified at each entity level and hedges are placed only for the net exposure. Short-term net exposures are hedged progressively based on their maturity. Longer exposures beyond one year are normally unhedged. Stop losses and take profit triggers are implemented to protect entities from adverse market movements at the same time enabling them to encash in favourable market opportunities. Vedanta has hedged some of its US dollar borrowings into other foreign currency borrowings by entering into cross-currency swaps.

The carrying amount of the Group's financial assets and liabilities in different currencies are as follows:

	At 31 March 2012		At 31 March 2011	
(US$ million)	**Financial assets**	**Financial liabilities**	Financial assets	Financial liabilities
USD	**2,358.3**	**16,043.8**	884.6	8,849.2
INR	**6,316.9**	**4,867.1**	7,959.4	4,260.9
Kwacha	–	–	44.4	27.5
JPY	**100.5**	–	93.5	8.7
AUD	**23.8**	**21.4**	5.6	23.1
CAD	**166.9**	–	249.2	–
Euro	**117.4**	**106.4**	134.9	116.4
ZAR	**12.2**	**24.3**	62.3	63.5
NAD	**21.6**	**18.4**	129.3	45.7
Others	**0.7**	**14.1**	11.5	16.6
Total	**9,118.3**	**21,095.5**	9,574.7	13,411.6

The Group's exposure to foreign currency arises where a Group company holds monetary assets and liabilities denominated in a currency different to the functional currency of that entity with US dollar being the major foreign currency exposure of the Group's main operating subsidiaries. Set out below is the impact of a 10% change in the US dollar on profit and equity arising as a result of the revaluation of the Group's foreign currency financial instruments:

	31 March 2012		
(US$ million)	**Closing exchange rate**	**Effect of 10% strengthening of US dollar on net earning**	**Effect of 10% strengthening of US dollar on total equity**
INR	**51.16**	**(426.6)**	**(372.1)**
AUD	**0.9610**	**(0.2)**	**(0.2)**
Euro	**0.7490**	**1.0**	**33.6**

(US$ million)	31 March 2011 Closing exchange rate	Effect of 10% strengthening of US dollar on net earning	Effect of 10% strengthening of US dollar on total equity
INR	44.65	(167.7)	(190.3)
AUD	0.9680	0.9	0.9
Kwacha	4,770	1.5	1.5

The sensitivities are based on financial assets and liabilities held at 31 March 2012 where balances are not denominated in the functional currency of the respective subsidiaries. The sensitivities do not take into account the Group's sales and costs and the results of the sensitivities could change due to other factors such as changes in the value of financial assets and liabilities as a result of non-foreign exchange influenced factors.

(c) Interest Rate Risk
At 31 March 2012, the Group's net debt of US$10,064.4 million (2011: US$1,970.3 million net debt) comprises cash, cash equivalents and liquid investments of US$6,885.3 million (2011: US$7,777 million) offset by debt of US$16,955.4 million (2011: US$9,752.5 million) and debt derivative of US$5.7 million (2011: US$5.2 million).

The Group is exposed to interest rate risk on short-term and long-term floating rate instruments and on the refinancing of fixed rate debt. The Group's policy is to maintain a balance of fixed and floating interest rate borrowings and the proportion of fixed and floating rate debt is determined by current market interest rates. As at 31 March 2012, 60.3% (2011: 59.3%) of the total debt was at a fixed rate and the balance was at a floating rate. The floating rate debt is largely linked to US dollar LIBOR. The Group also aims to minimise its average interest rates on borrowings by opting for a higher proportion of long-term debt to fund growth projects. The Group invests cash and liquid investments in short-term deposits and debt mutual funds, some of which generate a tax-free return, to achieve the Group's goal of maintaining liquidity, carrying manageable risk and achieving satisfactory returns.

Floating rate financial assets are largely mutual fund investments which have debt securities as underlying assets. The returns from these financial assets are linked to market interest rate movements; however the counterparty invests in the agreed securities with known maturity tenure and return and hence has manageable risk.

The exposure of the Group's financial assets to interest rate risk is as follows:

	At 31 March 2012				At 31 March 2011			
(US$ million)	**Floating rate financial assets**	**Fixed rate financial assets**	**Equity Investments**	**Non-interest bearing financial assets**	Floating rate financial assets	Fixed rate financial assets	Equity Investments	Non-interest bearing financial assets
Financial assets	**3,013.5**	**3,409.8**	**189.1**	**2,362.9**	5,091.9	2,362.4	278.2	1,701.9
Derivative assets	**–**	**–**	**–**	**143.0**	–	–	–	140.3
Total financial assets	**3,013.5**	**3,409.8**	**189.1**	**2,505.9**	5,091.9	2,362.4	278.2	1,842.2

The exposure of the Group's financial liabilities to interest rate risk is as follows:

	At 31 March 2012			At 31 March 2011		
(US$ million)	**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	**14,437.6**	**3,660.9**	**2,863.8**	3,820.6	6,363.4	3,124.1
Derivative liabilities	**–**	**–**	**133.2**	–	–	103.5
Total financial liabilities	**14,437.6**	**3,660.9**	**2,997.0**	3,820.6	6,363.4	3,227.6

The weighted average interest rate on the fixed rate financial liabilities is 7.7% (2011: 7.4%) and the weighted average period for which the rate is fixed is 4.4 years (2011: 3.4 years).

Considering the net debt position as at 31 March 2012 and the investment in bank deposits and debt mutual funds, any increase in interest rates would result in a net loss and any decrease in interest rates would result in a net gain. The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance sheet date.

The table below illustrates the impact of a 0.5% to 2.0% decrease in interest rate of borrowings on profit and equity and represents management's assessment of the possible change in interest rates.

At 31 March 2012

(In US$ million) **Decrease in interest rates**	**Effect on net earnings US dollar interest rate**	**Effect on total equity US dollar Interest rate**
0.5%	40.2	40.2
1.0%	80.5	80.5
2.0%	161.0	161.0

At 31 March 2011

(In US$ million) Decrease in interest rates	Effect on net earnings US dollar interest rate	Effect on total equity US dollar interest rate
0.5%	12.7	12.7
1.0%	25.3	25.3
2.0%	50.7	50.7

(d) Credit Risk

The Group is exposed to credit risk from trade receivables, liquid investments and other financial instruments.

The Group has clearly defined policies to mitigate counterparty risks. Cash and liquid investments are held primarily in mutual funds and banks with good credit ratings. Defined limits are in place for exposure to individual counterparties in case of mutual fund houses and banks.

The large majority of receivables due from third parties are secured. Moreover, given the diverse nature of our businesses trade receivables are spread over a number of customers with no significant concentration of credit risk. No single customer accounted for 10% or more of the Group's net sales or for any of the Group's primary businesses during the year ended 31 March 2012 and in the previous year. The history of trade receivables shows a negligible provision for bad and doubtful debts. Therefore, the Group does not expect any material risk on account of non-performance by any of our counterparties.

The Group's maximum exposure to credit risk at 31 March 2012 is US$9,118.3 million (2011: US$9,574.7 million).

Of the year end trade and other receivable balance the following, though overdue, are expected to be realised in the normal course of business and hence, are not considered impaired as at 31 March 2012:

(US$ million)	**2012**	2011
Less than 1 month	**26.6**	14.2
Between 1–3 months	**12.7**	6.1
Between 3–12 months	**25.0**	8.7
Greater than 12 months	**77.2**	17.0
Total	**141.5**	46.0

Derivative Financial Instruments

The fair value of all derivatives is separately recorded on the balance sheet within other financial assets (derivatives) and other financial liabilities (derivatives), current and non-current. In addition, the derivative component of certain convertible bonds is shown as part of the overall convertible bond liability (Note 26). Derivatives that are designated as hedges are classified as current or non-current depending on the maturity of the derivative.

Embedded Derivatives

Derivatives embedded in other financial instruments or other contracts are treated as separate derivative contracts, when their risks and characteristics are not closely related to those of their host contracts.

Cash Flow Hedges

The Group also enters into forward exchange and commodity price contracts for hedging highly probable forecast transactions and accounts for them as cash flow hedges and states them at fair value. Subsequent changes in fair value are recognised in equity until the hedged transactions occur, at which time the respective gains or losses are transferred to the income statement. The fair value of the Group's open derivative positions at 31 March 2012, recorded within other financial assets (derivatives) and other financial liabilities (derivatives) is as follows:

	As at 31 March 2012		As at 31 March 2011	
(US$ million)	**Liability**	**Asset**	Liability	Asset
Current				
Cash flow hedges				
– Commodity contracts	**–**	**3.5**	–	–
– Forward foreign currency contracts	**–**	**1.2**	(0.2)	8.1
Fair value hedges				
– Commodity contracts	**2.2**	**0.1**	(3.3)	0.2
– Forward foreign currency contracts	**(0.3)**	**4.7**	–	0.3
– Others (foreign currency swap)	**(82.1)**	**83.0**	–	–
Non-qualifying hedges				
– Commodity contracts	**(2.5)**	**0.6**	(5.0)	3.1
– Forward foreign currency contracts	**(9.4)**	**13.7**	(0.8)	29.2
Hedge of net investment in foreign operations	**(9.0)**	**–**	–	–
Total	**(101.1)**	**106.8**	(9.3)	40.9
Non-current				
Fair value hedges				
– Interest rate swap	**(14.7)**	**–**	–	–
– Others (foreign currency swap)	**(17.4)**	**22.8**	(94.2)	99.4
Total	**(32.1)**	**22.8**	(94.2)	99.4
Grand total	**(133.2)**	**129.6**	(103.5)	140.3

The majority of cash flow hedges taken out by the Group during the year comprise forward foreign currency contracts for firm future commitments.

Non-Qualifying Hedges

The majority of these derivatives comprise copper sale and purchase contracts at Sterlite custom smelting operations and also includes interest rate swaps which are economic hedges but which do not fulfil the requirements for hedge accounting of IAS 39 Financial Instruments: Recognition and Measurement.

Fair Value Hedges

The fair value hedges relate to forward covers taken to hedge currency exposure on purchase of raw materials and capital imports and includes cross currency swaps.

Hedging Reserves Reconciliation

(US$ million)	Hedging reserves	Non-controlling interests	Total
At 1 April 2010	**27.8**	**14.9**	**42.7**
Amount recognised directly in equity	7.7	(3.9)	3.8
Amount charged/(credited) to income statement	2.3	(3.3)	(1.0)
Exchange difference	0.4	–	0.4
At 1 April 2011	**38.2**	**7.7**	**45.9**
Amount recognised directly in equity	(64.9)	(15.7)	(80.6)
Amount credited to income statement	(30.4)	(7.5)	(37.9)
Exchange difference	1.5	0.5	2.0
At 31 March 2012	**(55.6)**	**(15.0)**	**(70.6)**

28. Provisions

(US$ million)	Restoration, rehabilitation and environmental	KCM Copper Price Participation	Other	Total
At 1 April 2010	**25.3**	**125.4**	**17.8**	**168.5**
Acquisition	121.2	–	19.3	140.5
(Credited)/charged to income statement	2.2	(0.9)	1.1	2.4
Unwinding of discount	0.7	6.6	0.7	7.9
Cash paid	0.1	–	3.9	4.0
Exchange differences	0.9	–	–	0.9
At 1 April 2011	**150.4**	**131.1**	**42.8**	**324.3**
Acquisition	124.3	–	6.1	130.4
Credited to income statement	(1.6)	(19.2)	(6.5)	(27.3)
Unwinding of discount	5.0	6.1	0.4	11.5
Cash paid	(0.3)	(20.0)	(6.2)	(26.5)
Exchange differences	(3.8)	–	(3.5)	(7.3)
At 31 March 2012	**274.0**	**98.0**	**33.1**	**405.1**
Current 2012	–	–	18.1	18.1
Non-current 2012	274.0	98.0	15.0	387.0
	274.0	**98.0**	**33.1**	**405.1**
Current 2011	–	–	22.8	22.8
Non-current 2011	150.4	131.1	20.0	301.5
	150.4	**131.1**	**42.8**	**324.3**

Restoration, Rehabilitation and Environmental

The provisions for restoration, rehabilitation and environmental liabilities represent the Directors' best estimate of the costs which will be incurred in the future to meet the Group's obligations under existing Indian, Australian, Zambian, Namibian, South African and Irish laws and the terms of the Group's mining and other licences and contractual arrangements. These amounts become payable on closure of mines and are expected to be incurred over a period of three to 20 years. Relating to oil and gas fields, costs are incurred in restoring the site of production facilities at the end of the producing life of an oil field. The Company recognises the full cost of site restoration as a liability when the obligation to rectify environmental damage arises. An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production from a producing field.

KCM Copper Price Participation

KCM Copper Price Participation relates to provision in respect of a price participation agreement in Zambia which requires KCM to pay ZCCM an agreed annual sum when copper price exceeds specified levels and specific triggers. The timing of the outflow is dependent on future copper prices as well as dividends paid.

Other

Other includes provision on post retirement medical benefits and insurance claim receivables.

29. Deferred Tax

The Group has accrued significant amounts of deferred tax. The majority of the deferred tax liability represents accelerated tax relief for the depreciation of capital expenditure and the depreciation on fair value upliftment created on acquisitions, net of losses carried forward by KCM.

The amounts of deferred taxation on temporary differences, provided and not provided, in the accounts are as follows:

Provided – Liabilities/(assets)

(US$ million)	**As at 31 March 2012**	As at 31 March 2011
Accelerated capital allowances	**6,514.4**	1,773.9
Unutilised tax losses	**(390.5)**	(377.3)
Other temporary differences	**(610.0)**	(66.7)
	5,513.9	1,329.9
Recognised as:		
Deferred tax liability provided	**5,916.7**	1,348.1
Deferred tax asset recognised	**(402.8)**	(18.2)
	5,513.9	1,329.9

Unrecognised Deferred Tax Assets

(US$ million)	**As at 31 March 2012**	As at 31 March 2011
Unutilised tax losses and unabsorbed depreciation	**(488.7)**	(252.0)

The above relates to the tax effect of US$471.6 million (2011: US$356.9 million) of unutilised tax losses of the Company and VRHL which have no expiry period and US$1,157.2 million (2011: US$490.8 million) of unutilised tax losses and capital allowances for VAL and SEL. The expiry period for unutilised tax losses is eight years in the Indian tax regime whereas unabsorbed depreciation can be carried forward for an indefinite period. No benefit has been recognised for these items on the grounds that their successful application against future profits is not probable in the foreseeable future.

Deferred Tax Asset

(US$ million)	**As at 31 March 2012**	As at 31 March 2011
At 1 April	**18.2**	8.9
Credited to income statement	**178.0**	17.3
Charged directly to equity	**(1.1)**	(8.3)
Acquisitions	**205.8**	–
Foreign exchange differences	**1.9**	0.3
At 31 March	**402.8**	18.2

The Group has US$1,301.7 million of unutilised tax losses at KCM (2011: US$1,234.9 million) which expire in the period 2016 to 2019 and have been offset against accelerated capital allowances at the same entity.

Deferred Tax Liability

(US$ million)	**As at 31 March 2012**	As at 31 March 2011
At 1 April	**1,358.0**	1,209.3
Addition due to acquisition	**4,832.0**	205.9
Credited to income statement	**(127.6)**	(62.6)
Charged directly to equity	**(6.8)**	2.3
Foreign exchange differences	**(132.1)**	14.1
Prior year adjustments	–	(10.9)
Disposals	**(6.8)**	–
At 31 March	**5,916.7**	1,358.1

No deferred tax has been recognised in respect of temporary differences associated with investments in subsidiaries where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with such investments in subsidiaries is represented by the contribution of those investments to the Group's retained earnings and amounted to US$5,290.2 million (2011: US$3,966.1 million).

30. Share-based Payments
Employee Share Schemes

The Group aims to provide superior rewards for outstanding performance and a high proportion of 'at risk' remuneration for Executive Directors. Three employee share schemes were approved by shareholders on Listing. The Board has no present intention to introduce any further share schemes.

The Vedanta Resources Long-Term Incentive Plan (the 'LTIP')

The LTIP is the primary arrangement under which share-based incentives are provided to the Executive Directors and the wider management group. The maximum value of shares that can be conditionally awarded to an Executive Director in a year is 100% of annual salary. In respect of Messrs Navin Agarwal and MS Mehta, salary means the aggregate of their salary payable by Vedanta and their CTC payable by Sterlite. The maximum value of shares that can be awarded to members of the wider management group is calculated by reference to the CTC, share-based remuneration already received and consistent with local market practice.

The performance condition attaching to outstanding awards under the LTIP is that the Company's performance, measured in terms of Total Shareholder Return ('TSR') (being the movement in a company's share price plus reinvested dividends), is compared over the performance period with the performance of the companies as defined in the scheme from the date of grant. The extent to which an award vests will depend on the Company's TSR rank against a group of peer companies ('Adapted Comparator Group') at the end of the performance period and as moderated by Remuneration Committee. The vesting schedule is shown in the table below, with adjusted straight-line vesting in between the points shown and rounding down to the nearest whole share.

Vedanta's TSR Performance against Adapted Comparator Group

	% of award vesting
Below median	–
At median	40
At or above upper quartile	100

The performance condition will be measured by taking the Company's TSR over the four weeks immediately preceding the date of grant and over the four weeks immediately preceding the end of the performance period, and comparing its performance with that of the comparator group described above. The information to enable this calculation to be carried out on behalf of the Remuneration Committee (the 'Committee') will be provided by the Company's advisers. The Committee considers that this performance condition, which requires that the Company's total return has out-performed a group of companies chosen to represent the mining sector, provides a reasonable alignment of the interests of the Executive Directors and the wider management group with those of the shareholders.

Initial awards under the LTIP were granted on 26 February 2004 with further awards being made on 11 June 2004, 23 November 2004, 1 February 2006, 1 February 2007, 14 November 2007, 1 February 2009, 1 August 2009, 1 January 2010, 1 April 2010, 1 July 2010, 1 October 2010, 1 January 2011, 1 April 2011, 1 July 2011, 1 August 2011, 1 October 2011 and 1 January 2012. The exercise price of the awards is 10 US cents per share and the performance period is one year for the February 2007 awards and three years for all other awards, with no re-testing being allowed. The exercise period is six months from the date of vesting. Further details on the LTIP would be available in the Remuneration Report of the Annual Report on pages 83 to 91.

Year of grant	Exercise date	Exercise price US cents per share	Options outstanding 1 April 2011	Options granted during the year	Options lapsed during the year	Options lapsed during the year owing to performance conditions	Options exercised during the year	Options outstanding at 31 March 2012
2007	14 November 2010 to 14 May 2011	10	63,022	–	–	–	63,022	–
2009	1 August 2012–1 February 2013	10	2,134,163	–	220,400	68,350	–	1,845,413
2010	1 January 2013–1 July 2013	10	14,000	–	5,000	–	–	9,000
2010	1 July 2013–1 January 2014	10	7,500	–	7,500	–	–	–
2010	1 October 2013–1 April 2014	10	6,700	–	–	–	–	6,700
2011	1 January 2014–1 July 2014	10	2,700	–	–	–	–	2,700
2011	1 April 2014–1 October 2014	10	–	102,300	12,950	500	–	88,850
2011	1 July 2014–1 January 2015	10	–	19,000	–	–	–	19,000
2011	1 August 2014–1 February 2015	10	–	2,862,100	218,400	18,100	–	2,625,600
2011	1 October 2014–1 April 2015	10	–	5,000	–	–	–	5,000
2012	1 January 2015–1 July 2015	10	–	7,000	–	–	–	7,000
			2,228,085	**2,995,400**	**464,250**	**86,950**	**63,022**	**4,609,263**

As at 31 March 2012 all the options granted on 14 November 2007 and 1 July 2010, were lapsed and all the remaining unexercised options granted on 1 August 2009, 1 January 2010, 1 October 2010, 1 January 2011, 1 April 2011, 1 July 2011, 1 August 2011, 1 October 2011 and 1 January 2012 remain unexercised. The weighted average share price for the share options exercised during the year was £21.43.

All share-based awards of the Group are equity-settled as defined by IFRS 2 'Share-based Payment'. The fair value of these awards has been determined at the date of grant of the award allowing for the effect of any market-based performance conditions. This fair value, adjusted by the Group's estimate of the number of awards that will eventually vest as a result of non-market conditions, is expensed uniformly over the vesting period.

The fair values were calculated using the Monte Carlo model with suitable modifications to allow for the specific performance conditions of the LTIP. The inputs to the model include the share price at date of grant, exercise price, expected volatility, expected dividends and the risk free rate of interest. A progressive dividend growth policy is assumed in all fair value calculations. Expected volatility has been calculated using historical share prices over the period to date of grant that is commensurate with the performance period of the option. The share prices of the mining companies in the Adapted Comparator Group have been modelled based on historical price movements over the period to date of grant which is also commensurate with the performance period for the option. The history of share prices is used to determine the volatility and correlation of share prices for the companies in the Adapted Comparator Group and is needed for the Monte Carlo simulation of their future TSR performance relative to the Company's TSR performance. All options are assumed to be exercised six weeks after vesting.

The assumptions used in the calculations of the charge in respect of the LTIP awards granted during the year are set out below:

	LTIP April 2011	LTIP July 2011	LTIP August 2011	LTIP October 2011	LTIP January 2012
Date of grant	1-Apr-11	1-Jul-11	1-Aug-11	1-Oct-11	1-Jan-12
Number of instruments	102,300	19,000	2,862,100	5,000	7,000
Exercise price	US$0.10	US$0.10	US$0.10	US$0.10	US$0.10
Share price at the date of grant	£23.79	£20.94	£17.70	£11.01	£10.15
Contractual life	3 Years	3 Years	3 Years	3 Years	3 Years
Expected volatility	69%	69%	68%	70%	57%
Expected option life	3.2 Years	3.2 Years	3.2 Years	3.2 Years	3.2 Years
Expected dividends	1.2% pa	1.2% pa	1.8% pa	2.7% pa	3.3% pa
Risk free interest rate	1.9% pa	1.9% pa	1.0% pa	0.7% pa	0.4% pa
Expected annual forfeitures	13.5% pa	13.5% pa	13.5% pa	13.5% pa	13.5% pa
Fair value per option granted	£16.018	£14.093	£11.092	£6.293	£5.111

The Group recognised total expenses of US$20.2 million and US$18.4 million related to equity settled share-based payment transactions in the year ended 31 March 2012 and 31 March 2011 respectively.

31. Retirement Benefits
The Group operates pension schemes for the majority of its employees in India, Australia, Africa and Ireland.

(a) Defined Contribution Schemes
Indian Pension Schemes
Central Provident Fund
The Central Provident Fund relates to all full-time Indian employees of the Group. The amount contributed by the Group is a designated percentage of 12% of basic salary less contributions made as part of the Pension Fund (see below), together with an additional contribution of 12% (or more up to 30% in case of Sesa Goa) of salary made by the employee.

The benefit is paid to the employee on their retirement or resignation from the Group.

Superannuation
Superannuation, another pension scheme applicable in India, is applicable only to senior executives. However, in case of Cairn India group and Sesa Goa, the benefit is applicable to all executives. Certain companies hold policies with the Life Insurance Corporation of India (‘LIC’), to which they contribute a fixed amount relating to superannuation, and the pension annuity is met by the LIC as required, taking into consideration the contributions made. Accordingly, this scheme has been accounted for on a defined contribution basis and contributions are charged directly to the income statement.

Pension Fund
The Pension Fund was established in 1995 and is managed by the Government. The employee makes no contribution to this fund but the employer makes a contribution of 8.33% of salary each month subject to a specified ceiling per employee. This must be provided for every permanent employee on the payroll.

At the age of superannuation, contributions cease and the individual receives a monthly payment based on the level of contributions through the years, and on their salary scale at the time they retire, subject to a maximum ceiling of salary level. The Government funds these payments, thus the Group has no additional liability beyond the contributions that it makes, regardless of whether the central fund is in surplus or deficit.

Australian Pension Scheme
The Group also operates defined contribution pension schemes in Australia. The contribution of a proportion of an employee’s salary into a superannuation fund is a compulsory legal requirement in Australia. The employer contributes 9% of the employee’s gross remuneration where the employee is covered by the industrial agreement and 12% of the basic remuneration for all other employees, into the employee’s fund of choice. All employees have the option to make additional voluntary contributions.

Zambian Pension Scheme
The KCM Pension Scheme is applicable to full-time permanent employees of KCM (subject to the fulfilment of certain eligibility criteria). The management of the scheme is vested in the trustees consisting of representatives of the employer and the members. The employer makes a monthly contribution to the KCM Pension Scheme of an amount equal to 11% of that month’s pensionable salary and the member makes monthly contributions to the fund of an amount equal to 5% of that month’s pensionable salary.

All contributions to the KCM Pension Scheme, in respect of a member, cease to be payable when the member attains the normal retirement age of 55, or upon leaving the service of the employer, or when the member is permanently medically incapable of performing duties in the service of the employer. Upon such cessation of contribution on the grounds of normal retirement, or being rendered medically incapable of performing duties, or early voluntary retirement within five years of retirement, the member is entitled to receive an immediate annual pension equal to his accrued pension. The member is allowed to commute his/her accrued pension subject to certain rules and regulations. The trustees of the KCM Pension Scheme may also allow the purchase of an annuity for the benefit of members from a life assurance company or other providers of annuities, subject to statutory regulations.

The Group has no additional liability beyond the contributions that it makes, regardless of whether the KCM Pension Scheme is in surplus or deficit. Accordingly, this scheme has been accounted for on a defined contribution basis and contributions are charged directly to the income statement.

Skorpion Zinc, Namibia Provident Fund
The Skorpion Zinc Provident Fund is a defined contribution fund and is compulsory to all full time employees under the age of 60. Company contribution to the fund is a fixed percentage of 8% per month of pensionable salary, whilst the employee contributes 7% with the option of making additional contributions, over and above the normal contribution, up to a maximum of 12%.

The normal retirement age is 60 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 the Company. The Fund provides disability cover which is equal to the member's fund credit and a death cover of two times annual salary in the event of death before retirement. The latest actuarial value was performed at 28 February 2011. At that date the Fund was in credit. Current membership total is 721.

Black Mountain (Pty) Limited, South Africa Pension & Provident Funds
Black Mountain Mining (Pty) Ltd has two retirement funds, both administered by Alexander Forbes, a registered financial service provider. Both funds form part of the Alexander Forbes umbrella fund and are defined contribution funds.

Membership of both funds is compulsory for all permanent employees under the age of 60.

Lisheen Mine, Ireland Pension Funds
Lisheen Pension Plan is for all employees. Lisheen pays 5% and employees pay 5% with the option to contribute AVC's if desired. Executive contributions are 15% by the Company and 15% by the employee with the option to contribute AVC's if desired. Death benefit is three times salary for employees and four times salary for executives. Pension and Life Cover ceases at 65.

(b) Defined Benefit Schemes
India
The Gratuity schemes are defined benefit schemes, which are open to all Group employees in India who have a minimum of five years service with their employing company. These schemes are funded by the Group in some subsidiaries. Based on actuarial valuation, a provision is recognised in full for the projected obligation over and above the funds held in the scheme. In case, where there is no funding held by the scheme, full provision is recognised in the balance sheet. Under these schemes, benefits are provided based on final pensionable pay.

The assets of the schemes are held in separate funds and a full actuarial valuation of the schemes is carried out on an annual basis.

MALCO
MALCO contributes to the LIC Fund based on an actuarial valuation every year. MALCO's Gratuity scheme is accounted for on a defined benefit basis. The latest actuarial valuation was performed as at 31 March 2012 using the projected unit credit actuarial method. At that date the fund was in deficit.

BALCO
At BALCO, all employees who are scheduled to retire on or before 31 March 2012 are covered by the LIC and remaining contributions to the LIC have been made up to 31 March 2015 and have been accounted for on a defined contribution basis. The Gratuity scheme is accounted for as a defined benefit scheme for all employees scheduled to retire after 31 March 2012 and who are not covered by the LIC. A provision is recognised based on the latest actuarial valuation which was performed as at 31 March 2012 using the projected unit actuarial method. At that date the fund was in deficit.

HZL
HZL contributes to the LIC based on an actuarial valuation every year. HZL's Gratuity scheme is accounted for on a defined benefit basis. The latest actuarial valuation was performed as at 31 March 2011 using the projected unit actuarial method. At that date the fund was in deficit.

VAL
VAL contributes to the LIC based on an actuarial valuation. Liabilities with regard to the Gratuity scheme are fully provided in the Balance Sheet and are determined by actuarial valuation as at the balance sheet date and as per gratuity regulations for the Company.

The latest actuarial valuation was performed as at 31 March 2012 using the projected unit actuarial method. At that date the fund was in deficit.

TSPL
TSPL contributes to the LIC based on an actuarial valuation. Liabilities with regard to the Gratuity scheme are fully provided in the Balance Sheet and are determined by actuarial valuation as at the balance sheet date and as per gratuity regulations for the Company. The latest actuarial valuation was performed as at 31 March 2012 using the projected unit actuarial method.

Sterlite
Sterlite does not contribute to the LIC. Liabilities with regard to the Gratuity scheme are fully provided in the Balance Sheet and are determined by actuarial valuation as at the balance sheet date and as per gratuity regulations for the company. The latest actuarial valuation was performed as at 31 March 2012 using the projected unit actuarial method. At that date the fund was in deficit.

Sesa Goa
Sesa Goa contributes to the LIC based on actuarial valuation every year. Sesa Goa's Gratuity scheme is accounted for on a defined benefit basis. The latest actuarial valuation was performed as at 31 March 2012 using the projected unit actuarial method. At that date the fund was in deficit.

Cairn
Cairn contributes to the LIC based on actuarial valuation every year. Cairn India Group's Gratuity scheme is accounted for on a defined benefit basis. The latest actuarial valuation was performed as at 31 March 2012 using the projected unit actuarial method. At that date the fund was in deficit.

Zambia
Specified permanent employees of KCM are entitled to receive medical and retirement severance benefits. This comprises two months' basic pay for every completed year of service with an earliest service start date of 1 July 2004. Under this scheme, benefits are provided based on final pensionable pay and a full actuarial valuation of the scheme is carried out on an annual basis. The accruals are not contributed to any fund and are in the form of provisions in KCM's accounts.

On the death of an employee during service, a lump sum amount is paid to his dependants. This amount is equal to 60 months' basic pay for employees who joined before 1 April 2000 and 30 months' basic pay for employees who joined on or after 1 April 2000. For fixed term contract employees, the benefit payable on death is 30 months' basic pay.

As at 31 March 2012, membership of pension schemes across MALCO, BALCO, HZL, VAL, Sterlite, Sesa, KCM and Cairn stood at 28,222 employees (31 March 2011: 28,905). The deficits, principal actuarial assumptions and other aspects of these schemes are disclosed in further detail in notes (d) and (e) below.

(c) Pension Scheme Costs
Contributions of US$59.7 million and US$nil million in respect of defined benefit schemes were outstanding and prepaid respectively as at 31 March 2012 (2011: US$41.2 million and US$nil million respectively).

Contributions to pension schemes in the year ending 31 March 2013 are expected to be around US$5.8 million.

(US$ million)	**Year ended 31 March 2012**	Year ended 31 March 2011
Defined contribution pension schemes	**23.1**	22.3
Defined benefit pension schemes	**21.5**	29.3
	44.6	51.6

(d) Principal Actuarial Assumptions.
Principal actuarial assumptions used to calculate the defined benefit schemes' liabilities are:

	MALCO		BALCO		Sterlite		HZL	
Particulars	**March 2012**	March 2011	**March 2012**	March 2011	**March 2012**	March 2011	**March 2012**	March 2011
Discount rate	**8.0%**	7.5%	**8.4%**	8.0%	**8.0%**	8.0%	**8.0%**	8.0%
Salary increases	**6.0%**	6.0%	**5.0% for office staff, 3.0% Non-office**	5.0% for office staff, 3.0% Non-office	**5.5%**	5.5%	**5.5%**	5.5%
Funding rate of return	**–**	–	**9.4%**	9.4%	**7.5%**	7.5%	**9.5%**	9.5%
Number of employees	**74**	78	**3,995**	4,167	**1,361**	1,765	**6,138**	6,642

Particulars	KCM		VAL		Sesa Goa		Cairn	
	March 2012	March 2011	**March 2012**	March 2011	**March 2012**	March 2011	**March 2012**	March 2011
Discount rate	**16.23 %**	16.95 %	**8.0%**	8.0%	**8.0%**	8.0%	**8.0%**	–
Salary increases	**5.0%**	5.0%	**5.5%**	5.5%	**5.0%–7.5%**	5.0%–7.0%	**10.0%**	–
Funding rate of return	**–**	–	**8.0%**	8.0%	**9.0%–9.4%**	8.0%–9.4%	**9.4%**	–
Number of employees	**8,368**	9,366	**3,245**	3,395	**3,693**	3,277	**1,109**	–

Assumptions regarding mortality for Indian entities are based on mortality table of LIC (1994–96) as subsequently modified.

Assumptions regarding mortality for KCM are based on World Health Organisation Life Tables for 1999 applicable to Zambia which has been taken as a reference point. Based on this a mortality table which is appropriate for the workers of Konkola Copper Mines plc has been derived.

(e) Balance Sheet Recognition

(US$ million)	**31 March 2012**								
	MALCO	**BALCO**	**Sterlite**	**HZL**	**KCM**	**VAL**	**Sesa Goa**	**Cairn**	**Total**
Fair value of pension scheme assets	0.2	0.5	2.4	32.4	–	1.0	7.7	3.6	**47.8**
Present value of pension scheme liabilities	(0.2)	(22.5)	(3.7)	(35.6)	(28.4)	(1.2)	(10.0)	(5.3)	**(106.9)**
Deficit in pension scheme recognized in balance sheet	–	(22.0)	(1.3)	(3.2)	(28.4)	(0.2)	(2.3)	(1.7)	**(59.1)**
Deferred tax	–	7.1	0.4	1.1	9.2	0.1	0.7	0.5	**19.1**
Net pension liability	**–**	**(14.9)**	**(0.9)**	**(2.1)**	**(19.2)**	**(0.1)**	**(1.6)**	**(1.2)**	**(40.0)**

(US$ million)	31 March 2011								
	MALCO	BALCO	Sterlite	HZL	KCM	VAL	Sesa Goa	Cairn	Total
Fair value of pension scheme assets	0.2	1.7	2.3	25.8	–	1.3	8.0	–	**39.3**
Present value of pension scheme liabilities	–	(23.5)	(3.9)	(38.5)	(19.6)	(0.8)	(9.8)	–	**(96.1)**
Deficit in pension scheme recognised in balance sheet	0.2	(21.8)	(1.6)	(12.7)	(19.6)	0.5	(1.8)	–	**(56.8)**
Deferred tax	(0.1)	7.1	0.5	4.0	6.4	(0.1)	0.6	–	**18.4**
Net pension liability	**0.1**	**(14.7)**	**(1.1)**	**(8.7)**	**(13.2)**	**0.4**	**(1.2)**	**–**	**(38.4)**

(f) Amounts Recognised in Income Statement in Respect of Defined Benefit Pension Schemes:

(US$ million)	**31 March 2012**								
	MALCO	**BALCO**	**Sterlite**	**HZL**	**KCM**	**VAL**	**Sesa Goa**	**Cairn**	**Total**
Current service cost	–	0.8	0.4	1.6	4.4	0.2	0.5	0.3	**8.2**
Actuarial (gains)/ losses	–	1.8	–	1.3	2.1	0.2	1.3	0.2	**6.9**
Expected return on scheme assets	–	(0.1)	(0.2)	(2.3)	–	(0.1)	(0.4)	(0.1)	**(3.2)**
Interest cost of scheme liabilities	–	1.7	0.3	3.1	3.6	0.1	0.7	0.1	**9.6**
Total charge/ (credit) to income statement	**–**	**4.2**	**0.5**	**3.7**	**10.1**	**0.4**	**2.1**	**0.5**	**21.5**

(US$ million)	31 March 2011								
	MALCO	BALCO	Sterlite	HZL	KCM	VAL	Sesa Goa	Cairn	Total
Current service cost	0.1	0.5	0.4	1.6	1.6	0.2	0.5	–	**4.9**
Actuarial (gains)/ losses	0.1	5.2	0.3	11.0	2.6	0.2	1.0	–	**20.4**
Expected return on scheme assets	–	(0.2)	(0.1)	(2.2)	–	–	–	–	**(2.5)**
Interest cost of scheme liabilities	–	0.8	0.3	2.2	2.7	–	0.7	–	**6.7**
Total charge/ (credit) to income statement	**0.2**	**6.3**	**0.9**	**12.6**	**6.9**	**0.4**	**2.2**	**–**	**29.5**

(g) Movements in the Present Value of Defined Benefit Obligations

The movement during the year ended 31 March 2012 of the present value of the defined benefit obligation was as follows:

	31 March 2012								
(US$ million)	**MALCO**	**BALCO**	**Sterlite**	**HZL**	**KCM**	**VAL**	**Sesa Goa**	**Cairn**	**Total**
At 1 April 11	**–**	**(23.5)**	**(3.9)**	**(38.5)**	**(19.6)**	**(0.8)**	**(9.8)**	**–**	**(96.1)**
At acquisition	–	–	–	–	–	–	–	(5.0)	**(5.0)**
Current service cost	(0.2)	(0.8)	(0.4)	(1.6)	(4.4)	(0.2)	(0.5)	(0.3)	**(8.4)**
Gratuity benefits paid	–	2.1	0.5	4.0	3.8	0.1	1.2	0.2	**11.9**
Interest cost of scheme liabilities	–	(1.7)	(0.3)	(2.9)	(3.6)	(0.1)	(0.6)	(0.1)	**(9.3)**
Actuarial losses	–	(2.1)	–	(1.6)	(2.3)	(0.1)	(1.3)	(0.3)	**(7.7)**
Exchange difference	–	2.5	0.5	3.1	–	0.2	1.2	0.2	**7.7**
At 31 March 12	**(0.2)**	**(23.5)**	**(3.6)**	**(37.5)**	**(26.1)**	**(0.9)**	**(9.8)**	**(5.3)**	**(106.9)**

	31 March 2011								
(US$ million)	MALCO	BALCO	Sterlite	HZL	KCM	VAL	Sesa Goa	Cairn	Total
At 1 April 11	**(0.2)**	**(13.3)**	**(3.2)**	**(27.5)**	**(16.1)**	**(0.4)**	**(8.6)**	**–**	**(69.3)**
At acquisition	–	–	–	–	–	–	–	–	–
Current service cost	(0.1)	(0.5)	(0.4)	(1.6)	(1.6)	(0.2)	(0.5)	–	**(4.9)**
Gratuity benefits paid	0.2	5.6	0.3	4.2	3.4	–	1.0	–	**14.7**
Interest cost of scheme liabilities	–	(0.8)	(0.3)	(2.2)	(2.7)	–	(0.7)	–	**(6.7)**
Actuarial losses	(0.1)	(5.2)	(0.3)	(11.0)	(2.6)	(0.2)	(1.0)	–	**(20.4)**
Exchange difference	0.2	(9.3)	–	(0.4)	–	–	–	–	**(9.5)**
At 31 March 12	**–**	**(23.5)**	**(3.9)**	**(38.5)**	**(19.6)**	**(0.8)**	**(9.8)**	**–**	**(96.1)**

(h) Movements in the Fair Value of Scheme Assets

(US$ million)	**As at 31 March 2012**	As at 31 March 2011
At 1 April	**39.3**	32.6
Acquisition	**3.4**	–
Contributions received	**17.7**	10.1
Benefits paid	**(12.3)**	(14.7)
Acturial gains	**1.7**	1.4
Expected return on plan assets	**3.1**	2.6
Foreign exchange differences	**(5.1)**	7.3
At 31 March	**47.8**	39.3

(i) Five Year History

Defined Benefit Pension Plan

(US$ million)	**As at 31 March 2012**	As at 31 March 2011	As at 31 March 2010	As at 31 March 2009	As at 31 March 2008
Experience (losses)/gains arising on scheme liabilities	**(7.0)**	(20.4)	(11.3)	7.8	1.4
Difference between expected and actual return on plan assets	**–**	–	–	0.1	–
Fair value of pension scheme assets	**47.8**	39.3	32.6	23.6	26.8
Present value of pension scheme liabilities	**(106.9)**	(96.1)	(69.3)	(52.9)	(69.3)
Deficits in the schemes	**(59.1)**	(56.8)	(36.7)	(29.3)	(42.5)

32. Capital Management

The Group’s objectives when managing capital are to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

The Group sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. The funding requirement is met through a mixture of equity, internal accruals, convertible bonds and other long-term and short-term borrowings.

The Group monitors capital using a gearing ratio, being the ratio of net debt as a percentage of total capital.

(US$ million)	**As at 31 March 2012**	As at 31 March 2011
Total equity	**18,419.5**	13,753.8
Net debt	**10,064.4**	1,970.3
Total capital	**28,483.9**	15,724.1
Gearing	**35.3%**	12.5%

33. Share Capital

	At 31 March 2012		At 31 March 2011	
Authorised	**Number**	**US$ million**	Number	US$ million
Ordinary shares of 10 US cents each	**400,000,000**	**40.0**	400,000,000	40.0
Deferred shares of £1 each	**50,000**	**–**	50,000	–
	400,050,000	**40.0**	400,050,000	40.0

	At 31 March 2012		At 31 March 2011	
Ordinary shares issued and fully paid	**Number**	**US$ million**	Number	US$ million
Ordinary shares of 10 US cents each	**296,908,045**	**29.7**	296,845,751	29.7
Deferred shares of £1 each	**50,000**	**–**	50,000	–
	296,958,045	**29.7**	296,895,751	29.7

During the year ended 31 March 2012, the Company issued 62,294 shares to the employees pursuant to the LTIP scheme (2011: 738,248 shares).

The holders of deferred shares do not have the right to receive notice of any general meeting of the Company nor the right to attend, speak or vote at any such general meeting. The deferred shares have no rights to dividends and, on a winding-up or other return of capital, entitle the holder only to the payment of the amounts paid on such shares after repayment to the holders of ordinary shares of the nominal amount paid up on the ordinary shares plus the payment of £100,000 per ordinary share. Of the 50,000 deferred shares, one deferred share was issued at par and has been fully paid, and 49,999 deferred shares were each paid up as to one-quarter of their nominal value.

6,904,995 ordinary shares were issued on the conversion of certain convertible bonds issued by one of the Company's subsidiaries. These 6,904,995 ordinary shares are held through a global depositary receipt and carry no voting rights.

During the year ended 31 March 2012, the Company did not buy back any shares under its share buy-back programme (2011: 3,126,133). At 31 March 2012, the total number of shares held in treasury was 24,206,816 (2011: 24,206,816).

34. Business Combinations

Cairn India Limited

During the year ended 31 March 2012, the Group completed the acquisition of Cairn India Limited by acquiring a 59% stake, as follows:

> In April 2011, the Group through its subsidiary Sesa Goa acquired 200 million shares amounting to 10.5% stake in Cairn India Limited from Petronas International Corporation Ltd. ('Petronas') at a price of INR331 per share amounting to total cash consideration of US$1,478 million.

> Sesa Goa and Sesa Resources acquired circa 8.1% of Cairn India Limited through an Open Offer at a total cost of US$1,223.0 million.

> On 11 July 2011, the Group through its wholly-owned subsidiary Twin Star Mauritius Holdings Limited ('TMHL'), further acquired 191.9 million shares from Cairn Energy plc, amounting to circa 10.1% stake in Cairn India Limited at a price of INR355 per share amounting to US$1,505.7 million.

> On 7 December 2011, Sesa Goa acquired a 1.5% stake from Cairn Energy on the open market for a consideration of US$182 million.

> On 8 December 2011, the acquisition was completed when the Group through TMHL purchased a 28.7% stake from Cairn Energy plc at a price of INR355 per share.

Cairn India is involved in the business of exploration, development and production of oil and gas.

The fair value of the identifiable assets and liabilities of Cairn India as at 8 December 2011, the date of the acquisition were estimated as follows:

(US$ million)	Provisional fair value
Assets	
Non-current assets	
Property, plant and equipment	17,547.1
Deferred tax assets	205.7
	17,752.8
Current assets	
Inventories	25.3
Trade and other receivables	794.9
Liquid investments	1,151.0
Cash and cash equivalents	665.8
Current tax assets	23.5
Assets held for sale	24.1
	2,684.6
Liabilities	
Current liabilities	
Trade and other payables	(457.6)
Other financial liabilities-derivatives	(4.6)
Provisions	(626.8)
	(1,089.0)
Non-current liabilities	
Medium/long-term borrowings	(239.3)
Provisions	(83.7)
Deferred tax liabilities	(4,832.0)
	(5,155.0)
Net assets	**14,193.4**
Fair value of existing stake	3,788.2
Cash consideration paid for 28.7%	4,284.9
Non-controlling interest	5,819.3
Less fair value of identifiable assets and liabilities	(14,193.4)
Bargain purchase	301.0

Due to acquisition being completed in series of transactions, the acquisition is accounted for as a Step Acquisition under the provisions of IFRS 3 (revised 2008). Accordingly, the equity interest previously held in Cairn India and accounted as an investment in associate, is treated as if it was disposed off and reacquired at fair value on the acquisition date. Consequently, the Group remeasured its existing 30.3% interest in the assets and liabilities of Cairn India Limited prior to this transaction to their fair values, recognising a loss of US$332.4 million. The Group recognised a bargain purchase gain of US$301 million, resulting from excess fair value of the net assets acquired over the fair value of consideration paid. The net loss of US$31.4 million is recorded within Special Items in the income statement (Note 5).

The fair values and business combination accounting set out in this annual report are provisional for the 12 month period from the date of acquisition.

The operating and financial results of Cairn India have been consolidated from 8 December 2011. From 11 July 2011 to 7 December 2011, Cairn India has been accounted as an associate under equity method of accounting.

Since the date of acquisition, Cairn India has contributed US$882.5 million to the revenue and US$486.2 million to the net profit of the Group for the year ended 31 March 2012. If Cairn India had been acquired at the beginning of the year, the revenue of the Group would have been US$1,610.6 million higher and the net profit of the Group would have been US$458.3 million higher.

Acquisition costs related to Cairn India, charged to the income statement is US$97.2 million of which US$24.2 million has been charged to the income statement in the year ended 31 March 2011.

Goa Energy Private Limited

On 1 March 2012, Vedanta Resources plc through its subsidiary Sesa Goa acquired 100% stake in Goa Energy Private Limited (‘GEPL’) from Videocon Industries at a consideration of US$9.5 million. The operating and financial results of GEPL have been consolidated from 1 March 2012. GEPL is in the business of power generation.

The fair value of identifiable assets and liabilities has been estimated as:

(US$ million)	Provisional fair value
Assets	
Non-current assets	
Goodwill	4.4
Property, plant and equipment	16.6
	21.0
Current assets	
Trade and other receivables	1.4
	1.4
Liabilities	
Current liabilities	
Short-term borrowings	(1.2)
Trade and other payables	(1.8)
	(3.0)
Non-current liabilities	
Long-term borrowings	(8.8)
Deferred tax liabilities	(1.1)
	(9.9)
Net assets	**9.5**
Satisfied by:	
Cash consideration paid	9.5

Since the date of acquisition, GEPL has contributed US$0.5 million to the revenue and US$0.1 million to the net profit of the Group for the year ended March 2012. If GEPL had been acquired at the beginning of the year, the revenue of the Group would have been US$5.4 million higher and the net profit of the Group would have been reduced by US$0.7 million.

Acquisition costs related to GEPL, charged to the income statement is US$nil million.

Prior Year Business Combinations

On 3 December 2010, Vedanta Resources plc acquired 100% equity of Anglo Base Namibia Holdings (Pty) Ltd which is the holding company of the Skorpion Namibian assets for a total consideration of US$706.7 million. Provisional fair values that were determined as at 31 March 2011 for consolidation were finalised during the measurement period of 12 months from the acquisition date.

The fair value of the identifiable assets and liabilities of Skorpion Zinc, Namibia as at the date of the acquisition were as follows:

(US$ million)	Provisional fair value	Fair value adjustments	Fair value at acquisition
Assets			
Non-current assets			
Property, plant and equipment	628.2	(17.3)	610.9
Financial assets investments	3.0	–	3.0
	631.2	**(17.3)**	**613.9**
Current assets			
Inventories	53.3	–	53.3
Trade and other receivables	3.9	–	3.9
Cash and cash equivalents	119.5	–	119.5
	176.7	**–**	**176.7**
Liabilities			
Current liabilities			
Trade and other payables	(21.7)	–	(21.7)
Current tax liabilities	(0.2)	–	(0.2)
	(21.9)	**–**	**(21.9)**
Non-current liabilities			
Deferred tax liabilities	(30.6)	17.3	(13.3)
Provisions	(48.7)	–	(48.7)
	(79.3)	**17.3**	**(62.0)**
Net assets	**706.7**	**–**	**706.7**
Satisfied by:			
Cash consideration paid	706.7		706.7

On 4 February 2011 Vedanta Resources plc through its subsidiary THL Zinc Limited, acquired 74% equity of Black Mountain Mining (Pty) Ltd for a total consideration of US$260.2 million. Shareholder's loan from Anglo to Black Mountain Mines was taken over by Vedanta of amount US$87.7 million. Provisional fair values that were determined as at 31 March 2011 for consolidation were finalised during the measurement period of 12 months from the acquisition date.

The fair value of the identifiable assets and liabilities of Black Mountain Mines as at the date of the acquisition were as follows:

(US$ million)	Provisional fair value	Fair value adjustments	Fair value at acquisition
Assets			
Non-current assets			
Intangibles	162.1	(162.1)	–
Property, plant and equipment	297.5	254.9	552.4
Financial assets investments	10.8	–	10.8
	470.4	**92.8**	**563.2**
Current assets			
Inventories	34.8	–	34.8
Trade and other receivables	29.9	–	29.9
Cash and cash equivalents	31.6	–	31.6
	96.3	**–**	**96.3**
Liabilities			
Current liabilities			
Borrowings	(117.1)	–	(117.1)
Trade and other payables	(12.4)	–	(12.4)
Current tax liabilities	(8.9)	–	(8.9)
	(138.4)	**–**	**(138.4)**
Non-current liabilities			
Deferred tax liabilities	(124.8)	(27.3)	(152.1)
Provisions	(29.9)	–	(29.9)
	(154.7)	**(27.3)**	**(182.0)**
Net assets	**273.6**	**65.5**	**339.1**
Less: Non-controlling recognised on acquisition	(13.4)	(74.8)	(88.2)
	260.2	**(9.3)**	**250.9**
Satisfied by:			
Cash consideration paid	260.2		250.9

The decrease in cash consideration reflects the tax receivable reimbursed by the seller.

On 15 February 2011, Vedanta Resources plc, through its subsidiary THL Zinc Holding BV, acquired 100% equity of Anglo American Lisheen Finance Limited for a total consideration of US$546.2 million. Provisional fair values that were determined as at 31 March 2011 for consolidation were finalised during the measurement period of 12 months from the acquisition date.

The fair value of the identifiable assets and liabilities of Lisheen mines as at the date of the acquisition were as follows:

(US$ million)	Provisional fair value	Fair value adjustments	Fair value at acquisition
Assets			
Non-current assets			
Property, plant and equipment	278.9	–	278.9
	278.9	**–**	**278.9**
Current assets			
Inventories	18.2	–	18.2
Trade and other receivables	14.8	–	14.8
Cash and cash equivalents	325.2	–	325.2
Liquid investments	37.3	–	37.3
	395.5	**–**	**395.5**
Liabilities			
Current liabilities			
Trade and other payables	(22.8)	–	(22.8)
Current tax liabilities	(3.0)	–	(3.0)
	(25.8)	**–**	**(25.8)**
Non-current liabilities			
Deferred tax liabilities	(40.5)	–	(40.5)
Provisions	(61.9)	–	(61.9)
	(102.4)	**–**	**(102.4)**
Net assets	**546.2**	**–**	**546.2**
Satisfied by:			
Cash consideration paid	546.2		546.2

35. Joint Ventures

Jointly Controlled Assets

The Group's principal licence interests in oil and gas business are jointly controlled assets. The principal licence interests are as follows:

	Working interest %
India	
Block PKGM-1 (Ravva)	22.50
Block KG-DWN-98/2[1]	10.00
Block KG-ONN-2003/1	49.00
Block CB/OS-2 Development areas	40.00
Block RJ-ON-90/1 Development areas	70.00
Block KK-DWN-2004/1[1]	40.00
Block PR-OSN-2004/1	35.00
Block KG-OSN-2009/3	100.00
Block MB-DWN-2009/1	100.00
Sri Lanka	
SL-2007-01-001	100.00

1 All the blocks except KK-DWN-2004/1 and KG-DWN-98/2 are operated by Cairn India.

36. Investments in Associates

Investments in Cairn India Limited

The Group accounted for its investments in Cairn India Limited as an associate from 11 July 2011, the date it acquired significant influence to 7 December 2011, the date it acquired the controlling stake.

The share of associate's revenue and profit were as follows:

(US$ million)	For the period 11 July 2011 to 7 December 2011
Revenue	283.2
Operating profit	122.7
Investment revenues	8.8
Finance cost	(20.7)
Profit before taxation	110.8
Tax expense	(18.6)
Share of profit for the period	**92.2**
Attributable to:	
Equity holders of the parent	65.4
Non-controlling interests	26.8
	92.2

37. Commitments, Guarantees and Contingencies

Commitments

The Group has a number of continuing operational and financial commitments in the normal course of business including:

> Exploratory mining commitments;
> Mining commitments arising under production sharing agreements; and
> Completion of the construction of certain assets.

(US$ million)	**As at 31 March 2012**	As at 31 March 2011
Capital commitments contracted but not provided	**2,877.0**	3,737.1

Commitments at 31 March 2012 primarily related to the expansion projects at HZL US$155.8 million (2011: US$144.2 million), KCM US$121.3 million (2011: US$127.4 million), VAL US$750.1 million (2011: US$538.7 million), SEL US$64.8 million (2011: US$121.9 million), BALCO US$212.9 million (2011: US$516.9 million), Talwandi Sabo US$1,216.6 million (2011: US$1,818.4 million) and Sterlite US$246.6 million (2011: US$342.8 million).

Guarantees
Companies within the Group provide guarantees within the normal course of business. Guarantees have also been provided in respect of certain short-term and long-term borrowings.

A summary of the most significant guarantees is set out below:

As at 31 March 2012, US$335.2 million of guarantees were advanced to banks, suppliers etc in the normal course of business (2011: US$240 million). The Group has also entered into guarantees and bonds advanced to the customs authorities in India of US$1,594.5 million relating to the export and payment of import duties on purchases of raw material and capital goods including export obligations (2011: US$1,710.5 million).

Cairn PSC Guarantee to Government
The Group has provided Parent Company guarantee for the Group's/Cairn India Group's obligation under the Production Sharing Contract.

Cairn India have provided various other guarantees under the Cairn India Group's bank facilities for the Cairn India Group's share of minimum work programme commitments of US$34.2 million for the current year.

Export Obligations
The Indian entities of the Group have export obligations of US$4,732.6 million (2011: US$5,691.7 million) on account of concessional rates of import duty paid on capital goods under the Export Promotion Capital Goods Scheme and under the Advance Licence Scheme for import of raw material laid down by the Government of India.

In the event of the Group's inability to meet its obligations, the Group's liability would be US$591.6 million (2011: US$711.6 million), reduced in proportion to actual exports, plus applicable interest.

Guarantees to Suppliers
The Group has given corporate guarantees to certain suppliers of concentrate. The value of these guarantees was US$195 million at 31 March 2012 (2011: US$120 million).

Environmental and Terminal Benefits ('ETB') Cash Reserve Account – KCM
Pursuant to the terms of the shareholders' agreement between VRHL and ZCI dated 5 November 2004, KCM is expected to contribute a minimum of US$10 million (with a maximum of US$18 million) in any financial year to ensure that the amount of ETB liabilities are covered by a cash reserve when the life of the Konkola ore body comes to an end. The ETB liabilities refer to KCM's obligations in relation to the environment and any terminal benefits payable to its employees. As at 31 March 2012, ETB liabilities provided for were US$86 million (2011: US$86 million), although these liabilities are likely to fluctuate at each future reporting date.

Contingencies
The Company has the following significant contingencies. With regard to the claims against Group companies included below, unless stated, no provision has been made in the financial statements as the Directors believe that it is not probable that the claim will give rise to a material liability.

MALCO Claims With Tamil Nadu Electricity Board ('TNEB')
TNEB is claiming US$20 million from MALCO for an electricity self-generation levy for the period from May 1999 to June 2003. This claim has arisen since the commissioning of MALCO's captive power plant in 1999. The Company has sought an exemption from the application of this levy from the Government of Tamil Nadu. The application is under consideration. Meanwhile, the Madras High Court has in its recent Order, remitted back the case to the State of Tamil Nadu, to take a decision afresh on the representation for grant of tax exemption on consumption of electricity and directed to pass a detailed speaking order.

HZL: Department of Mines and Geology
The Department of Mines and Geology of the State of Rajasthan issued several show cause notices in August, September and October 2006 to HZL, totalling US$65.3 million. These notices alleged unlawful occupation and unauthorised mining of associated minerals other than zinc and lead at HZL's Rampura Agucha, Rajpura Dariba and Zawar mines in Rajasthan during the period from July 1968 to March 2006. HZL believes that the likelihood of this claim becoming an obligation of the Company is unlikely and thus no provision has been made in the financial statements. HZL has filed writ petitions in the High Court of Rajasthan in Jodhpur and has obtained a stay in respect of these demands.

RICHTER: Income Tax
The Indian Tax Authorities have served a show cause notice on an indirect subsidiary of Vedanta Resources plc, Richter Holdings Limited ('Richter'), for alleged failure to deduct withholding tax on capital gain on the alleged indirect acquisition of shares in Sesa Goa Limited in April, 2007. Richter has applied to the larger bench of the Karnataka High Court to seek to quash the notice in view of

the established legal position. The court directed Richter to approach the tax office to decide the jurisdiction and granted liberty to approach the court directly in the event Richter is not satisfied with the conclusion of the tax office. Meanwhile in another case the Supreme Court of India has held that overseas share transfers are not subject to taxation in India. Subsequent to this decision, the Finance Bill, 2012 seeks to amend the tax laws retrospectively to clarify the legislative intent. Richter believes it is not liable for such withholding tax and intends to challenge the amendments when enacted.

Miscellaneous Disputes – Sterlite, HZL, MALCO, BALCO, Cairn and Lisheen
The income tax, excise and related indirect tax authorities have made several claims against the above companies for additional income tax, excise and indirect duties. The claims mostly relate either to the assessable values of sales and purchases or to incomplete documentation supporting the companies' returns.

The approximate value of claims against the companies total US$779.3 million (2011: US$583.5 million), of which US$17.4 million (2011: US$6.4 million) is included as a provision in the balance sheet as at 31 March 2012. In the view of the Directors, there are no significant unprovided liabilities arising from these claims.

38. Related Party Transactions

The information below sets out transactions and balances between the Group and various related parties in the normal course of business for the year ended 31 March 2012.

Sterlite Technologies Limited ('STL')

(US$ million)	**31 March 2012**	31 March 2011
Sales to STL	**184.7**	137.8
Reimbursement of expenses	**0.2**	–
Purchases	**7.1**	5.3
Net Interest Received	**0.4**	0.2
Net amounts receivable at year end	**13.5**	13.3

Sterlite Technologies Limited, is related by virtue of having the same controlling party as the Group, namely Volcan. Pursuant to the terms of the Shared Services Agreement dated 5 December 2003 entered into by the Company, Sterlite and STL, the Company and Sterlite provide various commercial services in relation to STL's businesses on an arm's length basis and at normal commercial terms. For the year ended 31 March 2012, the commercial services provided to STL were performed by certain senior employees of the Group on terms set out in the Shared Services Agreement. The services provided to STL in this year amounted to US$0.1 million (2011: US$nil).

Vedanta Foundation (formerly Sterlite Foundation)

During the year US$2.3 million was paid to the Vedanta Foundation (2011: US$1.7 million).

Vedanta Foundation is a registered not-for-profit entity engaged in computer education and other related social and charitable activities. The major activity of the Vedanta Foundation is providing computer education for disadvantaged students. The Vedanta Foundation is a related party as it is controlled by members of the Agarwal family who control Volcan. Volcan is also the majority shareholder of Vedanta Resources plc.

Sesa Goa Community Foundation Limited

Following the acquisition of Sesa Goa, the Sesa Goa Community Foundation Limited, a charitable institution, became a related party of the Group on the basis that key management personnel of the Group have significant influence on the Sesa Goa Community Foundation Limited. During the year ended 31 March 2012, US$1.1 million (2011: US$0.7 million) was paid to the Sesa Goa Community Foundation Limited.

The Anil Agarwal Foundation

During the year, US$0.1 million (2011: US$0.4 million) was received from the Anil Agarwal Foundation towards reimbursement of administrative expenses. The Anil Agarwal Foundation is a registered not-for-profit entity engaged in social and charitable activities. The Anil Agarwal Foundation is controlled by members of the Agarwal family.

Henry Davis York

(US$ million)	**31 March 2012**	31 March 2011
Consultancy services	**0.9**	1.2

Henry Davis York provides board and legal services to CMT a subsidiary of the Group. The Partner's of Henry Davis York hold Non-Executive Director positions at CMT.

Sterlite Iron and Steel Limited

(US$ million)	**31 March 2012**	31 March 2011
Reimbursement of expenses	**0.1**	0.1
Loan balance receivable	**7.1**	–
Receivable at year end	**0.3**	0.3

Sterlite Iron and Steel Limited is a related party by virtue of having the same controlling party as the Group, namely Volcan

Vedanta Medical Research Foundation

(US$ million)	**31 March 2012**	31 March 2011
Donation	**5.2**	9.5

Vedanta Medical Research Foundation (formerly Vedanta Medical Research Association) is a related party of the Group on the basis that key management personnel of the Group exercise significant influence.

Volcan Investments Limited

(US$ million)	**31 March 2012**	31 March 2011
Reimbursement of expenses	**0.3**	0.2
Net amount receivable at year end	**0.1**	–
Dividend paid	**91.0**	82.1

Remuneration of key management personnel

The remuneration of the directors and the key management personnel of the Group are set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

(US$ million)	**Year ended 31 March 2012**	Year ended 31 March 2011
Short-term employee benefits	**13.8**	8.8
Post employment benefits	**0.7**	0.6
Share-based payments	**12.7**	5.0
	27.2	14.4

Information relating to pension fund arrangements is disclosed in Note 31.

39. Share Transactions

BALCO Option

The Company purchased 51% share holding in BALCO from the Government of India on 2 March 2001. Under the terms of the Shareholder's Agreement ('SHA') for BALCO, the Company has a call option that allows it to purchase the Government of India's residual ownership interest in BALCO at any stage from 2 March 2004. The Company exercised this option on 19 March 2004. However, the Government of India has contested the validity of the call option and the valuation. The Company attempted to resolve the issue through mediation but the process of mediation was unsuccessful and the dispute was referred to arbitration as provided for in the SHA. The Arbitration Tribunal in its majority award dated 25 January 2011 rejected the claims of Sterlite and held that put/call options as contained in the SHA are in violation of Section 111A(2) of the Companies Act, 1956 and are not enforceable. Sterlite challenged the validity of the Award dated 25 January 2011 and sought for setting aside of the Award under Section 34 of the Arbitration and Conciliation Act, 1996 to the extent to which it holds that Clauses 5.8, 5.3, 5.4 and 5.1(a) of the SHA are void, ineffective and inoperative by virtue of being violative of sub-section (2) of 111A of the Companies Act, 1956. The Government has also challenged the majority Award which upholds the first valuation report and has prayed for setting aside the ruling made in the Award relating to the valuation report and the Company's right to purchase the Government of India's shares at 75% of the valuation. The Delhi High Court has kept the Government of India's application in abeyance until the Company's application has been determined. The Company's application is listed for final hearing on 6 August 2012.

HZL Option
In pursuance to the Government of India's policy of disinvestment and the Share Purchase Agreement and a Shareholders Agreement ('SHA') both dated 4 April 2002 entered into with the Government of India, the Company acquired 26% equity interest in HZL. Under the terms of the SHA, the Company could exercise the primary call option to purchase 18.92% of the Government of India's share capital in HZL at fair market value upon expiry of six months of the effective date of the SHA and such right would be valid for a period of 12 months. The Company exercised the first call option on 29 August 2003 and acquired an additional share capital constituting 18.92% of HZL's issued share capital. The Company also acquired an additional 20% of the equity capital in HZL through an open offer resulting in increase of the Company's shareholding to 64.92%. As per the SHA, the Company can exercise a second call option to acquire the entire residual share holding of the Government of India constituting 29.5% shares in HZL at any time after the expiry of five years from the effective date of the SHA. The Company exercised its second call option by way of its letter dated 21 July 2009. The Government of India has claimed that the provisions of the SHA violate the provisions of Section 111A of the Companies Act, 1956 by restricting the right of the Government of India to transfer its shares freely and by virtue of Section 9 of the said Act such provisions are void and unenforceable. As such, the Government of India has refused to act upon the second call option. Consequently, the Company has invoked the Arbitration clause for referring the matter to arbitration and has appointed its nominee arbitrator. Under the terms of the SHA, the Government of India is required to nominate its arbitrator and the two nominated arbitrators would then choose the third arbitrator who would preside over the arbitral tribunal. As the Government of India did not appoint an arbitrator, the Company filed an application under Section 11(6) of the Arbitration and Conciliation Act, 1996 in the Delhi High Court petitioning the Court to take necessary measures of securing the appointment of arbitrator. The Delhi High Court has in its order dated 18 May 2010 directed the parties to appoint mediators for mediation of the dispute. The mediation process was unsuccessful. Consequently an arbitral tribunal was constituted. As per the preliminary meeting, the parties have been directed to file their statement of claim and reply prior to the next date of hearing in August 2012.

The Group continues to include the shareholdings in the two companies HZL and BALCO, in respect of which the Group has a call option as non-controlling interest.

Share Purchases
During financial year 2012, the Group increased its holding in certain of its subsidiaries through open market purchases. The details of such purchases are as follows:
a) 17,297,059 shares of Sterlite Industries (India) Limited accounting for 0.51% of SIIL's total equity.
b) 15,598 shares of MALCO accounting for 0.01% of MALCO's total equity.

The aggregate amount on these transactions of US$15.6 million was recorded within equity.

40. Subsequent Events
There were no material post balance sheet events which have a bearing on the understanding of the financial statements.

41. Principal Subsidiaries
The consolidated financial statements comprise the financial statements of the following principal subsidiaries:

Subsidiaries	Principal activities	The Company's economic percentage holding 31 March 2012	The Company's economic percentage holding 31 March 2011	Country of incorporation	Immediate holding company	Immediate percentage holding 31 March 2012	Immediate percentage holding 31 March 2011
Direct Subsidiaries of the Parent Company							
Vedanta Resources Holding Limited ('VRHL')	Holding company	**100.00%**	100.00%	Great Britain	VR plc	**100.00%**	100.00%
Vedanta Resources Jersey Limited ('VRJL')	Financing company	**100.00%**	100.00%	Jersey (CI)	VR plc	**100.00%**	100.00%
Vedanta Resources Jersey II Limited ('VRJL-II')	Financing company	**100.00%**	100.00%	Jersey (CI)	VR plc	**100.00%**	100.00%
Vedanta Finance (Jersey) Limited ('VFJL')	Financing company	**100.00%**	100.00%	Jersey (CI)	VR plc	**100.00%**	100.00%
Vedanta Resources Investments Limited ('VRIL')	Financing company	**100.00%**	100.00%	Great Britain	VR plc	**100.00%**	100.00%
Vedanta Jersey Investments Limited	Financing company	**100.00%**	100.00%	Jersey (CI)	VR plc	**100.00%**	100.00%
Indirect Subsidiaries of the Parent Company							
Bharat Aluminium Company Limited ('BALCO')	Aluminium mining and smelting	**29.59%**	29.34%	India	Sterlite	**51.00%**	51.00%
Copper Mines of Tasmania Pty Limited ('CMT')	Copper mining	**58.02%**	57.53%	Australia	MCBV	**100.00%**	100.00%
Fujariah Gold	Gold & Silver processing	**58.02%**	57.53%	UAE	CMT	**100.00%**	100.00%
Hindustan Zinc Limited ('HZL')	Zinc and mining and smelting	**37.66%**	37.35%	India	SOVL	**64.92%**	64.92%
The Madras Aluminium	Energy generation	**94.81%**	94.76%	India	Twin Star	**78.80%**	78.76%

Company Limited ('MALCO')							
Monte Cello BV ('MCBV')	Holding company	**58.02%**	57.53%	Netherlands	Sterlite	**100.00%**	100.00%
Monte Cello Corporation NV ('MCNV')	Holding company	**100.00%**	100.00%	Netherlands	Twin Star	**100.00%**	100.00%
Konkola Copper Mines PLC ('KCM')	Copper mining and smelting	**79.40%**	79.40%	Zambia	VRHL	**79.40%**	79.40%
Sterlite Energy Limited ('SEL')	Energy generation	**58.02%**	57.53%	India	Sterlite	**100.00%**	100.00%
Sesa Goa Limited ('Sesa Goa')	Iron Ore	**55.13%**	55.13%	India	Finsider	**46.20%**	46.20%
Sesa Resources Limited	Iron Ore	**55.13%**	55.13%	India	Sesa Goa	**100.00%**	100.00%
Sesa Mining Corporation Private Limited	Iron Ore	**55.13%**	55.13%	India	Sesa Resources Limited	**100.00%**	100.00%
Sterlite Industries (India) Limited ('Sterlite')	Copper smelting	**58.02%**	57.53%	India	Twin Star	**54.64%**	54.64%
Sterlite Opportunities and Venture Limited ('SOVL')[1]	Holding company	**–**	57.53%	India	Sterlite	**–**	100.00%
Sterlite Infra Limited ('SIL')	Non-trading	**58.02%**	57.53%	India	Sterlite	**100.00%**	100.00%
Thalanga Copper Mines Pty Limited ('TCM')	Copper mining	**58.02%**	57.53%	Australia	MCBV	**100.00%**	100.00%
Twin Star Holdings Limited ('Twin Star')	Holding company	**100.00%**	100.00%	Mauritius	VRHL	**100.00%**	100.00%
Vedanta Aluminium Limited ('VAL')[2]	Alumina mining, aluminium refining and smelting	**87.61%**	87.47%	India	EKTL	**70.50%**	–
Richter Holding Limited ('Richter')	Financing company	**100.00%**	100.00%	Cyprus	VRCL	**100.00%**	100.00%
Westglobe Limited	Financing company	**100.00%**	100.00%	Mauritius	Richter	**100.00%**	100.00%
Finsider International Company Limited	Financing company	**100.00%**	100.00%	Great Britain	Richter	**60.00%**	60.00%
Vedanta Resources Finance Limited ('VRFL')	Financing company	**100.00%**	100.00%	Great Britain	VRHL	**100.00%**	100.00%
Vedanta Resources Cyprus Limited ('VRCL')	Financing company	**100.00%**	100.00%	Cyprus	VRFL	**100.00%**	100.00%
Welter Trading Limited ('Welter')	Financing company	**100.00%**	100.00%	Cyprus	VRCL	**100.00%**	100.00%
Lakomasko B.V.[3]	Financing company	**58.02%**	100.00%	Netherlands	THL Zinc Holding B.V.	**100.00%**	–
THL Zinc Ventures Limited	Financing company	**58.02%**	57.53%	Mauritius	Sterlite Infra	**100.00%**	100.00%
Twin Star Energy Holdings Limited	Holding company	**100.00%**	100.00%	Mauritius	VRHL	**100.00%**	100.00%
THL Zinc Limited	Financing company	**58.02%**	57.53%	Mauritius	THL Zinc Ventures Ltd	**100.00%**	100.00%
Sterlite (USA) Inc.	Financing company	**58.02%**	57.53%	USA	Sterlite	**100.00%**	100.00%
Talwandi Sabo Power Limited	Energy generation	**58.02%**	57.53%	India	SEL	**100.00%**	100.00%
Allied Port Services Pvt Ltd[4]	Port Service	**–**	87.47%	India	VAL	**–**	100.00%
Konkola Resources plc	Holding company	**100.00%**	100.00%	Great Britain	VRHL	**100.00%**	100.00%
Vizag General Cargo Berth Private Limited	Infrastructure	**42.94%**	42.58%	India	Sterlite	**74.00%**	74.00%
Twin Star Mauritius Holdings Limited ('TMHL')	Holding company	**100.00%**	100.00%	Mauritius	Twin Star Energy Holdings Ltd	**100.00%**	100.00%
THL Zinc Namibia Holdings (Pty) Limited ('VNHL')	Mining and Exploration	**58.02%**	57.53%	Namibia	THL Zinc Ltd	**100.00%**	100.00%
Skorpion Zinc (Pty) Limited ('SZPL')	Acquisition of immovable and movable properties	**58.02%**	57.53%	Namibia	VNHL	**100.00%**	100.00%
Namzinc (Pty) Limited ('SZ')	Mining	**58.02%**	57.53%	Namibia	SZPL	**100.00%**	100.00%
Skorpion Mining Company (Pty) Limited ('NZ')	Mining	**58.02%**	57.53%	Namibia	SZPL	**100.00%**	100.00%
Amica Guesthouse (Pty) Ltd	Accommodation and catering services	**58.02%**	57.53%	Namibia	SZPL	**100.00%**	100.00%
Rosh Pinah Healthcare (Pty) Ltd	Leasing out of medical equipment and building and conducting services related thereto	**37.13%**	36.82%	Namibia	SZPL	**64.00%**	64.00%
Black Mountain Mining (Pty) Ltd	Mining	**42.94%**	42.58%	South Africa	THL Zinc Ltd	**74.00%**	74.00%
THL Zinc Holding BV	Financing company	**58.02%**	57.53%	Netherlands	Sterlite Infra	**100.00%**	100.00%
Lisheen Mine Partnership	Mining Partnership Firm	**58.02%**	57.53%	Ireland	VLML	**50%**	50%
THL Zinc Holding Cooperative U.A[5]	Non-Trading Company	**–**	57.53%	Netherlands	THL Zinc Ltd	**–**	100.00%
Pecvest 17 Proprietary Ltd.	Investment Company	**58.02%**	57.53%	South Africa	THL Zinc Ltd	**100.00%**	100.00%

Vedanta Lisheen Holdings Limited (Earlier Vedanta Lisheen Finance Limited) ('VLFL')	Investment Company	**58.02%**	57.53%	Ireland	THL Zinc Holding BV	**100.00%**	100.00%
Vedanta Base Metals (Ireland) Limited[5]	No Operations	**–**	57.53%	Ireland	VLFL	**–**	100.00%
Vedanta Lisheen Mining Limited ('VLML')	Mining	**58.02%**	57.53%	Ireland	VLFL	**100.00%**	100.00%
Killoran Lisheen Mining Limited	Mining	**58.02%**	57.53%	Ireland	VLFL	**100.00%**	100.00%
Killoran Lisheen Finance Limited	Investment Company	**58.02%**	57.53%	Ireland	VLFL	**100.00%**	100.00%
Lisheen Milling Limited	Manufacturing	**58.02%**	57.53%	Ireland	VLFL	**100.00%**	100.00%
Killoran Concentrates Limited[5]	No Operations	**–**	57.53%	Ireland	VLFL	**–**	100.00%
Killoran Lisheen Limited[5]	No Operations	**–**	57.53%	Ireland	VLFL	**–**	100.00%
Killoran Lisheen Holdings Limited[5]	No Operations	**–**	57.53%	Ireland	Killoran Lisheen Ltd	**–**	100.00%
Azela Limited[5]	No Operations	**–**	57.53%	Ireland	Killoran Lisheen Ltd	**–**	100.00%
Paradip Multi Cargo Berth Private Limited	Infrastructure	**42.94%**	42.58%	India	Sterlite	**74.00%**	74.00%
Sterlite Ports Limited (Earlier MALCO Power Company Limited)	Investment Company	**58.02%**	57.53%	India	Sterlite	**100.00%**	100.00%
Sterlite Infraventures Limited (Earlier MALCO Industries Limited)	Investment Company	**58.02%**	57.53%	India	Sterlite	**100.00%**	100.00%
Bloom Fountain Limited	Investment Company	**55.13%**	–	Mauritius	Sesa Goa Limited	**100.00%**	–
Western Clusters Limited	Mining Company	**28.12%**	–	Liberia	Bloom Fountain Limited	**51.00%**	–
Ekaterina Limited ('EKTL')	Investment Company	**100.00%**	–	Mauritius	Twin Star Holdings Ltd	**64.54%**	–
Goa Energy Private Limited	Energy generation	**55.13%**	–	India	Sesa Goa Limited	**100.00%**	–
Cairn India Limited	Exploration & production	**49.83%**	–	India	Twin Star Mauritius Holdings Ltd	**38.74%**	–
Cairn India Holdings Limited	Holding company	**49.83%**	–	Jersey	Cairn India Limited	**100.00%**	–
Cairn Energy Holdings Limited	Holding company	**49.83%**	–	Scotland	Cairn India Holdings Limited	**100.00%**	–
Cairn Energy Hydrocarbons Ltd	Exploration & production	**49.83%**	–	Scotland	Cairn India Holdings Limited	**100.00%**	–
Cairn Exploration (No.7) Limited	Exploration & production	**49.83%**	–	Scotland	Cairn India Holdings Limited	**100.00%**	–
Cairn Exploration (No.6) Limited	Exploration & production	**49.83%**	–	Scotland	Cairn India Holdings Limited	**100.00%**	–
Cairn Exploration (No.4) Limited	Exploration & production	**49.83%**	–	Scotland	Cairn India Holdings Limited	**100.00%**	–
Cairn Exploration (No.2) Limited	Exploration & production	**49.83%**	–	Scotland	Cairn India Holdings Limited	**100.00%**	–
Cairn Energy Gujarat Block 1 Limited	Exploration & production	**49.83%**	–	Scotland	Cairn India Holdings Limited	**100.00%**	–
Cairn Energy Discovery Limited	Exploration & production	**49.83%**	–	Scotland	Cairn India Holdings Limited	**100.00%**	–
Cairn Petroleum India Limited	Exploration & production	**49.83%**	–	Scotland	Cairn India Holdings Limited	**100.00%**	–
Cairn Energy Cambay B.V.	Exploration & production	**49.83%**	–	Netherlands	Cairn Energy Cambay Holding B.V.	**100.00%**	–
Cairn Energy India West B.V.	Exploration & production	**49.83%**	–	Netherlands	Cairn Energy India West	**100.00%**	–

					Holding B.V.		
Cairn Energy Gujarat B.V.	Exploration & production	**49.83%**	–	Netherlands	Cairn Energy Gujarat Holding B.V.	**100.00%**	–
Cairn Energy India Holdings B.V.	Holding company	**49.83%**	–	Netherlands	Cairn Energy Group Holdings B.V.	**100.00%**	–
Cairn Energy Group Holdings B.V.	Holding company	**49.83%**	–	Netherlands	Cairn Energy Netherlands Holdings B.V.	**100.00%**	–
Cairn Energy Netherlands Holdings B.V.	Holding company	**49.83%**	–	Netherlands	Cairn Energy Holdings Limited	**100.00%**	–
Cairn Energy Gujarat Holding B.V	Holding company	**49.83%**	–	Netherlands	Cairn Energy India Holdings B.V.	**100.00%**	–
Cairn Energy India West Holding B.V.	Holding company	**49.83%**	–	Netherlands	Cairn Energy India Holdings B.V.	**100.00%**	–
Cairn Energy Cambay Holding B.V.	Holding company	**49.83%**	–	Netherlands	Cairn Energy India Holdings B.V.	**100.00%**	–
Cairn Energy Australia Pty Limited	Holding company	**49.83%**	–	Australia	Cairn Energy Group Holdings B.V.	**100.00%**	–
CEH Australia Limited	Holding company	**49.83%**	–	Australia	Cairn Energy Australia Pty Limited	**100.00%**	–
Cairn Energy Asia Pty Limited	Holding company	**49.83%**	–	Australia	Cairn Energy Australia Pty Limited	**68.18%**	–
Cairn Energy Investments Australia Pty Limited	Holding company	**49.83%**	–	Australia	Cairn Energy Asia Pty Limited	**100.00%**	–
Wessington Investments Pty Limited	Holding company	**49.83%**	–	Australia	Cairn Energy Asia Pty Limited	**100.00%**	–
Sydney Oil Company Pty Limited	Holding company	**49.83%**	–	Australia	Cairn Energy Investments Australia Pty Limited	**100.00%**	–
Cairn Energy India Pty Limited	Exploration & production	**49.83%**	–	Australia	Sydney Oil Company Pty Limited	**100.00%**	–
CEH Australia Pty Limited	Holding company	**49.83%**	–	Australia	Ceh Australia Limited	**100.00%**	–
CIG Mauritius Holdings Private Limited	Holding company	**49.83%**	–	Mauritius	Cairn India Limited	**100.00%**	–
CIG Mauritius Private Limited	Holding company	**49.83%**	–	Mauritius	Cig Mauritius Holding Private Limited	**100.00%**	–
Cairn Lanka (Pvt) Ltd	Exploration & production	**49.83%**	–	Sri Lanka	Cig Mauritius Pvt Ltd	**100.00%**	–

1 Now merged with Sterlite.

2 Sale of holdings in VAL by Twin Star and Welter to EKTL during the year.

3 Transfer of 100% holding from VRHL to THL Zinc Holding B.V. during the year.

4 Now merged with VAL.

5 Liquidated during the year.

The Group owns directly or indirectly through subsidiaries, more than half of the voting power of all of its subsidiaries as mentioned in the list above, and the Group is able to govern its subsidiaries' financial and operating policies so as to benefit from their activities.

42. Ultimate Controlling Party

At 31 March 2012, the ultimate controlling party of the Group was Volcan, which is controlled by persons related to the Executive Chairman, Mr Anil Agarwal. Volcan is incorporated in the Bahamas, and does not produce Group accounts.

43. Company Balance Sheet

(US$ million)	Note	**31 March 2012**	31 March 2011
Fixed assets			
Tangible assets	45	**0.3**	0.1
Investments in subsidiaries	46	**1,061.8**	1,061.8
Investment in preference shares of subsidiaries	47	**178.9**	178.9
Financial asset investment	48	**0.3**	0.5
Derivative asset		**5.3**	6.0
		1,246.6	1,247.3
Current assets			
Debtors due within one year	49	**463.1**	323.2
Debtors due after one year	49	**5,378.2**	3,857.7
Current asset investments	50	**182.5**	262.0
Cash at bank and in hand		**0.3**	1.0
		6,024.1	4,443.9
Creditors: amounts falling due within one year			
Trade and other creditors	51	**(66.6)**	(33.7)
External borrowings	51	**(996.0)**	(370.6)
Loan from subsidiary	51	**(281.7)**	(188.4)
		(1,344.3)	(592.7)
Net current assets		**4,679.8**	3,851.2
Total assets less current liabilities		**5,926.4**	5,098.5
Creditors: amounts falling due after one year			
Loan from subsidiary	52	**(1,741.1)**	(1,669.4)
External borrowings	52	**(3,205.8)**	(2,420.4)
		(4,946.9)	(4,089.8)
Net assets		**979.5**	1,008.7
Capital and reserves			
Called up share capital	53	**29.7**	29.7
Share premium account	53	**196.8**	196.8
Share-based payment reserve	53	**39.8**	20.5
Convertible bond reserve	53	**382.0**	453.3
Other reserves	53	**(2.0)**	(1.8)
Treasury shares	53	**(490.6)**	(490.6)
Profit and loss account	53	**823.8**	800.8
Shareholders' funds	53	**979.5**	1,008.7

44. Company Accounting Policies

The Vedanta Resources plc (the 'Company') balance sheet and related notes have been prepared in accordance with United Kingdom Generally Accepted Accounting Principles and UK company law ('UK GAAP'). The financial information has been prepared on an historical cost basis. As permitted by the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements.

Significant Accounting Policies

Investments in Subsidiaries

Investments in subsidiaries represent equity holdings in subsidiaries valued at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

Investment in Preference Shares of Subsidiaries

Investments in preference shares of subsidiaries are stated at fair value. The fair value is represented by the face value of the preference shares as the investments are redeemable at any time for their face value at the option of the Company.

Currency Translation
Transactions in currencies other than the functional currency of the Company, being US dollars, are translated into US dollars at the spot exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in other currencies at the balance sheet date are translated into US dollars at year end exchange rates, or at a contractual rate if applicable.

Tangible Fixed Assets
Tangible fixed assets are stated at cost less accumulated depreciation and provision for impairment.

Deferred Taxation
Deferred taxation is provided in full on all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, subject to the recoverability of deferred tax assets. Deferred tax assets and liabilities are not discounted.

Share-based Payments
The cost of equity-settled transactions with employees is measured at fair value at the date at which they are granted. The fair value of share awards with market-related vesting conditions are determined by an external valuer and the fair value at the grant date is expensed on a straight-line basis over the vesting period based on the Company's estimate of shares that will eventually vest. The estimate of the number of awards likely to vest is reviewed at each balance sheet date up to the vesting date at which point the estimate is adjusted to reflect the current expectations. No adjustment is made to the fair value after the vesting date even if the awards are forfeited or not exercised. Amounts recharged to subsidiaries in respect of awards granted to employees of subsidiaries are recognised as intercompany debtors until repaid.

Borrowings
Interest bearing loans are recorded at the net proceeds received i.e. net of direct transaction costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual 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.

Convertible Bonds
The Convertible bonds issued by VRJL and VRJL-II (Note 52) are accounted for as a compound instrument. The gross proceeds (net of issue costs) were lent to the Company by VRJL and VRJL-II. The equity component has been recognised in a separate reserve of the Company and is not subsequently remeasured. The recognition of the equity component by the Company acts to reduce the payable to VRJL and VRJL-II which arises once the gross proceeds are borrowed. The liability component is held at amortised cost. The interest expensed on the liability component is calculated by applying an effective interest rate. The difference between interest expensed and interest paid is added to the carrying amount of the liability component.

The bonds are first convertible into preference shares of the issuer having a principal value of US$100,000 per preference share, which are exchanged immediately for ordinary shares of the Company.

Financial Instruments
The Company has elected to take the exemption provided in paragraph 2D of FRS 29 in respect of these parent company financial statements. Full disclosures are provided in Note 27 to the consolidated financial statements of the Group for the period ended 31 March 2012.

Derivative Financial Instruments
Derivative financial instruments are initially recorded at their fair value on the date of the derivative transaction and are remeasured at their fair value at subsequent balance sheet dates.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss account. The hedged item is recorded at fair value and any gain or loss is recorded in the profit and loss account and is offset by the gain or loss from the change in the fair value of the derivative.

Derivative financial instruments that do not qualify for hedge accounting are marked to market at the balance sheet date and gains or losses are recognised in the profit and loss account immediately.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

Cash Flow Statement
The Company's individual financial statements are outside the scope of FRS 1 Cash Flow Statements because the Company prepares publicly available consolidated financial statements, which include a consolidated cash flow statement. Accordingly, the Company does not present an individual company cash flow statement.

Related Party Disclosures
The Company's individual financial statements are exempt from the requirements of FRS 8 Related Party Disclosures because its individual financial statements are presented together with its consolidated financial statements. Accordingly, the individual financial statements do not include related party disclosures.

Financial Guarantees
Guarantees issued by the Company on behalf of other Group companies are designated as 'Insurance Contracts'. Accordingly, these are shown as contingent liabilities (Note 54).

Debtors
Debtors are stated at their nominal value as reduced by appropriate allowance for estimated irrecoverable amounts. An allowance for impairment for debtors is made where there is an indication of a reduction in the recoverability of the carrying value of the debtor.

Creditors
Creditors are stated at their nominal value.

45. Company Tangible Fixed Assets

	US$ million
Cost	
At 1 April 2011	1.2
Additions	0.3
At 31 March 2012	**1.5**
Accumulated depreciation	
At 1 April 2011	1.1
Charge for the period	0.1
At 31 March 2012	**1.2**
Net book value	
At 1 April 2011	0.1
At 31 March 2012	**0.3**

46. Investments in Subsidiaries

	US$ million
Cost	
At 1 April 2011	1,061.8
At 31 March 2012	**1,061.8**

At 31 March 2012, the Company held 144,538,524 shares in VRHL (2011: 144,538,524 shares), being 100% of VRHL's issued equity share capital. The Company also held one deferred share in VRHL (2011: one). At 31 March 2012, the Company held two shares in Vedanta Finance Jersey Limited ('VFJL') (2011: two), two shares in Vedanta Resources Jersey Limited ('VRJL') (2011: two), two shares in Vedanta Resources Jersey II Limited ('VRJL-II') (2011: two) and two shares in Vedanta Jersey Investment Limited ('VJIL') (2011: two), being 100% of its issued equity share capital.

VRHL is an intermediary holding company incorporated in England and Wales. VFJL, VRJL and VRJL-II are companies established to raise funds for the Vedanta Group via convertible bond issue and are incorporated in Jersey.

A detailed list of subsidiary investments held indirectly by the Company can be seen in Note 41.

47. Investment in Preference Shares of Subsidiaries

	US$ million
Fair value	
At 1 April 2012	178.9
Additions	–
At 31 March 2012	**178.9**
As 1 April 2010	178.9
Additions	–
At 31 March 2011	**178.9**

As at 31 March 2012, the Company held 178,916,000 preference shares in VFJL (2011: 178,916,000). These shares entitle the holder to a dividend of 4.6% of their face value.

48. Financial Asset Investment

	US$ million
Fair value	
At 1 April 2011	0.5
Fair value movement in investment	(0.2)
At 31 March 2012	**0.3**
At 1 April 2010	0.5
Fair value movement in investment	–
At 31 March 2011	**0.5**

The investment relates to an equity investment of shares in Victoria Gold Corporation. At 31 March 2012, the investment in Victoria Gold Corporation was revalued and a loss of US$0.2 million was recognised in equity.

49. Company Debtors

(US$ million)	**31 March 2012**	31 March 2011
Amounts due from subsidiary undertakings	**5,840.3**	4,176.2
Prepayments and accrued income	**0.7**	4.3
Other taxes	**0.3**	0.4
Total	**5,841.3**	4,180.9
Debtors due within one year	**463.1**	323.2
Debtors due after one year	**5,378.2**	3,857.7
Total	**5,841.3**	4,180.9

Amounts Due From Subsidiary Undertakings

At 31 March 2012, the Company had loans due from VRHL of US$1,806.8 million (2011: US$1,965.8 million) which represented the downstreaming of funds to the subsidiaries. Out of the total loan, US$579.3 million bears interest at US dollar six months LIBOR plus 350 basis points, US$500 million at 5.8%, US$245 million at 8.95%, US$200 million at 5.9%, US$195.7 million at 9.7%, and US$86.8 million at 8.95%. In addition to the loans, the Company was owed US$338.2 million of accrued interest (2011: US$269.4 million).

At 31 March 2012, the Company had loans of US$496 million (2011: US$892 million), US$nil million (2011: US$500 million), US$nil million (2011: US$500 million) and US$3,137 million (2011: US$16.3 million) receivable from Richter, Welter, KCM and TMHL respectively and US$62.3 million of other amounts due from subsidiary undertakings (2011: US$32.3 million).

50. Company Current Asset Investments

(US$ million)	**31 March 2012**	31 March 2011
Bank term deposits	**180.4**	261.0
Short-term unit trusts and liquid funds	**2.1**	1.0
Total	**182.5**	262.0

51. Company Creditors: Amounts Falling Due Within One Year

(US$ million)	**31 March 2012**	31 March 2011
Trade creditors	–	(1.7)
Accruals and deferred income	**(66.6)**	(32.0)
External borrowings	**(996.0)**	(370.6)
Loan from subsidiary	**(281.7)**	(188.4)
Total	**(1,344.3)**	(592.7)

The Loan from Bank of Tokyo-Mitsubishi UFJ Ltd ('BTMU') of US$373 million was repaid on its due date in July 2011.
The external borrowings as on 31 March 2012 represent a loan of US$1,000 million taken from ABN AMRO Bank ('ABN') in April 2008. Out of this, US$250 million is repayable in April 2012 and remaining US$750 million is repayable in January 2013.

52. Company Creditors: Amounts Falling Due After One Year

(US$ million)	**31 March 2012**	31 March 2011
Loan from subsidiary	**(1,741.1)**	(1,669.4)
Bond & Loans	**(3,205.8)**	(2,420.4)
Total	**(4,946.9)**	(4,089.8)

Loans from subsidiaries include a loan of US$1,023.1 million from VRJL relating to its issue of US$1.25 billion convertible bonds (bond issued in July 2009) and of US$718 million from VRJL-II related to its issue of US$883 million convertible bond (bond issued in March 2010). During 2011, interest was charged at the effective interest rate of 11.22% and interest rate of 9.79% respectively.

In June 2011, the Company issued US$750 million, 6.75% bonds due June 2016 and US$900 million, 8.25% bonds due June 2021.

In March 2012, the Company entered into a facility agreement of US$300 million with Standard Chartered Bank and withdrew US$150 million under the agreement. The loan bears an interest rate of USD LIBOR plus 415 basis points and is due for repayment in June 2015. The remaining facility amount of US$150 million was undrawn as on 31 March 2012.

The loan due to ABN has been reclassified to 'Company creditors: amounts falling due within one year' at 31 March 2012 (Note 51).

53. Company Reconciliation of Movement in Equity Shareholders' Funds

(US$ million)	Share capital	Share premium account	Share-based payment reserve	Convertible bond reserve	Treasury Shares	Profit and loss account	Other reserves	Total
Equity shareholders' funds at 1 April 2011	29.7	196.8	20.5	453.3	(490.6)	800.8	(1.8)	1,008.7
Profit for the year	–	–	–	–	–	94.8	–	94.8
Dividends paid	–	–	–	–	–	(144.0)	–	(144.0)
Exercise of LTIP awards	–	–	(0.9)	–	–	0.9	–	–
Recognition of share-based payments	–	–	20.2	–	–	–	–	20.2
Convertible bond reserve transfer	–	–	–	(71.3)	–	71.3	–	–
Movement in fair value of financial investments (note 48)	–	–	–	–	–	–	(0.2)	(0.2)
Equity shareholders' funds at 31 March 2012	**29.7**	**196.8**	**39.8**	**382.0**	**(490.6)**	**823.8**	**(2.0)**	**979.5**

54. Company Contingent Liabilities

a. The Company has guaranteed US$1,250 million convertible bonds issued by VRJL (2011: US$1,250 million). See Note 26 to the Group financial statements for further details on the convertible bonds.

b. The Company has given corporate guarantee to Vedanta Aluminium Limited for an amount of US$4,275 million up to 31 March 2012.

c. The Company also has issued other guarantees of US$170 million supplied to concentrate suppliers.

d. The Company has given corporate guarantee to Konkola Copper Mines for an amount of US$925 million up to 31 March 2012.

e. The Company has given corporate guarantee to Fujairah Gold FZE for an amount of US$5 million up to 31 March 2012.

f. The Company has guaranteed US$883 million convertible bonds issued by VRJL-II (2011: US$883 million). See Note 26 to the Group financial statements for further details on the convertible bonds.

55. Company Share-based Payments

The Company had certain LTIP awards outstanding as at 31 March 2012. See Note 30 to the Group financial statements for further details on these share-based payments.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VEDANTA RESOURCES PLC

We have audited the financial statements of Vedanta Resources plc for the year ended 31 March 2013 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes 1 to 42. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, contained within the Director Report, in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Other Matter

We have reported separately on the parent Company financial statements of Vedanta Resources plc for the year ended 31 March 2013 and on the information in the Directors' Remuneration Report that is described as having been audited.

Andrew Kelly (Senior statutory auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

15 May 2013

Financial Statements
for the Year Ended 31 March 2013

CONSOLIDATED INCOME STATEMENT

(US$ million except as stated)

	Note	Year ended 31 March 2013	Year ended 31 March 2012
Continuing operations			
Revenue	4	14,989.8	14,005.3
Cost of sales		(11,702.3)	(10,442.0)
Gross profit		**3,287.5**	**3,563.3**
Other operating income		90.3	85.1
Distribution costs		(295.0)	(569.0)
Administrative expenses		(528.9)	(461.5)
Special items	5	(41.9)	(230.2)
Operating profit	9	**2,512.0**	**2,387.7**
Share in consolidated profit of associate	36	-	92.2
Investment revenue	6	673.1	525.4
Finance costs	7	(1,194.0)	(945.7)
Other gains and losses (net)	8	(285.2)	(314.2)
Profit before taxation		**1,705.9**	**1,745.4**
Tax expense	12	(40.1)	(516.7)
Profit for the year		**1,665.8**	**1,228.7**
Attributable to:			
Equity holders of the parent		157.4	59.8
Non-controlling interests		1,508.4	1,168.9
		1,665.8	**1,228.7**
Basic earnings per ordinary share (US Cents)	13	57.7	21.9
Diluted earnings per ordinary share (US Cents)	13	56.7	21.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(US$ million except as stated)

	Year ended 31 March 2013	Year ended 31 March 2012
Profit for the year	**1,665.8**	**1,228.7**
Income and expenses recognised directly in equity:		
Exchange differences arising on translation of foreign operations	(707.9)	(1,861.4)
Change in fair value of available-for-sale financial assets	(1.3)	(86.0)
Change in fair value of cash flow hedges deferred in reserves	(60.5)	(119.0)
Tax effects arising on cash flow hedges deferred in reserves	(1.4)	38.5
Total expense recognised in equity	**(771.1)**	**(2,027.9)**
Gain on available-for-sale financial asset transferred to income statement	(70.5)	-
Change in fair value of cash flow hedges transferred to income statement	94.8	(55.8)
Tax effects arising on cash flow hedges transferred to income statement	(5.3)	18.0
Total transferred to the income statement	**19.0**	**(37.8)**
Total comprehensive income/(loss) for the year	**913.7**	**(837.0)**
Attributable to:		
Equity holders of the parent	(124.3)	(843.1)
Non-controlling interests	1,038.0	6.1

CONSOLIDATED BALANCE SHEET

(US$ million except as stated)

	Note	As of 31 March 2013	As of 31 March 2012
Assets			
Non-current assets			
Goodwill	15	16.6	16.6
Property, plant and equipment*	16	33,120.6	34,141.8
Financial asset investments	17	2.4	209.6
Other non-current assets	18	113.4	122.3
Financial instruments (derivatives)	27	-	22.8
Deferred tax assets	29	847.1	402.8
		34,100.1	34,915.9
Current assets			
Inventories	19	1,966.1	1,704.1
Trade and other receivables	20	1,706.0	1,795.9
Financial asset investments	17	18.2	-
Financial instruments (derivatives)	27	31.1	106.8
Current tax assets		147.0	70.1
Liquid investments	21	5,781.5	4,940.3
Cash and cash equivalents	22	2,200.2	1,945.0
		11,850.1	**10,562.2**
Total assets		**45,950.2**	**45,478.1**
Liabilities			
Current liabilities			
Short term borrowings	23	(3,705.7)	(4,151.6)
Convertible bonds	26	(694.4)	-
Trade and other payables	25a	(4,563.7)	(3,842.9)
Financial instruments (derivatives)	27	(44.5)	(101.1)
Retirement benefits	31	(8.3)	(6.7)
Provisions	28	(68.4)	(18.1)
Current tax liabilities		(125.3)	(26.8)
		(9,210.3)	**(8,147.2)**
Net current assets		**2,639.8**	**2,415.0**
Non-current liabilities			
Medium and long-term borrowings	23	(10,452.6)	(10,513.5)
Convertible bonds	26	(1,740.1)	(2,290.3)
Trade and other payables	25b	(232.2)	(164.0)
Financial instruments (derivatives)	27	(28.0)	(32.1)
Deferred tax liabilities*	29	(4,992.7)	(5,460.3)
Retirement benefits	31	(58.4)	(52.3)
Provisions	28	(362.6)	(387.0)
Non equity non-controlling interests	23	(11.9)	(11.9)
		(17,878.5)	**(18,911.4)**
Total liabilities		**(27,088.8)**	**(27,058.6)**
Net assets		**18,861.4**	**18,419.5**
Equity			
Share capital	33	29.8	29.7
Share premium account		196.8	196.8
Treasury shares		(556.9)	(556.9)
Share-based payment reserves	30	29.0	39.8
Convertible bond reserve		302.9	382.0
Hedging reserves		(22.2)	(55.6)
Other reserves		791.0	1,008.5
Retained earnings		3,628.0	3,606.3
Equity attributable to equity holders of the parent		4,398.4	4,650.6
Non-controlling interests		14,463.0	13,768.9
Total equity		**18,861.4**	**18,419.5**

* *The previous year balance sheet has been restated to give effect to the fair value adjustments to provisional fair values and business combination accounting relating to the acquisition of Cairn India Limited duringthe year ended 31 March 2012 (note 34).*

Financial Statements of Vedanta Resources plc, registration number 4740415 were approved by the Board on 15May 2013

MS Mehta – Director

CONSOLIDATED CASH FLOW STATEMENT

(US$ million except as stated)

	Note	Year ended 31 March 2013	Year ended 31 March 2012
Operating activities			
Profit before taxation		1,705.9	1,745.4
Adjustments for:			
Depreciation & amortisation		2,334.4	1,408.4
Investment revenue		(673.1)	(525.4)
Finance costs		1,194.0	945.7
Other gains and losses (net)		285.2	314.2
Profit on disposal of property, plant and equipment		(11.6)	(1.2)
Write-off of unsuccessful exploration costs		51.8	-
Share-based payment charge		25.5	20.2
Share of profit in associate	36	-	(92.2)
Other non-cash items		29.1	15.5
Operating cash flows before movements in working capital		4,941.2	3,830.6
(Increase)/ decreasein inventories		(347.5)	48.6
Decrease/(increase) in receivables		29.8	(28.9)
Increase/ (decrease) in payables		327.8	(286.9)
Cash generated from operations		**4,951.3**	**3,563.4**
Dividends received		91.4	82.7
Interest income received		362.7	401.1
Interest paid		(1,150.9)	(1,008.0)
Income taxes paid		(897.4)	(915.8)
Dividends paid		(153.5)	(144.0)
Net cash from operating activities		**3,203.6**	**1,979.4**
Cash flows from investing activities			
Net cash on acquisition of subsidiaries*	34	-	(8,017.4)
Purchases of property, plant and equipment		(2,233.2)	(2,796.4)
Proceeds on disposal of property, plant and equipment		63.4	23.6
(Purchase)/ sale of liquid investments	24	(941.7)	2,354.1
Sale/(purchase) of financial asset investments		158.1	(3.9)
Net cash used in investing activities		**(2,953.4)**	**(8,440.0)**
Cash flows from financing activities			
Issue of ordinary shares		0.1	-
Dividends paid to non-controlling interests of subsidiaries		(257.4)	(219.7)
Acquisition of additional interests in subsidiary		(33.5)	(60.3)
Increase in short-term borrowings	24	159.9	981.8
Proceeds from long term borrowings	24	2,307.9	6,833.9
Repayment of long term borrowings	24	(2,352.4)	(570.4)
Net cash (used in)/ from financing activities		**(175.4)**	**6,965.3**
Net increase in cash and cash equivalents	24	74.8	504.7
Effect of foreign exchange rate changes	24	180.4	528.7
Cash and cash equivalents at beginning of year		1,945.0	911.6
Cash and cash equivalents at end of year	22	**2,200.2**	**1,945.0**

* *Year ended 31 March 2012 includes cash paid for acquisition of US$8,683.2 million and cash acquired on acquisition of US$665.8 million.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(US$ million)

	Attributable to equity holders of the Company										
	Share capital	Share premium	Treasury Shares	Share-based payment reserves	Convertible bond reserve	Hedging reserve	Other reserves[1]	Retained earnings	Total	Non-controlling Interests	Total equity
At 1 April 2011	**29.7**	**196.8**	**(556.9)**	**20.5**	**453.3**	**38.2**	**1,452.4**	**4,014.9**	**5,648.9**	**8,104.9**	**13,753.8**
Profit for the period	-	-	-	-	-	-	-	59.8	59.8	1,168.9	1,228.7
Other comprehensive income for the period	-	-	-	-	-	(93.8)	(809.1)	-	(902.9)	(1,162.8)	(2,065.7)
Total comprehensive income for the period						**(93.8)**	**(809.1)**	**59.8**	**(843.1)**	**6.1**	**(837.0)**
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	5,906.5	5,906.5
Inter group transfers [4]	-	-	-	-	-	-	(22.2)	6.4	(15.8)	15.8	-
Convertible bond transfers (note 26)	-	-	-	-	(71.3)	-	-	71.3	-	-	-
Transfers [2]	-	-	-	-	-	-	387.4	(387.4)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(144.0)	(144.0)	(219.7)	(363.7)
Exercise of LTIP /STIP awards	-	-	-	(0.9)	-	-	-	0.9	-	-	-
Additional investment in assets (note 39)	-	-	-	-	-	-	-	(15.6)	(15.6)	(44.7)	(60.3)
Recognition of share-based payment (note 30)	-	-	-	20.2	-	-	-	-	20.2	-	20.2
At 31 March 2012	**29.7**	**196.8**	**(556.9)**	**39.8**	**382.0**	**(55.6)**	**1,008.5**	**3,606.3**	**4,650.6**	**13,768.9**	**18,419.5**

(US$ million)

	Attributable to equity holders of the Company										
	Share capital	Share premium	Treasury Shares	Share-based payment reserves	Convertible bond reserve	Hedging reserve	Other reserves[1]	Retained earnings	Total	Non-controlling Interests	Total equity
At 1 April 2012	**29.7**	**196.8**	**(556.9)**	**39.8**	**382.0**	**(55.6)**	**1,008.5**	**3,606.3**	**4,650.6**	**13,768.9**	**18,419.5**
Profit for the year	-	-	-	-	-	-	-	157.4	157.4	1,508.4	1,665.8
Other comprehensive income for the year	-	-	-	-	-	33.4	(315.1)	-	(281.7)	(470.4)	(752.1)
Total comprehensive income for the year	**-**	**-**	**-**		**-**	**33.4**	**(315.1)**	**157.4**	**(124.3)**	**1,038.0**	**913.7**
Convertible bond transfers (note 26)	-	-	-	-	(79.1)	-	-	79.1	-	-	-
Transfers [2]	-	-	-	-	-	-	97.6	(97.6)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(153.5)	(153.5)	(257.4)	(410.9)
Exercise of LTIP/STIP awards	0.1	-	-	(36.3)	-	-	-	36.3	0.1	-	0.1
Additional investment in assets[3]	-	-	-	-	-	-	-	-	-	(86.5)	(86.5)
Recognition of share-based payment (note 30)	-	-	-	25.5	-	-	-	-	25.5	-	25.5
At 31 March 2013	**29.8**	**196.8**	**(556.9)**	**29.0**	**302.9**	**(22.2)**	**791.0**	**3,628.0**	**4,398.4**	**14,463.0**	**18,861.4**

[1]OTHER RESERVES COMPRISE:

(US$ million)

	Currency translation reserve	Merger[5] reserve	Investment revaluation reserve	General reserves	Total
At 1 April 2011	**(74.1)**	**4.4**	**157.5**	**1,364.6**	**1,452.4**
Exchange differences on translation of foreign operations	(717.3)	-	-	-	(717.3)
Inter group transfers [4]	-	-	(22.2)		
Revaluation of available-for-sale investments	-	-	(91.8)	-	59.1
Transfer from retained earnings [2]	-	-	-	387.4	387.4
At 31 March 2012	**(791.4)**	**4.4**	**43.5**	**1,752.0**	**1,008.5**
Exchange differences on translation of foreign operations	(272.8)	-	-	-	(272.8)
Revaluation of available-for-sale investments	-	-	(0.7)	-	(0.7)
Disposal of available-for-sale investments	-	-	(41.6)	-	(41.6)
Transfer from retained earnings [2]	-	-	-	97.6	97.6
At 31 March 2013	**(1,064.2)**	**4.4**	**1.2**	**1,849.6**	**791.0**

2 *Under Indian law, a general reserve is created through an annual transfer of net income to general reserves at a specified percentage in accordance with applicable regulations. The purpose of these transfers is to ensure that the total dividend distribution is less than the total distributable results for that year. Transfer to General reserves also includes US$5.5 million of debenture redemption reserve.*

3 *In December 2012, the Group acquired remaining 49% stake in Western Cluster Limited ('WCL') at a consideration of US$33.5 million. This resulted in increase in Group's stake in WCL from 51% to 100%. The increase has been accounted in the financial statements as an equity transaction. The carrying amount of the non-controlling interest has been adjusted to reflect the change in Group's interest in the Net assets of WCL.*

4 *During the year ended 31 March 2012, the shareholding in Lakomasko BV, a Group company and 100% subsidiary of the Company was transferred to THL Zinc Holdings BV, a Group company and 58.02% subsidiary of the Company as on 31 March 2012. The carrying amount of non-controlling interest has been adjusted to reflect the change, with US$22.2 million being recycled from Investment revaluation reserve.*

5 *The merger reserve arose on incorporation of the Company during the year ended 31 March 2004. The investment in Twin Star had a carrying amount value of US$20.0 million in the accounts of Volcan. As required by the Companies act 1985, Section 132, upon issue of 156,000,000 Ordinary shares to Volcan, Twin Star's issued share capital and share premium account have been eliminated and a merger reserve of US$4.4 million arose, being the difference between the carrying value of the investment in Twin Star in Volcan's accounts and the nominal value of the shares issued to Volcan.*

NOTES TO THE FINANCIAL STATEMENTS

1. Presentation of financial statements

Compliance with applicable law and IFRS

The financial statements have been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under International Financial Reporting Standards (IFRS), Article 4 of the IAS Regulation and IFRS as adopted by the European Union and related interpretations.

Basis of preparation

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments, available-for-sale financial assets, fixed rate bonds and defined benefit pension obligations that have been measured at fair value. The financial statements are presented in US dollars and all values are rounded to one decimal of the nearest million except where otherwise indicated.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IAS 1 (amended)	Financial statement presentation-presentation of items of other comprehensive income
IAS 12 (amended)	Deferred Tax: Recovery of underlying assets
IAS 19 (revised)	Employee benefits
IAS 27 (revised)	Separate financial statements
IAS 28 (revised)	Investments in associates and joint ventures
IAS 32	Offsetting financial assets and financial liabilities
IFRS 7 (amended)	Financial instruments: Disclosures
IFRS 9	Financial instruments
IFRS 10-	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosures of interests in other entities
IFRS 13	Fair value measurement
IFRIC 20	Stripping costs in the production phase of a surface mine

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

Adoption of new and revised standards

The Group has adopted with effect from 1 April 2012, the following new and revised standards and interpretations. Their adoption has not had any impact on the amounts reported in the financial statements.

IFRS 7 Financial Instruments: Disclosures (Amendment):

IFRS 7 has been amended to require additional disclosures relating to the transfer of a financial assets when the financial assets is derecognised in its entirety, but the entity has continuing involvement in it and when the financial assets is not derecognised in its entirety.

Other amendments to accounting standards or new interpretations issued by International Accounting Standards Board, which were applicable from 1 April 2012, didnot have an impact on the Group.

Going concern

The financial statements have been prepared in accordance with the going concern basis of accounting. The use of this basis of accounting takes into consideration the Group's current and forecast financing position, additional details of which are provided in the Going Concern section of the Directors' Report.

Parent Company financial statements

The financial statements of the parent company, Vedanta Resources plc, incorporated in United Kingdom, have been prepared in accordance with UK GAAP, UK accounting presentation and UK company law. The Company Balance Sheet is presented in note 43.

2(a) Accounting policies

Basis of consolidation

Subsidiaries:

The consolidated financial information incorporates the results of the Company and all its subsidiaries (the "Group"), being the companies that it controls. This control is normally evidenced when the Group is able to govern a company's financial and operating policies so as to benefit from its activities or where the Group owns, either directly or indirectly, the majority of a company's equity voting rights unless in exceptional circumstances it can be demonstrated that ownership does not constitute control.

The financial statements of subsidiaries are prepared for the same reporting year as the parent Company. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with accounting policies used by the Group.

For non-wholly owned subsidiaries, a share of the profit for the financial year and net assets is attributed to the non-controlling interests as shown in the consolidated income statement, consolidated statement of comprehensive income and consolidated balance sheet.

For acquisitions of additional interests in subsidiaries, where there is no change in control, the Group recognises a reduction to the non-controlling interest of the respective subsidiary with the difference between this figure and the cash paid, inclusive of transaction fees, being recognised in equity. In addition, upon dilution of controlling interests the difference between the cash received from sale or listing of the subsidiary shares and the increase to non-controlling interest is also recognised in equity. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or upto the effective date of disposal, as appropriate.

All intercompany balances and transactions, including unrealised profits arising from intra-Group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Joint Ventures:

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control such that significant operating and financial decisions require the unanimous consent of the parties sharing control. The Group has:

Jointly controlled assets (JCAs): Within its Oil and gas segment, the Group participates in several unincorporated joint ventures 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 ventures in which the Group holds an interest, classified in the appropriate balance sheet and income statement headings. In addition, where the Group acts as operator to the joint venture, the gross liabilities and receivables (including amounts due to or from non-operating partners) of the joint venture are included in the Group balance sheet.

Restatement

The prior year balance sheet has been restated to give effect to the fair value adjustments to provisional fair values and business combination accounting relating to acquisition of Cairn India Limited for the year ending 31 March 2012 (note 34).

Revenue recognition

Revenue represents the net invoice value of goods and services provided to third parties after deducting discounts, volume rebates, outgoing sales taxes and duties, and are recognised when all significant risks and rewards of ownership of the asset sold are transferred to the customeror services have been provided.

Certain of the Group's sales contracts provide for provisional pricing based on the price on the London Metal Exchange Limited ("LME"), as specified in the contract, when shipped. Final settlement of the prices is based on the applicable price for a specified future period. The Company's provisionally priced sales are marked to market using the relevant forward prices for the future period specified in the contract with a corresponding adjustment to revenue.

Revenue from oil, gas and condensate sales represent the Group's share of oil, gas and condensate production, recognised on a direct entitlement basis, and tariff income received for third party use of operating facilities and pipelines in accordance with agreements.

- Revenue from holding certificate contracts is recognised when goods have been delivered to a distribution warehouse or has been identified and kept separately, have been inspected by a nominee of the buyer and cash has been received. Under these arrangements, revenue is recognised once legal title has passed and all significant risks and rewards of ownership of the asset sold are transferred to the customer.
- Revenue from the sale of power is recognised when the electricity is delivered and measured based on contractually agreed tariff rates as approved by the electricity regulatory authorities.
- Revenues from sale of material by-products are included in revenue.
- Dividend income is recognised when the shareholders' right to receive payment is established.
- Interest income is recognised on an accrual basis in the income statement.

Special items

Special items are those items that management considers, by virtue of their size or incidence (include but not limited to Voluntary retirement schemes and acquisition and restructuring related costs), should be disclosed separately to ensure that the financial information allows an understanding of the underlying performance of the business in the year, so as to facilitate comparison with prior periods. Such items are material by nature or amount to the year's result and require separate disclosure in accordance with IAS 1 paragraph 97. The determination as to which items should be disclosed separately requires a degree of judgement.

Business combinations

The results of subsidiaries acquired or sold during the year are consolidated for the periods from, or to, the date on which control passed. Acquisitions are accounted for under theacquisitionmethod. The acquirer's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (revised 2008) Business Combinations are recognised at their fair value at the acquisition date.

To the extent that such excess purchase consideration relates to the acquisition of mining properties and leases, that amount is capitalised within property, plant and equipment as "mining properties and leases". To the extent that such excess purchase consideration relates to the acquisition of oil and gas properties, that amount is capitalised within property, plant and equipment as "exploratory and evaluation assets".Other excess purchase consideration relating to the acquisition of subsidiaries is capitalised as goodwill. Goodwill arising on acquisitions is reviewed for impairment at least annually.

Where the fair values of the identifiable assets and liabilities exceed the cost of acquisition, the surplus is credited to the income statement in the period of acquisition.

Where it is not possible to complete the determination of fair values by the date on which the first post-acquisition financial statements are approved, a provisional assessment of fair values is made and any adjustments required to those provisional fair values, and the corresponding adjustments to purchased goodwill, are finalised within 12 months of the acquisition date.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholder's proportion of the net assets or proportion of the net fair value of the assets, liabilities and contingent liabilities recognised. This accounting choice is made on a transaction-by-transaction basis.

Acquisition expenses are charged to the income statement in line with IFRS 3 Business Combinations (revised 2008).

If the Group acquires a group of assets or equity in a company that does not constitute a business combination in accordance with IFRS 3 Business Combinations (2008 revised), the cost of the acquired group of assets or equity is allocated to the individual identifiable assets acquired based on their relative fair value.

Property, plant and equipment

Relating to mineral assets- Mining properties and leases

The costs of mining properties and leases, which include the costs of acquiring and developing mining properties and mineral rights, are capitalised as property, plant and equipment under the heading 'Mining properties and leases' in the year in which they are incurred.

When a decision is taken that a mining property is viable for commercial production, all further pre-production primary development expenditure other than land, buildings, plant and equipment is capitalised as part of the cost of the mining property until the mining property is capable of commercial production. From that point, capitalised mining properties and lease costs are amortised on a unit-of-production basis over the total estimated remaining commercial reserves of each property or group of properties.

Exploration and evaluation assets acquired are recognised as assets at their cost of acquisition subject to meeting the commercial production criteria mentioned above and are subject to impairment review on an annual basis.

Stripping costs and secondary development expenditure, mainly comprising costs on blasting, haulage, excavation, etc incurred during the production stage of an ore body are charged to the income statement as incurred.

In circumstances where a mining property is abandoned, the cumulative capitalised costs relating to the property are written off in the period in which it occurs.

Commercial reserves are proved and probable reserves as defined by the 'JORC' Code and 'SAMREC' Code. Changes in the commercial reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves.

Relating to oil and gas assets- Exploration & evaluation assets and 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 income statement. Expenditure incurred on the acquisition of a licence interest is initially capitalised on a licence-by-licence basis. Costs are held, un-depleted, within exploration and evaluation assets until such time as the exploration phase on the licence area is complete or commercial reserves have been discovered.

Exploration expenditure incurred in the process of determining oil and gas exploration targets is capitalised initially within property, plant and equipment- exploration and evaluation assets and subsequently allocated to drilling activities. Exploration drilling costs are initially capitalised on a well-by-well basis until the success or otherwise of the well has been established. The success or failure of each exploration effort is judged on a well-by-well basis. Drilling costs are written off on completion of a well unless the results indicate that hydrocarbon reserves exist and there is a reasonable prospect that these reserves are commercial.

Following appraisal of successful exploration wells, if commercial reserves are established and technical feasibility for extraction demonstrated, then the related capitalised exploration costs are transferred into a single field cost centre within property, plant & equipment - development/producing assets after testing for impairment. Where results of exploration drilling indicate the presence of hydrocarbons which are ultimately not considered commercially viable, all related costs are written off to the income statement.

All costs incurred after the technical feasibility and commercial viability of producing hydrocarbons has been demonstrated are capitalised within property, plant & equipment - development/producing assets on a field-by-field basis. Subsequent expenditure is capitalised only where it either enhances the economic benefits of the development/producing asset or replaces part of the existing development/producing asset. Any remaining costs associated with the part replaced are expensed.

Net proceeds from any disposal of an exploration asset are initially credited against the previously capitalised costs. Any surplus proceeds are credited to the income statement. Net proceeds from any disposal of development/producing assets are credited against the previously capitalised cost. A gain or loss on disposal of a development/producing asset is recognised in the income statement to the extent that the net proceeds exceed or are less than the appropriate portion of the net capitalised costs of the asset.

Other property, plant and equipment

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the income statement in the period in which the costs are incurred. Major shut-down and overhaul expenditure is capitalised as the activities undertaken improve the economic benefits expected to arise from the asset.

Assets in the course of construction

Assets in the course of construction are capitalised in the assets under construction account. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipmentand depreciation commences (see below). Costs associated with the commissioning of an asset and any obligatory decommissioning costs are capitalised where the asset is available for use but incapable of operating at normal levels until a period of commissioning has been completed. Revenue generated from production during the trial period is capitalised. Borrowing costs and certain foreign exchange gains or losses are in certain circumstances capitalised in the cost of the asset under construction. This policy is set out under 'Borrowing Costs'.

Depreciation and amortisation

Relating to Mining properties

Mining properties and other assets in the course of development or construction, freehold land and goodwill are not depreciated or amortised. Capitalised mining properties and lease costs are amortised once commercial production commences, as described in "Property, plant and equipment – mining properties and leases". Leasehold land and buildings are depreciated over the period of the lease or, if shorter, their useful economic life.

Relating to oil and gas assets

All expenditure carried within each field is amortised from the commencement of production on a unit of production basis, which is the ratio of oil 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. There should be a 50 per cent statistical probability that the actual quantity of recoverable reserves will be more than the amount estimated as proven and probable reserves and a 50 per cent statistical probability that it will be less.

Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future field development costs required to access commercial reserves. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

Others

Other buildings, plant and equipment, office equipment and fixtures, and motor vehicles are stated at cost less accumulated depreciation and any provision for impairment. Depreciation commences when the assets are ready for their intended use. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Buildings operations	30 years
Administration	50 years
Plant and equipment	10-30 years
Office equipment and fixtures	3 – 20 years
Motor vehicles	9-11 years

Major overhaul costs are depreciated over the estimated life of the economic benefit derived from the overhaul. The carrying amount of the remaining previous overhaul cost is charged to the income statement if the next overhaul is undertaken earlier than the previously estimated life of the economic benefit.

Property, plant and equipment held for sale or which is part of a disposal Group held for sale is not depreciated. Property, plant and equipment held for sale is carried at the lower of its carrying value and fair value less disposal cost and is presented separately on the face of the balance sheet.

Impairment

The carrying amounts of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying value of an asset may not be recoverable and, as noted above, the carrying amount of goodwill is reviewed for impairment annually. When performing an impairment test, an assessment is made to determine whether the asset's carrying value exceeds its recoverable amount. Whenever the carrying value of an asset exceeds its recoverable amount, an impairment loss is charged to the income statement.

The Group reviews the residual value and useful life of an asset at least at each financial year-end and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

For mining properties and leases, oil and gas assets, other investments and goodwill, the recoverable amount of an asset is determined on the basis of its value in use, being the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life, discounted using a market-based, risk-adjusted, discount rate.

For other property, plant and equipment, the recoverable amount of an asset is also considered on the basis of its net selling price, where it is possible to assess the amount that could be obtained from the sale of an asset in an arm's length transaction, less the cost of disposal.

Recoverable amounts are estimated for individual assets or, if this is not possible, for the relevant cash-generating unit.

Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when a sale is highly probable from the date of classification, management are committed to the sale and the asset is available for immediate sale in its present condition. Non-current assets are classified as held for sale from the date these conditions are met and are measured at the lower of carrying amount and fair value (less costs to sell). Any resulting impairment loss is recognised in the income statement as a special item. On classification as held for sale the assets are no longer depreciated.

Government grants

Government grants relating to property, plant and equipment are treated as deferred income and released to the income statement over the expected useful lives of the assets concerned. Other grants are credited to the income statement as and when the related expenditure is incurred.

Inventories

Inventories and work-in-progress are stated at the lower of cost and net realisable value, less any provision for obsolescence.

Cost is determined on the following bases:

- purchased copper concentrate is recorded at cost on a first-in, first-out ("FIFO") basis; all other materials including stores and spares are valued on weighted average basis;
- finished products are valued at raw material cost plus costs of conversion, comprising labour costs and an attributable proportion of manufacturing overheads based on normal levels of activity; and by-products and scrap are valued at net realisable value.

Net realisable value is determined based on estimated selling price, less further costs expected to be incurred to completion and disposal.

Taxation

Tax expense represents the sum of tax currently payable and deferred tax.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided, using the balance sheet method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Exceptions to this principle are:

- Tax payable on the future remittance of the past earnings of subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future;
- Deferred income tax is not recognised on the impairment of goodwill which is not deductible for tax purposes or on the initial recognition of an asset or liability in a transaction that is not a business combination, which at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- Deferred tax assets are recognised only to the extent that it is more likely than not that they will be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority upon a specific entity and the relevant Group entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is provided on temporary differences arising on acquisitions that are categorised as Business Combinations. Deferred tax is recognised at acquisition as part of the assessment of the fair value of assets and liabilities acquired. Any deferred tax is charged or credited in the income statement as the underlying temporary difference is reversed.

Retirement benefit schemes

The Group operates or participates in a number of defined benefits and contribution schemes, the assets of which are (where funded) held in separately administered funds.

For defined benefit schemes the cost of providing benefits under the plans is determined each year separately for each plan using the projected unit credit method by independent qualified actuaries. Actuarial gains and losses arising in the year are recognised in full in the income statement of the year.

For defined contribution schemes, the amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year.

Share-based payments

Certain employees (including executive directors) of the Group receive part of their remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of equity-settled transactions with employees is measured at fair value at the date at which they are granted. The fair value of share awards with market-related vesting conditions are determined with the assistance of an external valuer and the fair value at the grant date is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares that will eventually vest. The estimate of the number of awards likely to vest is reviewed at each balance sheet date up to the vesting date at which point the estimate is adjusted to reflect the current expectations. No adjustment is made to the fair value after the vesting date even if the awards are forfeited or not exercised.

Provisions for liabilities and charges

Provisions are recognised when the Group has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the income statement as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

Restoration, rehabilitation and environmental costs

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mine or oil fields. Costs arising from the decommissioning of plant and other site preparation workare provided for based on their discounted net present value, with a corresponding amount being capitalised at the start of each project. The amount provided for is recognised, as soon as the obligation to incur such costs arises. These costs are charged to the income statement over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The cost estimates are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost estimates or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown as a finance cost in the income statement.

Costs for restoration of subsequent site damage which is caused on an ongoing basis during production are provided for at their net present values and charged to the income statement as extraction progresses. Where the costs of site restoration are not anticipated to be significant, they are expensed as incurred.

Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Finance leases

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Income Statement, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs.

The Group has reviewed the terms and conditions of the lease arrangements and determined that all risks and rewards of ownership lie with the Group and has therefore accounted for the contracts as finance leases.

Foreign currency translation

The functional currency for each entity in the Group is determined as the currency of the primary economic environment in which it operates. For all principal operating subsidiaries, the functional currency is the local currency of the country in which it operates, except KCM since that is the currency of the primary economic environment in which it operates. In the financial statements of individual Group companies, transactions in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in other currencies are translated into the functional currency at exchange rates prevailing on the balance sheet date. All exchange differences are included in the income statement, except, where the monetary item is designated as an effective hedging instrument of the currency risk of designated forecast sales, where exchange differences are recognised in equity exchange differences on foreign currency borrowings relating to assets under construction, and for future productive use, which areincluded in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the purposes of consolidation, the income statement items of those entities for which the US dollar is not the functional currency are translated into US dollars at the average rates of exchange during the period. The related balance sheets are translated at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of such operations, and on foreign currency borrowings to the extent that they hedge the Group's investment in such operations, are reported in other comprehensive income and accumulated in equity.

On disposal of entities with a different functional currency to the Company's functional currency, the deferred cumulative exchange differences recognised in equity relating to that particular operation would be recognised in the income statement.

Financial asset investments

Financial asset investments are classified as available for sale under IAS 39 and are initially recorded at cost and then remeasured at subsequent reporting dates to fair value. Unrealised gains and losses on financial asset investments are recognised directly in equity. On disposal or impairment of the investments, the gains and losses in equity are recycled to the income statement.

Investments in unquoted equity instruments that do not have a market price and whose fair value cannot be reliably measured are measured at cost.

Investments in equity instruments are recorded in non-current assets unless they are expected to be sold within one year.

Liquid investments

Liquid investments represent short-term current asset investments that do not meet the definition of cash and cash equivalents for one or more of the following reasons:

- They have a maturity profile greater than 90 days;
- They may be subject to a greater risk of changes in value than cash;
- They are held for investment purposes.

The value of trading investments incorporates any dividend and interest earned on the held for trading investments.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand, short-term deposits with banks and short-term highly liquid investments that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

Trade receivables

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. An allowance for impairment of trade receivables is made where there is an event, which based on previous experience, is an indication of a reduction in the recoverability of the carrying value of the trade receivables.

Trade payables

Trade payables are stated at their nominal value.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Borrowings

Interest bearing loans and overdrafts are recorded at the proceeds received. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis and charged to the income statement using the effective interest method. They are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Convertible bonds

Convertible bonds denominated in the functional currency of the issuing entity are accounted for as compound instruments. The equity components and the liability components are separated out on the date of the issue. The equity component is recognised in a separate reserve and is not subsequently remeasured. The liability component is held at amortised cost. The interest expense on the liability component is calculated by applying the effective interest rate, being the prevailing market interest rate for similar non-convertible debt. The difference between this amount and interest paid is added to the carrying amount of the liability component.

Convertible bonds not denominated in the functional currency of the issuing entity or where a cash conversion option exists, are split into two components: a debt component and a component representing the embedded derivative in the convertible bond. The debt component represents a liability for future coupon payments and the redemption on the principal amount. The embedded derivative, a financial liability, represents the value of the option that bond holders have to convert into ordinary shares. At inception the embedded derivative is recorded at fair value and the remaining balance, after deducting a share of issue costs, is recorded as the debt component. Subsequently, the debt component is measured at amortised cost and the embedded derivative is measured at fair value at each balance sheet date with the change in the fair value recognised in the income statement. The embedded derivative and the debt component are disclosed together and the current/non-current classification follows the classification of the debt component which is the host contract.

The deferred tax effect arising on the movement in the fair value of the embedded derivative is recognised through the income statement.

Borrowing costs

Borrowing costs directly relating to the acquisition, construction or production of a qualifying capital project under construction are capitalised and added to the project cost during construction until such time that the assets are substantially ready for their intended use in accordance with the Group policy which is when they are capable of commercial production. Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available out of money borrowed specifically to finance a project, the income generated from such short-term investments is also capitalised to reduce the total capitalised borrowing cost.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Capitalisation of interest on borrowings related to construction or development projects 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.

Available for sale financial assets

Listed equity shares and debt instruments held by the Group that are traded in an active market are classified as being available for sale (AFS) financial assets and are stated at fair value. Unrealised gains and losses on financial asset investments are recognised directly in equity. On disposal or impairment of the investments, the gains and losses in equity are recycled to the income statement. Dividends received from investees accounted for as equity instruments are recognised in income statement when theright to receive the payment is established.

Held for trading financial assets

Financial assets are classified as held for trading if they have been acquired principally for the purpose of selling in the near term. The change in fair value of trading investments incorporates any dividend and interest earned on the held for trading investments and is accounted for in the income statement.

Held-to-maturity financial assets

Financial instruments with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method.

Derivative financial instruments

In order to hedge its exposure to foreign exchange, interest rate and commodity price risks, the Group enters into forward contracts, option contracts, swap contracts and other derivative financial instruments. The Group does not hold derivative financial instruments for speculative purposes.

Derivative financial instruments are initially recorded at their fair value on the date of the derivative transaction and are re-measured at their fair value at subsequent balance sheet dates.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement. The hedged item is recorded at fair value and any gain or loss is recorded in the income statement and is offset by the gain or loss from the change in the fair value of the derivative.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in equity. This includes certain non-derivative liabilities that are designated as instruments used to hedge the foreign currency risk on future, highly probable, forecast sales. Amounts deferred to equity are recycled in the income statement in the periods when the hedged item is recognised in the income statement.

The gain or loss on hedging instruments relating to the effective portion of a net investment hedge is recognised in equity. The ineffective portion is recognised immediately in the income statement. Gains or losses accumulated in equity are included in the income statement on disposal of the foreign operations to which they relate.

Derivative financial instruments that do not qualify for hedge accounting are marked to market at the balance sheet date and gains or losses are recognised in the income statement immediately.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the income statement.

2(b) Critical accounting judgement and estimation uncertainty

In the course of applying the policies outlined in note 2(a), management made estimations and assumptions that impact the amounts recognised in the financial statements. Vedanta believes that judgement and estimation has been made in the following areas:

Oil and gas reserves

Oil and gas reserves are estimated on a proved and probable entitlement interest basis. Proven and probable reserves are estimated using standard recognised evaluation techniques. The estimate is reviewed regularly. Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable, and internal engineers.

Net entitlement reserves estimates are subsequently calculated using the Group's current oil price and cost recovery assumptions, in line with the relevant agreements.

Changes in reserves as a result of factors such as production cost, recovery rates, grade of reserves or commodity prices could impact the depreciation rates, carrying value of assets and environmental and restoration provisions.

Carrying value of exploration and evaluation fixed assets

Where a project is sufficiently advanced the recoverability of exploration assets are assessed by comparing the carrying value to internal and operator estimates of the net present value of projects. Exploration assets are inherently judgemental to value and further details on the accounting policy are included in accounting note above. The amounts for exploration and evaluation assets represent active exploration projects. These amounts will be written off to the income statement as exploration costs unless commercial reserves are established or the determination process is not completed and there are no indications of impairment. The outcome of ongoing exploration, and therefore whether the carrying value of exploration and evaluation assets will ultimately be recovered, is inherently uncertain.

Carrying value of developing/producing oil and gas assets

Management perform impairment tests on the Group's developing/producing oil and gas assets at least annually with reference to indicators in IAS 36. Key assumptions in the impairment models relate to prices that are based on forward curves for two years and the long-term appropriate assumptions thereafter and discount rates that are adjusted to risk to reflect conditions specific to individual assets.

Other key assumptions in the impairment models based on management expectations are that government approval will be received to further increase production rates and that the Enhanced Oil Recovery programme will be successfully implemented.

Mining properties and leases

The carrying value of mining property and leases is arrived at by depreciating the assets over the life of the mine using the unit of production method based on proved and probable reserves. The estimate of reserves is subject to assumptions relating to life of the mine and may change when new information becomes available. Changes in reserves as a result of factors such as production cost, recovery rates, grade of reserves or commodity prices could thus impact the carrying values of mining properties and leases and environmental and restoration provisions.

Useful economic lives and impairment of other assets

Property, plant and equipment other than mining properties, oil and gas properties, and leases are depreciated over their useful economic lives. Management reviews the useful economic lives at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values. The Group also reviews its property, plant and equipment, including mining properties and leases, for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the property, plant and equipment for impairment, factors leading to significant reduction in profits such as changes in commodity prices, the Group's business plans and changes in regulatory environment are taken into consideration. The carrying value of the assets of a cash generating unit (CGU) is compared with the recoverable amount of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on commodity prices, market demand and supply, economic and regulatory climates, long-term plan, discount rates and other factors. Any subsequent changes to cash flow due to changes in the abovementioned factors could impact on the carrying value of the assets.

Assessment of impairment at Lanjigarh Refinery

As set out in the risks and uncertainties of this Annual report, the planned operations of existing refinery is dependent on securing low cost bauxite resources from surrounding areas . Due to paucity of bauxite, the Vedanta Aluminium Limited ("VAL") has temporarily suspended its refinery operations at Lanjigarh from 5 December, 2012.The refinery expansion project is subject to receipt of certain regulatory approvals.

In view of the temporary suspension of operations and change in the legal status for Lanjigarh refinery, it has been assessed that there is no impairment of the Lanjigarh Refinery and the Refinery expansion project on March 31, 2013 based on the assumptions set out below and that the Value in use ("VIU") exceeds the carrying value of the assets.

- The State of Orissa has abundant bauxite resources and under the terms of the MOU with the Government of Orissa, management is confident that bauxite will be made available in the short to medium term.
- The State of Orissa has taken certain measures including reservation of areas for mining operations or undertaking prospecting and constitution of Ministerial Committee for formulation of policy for supply of ores to Orissa based industries on long term basis.
- On the continued operations and planned refinery expansion, management is confident that the conditions for construction of the alumina refinery will be fulfilled and expects the approval in due course.

The Ministry of Environment and Forests ("MOEF") rejected issue of final stage forest clearance for Niyamgiri Mining lease of Orissa Mining Corporation ("OMC") which is one of the sources of supply of bauxite to the alumina refinery of VAL. The Honourable Supreme Court vide its order dated 18 April 2013 has directed the State Government of Odisha to place unresolved issues and claims of the local communities under the Forest Right Act and rules before the Gram Sabha (Village council of Rayagada and Kalahandi districts of Odisha). The Gram Sabha would consider these claims within three months and communicate the same to MOEF through the State Government of Odisha. On conclusion of the proceedings before the Gram Sabha, the MOEF shall take a final decision for grant of final stage forest clearance for the Niyamgiri mining lease of OMC within two months thereafter.

The Group is also considering sourcing bauxite from alternate sources to support the existing and expanded refinery operations.

Management expects that the mining approvals for mining and the statutory approvals for the expansion project would be received as per the timelines mentioned below :

Activity	*Expected Date*
Restart of the existing plant	July 13
Approval for Refinery expansion	January 2014 with project to commence from October 2014
Mining operations at Niyamgiri	Mining approval by September 2013 with production expected to commence in September 2015.

However, the above timelines are not in control of the Company. Should one or more of this assumption not be borne out, a reassessment of the carrying value of refinery would need to be made. The carrying value of assets as at 31 March 2013 is US$1,423.6 million.

Assessment of impairment at Tuticorin

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

Separately, on 2 April 2013, the Honourable Supreme Court has upheld our appeal filed in 2010 against the Madras High Court order for smelter closure and ordered us to deposit US$18.4 million with the District Collector, Tuticorin, which will be used to improve the environment, including soil and water, in the vicinity of the plant. Over the two year court process, regulatory bodies had inspected and confirmed that the plant meets the required standards. Some recommendations for improvements had been proposed during inspection, all of which had been implemented.

Management is certain that the Tuticorin Smelter has been operating for the last 17 years with requisite approvals and consents issued by regulatory authorities. The plant adheres to the highest standards of environment, health and safety practices, benchmarked to international standards and all operating parameters are within the permissible range. Management is confident that the unit will be permitted to continue operations and accordingly concluded that no impairment of the asset is required. The carrying value of assets as at 31 March 2013 is US$214.2 million.

Assessment of impairment of Karnataka and Goa mines at Sesa Goa

Karnataka Mining

From July 2011 a mining ban was imposed in various parts of the state of Karnataka thereby affecting the Narrain mine owned and operated by Sesa Goa which has a carrying cost of US$296.0 million.

Since the time of the ban the Central Empowered Committee appointed to submit its report in respect of illegal mining has recommended that operations only recommence after reclamation and rehabilitation works are undertaken by the company

Sesa's Karnataka mines, which fall under category B mines, have been permitted to resume mining activities by Supreme Court of India on 19 April 2013 subject to fulfilment of conditions. These conditions are the renewal of forest clearance and completion of reclamation and rehabilitation work to the satisfaction of a Monitoring Committee.

Having substantially complied with all laid down conditions; Sesa is expecting to start mining activities in the next few months.

Goa Mining

Iron Ore mining in Goa has been suspended state wide with effect from 11 September 2012 for which an appeal with Honourable Supreme Court is pending. The Honourable Supreme Court is expected to fix the dates for initial hearings. In the meantime, the State Government and major miners, including Sesa Goa, have filed their responses to the Central Empowered Committee report. Separately, the Group has filed an application to the Court seeking a stay on the mining ban and restrictions on ore transportation. The carrying value of assets affected as at31 March 2013 is US$799.0 millions.

Restoration, rehabilitation and environmental costs

Provision is made for costs associated with restoration and rehabilitation of mining sites as soon as the obligation to incur such costs arises. Such restoration and closure costs are typical of extractive industries and they are normally incurred at the end of the life of the mine. The costs are estimated on the basis of closure plans and the estimated discounted costs of dismantling and removing these facilities and the costs of restoration are capitalised when incurred reflecting Company's obligations at that time. A corresponding provision is created on the liability side. The capitalised asset is charged to the income statement over the life of the asset through depreciation over the life of the operation and the provision is increased each period via unwinding the discount on the provision. Management estimates are based on local legislation and/or other agreements. The actual costs and cash outflows may differ from estimates because of changes in laws and regulations, changes in prices, analysis of site conditions and changes in restoration technology.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can be reasonably estimated. The timing of recognition requires the application of judgement to existing facts and circumstances which may be subject to change especially when taken in the context of the legal environment in India. The actual cash outflows takes place over many years in the future and hence the carrying amounts of provisions and liabilities are regularly reviewed and adjusted to take into account the changing circumstances and other factors that influence the provisions and liabilities.

Contingencies and commitments

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group. Where it is management's assessment that the outcome cannot be reliably quantified or is uncertain the claims are disclosed as contingent liabilities unless the likelihood of an adverse outcome is remote. Such liabilities are disclosed in the notes but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the Group does not expect them to have a materially adverse impact on the Group's financial position or profitability. These are set out in note 37.

The HZL and BALCO call options

The Group had exercised its call option to acquire the remaining 49% interest in BALCO and 29.5% interest in HZL. The Government of India has however, contested the validity of the options and disputed their valuation performed in terms of the relevant agreements the details of which is set out in note 39. In view of the lack of resolution on the options, the non-response to the exercise and valuation request from the Government of India, the resultant uncertainty surrounding the potential transaction and the valuation of the consideration payable, the Group could not reliably measure the value. The call options have thus not been recognised in the financial statements.

3. Segment information

The Group's primary format for segmental reporting is based on its business segments. The business segments consist of zinc, iron ore, copper, aluminium, power and oil and gas with components not meeting the quantitative threshold for reporting being reported as "Others". Business segment financial data includes certain corporate costs, which have been allocated on an appropriate basis. The risks and returns of the Group's operations are primarily determined by the nature of the different activities in which the Group is engaged. Inter-segment sales are charged based on prevailing market prices. The Group's activities are organised on a global basis.

Vedanta Resources plc is company incorporated in the United Kingdom under the Companies Act. The Group's reportable segments defined in accordance with IFRS 8 are as follows:

- Zinc- India
- Zinc-International
- Oil and gas
- Iron Ore
- Copper-India/Australia
- Copper-Zambia
- Aluminium
- Power

Management monitors the operating results of reportable segments for the purpose of making decisions about resources to be allocated and for assessing performance. Segment performance is evaluated based on the EBITDA of each segment.

(a) Reportable segments

The following tables present revenue and profit information and certain asset and liability information regarding the Group's reportable segments for the years ended 31 March 2013 and 2012

Year ended 31 March 2013

(US$ million)

	Zinc-India	Zinc-International	Oil and gas	Iron Ore	Copper-India/Australia	Copper-Zambia	Aluminium	Power	Total reportable segment	Elimination/Others	Total operations
REVENUE											
Sales to external customers	2,263.3	797.2	3,223.4	441.3	3,989.0	1,742.8	1,918.8	548.7	14,924.5	65.3	14,989.8
Inter-segment sales	-	-	-	1.2	2.1	-	2.0	27.4	32.7	(32.7)	-
Segment revenue	2,263.3	797.2	3,223.4	442.5	3,991.1	1,742.8	1,920.8	576.1	14,957.2	32.6	14,989.8
Segment RESULT											
EBITDA[1]	1,165.3	294.5	2,439.7	84.2	219.1	257.3	214.0	215.0	4,889.1	(0.8)	4,888.3
Depreciation and amortisation[2]											(2,334.4)
Special items (note 5)											(41.9)
Operating profit											2,512.0
Investment revenue											673.1
Finance costs											(1,194.0)
Other gains and losses (net)											(285.2)
PROFIT BEFORE TAXATION											1,705.9
Segments assets	6,154.4	1,132.7	20,581.8	2,239.6	2,129.2	2,448.6	7,701.5	3,281.5	45,669.3	115.8	45,785.1
Unallocated assets											165.1
TOTAL ASSETS											45,950.2
Segment liabilities	(225.4)	(621.8)	(4,794.0)	(1,367.8)	(2,478.6)	(1,492.7)	(5,539.1)	(1,317.2)	(17,836.6)	(86.9)	(17,923.5)
Unallocated liabilities											(9,164.8)
TOTAL LIABILITIES											(27,088.3)
Other segment information											
Additions to property, plant and equipment	287.1	35.5	423.6	128.1	89.4	259.8	424.1	702.9	2,350.5	58.8	2,409.3
Depreciation and amortisation	(107.3)	(183.9)	(1,434.9)	(84.3)	(43.2)	(193.7)	(192.8)	(94.2)	(2,334.3)	(0.1)	(2,334.4)

1. *EBITDA is a non-IFRS measure and represents operating profit before special items, depreciation and amortisation*
2. *Depreciation and amortisation is also provided to the chief operating decision maker on a regular basis*

Period ended 31 March 2012(Restated)

(US$ million)

	Zinc-India	Zinc-International	Oil and gas*	Iron Ore	Copper-India/Australia	Copper-Zambia	Aluminium	Power	Total reportable segment	Elimination/Others	Total operations
REVENUE											
Sales to external customers	2,316.1	859.5	882.5	1,688.9	4,205.1	1,709.2	1,872.9	420.9	13,955.1	50.2	14,005.3
Inter-segment sales	-	31.2	-	2.0	0.1	0.6	0.6	37.4	71.9	(71.9)	-
Segment revenue	2,316.1	890.7	882.5	1,690.9	4,205.2	1,709.8	1,873.5	458.3	14,027.0	(21.7)	14,005.3
Segment RESULT											
EBITDA[1]	1,244.8	366.0	713.0	721.4	298.0	387.9	182.5	122.0	4,035.6	(9.3)	4,026.3
Depreciation and amortisation[2]											(1,408.4)
Special items (note 5)											(230.2)
Operating profit											2,387.7
Share in consolidated profit of associate (note 36)											92.2
Investment revenue											525.4
Finance costs											(945.7)
Other gains and losses (net)											(314.2)
PROFIT BEFORE TAXATION											1,745.4
Segments assets	5,522.3	1,494.1	20,208.2	2,507.8	2,130.2	2,524.9	8,310.7	2,862.2	45,560.4	56.5	45,616.9
Unallocated assets											317.6
TOTAL ASSETS											45,934.5
Segment liabilities	(338.1)	(374.6)	(5,516.2)	(1,455.5)	(1,829.2)	(1,482.7)	(5,479.9)	(1,540.8)	(18,017.0)	(27.2)	(18,044.2)
Unallocated liabilities											(9,470.8)
TOTAL LIABILITIES											(27,515.0)
Other segment information											
Additions to property, plant and equipment	220.3	32.0	17,698.7	363.4	122.6	421.8	798.2	861.8	20,518.8	49.0	20,567.8
Depreciation and amortisation	(109.2)	(236.8)	(346.7)	(226.3)	(45.4)	(142.6)	(221.5)	(81.7)	(1,410.2)	1.8	(1,408.4)

* *Provisional fair value of assets and liabilities acquired during the year ended 31 March 2012 have been finalised during the measurement period and its consequent effect is given to non-controlling interest (note 34).*

3. Segmental information (continued)

(b) Geographical segmental analysis

The Group's operations are located in India, Zambia, Namibia, South Africa, Liberia, Ireland, Australia, UAE and Sri Lanka. The following table provides an analysis of the Group's sales by country in which the customer is located, irrespective of the origin of the goods. . No revenues are derived from the United Kingdom (the Group's country of domicile).

(US$ million)

	Year ended 31 March 2013	Year ended 31 March 2012
India	9,477.6	6,764.9
China	2,113.0	2,819.4
Far East Asia	672.5	983.3
Asia Others	133.5	467.8
Africa	278.1	255.2
Europe	1,003.0	1,538.4
Middle East	1,178.8	1,030.3
Other	133.3	146.0
Total	**14,989.8**	**14,005.3**

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the country in which the assets are located No material non-current assets are located in the United Kingdom and no significant additions to property, plant and equipment have been made there.

(US$ million)

	Carrying amount of non-current assets*		Additions to property, plant and equipment**	
	As at 31 March 2013	As at 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2012
Australia	31.9	23.6	19.6	15.0
India	29,373.9	30,131.8	1,974.5	19,063.5
Zambia	2,135.6	2,082.2	259.8	421.8
Namibia	285.9	424.1	5.9	2.8
Ireland	155.3	218.8	20.0	15.8
South Africa	412.1	494.1	23.4	13.5
Sri Lanka	785.9	828.0	60.3	828.0
Other	71.8	287.7	46.5	207.4
Total	**33,252.4**	**34,490.3**	**2,410.0**	**20,567.8**

* *Non-current assets do not include deferred tax assets and derivative receivables.*

** *Includes assets acquired on acquisition of Cairn India*

4. Total Revenue

(US$ million)

	Year ended 31 March 2013	Year ended 31 March 2012
Revenue from sales of goods	14,989.8	14,005.3
Other operating income	90.3	85.1
Investment revenue	673.1	525.4
	15,753.2	**14,615.8**

5. Special items

(US$ million)

	Year ended 31 March 2013	Year ended 31 March 2012
Asarco transaction costs[(1)]	-	(88.6)
Voluntary retirement schemes (redundancy costs)	(9.4)	(21.2)
KCM IPO costs	-	(13.5)
Acquisition & restructuring related costs[(2)]	(4.7)	(75.5)
Loss on revaluation of previously held interest in associates, net[(3)]	-	(31.4)
Tuticorin plant compensation[(4)]	(18.4)	-
Project cost write off[(5)]	(9.4)	-
	(41.9)	**(230.2)**

1 *The Bankruptcy court of Southern District of Texas, United States Judge had issued the final judgment on 27 February 2012 to pay incidental damages of US$132.7 million net of US$50 million paid to Asarco in December 2009, making Asarco entitled to a net amount of US$82.7 million. Additionally related professional and legal fees incurred of US$5.9 million is also included in the above.*

2 *Acquisition related costs include costs of US$nil million (2012: US$2.5 million) related to the acquisition of Zinc International assets and US$1.3 million (2012: US$73.0 million) related to Cairn India acquisition and other restructuring costs of US$3.4 million.*

3 *Loss on revaluation of existing carrying value of investment in Cairn India on 8 December 2011 (refer note 34)*

4 *The Supreme court of India, had issued the final judgement dated 2 April 2013 on Sterlite, a subsidiary of the Group to pay compensation of US$18.4 mn to be deposited within three months from the date of the order with the local authority of Tuticorin.*

5 *Write off of initial project cost at Copper Zambia, as the project was not deemed economically viable.*

6. Investment revenue

(US$ million)

	Year ended 31 March 2013	Year ended 31 March 2012
Interest income on loans and receivables	29.7	31.8
Interest income on cash and bank balances	183.3	157.5
Change in fair value of financial assets held for trading	188.9	83.5
Profit on disposal of financial assets held for trading	115.5	170.3
Dividend income on financial assets held for trading	89.9	82.7
Profit on sale of available-for-sale investment	56.1	1.0
Expected return on defined benefit arrangements (note 31)	4.1	2.0
Foreign exchange gain/(loss) on cash and liquid investments	6.7	(1.5)
Capitalisation of interest income	(1.1)	(1.9)
	673.1	**525.4**

7. Finance costs

(US$ million)

	Year ended 31 March 2013	Year ended 31 March 2012
Interest on bank loans, overdrafts and bonds	929.9	718.1
Coupon interest on convertible bonds (note 26)	138.7	138.6
Accretive interest on convertible bonds (note 26)	168.9	115.0
Interest on other loans	147.0	177.9
Total interest cost	**1,384.5**	**1,149.6**
Unwinding of discount on provisions (note 28)	27.6	11.5
Interest on defined benefit arrangements (note 31)	10.2	9.4
Capitalisation of borrowing costs (note 16)*	(228.3)	(224.8)
	1,194.0	**945.7**

**All borrowing costs are capitalised using rates based on specific borrowings*

8. Other gains and (losses) (net)

(US$ million)

	Year ended 31 March 2013	Year ended 31 March 2012
Exchange losses on borrowings and capital creditors	(336.2)	(407.8)
Qualifying exchange losses capitalised (note 16)	86.3	68.8
Change in fair value of financial liabilities measured at fair value	(5.3)	(1.2)
Change in fair value of embedded derivative on convertible bonds (note 26)	24.7	97.1
Loss arising on qualifying hedges and non-qualifying hedges	(54.7)	(71.1)
	(285.2)	**(314.2)**

9. Profit for the year has been stated after charging /(crediting):

(US$ million)

	Year ended 31 March 2013	Year ended 31 March 2012
Depreciation on property, plant and equipment	2,334.4	1,408.4
Costs of inventories recognised as an expense	4,364.7	4,655.4
Auditor's remuneration for audit services	2.9	2.8
Research and development	0.5	1.0
Profit on disposal of property, plant and equipment	(11.6)	(1.2)
Staff costs	725.6	542.7
Net foreign exchange losses	262.0	438.7

10. Auditor's remuneration

The table below shows the fees payable globally to the Company's auditor, Deloitte LLP, for statutory external audit and audit related services, as well as fees paid to other accountancy firms for statutory external audit and audit related services in each of the two years ended 31 March:

(US$ million)

	Year ended 31 March 2013	Year ended 31 March 2012
Fees payable to the Company's auditor for the audit of Vedanta Resources plc annual accounts	0.7	0.8
The audit of the Company's subsidiaries pursuant to legislation	2.2	2.0
Total audit fees	**2.9**	**2.8**
Fees payable to the Company's auditor and their associates for other services to the Group		
Other services pursuant to legislation*	1.3	1.7
Tax services**	0.4	0.3
Corporate finance services***	2.2	4.9
Other services****	0.3	0.3
Total non-audit fees	**4.2**	**7.2**
Total fees paid to the Company's auditor	**7.1**	**10.0**
Audit fees payable to other auditors of the Group's subsidiaries	0.5	0.2
Non-audit fees payable to other auditors of the Group's subsidiaries	0.1	0.2
Total fees paid to other auditors	**0.6**	**0.4**

* *Other services pursuant to legislation principally comprise further assurance services, being quarterly reviews of the Group's listed Indian subsidiaries and the half year review of the Group's results.*

** *Tax services principally comprise certification and assurance services as required by Indian income tax regulations.*

*** *Corporate finance services principally comprise Cairn India acquisition and other restructurings costs for previous year. These assurance-related services are ordinarily provided by the auditor.*

**** *Includes certification related services.*

11. Employee numbers and costs

Average number of persons employed by the Group in the year

Class of business	Year ended 31 March 2013	Year ended 31 March 2012
Zinc	8,056	8,330
- India	6,164	6,480
- International	1,892	1,850
Iron ore	4,376	4,710
Copper	9,891	10,009
- India/Australia	1,347	1,191
- Zambia	8,544	8,818
Aluminium	6,840	7,487
Power	358	343
Oil and gas[1]	1,416	1,144
Other	134	156
	31,071	**32,179**

1. *Acquired during the year ended 31 March 2012.*

Costs incurred during the year in respect ofEmployees and Executive Directors

(US$ million)

	Year ended 31 March 2013	Year ended 31 March 2012
Salaries and wages	650.7	477.9
Defined contribution pension scheme costs (note 31)	26.2	23.1
Defined benefit pension scheme costs (note 31)	23.2	21.5
Share- based payments charge	25.5	20.2
	725.6	**542.7**

12. Tax

(US$ million)

	Year ended 31 March 2013	Year ended 31 March 2012
Current tax:		
UK Corporation tax	0.9	-
Foreign tax		
- India	855.3	754.0
- Australia	16.1	16.0
- Africa and Europe	39.3	41.7
- Other	6.6	10.6
	918.2	**822.3**
Deferred tax: (note 29)		
Current year movement in deferred tax	(878.1)	(305.6)
	(878.1)	**(305.6)**
Total tax expense	**40.1**	**516.7**
Effective tax rate	*2.4%*	*29.6%*

The deferred tax benefit recycled from equity to the income statement is US$5.3 million (2012: US$5.7 million). The reduction in tax rate is mainly due to MAT credit entitlement, various tax incentives, benefits due to accelerated depreciation at some of the entities, reorganisation of Cairn India and losses at KCM.

Deferred Tax recognised in the income statement:

(US$ million)

	Year ended 31 March 2013	Year ended 31 March 2012
Accelerated capital allowances	(307.1)	(130.4)
Unutilised tax losses	9.2	(44.8)
Other temporary differences	(580.2)	(130.4)
	(878.1)	**(305.6)**

No deferred tax has been recognised in respect of temporary differences associated with investments in subsidiaries where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with such investments in subsidiaries is represented by the contribution of those investments to the Group's retained earnings and amounted to US$7,248.4 million (2012: US$5,290.2 million).

A reconciliation of income tax expense applicable to accounting profit before tax at the Indian statutory income tax rate to income tax expense at the Group's effective income tax rate for the year ended 31 March 2013 is as follows:

(US$ million)

	Year ended 31 March 2013	Year ended 31 March 2012
Accounting profit before tax	**1,705.9**	**1,745.4**
At Indian statutory income tax rate of 32.45% (2012: 32.45%)	553.5	566.4
Unrecognised tax losses	270.9	333.6
Disallowable expenses	48.2	79.3
Non-taxable income	(106.9)	(119.1)
Impact relating to changes in tax rate	211.3	65.0
Tax holiday and similar exemptions	(959.9)	(416.1)
Minimum Alternative Tax	(0.8)	11.7
Adjustments in respect of previous years	23.8	(4.1)
At effective income tax rate of 2.4% (2012: 29.4 %)	**40.1**	**516.7**

13. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options and the Group's convertible bonds).The following reflects the income and share data used in the basic and diluted earnings per share computations:

(US$ million)

	Year ended 31 March 2013	Year ended 31 March 2012
Net profit attributable to equity holders of the parent	**157.4**	**59.8**

(US$ million except as stated)

	Year ended 31 March 2013	Year ended 31 March 2012
Weighted average number of ordinary shares for basic earnings per share (million)	272.9	272.7
Effect of dilution:		
Share options	4.8	4.4
Adjusted weighted average number of ordinary shares for diluted earnings per share	**277.7**	**277.1**

Earnings per share based on profit for the year

Basic earnings per share on the profit for the year

(US$ million except as stated)

	Year ended 31 March 2013	Year ended 31 March 2012
Profit for the year attributable to equity holders of the parent (US$ million)	157.4	59.8
Weighted average number of shares of the Company in issue (million)	272.9	272.7
Earnings per share on profit for the year (US cents per share)	**57.7**	**21.9**

Diluted earnings per share on the profit for the year

(US$ million except as stated)

	Year ended 31 March 2013	Year ended 31 March 2012
Profit for the year attributable to equity holders of the parent (US$ million)	157.4	59.8
Profit for the year after dilutive adjustment (US$ million)	**157.4**	**59.8**
Adjusted weighted average number of shares of the Company in issue (million)	277.7	277.1
Diluted earnings per share on profit for the year (US cents per share)	**56.7**	**21.6**

Profit for the year would be increased if holders of the convertible bonds in Vedanta exercised their right to convert their bond holdings into Vedanta equity. The impact on profit for the year of this conversion would be the reduction in interest payable on the convertible bond.

The adjustment in respect of convertible bonds has an anti-dilutive impact on the number of shares and earnings and is thus not considered for determining diluted EPS.

The outstanding awards under the LTIP are reflected in the diluted EPS figure through an increased number of weighted average shares.

Earnings per share based on Underlying Profit for the year (Non-GAAP)

The Group's Underlying Profit is the profit for the year after adding back special items, other losses/ (gains) (note 8) and their resultant tax and non-controlling interest effects. This is a Non-GAAP measure.

(US$ million)

	Note	Year ended 31 March 2013	Year ended 31 March 2012
Profit for the year attributable to equity holders of the parent		157.4	59.8
Special items	5	41.9	230.2
Other losses/ (gains)		285.2	314.2
Tax and non-controlling interest effect of special items and other losses/ gains		(121.2)	(217.0)
Underlying attributable Profit for the year		**363.3**	**387.2**

Basic earnings per share on Underlying Profit for the year (Non-GAAP)

(US$ million except as stated)

	Year ended 31 March 2013	Year ended 31 March 2012
Underlying profit for the year (US$ million)	363.3	387.2
Weighted average number of shares of the Company in issue (million)	272.9	272.7
Earnings per share on Underlying Profit for the Year (US cents per share)	**133.1**	**142.0**

Diluted earnings per share on Underlying Profit for the year(Non-GAAP)

(US$ million except as stated)

	Year ended 31 March 2013	Year ended 31 March 2012
Underlying profit for the year (US$ million)	363.3	387.2
Underlying profit for the year after dilutive adjustment (US$ million)	**363.3**	**387.2**
Adjusted weighted average number of shares of the Company (million)	277.7	277.1
Diluted earnings per share on Underlying Profit for the year (US cents per share)	**130.8**	**139.8**

14. Dividends

(US$ million)

	Year ended 31 March 2013	Year ended 31 March 2012
Amounts recognised as distributions to equity holders:		
Equity dividends on ordinary shares:		
Final dividend for 2011-12: 35 US cents per share (2010-11: 32.5 US cents per share)	96.0	89.2
Interim dividend paid during the year: 21US cents per share (2011-12: 20 US cents per share)	57.5	54.9
	153.5	**144.1**
Proposed for approval at AGM		
Equity dividends on ordinary shares:		
Final dividend for 2012-13: 37US cents per share (2011-12: 35 US cents per share)	101.8	96.0

15. Goodwill

(US$ million)

	Year ended 31 March 2013	Year ended 31 March 2012
Cost (gross carrying amount)	21.3	16.9
Acquisition*	-	4.4
Accumulated impairment losses	(4.7)	(4.7)
Net carrying amount at 31 March	**16.6**	**16.6**

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The Company has undertaken an impairment review of goodwill of US$16.6 million as at 31 March 2013. The carrying amount of goodwill allocated to the relevant cash generating unit is considered to be insignificant in comparison with the total carrying value of the cash generating unit.The carrying amount of goodwill was evaluated using the discounted future cash flows of the entities to which the goodwill pertains and comparing this to the total carrying value of the relevant cash generating units. It was determined that the carrying amount of goodwill is not impaired.

*Goodwill on acquisition of Goa Energy Private Limited ('GEPL') during the year ended 31 March 2012.

16. Property, plant and equipment

(US$ million)

	Mining property and leases	Leasehold land and buildings	Freehold land and buildings	Plant and equipment*	Assets under construction	Oil and gas properties	Exploratory &evaluation assets	Others	Total
Cost									
At 1 April 2011	**3,489.7**	**131.3**	**1,027.7**	**9,577.4**	**6,510.6**	**-**	**208.1**	**69.7**	**21,014.5**
Additions	13.3	11.5	207.4	1,015.8	1,367.6	116.8	259.8	11.3	3,003.5
Transfers	87.0	9.4	21.3	389.7	(507.5)	-	-	-	-
Addtion due to final fair valuation*	-	-	-	-	-	212.3	(668.7)	-	(456.4)
Additions due to acquisition	0.0	1.2	2.6	16.9	-	7,210.4	10,329.3	3.9	17,564.3
Reclassification from accumulated depreciation	37.5	-	(0.4)	(36.2)	0.1	-	-	-	1.0
Disposals	-	(0.7)	(0.3)	(63.4)	(2.1)	-	-	(0.2)	(66.7)
Foreign exchange differences	(365.3)	(5.7)	(127.9)	(1,000.3)	(813.2)	-	(25.5)	(4.0)	(2,341.9)
At 1 April 2012	**3,262.2**	**147.0**	**1,130.4**	**9,899.9**	**6,555.5**	**7,539.5**	**10,103.0**	**80.7**	**38,718.2**
Additions	29.0	2.4	100.3	685.7	1,165.7	310.4	95.2	20.6	2,409.3
Transfers	77.2	-	6.9	610.3	(694.4)	-	-	-	-
Addition due to acquisition	-	-	-	-	-	-	(58.5)	-	(58.5)
Reclassification from accumulated depreciation	-	-	-	(0.1)	-	-	-	(0.8)	(0.9)
Unsuccessful exploration costs	-	-	-	-	-	-	(51.8)	-	(51.8)
Disposals	-	(0.2)	(0.2)	(24.3)	(9.4)	-	-	-	(34.1)
Foreign exchange differences	(190.4)	(2.7)	(78.5)	(509.8)	(356.2)	-	(33.4)	(2.2)	(1,171.1)
At 31 March 2013	**3,177.9**	**146.4**	**1,158.9**	**10,663.9**	**6,661.1**	**7,849.9**	**10,054.5**	**98.3**	**39,810.9**
Accumulated depreciation and impairment									
At 1 April 2011	**1,139.5**	**51.9**	**110.6**	**2,249.3**	**17.8**	**-**	**-**	**18.3**	**3,587.4**
Charge for the year	355.1	6.6	51.3	646.7	-	331.2	14.3	3.1	1,408.3
Disposals	-	(0.6)	(0.2)	(43.4)	-	-	-	(0.2)	(44.4)
Reclassification to cost	-	-	-	1.0	-	-	-	-	1.0
Foreign exchange differences	(140.3)	(1.0)	(16.3)	(216.2)	-	-	-	(2.0)	(375.8)
At 1 April 2012	**1,354.3**	**56.9**	**145.4**	**2,637.4**	**17.8**	**331.2**	**14.3**	**19.2**	**4,576.5**
Charge for the year	191.6	1.3	50.9	659.2	-	1,425.1	-	6.2	2,334.4
Disposals	-	-	0.3	(13.6)	-	-	-	-	(13.3)
Reclassification to cost	-	-	-	(0.9)	-	-	-	-	(0.9)
Foreign exchange differences	(73.8)	(0.4)	(12.4)	(117.9)	-	-	-	(1.5)	(206.0)
At 31 March 2013	**1,472.1**	**57.8**	**184.2**	**3,164.2**	**17.8**	**1,756.3**	**14.3**	**23.9**	**6,690.6**
Net book value									
At 1 April 2011	2,350.2	79.4	917.1	7,328.1	6,492.8	-	208.1	51.4	17,427.1
At 1 April 2012	1,907.9	90.1	985.0	7,262.5	6,537.7	7,208.3	10,088.7	61.5	34,141.7
At 31 March 2013	**1,705.8**	**88.6**	**974.7**	**7,499.7**	**6643.3**	**6093.6**	**10,040.2**	**74.4**	**33,120.3**

Plant and equipment include refineries, smelters, power plants and related facilities. Other tangible fixed assets include office equipment and fixtures, and light vehicles.At 31 March 2013, land with a carrying value of US$102.3 million (31 March 2012: US$101.2 million) was not depreciated. During the year ended 31 March 2013, interest and foreign exchange losses capitalised was US$314.6 million (31 March 2012: US$293.6 million).

** Prior year restated to give effect to adjustments to provisional fair values (note 34).*

17. Financial asset investments

Financial asset investments are required to be classified and accounted for as either available-for-sale or fair value through profit or loss. The Group only has financial asset investments classified as available-for-sale

Available-for-sale investments

(US$ million)

	Year ended 31 March 2013	Year ended 31 March 2012
At 1 April	**209.6**	**304.2**
(Disposal)/ Addition	(171.9)	4.1
Movements in fair value	(14.1)	(92.1)
Exchange difference	(3.0)	(6.6)
At 31 March	**20.6**	**209.6**

Analysis of financial asset investments

(US$ million)

	Year ended 31 March 2013	Year ended 31 March 2012
Quoted	2.2	179.0
Unquoted	18.4	30.6

(US$ million)

	Year ended 31 March 2013	Year ended 31 March 2012
Current	18.2	-
Non-current	2.4	209.6

Quoted investments represent investments in equity securities that present the Group with opportunity for return through dividend income and gains in value. These securities are held at fair value based on market prices.

Unquoted investments include mainly an investment in the equity share capital of the Andhra Pradesh Gas Power Corporation Limited which is held at cost.

During the year ended 31 March 2013, Group disposed its investment in Hudbay Minerals Inc. for a consideration of US$151.8 million.

18. Other non-current assets

(US$ million)

	As at 31 March 2013	As at 31 March 2012
Deposits, advances and other receivables due after one year	113.4	122.3
	113.4	**122.3**

19. Inventories

(US$ million)

	As at 31 March 2013	As at 31 March 2012
Raw materials and consumables	1,288.9	863.3
Work-in-progress	459.6	677.3
Finished goods	217.6	163.5
	1,966.1	**1,704.1**

Inventories with a carrying amount of US$1,119.4 million (2012: US$999.5 million) have been hypothecated or pledged as security against certain bank borrowings of the Group.

20. Trade and other receivables

(US$ million)

	As at 31 March 2013	As at 31 March 2012
Trade receivables	781.3	888.4
Amounts due from related parties (note 38)	14.0	13.8
Prepayments	79.0	79.5
Deposits with Governments	60.0	101.8
Other receivables	771.7	712.4
	1,706.0	**1,795.9**

The credit period given to customers ranges from zero to 90 days. Other receivables primarily include excise balances, customs balances, advances to suppliers, claims receivables and other receivables.

21. Liquid investments

(US$ million)

	As at 31 March 2013	As at 31 March 2012
Bank deposits	2,980.9	1,985.4
Other investments	2,800.6	2,954.9
	5,781.5	**4,940.3**

Bank deposits are made for periods of between three months and one year depending on the cash requirements of the companies within the Group and earn interest at the respective deposit rates.

Other investments include mutual fund investments which are recorded at fair value with changes in fair value reported through the income statement. Liquid investments do not qualify for recognition as cash and cash equivalents due to their maturity period and risk of change in value of the investments.

22. Cash and Cash equivalents

(US$ million)

	As at 31 March 2013	As at 31 March 2012
Cash at bank and in hand	199.6	264.2
Short-term deposits*	2,000.6	1,680.8
	2,200.2	**1,945.0**

* *Includes US$87.2 million (2012: US$89.9 million) of cash held in short-term deposit accounts that is restricted in use as it relates to unclaimed deposits, dividends, interest on debentures, share application money, closure costs and future redundancy payments.*

Short-term deposits are made for periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

23. Borrowings

	As at 31 March 2013	As at 31 March 2012
		(US$ million)
Bank loans	11,192.0	11,464.9
Bonds	2,881.0	2,876.3
Other loans	85.3	323.9
Total	**14,158.3**	**14,665.1**
Borrowings are repayable as:		
Within one year (shown as current liabilities)	3,705.7	4,151.6
More than one year	10,452.6	10,513.5
Total	**14,158.3**	**14,665.1**

At 31 March 2013, the Group had available US$3,353.0 million (2012: US$2,897.3 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. During the year ended 31 March 2013, the Company has complied with all the covenants attached to the borrowing facilities. The primary covenants which must be complied with include fixed charge cover ratio, net borrowing to EBIDTA ratio, total net assets to borrowings ratio andnet interest expense to EBITDA ratio. The principal loans held by Group companies at 31 March 2013 were as follows:

BALCO

Non-convertible debentures ("NCD's")

BALCO issued NCD's of US$91.9 million to the Life Insurance Corporation of India at a rate of 12.25% per annum. The debentures are secured and have the first paripassu charge on the fixed assets of BALCO including land and buildings. The above loan is repayable in three equal annual instalments starting November 2013.

Project Buyers' Credit

As at 31 March 2013, BALCO has extended credit terms relating to the purchase of property, plant and equipment of US$215.2 million(2012: US$348 millions) at an average interest rate ofUS$LIBOR plus 164 basis points. Project buyers' credits have an average maturity of October 2014.

External Commercial Borrowings

BALCO has obtained an External Commercial Borrowing loan from State Bank of India, London of US$196.3 million at an interest rate of six month US$LIBOR plus 260 basis points secured by first paripassu charges on all the fixed assets (excluding land) of BALCO projects both present and future along with secured lenders. The above loan is repayable in three equal annual instalments starting August 2016. BALCO has also obtained an External Commercial Borrowing loan from DBS Bank Singapore of US$24.8 million at an interest rate of six month US$LIBOR plus 345 basis points secured by first paripassu charges on all movable fixed assets including plant & machinery related 1200 MW power project and 3.25 LTPA Smelter projects both present and future along with secured lenders. The above loan is repayable in three equal annual instalments starting November 2013.

Commercial Paper

During the period under consideration, BALCO has issued commercial paper to various asset management companies for the funding of project loan repayment and operational payable. As at 31 March 2013 BALCO had an outstanding balance ofUS$126.9 million(2012: NIL) bearing a coupon rate of 9.47%.

VAL

VAL has obtaineda US$2,363.9 million loan from State Bank of India ('SBI') at a floating interest rate SBI bank base rate plus 225 basis points, secured by a first priority charge by way of hypothecation of all present and future unencumbered and encumbered movable fixed assets for the project, a first charge by way of mortgage on all present and future immovable fixed assets for the project and second charge on the current assets of VALfor the project. During the current year, VAL has drawn US$482.1 million.

NCD's

VAL has issued NCD's of US$73.5 million to the Life Insurance Corporation of India at a rate of 11.5% per annum. The debentures are secured and have the first paripassu charge over the identified assets (including land and building) of the issuer to the extent of 1.33 times of the issued amount. Debentures are repayable in three equal annual instalments starting October 2013.

External Commercial Borrowing

VAL has obtained an External Commercial Borrowing loan from ICICI Bank, Singapore of US$100.0 million at an interest rate of US$LIBOR plus 240 basis points secured by negative lien undertaking on the assets of the Jharsuguda project of VAL, both present and future, excluding assets already charged in favour of ICICI bank and other lenders. The repayment period is from February 2012 to August 2014. As at 31 March 2013 the amount outstanding is US$70.0 million.

VAL has obtained and fully drawn down an External Commercial Borrowing loan from Axis Bank of US$500.0 million at an interest rate of US$LIBOR plus 400 basis points having a subservient charge on all present and future movable assets of VAL. The repayment is to be made in three equal instalments starting from April 2015.

During the current year a part of intercompany borrowing from Welter Trading Limited was refinanced through Axis Bank for US$44.5 million at an interest rate of US$LIBOR plus 360 basis point having a subservient charge on all present and future movable assets of VAL. The entire loan is repayable in July 2015.

Project Buyers' Credit

As at 31 March 2013, VAL had extended credit terms relating to purchases of property, plant and equipment amounting to US$156.3 million. These loans bear average interest at LIBOR plus 180 basis points. These are secured by all of the fixed assets of VAL, immovable or movable, present and future, on a paripassu basis with other term lenders and with priority over other creditors. Project buyers' credit have an average maturity of August 2013.

Commercial Papers:

Commercial Papers are backed by unconditional and irrevocable corporate guarantee from Sterlite Industries (India) Limited. As at 31March 2013, the amount outstanding is US$303.3 million(2012:NIL) with an average interest rate of 9.82%.

Sterlite Energy

Project Buyers' Credit

As at 31 March 2013,Sterlite Energy Limited ("SEL") has extended credit terms relating to the purchase of property, plant and equipment of US$7 million at an average rate of LIBOR plus 170 basis points. The facility is unsecured. As on 31 March 2013, average maturity of project buyers' credit is September2013.

Commercial Papers

During the period under consideration, SEL has issued commercial paper to various asset management companies for funding project payable. As at31 March 2013, the outstanding balance was US$9.0 millionand the bearing coupon rate was 9.70%.

Talwandi Sabo

NCD's

Talwandi Sabo has issued NCD's of US$276.0 million to ICICI Bank at a rate of 9.8% per annum. The debentures are secured by first paripassu charge on the assets of Talwandi Sabo both present and future, with an unconditional and irrevocable corporate guarantee by Sterlite Industries. Debentures have tenure of 13 years repayable in twelve equal instalments 10 years after allotment. Debentures have a call option, 5 years after allotment and on non-exercise of the option; the interest rate will increase by 25 basis points.

Project Buyers' Credit

As at 31 March 2013, Talwandi Sabo has accessed buyers credit in respect of purchase of capital goods of US$430.0 million(2012: US$365 millions)at an average rate of six month US$LIBOR plus 181 basis points.The average maturity of the project buyers' credit is May 2014.

KCM

A term loan facility of US$700 million(2012: US$ nil million) has been obtainedby KCM from Standard Bank. The term loan facility is made up of two tranches: US$300 million ("Facility A") and US$400 million ("Facility B") drawn down on various dates with the last amount drawn inDecember 2012. The loan is secured against the fixed assets of KCM. Interest is payable quarterly at three month LIBOR plus 350 basis points for Facility A & three month US$ LIBOR plus 250 basis points for Facility B. Facility A is repayable in 11 quarterly instalments commencing from 31 March 2013 and Facility B is repayable in 12 quarterly instalments commencing from 31 December 2014. The principal outstanding under this loan as at 31 March 2013 is US$672.7 million (2012: US$ nil).

A general short term banking facility incorporating multiple sub-facilities amounting to US$50 million (31 March 2012: US$50 million) was provided by Stanbic Bank. The facility was agreed upon on 01 June 2011. Interest is payable monthly at three month US$LIBOR plus 350 basis points. The facility is repayable strictly on demand. The tenure for the facility is 12 months. The amount drawn as on 31 March 2013 under this facility is US$21.5 million (2012: US$ 40.6 million).

A general short term banking facility incorporating multiple sub-facilities amounting to US$85 million (2012: US$ 85 million) was provided by Standard Chartered Bank Zambia. The facility was agreed upon on 26 May 2011. Interest is payable monthly at three month US$LIBOR plus 350 basis points. The facilities are repayable strictly on demand. The tenure for the facility is 12 months. The amount drawn as at31 March 2013 under this facility is US$49.6 million (2012: US$47.3 million) and an Employee Liability Bond amounting to US$35 million (2012: US$35 million).

Vedanta Resources plc

Long-term Bonds

In July 2008, the Company issued US$500 million, 8.75% bonds due January 2014, and US$750 million, 9.50% bonds due July 2018 in the United States of America ('USA') pursuant to Rule 144A of US Securities Act of 1933 ('Securities Act') and outside of the USA in compliance with Regulation S pursuant to the Securities Act. The bonds are unsecured and are currently rated BB by Standard & Poor's, Ba3 by Moody's and BB by Fitch Ratings Limited.

In July 2011, Vedanta issued US$750 million, 6.75% bonds due June 2016, and US$900 million, 8.25% bonds due June 2021.

Inthe United States of America ('USA') pursuant to Rule 144A of US Securities Act of 1933 ('Securities Act') and outside of the USA incompliance with Regulation S pursuant to the Securities Act. The bonds are unsecured and are currently rated BB by Standard &Poor's, Ba3 by Moody's and BB by Fitch Ratings Limited.

Syndicated Bridge Term Loan

In the year ended 31 March 2013, the Company repaid in full the syndicated term loan of US$1,000.0 million which was taken in April 2008 to refinance the short-term syndicated bridge loan facility drawn down for the acquisition of Sesa. US$250.0 million out of this facility was repayable in April 2012 and the remaining US$750.0 million was repayable in January 2013.

Cairn acquisition facility

In December 2012 the Group extended US$1,350.0 million out of the original Tranche A facility of US$1,473.7 million (having an option toextend for a term of 6 months) from Standard Chartered Bank ("SCB"). Tranche A facility along with a Tranche B facility of US$1,314.4 million were originally drawn to meet the funding requirements for the acquisition of 28.5% stake in Cairn India Limited in December 2011.Facility A from SCB bears an interest rate of LIBOR plus 250 basis points and is due for repayment in June 2013. Facility B bears an interest rate of US$ LIBOR plus 325 basis points and is due for repayment in December 2014.

Term Loan

In December 2010, the Group obtained a loan from ICICI Bank for US$180.0 million repayable US$90.0 million in December 2014 and the balance US$90.0 million in December 2015 and bears an interest rate of three month GBP LIBOR plus 385 basis points.

In January 2011, the Group obtained a loan from ICICI Bank for US$150.0 million repayable US$75.0 million in January 2016 and the balance US$75 million in January 2017 and bears interest rate of three month US$LIBOR plus 389 basis points.

In July 2011, the Group obtained a loan from ICICI Bank for US$500.0 million repayable US$250.0 million in January 2018 and the balance US$250.0 million in July 2018 and bears an interest rate of three month US$LIBOR plus 390 basis points.

In March 2012, the Company obtained a loan of US$300.0 million with Standard Chartered Bank. The loan bears an interest rate of LIBOR plus 415 basis points and is due for repayment in June 2015.

In December 2012, the Company entered into a syndicated facility with State Bank of India as an agent for US$595.0 million repayable in four equal instalments in February 2017, August 2017, July 2018 and January 2019. The loan bears an interest rate of three monthUS$ LIBOR plus 440 basis points.

In March 2013, the Company entered into a 3 year facility agreement with Deutsche Bank as an agent for borrowing upto US$185.0 million. The loan bears an interest rate ofUS$LIBOR plus 315 basis points. As at 31 March 2013 US$50.0 has been drawn against this facility.

In March 2013, the Company entered into two facility agreements with ICICI bank for borrowing upto US$170.0 million and US$180.0 million. The loans bear interest rates of US$ LIBOR plus 430 basis points and US$LIBOR plus 427 basis points respectively. The US$170.0 million facility is repayable in three annual instalments beginning April 2018 (the first instalment being 20% and the balance two instalments being 40% each). The US$180.0 million facility is repayable in three annual equal annual instalments beginning February 2017. The facility remains undrawn as at 31 March 2013.

Sesa

Short term loans

Sesa obtained a short term borrowing facility in foreign currency in the form of pre shipment/ export packing credit from various banksat average rate of US$LIBOR plus 190 to 200 basis points. These loanswereobtained to meet the working capital requirements of Sesa. As at 31 March 2013 outstanding balance is US$167.6 million (2012: US$250.1 million).

Commercial Paper

Sesa has issued commercial papers for periods ranging up to one year at interest rates ranging between 9.20% to 9.70%.The commercial paper is used to meet working capital requirements of the Sesa and are repayable in the next financial year. As at31 March 2013, the outstanding balance was US$ 432.5 million (2012:US$220.0 million).

Sterlite Industries (India) Limited ("SIIL")

NCDs

SIILissued secured NCDs for an aggregate amount of US$367.6 million during the year of whichUS$183.8 millionNCDswere issued at a coupon rate of 9.40% and US$183.8 million NCDs were issued at a coupon rate of 9.24%. The NCDs are securedbywayofa mortgageonthe immovable property of SIIL situated at Sanaswadi in the state of Maharashtra and also by way of hypothecation on the movable fixed assets of Sterlite Energy Limited with a security cover of 1.25 times on the face value of outstanding NCDs at all time during the tenure of NCDs.These NCDs are redeemable in tranches of US$91.9millions each on 25 October2022, 27 November 2022, 6 December 2022 and 20 December 2022. In respect of all the four tranches of NCDs, the debenture holders and SIIL have put and call options respectively 5 years from the respective date of the allotment of the NCDs.

Non-equity non-controlling interests

As at 31 March 2013, non-equity non-controlling interests remain of US$11.9 million, being deferred shares in KCM held by ZCCM. The deferred shares have no voting rights or rights to KCM's dividends, but are entitled on a winding up to a return of upto 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.

24. Movement in net debt [1]

(US$ million)

	Cash and cash equivalents	Liquid investments	Debt due within one year	Debt due after one year		Total Net Debt
			Debt carrying value	Debt carrying value	Debt-related derivatives[2]	
At 1 April 2011	**911.6**	**6,865.4**	**(3,045.1)**	**(6,707.4)**	**5.2**	**(1,970.3)**
Cash flow excluding net cash flow arising on acquisition of subsidiaries	(161.1)	(2,354.1)	(981.8)	(6,263.5)	-	(9,760.5)
Net cash flows arising on acquisition of subsidiaries	665.8	1,151.0	(240.5)	-	-	1,576.3
Other non-cash changes [3]	-	45.0	(211.1)	(210.1)	0.5	(375.7)
Foreign exchange differences	528.7	(767.0)	326.9	377.2	-	465.8
At 1 April 2012	**1,945.0**	**4,940.3**	**(4,151.6)**	**(12,803.8)**	**5.7**	**(10,064.4)**
Cash flow	74.8	941.7	(159.9)	44.5		901.1
Other non-cash changes [3]		158.7	(221.8)	339.7	(10.2)	266.4
Foreign exchange differences	180.4	(259.2)	133.2	226.9		281.3
At 31 March 2013	**2,200.2**	**5,781.5**	**(4,400.1)**	**(12,192.7)**	**(4.5)**	**(8,615.6)**

1 *Net (debt)/ cash being total debt after fair value adjustments under IAS 32 and 39 as reduced by cash and cash equivalents and liquid investments.*

2 *Debt related derivatives exclude derivative financial assets and liabilities relating to commodity contracts and forward foreign currency contracts.*

3 *Other non-cash changes comprises of exchanges losses and gains on borrowings and capital creditors, MTM of embedded derivatives, interest accretion on convertible bonds and amortisation of borrowing costs for which there is no cash movement. It also includes US$158.7 million (2012: US$45.0 million) of fair value movement in investments.*

25. Trade and other payables

(a) Current trade payables

(US$ million)

	As at 31 March 2013	As at 31 March 2012
Trade payables	2,424.5	1,776.4
Bills of exchange payable	1,428.0	850.8
Accruals and deferred income	349.7	320.0
Other trade payables	361.5	895.7
	4,563.7	**3,842.9**

Non-interest bearing trade payables are normally settled on 60 to 90-day terms.

Interest bearing trade payables amount to US$1,813.9 million (31 March 2012: US$1,083.0 million).Bills of exchange are interest-bearing and are normally payable within 180 days. Bills of exchange payable comprise of credit availed from financial institutions for direct payment to suppliers for raw materials purchased. The fair values of trade and other payables are not materially different from the carrying values presented.

(b) Non-current trade payables

(US$ million)

	As at 31 March 2013	As at 31 March 2012
Other trade payables	232.2	164.0
	232.2	**164.0**

Other trade payables primarily comprise amounts withheld as retentions, payable to suppliers of capital projects after satisfactory completion of contractual commissioning period, which are payable after the completion of commissioning.

26. Convertible bonds

(US$ million)

	Year ended 31 March 2013	Year ended 31 March 2012
A. VRJL	1,056.0	1009.7
B. VRJL II	753.6	681.6
C. FCCB- SIIL & Sesa	624.9	599.0
	2,434.5	**2,290.3**

A. Vedanta Resources Jersey Limited (“VRJL”), a US Dollar denominated functional currency entity, issued 5.5% US$1,250 million guaranteed convertible bonds on 13 July 2009. The bonds are first convertible into exchangeable redeemable preference shares to be issued by VRJL, which will then be automatically exchanged for ordinary shares of Vedanta Resources plc. The bondholders have the option to convert at any time from 24 August 2009 to 6 July 2016. Conversion options exercised before 15 August 2012 were convertible at US$36.48 per share. Conversion options exercised on or after 15 August 2012, are convertible at US$35.58, as per the terms of offering circular.

If the notes have not been converted, they can be redeemed at the option of the Company at any time on or after 28 July 2012 subject to certain conditions, or be redeemed at the option of the bondholders on 13 July 2014.

The net proceeds of the convertible issue have been split between the liability element and equity component, representing the fair value of the embedded option to convert the liability into equity of the Company, as follows:

		(US$ million)
	Year ended 31 March 2013	**Year ended 31 March 2012**
Opening liability	**1,009.7**	**968.2**
Effective interest cost	115.2	110.4
Coupon interest	(68.9)	(68.9)
Closing liability	**1,056.0**	**1,009.7**

The interest charged for the year is calculated by applying an effective interest rate of 11.2% (March 2012: 11.2%).

The fair value of the convertible bond as at 31 March 2013 is US$1,194.1 million (March 2012: US$1,022.0 million).

B. Vedanta Resources Jersey II Limited ("VRJL - II"), a US Dollar denominated functional currency entity, issued 4.0% US$883 million guaranteed convertible bonds on 30 March 2010. The bonds are first convertible into exchangeable redeemable preference shares to be issued by VRJL-II, which will then be automatically exchanged for ordinary shares of Vedanta Resources plc. The bondholders have the option to convert at any time from 10 May 2010 to 23 March 2017.

Conversion options exercised before 15 August 2012, were convertible at US$51.9251 per share. Conversion options exercised on or after 15 August 2012, are convertible at US$50.6460, as per the terms of offering circular.

If the notes have not been converted, they can be redeemed at the option of the Company at any time on or after 14 April 2013 subject to certain conditions, or be redeemed at the option of the bondholders on 29 April 2013 and 30 March 2015.

On 15 March 2013, 91.6% of bond holders exercised the put option to redeem the bonds on 29 April 2013, resulting in a repayment of US$809.8 million on that date. Consequently an additional charge of US$39.1 million has been recognised as part of finance cost to reflect the revised amortised value of the bond liability.

At inception the net proceeds of the convertible issue was split between the liability element and a derivative component, representing the fair value of the embedded option to convert the liability into equity of the Company. The latter was not been recorded within equity due to the existence of partial cash settlement terms within the bond which prevent the adoption of compound financial instrument accounting. The cash settlement option was cancelled on 28 July 2010.

		(US$ million)
	Year ended 31 March 2013	**Year ended 31 March 2012**
Opening liability	**681.6**	**651.8**
Effective interest cost	107.3	65.1
Coupon interest	(35.3)	(35.3)
Closing Liability	**753.6**	**681.6**

The interest charged for the year is calculated by applying an effective interest rate of 15.0% (2012: 9.8%).

The fair value of the convertible bond as at 31 March 2013 was US$880.2 million (March 2012: US$698.9 million).

C. SIIL issued 4% US$500 million convertible senior notes (denominated in US Dollars) on 29 October 2009 which are due on 30 October 2014. The bonds are convertible into American Depository Share ("ADS") to be issued by SIIL. The bondholders have the option to convert at any time before 29 October 2014 at a conversion ratio of 42.8688 for every US$1,000 of principal which is equal to a conversion price of US$ 23.33 per ADS. SIIL has the option (subject to the terms of the bond) to redeem the convertible bond at any time after 4 November 2012.

Sesa issued 5% US$500 million convertible bonds (denominated in US Dollars) on 30 October 2009 and due 31 October 2014. The bonds are convertible into ordinary shares of Sesa. The bondholders have the option to convert at any time after 10 December 2009 and before 24 October 2014 at a conversion ratio of 13837.6384 for every US$100,000 principal. Sesa has the option (subject to certain conditions) to redeem the convertible bond at any time after 30 October 2012.As at 31 March 2013 the outstanding closing balance is US$ 216.80 million (2012: US$ 216.80 million).

As the functional currency of SIIL and Sesa is INR, the conversion of the convertible bonds (which are denominated in US Dollars) would not result in the settlement and exchange of a fixed amount of cash in INR terms, for a fixed number of SIIL's and Sesa's shares respectively. Accordingly, the convertible bond must be separated into two component elements: a derivative component consisting of the conversion option (carried at fair value) and a liability component consisting of the debt element of the bonds. Further details of the accounting for such instruments are provided in the Group accounting policies (note 2a).

The following table shows the movements in the SIIL and Sesa bonds during the year on an aggregated basis:

(US$ million)

	Year ended 31 March 2013	Year ended 31 March 2012
Opening liability	**599.0**	**651.5**
Effective interest cost	85.0	78.1
Coupon interest paid	(34.4)	(34.4)
Decrease in fair value of derivative component	(24.7)	(96.2)
Closing liability (including derivative component of US$4.7 million, March 2012: US$30.0 million)	**624.9**	**599.0**

The interest charged for the year is calculated by applying an effective interest rate of 12.7% (March 2012: 12.7%) for SIIL convertible notes and 19.4% (March 2012: 19.4%) for Sesa convertible notes.

The fair value of the convertible bonds as at 31 March 2013was US$708.8 million (March 2012: US$675.7 million).

27. Financial instruments

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below:

		(US$ million)
	As at 31 March 2013	**As at 31 March 2012**
Financial assets		
At fair value through profit or loss		
- Held for trading	5,781.5	4,940.3
- Other financial assets (derivatives)	31.1	129.6
Cash and cash equivalents	2,200.2	1,945.0
Loan and receivables		
- Trade and other receivables	1,706.0	1,795.9
- Other non-current assets	113.4	97.9
Available-for-sale investments		
- Financial asset investments held at fair value	2.2	179.0
- Financial asset investments held at cost	18.4	30.6
Total	**9,852.8**	**9,118.3**
Financial liabilities		
At fair value through profit or loss		
- Other financial liabilities (derivatives)	(72.5)	(133.2)
Designated into fair value hedge		
- Borrowings[1]	(4.7)	(30.0)
Financial liabilities at amortised cost		
- Trade and other payables	(4,795.4)	(4,006.9)
- Borrowings[2]	(16,588.1)	(16,925.3)
Total	**(21,460.7)**	**(21,095.5)**

1 *includes embedded derivative liability portion of convertible bonds US$4.7 million (2012: US$30.0 million)*

2 *includes amortised cost liability portion of convertible bonds US$2,429.8 million (2012: US$2,260.3 million)*

IFRS 7 requires additional information regarding the methodologies employed to measure the fair value of financial instruments which are recognised or disclosed in the accounts. These methodologies are categorised per the standard as:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The below table summarises the categories of financial assets and liabilities measured at fair value:

(US$ million)

		As at 31 March 2013
	Level 1	**Level 2**
Financial assets		
At fair value through profit or loss		
- Held for trading	5,781.5	-
- Other financial assets (derivatives)	-	31.1
Available-for-sale investments		
- Financial asset investments held at fair value	2.2	-
Total	**5,783.7**	**31.1**
Financial liabilities		
At fair value through profit or loss		
- Other financial liabilities (derivatives)	-	(72.5)
Designated as fair value hedge		
- Borrowings	-	(4.7)
Total	**-**	**(77.2)**

		As at 31 March 2012
	Level 1	**Level 2**
Financial assets		
At fair value through profit or loss		
- Held for trading	4,940.3	-
- Other financial assets (derivatives)	-	129.6
Available-for-sale investments		
- Financial asset investments held at fair value	179.0	-
Total	**5,119.3**	**129.6**
Financial liabilities		
At fair value through profit or loss		
- Other financial liabilities (derivatives)	-	(133.2)
Designated into fair value hedge		
- Borrowings	-	(30.0)
Total	**-**	**(163.2)**

There were no transfers between Level 1 and Level 2 during the year. No financial assets or liabilities that are measured at fair value were Level 3 fair value measurements.

The fair value of borrowings is US$16,420.2 million (2012: US$16,062.3 million). For all other financial instruments, the carrying amount is either the fair value, or approximates the fair value.

The fair value of financial asset investments represents the market value of the quoted investments and other traded instruments. For other financials assets the carrying value is considered to approximate fair value.

The fair value of financial liabilities is the market value of the traded instruments, where applicable. Otherwise fair value is calculated using a discounted cash flow model with market assumptions, unless the carrying value is considered to approximate fair value.

The fair value of the embedded derivative liability of convertible bond has been calculated using the Black-Scholes model with market assumptions.

Derivative instruments and risk management

The Group's businesses are subject to several risks and uncertainties including financial risks.

The Group's documented risk management policies act as an effective tool in mitigating the various financial risks to which the businesses are exposed to in the course of their daily operations. The risk management policies cover areas such as liquidity risk, commodity price risk, foreign exchange risk, interest rate risk, credit risk and capital management (the latter covered in note 32).

Risks are identified through a formal risk management programme with active involvement of senior management personnel and business managers at both the corporate and individual subsidiary level. Each operating subsidiary in the Group has in place risk management processes which are in line with the Group's policy. Each significant risk has a designated 'owner' within the Group at an appropriate senior level. The potential financial impact of the risk and its likelihood of a negative outcome are regularly updated. The risk management process is coordinated by the Management Assurance function and is regularly reviewed by the Group's Audit Committee. The Audit Committee is aided by the GRMC, which meets every quarter to review risks as well as the progress against the planned actions. Key business decisions are discussed at the monthly meetings of the Executive Committee. The overall internal control environment and risk management programme including financial risk management is reviewed by the Audit Committee on behalf of the Board.

Treasury management

Treasury management focuses on capital protection, liquidity maintenance and yield maximisation. The treasury policies are approved by the Board and adherence to these policies is strictly monitored at the Executive Committee meetings. Day-to-day treasury operations of the subsidiary companies are managed by their respective finance teams within the framework of the overall Group treasury policies. Long-term fund raising including strategic treasury initiatives are handled by a central team while short-term funding for routine working capital requirements is delegated to subsidiary companies. A monthly reporting system exists to inform senior management of investments, debt, currency, commodity and interest rate derivatives. The Group has a strong system of internal control which enables effective monitoring of adherence to Group policies. The internal control measures are supplemented by regular internal audits.

The Group uses derivative instruments as part of its management of exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices. The Group does not acquire or issue derivative financial instruments for trading or speculative purposes. The Group does not enter into complex derivative transactions to manage the treasury and commodity risks. Both treasury and commodities derivative transactions are normally in the form of forward contracts and interest rate and currency swaps and these are subject to the Group guidelines and policies. Interest rate swaps are taken to achieve a balance between fixed and floating rates (as described below under "Interest risk") and currency swaps are taken primarily to convert the Group's exposure to non-US dollar currencies to US dollar currencies.

Commodity risk

The Group is exposed to the movement of base metal commodity prices on the London Metal Exchange. Any decline in the prices of the base metals that the Group produces and sells will have an immediate and direct impact on the profitability of the businesses. As a general policy, the Group aims to sell the products at prevailing market prices. As much as possible, the Group tries to mitigate price risk through favourable contractual terms. The Group undertakes hedging activity in commodities to a limited degree. Hedging is used primarily as a risk management tool and, in some cases, to secure future cash flows in cases of high volatility by entering in to forward contracts or similar instruments. The hedging activities are subject to strict limits set out by the Board and to a strictly defined internal control and monitoring mechanism. Decisions relating to hedging of commodities are taken at the Executive Committee level and with clearly laid down guidelines for their implementation by the subsidiaries.

Whilst the Group aims to achieve average LME prices for a month or a year, average realised prices may not necessarily reflect the LME price movements because of a variety of reasons such as uneven sales during the year and timing of shipments.

The Group is also exposed to the movement of international crude oil price and the discount in the price of Rajasthan crude oil to Brent price.

Copper

The Group's custom smelting copper operations at Tuticorin is benefited by a natural hedge except to the extent of a possible mismatch in quotational periods between the purchase of concentrate and the sale of finished copper. The Group's policy on custom smelting is to generate margins from TC/ RCs, improving operational efficiencies, minimising conversion cost, generating a premium over LME on sale of finished copper, sale of by-products and from achieving import parity on domestic sales. Hence, mismatches in quotational periods are managed to ensure that the gains or losses are minimised. The Group hedges this variability of LME prices through forward contracts and tries to make the LME price a pass-through cost between purchases of copper concentrate and sales of finished products, both of which are linked to the LME price. The Group also benefits from the difference between the amounts paid for quantities of copper content received and recovered in the manufacturing process, also known as `free copper'. The Group hedges on a selective basis the free copper by entering into future contracts.

The Group's Australian mines in Tasmania supply approximately 7% to 8% of the requirement of the custom copper smelter at Tuticorin on an arm's length basis. Hence, TC/ RCs are a major source of income for the Indian copper smelting operations. Fluctuations in TC/ RCs are influenced by factors including demand and supply conditions prevailing in the market for mine output. The Group's copper business has a strategy of securing a majority of its concentrate feed requirement under long-term contracts with mines.

KCM is largely an integrated copper producer and whenever hedging is done it is with an intention to protect the Group from price fluctuations in copper.

For the mining assets in Australia and Zambia, part of the production may be hedged to secure cash flows on a selective basis.

Aluminium

The requirement of the primary raw material, alumina, is partly met from own sources and the rest is purchased primarily on negotiated price terms. Sales prices are linked to the LME prices. At present the Group on selective basis hedges the aluminium content in outsourced alumina to protect its margins.

Zinc and lead

The sales prices are linked to the LME prices. The Group has some long-term volume contracts with some customers where the prices are linked to prevailing LME prices at the time of shipment. The Group hedges custom production from India through forward contracts or other instruments.

Iron ore

The Group sells some portion of its iron ore production on quarterly price contracts and the balance on the basis of prevailing market prices.

Provisionally priced financial instruments

On 31 March 2013, the value of net financial liabilities linked to commodities (excluding derivatives) accounted for on provisional prices was a liability of US$702.4 million (2012: liability of US$469.5 million). These instruments are subject to price movements at the time of final settlement and the final price of these instruments will be determined in the financial year beginning 1 April 2013.

Set out below is the impact of 10% increase in LME prices on profit for the year and total equity as a result of changes in value of the Group's commodity financial instruments as at 31 March 2013:

(US$ million except as stated)

Commodity price sensitivity	**Closing LME as at 31 March 2013** US$	**Effect on profit of a 10% increase in the LME 31 March2013** (US$ million)	**Effect on total equity of a 10% increase in the LME 31 March 2013** (US$ million)
Copper	7,583	5.5	5.5
Zinc	1,871	11.3	11.3
Lead	2,094	-	-

(*US$ million except as stated*)

Commodity price sensitivity	Closing LME as at 31 March 2012 US$	Effect on profit of a 10% increase in the LME 31 March2012 (US$ million)	Effect on total equityof a 10% increase in the LME 31 March 2012 (US$ million)
Copper	8,480	9.3	9.3
Zinc	2,003	2.2	2.2
Lead	2,021	3.2	3.2

The above sensitivities are based on volumes, costs, exchange rates and other variables and provide the estimated impact of a change in LME prices on profit and equity assuming that all other variables remain constant.

Further, the impact of a 10% increase in closing copper LME for provisionally priced copper concentrate purchase at Sterlite custom smelting operations is US$65.1 million (2012: US$37.0 million), which is pass through in nature and as such will not have any impact on the profitability.

Financial risk and sensitivities

The Group's Board approved financial risk policies comprise liquidity, currency, interest rate and counterparty risk. The Group does not engage in speculative treasury activity but seeks to manage risk and optimise interest and commodity pricing through proven financial instruments.

(a) Liquidity

The Group requires funds both for short-term operational needs as well as for long-term investment programmes mainly in growth projects. The Group generates sufficient cash flows from the current operations which together with the available cash and cash equivalents and liquid financial asset investments provide liquidity both in the short term as well as in the long term. Anticipated future cash flows, together with undrawn committed facilities of US$3,353.0 million, and cash and liquid investments of US$7,981.7 million as at 31 March 2013, are expected to be sufficient to meet the ongoing capital investment programme and liquidity requirement of the Group in the near future.

The Group has a strong balance sheet that gives sufficient headroom to raise further debt should the need arise. The Group's current ratings from Standard & Poor's, Moody's & Fitch Ratings are BB, Ba1 and BB+ respectively (2012: BB, Ba1 and BB+ respectively). These ratings support the necessary financial leverage and access to debt or equity markets at competitive terms. The Group generally maintains a healthy net gearing ratio and retains flexibility in the financing structure to alter the ratio when the need arises (see note 32 for further details).

The maturity profile of the Group's financial liabilities based on the remaining period from the balance sheet date to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Group:

At 31 March 2013

(*US$ million except as stated*)

Payment due by period*	< 1 year	1-2 years	2-5 years	> 5 years	Total
Trade and other payables	4,594.6	232.4	-	-	4,827.0
Bank and other borrowings	4,604.6	2,755.2	5,617.9	4,826.5	17,804.2
Convertible bonds	814.4	1,771.6	59.2	-	2,645.2
Derivative liabilities	44.5	-	28.0	-	72.5
Total	**10,058.1**	**4,759.2**	**5,705.1**	**4,826.5**	**25,348.9**

** Including interest payable*

At 31 March 2012

(US$ million except as stated)

Payment due by period*	< 1 year	1-2 years	2-5 years	> 5 years	Total
Trade and other payables	3,906.4	164.0	-	-	**4,070.4**
Bank and other borrowings	5,140.2	2,829.4	5,076.6	5,473.4	**18,519.6**
Convertible bonds	114.3	795.9	1,808.5	-	**2,718.7**
Derivative liabilities	101.1	-	32.1	-	**133.2**
Total	**9,262.0**	**3,789.3**	**6,917.2**	**5,473.4**	**25,441.9**

** Including interest payable*

At 31 March 2013, the Group had access to funding facilities of US$19,945.7 million of which US$3,353.0 million was not yet drawn, as set out below.

(US$ million)

Funding facilities	Total facility	Drawn	Undrawn
Less than 1 year	7,489.8	4,400.0	3,089.8
1-2 years	3,737.2	3,737.2	-
2-5 years and above	8,718.7	8,455.5	263.2
Total	**19,945.7**	**16,592.7**	**3,353.0**

At 31 March 2012, the Group had access to funding facilities of US$19,852.6 million of which US$2,897.3 million was not yet drawn, as set out below.

(US$ million)

Funding facilities	Total facility	Drawn	Undrawn
Less than 1 year	6,776.1	4,151.6	2,624.5
1-2 years	3,241.3	3,241.3	-
2-5 years and above	9,835.2	9,562.4	272.8
Total	**19,852.6**	**16,955.3**	**2,897.3**

(b) Foreign currency

The Group's presentation currency is the US dollar. The majority of the assets are located in India and the Indian Rupee is the functional currency for the Indian operating subsidiaries.Exposures on foreign currency loans are managed through the Group-wide hedging policy, which is reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed. Natural hedges available in the business are identified at each entity level and hedges are placed only for the net exposure. Short-term net exposures are hedged progressively based on their maturity. Longer-exposures beyond one year are normally unhedged. Vedanta has hedged some of its non-US dollar borrowings into US dollar borrowings by entering into cross-currency swaps.

The carrying amount of the Group's financial assets and liabilities in different currencies are as follows:

(US$ million)

	At 31 March 2013		At 31 March 2012	
	Financial assets	**Financial liabilities**	**Financial assets**	**Financial liabilities**
US$	2,009.8	14,971.3	2,358.3	16,043.8
INR	7,670.4	5,917.5	6,316.9	4,867.1
Kwacha	-	390.9	-	-
JPY	0.2	12.2	100.5	-
AUD	7.1	21.6	23.8	21.4
CAD	0.2	-	166.9	-
EURO	103.4	86.6	117.4	106.4
ZAR	41.5	23.3	12.2	24.3
NAD	19.3	22.0	21.6	18.4
Others	0.7	15.85	0.7	14.1
Total	**9,852.8**	**21,460.7**	**9,118.3**	**21,095.5**

The Group's exposure to foreign currency arises where a Group company holds monetary assets and liabilities denominated in a currency different to the functional currency of that entity with US dollar being the major foreign currency exposure of the Group's main operating subsidiaries. Set out below is the impact of a 10% change in the US dollar on profit and equity arising as a result of the revaluation of the Group's foreign currency financial instruments:

(US$ million)

	31 March2013		
	Closing exchange rate	Effect of 10% strengthening of US dollar on net earning	Effect of 10% strengthening of US dollar on total equity
INR	54.3893	(415.3)	(320.6)
Australian dollar	0.9590	(0.2)	(0.2)
Euro	0.7820	0.4	0.5

(US$ million)

	31 March2012		
	Closing exchange rate	Effect of 10% strengthening of US dollar on net earnings	Effect of 10% strengthening of US dollar on total equity
INR	51.1565	(426.6)	(372.1)
Australian dollar	0.9610	(0.2)	(0.2)
Euro	0.7490	1.0	33.6

The sensitivities are based on financial assets and liabilities held at 31 March 2013 where balances are not denominated in the functional currency of the respective subsidiaries. The sensitivities do not take into account the Group's sales and costs and the results of the sensitivities could change due to other factors such as changes in the value of financial assets and liabilities as a result of non-foreign exchange influenced factors.

(c) Interest rate risk

At 31 March 2013, the Group's net debt of US$8,615.6 million (2012: US$10,064.4 million net debt) comprises cash, cash equivalents and liquid investments of US$7,981.7 million (2012: US$6,885.3 million) offset by debt of US$16,592.8 million (2012: US$16,955.3 million) and debt derivative of US$4.5 million (2012: US$5.7 million).

The Group is exposed to interest rate risk on short-term and long-term floating rate instruments and on the refinancing of fixed rate debt. The Group's policy is to maintain a balance of fixed and floating interest rate borrowings and the proportion of fixed and floating rate debt is determined by current market interest rates. As at 31 March 2013, 42.6% (2012: 39.7%) of the total debt was at a fixed rate and the balance was at a floating rate. The floating rate debt is largely linked to US dollar LIBOR. The Group also aims to minimise its average interest rates on borrowings by opting for a higher proportion of long-term debt to fund growth projects. The Group invests cash and liquid investments in short-term deposits and debt mutual funds, some of which generate a tax-free return, to achieve the Group's goal of maintaining liquidity, carrying manageable risk and achieving satisfactory returns.

Floating rate financial assets are largely mutual fund investments which have debt securities as underlying assets. The returns from these financial assets are linked to market interest rate movements; however the counterparty invests in the agreed securities with known maturity tenure and return and hence has manageable risk.

The exposure of the Group's financial assets to interest rate risk is as follows:

(US$ million)

	At 31 March 2013				At 31 March 2012			
	Floating rate financial assets	Fixed rate financial assets	Equity Investments	Non-interest bearing financial assets	Floating rate financial assets	Fixed rate financial assets	Equity Investments	Non-interest bearing financial assets
Financial assets	4,285.6	3,854.4	20.8	1,661.3	3,013.5	3,409.8	189.1	2,376.3
Derivative assets	-	-	-	31.1	-	-	-	129.6
Total financial assets	**4,285.6**	**3,854.4**	**20.8**	**1,692.4**	**3,013.5**	**3,409.8**	**189.1**	**2,505.9**

The exposure of the Group's financial liabilities to interest rate risk is as follows:

(US$ million)

	At 31 March 2013			At 31 March 2012		
	Floating rate financial liabilities	Fixed rate financial liabilities	Non-interest bearing financial liabilities	Floating rate financial liabilities	Fixed rate financial liabilities	Non-interest bearing financial liabilities
Financial liabilities	9,633.4	8,756.7	2,998.2	14,437.6	3,660.9	2,863.8
Derivative liabilities	-	-	72.6	-	-	133.2
Total financial liabilities	**9,633.4**	**8,756.7**	**3,070.8**	**14,437.6**	**3,660.9**	**2,997.0**

The weighted average interest rate on the fixed rate financial liabilities is 7.6% (2012: 7.7%) and the weighted average period for which the rate is fixed is3.06 years (2012: 4.4 years).

Considering the net debt position as at 31 March 2013 and the investment in bank deposits and debt mutual funds, any increase in interest rates would result in a net loss and any decrease in interest rates would result in a net gain. The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance sheet date.

The below table illustrates the impact of a 0.5% to 2.0% change in interest rate of borrowings on profit and equity and represents management's assessment of the possible change in interest rates.

At 31 March 2013

Changein interest Rates	Effect on profit for the year (in US$ million)	Effect on profit for the year (in US$ million)
0.5%	47.7	47.7
1.0%	95.4	95.4
2.0%	190.7	190.7

At 31 March 2012

Change in interest Rates	Effect on profit for the year (in US$ million)	Effect on total equity (in US$ million)
0.5%	51.1	51.1
1.0%	102.2	102.2
2.0%	204.4	204.4

(d) Credit risk

The Group is exposed to credit risk from trade receivables, cash and cash equivalents, liquid investments and other financial instruments.

The Group has clearly defined policies to mitigate counterparty risks. Cash and liquid investments are held primarily in mutual funds and banks with good credit ratings. Defined limits are in place for exposure to individual counterparties in case of mutual fund houses and banks.

The large majority of receivables due from third parties are secured. Moreover, given the diverse nature of the Group's businesses trade receivables are spread over a number of customers with no significant concentration of credit risk. No single customer accounted for 10% or more of the Group's net sales or for any of the Group's primary businesses during the year ended 31 March 2013 and in the previous year. The history of trade receivables shows a negligible provision for bad and doubtful debts. Therefore, the Group does not expect any material risk on account of non-performance by any of our counterparties.

The Group's maximum exposure to credit risk at 31 March 2013 is US$9,852.8 million (2012: US$9,118.3 million).

Of the year end trade and other receivable balance the following, though overdue, are expected to be realised in the normal course of business and hence, are not considered impaired as at 31 March 2013:

(US$ million)

	2013	**2012**
Less than 1 month	26.9	26.6
Between 1 - 3 months	32.3	12.7
Between 3 - 12 months	31.1	25.0
Greater than 12 months	38.7	77.2
Total	**129.0**	**141.5**

Derivative financial instruments

The fair value of all derivatives is separately recorded on the balance sheet within other financial assets (derivatives) and other financial liabilities (derivatives), current and non-current. In addition, the derivative component of certain convertible bonds is shown as part of the overall convertible bond liability (note 26). Derivatives that are designated as hedges are classified as current or non-current depending on the maturity of the derivative.

Embedded derivatives

Derivatives embedded in other financial instruments or other contracts are treated as separate derivative contracts, when their risks and characteristics are not closely related to those of their host contracts.

Cash flow hedges

The Group also enters into forward exchange and commodity price contracts for hedging highly probable forecast transactions and accounts for them as cash flow hedges and states them at fair value. Subsequent changes in fair value are recognised in equity until the hedged transactions occur, at which time the respective gains or losses are transferred to the income statement.

The fair value of the Group's open derivative positions at 31 March 2013, recorded within other financial assets (derivatives) and other financial liabilities (derivatives) is as follows:

(US$ million)

	As at 31 March 2013		**As at 31 March 2012**	
	Liability	**Asset**	**Liability**	**Asset**
Current				
Cash flow hedges				
- Commodity contracts	-	16.4	-	3.5
- Forward foreign currency contracts	(1.0)	0.0	-	1.2
Fair value hedges				
- Commodity contracts	(0.8)	0.0	2.2	0.1
- Forward foreign currency contracts	(19.4)	2.6	(0.3)	4.7
- Other (Foreign currency swap)	-	-	-	-
Non Qualifying hedges				
- Commodity contracts	(0.6)	0.2	(2.5)	0.6

	As at 31 March 2013		As at 31 March 2012	
	Liability	**Asset**	**Liability**	**Asset**
- Forward foreign currency contracts	(7.4)	0.0	(9.4)	13.7
- Other (Foreign currency swap)	(12.0)	12.0	(82.1)	(83.0)
Hedge of net investment in foreign operations	(3.3)	-	(9.0)	-
Total	**(44.5)**	**31.1**	**(101.1)**	**106.8**
Non-current				
Non Qualifying hedges				
- Interest rate swap	(23.6)	-	(14.7)	-
- Others (Foreign Currency Swap)	(4.4)	-	(17.4)	22.8
Total	**(28.0)**	**-**	**(32.1)**	**22.8**
Grand Total	**(72.5)**	**31.1**	**(133.2)**	**129.6**

The majority of cash flow hedges taken out by the Group during the year comprises commodity contracts and forward foreign currency contracts for firm future commitments.

Non-qualifying hedges

The majority of these derivatives comprise interest rate swaps which are economic hedges but which do not fulfil the requirements for hedge accounting of IAS 39 Financial Instruments: Recognition and Measurement and also includes cross currency swaps.

Fair value hedges

The fair value hedges relate to foreign currency forward contracts taken to hedge currency exposure on purchase of raw materials and capital imports.

Hedging reserves reconciliation

(US$ million)

	Hedging reserves	Non-controlling interests	Total
At 1 April 2011	**38.2**	**7.7**	**45.9**
Amount recognised directly in equity	(64.9)	(15.7)	**(80.6)**
Amount transferred to income statement	(30.4)	(7.5)	**(37.9)**
Exchange difference	1.5	0.5	**2.0**
At 1 April 2012	**(55.6)**	**(15.1)**	**(70.6)**
Amount recognised directly in equity	(43.6)	(18.3)	**(61.9)**
Amount transferred to income statement	73.9	15.5	**89.4**
Exchange difference	3.1	0.5	**3.5**
At 31 March 2013	**(22.2)**	**(17.4)**	**(39.6)**

28. Provisions

(US$ million)

	Restoration, rehabilitation and environmental	KCMCopper Price Participation	Other	Total
At 1 April 2011	**150.4**	**131.1**	**42.8**	**324.3**
Acquisition	124.3	-	6.1	**130.4**
Released to income statement	(1.6)	(19.2)	(6.5)	**(27.3)**
Unwinding of discount	5.0	6.1	0.4	**11.5**
Cash paid	(0.3)	(20.0)	(6.2)	**(26.5)**
Exchange differences	(3.8)	-	(3.5)	**(7.3)**
At 1 April 2012	**274.0**	**98.0**	**33.1**	**405.1**
Charged /(released) to income statement	26.8	-	3.3	**30.1**
Unwinding of discount (note 7)	15.2	12.1	0.3	**27.6**
Cash paid	(0.8)	(10.0)	(6.5)	**(17.3)**

	Restoration, rehabilitation and environmental	KCMCopper Price Participation	Other	Total
Exchange differences	(11.6)	-	(2.9)	**(14.5)**
At 31 March 2013	**303.6**	**100.1**	**27.3**	**431.0**
Current 2013	-	53.4	15.0	**68.4**
Non-current 2013	303.6	46.7	12.3	**362.6**
	303.6	**100.1**	**27.3**	**431.0**
Current 2012	-	-	18.1	**18.1**
Non-current 2012	274.0	98.0	15.0	**387.0**
	274.0	**98.0**	**33.1**	**405.1**

Restoration, rehabilitation and environmental

The provisions for restoration, rehabilitation and environmental liabilities represent the Directors' best estimate of the costs which will be incurred in the future to meet the Group's obligations under existing Indian, Australian, Zambian, Namibian, South African and Irish law and the terms of the Group's mining and other licences and contractual arrangements. These amounts, calculated by considering discount rates within the range of 7% and 8%, become payable on closure of mines and are expected to be incurred over a period of three to twenty years. Within India, the principal restoration and rehabilitation provisions are recorded within Cairn India where a legal obligation exists relating to the oil and gas fields, where costs are expected to be incurred in restoring the site of production facilities at the end of the producing life of an oil field. The Group recognises the full cost of site restoration as a liability when the obligation to rectify environmental damage arises.

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production from a producing field.

KCM Copper Price Participation

KCM Copper Price Participation relates to a provision in respect of a price participation agreement in Zambia which requires KCM to pay ZCCM an agreed annual sum when copper price exceeds specified levels and specific triggers. In the previous years the timing of the outflow was dependent on future copper prices as well as dividends paid.

During the year ended 31 March 2013, KCM and ZCCM agreed for final settlement of Copper Price Participation liability. The total amount to be paid is US$119.7 million to be settled in sixteen instalments with the first instalment starting on 31 December 2012 and last instalment on 30 September 2016. During the year ended 31 March 2013, two instalments were made amounting to a total of US$10.0 million and the total liability that remains outstanding is US$109.7 million as at 31 March 2013. The provision recognised has been discounted at 7% to take into account the expected timings of the various payments and recognised as a liability at US$100.1 million as at 31 March 2013.

Other

Other includes provision on post retirement medical benefits.

29. Deferred tax

The Group has accrued significant amounts of deferred tax. The majority of the deferred tax liability represents accelerated tax relief for the depreciation of capital expenditure and the depreciation on fair value uplifts created on acquisitions, net of losses carried forward by KCM.

The amounts of deferred taxation on temporary differences, provided and not provided, in the accounts are as follows:

Provided – liabilities/ (assets)

		(US$ million)
	As at 31 March 2013	**As at 31 March 2012**
Accelerated capital allowances	5,711.8	6,514.4
Unutilised tax losses	(381.2)	(390.5)
Other temporary differences	(1,185.0)	(610.0)
	4,145.6	**5,513.9**
Recognised as:		
Deferred tax liability provided	4,992.7	5,916.7
Deferred tax asset recognised	(847.1)	(402.8)
	4,145.6	**5,513.9**

Unrecognised deferred tax assets

		(US$ million)
	As at 31 March 2013	**As at 31 March 2012**
Unutilised tax losses and unabsorbed depreciation	(533.1)	(488.7)

The above relates to the tax effect of US$627.1 million (2012: US$471.6 million) of unutilised tax losses of the Company and VRHL which have no expiry period and US$1,179.3 million (2012: US$1,157.2 million) of unutilised tax losses and capital allowances for VAL and SEL, which are subject to the Indian tax regime. Pursuant to the Indian tax regime, unutilized tax losses expire 8 years from the date the losses are recorded, whereas unabsorbed depreciation can be carried forward to an indefinite period No benefit has been recognised for these items on the grounds that their successful application against future profits is not probable in foreseeable future.

Deferred tax asset

		(US$ million)
	As at 31 March 2013	**As at 31 March 2012**
At 1 April	**402.8**	**18.2**
Credited to income statement	474.5	178.0
Charged directly to equity	(0.5)	(1.1)
Acquisitions	-	205.8
Foreign exchange differences	(29.7)	1.9
At 31 March	**847.1**	**402.8**

The Group has US$1,263.4 million of unutilised tax losses at KCM (2012: US$1,301.7 million) which expire in the period 2014 to 2022. These unutilised tax losses have been recognized as a deferred tax asset, as they will unwind as the accelerated capital allowances unwind, thereby generating economic benefits for the company..

Deferred tax liability

(US$ million)

	As at 31 March 2013	As at 31 March 2012
At 1 April	**5,460.2**	**1,358.0**
Addition due to acquisition	-	4,832.0
Credited to income statement	(403.5)	(127.6)
Charged/ (credited) directly to equity	4.8	(6.8)
Foreign exchange differences	(68.1)	(132.1)
Prior year adjustments	(0.7)	-
Disposals	-	(6.8)
At 31 March	**4,992.7**	**5,916.7**

30. Share-based payments

Employee share schemes

The Group aims to provide superior rewards for outstanding performance and a high proportion of 'at risk' remuneration for Executive Directors. Three employee share schemes were approved by shareholders on Listing. The Board has no present intention to introduce any further share schemes.

The Vedanta Resources Long-Term Incentive Plan (the 'LTIP')

The LTIP is the primary arrangement under which share-based incentives are provided to the Executive Directors and the wider management group. The maximum value of shares that can be conditionally awarded to an Executive Director in a year is 100% of annual salary. In respect of Messrs Navin Agarwal and MS Mehta, salary means the aggregate of their salary payable by Vedanta and their CTC payable by Sterlite. The maximum value of shares that can be awarded to members of the wider management group is calculated by reference to the CTC, share-based remuneration already received and consistent with local market practice.

The performance condition attaching to outstanding awards under the LTIP is that the Company's performance, measured in terms of Total Shareholder Return ('TSR') (being the movement in a company's share price plus reinvested dividends), is compared over the performance period with the performance of the companies as defined in the scheme from the date of grant. The extent to which an award vests will depend on the Company's TSR rank against a group of peer companies ("Adapted Comparator Group") at the end of the performance period and as moderated by Remuneration Committee. The vesting schedule is shown in the table below, with adjusted straight-line vesting in between the points shown and rounding down to the nearest whole share.

Vedanta's TSR Performance against Adapted Comparator Group

	% of award vesting
Below median	-
At median	40
At or above upper quartile	100

The performance condition is measured by taking the Company's TSR over the four weeks immediately preceding the date of grant and over the four weeks immediately preceding the end of the performance period, and comparing its performance with that of the comparator group described above. The information to enable this calculation to be carried out on behalf of the Remuneration Committee ('the Committee') is provided by the Company's advisers. The Committee considers that this performance condition, which requires that the Company's total return has out-performed a group of companies chosen to represent the mining sector, provides a reasonable alignment of the interests of the Executive Directors and the wider management group with those of the shareholders.

During the year,Vedanta has granted a new LTIP tranche that shall vest based on the achievement of business performance in the performance period.The vesting schedule is staggered over a period of three years.

Initial awards under the LTIP were granted on 26 February 2004 with further awards being made on 11 June 2004, 23 November 2004, 1 February 2006, 1 February 2007, 14 November 2007, 1 February 2009, 1 August 2009, 1 January 2010, 1 April 2010, 1 July 2010, 1 October 2010, 1 January 2011, 1 April 2011, 1 July 2011, 1 August 2011, 1 October 2011, 1 January 2012,1 April 2012,24 September 2012 and 1 October2012. The exercise price of the awards is 10 US cents per share and the performance period is one year for the February 2007 and September 2012 awards and three years for all other awards, with no re-testing being allowed. The exercise period is six months from the date of vesting. Further details on the LTIP are available in the Remuneration Report of the Annual Report.

Year of Grant	Exercise Date	Exercise price US cents per share	Options outstanding 1 April 2012	Options granted during the year	Options lapsed during the year	Options lapsed during the year owing to performance conditions	Options exercised during the year	Options outstanding at 31 March, 2013
2009	1 August 2012 – 1 February 2013	10	1,845,413	-	(39,500)	(1,130,948)	(674,695)	-
2010	1 January 2013 – 1 July 2013	10	9,000	-	(4,000)	(3,000)	-	2,000
2010	1 October 2013 – 1 April 2014	10	6,700	-	-	-	-	6,700
2011	1 January 2014 – 1 July 2014	10	2,700	-	-	-	-	2,700
2011	1 April 2014 - 1 October 2014	10	88,850	-	(15,350)	(550)	-	72,950
2011	1 July 2014 - 1 January 2015	10	19,000	-	-	-	-	19,000
2011	1 August 2014 – 1 February 2015	10	2,625,600	-	(211,100)	(20,150)	-	2,394,350
2011	1 October 2014- 1 April 2015	10	5,000	-	-	-	-	5,000
2012	1 January 2015- 1 July 2015	10	7,000	-	-	-	-	7,000
2012	**1 April 2015 – 1 October 2015**	**10**	**-**	**105,250**	**(3,500)**	**-**	**-**	**1,01,750**
2012	**24 September 2015 – 24 March 2016**	**10**	**-**	**4,652,250**	**(113,900)**	**-**	**-**	**4,538,650**
2012	**1 October 2012 – 1 April 2016**	**10**	**-**	**3,500**	**-**	**-**	**-**	**3,500**
			4,609,263	**4,761,300**	**(387,350)**	**(1,154,648)**	**(674,965)**	**7,153,600**

In the year ended 31 March 2013, 1,541,998 options lapsed in total and 674,695 options vested. As at March 31, 2013, 7,153,600 options remained outstanding. The Weighted average share price for the share options exercised during the year was £ 11.5.

All share-based awards of the Group are equity-settled as defined by IFRS 2 "Share-based Payment". The fair value of these awards has been determined at the date of grant of the award allowing for the effect of any market-based performance conditions. This fair value, adjusted by the Group's estimate of the number of awards that will eventually vest as a result of non-market conditions, is expensed uniformly over the vesting period.

The fair values were calculated using the Stochastic valuation model with suitable modifications to allow for the specific performance conditions of the LTIP. The inputs to the model include the share price at date of grant, exercise price, expected volatility, expected dividends, expected term and the risk free rate of interest. A progressive dividend growth policy is assumed in all fair value calculations. Expected volatility has been calculated using historical share prices over the period to date of grant that is commensurate with the performance period of the option. The share prices of the mining companies in the Adapted Comparator Group have been modelled based on historical price movements over the period to date of grant which is also commensurate with the performance period for the option. The history of share prices is used to determine the volatility and correlation of share prices for the companies in the Adapted Comparator Group and is needed for the Stochastic valuation modelof their future TSR performance relative to the Company's TSR performance. All options are assumed to be exercised six months after vesting.

The assumptions used in the calculations of the charge in respect of the LTIP awards granted during the year are set out below:

	LTIP October 2012	LTIP April 2012	LTIP September 2012
Date of grant	1-Oct-12	1-Apr-12	24-Sep-12
Number of instruments	3,500	105,250	4,652,550
Exercise price	US$0.10	US$0.10	US$0.10
Share price at the date of grant	GBP10.52	GBP12.28	GBP10.56
Contractual life	3 Years	3 Years	1year/2years/3 years
Expected volatility	49.5%	54.3%	46.0%/54.8%/51.2%
Expected option life	3.5 yrs	3.5 yrs	1.5yrs/2.5 yrs/3.5 yrs
Expected dividends	3.2% pa	2.7%	3.2%
Risk free interest rate	0.3% pa	0.6%	0.2%
Expected annual forfeitures	10.0% pa	10.0% pa	10.0% pa
Fair value per option granted	GBP5.80	GBP5.92	GBP 3.3/ GBP 3.2/ GBP 3.1/ GBP10.2/ GBP 9.8/ GBP 9.5

The Group recognised total expenses of US$25.5 million and US$20.2 million related to equity settled share-based payment transactions in the year ended 31 March 2013 and 31 March 2012 respectively.

31. Retirement benefits

The Group operates pension schemes for the majority of its employees in India, Australia, Africa and Ireland.

(a) Defined contribution schemes

Indian pension schemes

Central Recognised Provident Fund

The Central Recognised Provident Fund relates to all full-time Indian employees of the Group. The amount contributed by the Group is a designated percentage of 12% of basic salary less contributions made as part of the Pension Fund (see below), together with an additional contribution of 12% (limited to a maximum contribution of 30% in case of Sesa) of the salary of the employee.

The benefit is paid to the employee on their retirement or resignation from the Group.

Superannuation

Superannuation, another pension scheme applicable in India, is applicable only to executives in grade M4 and above. However, in case of Cairn India Group and Sesa, the benefit is applicable to all executives. In Cairn India, it is applicable from the second year of employment. Certain companies hold policies with the Life Insurance Corporation of India ("LIC"), to which they contribute a fixed amount relating to superannuation, and the pension annuity is met by the LIC as required, taking into consideration the contributions made. Accordingly, this scheme has been accounted for on a defined contribution basis and contributions are charged directly to the income statement.

Pension Fund

The Pension Fund was established in 1995 and is managed by the Government of India. The employee makes no contribution to this fund but the employer makes a contribution of 8.33% of salary each month subject to a specified ceiling per employee. This must be provided for every permanent employee on the payroll.

At the age of superannuation, contributions cease and the individual receives a monthly payment based on the level of contributions through the years, and on their salary scale at the time they retire, subject to a maximum ceiling of salary level. The Government funds these payments, thus the Group has no additional liability beyond the contributions that it makes, regardless of whether the central fund is in surplus or deficit.

Australian Pension Scheme

The Group also operates defined contribution pension schemes in Australia. The contribution of a proportion of an employee's salary into a superannuation fund is a compulsory legal requirement in Australia. The employer contributes 9% of the employee's gross remuneration where the employee is covered by the industrial agreement and 12% of the basic remuneration for all other employees, into the employee's fund of choice. All employees have the option to make additional voluntary contributions.

Zambian Pension Scheme

The KCM Pension Scheme is applicable to full-time permanent employees of KCM (subject to the fulfilment of certain eligibility criteria). The management of the scheme is vested in the trustees consisting of representatives of the employer and the members. The employer makes a monthly contribution to the KCM Pension Scheme of an amount equal to 11% of that month's pensionable salary and the member makes monthly contributions to the fund of an amount equal to 5% of that month's pensionable salary.

All contributions to the KCM Pension Scheme in respect of a member cease to be payable when the member attains normal retirement age of 55 years, or upon leaving the service of the employer, or when the member is permanently medically incapable of performing duties in the service of the employer. Upon such cessation of contribution on the grounds of normal retirement, or being rendered medically incapable of performing duties, or early voluntary retirement within five years of retirement, the member is entitled to receive his accrued pension. The member is allowed to commute his/her accrued pension subject to certain rules and regulations. The trustees of the KCM Pension Scheme may also allow the purchase of an annuity for the benefit of members from a life assurance company or other providers of annuities, subject to statutory regulations.

The Group has no additional liability beyond the contributions that it makes. Accordingly, this scheme has been accounted for on a defined contribution basis and contributions are charged directly to the income statement.

Skorpion Zinc, Namibia Provident Fund

The Skorpion Zinc Provident Fund is a defined contribution fund and is compulsory to all full time employees under the age of 60. Company contribution to the fund is a fixed percentage of 8% per month of pensionable salary, whilst the employee contributes 7% with the option of making additional contributions, over and above the normal contribution, up to a maximum of 12%.

Normal retirement age is 60 years and benefit payable is the member's fund credit which is equal to all employer and employee contributions plus interest. The same applies when an employee resigns from Skorpion Zinc. The Fund provides disability cover which is equal to the member's fund credit and a death cover of 2 times annual salary in the event of death before retirement. The latest actuarial value was performed 31 December 2012. At that date the Fund was in credit. Current membership total is 808.

The Group has no additional liability beyond the contributions that it makes. Accordingly, this scheme has been accounted for on a defined contribution basis and contributions are charged directly to the income statement.

Black Mountain (Pty) Limited, South Africa Pension & Provident Funds

Black Mountain Mining (Pty) Ltd has two retirement funds, both administered by Alexander Forbes, a registered financial service provider. Both funds form part of the Alexander Forbes umbrella fund and are defined contribution funds.

Membership of both funds is compulsory for all permanent employees under the age of 60.

Lisheen Mine, Ireland Pension Funds

Lisheen Pension Plan is for all employees. Lisheen pays 5% and employees pays 5% with the option to make Additional Voluntary Contributions ('AVC's') if desired. Executive contributions are 15% by Lisheen and 15% by the employee with the option to make AVC's if desired. Death benefit is three times salary for employees and four times salary for executives. Pension and Life Cover ceases at 65.

The Group has no additional liability beyond the contributions that it makes. Accordingly, this scheme has been accounted for on a defined contribution basis and contributions are charged directly to the income statement.

(b) Defined benefit schemes

India

The Gratuity schemes are defined benefit schemes which are open to all Group employees in India who have a minimum of five years of service with their employing company. These schemes are funded by the Group in some subsidiaries. Based on actuarial valuation, a provision is recognised in full for the projected obligation over and above the funds held in scheme. In case where there is no funding held by the scheme, full provision is recognised in the balance sheet. Under these schemes, benefits are provided based on final pensionable pay.

The assets of the schemes are held in separate funds and a full actuarial valuation of the schemes is carried out on an annual basis.

MALCO

MALCO contributes to the LIC Fund based on an actuarial valuation every year. MALCO's Gratuity scheme is accounted for on a defined benefit basis. The latest actuarial valuation was performed as at 31 March 2013 using the projected unit credit actuarial method. At that date the fund was in deficit.

BALCO

At BALCO, all employees who are scheduled to retire on or before 31 March 2014are being paid by BALCO. The Gratuity scheme is accounted for as a defined benefit scheme for all employees scheduled to retire after 31 March 2013. A provision is recognised based on the latest actuarial valuation which was performed as at 31 March 2013 using the projected unit actuarial method. At that date the fund was in deficit.

HZL

HZL contributes to the LIC based on an actuarial valuation every year. HZL's Gratuity scheme is accounted for on a defined benefit basis. The latest actuarial valuation was performed as at 31 March 2013 using the projected unit actuarial method. At that date the fund was in deficit.

VAL

VAL contributes to the LIC based on an actuarial valuation. Liabilities with regard to the Gratuity scheme are fully provided in the Balance Sheet and are determined by actuarial valuation as at the balance sheet date and as per gratuity regulations for VAL. The latest actuarial valuation was performed as at 31 March 2013 using the projected unit actuarial method. At that date the fund was in deficit.

TSPL

TSPL contributes to the LIC based on an actuarial valuation. Liabilities with regard to the Gratuity scheme are fully provided in the Balance Sheet and are determined by actuarial valuation as at the balance sheet date and as per gratuity regulations for TSPL. The latest actuarial valuation was performed as at 31 March 2013 using the projected unit actuarial method.

Sterlite

Sterlite does not contribute to the LIC. Liabilities with regard to the Gratuity scheme are fully provided in the Balance Sheet and are determined by actuarial valuation as at the balance sheet date and as per gratuity regulations for Sterlite. The latest actuarial valuation was performed as at 31 March 2013 using the projected unit actuarial method. At that date the fund was in deficit.

Sesa

Sesa contributes to the LIC based on an actuarial valuation every year. Sesa's Gratuity scheme is accounted for on a defined benefit basis. The latest actuarial valuation was performed as at 31 March 2013 using the projected unit actuarial method. At that date the fund was in deficit.

Cairn

Cairn contributes to the LIC based on an actuarial valuation every year. Cairn India Group's Gratuity scheme is accounted for on a defined benefit basis. The latest actuarial valuation was performed as at 31 March 2013 using the projected unit actuarial method. At that date the fund was in deficit.

Zambia

Specified permanent employees of KCM are entitled to receive medical and retirement severance benefits. This comprises two months' basic pay for every completed year of service with an earliest service start date of 1 July 2004. Under this scheme, benefits are provided based on final pensionable pay and a full actuarial valuation of the scheme is carried out on an annual basis. The accruals are not contributed to any fund and are in the form of provisions in KCM's accounts.

On the death of an employee during service, a lump sum amount is paid to his or her dependants. This amount is equal to sixty months' basic pay for employees who joined before 1 April 2000 and thirty months' basic pay for employees who joined on or after 1 April 2000. For fixed term contract employees, the benefit payable on death is thirty months' basic pay.

As at 31 March 2013, membership of pension schemes across MALCO, BALCO, HZL, VAL, Sterlite, Sesa, KCM and Cairn stood at 26,690 employees (31 March 2012: 28,222). The deficits, principal actuarial assumptions and other aspects of these schemes are disclosed in further detail in notes (d) and (e) below.

(c) Pension scheme costs

Contributions of US$67.0 million and US$nil in respect of defined benefit schemes were outstanding and prepaid respectively as at 31 March 2013 (2012:US$59.7 million and US$nil respectively).

Contributions to all pension schemes in the year ending 31 March 2014 are expected to be around US$9.7 million.

(US$ million)

	Year ended 31 March 2013	**Year ended 31 March 2012**
Defined contribution pension schemes	26.2	23.1
Defined benefit pension schemes	23.2	21.5
Total expense	**49.4**	**44.6**

(d) Principal actuarial assumptions.

Principal actuarial assumptions used to calculate the defined benefit schemes' liabilities are:

	MALCO		BALCO		Sterlite		HZL		KCM		VAL		Sesa Goa		Cairn	
Particulars	**Mar-13**	**Mar-12**	**Mar-13**	**Mar-12**	**Mar-13**	**Mar-12**	**Mar-13**	**Mar-12**	**Mar-13**	**Mar-12**	**Mar-13**	**Mar-12**	**Mar-13**	**Mar-12**	**Mar-13**	**Mar-12**
Discount rate	8.0%	8.0%	8.0%	8.4%	8.0%	8.0%	8.0%	8.0%	16.60 %	16.23 %	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Salary increases	5.0%	6.0%	5.0 % offices staff, 3.0 % Non office	5.0 % office staff 3.0 % Non office	5.5%	5.5%	5.5%	5.5%	5.0%	5.0%	5.5%	5.5%	5.0%-7.5%	5.0%-7.5%	12.0%	10.0%
Funding rate of return	8.0%	8.0%	9.4%	9.4%	7.5%	7.5%	9.5%	9.5%	-	-	8.0%	8.0%	9.0%-9.4%	9.0%-9.4%	9.5%	9.4%
Number of employees	75	74	3,787	3,995	1,277	1,361	5,876	6,138	7,837	8,368	2,800	3,245	3,505	3,693	1,277	1,109

Assumptions regarding mortality for Indian entities are based on mortality table of LIC (1994-96) as subsequently modified.

Assumptions regarding mortality for KCM are based on World Health Organisation Life Tables for 1999 applicable to Zambia which has been taken as a reference point. Based on this a mortality table which is appropriate for the workers of Konkola Copper Mines plc has been derived.

(e) Balance sheet recognition

(US$ million)

	31-Mar-13									31-Mar-12								
	MALCO	**BALCO**	**Sterlite**	**HZL**	**KCM**	**VAL**	**Sesa Goa**	**Cairn**	**Total**	**MALCO**	**BALCO**	**Sterlite**	**HZL**	**KCM**	**VAL**	**Sesa Goa**	**Cairn**	**Total**
Fair value of pension scheme assets	0.2	-	3.1	30.6	-	1.0	7.0	4.3	**46.2**	0.2	0.5	2.4	32.4	-	1.0	7.7	3.6	**47.8**
Present value of pension scheme liabilities	(0.2)	(23.2)	(4.0)	(35.3)	(32.4)	(1.4)	(9.6)	(6.8)	**(112.9)**	(0.2)	(22.5)	(3.7)	(35.6)	(28.4)	(1.2)	(10.0)	(5.3)	**(106.9)**
Deficit in pension scheme recognised in balance sheet	-	(23.2)	(0.9)	(4.7)	(32.4)	(0.4)	(2.6)	(2.5)	**(66.7)**	-	(22.0)	(1.3)	(3.2)	(28.4)	(0.2)	(2.3)	(1.7)	**(59.1)**
Deferred tax	-	7.9	0.3	1.6	9.7	0.1	0.9	0.8	**21.3**	-	7.1	0.4	1.1	9.2	0.1	0.7	0.5	**19.1**
Net pension liability	**-**	**(15.3)**	**(0.6)**	**(3.1)**	**(22.7)**	**(0.3)**	**(1.7)**	**(1.7)**	**(45.4)**	**-**	**(14.9)**	**(0.9)**	**(2.1)**	**(19.2)**	**(0.1)**	**(1.6)**	**(1.2)**	**(40.0)**

(f) Amounts recognised in income statement in respect of defined benefit pension schemes:

(US$ million)

	31-Mar-13									31-Mar-12								
	MALCO	BALCO	Sterlite	HZL	KCM	VAL	Sesa Goa	Cairn	Total	MALCO	BALCO	Sterlite	HZL	KCM	VAL	Sesa Goa	Cairn	Total
Current service cost	-	0.7	0.4	1.5	5.1	0.2	0.6	1.1	**9.6**	-	0.8	0.4	1.6	4.4	0.2	0.5	0.3	**8.2**
Actuarial losses	-	2.2	-	3.3	-	0.1	1.2	0.7	**7.5**	-	1.8	-	1.3	2.1	0.2	1.3	0.2	**6.9**
Expected return on scheme assets	-	(0.0)	(0.2)	(2.9)	-	(0.1)	(0.6)	(0.3)	**(4.1)**	-	(0.1)	(0.2)	(2.3)	-	(0.1)	(0.4)	(0.1)	**(3.2)**
Interest cost of scheme liabilities	-	1.7	0.3	2.7	4.2	0.1	0.8	0.4	**10.2**	-	1.7	0.3	3.1	3.6	0.1	0.7	0.1	**9.6**
Total charge to income statement	**-**	**4.6**	**0.5**	**4.6**	**9.3**	**0.3**	**2.0**	**1.9**	**23.2**	**-**	**4.2**	**0.5**	**3.7**	**10.1**	**0.4**	**2.1**	**0.5**	**21.5**

(g) Movements in the present value of defined benefit obligations

The movement during the year ended 31 March 2013 of the present value of the defined benefit obligation was as follows:

(US$ million)

	31-Mar-13									31-Mar-12								
	MALCO	BALCO	Sterlite	HZL	KCM	VAL	Sesa Goa	Cairn	Total	MALCO	BALCO	Sterlite	HZL	KCM	VAL	Sesa Goa	Cairn	Total
At 1 April 12	**(0.2)**	**(23.5)**	**(3.6)**	**(37.5)**	**(26.1)**	**(0.9)**	**(9.8)**	**(5.3)**	**(106.9)**		**(23.5)**	**(3.9)**	**(38.5)**	**(19.6)**	**(0.8)**	**(9.8)**	**-**	**(96.1)**
At acquisition	-	-	-	-	-	-	-	-	**-**	-	-	-	-	-	-	-	(5.0)	**(5.0)**
Current service cost	-	(0.7)	(0.4)	(1.5)	(5.1)	(0.2)	(0.6)	(1.1)	**(9.6)**	(0.2)	(0.8)	(0.4)	(1.6)	(4.4)	(0.2)	(0.5)	(0.3)	**(8.4)**
Gratuity benefits paid	-	2.5	0.1	5.8	3.0	0.2	2.4	0.4	**14.4**	-	2.1	0.5	4.0	3.8	0.1	1.2	0.2	**11.9**
Interest cost of scheme liabilities	-	(1.7)	(0.3)	(2.7)	(4.2)	(0.1)	(0.8)	(0.4)	**(10.2)**	-	(1.7)	(0.3)	(2.9)	(3.6)	(0.1)	(0.6)	(0.1)	**(9.3)**
Actuarial losses	-	(2.2)	-	(3.4)	-	(0.1)	(1.2)	(0.7)	**(7.6)**	-	(2.1)	-	(1.6)	(2.3)	(0.1)	(1.3)	(0.3)	**(7.7)**
Exchange difference	-	2.4	0.2	4.0	-	(0.3)	0.4	0.3	**7.0**	-	2.5	0.5	3.1	-	0.2	1.2	0.2	**7.7**
At 31 March 13	**(0.2)**	**(23.2)**	**(4.0)**	**(35.3)**	**(32.4)**	**(1.4)**	**(9.6)**	**(6.8)**	**(112.9)**	**(0.2)**	**(23.5)**	**(3.6)**	**(37.5)**	**(26.1)**	**(0.9)**	**(9.8)**	**(5.3)**	**(106.9)**

(h) Movements in the fair value of scheme assets

	As at 31 March 2013	As at 31 March 2012
		(US$ million)
At 1 April	**47.8**	**39.3**
Acquisition	-	3.4
Contributions received	12.1	17.7
Benefits paid	(14.4)	(12.3)
Actuarial gains	0.1	1.7
Expected return on plan assets	4.1	3.1
Foreign exchange differences	(3.5)	(5.1)
At 31 March	**46.2**	**47.8**

(i) Five year history

Defined benefit pension plan

(US$ million)

	As at 31 Mar 13	As at 31 Mar 12	As at 31 Mar 11	As at 31 Mar 10	As at 31 Mar 09
Experience (losses)/gains arising on scheme liabilities	(7.6)	(7.0)	(20.4)	(11.3)	7.8
Difference between expected and actual return on plan assets	-	-	-	-	0.1
Fair value of pension scheme assets	46.2	47.8	39.3	32.6	23.6
Present value of pension scheme liabilities	(112.9)	(106.9)	(96.1)	(69.3)	(52.9)
Deficits in the schemes	(66.7)	(59.1)	(56.8)	(36.7)	(29.3)

32. Capital management

The Group's objectives when managing capital are to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

The Group sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. The funding requirement is met through a mixture of equity, internal accruals, convertible bonds and other long-term and short-term borrowings.

The Group monitors capital using a gearing ratio, being the ratio of net debt as a percentage of total capital.

(US$ million)

	As at 31 March 2013	As at 31 March 2012
Total equity	**18,861.4**	**18,419.5**
Net debt	8,615.6	10,064.4
Total capital	27,477.0	28,483.9
Gearing	*31.4%*	*35.3%*

The reduction in the gearing ratio compared against the 2012 ratio is due to a 14.4% decrease in the net debt of the Group set off against an increase of 2.4% in total equity. The primary reason for the decrease in net debt is due to increased levels of liquid investments, cash and cash equivalents when compared to 2012.

33. Share capital

Authorised	At 31 March 2013 Number	US$ million	At 31 March 2012 Number	US$ million
Ordinary shares of 10 US cents each	400,000,000	40.0	400,000,000	40.0
Deferred shares of £1 each	50,000	-	50,000	-
	400,050,000	**40.0**	**400,050,000**	**40.0**

Ordinary shares issued and fully paid	Number	US$ million	Number	US$ million
Ordinary shares of 10 US cents each	297,583,010	29.8	296,908,045	29.7
Deferred shares of £1 each	50,000	-	50,000	-
	297,633,010	**29.8**	**296,958,045**	**29.7**

During the year ended 31 March 2013, the Company issued 674,965 shares to the employees pursuant to the LTIP scheme (2012: 62,294 shares).

The holders of deferred shares do not have the right to receive notice of any general meeting of the Company nor the right to attend, speak or vote at any such general meeting. The deferred shares have no rights to dividends and, on a winding-up or other return of capital, entitle the holder only to the payment of the amounts paid on such shares after repayment to the holders of ordinary Shares of the nominal amount paid up on the ordinary shares plus the payment of £100,000 per ordinary Share. Of the 50,000 deferred shares, one deferred share was issued at par and has been fully paid, and 49,999 deferred shares were each paid up as to one-quarter of their nominal value.

6,904,995 ordinary shares which were issued on the conversion of certain convertible bonds issued by one of the the Group's subsidiaries are held through a global depositary receipt and carry no voting rights.

During the year ended 31 March 2013, the Company did not buy back any shares under its share buy-back programme (2012: NIL). At 31 March 2013, the total number of shares held in treasury was 24,206,816 (2012: 24,206,816).

34. Business combinations

There were no business combinations during the year ended 31 March 2013.

Prior year business combinations

Cairn India Limited

During the year ended 31 March 2012, the Group completed the acquisition of Cairn India Limited by acquiring a 59% stake, as follows:

- In April 2011, the Group through its subsidiary Sesa Goa acquired 200 million shares amounting to 10.5% stake in Cairn India Limited from Petronas International Corporation Ltd. ('Petronas') at a price of INR331 per share amounting to total cash consideration of US$1,478.0 million.
- Sesa Goa and Sesa Resources acquired circa 8.1% of Cairn India Limited through an Open Offer at a total cost of US$1,223.0 million.
- On 11 July 2011, the Group through its wholly-owned subsidiary Twin Star Mauritius Holdings Limited ('TMHL'), acquired a further 191.9 million shares from Cairn Energy plc, amounting to a circa 10.1% stake in Cairn India Limited at a price of INR355 per share amounting to US$1,505.7 million.
- On 7 December 2011, Sesa Goa acquired a 1.5% stake from Cairn Energy on the open market for a consideration of US$182 million.
- On 8 December 2011, the acquisition was completed when the Group through TMHL purchased a 28.7% stake from Cairn Energy plc at a price of INR355 per share.

Cairn India is involved in the business of exploration, development and production of oil and gas. Provisional fair values that were determined as at 31st March 2012 for consolidation were finalised during the measurement period of 12 months from the acquisition date of Cairn India:

			(US$ million)
	Provisional Fair value	**Fair value Adjustments**	**Fair value At acquisition**
Assets			
Non-current assets			
Property, plant and equipment	17,547.1	(456.4)	17,090.7
Deferred tax assets	205.7		205.7
	17,752.8	**(456.4)**	**17,296.4**
Current assets			
Inventories	25.3		25.3
Trade and other receivables	794.9		794.9
Liquid investments	1,151.0		1,151.0
Cash and cash equivalents	665.8		665.8
Current tax assets	23.5		23.5
Assets held for sale	24.1		24.1
	2,684.6		**2,684.6**
Liabilities			
Current liabilities			
Trade and other payables	(457.6)		(457.6)
Other financial liabilities-derivatives	(4.6)		(4.6)
Provisions	(626.8)		(626.8)
	(1,089.0)		**(1,089.0)**
Non-current liabilities			
Medium and long- term borrowings	(239.3)		(239.3)
Provisions	(83.7)		(83.7)
Deferred tax liabilities	(4,832.0)	456.4	(4,375.6)
	(5,155.0)	**(456.4)**	**(4,698.6)**
Net assets	**14,193.4**	**-**	**14,193.4**

Satisfied by:

Fair value of existing stake	3,788.2
Cash consideration paid for 28.7%	4,284.9
Non-controlling interest	5,819.3
Less:- Fair value of identifiable assets and liabilities	(14,193.4)
Bargain purchase.	301.0

The change in fair valuation is due to the retrospective application of a decrease in the tax rate applied in the deferred tax calculation following the approval for the reorganization of Cairn India.

Due to acquisition being completed in series of transactions, the acquisition is accounted for as a Step Acquisition in FY 2012 under the provisions of IFRS 3 (revised 2008). Accordingly, the equity interest previously held in Cairn India and accounted as an investment in associate, is treated as if it was disposed of and reacquired at fair value on the acquisition date. Consequently, the Group remeasured its existing 30.3% interest in the assets and liabilities of Cairn India Limited prior to this transaction to their fair values, recognising a loss of US$332.4 million. The Group recognised a bargain purchase gain of US$301.0 million, resulting from excess fair value of the net assets acquired over the fair value of consideration paid. The net loss of US$31.4 million is recorded within Special items in the income statement (note 5).

35. Joint Ventures

Jointly controlled assets

The Group's principal licence interests in oil and gas business are jointly controlled assets. The principal licence interests are as follows:

	Working Interest %
India	
Block PKGM-1 (Ravva)	*22.50*
Block KG-ONN-2003/1	*49.00*
Block CB-OS/2-Exploration	*60.00*
Block CB/OS-2 Development and production areas	*40.00*
Block RJ-ON-90/1 Development and production areas	*70.00*
Block RJ-ON-90/1-Exploration	*100.00*
Block PR-OSN-2004/1	*35.00*
Block KG-OSN-2009/3	*100.00*
Block MB-DWN-2009/1	*100.00*
South Africa	
South Africa Block 1	*60.00*
Sri Lanka	
SL-2007-01-001	*100.00*

**all the blocks except KK-DWN-2004/1 and KG-DWN-98/2 are operated by Cairn India.*

36. Investments in associates

Investments in Cairn India Limited

The Group accounted for its investments in Cairn India Limited as an associate from 11 July 2011, the date it acquired significant influence to 7 Dec 2011, the date it acquired the controlling stake.

The share of associate's revenue and profit-

(US$ million)

	For the period 11 July 2011 to 7 December 2011
Revenue	283.2
Operating profit	122.7
Investment revenues	8.8
Finance cost	(20.7)
Profit before taxation	110.8
Tax expense	(18.6)
Share of Profit for the period	**92.2**
Attributable to:	
Equity holders of the parent	65.4
Non-controlling interests	26.8
	92.2

37. Commitments, guarantees and contingencies

Commitments

The Group has a number of continuing operational and financial commitments in the normal course of business including:

- Exploratory mining commitments;
- Mining commitments arising under production sharing agreements; and
- Completion of the construction of certain assets.

(US$ million)

	As at 31 March 2013	As at 31 March 2012
Capital commitments contracted but not provided	2,305.9	2,877.0

Commitments at 31 March 2013 primarily related to the expansion projects at HZL US$510.7 million (2012: US$155.8 million), KCM US$61.3 million (2012: US$121.3 million), VAL US$631.6 million (2012: US$750.1 million), SEL US$31.8 million (2012: US$64.8 million), BALCO US$114.4 million (2012: US$212.9 million), Talwandi Sabo US$317.5 million (2012: US$1,216.6 million) and Sterlite US$277.2 million (2012: US$246.6 million).

Guarantees

Companies within the Group provide guarantees within the normal course of business. Guarantees have also been provided in respect of certain short-term and long-term borrowings.

A summary of the most significant guarantees is set out below:

As at 31 March 2013, US$217.1 million of guarantees were advanced to banks, suppliers etc. in the normal course of business (2012: US$335.2 million). The Group has also entered into guarantees and bonds advanced to the customs authorities in India of US$1,638.8 million relating to the export and payment of import duties on purchases of raw material and capital goods including export obligations (2012: US$1,594.5 million).

Cairn PSC guarantee to Government

The Group has provided Parent company guarantee for the Cairn India Group's obligation under the Production Sharing Contract ('PSC').

Cairn India have provided various other guarantees under the Cairn India Group's bank facilities for the Cairn India Group's share of minimum work programme commitments of US$22.1 million for the current year (2012: US$34.2 million).

Export obligations

The Indian entities of the Group have export obligations of US$4,013.4 million (2012: US$4,732.6 million) on account of concessional rates of import duty paid on capital goods under the Export Promotion Capital Goods Scheme and under the Advance Licence Scheme for import of raw material laid down by the Government of India.

In the event of the Group's inability to meet its obligations, the Group's liability would be US$501.7 million (2012: US$591.6 million), reduced in proportion to actual exports, plus applicable interest.

Guarantees to suppliers

The Group has given corporate guarantees to certain suppliers of concentrate. The amount of these guarantees was US$50.0 million at 31 March 2013 (2012: US$195.0 million).

Contingencies

MALCO claims with Tamil Nadu Electricity Board ('TNEB')

TNEB is claiming US$18.8 million from MALCO for an electricity self-generation levy for the period from May 1999 to June 2003. This claim has arisen since the commissioning of MALCO's captive power plant in 1999. The company has sought an exemption from the application of this levy from the Government of Tamil Nadu. The application is under consideration. Meanwhile, the Madras High Court has in its recent Order, remitted back the case to the State of Tamil Nadu, to take a decision afresh on the representation for grant of tax exemption on consumption of electricity and directed to pass a detailed speaking order.

HZL: Department of Mines and Geology

The Department of Mines and Geology of the State of Rajasthan issued several show cause notices in August, September and October 2006 to HZL, totalling US$61.4 million. These notices alleged unlawful occupation and unauthorised mining of associated minerals other than zinc and lead at HZL's Rampura Agucha, Rajpura Dariba and Zawar mines in Rajasthan during the period from July 1968 to March 2006. HZL believes that the likelihood of this claim becoming an obligation of the company is unlikely and thus no provision has been made in the financial statements. HZL has filed writ petitions in the High Court of Rajasthan in Jodhpur and has obtained a stay in respect of these demands.

RICHTER: Income Tax

The Indian Tax Authorities have served a show cause notice on an indirect subsidiary of Vedanta Resources plc, Richter Holdings Limited ('Richter'), for alleged failure to deduct withholding tax on capital gain on the alleged indirect acquisition of shares in Sesa Goa Limited in April, 2007. Richter has applied to the larger bench of the Karnataka High Court to seek to quash the notice in view of the established legal position. The court directed Richter to approach the tax office to decide the jurisdiction and granted liberty to approach the court directly in the event Richter is not satisfied with the conclusion of the tax office. Meanwhile in another case the Supreme Court of India has held that overseas share transfers are not subject to taxation in India. Subsequent to this decision, the Finance Bill, 2012 seeks to amend the tax laws retrospectively to clarify the legislative intent. Richter believes it is not liable for such withholding tax and intends to challenge the amendments when enacted.

Miscellaneous disputes - Sterlite, HZL, MALCO, BALCO, Cairn and Lisheen

The Company has various contingencies. With regard to the claims against Group companies included below, unless stated, no provision has been made in the financial statements as the Directors believe that it is not probable that the claim will give rise to a material liability.

The income tax, excise, indirect tax authorities and others have made several claims against theGroup companies for additional income tax, excise, indirect duties, claims etc. The claims mostly relate either to the assessable values of sales and purchases or to incomplete documentation supporting the companies' returns or other claims.

The approximate value of claims against the companies total US$1,508.7 million (2012: US$864.6 million), of which US$60.3 million (2012: US$17.4 million) is included as a provision in the Balance Sheet as at 31 March 2013. In the view of the Directors, there are no significant unprovided liabilities arising from these claims.

38. Related party transactions

The information below sets out transactions and balances between the Group and various related parties in the normal course of business for the year ended 31 March 2013.

Sterlite Technologies Limited ('STL')

		(US$ million)
	Year ended 31 March 2013	**Year ended 31 March 2012**
Sales to STL	205.2	184.7
Reimbursement of expenses	0.1	0.2
Purchases	4.7	7.1
Net Interest Received	0.3	0.4
Net amounts receivable at year end	10.5	13.5

Sterlite Technologies Limited is related by virtue of having the same controlling party as the Group, namely Volcan. Pursuant to the terms of the Shared Services Agreement dated 5 December 2003 entered into by the Company, Sterlite and STL, the Company and Sterlite provide various commercial services in relation to STL's businesses on an arm's length basis and at normal commercial terms. For the year ended 31 March 2013, the commercial services provided to STL were performed by certain senior employees of the Group on terms set out in the Shared Services Agreement. The services provided to STL in this year amounted to US$0.04 million (2012: US$0.1 million).

Vedanta Foundation

During the year US$ 1.3 million was paid to the Vedanta Foundation (2012: US$2.3 million).

Vedanta Foundation is a registered not-for-profit entity engaged in computer education and other related social and charitable activities. The major activity of the Vedanta Foundation is providing computer education for disadvantaged students. The Vedanta Foundation is a related party as it is controlled by members of the Agarwal family who control Volcan. Volcan is also the majority shareholder of Vedanta Resources plc.

Sesa Goa Community Foundation Limited

Following the acquisition of Sesa , the Sesa Goa Community Foundation Limited, a charitable institution, became a related party of the Group on the basis that key management personnel of the Group have significant influence on the Sesa Goa Community Foundation Limited. During the year ended 31 March 2013, US$0.7 million (2012: US$1.1 million) was paid to the Sesa Goa Community Foundation Limited.

The Anil Agarwal Foundation

During the year, US$ 0.01 million (2012: US$0.1 million) was received from the Anil Agarwal Foundation towards reimbursement of administrative expenses. The Anil Agarwal Foundation is a registered not-for-profit entity engaged in social and charitable activities. The Anil Agarwal Foundation is controlled by members of the Agarwal family.

Sterlite Iron and Steel Limited

		(US$ million)
	Year ended 31 March 2013	**Year ended 31 March 2012**
Reimbursement of expenses	0.1	0.1
Loan balance receivable	7.3	7.1
Receivable at year end	0.4	0.3
Net Interest received	0.6	0.0

Sterlite Iron and Steel Limited is a related party by virtue of having the same controlling party as the Group, namely Volcan.

Vedanta Medical Research Foundation

(US$ million)

	Year ended 31 March 2013	Year ended 31 March 2012
Donation	4.8	5.2

Vedanta Medical Research Foundation is a related party of the Group on the basis that key management personnel of the Group exercise significant influence.

Volcan Investments Limited

(US$ million)

	Year ended 31 March 2013	Year ended 31 March 2012
Reimbursement of expenses	0.3	0.3
Net amount receivable at the year end	0.2	0.1
Dividend paid	94.1	91.0

Volcan Investments Limited is a related party of the Group by virtue of being controlled by persons related to key management personnel of the Group.

Public and Political Awareness Trust

(US$ million)

	Year ended 31 March 2013	Year ended 31 March 2012
Donation	0.9	1.0

Public and Political Awareness Trust is a related party by virtue of being controlled by members of Agarwal family.

Gaurav Overseas Private Limited

(US$ million)

	Year ended 31 March 2013	Year ended 31 March 2012
Loan balance receivable	-	1.7

Gaurav Overseas Private Limited is a related party by virtue of being an associate of Sterlite Industries (India) Limited, which has 50% shareholding.

Ashrust LLP

(US$ million)

	Year ended 31 March 2013	Year ended 31 March 2012
Payments made during the year	0.7	-
Amount payable at year end	0.2	-

Ashurst LLP, is a related party of the Group on the basis that key management personnel of the Group exercise significant influence.

While similar transactions were entered into with Ashurst LLP, in the previous year ended 31 March 2012, they were not related party transactions, because the related party relationship did not exist in the prior year. Accordingly those transactions are not disclosed.

Remuneration of key management personnel

	Year ended 31 March 2013	Year ended 31 March 2012
		(US$ million)
Short-term employee benefits	17.3	13.8
Post-employment benefits	0.7	0.7
Share-based payments	4.0	12.7
	22.0	**27.2**

39. Share transactions

BALCO Option

The Company purchased 51% shareholding in BALCO from the Government of India on 2 March 2001. Under the terms of the Shareholder's Agreement ("SHA") for BALCO, the Company has a call option that allows it to purchase the Government of India's residual ownership interest in BALCO at any stage from 2 March 2004. The Company exercised this option on 19 March 2004. However, the Government of India has contested the validity of the call option and the valuation. The Company attempted to resolve the issue through mediation but the process of mediation was unsuccessful and the dispute was referred to arbitration as provided for in the SHA. The Arbitration Tribunal in its majority award dated 25 January 2011 rejected the claims of Sterlite and held that put/call options as contained in the SHA are in violation of Section 111A(2) of the Companies Act, 1956 and are not enforceable.. Sterlite challenged the validity of the Award dated 25 January 2011 and sought for setting aside of the Award under Section 34 of the Arbitration and Conciliation Act, 1996 to the extent to which it holds that Clauses 5.8, 5.3, 5.4 and 5.1(a) of the SHA are void, ineffective and inoperative by virtue of being violative of sub-section (2) of 111A of the Companies Act, 1956. The Government has also challenged the majority Award which upholds the first valuation report and has appealed for setting aside the ruling made in the Award relating to the valuation report and the Company's right to purchase the Government of India's shares at 75% of the valuation. The Delhi High Court has kept the Government of India's application in abeyance until the Company's application has been determined. The Company's application is listed for final hearing on 29 May 2013.

HZL Option

In pursuance to the Government of India's policy of disinvestment and the Share Purchase Agreement and a Shareholders Agreement ("SHA") both dated 4 April 2002 entered into with the Government of India, the Company acquired 26% equity interest in HZL. Under the terms of the SHA, the Company could exercise the primary call option to purchase 18.92% of the Government of India's share capital in HZL at fair market value upon expiry of 6 months of the effective date of the SHA and such right would be valid for a period of 12 months. The Company exercised the first call option on August 29, 2003 and acquired an additional share capital constituting 18.92% of HZL's issued share capital. The Company also acquired additional 20% of the equity capital in HZL through an open offer resulting in increase of the Company's shareholding to 64.92%. As per the SHA, the Company can exercise a second call option to acquire the entire residual shareholding of the Government of India constituting 29.5% shares in HZL at any time after the expiry of 5 years from the effective date of the SHA. The Company exercised its second call option by way of its letter dated 21 July, 2009. The Government of India has claimed that the provisions of the SHA violate the provisions of Section 111A of the Companies Act, 1956 by restricting the right of the Government of India to transfer its shares freely and by virtue of Section 9 of the said Act such provisions are void and unenforceable. As such, the Government of India has refused to act upon the second call option. Consequently, the Company has invoked the Arbitration clause for referring the matter to arbitration and has appointed its nominee arbitrator. Under the terms of the SHA, the Government of India is required to nominate its arbitrator and the two nominated arbitrators would then choose the third arbitrator who would preside over the arbitral tribunal. As the Government of India did not appoint an arbitrator, the Company filed an application under Section 11(6) of the Arbitration and Conciliation Act, 1996 in the Delhi High Court petitioning the Court to take necessary measures of securing the appointment of arbitrator. The Delhi High Court has in its order dated 18 May 2010 directed the parties to appoint mediators for mediation of the dispute. The mediation process was unsuccessful.

Consequently an arbitral tribunal was constituted. As per the preliminary meeting, the parties have been directed to file their statement of claim and reply prior to the next date of hearing in 6 July 2013.

The Group continues to include the shareholdings in the two companies HZL and BALCO, in respect of which the Group has a call option as non controlling interest.

Share Purchases

During year ended 31 March 2012, the Group increased its holding in certain of its subsidiaries through open market purchases. The details of such purchases are as follows:

a) 17,297,059 shares of Sterlite Industries (India) Limited accounting for 0.51% of SIIL's total equity.

b) 15,598 shares of MALCO accounting for 0.01% of MALCO's total equity.

The aggregate amount on these transactions totals US$15.6 million and was recorded within equity.

40. Subsequent events

Subsequent to the balance sheet date of 31 March 2013, the following events were identified which may have a bearing on the understanding of the financial statements.

Following public complaints of noxious gas emissions, the Tamil Nadu Pollution Control Board (TNPCB) ordered the closure of the Tuticorin Copper Smelter on March 29, 2013. The Company's appeal against the TNPCB order has been admitted by National Green Tribunal ("NGT"). An expert committee constituted by NGT has submitted its report and the matter is now being heard by NGT branch in New Delhi.

Despite the closure order above, on 2 April 2013, the Honourable Supreme Court upheld the Group's appeal filed in 2010 against the Madras High Court order for the Tuticorin smelter closure. The Company was ordered to deposit US$18.4 million with the District Collector of Tuticorin which will be used to improve the environment, including soil and water, in the vicinity of the plant. The amount deposited has been included in the financial statements and recorded as a special item within the income statement (see Note 5).

With regards to the Niyamgiri case in VAL Lanjigarh, on 18 April 2013 the Supreme Court directed the State Government of Odisha to place unresolved issues and claims of the local communities under the Forest Right Act and rules before the Gram Sabha (Village council of Rayagada and Kalahandi districts of Odisha). The Gram Sabha would consider these claims within three months and communicate the same to MOEF through the State Government of Odisha. Upon conclusion of the proceedings before the Gram Sabha, the MOEF shall take a final decision within two months regarding the grant of final stage forest clearance for the Niyamgiri mining lease of OMC.

Following the judgement of the Supreme Court of India on 19 April 2013, Sesa's Karnataka mines, which fall under category B mines, have been permitted to resume mining activities subject to the fulfilment of certain conditions. These conditions are the renewal of forest clearance and completion of reclamation and rehabilitation work to the satisfaction of a Monitoring Committee.

Further detail of the above matters is provided in Note 2(b) to the financial statements

41. List of Subsidiaries

The financial statements comprise the financial statements of the following subsidiaries:

		The Company's economic percentage holding				Immediate percentage holding	
Subsidiaries	Principal activities	31-Mar-2013	31-Mar-2012	Country of incorporation	Immediate holding company	31-Mar-2013	31-Mar-2012
Direct Subsidiaries of the Parent Company							
Vedanta Resources Holding Limited ('VRHL')	Holding company	100.00%	100.00%	Great Britain	VR plc	100.00%	100.00%
Vedanta Resources Jersey Limited('VRJL")	Financing company	100.00%	100.00%	Jersey(CI)	VR plc	100.00%	100.00%
Vedanta Resources Jersey II Limited('VRJL-II')	Financing company	100.00%	100.00%	Jersey(CI)	VR plc	100.00%	100.00%
Vedanta Finance (Jersey) Limited ('VFJL')	Financing company	100.00%	100.00%	Jersey(CI)	VR plc	100.00%	100.00%
Vedanta Resources Investments Limited('VRIL")	Financing company	100.00%	100.00%	Great Britain	VR plc	100.00%	100.00%
Vedanta Jersey Investments Limited	Financing company	100.00%	100.00%	Jersey(CI)	VR plc	100.00%	100.00%
Indirect Subsidiaries of the Parent Company							
Bharat Aluminium Company Limited ('BALCO')	Aluminium mining and smelting	29.59%	29.59%	India	Sterlite	51.00%	51.00%
Copper Mines Of Tasmania Pty Limited ('CMT')	Copper mining	58.02%	58.02%	Australia	MCBV	100.00%	100.00%
Fujairah Gold	Gold & Silver processing	58.02%	58.02%	UAE	CMT	100.00%	100.00%
Hindustan Zinc Limited ('HZL')	Zinc and mining and smelting	37.66%	37.66%	India	Sterlite	64.92%	64.92%
The Madras Aluminium Company Limited ('MALCO')	Energy generation	94.81%	94.81%	India	Twin Star	78.80%	78.80%
Monte Cello BV ('MCBV')	Holding company	58.02%	58.02%	Netherlands	Sterlite	100.00%	100.00%
Monte Cello Corporation NV (MCNV')	Holding company	100.00%	100.00%	Netherlands	Twin Star	100.00%	100.00%
Konkola Copper Mines PLC ('KCM')	Copper mining and smelting	79.40%	79.40%	Zambia	VRHL	79.40%	79.40%
Sterlite Energy Limited ('SEL')	Energy generation	58.02%	58.02%	India	Sterlite	100.00%	100.00%
Sesa Goa Limited ('Sesa Goa')	Iron Ore	55.13%	55.13%	India	Finsider	46.20%	46.20%
Sesa Resources Limited	Iron Ore	55.13%	55.13%	India	Sesa Goa	100.00%	100.00%
Sesa Mining Corporation Private Limited	Iron Ore	55.13%	55.13%	India	Sesa Resources Limited	100.00%	100.00%
Sterlite Industries (India) Limited ('Sterlite')	Copper smelting	58.02%	58.02%	India	Twin Star	54.64%	54.64%
Sterlite Infra Limited ('SIL')	Non-trading	58.02%	58.02%	India	Sterlite	100.00%	100.00%
Thalanga Copper Mines Pty Limited ('TCM')	Copper mining	58.02%	58.02%	Australia	MCBV	100.00%	100.00%
Twin Star Holdings Limited ('Twin Star')	Holding company	100.00%	100.00%	Mauritius	VRHL	100.00%	100.00%

		The Company's economic percentage holding				Immediate percentage holding	
Subsidiaries	Principal activities	31-Mar-2013	31-Mar-2012	Country of incorporation	Immediate holding company	31-Mar-2013	31-Mar-2012
Vedanta Aluminium Limited ('VAL')	Alumina mining, aluminium refining and smelting	87.61%	87.61%	India	EKTL	70.50%	70.50%
Richter Holding Limited('Richter')	Financing company	100.00%	100.00%	Cyprus	VRCL	100.00%	100.00%
Westglobe Limited	Financing company	100.00%	100.00%	Mauritius	Richter	100.00%	100.00%
Finsider International Company Limited	Financing company	100.00%	100.00%	Great Britain	Richter	60.00%	60.00%
Vedanta Resources Finance Limited ('VRFL')	Financing company	100.00%	100.00%	Great Britain	VRHL	100.00%	100.00%
Vedanta Resources Cyprus Limited ('VRCL')	Financing company	100.00%	100.00%	Cyprus	VRFL	100.00%	100.00%
Welter Trading Limited ('Welter')	Financing company	100.00%	100.00%	Cyprus	VRCL	100.00%	100.00%
Lakomasko B.V.	Financing company	58.02%	58.02%	Netherlands	THL Zinc Holding B.V.	100.00%	100.00%
THL Zinc Ventures Limited	Financing company	58.02%	58.02%	Mauritius	Sterlite Infra	100.00%	100.00%
Twin Star Energy Holdings Limited	Holding company	100.00%	100.00%	Mauritius	VRHL	100.00%	100.00%
THL Zinc Limited	Financing company	58.02%	58.02%	Mauritius	THL Zinc Ventures Ltd	100.00%	100.00%
Sterlite (USA) Inc.	Financing company	58.02%	58.02%	USA	Sterlite	100.00%	100.00%
Talwandi Sabo Power Limited	Energy generation	58.02%	58.02%	India	SEL	100.00%	100.00%
Konkola Resources plc	Holding company	100.00%	100.00%	Great Britain	VRHL	100.00%	100.00%
Vizag General Cargo Berth Private Limited	Infrastructure	42.94%	42.94%	India	Sterlite	74.00%	74.00%
Twin Star Mauritius Holdings Limited ('TMHL')	Holding company	100.00%	100.00%	Mauritius	Twin Star Energy Holdings Ltd.	100.00%	100.00%
THL Zinc Namibia Holdings (Pty) Limited ('VNHL)	Mining and Exploration	58.02%	58.02%	Namibia	THL Zinc Ltd	100.00%	100.00%
Skorpion Zinc (Pty) Limited ('SZPL')	Acquisition of immovable and movable properties	58.02%	58.02%	Namibia	VNHL	100.00%	100.00%
Namzinc (Pty) Limited ('SZ')	Mining	58.02%	58.02%	Namibia	SZPL	100.00%	100.00%
Skorpion Mining Company (Pty) Limited ('NZ')	Mining	58.02%	58.02%	Namibia	SZPL	100.00%	100.00%
Amica Guesthouse (Pty) Ltd	Accomodation and catering services	58.02%	58.02%	Namibia	SZPL	100.00%	100.00%
Rosh Pinah Healthcare (Pty) Ltd	Leasing out of medical equipment and building and conducting services related thereto	37.13%	37.13%	Namibia	SZPL	64.00%	64.00%
Black Mountain Mining (Pty) Ltd	Mining	42.94%	42.94%	South Africa	THL Zinc Ltd	74.00%	74.00%
THL Zinc Holding BV	Financing company	58.02%	58.02%	Netherlands	Sterlite Infra	100.00%	100.00%

Subsidiaries	Principal activities	The Company's economic percentage holding		Country of incorporation	Immediate holding company	Immediate percentage holding	
		31-Mar-2013	31-Mar-2012			31-Mar-2013	31-Mar-2012
Lisheen Mine Partnership	Mining Partnership Firm	58.02%	58.02%	Ireland	VLML	50.00%	50.00%
Pecvest 17 Proprietary. Ltd.	Investment Company	58.02%	58.02%	South Africa	THL Zinc Ltd	100.00%	100.00%
Vedanta Lisheen Holdings Limited ('VLFL')	Investment Company	58.02%	58.02%	Ireland	THL Zinc Holding BV	100.00%	100.00%
Vedanta Lisheen Mining Limited ('VLML')	Mining	58.02%	58.02%	Ireland	VLFL	100.00%	100.00%
Killoran Lisheen Mining Limited	Mining	58.02%	58.02%	Ireland	VLFL	100.00%	100.00%
Killoran Lisheen Finance Limited	Investment Company	58.02%	58.02%	Ireland	VLFL	100.00%	100.00%
Lisheen Milling Limited	Manufacturing	58.02%	58.02%	Ireland	VLFL	100.00%	100.00%
Paradip Multi Cargo Berth Private Limited	Infrastructure	42.94%	42.94%	India	Sterlite	74.00%	74.00%
Sterlite Ports Limited (Earlier MALCO Power Company Limited)	Investment Company	58.02%	58.02%	India	Sterlite	100.00%	100.00%
Sterlite Infraventures Limited (Earlier MALCO Industries Limited)	Investment Company	58.02%	58.02%	India	Sterlite	100.00%	100.00%
Bloom Fountain Limited	Investment Company	55.13%	55.13%	Mauritius	Sesa Goa Limited	100.00%	100.00%
Western Clusters Limited	Mining Company	55.13%	28.12%	Liberia	Bloom Fountain Limited	100.00%	51.00%
Ekaterina Limited ('EKTL')	Investment Company	100.00%	100.00%	Mauritius	Twin Star Holdings Ltd	64.54%	64.54%
Goa Energy Private Limited	Energy generation	55.13%	55.13%	India	Sesa Goa Limited	100.00%	100.00%
Valliant (Jersey) Limited(1)	Financing Company	100.00%	-	Jersey(CI)	VRJL-II	100.00%	-
Sesa Sterlite US LLC(1)	Investment Company	100.00%	-	USA	VRHL	100.00%	-
Sesa Sterlite US Corporation(1)	Investment Company	100.00%	-	USA	VRHL	100.00%	-
Cairn India Limited	Exploration & production	49.76%	49.83%	India	Twin Star Mauritius Holdings Ltd	38.68%	38.74%
Cairn India Holdings Limited	Holding company	49.76%	49.83%	Jersey	Cairn India Limited	100.00%	100.00%
Cairn Energy Holdings Limited	Holding company	49.76%	49.83%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Energy Hydrocarbons Ltd	Exploration & production	49.76%	49.83%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Exploration (No. 7) Limited	Exploration & production	49.76%	49.83%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Exploration (No.6) Limited	Exploration & production	49.76%	49.83%	Scotland	Cairn India HoldingsLimited	100.00%	100.00%
Cairn Exploration (No.4) Limited	Exploration & production	49.76%	49.83%	Scotland	Cairn India Holdings Limited	100.00%	100.00%

Subsidiaries	Principal activities	The Company's economic percentage holding		Country of incorporation	Immediate holding company	Immediate percentage holding	
		31-Mar-2013	31-Mar-2012			31-Mar-2013	31-Mar-2012
Cairn Exploration (No. 2) Limited	Exploration & production	49.76%	49.83%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Energy Gujarat Block 1 Limited	Exploration & production	49.76%	49.83%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Energy Discovery Limited	Exploration & production	49.76%	49.83%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Petroleum India Limited	Exploration & production	49.76%	49.83%	Scotland	Cairn India Holdings Limited	100.00%	100.00%
Cairn Energy Cambay B.V.	Exploration & production	49.76%	49.83%	Netherlands	Cairn Energy Cambay Holding B.V.	100.00%	100.00%
Cairn Energy India West B.V.	Exploration & production	49.76%	49.83%	Netherlands	Carin Energy India West Holding B.V.	100.00%	100.00%
Cairn Energy Gujarat B.V.	Exploration & production	49.76%	49.83%	Netherlands	Cairn Energy GujaratHolding B.V	100.00%	100.00%
Cairn Energy India Holdings B.V.	Holding company	49.76%	49.83%	Netherlands	Cairn Energy Group HoldingsB.V.	100.00%	100.00%
Cairn Energy Group Holdings B.V.	Holding company	49.76%	49.83%	Netherlands	Cairn Energy Netherlands Holdings B.V.	100.00%	100.00%
Cairn Energy Netherlands Holdings B.V.	Holding company	49.76%	49.83%	Netherlands	Cairn Energy Holdings Limited	100.00%	100.00%
Cairn Energy Gujarat Holding B.V	Holding company	49.76%	49.83%	Netherlands	Cairn Energy India Holdings B.V.	100.00%	100.00%
Cairn Energy India West Holding B.V.	Holding company	49.76%	49.83%	Netherlands	Cairn Energy India Holdings B.V.	100.00%	100.00%
Cairn Energy Cambay Holding B.V.	Holding company	49.76%	49.83%	Netherlands	Cairn Energy India Holdings B.V.	100.00%	100.00%
Cairn Energy Australia Pty Limited	Holding company	49.76%	49.83%	Australia	Cairn Energy Group HoldingsB.V.	100.00%	100.00%
CEH Australia Limited	Holding company	49.76%	49.83%	Australia	Cairn Energy Australia Pty Limited	100.00%	100.00%
Cairn Energy Asia Pty Limited	Holding company	49.76%	49.83%	Australia	Cairn Energy Australia PtyLimited	68.18%	68.18%
Cairn Energy Investments Australia Pty Limited	Holding company	49.76%	49.83%	Australia	Cairn Energy Asia PtyLimited	100.00%	100.00%
Wessington Investments Pty Limited	Holding company	49.76%	49.83%	Australia	Cairn Energy Asia Pty Limited	100.00%	100.00%
Sydney Oil Company Pty Limited	Holding company	49.76%	49.83%	Australia	Cairn Energy Investments Australia Pty Limited	100.00%	100.00%

		The Company's economic percentage holding				Immediate percentage holding	
Subsidiaries	Principal activities	31-Mar-2013	31-Mar-2012	Country of incorporation	Immediate holding company	31-Mar-2013	31-Mar-2012
Cairn Energy India Pty Limited	Exploration & production	49.76%	49.83%	Australia	Sydney Oil Company Pty Limited	100.00%	100.00%
CEH Australia Pty Limited	Holding company	49.76%	49.83%	Australia	Ceh Australia Limited	100.00%	100.00%
CIG Mauritius Holdings Private Limited	Holding company	49.76%	49.83%	Mauritius	Cairn India Limited	100.00%	100.00%
CIG Mauritius Private Limited	Holding company	49.76%	49.83%	Mauritius	Cig Mauritius Holding Private Limited	100.00%	100.00%
Cairn Lanka (Pvt) Ltd	Exploration & production	49.76%	49.83%	Srilanka	Cig Mauritius Pvt Ltd	100.00%	100.00%
Cairn South Africa Pty Limited[1]	Exploration & production	49.76%	-	South Africa	Cairn Energy Hydrocarbons Limited	100.0%	-

1. *Incorporated during the year.*

The Group owns directly or indirectly through subsidiaries, more than half of the voting power of all of its subsidiaries as mentioned in the list above, and the Group is able to govern its subsidiaries' financial and operating policies so as to benefit from their activities.

42. Ultimate controlling party

At 31 March 2013, the ultimate controlling party of the Group was Volcan, which is controlled by persons related to the Executive Chairman, Mr Anil Agarwal. Volcan is incorporated in the Bahamas, and does not produce Group accounts.

43. Company Balance Sheet

(US$ million)

	Note	31March 2013	31March 2012
Fixed assets			
Tangible assets	45	0.6	0.3
Investments in subsidiaries	46	1,061.8	1,061.8
Investment in preference shares of subsidiaries	47	178.9	178.9
Financial asset investment	48	0.1	0.3
Derivative asset		-	5.3
		1,241.4	**1,246.6**
Current Assets			
Debtors due within one year	49	788.8	463.1
Debtors due after one year	49	4,899.3	5,378.2
Current asset investments	50	89.5	182.5
Cash at bank and in hand		0.6	0.3
		5,778.2	**6,024.1**
Creditors: amounts falling due within one year			
Trade and other creditors	51	(68.9)	(66.6)
External borrowings	51	(499.3)	(996.0)
Loan from subsidiary	51	(1,059.9)	(281.7)
Derivative liability	**51**	**(4.5)**	
		(1,632.7)	(1,344.3)
Net current assets		**4,145.5**	**4,679.8**
Total assets less current liabilities		5,386.9	5,926.4
Creditors: amounts falling due after one year			
Loan from subsidiary	52	(1.069.8)	(1,741.1)
External borrowings	52	(3,481.4)	(3,205.8)
		(4,551.2)	**(4,946.9)**
Net assets		**835.7**	**979.5**
Capital and reserves			
Called up share capital	53	29.8	29.7
Share premium account	53	196.8	196.8
Share-based payment reserve	53	29.0	39.8
Convertible bond reserve	53	302.9	382.0
Other reserves	53	(2.2)	(2.0)
Treasury shares	53	(490.6)	(490.6)
Profit and loss account	53	770.0	823.8
Shareholders' funds	53	**835.7**	**979.5**

Financial Statements of Vedanta Resources plc, registration number 4740415 were approved by the Board on 15 May 2013

MS Mehta – Director

44. Company accounting policies

The Vedanta Resources plc ('the Company') balance sheet and related notes have been prepared in accordance with United Kingdom Generally Accepted Accounting Principles and UK company law ('UK GAAP'). The financial information has been prepared on an historical cost basis. As permitted by the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements.

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these financial statements. The loss after tax for the period of the Company amounted to $15.7 million (2012: profit of $94.8 million)

Significant accounting policies

Investments in subsidiaries

Investments in subsidiaries represent equity holdings in subsidiaries valued at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

Investment in preference shares of subsidiaries

Investments in preference shares of subsidiaries are stated at fair value. The fair value is represented by the face value of the preference shares as the investments are redeemable at any time for their face value at the option of the Company.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand, short-term deposits with banks and short-term highly liquid investments that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

Financial asset investments

Financial asset investments are classified as available for sale under IAS 39 and are initially recorded at cost and then remeasured at subsequent reporting dates to fair value. Unrealized gains and losses on financial asset investments are recognized directly in equity. On disposal or impairment of the investments, the gains and losses in equity are recycled to the income statement.

Currency translation

Transactions in currencies other than the functional currency of the Company, being US dollars, are translated into US Dollars at the spot exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in other currencies at the balance sheet date are translated into US dollars at year end exchange rates, or at a contractual rate if applicable.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and provision for impairment.

Deferred taxation

Deferred taxation is provided in full on all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, subject to the recoverability of deferred tax assets. Deferred tax assets and liabilities are not discounted.

Share-based payments

The cost of equity-settled transactions with employees is measured at fair value at the date at which they are granted. The fair value of share awards with market-related vesting conditions are determined by an external valuer and the fair value at the grant date is expensed on a straight-line basis over the vesting period based on the Company's estimate of shares that will eventually vest. The estimate of the number of awards likely to vest is reviewed at each balance sheet date up to the vesting date at which point the estimate is adjusted to reflect the current expectations. No adjustment is made to the fair value after the vesting date even if the awards are forfeited or not exercised. Amounts recharged to subsidiaries in respect of awards granted to employees of subsidiaries are recognised as intercompany debtors until repaid.

Borrowings

Interest bearing loans are recorded at the net proceeds received i.e. net of direct transaction costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on accruals basis and charged to the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Convertible Bonds

The Convertible bonds issued by VRJL and VRJL-II (note 52) are accounted for as a compound instrument. The gross proceeds (net of issue costs) were lent to the Company by VRJL and VRJL-II. The equity component has been recognised in a separate reserve of the company and is not subsequently remeasured. The recognition of the equity component by the company acts to reduce the payable to VRJL and VRJL-II which arises once the gross proceeds are borrowed. The liability component is held at amortised cost. The interest expensed on the liability component is calculated by applying an effective interest rate. The difference between interest expensed and interest paid is added to the carrying amount of the liability component.

The bonds are first convertible into preference shares of the issuer having a principal value of $100,000 per Preference share, which are exchanged immediately for ordinary shares of the Company.

Financial instruments

The Company has elected to take the exemption provided in paragraph 2D of FRS 29 in respect of these parent company financial statements. Full disclosures are provided in note 27 to the financial statements of the Group for the period ended 31 March 2013.

Derivative financial instruments

Derivative financial instruments are initially recorded at their fair value on the date of the derivative transaction and are re-measured at their fair value at subsequent balance sheet dates.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss account. The hedged item is recorded at fair value and any gain or loss is recorded in the profit and loss account and is offset by the gain or loss from the change in the fair value of the derivative.

Derivative financial instruments that do not qualify for hedge accounting are marked to market at the balance sheet date and gains or losses are recognised in the profit and loss account immediately.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

Cash flow statement

The Company's individual financial statements are outside the scope of FRS 1 Cash Flow Statements because the Company prepares publicly available financial statements, which include a consolidated cash flow statement. Accordingly, the Company does not present an individual company cash flow statement.

Related party disclosures

The Company's individual financial statements are exempt from the requirements of FRS 8 Related Party Disclosures because its individual financial statements are presented together with its financial statements. Accordingly, the individual financial statements do not include related party disclosures.

Financial guarantees

Guarantees issued by the Company on behalf of other Group companies are designated as 'Insurance Contracts'. Accordingly these are shown as contingent liabilities. (note 54)

Debtors

Debtors are stated at their nominal value as reduced by appropriate allowance for estimated irrecoverable amounts. An allowance for impairment for debtors is made where there is an indication of a reduction in the recoverability of the carrying value of the debtor.

Creditors

Creditors are stated at their nominal value.

45. Company tangible fixed assets

	US$ million
Cost	
At 1 April 2012	**1.5**
Additions	0.4
At 31 March 2013	1.9
Accumulated depreciation	
At 1 April 2012	**1.2**
Charge for the period	0.1
At 31 March 2013	1.3
Net book value	
At 1 April 2012	0.3
At 31 March 2013	0.6

46. Investments in subsidiaries

	US$ million
Cost	
At 1 April 2012	**1,061.8**
At 31 March 2013	1,061.8

At 31 March 2013, the Company held 144,538,524 shares in VRHL (2012: 144,538,524 shares), being 100% of VRHL's issued equity share capital. The Company also held one deferred share in VRHL (2012: one). At 31 March 2013, the Company held two shares in Vedanta Finance Jersey Limited ('VFJL') (2012: two), two shares in Vedanta Resources Jersey Limited ('VRJL') (2012: two), two shares in Vedanta Resources Jersey II Limited ('VRJL-II') (2012: two), two shares in Vedanta Jersey Investment Limited ('VJIL') (2012: two), being 100% of its issued equity share capital.

VRHL is an intermediary holding company incorporated in England and Wales. VFJL, VRJL and VRJL-II are companies established to raise funds for the Vedanta Group via convertible bond issue and are incorporated in Jersey. A detailed list of subsidiary investments held indirectly by the Company can be seen in note 41.

47. Investment in preference shares of subsidiaries

	US$ million
Fair value	
At 1 April 2012	**178.9**
Additions	-
At 31 March 2013	**178.9**
As 1 April 2011	**178.9**
Additions	-
At 31 March 2012	**178.9**

As at 31 March 2013, the Company held 178,916,000 preference shares in VFJL (2012: 178,916,000). These shares entitle the holder to a dividend of 4.6% of their face value.

48. Financial asset investment

	US$ million
Fair value	
At 1 April 2012	**0.3**
Fair value movement in investment	(0.2)
At 31 March 2013	**0.1**
At 1 April 2011	**0.5**
Fair value movement ininvestment	(0.2)
At 31 March 2012	**0.3**

The investment relates to an equity investment of shares in Victoria Gold Corporation. At 31 March 2013, the investment in Victoria Gold Corporation was revalued and a loss of US$0.2 million was recognised in equity.

49. Company debtors

		US$ million
	31 March 2013	**31 March 2012**
Amounts due from subsidiary undertakings	5,680.0	5,840.3
Prepayments and accrued income	7.8	0.7
Other taxes	0.3	0.3
Total	**5,688.1**	**5,841.3**
Debtors due within one year	788.8	463.1
Debtors due after one year	4,899.3	5,378.2
Total	**5,688.1**	**5,841.3**

Amounts due from subsidiary undertakings

At 31 March 2013, the Company had loans due from VRHL of US$1,501.9 million (2012: US$1,806.8 million) which represented the downstreaming of funds to the subsidiaries. Out of the total loan, US$579.3 million bears interest at US dollar six months LIBOR plus 350 basis points, US$500 million at 5.8%, US$2.9 million at 8.95%, US$131.6 million at 5.9%, US$201.2 million at 9.7%, and US$87.0 million at 8.95%. In addition to the loans, the Company was owed US$523.6 million of accrued interest(2012: US$338.2 million).

At 31 March 2013, the Company had loan of US$275.4 million(2012: US$496.0 million) and US$3,320.9 million (2012: US$3,137 million) receivable from Richter and TMHL respectively and US$ 58.1 million of other amounts due from subsidiary undertakings (2012: US$62.3 million).

50. Company current asset investments

	US$ million	
	31 March 2013	31 March 2012
Bank term deposits	89.5	180.4
Short term unit trusts and liquid funds	-	2.1
Total	**89.5**	**182.5**

51. Company creditors: amounts falling due within one year

	US$ million	
	31 March 2013	31 March 2012
Accruals and deferred income	(68.9)	(66.6)
Bonds & Loans	(499.3)	(996.0)
Loan from Subsidiary	(1,060.0)	(281.7)
Derivative liability	(4.5)	-
Total	**(1,632.7)**	**(1,344.3)**

The loan from AMRO Bank ('ABN') of US$1,000 million was repaid on its due dates in April 2012 and January 2013 .

The external borrowings as at 31 March 2013 represent a non convertible bond of US$1,250 million, of which US$500 million is repayable in January 2014 and the remaining US$750 million is repayable in July 2018.

52. Company creditors: amounts falling due after one year

	US$ million	
	31 March 2013	31 March 2012
Loan from subsidiary	(1,069.8)	(1,741.1)
Bond & Loans	(3,481.4)	(3,205.8)
Total	**(4,551.2)**	**(4,946.9)**

Loans from subsidiaries include a loan of US$1,069.8 million from VRJL relating to its issue of US$1.25 billion convertible bonds (bond issued in July 2009). During 2013, interest was charged at the effective interest rate of 11.22%.

In March 2013, the Company entered into a facility agreement of US$185 million with Deutsche Bank and withdrew US$50.0 million under the agreement. The loan bears an interest rate of US$ LIBOR plus 315 basis points and is due for repayment in March 2016. The remaining facility amount of US$135 million was undrawn as on 31 March 2013.

In March 2013, the Company entered into two facility agreements with ICICI bank for borrowing upto US$170.0 million and US$180.0 million. The loans bear interest rates of US$ LIBOR plus 430 basis points and US$ LIBOR plus 427 basis points respectively. The US$170.0 million facility is repayable in three annual instalments beginning April 2018 (the first instalment being 20% and the balance two instalments being 40% each). The US$180.0 million facility is repayable in three annual equal annual instalments beginning February 2017. The facility remains undrawn as at 31 March 2013.

Of the US$1,250 non convertible bond issued during 2008, US$500 million is due in January 2014 and has been reclassified to 'Company creditors: amounts falling due within one year at 31 March 2013 (see note 51).

Vedanta Resource Jersey II Limited ('VRJL – II') a wholly owned subsidiary of the Company issued 4.0% US$883 million guaranteed convertible bonds on 30 March 2010. The bonds are first convertible into exchangeable redeemable preference shares to be issued by VRJL-II, which will then be automatically exchanged for ordinary shares of Vedanta Resources plc. The bondholders have the option to convert at any time from 10 May 2010 to 23 March 2017. If the notes have not been converted, they will be redeemed at the option of the Company at any time on or after 14 April 2013 subject to certain conditions, or be redeemed at the option of the bondholders on or after 29 April 2013 to 30 March 2015.

As per the above,the company has received notice from bondholders about the exercise of put option on 29 April2013 amounting to US$809.8 million. The inter company loan between the Company and VRJ2 have been classified as creditors within one year.

53. Company reconciliation of movement in equity shareholders' funds

	Share capital	Share premium account	Share-based payment reserve	Convertible bond reserve	Treasury Shares	Profit and loss account	Other Reserves	Total
Equity shareholders' funds at1 April 2012	**29.7**	**196.8**	**39.8**	**382.0**	**(490.6)**	**823.8**	**(2.0)**	**979.5**
Profit for the year	-	-	-	-	-	(15.7)	-	(15.7)
Dividends paid	-	-	-	-	-	(153.5)	-	(153.5)
Exercise of LTIP awards	0.1	-	(36.3)	-	-	36.3	-	0.1
Recognition of share based payments	-	-	25.5	-	-	-	-	25.5
Convertible bond reserve transfer	-	-	-	(79.1)	-	79.1	-	-
Movement in fair value of financial investments (note 48)	-	-	-	-	-	-	(0.2)	(0.2)
Equity shareholders' funds at 31 March 2013	**29.8**	**196.8**	**29.0**	**302.9**	**(490.6)**	**770.0**	**(2.2)**	**835.7**

54. Companycontingent liabilities

a. The Company has guaranteed US$1,250 million convertible bonds issued by VRJL (2012: US$: 1,250 million). See note 26 to the financial statements for further details on the convertible bonds.

b. The Company has given corporate guarantee to Vedanta Aluminium Limited for an amount of US$4,273 million up to 31 March 2013.

c. The Company also has issued other guarantees of US$50 million supplied to concentrate suppliers.

d. The Company has given corporate guarantee to Konkola Copper Mines for an amount of US$185 million up to 31 March 2013.

f. The Company has guaranteed US$883 million convertible bonds issued by VRJL-II (2012: US$883 million). See note 26 to the financial statements for further details on the convertible bonds.

55. Company Share-Based payment

The Company had certain LTIP awards outstanding as at 31 March 2013. See note 30 to the financial statements for further details on these share-based payments.

ANNEX A — LIFE OF MINES

Company	Particulars	Reserves (Proved & Probable) Mt	Reserves & Resources Mt[(1)]	Fiscal 2013 Production Mt	Mine Life — Reserves — Years as of 1 April 2013	Mine Life — Reserves & Resources — Years as of 1 April 2013
HZL	Rampura Agucha	62.7	108.9	6.2	10.1	17.6
HZL	Rajpura Dariba	10.6	51.2	0.6	19.1	92.4
HZL	Zawar Group	9.5	76.4	0.3	31.2	250.8
HZL	Kayar	5.4	11.3	1.0	5.4	11.3
HZL	Sindesar Khurd	21.4	84.8	1.6	13.5	53.5
CMT	Mt. Lyell	8.9	34.6	2.5	3.5	13.7
KCM	Konkola	50.66	287.9	2.2	23.1	131.0
KCM	Nchanga (Underground)	6.02	66.6	2.0	3.1	33.8
KCM	Nchanga (Open-Pit)	59.16	208.3	4.8	12.3	43.2
Skorpion	Skorpion	5.73	5.7	1.7	3.4	3.5
Skorpion	Black Mountain — Deeps	10.41	23.9	1.5	6.9	15.7
Skorpion	Lisheen	2.26	4.8	1.5	1.5	3.3
Skorpion	Gamsberg		186.0	7.4	—	25.1
SGL	Codli	26.37	39.55	7.0	3.8	5.6
SGL	Sonsi	36.96	82.37	3.0	12.3	27.5
SGL	Mareta Sodo	13.11	22.38	0.5	26.2	44.8
SGL	Bot vadeacho Dongor	1.64	3.85	0.2	8.2	19.3
SGL	OD Mine	2.41	2.83	0.2	12.1	14.2
SGL	Sanquelim	1.64	6.26	0.2	8.2	31.3
SGL	A Narain	43.51	92.80	2.3	19.0	40.5
SGL	Bicholim	35.28	85.43	2.0	17.6	42.7
SGL	Surla	29.04	62.24	1.1	26.4	56.6
SGL	Curfm	1.09	11.10	0.2	5.4	55.5
SGL	Colamba	1.51	4.11	0.1	15.1	41.1
SGL	Other mines	7.85	20.16			

(1) See Annex B — "Mineral Resources". The reporting methodology for Mineral Resources differs from that of Ore Reserves under international reporting codes as certain factors (termed "Modifying Factors", such as mining losses and dilution) are included in the reporting of Ore Reserves, whereas Mineral Resources are reported on an in-situ basis. Accordingly, the two numbers are not added together under international reporting codes such as JORC (2004) and SAMREC. Consequently, considerable caution should be exercised when considering life of mine estimates based on Mineral Resource plus Ore Reserves. Life of mine estimates which include Mineral Resources have been undertaken by the Company and have not been subject to review by the Independent Consultants named in the Offering Circular. See "Presentation of Information — Basis of Presentation of Reserves and Resources — Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Resources for Mining Operations" and "Risk Factors — Industry Risks — There are uncertainties inherent in estimating Vedanta's Ore Reserves and Mineral Resources and oil, condensate and sales-gas reserves, and if the actual amounts of such reserves and resources are less than estimated, its results of operations and financial condition may be materially and adversely affected". The life of mine estimates presented in this table take into account the fiscal 2013 production for all mines except for all SGL mines, Kayar mine and Gamsberg, which take into account the production capacity.

ANNEX B — MINERAL RESOURCES

Zinc-Lead Mines	Measured Quantity Mt.	Grade Zinc %	Grade Lead %	Indicated Quantity Mt.	Grade Zinc %	Grade Lead %	Inferred Quantity Mt.	Grade Zinc %	Grade Lead %	Total Quantity Mt.
Rampura Agucha	0.7	17.4	1.9	16.6	14.9	2.0	28.8	11.3	2.0	46.1
Rajpura Dariba	5.2	7.8	2.2	6.2	6.6	2.5	29.2	7.6	2.0	40.6
Zawar Group	2.1	4.7	2.1	22.1	5.0	1.8	42.7	4.8	2.6	66.9
Kayar	—	—	—	5.2	10.4	1.6	0.7	6.6	1.1	5.9
Sindesar Khurd	4.4	5.7	2.9	6.5	4.7	2.2	52.7	4.3	3.1	63.6
Skorpion	—	—	—	—	—	—	1.4	9.7	—	1.4
Lisheen	1.7	14.4	2.3	0.5	13.1	2.3	0.4	4.9	4.0	2.6
Black Mountain	5.6	3.1	3.8	7.9	2.6	2.9	—	—	—	13.5
Gamsberg North	43.2	7.1	0.5	57.5	6.5	0.5	53.3	5.4	0.5	154.0
Gamsberg East	—	—	—	—	—	—	32.3	9.8	—	32.3
Total — Gamsberg	43.2	7.1	0.5	57.5	6.5	0.5	85.6	7.1	0.3	186.2

Copper Mines	Measured Quantity Mt.	Grade Cu %	Indicated Quantity Mt.	Grade Cu %	Inferred Quantity Mt.	Grade Cu %	Total Quantity Mt.
Mt Lyell	—	—	10.7	1.12	23.9	1.15	34.6
Konkola	3.3	3.9	15.4	3.2	218.5	3.8	237.2
Nchanga (Underground)	0.5	2.9	11.9	2.2	48.1	2.1	60.6
Nchanga (Open-Pit)	0.2	2.2	99.5	1.6	49.5	1.5	149.2

Iron Ore	Measured Quantity Mt.	Grade Fe %	Indicated Quantity Mt.	Grade Fe %	Inferred Quantity Mt.	Grade Fe %	Total Quantity Mt.
Codli Group	6.6	51.8	5.1	53.9	1.40	52.5	13.2
Sonshi Group	15.2	55.3	24.5	55.1	5.68	57.9	45.4
Other	4.4	109.2	9.0	110.9	11.3	107.0	24.63
A. Narrain	3.6	58.8	3.7	56.4	41.97	40.2	49.3
SRL	48.7	49.0	31.4	50.8	20.12	51.8	100.2
Bomi	9.87	38.74	24.53	37.00	115	32	149.3
Bea	—	—	—	—	580.2	33.2	580.2
Mano	—	—	—	—	94.8	32.9	94.8

See “Presentation of Information — Basis of Presentation of Reserves and Resources — Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Resources for Mining Operations” and “Risk Factors — Industry Risks — There are uncertainties inherent in estimating Vedanta’s Ore Reserves and Mineral Resources and oil, condensate and sales-gas reserves, and if the actual amounts of such reserves and resources are less than estimated, its results of operations and financial condition may be materially and adversely affected”.

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