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Vedanta Resources Plc
Full Year Results For The Year Ended 31 March 2010

Financial Highlights

- Revenue of US$7.9 bn, up 21%
- EBITDA of US$2.3 bn, up 42%
- Attributable EPS of US$2.20, up 187%
- Final dividend proposed at 27.5 US cents per share, up 10%
- Strong balance sheet, with over US$7.2bn of liquidity
- Invested US$3.5bn in organic growth programme during the year

Business Highlights

- Strong production growth across all metals
- Jharsuguda first 250 ktpa smelter operating at full capacity
- Commenced 50 mtpa Sesa Goa expansion programme; investment of US$500 million approved for Goa and Karnataka expansions
- Dempo iron ore assets acquired and integrated. Plan to grow from 4 to 10 mtpa.
- Achieved 1 mtpa capacity in Zinc-Lead; commissioned 210 ktpa smelter and 1 mtpa concentrator 3 months ahead of schedule
- Commenced mid-shaft loading at Konkola Deep Copper Mine in Zambia
- Coal linkages secured for all power plants
- Revived 1,980 MW Merchant Power Plant at Talwandi in Punjab state
- Successful exploration results during the year – added 34 mt at Zinc, 64 mt at Iron Ore and 14 mt at Copper Zambia

Consolidated Group Results (in US$ million, except as stated)	**FY 2010**	**FY 2009**	***% Change***
Revenue	7,930.5	6,578.9	*20.5%*
EBITDA	2,295.9	1,612.2	*42.4%*
EBITDA margin (%)	*29.0%*	*24.5%*	-
Operating profit	1,665.6	1,107.0	*50.5%*
Attributable Profit	602.3	219.4	*174.5%*
Basic Earnings per Share (US cents)	219.6	76.4	*187.4%*
Earnings per Share on Underlying Profit (US cents)	199.2	108.0	*82.7%*
ROCE (excluding project capital work in progress)	*19.9%*	*24.4%*	
Final Dividend (US cents per share)	27.5	25.0	*10.0%*
Total Dividend (US cents per share)	45.0	41.5	*8.4%*

Mr Anil Agarwal, Chairman of Vedanta Resources plc said, *"Our excellent results fully endorse our decision to continue investing through the cycle in our industry leading organic growth programme. We have achieved significant milestones during the year and are on track to deliver a substantial increase in production capacity across our businesses in 2011. We remain confirdent about the future as we continue to deliver our projects and look for further opportunities to create value."*

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About Vedanta Resources plc

Vedanta Resources plc ("Vedanta") is a London listed FTSE 100 diversified metals and mining major. The group produces aluminium, copper, zinc, lead, iron ore and commercial energy. Vedanta has operations in India, Zambia and Australia and a strong organic growth pipeline of projects. With an empowered talent pool of 30,000 employees globally, Vedanta places strong emphasis on partnering with all its stakeholders based on the core values of entrepreneurship, excellence, trust, inclusiveness and growth. For more information visit www.vedantaresources.com.

Disclaimer

This press release contains "forward-looking statements" – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "should" or "will." Forward–looking statements by their nature address matters that are, to different degrees, uncertain. For us, uncertainties arise from the behaviour of financial and metals markets including the London Metal Exchange, fluctuations in interest and or exchange rates and metal prices; from future integration of acquired businesses; and from numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive or regulatory nature. These uncertainties may cause our actual future results to be materially different that those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.

CHAIRMAN'S STATEMENT

I am delighted to report another excellent set of results in a challenging year for our industry and the global economy. The 2010 financial year began with developed markets in recession and commodity prices and industrial demand at multi-year lows. Emerging markets - especially India and China - proved more resilient to the economic downturn, with continued economic and metals consumption growth. The large and coordinated stimulus from governments globally has secured greater stability in financial markets and a return to economic growth. Commodity prices and industrial demand have recovered and we enter the 2011 financial year with much greater optimism to when we entered 2010.

Our structurally low cost position across commodities, excellent liquidity and strong cash flow has positioned us well to deliver in these unprecedented markets. This has enabled us to continue to grow production and invest in our industry-leading growth programme. With this background, I am delighted that Vedanta is once again proposing an increase in its final dividend to 27.5USc per share, a 10% increase compared to FY2009.

Financial Performance

We delivered strong results in 2010, which once again benefited from our low cost position, diversified revenues and record production growth across all our businesses. Revenues rose by 21% to US$ 7.9 billion and EBITDA rose by 42% to US$2.3 billion during the year. Basic earnings per share increased 187% to US$2.20.

We generated a healthy US$1.8 billion of free cash flow, representing 79% of EBITDA. Our balance sheet and liquidity remains strong. During the year we raised US$4.2 billion of long-term capital through a mix of debt and equity to refinance debt maturities and for general corporate purposes. Gearing as at 31 March 2010 was 7.5%, net debt was US$0.9 billion and our group cash position, including liquid investments, was US$7.2 billion. We remain committed to retaining investment grade credit metrics.

Organic growth and operational performance

FY 2010 was an outstanding year. Production grew across all commodities, costs were kept under control, and we made excellent progress with our organic growth programme.

During the year we spent US$3.5 billion on our organic expansion program. In Q4 Hindustan Zinc commissioned the 1 mtpa Zinc concentrator and 210 ktpa Zinc smelter, becoming the largest integrated producer of Zinc in the world with capacity of 1.064 mtpa. KCM achieved a significant milestone by commissioning the mid-shaft loading station ("MSL") in March 2010. The MSL commisisoning is a significant milestone towards KDMP expansion and will result in an increase in the hoisting capacity of the mine. At Jharsuguda, production ramp up and commissioning of the balance pots of the 500 ktpa aluminium smelter is progressing well. We are also making good progress at our other aluminium projects.

We also announced a number of additional projects to increase capacity across our businesses. A doubling of our copper custom smelting capacity at Tutoicorin to 800 ktpa with associated 160MW power plant will further reduce our costs and put us amongst the lowest quartile cost custom smelters in the world. We revived the 1,980 MW thermal power plant project at Talwandi Sabo in the state of Punjab to take advantage of the exciting opportunities offered by the power sector in India. Earlier in the year we also announced iron ore mine production expansion to 50 mtpa, placing us on course to become one of the top 5 iron ore producers in the world. We are on track to increase production progressively over next 2-3 years through a combination of increased mining and logistics capacity enhancement initiatives. Additionally we initiated our 375 ktpa pig iron expansion project.

The tragic collapse of a power plant chimney that was under construction at BALCO through our subcontractor SEPCO was an unfortunate incident and investigations have revealed this was caused by severe thunderstorms and lightning. We have taken immediate steps to compensate and support the affected families, and strengthened monitoring and systems at our project sites to ensure this does not happen in the future.

Acquisitions

During the year we expanded and consolidated our Iron Ore business by acquiring VS Dempo ("VSD"), one of the largest exporters of iron ore in Goa. VSD's Goa mining assets include processing plants, barges, jetties, transhippers and loading capacities at Mormugoa port. Our results have benefited in terms of record iron ore production and I am pleased to report that we also benefiting from synergies at Sesa Goa.

Dividend and Share buyback

We remain committed to our progressive dividend policy. The Board has recommended a final dividend of 27.5 US cents per share, an increase of 10 per cent which will be paid on 4 August 2010 to shareholders on the register at 9 July 2010. This takes the total dividend for the year to 45 US cents per share, an increase of 8.4 per cent.

We continue to look for opportunities to enhance shareholder value by buying back shares and increasing our stake in key subsidiaries at attractive prices. We spent US$549 million in buying back shares of Vedanta and our subsidiaries, invested a further US$111 million in preference shares of a subsidiary and increased Vedanta's buyback program from US$350 million to US$825 million during the year.

Sustainability

Vedanta has a long standing commitment to sustainable development, and we believe that business today has greater responsibility than ever before to enhance society's overall well being. We continue to proactively foresee social and environmental factors that will be influencing our businesses in the long term and prepare for those changes now, so that we can emerge as a more effective and stronger company. We have a track record of exceeding our own performance year on year in energy and water usage, recycling and reuse of waste innovatively and engaging and working with communities towards building a sustainable business. Ensuring the safety of all our employees is a key priority for us, and the Board remains focused on improving the performance in this crucial area. We have also remained focused on actively engaging with our key stakeholders, enhancing our reporting and increasing transparency. As we expand our footprint globally, we will continue to build on our strong legacy in the sustainability space.

Outlook

The recovery in demand and commodity prices appears well-founded and the medium and long-term outlook for our commodities remains strong. We are well placed to benefit from a sustained recovery given our structurally low cost position, presence in growing economies and the organic growth programme. Our priorities are focussed on delivering a significant increase in capacity across our businesses and strengthening our low cost position. We are both optimistic and well placed for the future.

Finally on behalf of the board I would like to thank our over 30,000 employees who have contributed to the excellent performance during the year. Our unrivalled growth and delivery at benchmark standards will help us maintain sustainable growth and maximise shareholder value.

Anil Agarwal

Chairman

5 May 2010

INTRODUCTION TO BUSINESS REVIEW

Summary

In a challenging year for the global economy and our industry, we are pleased to report strong results across our businesses. We have remained focussed on our core strengths of low cost production, operational efficiency and successfully developing high value accretive projects for our shareholders. We have increased volumes across all businesses whilst keeping costs under control and are well placed to benefit from the sustained recovery in our industry.

We delivered a strong EBITDA performance of US$ 2,296 million in 2010, a 42% increase as compared to US$1,612 million achieved in 2009. During the year all our businesses delivered volume growth, with record iron ore, aluminium and mined metal production of zinc and lead. Our ongoing cost reduction measures have helped to contain the impact of higher input prices while higher volumes have also benefited unit operating costs. Stronger commodity prices for copper and zinc have also contributed to the increase in EBITDA.

EBITDA recorded by the individual businesses is set out below.

(in US$ million, except otherwise stated)	**FY2010**	**FY2009**	***% Change***
Aluminium	154.9	177.4	*-12.7%*
Copper	317.7	222.9	*42.5%*
Zinc	982.8	603.3	*62.9%*
Iron ore	673.0	557.1	*20.8%*
Energy*	170.7	53.3	*220.3%*
Others	(3.2)	(1.8)	-
Total	**2,295.9**	**1,612.2**	***42.4%***

* *Reclassified to include temporary surplus power sales from various captive power plants in addition to the sales from power plants of 100 MW at MALCO, 270 MW at BALCO-1, and 123 MW wind power plant at HZL.*

An analysis of the movement in EBITDA between FY2010 and FY2009 is set out below.

- Higher sales volumes (including power sales) resulted in higher EBITDA of US$421 million;
- Lower operating costs improved EBITDA by US$99 million, whilst higher rates of royalties reduced EBITDA by US$ 82 million;
- Despite lower average prices of iron ore and aluminium, higher average LME prices of copper, zinc and lead increased EBITDA by US$221 million;
- Favourable foreign exchange movements contributed US$56 million; and
- EBITDA reduced by US$ 83 million in allied businesses i.e. Phosphoric Acid, Silver, Metcoke and Pig iron.

We have made excellent progress during the year in executing our industry leading organic growth programme. We delivered both significant production growth this year and put in place plans to substantially increase capacity in all our businesses for 2011. During the year we spent a total of US$3.5 billion on our expansion projects, which are all progressing well. Highlights this year include:

- At Hindustan Zinc Limited (HZL), commissioning of the zinc concentrator at Rampura Agucha and the 210 ktpa zinc smelter at Dariba, three months ahead of schedule.
- At Konkola Copper Mines (KCM), commissioning of the KDMP mid-shaft loading station, which will increase hoisting capacity and speed up mine development work; and

- At Vedanta Aluminium Limited (VAL), excellent progress at the 500 ktpa Jharsuguda aluminium smelter, 250 ktpa operating at near capacity. All nine units of the associated 1,215 MW captive power plant have been commissioned.

On 11 June 2009, we acquired VS Dempo's iron ore assets based at Goa. The acquisition offered significant growth opportunity and has brought operational synergies through the sharing of infrastructure with Sesa Goa.

To ensure we can deliver sustainable growth going forward, we continue to add new resources in excess of annual production. Exploration continues to be a major focus and has yielded excellent results during the year.

- Addition of 64 mt to reserves and resources in the Iron Ore business, extending the mine life to 17 years at current production capacity. Active exploration will continue at our Iron Ore operations in support of our plans to become a 50 mtpa producer in the next three years.
- Added 33.7 mt to reserves and resources in the Zinc business, extending the mine life to 42 years at current production capacity.
- Added 14 mt of reserves and resources in our Zambian copper business, extending mine life to over 50 years.

During the year we repaid US$1.2 billion of debt and raised long term funds totalling to US$4.2 billion. US$2.1 billion was raised through the issue of convertible bonds,US$1.1 billion by issue of equity by our subsidiary Sterlite and US$1.0 billion through issue of convertible bonds by our subsidiaries Sterlite and Sesa Goa.

In response to improved market conditions, we reactivated work on the US$2.15 billion 1980 MW power plant project at Talwandi in Punjab,North India. We also announced the following expansion projects:

- In anticipation of rapidly growing copper consumption in India, and in order to significantly reduce the power cost at existing smelting operations, we announced a 400 ktpa expansion of copper smelting capacity at Tuticorin, along with a captive power plant of 160 MW for an estimated capex of US$500 million.
- We are expanding our pig iron production capacity by 0.375 mt and met coke capacity by 0.280 mt with an estimated capex of US$150 million.
- We are expanding our iron ore mining capacities at Goa and Orissa to 40 mt, with an estimated capex of US$500 million.
- We entered the growing port and infrastructure sector in India, winning a tender from the Government of India's Vizag Port Company to construct a coal berth on a revenue sharing basis in a joint venture with Leighton Contractors (India) Pvt. Ltd.. This will require an estimated capex of US$150 million.

We believe all these project expansion initiatives will add significant value for all stake-holders.

ZINC

The performance of our Zinc business in FY2010 is set out in the table below.

(in US$ millions, except as stated)	**FY2010**	**FY2009**	*% Change*
Production– Zinc (kt)			
Mined metal content	683	651	*4.9*
Refined metal	578	552	*4.7*
Production– Lead (kt)			
Mined metal content	86	84	*2.4*
Saleable metal	64	60	*6.7*
Production– Saleable silver (m. oz)	4.46	3.38	*32.0*
Average LME zinc cash settlement prices (US$ per tonne)	1,936	1,563	*23.9*
Average LME lead cash settlement prices (US$ per tonne)	1,990	1,660	*19.9*
Unit costs			
Zinc (US$ per tonne)	850	710	*19.7*
Zinc (Other than Royalty) (US$ per tonne)	698	609	*14.6*
Revenue*	1,651.7	1,209.1	*36.6*
EBITDA	982.8	603.3	*62.9*
EBITDA Margin	59.5%	50.2%	-
Operating Profit	918.4	546.2	*67.5*

* *FY 2009 revenue includes US$6.4 million for sale of surplus power. EBITDA and EBITDA margin is on revenue excluding surplus power.*

Production Performance

Mined metal production for Zinc and Lead from all our mines was 769 kt in FY2010, up 5% over FY2009, primarily due to improved operational performance in the mines.

Refined zinc and lead production in FY2010 was 578 kt and 64 kt respectively, an increase of 5% and 7% respectively, over the previous year due to improved operational efficiencies. The new 210 ktpa zinc smelter at Rajpura Dariba and the new 1 mtpa concentrator at Rampura Agucha were commissioned at the end of Q4, three months ahead of schedule.

Production of silver in FY2010 was a record 4.46 million troy ounces, up 32% compared with FY2009. This increase was primarily due to increased mine production and improvement in silver recovery.

Unit Costs

Unit cost of production in FY2010 excluding royalties was 15% higher at US$ 698 per tonne compared with US$ 609 per tonne in FY2009, primarily due to lower sulphuric acid credit which fell by US$123 per tonne and wage increases arising out of a long term wage settlement agreement. Royalties were higher at US$152 per tonne in FY2010 on account of increased LME prices and higher royalty rates. The royalty rate, which is linked to LME, was increased from 6.6% to 8.4% for zinc and from 5.0% to 12.7% for lead, with effect from 13 August 2009.

Sales

Our domestic sales of Zinc metal at 386 kt in FY 2010 were up 16% compared with FY 2009, benefitting from a 25% growth in zinc consumption in India, on the back of sustained robust growth in the infrastructure sector. We also sold 223,000 dry metric tonnes of zinc concentrate and 31,000 dry metric tonnes of lead concentrate, in FY2010.

Financial Performance

EBITDA for FY2010 was US$982.8 million, up 63% compared with FY2009, primarily due to higher volumes contributing approximately US$100 million and an increase in LME zinc and lead prices by 24% and 23% respectively contributing approximately US$300 million. This increase was partially off-set by increased net operating costs and royalties.

Projects

Rajpura Dariba lead smelter

Construction activities at the 100 ktpa lead smelter at Rajpura Dariba and 160 MW captive power plant is progressing well and on schedule for completion by Q2 FY2011.

Sindesar Khurd mine

Work at the mining projects at Sindesar Khurd from 0.3 mtpa to 1.5 mtpa is progressing on schedule for progressive commissioning from Q1 FY2011.

Exploration

Ongoing exploration activities at HZL have yielded significant success with an increase of 33.7 mt to gross reserves and resources, prior to production of 7.1 mt in FY2010. Contained zinc-lead metal has increased by 3.4 mt, prior to production of 0.8 mt during the same period. Total reserves and resources at 31 March 2010 were 298.6 mt containing 34.1 mt of zinc-lead metal and 832.7 moz of silver.

A highlight of our exploration success has been additions at Rajpura Dariba belt (covering Sindesar Khurd, Rajpura Dariba) where we have now established a reserve and resource base of 103.03 mt (83.4 mt in FY 2009).

IRON ORE

During the year we acquired Dempo Group's iron ore mining assets in Goa. Dempo owns or has the rights to mineable reserves and resources estimated at 70 mt of iron ore in Goa. Dempo's Goa mining assets includes processing plants, barges, jetties, transshippers and loading capacities at Mormugoa port.

The performance of our Iron Ore business in FY2010 is set out in the table below.

(in US$ millions, except as stated)	**FY2010**	**FY2009**	*% Change*
Production (kt)			
Saleable ore	21,412	15,986	*34.0*
Pig iron	280	217	*29.0*
Sales (kt)			
Iron ore	20,523	15,103	*35.9*
Pig iron	279	224	*24.6*
Revenue	1,221.7	1,070.4	*14.1*
EBITDA	673.0	557.1	*20.8*
EBITDA Margin	55.1%	52.1%	
Operating Profit	453.0	348.0	*30.2*

Production Performance

Saleable iron ore produced in FY2010 was 21.41 mt, a record for Sesa Goa and an increase of 34% over full year production of 15.99 mt in FY2009. The higher volumes were a result of 3.6 mt contributed by Dempo's operations acquired in June 2009 and increased throughput from existing Sesa's operations.

Production of pig iron was a record 280 kt during FY2010, 29% higher compared with FY2009. The pig iron plant will be shut down for planned maintenance next year for approximately 60 days.

Sales

Iron ore shipments during FY2010 were a record 20.5 mt, of which 82% of sales volume was in the form of fines and the rest in the form of lumps, consistent with the higher production. In Q4 FY2010, we had the highest ever quarterly shipment of 7.4 mt of iron ore. During FY2010, a majority of the production was sold in the spot market.

We sell globally with exports to China, Japan, Pakistan and other Asian and European countries. Exports accounted for nearly 94% of total sales with the remainder being sold in the domestic market. China accounted for 84% of our total exports. We sold 279 kt of pig iron in FY2010, consistent with production volumes.

Financial Performance

EBITDA in FY2010 was US$673.0 million, 20.8% higher compared to the prior year. EBITDA was higher on account of higher volumes contributing approximately US$170 million and lower operating costs which were partially off-set by lower average prices, and increased royalties. During the year the Government of India increased the royalty from approximately Rs.30 per tonne to 10% of ex-mine Net Sales Realisation ("NSR") while the export duty was also raised from 0% to 5% on fines and from 5% to 10% on lumps.

The operating profit was US$453.0 million in FY 2010 as compared with US$348.0 million in FY 2009, in line with the increase in EBITDA.

Projects

Iron Ore Mining Expansion

Consistent with our mission to reach 50 mt over the next 2 to 3 years, we have pursued a number of initiatives to expand mining capacity and logistics at Goa and Karnataka to increase their capacity to 30 mt and 10 mt, respectively. These comprise of additional investments in mining equipment, processing plants, barges, and infrastructure such as loading facilities at railway sidings at an estimated capex cost of US$500 million to be spent over next 2 to 3 years.

Pig iron expansion

Work on the expansion of the pig iron plant capacity to 625 ktpa and associated expansion of the metallurgical coke plant capacity to 560 ktpa is progressing well with engineering activities completed, ground activities started. The project is on schedule for commissioning by Q1 FY 2012.

Exploration

We had significant success in exploration at Sesa Goa and Dempo, and added 64.3 mt reserves and resources, prior to production of 21.4 mt in FY2010. Total reserves and resources at 31 March 2010 were 352.7 mt.

COPPER - INDIA/AUSTRALIA

The performance of our Copper—India/Australia business in FY2010 is set out below.

(in US$ millions, except as stated)	**FY2010**	**FY2009**	*% Change*
Production (kt)			
Australia - Mined metal content	24	27	*(11.1)*
India – Cathode	334	313	*6.7*
Average LME cash settlement prices (US$ per tonne)	6,112	5,885	*3.9*
Unit conversion costs – (US cents per lb)	10.4	3.1	*235.5*
Realised TC-RCs (US cents per lb)	13.6	11.7	*16.2*
Revenue	2,741.4	2,537.9	*8.0*
EBITDA	165.9	293.7	*(43.5)*
EBITDA Margin	6.1%	11.5%	-
Operating Profit	65.9	242.9	*(72.9)*

Production Performance

Production of cathodes at our Copper—India business was 334 kt in FY2010, up 6.7% year on year reflecting both the impact of planned maintenance undertaken and the effect of lower copper grades in concentrate on production volumes during FY2009. The Tuticorin plant will be shut down for its bi-annual maintenance during June – July 2010 for around 20 days.

Mined metal production at our Australian mines was 11% lower at 24 kt in FY2010 due to the impact of a mud rush in Q2. The mine has now resumed normal production.

Unit Costs

Operationally, Copper India performed well delivering a reduction in gross conversion cost from 17.8 USc per lb to 16.6 USc per lb. However during the period we experienced a sharp fall in sulphuric acid realisation which reduced the by-product credit from 10.4 USc per lb to 2.7 USc per lb, genrating an increase in net conversion cost from 3.1 USc per lb to 10.4 USc per lb. Currently, sulphuric acid realisation is rising on the back of a recent increase in sulphur prices, which should show a positive impact on cost.

Unit CoP at our Australian operations, excluding Tc/Rcs, in FY 2010 was 143 USc per lb up from 121 USc per lb in FY2009, mainly due to costs incurred for mud rush recovery resulting in lower production volumes, and an increase in royalties.

Sales

Copper sales in the domestic market were 206 kt in FY2010. 78% of these were value added copper rods, supplied largely to the rapidly growing power sector. The Indian copper market continues to demonstrate a robust growth rate of 4% growth in FY2010.

Financial Performance

EBITDA for FY2010 was US$165.9 million, 43.5% lower than the EBITDA of US$293.7 million for FY2009. This was primarily due to higher operating costs, a fall in phosphoric acid prices to US$ 551 per tonne, and lower by-product realisations resulting in a decrease of US$135 million. These were partially off-set by improved TC-RC (15%) and higher realisations from our Australian mining operations.

Operating profit was US$65.9 million in FY 2010 as compared with US$242.9 million in FY2009, mainly due to lower EBITDA, which was further impacted by non-recurring write offs of abortive acquisition related expenses of US$58 million.

Projects

400 ktpa Copper Smelter

The 400 ktpa copper smelter project and associated 160 MW captive power project at Tuticorin are progressing well, with detailed engineering and procurement activities underway for scheduled commissioning by mid 2011.

COPPER - ZAMBIA

The performance of our Copper—Zambia business in FY2010 is set out below.

(in US$ millions, except as stated)	**FY2010**	**FY2009**	***% Change***
Production (kt)	173	133	*30.1*
Integrated	126	108	*16.7*
Custom	47	25	*88.0*
Average LME cash settlement prices (US$ per tonne)	6,112	5,885	*3.9*
Unit costs (US cents per lb)	184.4	258.3	*(28.6)*
Revenue	1,070.8	773.1	*38.5*
EBITDA	151.8	(70.8)	-
EBITDA Margin	14.2%	(9.2%)	-
Operating (Loss) / Profit	32.5	(165.9)	-

Production Performance

Integrated production was 126 kt in FY2010 as compared with 108 kt in FY 2009, due to better mine management and performance. This will improve further with augmented production from the new mid-shaft loading station at Konkola. Tail Leaching Plant (“TLP”) production was lower at 46 kt in FY 2010 as compared with 50 kt in FY 2009, largely due to falling ore grades. This will improve with the opening of COP A and Fitwaola mines from Q1 FY 2011.

Cathode production at our Zambian operations was 173 kt in FY2010 compared with 133 kt in FY2009. The 30% increase in production was primarily due to the progressive ramp-up of the new Nchanga smelter.

Unit Costs

Unit CoP was 184.4 USc per lb in FY2010, down 29% compared with FY2009, primarily as a result ofthe reduction in sulphur consumption, better specific consumption of various inputs, lower maintenance cost, outsourcing of mining activities at some of our mines, increased mine production and depreciation of the Kwacha.

Financial Performance

The EBITDA in FY2010 was US$151.8 million compared to an EBITDA loss of US$70.8 million in FY2009, mainly due to increased production, lower operating costs and a higher average LME copper price. Also, in 2009 a sharp fall in copper prices resulted in an inventory write-down offof around US$100 million. The operating profit was US$32.5 million in FY2010 compared with an operating loss of US$165.9 million in 2009, due to increase in EBITDA, partially off-set by higher amortisation and depreciation on the new Nchanga smelter.

Projects

Konkola Deep Mine

The mid shaft loading station at the Konkola Deep Mine Project was commissioned in March 2010 as scheduled. This resulted in an increase in the hoisting capacity of the mine, which has allowed the mining of ore to commence while simultaneously allowing the continued development of the shaft to an ultimate depth of 1,500 metres. Construction work on the bottom shaft sinking is progressing well for completion by end 2011. The cost of the KDM Project has been revised upward from US$674 million to US$973 million due to the weak ground conditions, increase in scope post detail engineering and consequent extra time required, and commodity price increase.

Exploration

We had significant success with the ongoing exploration at our Zambian copper business, increasing gross reserves and resources by 14 million tonnes, prior to production of 8.4 million tonnes. Total reserves and resources at 31 March 2010 were 707 mt at an average copper grade of 1.96%, including Konkola Mine reserves and resources at 226 mt with 3.55 % copper.

ALUMINIUM

The performance of our Aluminium Business in FY2010 is set out in the table below.

(in US$ millions, except as stated)	FY2010	FY2009	% Change
Production (kt)			
Alumina – Lanjigarh	762	586	*30.0*
Alumina – Korba I and Mettur [1]	43	241	-
Total Alumina	**805**	**827**	
Aluminium – Jharsuguda [2]	264	82	*222.0*
Aluminium – Korba II	250	251	-
Aluminium – Korba I and Mettur [1]	19	129	-
Total Aluminium	**533**	**462**	*15.4*
Average LME cash settlement prices (US$ per tonne)	1,868	2,234	*(16.4)*
Unit costs			
Jharsuguda (Production Cost) [3] (US$ per tonne)	1,645	-	-
Jharsuguda (Smelting Cost*) [3] (US$ per tonne)	925	-	-
BALCO Plant 2 (Production cost) (US$ per tonne)	1,534	1,623	*(5.5)*
BALCO Plant 2 (Smelting cost*) (US$ per tonne)	862	859	-
Revenue**	914.2	937.1	*(2.4)*
EBITDA	154.9	177.4	*(12.7)*
EBITDA Margin	16.9%	19.6%	-
Operating Profit	50.3	113.2	*(55.6)*

1 *Plants no longer operational*
2 *Include aluminium production of 174kt under trial run in FY2010*
3 *Cost of production for 250 ktpa smelter post commencement of commercial production in December 2009*
* *Smelting cost comprises production cost excluding alumina cost*
** *FY 2009 revenue includes US$30.5 million for sale of surplus power. EBITDA and EBITDA margin is on revenue excluding surplus power.*

Production Performance

Aluminium production in FY2010 was a record 533 kt, an increase of 15%. This increase is primarily due to the increase in production from the new 250 ktpa Jharsuguda aluminium smelter, although partially offset by the shut-down of Korba I smelter in Q1. The Korba II Smelter continues to operate above its full capacity.

The 250 ktpa smelter at Jharsuguda is operating close to its full capacity. Progressive commissioning of balance pots to achieve 500 ktpa smelter capacity. is underway. During the second half of April 2010, the production at smelter was disrupted as a result of a power failure. Necessary remedial measures are being taken.

All nine units of the 1,215 MW CPP are now operational. Surplus power is currently being sold in the wholesale market on spot basis.

The 1.4 mtpa alumina refinery at Lanjigarh has been fully commissioned and produced 762 kt in FY2010. Currently, bauxite feed for this refinery is being sourced internally from BALCO's mines and externally from bauxite mines in central and eastern India.

Unit Costs

Unit cost of production at our BALCO Plant II was US$ 1,534 per tonne for FY2010, 5.5% lower than the unit cost of US$ 1,623 per tonne in FY2009. Smelting costs at BALCO Plant II were marginally higher at US$ 862 per tonne in FY2010 compared to US$ 859 per tonne in FY2009. Operational efficiencies and savings in procurement costs of carbon and other raw materials being more than off-set by the fixed costs of BALCO I of around US$ 77 per tonne, being absorbed in the BALCO II smelter costs.

Sales

Our domestic aluminium sales at 410 kt in FY 2010 were up 16% year on year benefitting from a 10% growth in aluminium consumption in India. Profitability was also improved due to higher premiums charged and a 9% increase in sales of value added products such as rods and rolled products driven by sustained robust growth in the power sector.

Financial Performance

EBITDA for FY2010 was US$154.9 million, 13% lower than FY2009. This was primarily due to a 16% decrease in LME prices, which was partially off-set by lower operating costs and higher volumes and premium. Operating profit was lower at US$50.3 million, primarily as a result of higher depreciation for the Jharsuguda smelter following the commencement of commerical production during the year.

Projects

Jharsuguda Aluminium Smelter

All nine units of 135 MW have been commissioned. The commissioning of the remaining 76 pots of 500 ktpa Jharsuguda Smelter I is scheduled for Q1 FY2011. The project cost of the Jharsuguda I 500 ktpa smelter project increased from US$2.1 billion to US$2.3 billion, mainly due to foreign exchange variations.

The 1.25 mtpa Jharsuguda Aluminium smelter project is on schedule for final completion by Q2 FY 2013 with the first metal tapping now scheduled for Q2 FY11.

Lanjigarh Alumina Refinery

As scheduled, the second stream of the 1.4 mt Lanjigarh Alumina refinery has been commissioned. The 0.6 mt debottlenecking project will be commissioned in Q1 FY2011, which will be dependent on bauxite availability. Further 3 mtpa expansion of capacity, in three lines of 1mt each, is now scheduled for commissioning progressively from Q4 FY2011.

Balco Aluminium Smelter

Work on the new 325,000 tpa aluminium smelter at BALCO is progressing well. The first metal tapping is expected in Q4 FY 2011. Construction of the 1,200MW captive power plant was disrupted in September 2009 due to the collapse of a chimney under-construction. Work had resumed in January 2010 and is now in full swing. Despite disruption for aboutfour months, we are working toward synchronisation of the first unit of 300 MW in Q3 FY 2011 and remaining three units progressively by Q2 FY2012.

ENERGY

The performance of our Energy business in FY2010 is set out in the table below.

(in US$ millions, except as stated)	**FY2010**	**FY2009**	***% Change***
Power Sales (MU)	3,279	882	*271.8*
Balco, MALCO, Wind Energy	2,187	376	*481.6*
Surplus from CPP's	1,092	506	*115.6*
Revenue*	330.7	88.2	*274.9*
EBITDA	170.7	53.3	*220.3*
EBITDA Margin	51.6%	60.4%	-
Operating Profit	147.5	23.7	*522.4*

* *FY2009 figure reclassified for comparative purposes.*

Production Performance

In addition to the sales from power plants of 100 MW at MALCO, 270 MW at BALCO-1, and 123 MW wind power plant at HZL, the energy segment includes temporary surplus power sales from various captive power plants.

We sold 3,279 million units of power during FY2010 compared to 882 million units sold in FY2009. This growth in volume was mainly on account of surplus power sales due to the shut-down of high cost aluminium operations at Malco and BALCO 1 and surplus power from the Jharsuguda CPP.

Financial Performance

EBITDA in FY2010 was US$170.7 million, significantly higher than EBITDA of US$53.3 million in FY2009. EBITDA was higher primarily on account of higher volumes and realisation rate, partially offset by higher operating costs.

Projects

Jharsuguda IPP

Work on the 2,400MW (600MW x 4) coal based commercial power plant at Jharsuguda, Orissa is progressing well. The first unit is scheduled to be commissioned by Q1 FY2011 with the remaining three units expected to be progressively commissioned by the end of FY 2011.

Talwandi Sabo IPP

The EPC contract has been finalised for the 1,980 MW supercritical IPP project at Talwandi Sabo. The EPC contractor has appointed subcontractors to carry out pre-construction activities at the site and orders have also been placed for turbines, generators and power houses. Project completion is expected by Q2 FY 2014.

OTHER BUSINESS

Vizag Coal Berth

In order to make an entry into the growing Port and infrastructure sector in India we have participated and won a tender from Government of India's Vizag Port Company to construct a coal berth on a revenue sharing basis in a joint venture with Leighton Contractors (India) Pvt. Ltd. The estimated cost of the project is US$ 150 million to be completed by mid 2012.

OUTLOOK

The recovery in demand and commodity prices backed by growth momentum in China, Brazil and India appears well founded. The medium and long term outlook for the resource sector remains positive. We are well positioned to benefit from the upswing, benefitted by our structurally low cost position. We have a well laid out growth pipeline and all our expansion projects are on track to deliver an industry leading organic growth. We remain confident to deliver superior results as we are progressing.

FINANCIAL REVIEW 2010

HIGHLIGHTS

- Revenues up 21% to US$7.9 billion
- EBITDA up 42% to US$2.3 billion
- Free cash flow of US$1.8 billion, 79% EBITDA conversion
- Investment of US$3.5 billion in growth projects
- Strong balance sheet
  - Net debt of US$0.9 billion
  - Cash and liquid investments of US$7.2 billion
- Dempo iron ore acquisition completed during the year
- Purchased US$894 million of Vedanta equity and convertible bonds; and also bought US$311 million of subsidiaries' shares
- S&P negative watch outlook revised to Stable, Crisil upgraded Sterlite rating to AA+ from AA

(in US$ million except as stated)	**FY2010**	**FY2009**	**FY2008**	**FY2007**	**FY2006**
EBITDA	2,295.9	1,612.2	3,010.4	2,703.0	1,105.5
Underlying EPS (US cents per share)	199.2	108.0	303.9	327.0	130.2
Free cash flow	1,814.3	1,733.8	2,216.9	1,504.2	634.8
ROCE (excluding project capital WIP) (%)	19.9	24.4	45.6	78.5	37.9
Net (cash)/debt	947.1	200.8	(2,142.7)	(432.7)	11.9

We have delivered strong financial results in this challenging year for the global economy and our industry, delivering higher volume across all of our metals, improved operational efficiency, implementing cost reduction measures and improved commodity prices. We continue to benefit from a strong balance sheet with modest net debt of US$0.9 billion and liquidity of US$7.2 billion. Strong free cash flow was generated of US$1.8 billion and US$3.5 billion was spent on expansion projects in the year. Total Shareholders' funds at 31 March 2010 were US$11.4 billion, up from US$7.6 billion at 31 March 2009.

GROUP OPERATING RESULTS

Group operating results for FY2010 are set out below.

(in US$ million, except as stated)	**FY 2010**	**FY 2009**	***% Change***
Revenue	7,930.5	6,578.9	*20.5%*
EBITDA	2,295.9	1,612.2	*42.4%*
EBITDA margin (%)	29.0%	24.5%	-
Special items	(67.3)	(31.9)	-
Depreciation and amortisation	(563.0)	(473.3)	*19.0%*
OPERATING PROFIT	**1,665.6**	**1,107.0**	***50.5%***
Net interest income	176.0	74.0	*138.2%*
Profit before Taxation	**1,841.6**	**1,181.0**	***55.9%***
Income Tax Expense	(330.4)	(280.5)	*17.8%*
Effective Tax Rate (%)	17.9%	23.8%	-
Minority Interest	908.9	681.1	*33.4%*
Minority Interest (%)	60.1%	75.6%	-
Attributable profit	602.3	219.4	*174.5%*
Basic earnings per share (us cents per share)	219.6	76.4	*187.4%*
Underlying earning per share (us cents per share)	199.2	109.3	*82.3%*

Revenues were US$7.9 billion in FY 2010, up 21% from US$6.6 billion in FY 2009, and EBITDA was US$2.3 billion up 42% from EBITDA of US$1.6 billion in FY2009. This excellent operating performance was the result of higher volumes across all our businesses, the acquisition of Dempo, improved efficiencies in our operations and effective cost management– all of which countered the adverse economic conditions including inflationary pressures on certain key inputs. Profit after tax increased 68% to US$1.5 billion. Our ROCE (excluding capital work-in-progress) in FY 2010 was 19.9% in FY2010, compared to 24% in FY 2009.

In December 2009, the US$50 million letter of credit (LoC) provided to acquire Asarco as part of our agreement was encashed by them. We have expensed the amount through our income statement along with US$7.7 million of other expenses incurred to date on the unsuccessful acquisition. We believe we did not breach the terms of the agreement and Asarco were not entitled to encash the LoC. Hence we are pursuing legal recovery of this amount. Further, Asarco has filed a complaint in the US Bankruptcy Court against Sterlite and Sterlite USA alleging a breach of the agreement, and our subsequent request to renegotiate the US$2.6 billion purchase price in the 30 May 2008 agreement. We believe there is no merit in this claim because Asarco did not suffer any loss as the amount ultimately paid by Grupo Mexico was higher than that specified in our 30 May 2008 agreement. Asarco itself has not quantified any damages in its application.

During the year we spent US$6.9 million on restructuring of our operations, principally to cover voluntary redundancy. Impairment losses recognised in the income statement of FY2010 are US$2.7 million, reflecting the full write down of a small mine in Sesa impaired due to the non-renewal of its mining lease. All these expenses (including the write off for Asarco), are shown as part of Special Items.

During the year depreciation has increased to US$563 million, 19% higher from US$473 million during FY2009 reflecting the higher amortisation of mining reserves at iron ore operations inline with higher production, together with the commencement of commercial production at our alumina refinery, aluminium plant, and Zinc Smelter.

Net interest income in FY2010 was US$176.0 million compared with US$74.0 million in FY2009. Investment income was lower at US$272.8 million in FY2010 from US$ 456.2 million in FY 2009 as a result of lower yield on investments and conversion losses on dollar deposits kept at our Australian entity.

Gross finance costs have increased to US$537.9 million in FY2010, up from US$400.1 million in FY2009. Costs increased as a result of higher average debt at US$ 7,253 million in FY2010, up from US$4,370 million in FY2009 and the effective interest rate charged on our new convertible bonds, which was partially off-set by lower interest rates. Of the total interest cost, US$301.3 million relating to capital expansion projects was capitalised, as against US$112.0 million in FY2009 reflecting increased expenditure on capital expansion programme. The net interest cost in the income statement was US$236.6 million in FY2010 as compared with US$288.1 million in FY2009.

The tax charge increased to US$330.4 million in FY2010 from US$280.5 million in FY 2009 mainly due to increased profitability. The effective tax rate for FY2010 was 17.9% compared with 23.8% in FY2009 primarily because the Group has benefitted from lower effective tax rates in two of our major operating subsidiaries, HZL and Sesa, triggered by efficient use of various tax holidays.

The cash tax rate has decreased to 23.3% in FY2010, down from 32.1% in FY2009 as a result of a change in the profit mix, turnaround of KCM from loss to profit and higher tax exemptions in line with increased profitability.

Basic EPS in FY2010 was 219.6 US cents per share as against 76.4 US cents per share in FY 2009, which on a fully diluted basis is 203.2 US cents per share in FY 2010 as compared with 75.8 US cents per share.

BALANCE SHEET AND CASH FLOWS

We continue to maintain a strong balance sheet with capital employed of US$11.4 billion and net debt of US$0.9 billion. Net debt comprises US$ 7,239.4 million of cash and liquid investments offset by debt of US$ 8,186.5 million.

During the year we raised equity of US$1.1 billion in our subsidiary Sterlite. We also raised debt of around US$ 3.8 billion including US$3.1 billion of Convertible Bonds, of which US$2.1 billion was raised by the parent company and the rest by its subsidiaries. The parent company issued two tranches of 7 year convertible bonds totalling US$2.1 billion. At 31 March 2010, our balance sheet gearing was 7.5%.

Cash and liquid investments at 31 March 2010 were US$ 7.2 billion, the majority of which are denominated in Indian rupees. Of this, US$ 390.0 million was cash and cash equivalents and US$ 6,849.4 million was liquid investments. Cash and cash equivalents include cash and bank balances, short-term deposits with banks and short term highly liquid investments. Liquid investments consist of investments in mutual funds and bank deposits with maturity of more than 90 days. Our investments are consistent with our policy of investing in funds and banks with a low credit risk and high credit ratings.

The movement in net (debt)/cash in FY2010 is set out below.

(in US$ million, except as stated)	**FY2010**	**FY2009**
EBITDA	2,295.9	1,612.2
Operating exceptional items	(67.3)	(31.9)
Working capital movements	(27.9)	620.6
Changes in long term creditors and non-cash items	59.7	104.7
Sustaining capital expenditure	(184.4)	(282.1)
Sale of tangible fixed assets	12.1	7.9
Net interest paid and dividend received	134.0	33.2
Tax paid	(407.8)	(330.8)
Free cash flow	**1,814.3**	**1,733.8**
Expansion capital expenditure [1]	(3,543.4)	(3,021.3)
Semi expansion capital expenditure	(136.2)	(24.2)
Sale /(Purchase) of fixed assets investments	17.9	(85.4)
Acquisition of minorities	(189.7)	(316.8)
Acquisitions, net of cash & liquid investments acquired	(300.4)	-
Buyback of shares of Vedanta Resources plc	(348.6)	(80.3)
ADR Sterlite	1,090.1	-
Dividends paid to equity shareholders	(117.9)	(118.8)
Dividends paid to minority shareholders	(68.4)	(56.1)
Capital Creditors	401.2	207.0
Other movement [2]	634.4	(581.4)
Movement in net (debt)/cash	**(746.7)**	**(2,343.5)**

1 On an accrual basis

2 includes foreign exchange movements

With the objective of conserving the current cash and liquid investments of US$7.24 billion as at 31 March 2010, we are focussing on ongoing improvements to operational cash flows by streamlining operational costs and a critical review of sustaining capital expenditure, to make each of our businesses largely self-sustaining at the operational level whilst at the same time converting a significant part of the EBITDA into cash. The conversion of EBITDA to Free cash was 79% in FY 2010 as compared to 106% in FY 2009. The Free cash flow ("FCF") to EBITDA in FY2010 was lower than in the previous year due to additional working capital requirements at our newly commissioned plants and our copper custom smelting operations. Last year there was a reduction in working capital primarily as a result of the fall in LME of Copper. Gross working capital, represented by inventory and receivables, increased from US$1,644.3 million at 31 March 2009 to US$2,184.2 million at 31 March 2010. Specific actions are being taken to reduce the gross working capital.

Sustaining capital expenditure of US$ 184.4 million in FY2010 is lower than the previous year's expenditure of US$ 282.1 million, mainly due to the lower costs at KCM and tight control on sustaining capital expenditures.

We invested a record US$ 3.5 billion in expansion projects with the firm belief that our growth pipeline will create significant value for our shareholders. We remain committed to completing our expansion projects at or under budget and within the estimated timelines. A large part of the expansion capital expenditure was spent in our aluminium and energy businesses. We have spent US$ 1,129 million on the 1.25 mtpa Jharsuguda smelter expansion project and US$ 404 million in the 2,400MW commercial energy project at the same location. There is a marginal increase in the cost of the 500 ktpa smelter project from US$2.1 billion to US$2.3 billion. At Copper Zambia, we invested US$ 198.3 million during the year. The cost of the KDM Project has been revised upward from US$670 million to US$973 million for the reasons mentioned earlier.

The Board has approved capex spending of US$500 million at our iron ore operations. The debottlenecking and logistics initiatives are in progress to achieve a capacity of 50 mtpa by FY 2013. During H2, our subsidiary won a contract to build a coal berth at Vizg port in south India, at an estimated capex of US$150 million.

Return on Capital Employed ("ROCE") in FY2010 was 19.9%, lower than 24.4% in FY2009 despite higher operating profits, primarily due to significant capital expenditure on major projects during the later part of the year which we expect will start generating returns from FY2011. ROCE is an important KPI in our businesses. We accord high priority to capital productivity and we enhance the ratio by optimising asset performance and capital investment. We have also demonstrated a track record of completing our expansion projects on or ahead of schedule. A good example of capital productivity is the significantly higher output of iron ore in FY2010 over FY2009 without incurring any major capital expenditure and , the commissioning of the Zinc smelter at Dariba and concentrator at Agucha, three months ahead of schedule demonstrates our successful track record in completing our expansion projects.

Project Capex

Sector	Project	Production Volume	Country	Completion Date	Revised Cost US$ mn	Spent to 31 Mar 10 US$ mn	Unspent Commitment on 31 Mar 10 US$ mn
Alumina	Lanjigarh I Alumina Refinery	1.4 mtpa	India	Completed	1,015.3	942.3	31.7
	Debottlenecking Lanjigarh I	0.6 mtpa	India	Q1 FY 2011	150.0	60.6	13.1
	Lanjigarh II Alumina Refinery	3.0 mtpa	India	Q3 FY 2012	1,570.0	671.3	283.6
Aluminium	Korba III Smelter	325 KT & 1200 MW CPP	India	September 2011	1,820.0	626.4	513.3
	Jharsuguda I Smelter	0.5 mtpa & 1215 MW CPP	India	Q1 FY 2011	2,310.0	2,230.0	71.1
	Jharsuguda II Smelter	1.25 mtpa	India	September 2012	2,920.0	1,504.4	546.8
Zinc	Smelting	2.1 ltpa Zinc	India	Completed	720.0	607.8	85.1
		1.0 ltpa Lead	India	Mid 2010			
		160 MW CPP	India	Mid 2010			
	Mining	RA 5 to 6 mtpa	India	Completed			
		SK - 1.5 mtpa	India	Progressive from mid 2010			
		Kayar - 1 mtpa	India	End 2013			
Copper	KCM KDMP Project	7.5 mtpa	Zambia	End 2011	973.0	669.8	176.2
	KCM Nchanga Smelter	2.5 LTPA	Zambia	Completed	470.0	451.0	12.4
	SIIL Expansion Project	4.0 LTPA	India	Mid 2011	500.0	51.9	375.7
Power	Talwandi Saboo Power Project	1,980 MW	India	Q2 FY 2014	2,150.0	216.0	1,478.8
	SEL IPP	2,400 MW	India	Q4 FY 2011	1,900.0	1,286.6	218.8
Iron Ore	Pig Iron Expansion	375 ktpa	India	Mid 2011	150.0	6.3	86.6
	Sesa Iron Ore Mine Expansion	50 mt	India	FY 2013	500.0	-	-
	Vizag Coal Berth		India	Mid 2012	150.0	-	-
	Total				17,298.3	9,324.4	3,893.2

Based on the expansion projects currently underway, the funds required to complete these projects over the next three years are approximately US$6.9 billion.

Our debt maturity now averages four years as at 31 March 2010, as compared with 3.5 years as at 31 March 2009 In the next two years, US$1,772.3 million of debt falls due for repayment. Our cash and liquid investments, free cash generation and tied up funds are sufficient to meet our capital and debt commitments. We have cash and liquid investments of US$7,239.4 million as at 31 March 2010 along with undrawn funding facilities of US$3,204.8 million. Our strong balance sheet provides us sufficient headroom for raising further debt.

SHARE BUYBACK AND ACQUISITION OF SUBSIDIARY SHARES

We continue to look for opportunities to enhance shareholder value by buying back shares and increasing our stake in key subsidiaries at attractive prices. We spent US$548.3 million in buying back shares of Vedanta and purchase of shares of our subsidiaries — MALCO, Sesa Goa and Sterlite.

During the year we have invested US$ 348.6 million buying back 11.5 million equity shares in Vedanta, representing c. 4% of the outstanding share capital at an average price of £19.28 per share. We recently increased our buyback program from US$500 million to US$825 million.

It is planned that, as part of the Company's Buyback programme, purchases of Vedanta shares will also be made by Gorey Investments Limited, a Jersey-registered entity, owned by a trust and independent of the Vedanta Group. The purchases would be funded by Vedanta Jersey Investment Limited, a wholly owned subsidiary of Vedanta. Shares purchased by Gorey will be treated in the consolidated accounts of Vedanta as treasury shares, and the shares will be available for purchase by Vedanta itself (subject to compliance with Companies Act and other requirements) or for other purposes.

We also increased our equity stake in some of our subsidiaries in India under the Securities and Exchange Board of India (“SEBI”) scheme. In Sterlite Industries (India) Limited, due to the follow-on equity issue our equity stake had reduced from 60.9% to 56.7%. Subsequent to the issue we have increased our equity stake from 56.7% to 56.9% as at 31 March 2010. In Sesa Goa Limited, we have increased our equity stake from 52.7% as at 31 March 2009 to 58.1% as at 31 March 2010 Aafter taking into account the issue of equity shares to convertible bond holders, this has reduced our effective holding to 57.4%. In The Madras Aluminium Company Limited our equity stake has been increased from 93.2% as at 31 March 2009 to 94.5% as at 31 March 2010.

In respect of our options to acquire the minority stake held by Government of India in BALCO, the arbitration process is currently underway. In the case of HZL, we have exercised our call option, but the Government has responded by stating that it does not believe the exercising the option under company law is valid. The company has therefore started the arbitration process.

RISKS AND UNCERTAINTIES

Risks and Risk Management Practices

Our businesses and operations are subject to a variety of risks and uncertainties which are no different from any other company in general and our competitors in particular. Such risks are the result of not only the business environment within which we operate but also of other factors over which we have little or no control. These risks may be categorised between operational, financial, environmental, health and safety, political, market-related and strategic risks. We have well documented and practised risk management policies that act as an effective tool in minimising various risks to which our businesses are exposed to during the course of their day-to-day operations as well as in their strategic actions.

Risks are identified through a formal risk management programme with the active involvement of business managers and senior management personnel at both the subsidiary level as well as at the corporate level. Each significant risk has an 'owner' within the Group at a senior level, and the impact to the Group if a risk materialises and its likelihood of crystallisation is regularly reviewed. A risk register and matrix is maintained, which is regularly updated in consultation with business managers. The risk management process is coordinated by our management assurance function and is regularly reviewed by our Audit Committee. Key business decisions are discussed at the monthly meetings of the Executive Committee and senior managers address risk management issues when presenting initiatives to the Executive Committee. The overall internal control environment and risk management programme is reviewed by our Audit Committee on behalf of the Board.

A strong internal control culture is pervasive throughout the Group. Regular management assurance visits to our operations and holding companies are undertaken to ensure that the Group's high standards of internal control are maintained. The strength of a business's internal control environment forms a component of senior managers' performance appraisals. Further details on the Group's internal control environment are provided in the annual Corporate Governance Report.

The risks that we regard as the most relevant to our business are identified below. We have also commented on certain mitigating actions that we believe help us manage such risks.

Commodity Price Risks

Of the Group's principal commodities, aluminium, copper, zinc and lead are priced with reference to LME prices. LME prices are influenced by global demand and supply for these metals which in turn is influenced by global economic scenarios, regional growth, infrastructure spending by governments and also by Hedge fund activities.

In the case of iron ore, prices are not linked to any exchange but are generally influenced by all other factors outlined above. Recently industry price structures are becoming aligned to the "iron ore price index" reported by some agencies based on average of several current transactions. We sell a large part of our output on spot and price index linked price formula and the rest at fixed benchmark price levels. Price fluctuations can affect our operational and financial performance.

While the Group aims to achieve average LME prices for the year, average realised prices may not necessarily reflect the exact LME price movements because of a variety of reasons including uneven sales during the year. Any fluctuation in the prices of the metals that we produce and sell will have a direct impact upon the profitability of our businesses.

TC-RCs are a major source of income for the copper smelting operations in India and therefore are susceptible to fluctuations which are influenced by factors such as demand and supply conditions prevailing in the market.

As a general policy, we aim to sell our products at prevailing market prices. Hedging activity in commodities is undertaken on a strategic basis to a limited degree and is subject to both strict limits laid down by our Board and strictly defined internal controls and monitoring mechanisms. Decisions relating to hedging of commodities are approved by the Exco with clearly laid down guidelines for their implementation by the subsidiaries.

Our custom smelting operations of copper at Tuticorin enjoy a natural hedge except to the extent of a possible mismatch in quotational periods between the purchase of copper in concentrate and the sale of finished copper. The Group's policy on custom smelting is to generate its margins mainly from TC-RCs, premiums and sale of by-products. Hence quotational period mismatches are actively managed to ensure that the gains or losses are minimised. The copper smelting business actively reviews its procurement strategy to strike a judicious balance between copper concentrate procured at spot TC-RCs and those which are sourced at long-term contractual TC-RCs.

KCM is largely an integrated copper producer and hence our Group strategy to protect it from copper price fluctuations is to focus on controlling its costs. Custom smelter at KCM like smelting at Tuticorin is managed through a combination

Set out below are the key commodity price sensitivities on EBITDA resulting from a change of US$ 100 per tonne in LME prices.

	Average market price in FY2010 (US$ /tonne)	**Effect on EBITDA of US$ 100 per tonne change in LME (US$ million)**
Copper	6112	15.5
Aluminium	1868	55.3
Zinc	1936	66.4
Lead	1990	7.8

The above sensitivities are based on FY2010 volumes, costs and exchange rates and provide the estimated impact on EBITDA of changes in prices assuming that all other variables remain constant.

Political, Legal, Economic and Regulatory Risks

Our mining and smelting operations are located in India, Zambia and Australia and our holding and investment companies are located in jurisdictions including the United Kingdom, Mauritius and Cyprus.

The political, legal, fiscal and other regulatory regimes in these countries may result in higher operating cost or restrictions such as the imposition or increase in royalties, mining rights, taxation rates, legislation pertaining to repatriation of money and so on. Changes to government policies such as changes in royalty rates, reduction in import tariffs in India, reduction in assistance given by Government of India for exports and reduction or curtailment of income tax benefits available to some of our operations in India and Zambia are some of the examples of risks under this category.

Majority of our Group revenues and profits are derived from commodities sold to customers in India. Any downturn in overall health of Indian economy, any political instability and/or regional may impact revenue margins arising out of import tariffs prevailing in India.

We may also be affected by the omissions and commissions of political acts of governments in these countries over which we have no control.

We strive to maintain harmonious relationships with the governments in host countries and actively monitor developments in political, regulatory, fiscal and other areas which may have a bearing on our businesses.

We perform thorough risk assessment on a country by country basis to review the risks and to ensure that risks have been properly identified and managed.

Reserves and Resources

The ore reserves stated in this report are estimates and represent the quantities of copper, zinc, iron ore, lead and bauxite that we believe could be mined, processed, recovered and sold at prices sufficient to cover the estimated future total costs of production, remaining investment and anticipated additional capital expenditures. Our future profitability and operating margins depend upon our ability to access mineral reserves that have geological characteristics enabling 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 exhausting mines.

Moreover, these estimates are subject to numerous uncertainties inherent in estimating quantities of reserves and could vary in the future as a result of actual exploration and production results, depletion, new information on geology and fluctuations in production, operating and other costs and economic parameters such as metal prices, smelter treatment charges and exchange rates, many of which are beyond our control.

We continue to access our mineable reserves and resources using the latest available techniques and also get them periodically verified by independent experts. Our technical team continuously keep monitoring the mineralogy of our future mineable resources and back it up with required technological inputs to address any adverse changes in mineralogy.

Delivery of Expansion Projects On Time and Within Budget

We have a strong pipeline of green field and brown field expansions projects and we have committed funds for these projects. These projects have achieved various stages of completion. Our plans to generate sufficient cash flows from these projects to repay our long-term debt and our ability to raise further debt are dependent upon the successful completion of these projects on time and under budgeted cost and a faster production ramp up.

Our current and future projects may be significantly delayed by failures 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.

As a result, these projects may incur significant cost overruns and may not be completed on time, or at all.

We continue to invest in ensuring having best in class human resources to maintain our track record of completing large projects on time and in budgeted cost. We also have in place rigorous monitoring systems to track the projects progress and over time developed skills to overcome challenges.

Assets Use Continuity and Insurance

Productive assets in use in mining and smelting operations and the associated power plants may face break downs in the normal course of operations or due to abnormal events such as fire, explosion, environmental hazards or other natural calamities. Our insurance policies may not cover all forms of risks due to certain exclusions and limitations. It may also not be commercially feasible to cover all such risks.

Consequently, our insurance coverage may not cover all the claims including for environmental or industrial accidents or pollution.

We regularly carry out extensive review on the adequacy of our insurance coverage by engaging consultants and specialists and decide on the optimal levels of insurance coverage typical of our industry in India, Zambia and Australia.

Safety, Health and Environment Risks

We are engaged in mining activities which are inherently hazardous and any accident or explosion may cause personal injury or death, property damage or environmental damage at or to its mines, smelters, refineries or related facilities and also to communities that live near the mines and plants.

Such incidents may not only result in expensive litigation, damage claims and penalties but also cause loss of reputation. We also operate in Zambia which has a high incidence of HIV/AIDS – a threat to economic development.

We accord very high priority to safety, health and environment matters and these are regularly monitored and reviewed by the senior management team.

Simultaneously we continue to invest on training our people on these matters besides time to time interventions for improvements by the experts.

Operational Risks

Our operations are subject to conditions and events beyond our control that could, among other matters, increase our mining, transportation or production costs, disrupt or halt operations at our mines, smelters and power plants and production facilities for varying lengths of time or even permanently. These conditions and events include disruptions in mining and production due to equipment failures, unexpected maintenance problems and other interruptions, non-availability of raw materials of appropriate quantity and quality for our energy requirements, disruptions to or increased cost of transport services or strikes and industrial actions or disputes. While many of these risks are beyond our control, we have adequate and competent experience in these areas and have consistently demonstrated our ability to actively manage these problems proactively.

It is our policy to realise market prices for our commodities and therefore the profitability of our operations is dependent upon our ability to produce metals at a low cost which in turn is a factor of our commercial and operational efficiencies and higher through put. Prices of many of our input materials are influenced by a variety of factors including demand and supply as well as inflation.

Increase in the cost of such input materials would adversely impact our competitiveness.

We have consistently demonstrated our ability to manage our costs and most of our operations are situated in the lowest quartile of the cost curve. We have a strong commercial function and we identify the best opportunities for cost reduction and quickly implement them. We are highly focussed on costs and volumes. All operational and cost efficiencies are discussed regularly at the business review meetings as well as at the Group Executive Committee meetings.

Financial Risks and Sensitivities

Within the areas of financial risk, our Board has approved policies which embrace liquidity, currency, interest rate, counterparty & commodity risks and is strictly monitored at our Executive Committee meetings.

Our core philosophy in treasury management revolves around three main pillars, namely (a) capital protection, (b) liquidity maintenance, and (c) yield maximisation. Day-to-day treasury operations of our Group subsidiaries are managed by the respective subsidiary 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. Each of our subsidiaries has a strong internal control system including segregation of front office and back office functions with a separate reporting structure. We have a strong system of internal control which enables effective monitoring of adherence to Group policies. The internal control measures are effectively supplemented by regular management assurance audits.

We do not purchase or issue derivative financial instruments for trading or speculative purposes and neither do we enter into complex derivative transactions to manage our treasury and commodity risks. Derivative transactions in both treasury and commodities are normally in the form of forward contracts and interest rate swaps and currency swaps, which are subject to strict guidelines and policies.

The conservative financial policies have enabled us to minimise, where possible, the negative impact of the recent global recession

Liquidity Risks

We require funds both for short-term operational needs as well as for long-term investment programmes mainly in growth projects. The recent global financial crisis has significantly restricted the supply of credit. Banks and financial institutions have tightened lending norms.

We aim to minimise these risk by generating sufficient cash flows from our current operations which in addition to available cash and cash equivalents and liquid financial asset investments and sufficient committed funding facilities will provide liquidity both in the short-term as well as in the long-term. At 31 March 2010, we had cash and liquid investments of US$7.2 billion as well as US$3.2 billion of committed funding facilities from our lenders. Long-term borrowings are supplemented by short- to medium-term finance wherever required.

Our balance sheet is strong and gives us sufficient headroom for raising further debt should the need arise. We generally maintain a healthy debt-equity ratio as well as retain the flexibility in our financing structure to alter this ratio when the need arises.

Our credit is strong. We have raised US$4.2 billion of long term funds from the global financial market, at an attractive terms in the year 09-10.

Our contractual cash obligations excluding convertible bonds (on an undiscounted basis) by remaining maturity of our financial liabilities arising in the ordinary course of business at 31 March 2010 are set out below.

At 31 March 2010, we had access to funding facilities of US$11,378.4 million of which US$3,204.8 million was yet to be drawn as set out below.

Remaining maturities *(in US$ million)*	**< 1 year**	**1-2 years**	**2-5 years**	**> 5 years**	**Total**
Bank and other borrowings	1,012.6	759.7	2,669.9	953.6	5,395.8
Capital commitments	2,218.1	1,847.3	—	—	4,065.4
Convertible bonds			924.5	2,133.0	3,057.5
Total	**3,230.70**	**2,607.00**	**3,594.40**	**3,086.60**	**12,518.70**

Funding facilities *(in US$ million)*	**Total facility**	**Drawn**	**Yet to be drawn**
Less than 1 year	2,843.9	996.2	1,847.7
1-2 Years	516.9	516.9	-
2-5 years and above	8.017.6	6,660.4	1,357.2
Total	**11378.4**	**8,173.5**	**3,204.8**

Currency Risks

Our presentation currency is the US dollar. A majority of our assets are located in India where the Indian rupee is the functional currency for our subsidiaries. Operating costs are influenced by the currencies of host countries where our Group's mines and plants are located. Currency exposures also exist in the nature of capital expenditure and services denominated in currencies other than the Indian rupee. KCM's functional currency is the US dollar with its cost base having a mix of the Zambian kwacha and the US dollar.

Our Group borrowings are predominantly denominated in US dollars while a large portion of cash and liquid investments are held in other currencies, mainly in the Indian rupee. Some financial assets and liabilities are not held in the functional currency of the respective subsidiary.

We also hold some intra-Group balances in currencies which are not the functional currency of the respective subsidiary and hence the Group is exposed to movements in the functional currency of those entities and the currencies in which these balances are held.

Consequently, currency fluctuations may have a large impact on our Group financial results. We are subject to currency risks affecting the underlying cost base in the operating subsidiary companies and also the translation of unit cash costs, income statement and the balance sheet (including non-US dollar denominated borrowings) in the consolidated financial statements, where the functional currency is not the US dollar.

Foreign currency exposures are managed through a Group-wide hedging policy. The policy is reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed.

Foreign exchange exposures on imports, net of natural hedges in place, are hedged based on their maturity. Short term foreign exchange exposures relating to capital expenditure are hedged, whilst medium to long term exposures are unhedged.

Key foreign currency sensitivities on EBITDA resulting from a 10.0% movement in exchange rates are set out in the table below.

(in US$ million)	**Closing US dollar exchange rate as at 31 March 2010**	**Average US dollar exchange rate in FY2010**	**Impact of a 10% movement in currency on EBITDA**
CURRENCY			
Indian Rupee	45.14	47.42	332
Australian Dollar	1.092	1.174	8
Zambian Kwacha	4,820	4,938	42

The above sensitivities are based on FY 2010 volumes, costs and prices and give the estimated impact on EBITDA of changes in exchange rates assuming that all other variables remain constant.

Interest Risks

At 31 March 2009, our net debt of approximately US$ 947.1 million comprised cash and liquid investments of US$ 7.2 billion offset by debt of US$ 8.2 billion.

We are exposed to the interest rate risk on short-term and long-term floating rate instruments and also on the refinancing of fixed rate debt. Our 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 at 31 March 2010, US$4.9 billion of our total debt was at a fixed rate and the balance was at a floating rate.

Considering our net debt position at 31 March 2010 and our investments in bank deposits and debt mutual funds, any decrease in interest rates would result in a net gain and any increase in interest rates would result in a net loss. Based on our gross debt as at 31 March 2010, with all other variables remaining constant, a one percentage point increase in the US dollar LIBOR would impact our profit before tax by US$21.7 million.

Our deposits are in mutual funds with floating interest rate. Most of the floating rate deposits are in INR.

We have borrowings with a blend of fixed and floating rates in US dollar.

	Interest Paid fixed %	Investment income average yield %
CURRENCY		
Indian Rupee	9.8%	6.7%
US Dollar	6.1%	0.4%

Counterparty Risks

We are exposed to counterparty credit risks on our investments and receivables

We have clearly defined policies to mitigate counterparty risks. Cash and high quality liquid investments are held primarily in debt mutual funds and banks with high credit ratings. Emphasis is given to the security of investments. Limits are defined for exposure to individual counterparties in the case of mutual fund houses and banks. Most of the surplus cash is invested in banks and mutual funds in India where there is a well developed financial market. We also review the underlying investment portfolio of mutual fund houses to ensure that indirect exposures or latent exposures are minimised. The investment portfolio is monthly being reviewed by external agency i.e. CRISIL (subsidiary of S&P).

A large majority of receivables due from third parties are secured either as advance receipt of money or by use of trade financial instruments such as letters of credit.

Moreover, given the diverse nature of our businesses, trade receivables are spread over a number of customers with no significant concentration of credit risk. Our history of the collection of trade receivables shows a negligible provision for bad and doubtful debts. Therefore we do not expect any material risk on account of non-performance by any of the counterparties.

Employees

People are one of our key assets and we derive our strengths to maintain our competitive position from our people. Therefore, people in general and key personnel in particular leaving the organisation is a risk. Additionally, our inability to recruit and retain good talent would adversely affect us.

Our vision is to build a fast, flexible and flat organisation with world class capabilities and a high performance culture across all of our businesses. We believe in nurturing leaders from within and providing opportunities for growth across all levels and geographies. We have robust processes and systems in place for leadership development, training and growth to deliver value to the organisation and society.

We provide superior rewards for outstanding performance and have a long term incentive plan which covers a large number of employees in the group. A large proportion of our workforces are members of a trade union. We actively communicate and enter into dialogue with our workforce and believe in maintaining a positive atmosphere by being proactive with respect to resolution of labour issues. We have long term settlement with the trade unions, except KCM where it is more frequent, being concluded amicably.

Key Relationships

The group has several significant relationships which are critical to its business. These include, but are not limited to, the group's relationship with its majority shareholders, customers, lenders, employees and governments in the jurisdiction in which it operates.

Majority Shareholder

Majority shareholder of the Group is Volcan Investments Ltd. As at 31 March 2010 Volcan held 60% of the Company's total ordinary share capital.

Employees

People are one of our key assets and we derive our strengths to maintain our competitive position from our people. Further details described above in *Risks and Uncertainties* section.

Customers

The majority of the metal production from our Indian operations is sold in the Indian market and the rest is exported to growing countries in proximity to our operations. We produce globally required common commodities and with effective optimisation of freight and supply chain ensure that we meet customers' need at competitive price and create value by providing best in class service.

Vendors

Most of the supplies needed to operate the Group's mines and smelters are secured through expression of interest (EOI), a transparent procurement process giving ample opportunity to new participants and the Group is not materially dependent on any single vendor.

Lenders

The Group has entered into several loan arrangements. The principal loans held by Group companies are given in Note 22 of the Notes to the Consolidated Financial Statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VEDANTA RESOURCES PLC

We have audited the group financial statements of Vedanta Resources plc for the year ended 31 March 2010 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 50. 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 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.

Respective responsibilities of directors and auditors

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 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 (APB'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.

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 2010 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 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; and
  - the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Other matter

We have reported separately on the parent company financial statements of Vedanta Resources plc for the year ended 31 March 2010 and on the information in the Directors' Remuneration Report that is described as having been audited.

David Paterson (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

London, United Kingdom

5 May 2010

CONSOLIDATED INCOME STATEMENT

US$ million	Note	Year ended 31 March 2010	Year ended 31 March 2009
Continuing operations			
Revenue	3	7,930.5	6,578.9
Cost of sales		(5,786.7)	(5,136.1)
Gross profit		**2,143.8**	**1,442.8**
Other operating income		87.8	115.9
Distribution costs		(229.5)	(163.0)
Administrative expenses		(269.2)	(256.8)
Special items	4	(67.3)	(31.9)
Operating profit	3	**1,665.6**	**1,107.0**
Investment revenues	5	272.8	456.2
Finance costs	6	(236.6)	(288.1)
Other gains / (losses)	7	139.8	(94.1)
Profit before taxation		**1,841.6**	**1,181.0**
Tax expense	8	(330.4)	(280.5)
Profit for the year		**1,511.2**	**900.5**
Attributable to:			
Equity holders of the parent		602.3	219.4
Minority interests		908.9	681.1
		1,511.2	**900.5**
Basic earnings per ordinary share (US Cents)	9	219.6	76.4
Diluted earnings per ordinary share (US Cents)	9	203.2	75.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

US$ million	**Year ended 31 March 2010**	**Year ended 31 March 2009**
Profit for the year	**1,511.2**	**900.5**
Income and expenses recognised directly in equity:		
Exchange differences arising on translation of foreign operations	1,308.7	(2,195.3)
Gains/(losses) in fair value of available-for-sale financial assets	111.0	(12.8)
Gains in fair value of cash flow hedges deferred in reserves	70.9	22.5
Tax effects arising on cash flow hedges deferred in reserves	(24.1)	(5.5)
Total income / (expense) recognised in equity	**1,466.4**	**(2,191.1)**
Losses/(gains) in fair value of cash flow hedges transferred to income statement	56.8	(67.0)
Tax effects arising on cash flow hedges transferred to income statement	(19.2)	20.9
Total transferred to the income statement	**37.6**	**(46.1)**
Total comprehensive income / (expense) for the year	**3,015.2**	**(1,336.7)**
Attributable to:		
Equity holders of the parent	1,406.1	(847.7)
Minority interests	1,609.1	(489.0)

CONSOLIDATED BALANCE SHEET

US$ million	Note	As at 31 March 2010	As at 31 March 2009
ASSETS			
Non-current assets			
Goodwill		12.2	12.2
Property, plant and equipment		14,326.7	9,348.4
Financial asset investments		201.2	91.6
Other non-current assets		18.3	21.4
Other financial assets (derivatives)		43.7	52.8
Deferred tax assets		8.9	11.2
		14,611.0	**9,537.6**
Current assets			
Inventories		1,260.6	909.3
Trade and other receivables		923.6	735.0
Other current financial assets (derivatives)		10.4	82.0
Liquid investments		6,849.4	4,532.1
Cash and cash equivalents		390.0	380.5
Current tax assets		15.0	-
		9,449.0	**6,638.9**
TOTAL ASSETS		**24,060.6**	**16,176.5**
LIABILITIES			
Current liabilities			
Short term borrowings	11	(1,012.6)	(1,298.5)
Trade and other payables		(2,559.2)	(1,967.7)
Other current financial liabilities (derivatives)		(38.5)	(114.7)
Provisions		(0.9)	(6.9)
Current tax liabilities		(71.7)	(47.6)
		(3,682.9)	**(3,435.4)**
Net current assets		**5,766.1**	**3,203.5**
Non-current liabilities			
Medium and long term borrowings	11	(4,383.2)	(3,212.3)
Convertible bonds		(2,777.8)	(604.1)
Trade and other payables		(306.4)	(76.4)
Other financial liabilities (derivatives)		(44.7)	(59.7)
Deferred tax liabilities		(1,209.3)	(1,010.6)
Retirement benefits		(36.6)	(29.3)
Provisions		(167.6)	(165.5)
Non equity minority interests		(11.9)	(11.9)
		(8,937.5)	**(5,169.8)**
TOTAL LIABILITIES		**(12,620.2)**	**(8,605.2)**
NET ASSETS		**11,439.6**	**7,571.3**
EQUITY			
Share capital		29.6	28.9
Share premium account		196.8	21.1
Share based payment reserves		25.6	14.0
Convertible bond reserve		305.9	111.5
Hedging reserves		27.8	(39.6)
Other reserves		2,463.8	1,168.9
Treasury shares		(428.9)	(80.3)
Retained earnings		2,090.9	1,888.1
Equity attributable to equity holders of the parent		**4,710.5**	**3,112.6**
Minority interests		6,729.1	4,458.7
TOTAL EQUITY		**11,439.6**	**7,571.3**

Approved by the Board on 5 May 2010

Anil Agarwal

Chairman

CONSOLIDATED CASH FLOW STATEMENT

US$ million	Note	Yearended 31March2010	Yearended 31March2009
Operating activities			
Profit before taxation		**1,841.6**	**1,181.0**
Adjustments for:			
Depreciation		563.0	473.2
Investment revenues		(272.9)	(456.2)
Finance costs, including foreign exchange		96.8	382.2
Share based payment charge		15.6	13.1
Inventory net realisable value write down		-	79.0
Other non-cash items		44.1	12.6
Operating cash flows before movements in working capital		**2,288.4**	**1,684.9**
(Increase)/decrease in inventories		(249.4)	69.9
Decrease in receivables		16.4	167.9
Increase in payables		205.2	383.9
Cash generated from operations		**2,260.5**	**2,306.6**
Dividends received		142.7	241.9
Interest income received		150.1	130.2
Interest paid		(455.3)	(399.9)
Income taxes paid		(407.8)	(330.8)
Dividends paid		(117.9)	(118.8)
Net cash from operating activities		**1,572.2**	**1,829.2**
Cash flows from investing activities			
Acquisition of subsidiary		(335.0)	-
Cash acquired with subsidiary		34.6	-
Purchases of property, plant and equipment		(2,362.1)	(2,799.6)
Proceeds on disposal of property, plant and equipment		12.1	7.9
Dividends paid to minority interests of subsidiaries		(68.4)	(56.1)
Purchase of liquid investments	12	(1,663.4)	(961.9)
Buyback of shares		(348.6)	(80.3)
Buy out of minority interest		(189.7)	(316.8)
Sale /(Purchase) of financial asset investments		17.9	(85.4)
Net cash used in investing activities		**(4,902.6)**	**(4,292.2)**
Cash flows from financing activities			
Issue of ordinary shares		0.7	0.1
Issue of depository receipts by subsidiary		1,090.1	-
(Decrease)/increase in short term borrowings	12	(360.6)	209.0
Increase in long-term borrowings	12	2,859.0	1,999.1
Net cash from financing activities		**3,589.2**	**2,208.2**
Net Increase/(decrease) in cash and cash equivalents	12	258.9	(254.8)
Effect of foreign exchange rate changes	12	(249.4)	177.1
Cash and cash equivalents at beginning of year		380.5	458.2
Cash and cash equivalents at end of year	12	**390.0**	**380.5**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company										
US$ million	**Share capital**	**Share premium**	**Treasury Shares**	**Share based payment reserves**	**Convertible bond reserve**	**Hedging reserves**	**Other reserves***	**Retained earnings**	**Total**	**Minority interest**	**Total equity**
At 1 April 2008	**28.8**	**20.0**	**-**	**15.6**	**115.7**	**(9.1)**	**1,932.6**	**1,743.5**	**3,847.1**	**5,360.6**	**9,207.7**
Total Comprehensive (loss)/income for the period	-	-	-	-	-	(30.5)	(1,036.6)	219.4	(847.7)	(489.0)	**(1,336.7)**
Conversion of convertible bond	-	1.1	-	-	(0.2)	-	-	-	0.9	-	**0.9**
Convertible bond transfers	-	-	-	-	(4.0)	-	-	4.0	-	-	**-**
KCM call option	-	-	-	-	-	-	213.2	63.8	277.0	(233.1)	**43.9**
Transfers **	-	-	-	-	-	-	59.7	(59.7)	-	-	**-**
Dividends paid	-	-	-	-	-	-	-	(118.8)	(118.8)	(56.1)	**(174.9)**
Exercise of LTIP /STIP awards	0.1	-	-	(14.7)	-	-	-	14.7	0.1	-	**0.1**
Purchase of Treasury Shares	-	-	(80.3)	-	-	-	-	-	(80.3)	-	**(80.3)**
Additional Investment in Subsidiaries	-	-	-	-	-	-	-	21.2	21.2	(123.7)	**(102.5)**
Recognition of share based payment	-	-	-	13.1	-	-	-	-	13.1	-	**13.1**
At 31 March 2009	**28.9**	**21.1**	**(80.3)**	**14.0**	**111.5**	**(39.6)**	**1,168.9**	**1,888.1**	**3,112.6**	**4,458.7**	**7,571.3**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Attributable to equity holders of the Company										
US$ million	Share capital	Share premium	Treasury Shares	Share based payment reserves	Convertible bond reserve	Hedging reserves	Other reserves*	Retained earnings	Total	Minority interest	Total equity
At 1 April 2009	**28.9**	**21.1**	**(80.3)**	**14.1**	**111.5**	**(39.6)**	**1,168.9**	**1,888.1**	**3,087.6**	**4,458.7**	**7,571.3**
Total Comprehensive income for the period	-	-	-	-	-	67.4	736.5	602.3	1,406.1	1,609.1	3,015.2
Issue of convertible bond	-	-	-	-	330.2	-	-	-	330.2	-	330.2
Issue of depository receipts by subsidiary***	-	-	-	-	-	-	-	300.1	300.1	790.0	1,090.1
Conversion of convertible bonds	0.7	175.7	-	-	(109.5)	-	-	42.2	109.1	32.6	141.7
Convertible bond transfers	-	-	-	-	(26.3)	-	-	26.3	-	-	-
Transfers **	-	-	-	-	-	-	558.4	(558.4)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(117.9)	(117.9)	(68.4)	(186.3)
Exercise of LTIP /STIP awards	-	-	-	(4.1)	-	-	-	4.1	-	-	-
Purchase of Treasury Shares	-	-	(348.6)	-	-	-	-	-	(348.6)	-	(348.6)
Additional Investment in Subsidiaries	-	-	-	-	-	-	-	(96.8)	(96.8)	(92.9)	(189.7)
Recognition of share based payment	-	-	-	15.6	-	-	-	-	15.6	-	15.6
At 31 March 2010	**29.6**	**196.8**	**(428.9)**	**25.6**	**305.9**	**27.7**	**2,463.8**	**2,089.9**	**4,710.3**	**6,729.1**	**11,439.4**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

* Other reserves comprise:

	Currency translation reserve	Merger reserve	Investment revaluation reserve	General reserves	Other	Total
At 1 April 2008	**277.6**	**4.4**	**0.2**	**1,863.6**	**(213.2)**	**1,932.6**
Exchange differences on translation of foreign operations	(1,023.8)	-	-	-	-	(1,023.8)
Revaluation of available-for-sale investments	-	-	(12.8)	-	-	(12.8)
KCM call option	-	-	-	-	213.2	213.2
Transfer from retained earnings**	-	-	-	59.7	-	59.7
At 31 March 2009	**(746.2)**	**4.4**	**(12.6)**	**1,923.3**	**-**	**1,168.9**
Exchange differences on translation of foreign operations	625.5	-	-	-	-	625.5
Revaluation of available-for-sale investments	-	-	111.0	-	-	111.0
Transfer from retained earnings**	-	-	-	558.4	-	558.4
At 31 March 2010	**(120.7)**	**4.4**	**98.4**	**2,481.7**	**-**	**2,463.8**

** Under Indian law, a general reserve is created through a year-on-year transfer from the income statement. The purpose of these transfers is to ensure that distributions in a year are less than the total distributable results for the year. The general reserve becomes fully distributable in future periods.

*** In June 2009, Sterlite raised US$ 1090.1 million via the issuance of American Depository Receipts. This resulted in a reduction of Vedanta's shareholding in Sterlite from 61.35% to 56.62%. This reduction has not resulted in any change in control and hence Sterlite continues to be consolidated in Vedanta's consolidated financial statements. This reduction has been accounted in Vedanta's consolidated financial statement as an equity transaction. The carrying amount of the minority interest has been adjusted to reflect the change in Vedanta's interest in Sterlite's net assets. The difference between the amount by which the minority interest is adjusted and the net consideration received of US$ 298.2 million is recognised directly in equity and attributed to equity holders of Vedanta.

Notes to Preliminary Announcement

1. General information and accounting policies

This preliminary results announcement is for the year ended 31 March 2010. The announcement, including all comparatives has been prepared using the accounting policies consistent with the 2009 and 2010 audited financial statements.

2. 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 IFRS, Article 4 of the IAS Regulation and International Financial Reporting Standards (IFRS) as adopted by the European Union and related interpretations.

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 March 2010 or 2009, but is derived from those accounts. Statutory accounts for 2009 have been delivered to the Registrar of Companies and those for 2010 will be delivered following the company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified, did not include reference to any matter to which the auditors draw attention by way of emphasis of matter without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006.

The financial information has 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 Risks and Uncertainties - Liquidity Risks section of the Finance Review.

3. Segment information

The Group's primary format for segmental reporting is based on business segments. The business segments consist of aluminium, copper, zinc, iron ore and energy with residual components being reported as "Other". 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:

- Aluminium
- Copper-India/Australia
- Copper-Zambia
- Zinc
- Iron Ore
- Energy

The Energy segment includes the sales of surplus power from Captive Power Plants for which the related asset carrying values are located within the other business segments.

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. Amounts reported for the prior year have been restated to conform to the requirements of IFRS 8.

(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 2010 and 2009.

	Continuing Operations							
Year ended 31 March 2010(*US$ million*)	**Aluminium**	**Copper-India/ Australia**	**Copper-Zambia**	**Zinc**	**Iron Ore**	**Energy**	**Elimination**	**Total Operations**
REVENUE								
Sales to external customers	914.2	2,741.4	1,070.8	1,651.7	1,221.7	330.7	-	7,930.5
Inter-segment sales	1.6	-	12.9	-	0.8	-	(15.3)	-
Segment revenue	**915.8**	**2,741.4**	**1,083.7**	**1,651.7**	**1,222.5**	**330.7**	**(15.3)**	**7,930.5**
RESULT								
Segment result before special items	55.3	123.6	32.5	918.4	455.7	149.5	-	1,735.0
Special items (note 4)	(4.9)	(57.7)	-	-	(2.7)	(2.0)	-	(67.3)
Segment result after special items	50.4	65.9	32.5	918.4	453.0	147.5	-	1,667.7
Unallocated corporate expenses								(2.1)
OPERATING PROFIT								**1,665.6**
Net finance income								176.0
PROFIT BEFORE TAXATION								**1,841.6**
Tax expense								(330.4)
PROFIT FOR THE YEAR								**1,511.2**
ASSETS AND LIABILITIES								
Segment assets	7,590.2	2,921.8	2,065.2	4,488.0	4,078.5	1,964.5	-	23,108.2
Unallocated assets								951.4
TOTAL ASSETS								**24,059.6**
Segment liabilities	(3,603.9)	(1,550.5)	(828.1)	(433.2)	(2,425.1)	(729.9)	-	(9,570.7)
Unallocated liabilities								(3,049.4)
TOTAL LIABILITIES								**(12,620.1)**
Other segment information								
Additions to property, plant and equipment	2,385.9	87.6	307.4	505.6	32.0	546.0	-	3,864.5
Depreciation	(99.7)	(42.3)	(119.2)	(64.4)	(217.3)	(20.1)	-	(563.0)

(a) Reportable segments (continued)

Year ended 31 March 2009

	Continuing Operations							
Year ended 31 March 2010*(US$ million)*	**Aluminium**	**Copper-India/ Australia**	**Copper-Zambia**	**Zinc**	**Iron Ore**	**Energy**	**Elimination**	**Total Operations**
REVENUE								
Sales to external customers	937.1	2,537.9	773.1	1,209.1	1,070.4	51.3	-	6,578.9
Inter-segment sales	4.4	-	1.7	-	-	-	(7.6)	-
Segment revenue	**941.5**	**2,537.9**	**774.8**	**1,209.1**	**1,070.4**	**51.3**	**(7.6)**	**6,578.9**
RESULT								
Segment result before special items	117.2	245.9	(165.9)	548.3	376.9	17.6	-	1,140.0
Special items (note 4)	-	(3.0)	-	-	(28.9)	-	-	(31.9)
Segment result after special items	117.2	242.9	(165.9)	548.3	348.0	17.6	-	1,108.1
Unallocated corporate expenses								(1.1)
OPERATING PROFIT								**1,107.0**
Net finance income								74.0
PROFIT BEFORE TAXATION								**1,181.0**
Tax expense								(280.5)
PROFIT FOR THE YEAR								**900.5**
ASSETS AND LIABILITIES								
Segment assets	4,718.4	2,479.6	1,803.3	3,129.9	2,471.0	1,103.7	-	15,705.9
Unallocated assets								470.6
TOTAL ASSETS								**16,176.5**
Segment liabilities	(3,020.7)	(1,087.0)	(732.6)	(303.7)	(1,657.1)	(317.6)	-	(7,118.7)
Unallocated liabilities								(1,486.5)
TOTAL LIABILITIES								**(8,605.2)**
Other segment information								
Additions to property, plant and equipment	1,841.4	34.4	584.4	294.6	27.1	545.7	-	3,327.6
Depreciation	(80.2)	(47.7)	(95.1)	(57.1)	(180.2)	(12.9)	-	(473.2)

Included within the Aluminium, Zinc, and Other segment results is a profit of US$23.7 million on surplus power sales. From 1 April 2009 surplus power sales have been included within the new Energy segment.

(b) EBITDA [1] by segment

US$ million	**Year ended 31 March 2010**	**Year ended 31 March 2009**
Aluminium	154.9	177.4
Copper	317.7	222.9
India/Australia	165.9	293.7
Zambia	151.8	(70.8)
Zinc	982.8	603.3
Iron Ore	673.0	557.1
Energy	170.7	53.3
Other	(3.2)	(1.8)
EBITDA	**2,295.9**	**1,612.2**
Depreciation	(563.0)	(473.3)
Special items	(67.3)	(31.9)
Group operating profit	**1,665.6**	**1,107.0**

(1) EBITDA represents operating profit before special items, depreciation and amortisation

(c) Geographical segmental analysis

The Group's operations are located in India, Zambia and Australia. 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 2010**	**Year ended 31 March 2009**
India	3,900.5	3,318.8
China	1,838.0	1,131.4
Far East Others	633.5	836.5
UK	119.5	6.2
Africa	108.7	138.9
Europe	378.9	110.6
Middle East	834.6	763.1
Asia Others	113.8	192.9
Other	3.0	50.5
Total	**7,930.5**	**6,578.9**

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*		**Additions to property, plant and equipment**	
US$ million	As at 31 March 2010	**As at 31 March 2009**	**Year ended 31 March 2010**	**Year ended 31 March 2009**
Australia	14.6	11.4	4.4	3.5
India	12,701.4	7,928.8	3,540.2	2,664.0
Zambia	1,644.7	1,456.4	307.4	578.5
Other	197.7	77.0	12.5	81.6
Total	**14,558.4**	**9,473.6**	**3,864.5**	**3,327.6**

* *Non-current assets does not include deferred tax assets and derivative receivables.*

4. Special items

US$ million	**Year ended 31 March 2010**	**Year ended 31 March 2009**
Asarco transaction costs*	(57.7)	-
Voluntary retirement schemes	(6.9)	-
Losses in respect of obligation to associate	-	(3.0)
Impairment of mining reserves	(2.7)	(28.9)
	(67.3)	**(31.9)**

* *Asarco transaction costs include the loss of a US$50 million deposit used as security for a letter of credit which has been encashed by the counterparty.*

5. Investment revenue

US$ million	**Year ended 31 March 2010**	**Year ended 31 March 2009**
Interest income on loans and receivables	17.2	27.9
Interest income on cash and bank balances	75.5	72.2
Change in fair value of financial assets held for trading	27.7	34.0
Profit on disposal of financial assets held for trading	47.8	27.5
Profit on sale of available for sale investment	7.6	-
Dividend income on financial assets held for trading	142.7	241.9
Expected return on defined benefit arrangements	1.8	2.0
Foreign exchange (loss)/gain on cash and liquid investments	(42.7)	61.0
Capitalisation of interest income	(4.8)	(10.3)
	272.8	**456.2**

6. Finance costs

US$ million	**Year ended 31 March 2010**	**Year ended 31 March 2009**
Interest on bank loans and overdrafts	308.5	289.6
Coupon interest on convertible bonds	96.9	33.4
Accretive interest on convertible Bond	48.2	3.8
Interest on financial liability measured at fair value	21.7	34.5
Interest on other loans	52.3	26.9
Total interest cost	**527.6**	**388.2**
Unwinding of discount on provisions	4.4	4.2
Interest on defined benefit arrangements	5.9	7.7
Capitalisation of borrowing costs	(301.3)	(112.0)
	236.6	**288.1**

7. Other (gains)/ losses:

US$ million	**Year ended 31 March 2010**	**Year ended 31 March 2009**
Exchange (gains) /losses on borrowings and capital creditors	(260.2)	458.1
Less: Qualifying borrowing costs capitalised	46.4	(326.1)
Change in fair value of financial liabilities measured at fair value	(17.5)	(5.5)
Change in fair value of embedded derivative on convertible bonds	35.7	-
Loss/(gain) arising on qualifying hedges and non-qualifying hedges	55.8	(32.4)
	(139.8)	**94.1**

8. Tax

$ million	Year ended 31 March 2010	Year ended 31 March 2009
Current tax:		
UK Corporation tax	-	-
Foreign tax		
- India	404.1	323.0
- Zambia	0.1	30.1
- Australia	20.3	20.5
- Other	4.9	5.7
	429.4	379.3
Deferred tax:		
Current year movement in deferred tax	(99.0)	(98.8)
	(99.0)	(98.8)
Total tax expense	330.4	280.5
Effective tax rate	17.9%	23.8%

Deferred tax recycled from equity to income statement is a charge of $8.5 million (2009: credit of $4.8 million).

9. 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 2010	Year ended 31 March 2009
Net profit attributable to equity holders of the parent	602.3	219.4

	Year ended 31 March 2010	Year ended 31 March 2009
Weighted average number of ordinary shares for basic earnings per share (million)	274.3	287.2
Effect of dilution:		
Convertible bonds	46.7	-
Share options	3.7	2.2
Adjusted weighted average number of ordinary shares for diluted earnings per share	**324.7**	**289.4**

A) Earnings per share based on profit for the year

Basic earnings per share on the profit for the year	**Year ended 31 March 2010**	**Year ended 31 March 2009**
Profit for the year attributable to equity holders of the parent (US$ million)	602.3	219.4
Weighted average number of shares of the Company in issue (million)	274.3	287.2
Earnings per share on profit for the year (US cents per share)	219.6	76.4

Diluted earnings per share on the profit for the year	**Year ended 31 March 2010**	**Year ended 31 March 2009**
Profit for the year attributable to equity holders of the parent (US$ million)	602.3	219.4
Adjustment in respect of convertible bonds of Vedanta (US$ million)	57.6	-
Profit for the year after dilutive adjustment (US$ million)	659.9	219.4
Adjusted weighted average number of shares of the Company in issue (million)	324.7	289.4
Diluted earnings per share on profit for the year (US cents per share)	203.2	75.8

During the year ended 31 March 2010, 393,292 options issued under the Long Term Incentive Plan were converted to equity shares pursuant to vesting and exercise of the options (2009: 535,350 options). Also during the year ended 31 March 2010, 6,804,628 shares were issued on conversion of a portion of one of the Group's convertible bonds (2009: 42,452 shares). The issue of these shares has been included in determining the 2010 weighted average number of shares.

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.

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 (see note 7) and their resultant tax and minority interest effects, as shown in the table below:

US$ million	**Note**	**Year ended 31 March 2010**	**Year ended 31 March 2009**
Profit for the year attributable to equity holders of the parent		602.3	219.4
Special items	4	67.3	31.9
Other (gains)/ losses		(139.9)	94.1
Minority interest effect of special items and other (gains)/ losses		16.8	(35.2)
Underlying Profit for the year		**546.5**	**310.2**

Basic earnings per share on Underlying Profit for the year	**Year ended 31 March 2010**	**Year ended 31 March 2009**
Underlying profit for the year (US$ million)	546.5	310.2
Weighted average number of shares of the Company in issue (million)	274.3	287.2
Earnings per share on Underlying Profit for the year (US cents per share)	199.2	108.0

Diluted earnings per share on Underlying Profit for the year	**Year ended 31 March 2010**	**Year ended 31 March 2009**
Underlying profit for the year (US$ million)	546.5	310.2
Adjustment in respect of convertible bonds of Vedanta (US$ million)	57.6	-
Underlying profit for the year after dilutive adjustment (US$ million)	604.1	310.2
Adjusted weighted average number of shares of the Company (million)	324.7	289.4
Diluted earnings per share on Underlying Profit for the Year (US cents per share)	186.0	107.2

10. Dividends

US$ million	**Year ended 31 March 2010**	**Year ended 31 March 2009**
Amounts recognised as distributions to equity holders:		
Equity dividends on ordinary shares:		
Final dividend for 2008-09 : 25 US cents per share (2007-08 : 25 US cents per share)	70.2	71.8
Interim dividend paid during the year : 17.5 US cents per share (2008-09 : 16.5 US cents per share)	47.7	47.0
	117.9	**118.8**
Proposed for approval at AGM		
Equity dividends on ordinary shares:		
Final dividend for 2009-10: 27.5 US cents per share (2008-09: 25 US cents per share)	**75.2**	**69.8**

11. Borrowings

US$ million	As at 31 March 2010	As at 31 March 2009
Bank loans	3,597.4	2,483.3
Bonds	1,243.7	1,812.4
Other loans	554.7	215.1
Total	**5,395.8**	**4,510.8**
Borrowings are repayable as:		
Within one year (shown as current liabilities)	1,012.6	1,298.5
In the second year	759.7	173.9
In two to five years	2,669.9	1,626.2
After five years	953.6	1,412.2
Total borrowings	**5,395.8**	**4,510.8**
Less: payable within one year	(1,012.6)	(1,298.5)
Medium and long term borrowings	**4,383.2**	**3,212.3**

12. 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 2008	**458.2**	**4,648.5**	**(1,417.2)**	**(1.2)**	**(1,556.9)**	**11.3**	**2,142.7**
Cash flow	(254.8)	961.9	(209.0)	-	(1,999.1)	-	(1,501.0)
Other non-cash changes(3)	-	33.3	-	9.6	(341.3)	(18.2)	(316.6)
Foreign exchange differences	177.1	(1,111.6)	327.7	-	80.9	-	(525.9)
At 1 April 2009	380.5	4,532.1	(1,298.5)	8.4	(3,816.4)	(6.9)	(200.8)
Cash flow	258.8	1,663.4	360.6	-	(2,859.0)	-	(576.2)
Acquisition of Subsidiaries	-	-	(12.4)	-	-	-	(12.4)
Other non-cash changes (3)	-	27.6	25.0	(9.3)	(351.7)	(5.1)	(313.5)
Foreign exchange differences	(249.3)	626.3	(87.3)	-	(133.9)	-	155.8
At 31 March 2010	**390.0**	**6,849.4**	**(1,012.6)**	**(0.9)**	**(7,161.0)**	**(12.1)**	**(947.2)**

(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$326.7 million (2009: US$341.3 million) of project buyers credit obtained from banks, for which there is no cash movem value movement in investments. A movement of US$ 14.4 million (2009: US$ 8.6 million) which pertains to fair value of debt related derivatives is also included in other non-cash changes.

GLOSSARY AND DEFINITIONS

5S

A Japanese concept laying emphasis on housekeeping and occupational safety in a sequential series of steps as Sort (Seiri); Set in Order (Seiton); Shine (Selso); Standardise (Seiketsu); and Sustain (Shitsuke)

Adapted Comparator Group

The new comparator group of companies used for the purpose of comparing TSR performance in relation to the LTIP, adopted by the Remuneration Committee on 1 February 2006 and replacing the previous comparator group comprising companies constituting the FTSE Worldwide Mining Index (excluding precious metals)

AGM or Annual General Meeting

The annual general meeting of the Company which is scheduled to be held at 3.00 PM, UK time, on the 28 July 2010.

AE

Anode effects

AGRC

Ararat Gold Recovery Company incorporated in Armenia, engaged in gold mining and processing

AIDS

Acquired immune deficiency syndrome

Aluminium Business

The aluminium business of the Group, comprising its fully-integrated bauxite mining, alumina refining and aluminium smelting operations in India, and trading through the Bharat Aluminium Company Limited and The Madras Aluminium Company Limited, companies incorporated in India

Articles of Association

The articles of association of Vedanta Resources plc

Attributable Profit

Profit for the financial year before dividends attributable to the equity shareholders of Vedanta Resources plc

BALCO

Bharat Aluminium Company Limited, a company incorporated in India

Board or Vedanta Board

The board of directors of the Company

Board Committees

The committees reporting to the Board: Audit, Remuneration, Nominations, and Health, Safety and Environment, each with its own terms of reference

Businesses

The Aluminium Business, the Copper Business and the Zinc Business together

Capital Employed

Net assets before Net (Debt)/Cash

Capex

Capital expenditure

Cash Tax Rate

Current taxation as a percentage of profit before taxation

CEO

Chief executive officer

CII

Confederation of Indian Industries

CLZS

Chanderiya lead and zinc smelter

CO2

Carbon dioxide

CMT

Copper Mines of Tasmania Pty Limited, a company incorporated in Australia

Combined Code or the Code

The Combined Code on Corporate Governance published by the Financial Reporting Council in June 2008

Company or Vedanta

Vedanta Resources plc

Company financial statements

The audited financial statements for the Company for the year ended 31 March 2010 as defined in the Independent Auditors' Report on the individual Company Financial Statements to the members of Vedanta Resources plc

Convertible Bonds

US$725 million 4.60% guaranteed convertible bonds due 2026, issued by a wholly-owned subsidiary of the Company, Vedanta Finance (Jersey) Limited ('VFJL'), and guaranteed by the Company, the proceeds of which are to be applied towards re-financing subsidiary indebtedness, the Company's capital expenditure programme including the Jharasaguda aluminium smelter project and other general corporate purposes

US$1,250 million 5.5% guaranteed convertible bonds due 2016, issued by a wholly owned subsidiary of the Company, Vedanta Resource Jersey Limited ("VRJL") and guaranteed by the Company, the proceeds of which are to be applied for to support its organic growth pipeline, to increase its ownership interest in its subsidiaries and for general corporate purposes.

US$883 million 4.0% guaranteed convertible bonds due 2017, issued by a wholly owned subsidiary of the Company, Vedanta Resource Jersey II Limited ("VRJL-II") and guaranteed by the Company, the proceeds of which are to be applied for to refinance debt redemptions and for general corporate purposes.

US$500 million 4.0% guaranteed convertible bonds due 2014, issued by a subsidiary of the Company, Sterlite Industries (India) Limited ("SIIL"), the proceeds of which are to be applied for to for expansion of copper business, acquisition of complementary businesses outside of India and any other permissible purpose under, and in compliance with, applicable laws and regulations in India, including the external commercial borrowing regulations specified by the RBI.

US$500 million 5.0% guaranteed convertible bonds due 2014, issued by a subsidiary of the Company, Sesa Goa Limited ("Sesa"), the proceeds of which are to be applied for to expand the Issuer's mining operations, for exploration for new resources, and to further develop its pig iron and metallurgical coke operation

Copper Business

The copper business of the Group, comprising:

- a copper smelter, two refineries and two copper rod plants in India, trading through Sterlite Industries (India) Limited, a company incorporated in India;
- one copper mine in Australia, trading through Copper Mines of Tasmania Pty Limited, a company incorporated in Australia; and
- an integrated operation in Zambia consisting of three mines, a leaching plant and a smelter, trading through Konkola Copper Mines PLC, a company incorporated in Zambia

CREP

Corporate responsibility for environmental protection

Cents/lb

US cents per pound

CRRI

Central Road Research Institute

CSR

Corporate social responsibility

CTC

Cost to company, the basic remuneration of executives in India, which represents an aggregate figure encompassing basic pay, pension contributions and allowances

CY

Calendar year

Deferred Shares

Deferred shares of £1.00 each in the Company

DGMS

Director General of Mine Safety in the Government of India

Directors

The Directors of the Company

Dollar or US$

United States dollars, the currency of the United States of America

DRs

Depositary receipts of 10 US cents, issuable in relation to the US$725 million 4.6% guaranteed convertible bonds due 2026

EBITDA

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

EBITDA Margin

EBITDA as a percentage of turnover

Economic Holdings or Economic Interest

The economic holdings/interest are derived by combining the Group's direct and indirect shareholdings in the operating companies. The Group's Economic Holdings/Interest is the basis on which the Attributable Profit and net assets are determined in the consolidated accounts

E&OHSAS

Environment and occupational health and safety assessment standards

E&OHSEnvironment and occupational health and safety management system

EPS

Earnings per ordinary share

ESOP

Employee share option plan

ESP

Electrostatic precipitator

Executive Committee

The Executive Committee to whom the Board delegates operational management and comprising the Executive Directors and the senior management within the Group

Executive Directors

The Executive Directors of the Company

Expansion Capital Expenditure

Capital expenditure that increases the Group's operating capacity

Financial Statements or Group financial statements

The consolidated financial statements for the Company and the Group for the year ended 31 March 2010 as defined in the Independent Auditors' Report to the members of Vedanta Resources plc

Free Cash Flow

Cash flow arising from EBITDA after net interest (including gains on liquid investments and adjusted for net interest capitalised), taxation, Sustaining Capital Expenditure and working capital movements

FY

Financial year

GAAP , including UK GAAP and Indian GAAP

Generally Accepted Accounting Principles, the common set of accounting principles, standards and procedures that companies use to compile their financial statements in their respective local territories

GDP

Gross domestic product

Gearing

Net Debt as a percentage of Capital Employed

GJ

Giga joule

Government or Indian Government

The Government of the Republic of India

Gratuity

A defined contribution pension arrangement providing pension benefits consistent with Indian market practices

Group

The Company and its subsidiary undertakings and, where appropriate, its associate undertaking

HSE

Health, safety and environment

HZL

Hindustan Zinc Limited, a company incorporated in India

IAS

International Accounting Standards

ICMM

International Council on Mining and Metals

IFRI C

International Financial Reporting Interpretations Committee

IFRS

International Financial Reporting Standards

INR

Indian Rupees

Interest Cover

EBITDA divided by finance costs

ISO 9001

An international quality management system standard published by the International Organisation for Standardisation

ISO 14001

An international environmental management system standard published by the International Organisation for Standardisation

KCM or Konkola Copper Mines

Konkola Copper Mines PLC, a company incorporated in Zambia

KDMP

Konkola deep mining project

Key Result Areas or KRA s

For the purpose of the remuneration report, specific personal targets set as an incentive to achieve short-term goals for the purpose of awarding bonuses, thereby linking individual performance to corporate performance

KLD

Kilo litres per day

KPI s

Key performance indicators

Kwh

Kilo-watt hour

Kwh/d

Kilo-watt hour per day

LIBOR

London inter bank offered rate

LIC

Life Insurance Corporation

Listing or IPO (Initial Public Offering)

The listing of the Company's ordinary shares on the London Stock Exchange on 10 December 2003

Listing Particulars

The listing particulars dated 5 December 2003 issued by the Company in connection with its Listing

Listing Rules

The listing rules of the Financial Services Authority, with which companies with securities that are listed in the UK must comply

LME

London Metals Exchange

London Stock Exchange

London Stock Exchange plc

Lost time injury

An accident/injury forcing the employee/contractor to remain away from his/her work beyond the day of the accident

LTIFR

Lost time injury frequency rate: the number of lost time injuries per million man hours worked

LTIP

The Vedanta Resources Long-Term Incentive Plan or Long-Term Incentive Plan

MAL CO

The Madras Aluminium Company Limited, a company incorporated in India

Management Assurance Services

The function through which the Group's internal audit activities are managed

MAT

Minimum alternative tax

MIS

Management information system

MOEF

The Ministry of Environment & Forests of the Government of the Republic of India

mt or tonnes

Metric tonnes

MW

Megawatts of electrical power

NCCBM

National Council of Cement and Building Materials

Net (Debt)/Cash

Total debt after fair value adjustments under IAS 32 and 39, cash and cash equivalents and liquid investments

NGO

Non-governmental organisation

NIHL

Noise induced hearing loss

Non-executive Directors

The Non-Executive Directors of the Company

OHSAS 18001

Occupational Health and Safety Assessment Series (standards for occupational health and safety management systems)

Ordinary Shares

Ordinary shares of 10 US cents each in the Company

PBT

Profit before tax

PF C

Per fluorocarbons

PH C

Primary health centre

PPE

Personal protective equipment

Provident Fund

A defined contribution pension arrangement providing pension benefits consistent with Indian market practices

Recycled water

Water released during mining or processing and then used in operational activities

Relationship Agreement

The agreement dated 5 December 2003 between the Company, Volcan Investments Limited and members of the Agarwal family that regulates the ongoing relationship between them, the principal purpose of which is to ensure that the Group is capable of carrying on business independently of Volcan, the Agarwal family and their associates

Return on Capital Employed or ROCE

Profit before interest, taxation, special items, tax effected at the Group's effective tax rate as a percentage of Capital Employed

The Reward Plan

The Vedanta Resources Share Reward Plan, a closed plan approved by shareholders on Listing in December 2003 and adopted for the purpose of rewarding employees who contributed to the Company's development and growth over the period leading up to Listing in December 2003

RO

Reverse osmosis

SA 8000

Standard for Social Accountability based on international workplace norms in the International Labour Organisation ('ILO') conventions and the UN's Universal Declaration of Human Rights and the Convention on Rights of the Child

Senior Management Group

For the purpose of the remuneration report, the key operational and functional heads within the Group

Sesa Goa

Sesa Goa Limited, a company incorporated in India engaged in the business of mining iron ore

SEWT

Sterlite Employee Welfare Trust, a long-term investment plan for Sterlite senior management

The Share Option Plan

The Vedanta Resources Share Option Plan, a closed plan approved by shareholders on Listing in December 2003 and adopted to provide maximum flexibility in the design of incentive arrangements over the long term

SHGs

Self help groups

SID

Senior Independent Director

SO2

Sulphur dioxide

SBU

Strategic Business Unit

SOTL

Sterlite Optical Technologies Limited, a company incorporated in India

SOVL

Sterlite Opportunities and Ventures Limited, a company incorporated in India

Special items

Items which derive from events and transactions that need to be disclosed separately by virtue of their size or nature

SPM

Suspended particulate matter. Fine dust particles suspended in air

Sterling, GBP or £

The currency of the United Kingdom

Sterlite

Sterlite Industries (India) Limited, a company incorporated in India

Sterlite Energy Limited (SEL)

Sterlite Energy Limited, a company incorporated in India

Sterlite Gold

Sterlite Gold Limited, a company incorporated in Canada which has its main subsidiary in Armenia

Superannuation Fund

A defined contribution pension arrangement providing pension benefits consistent with Indian market practices

Sustaining Capital Expenditure

Capital expenditure to maintain the Group's operating capacity

TCM

Thalanga Copper Mines Pty Limited, a company incorporated in Australia

TC/RC

Treatment charge/refining charge being the terms used to set the smelting and refining costs

TGS

Tail gas scrubber

TGT

Tail gas treatment

tpa

Metric tonnes per annum

TPM

Tonne per month

TSR

Total shareholder return, being the movement in the Company's share price plus reinvested dividends

Turnbull Guidance

The revised guidance on internal control for directors on the Combined Code issued by the Turnbull Review Group in October 2005

Twin Star

Twin Star Holdings Limited, a company incorporated in Mauritius

Twin Star Holdings Group

Twin Star and its subsidiaries and associated undertaking

Underlying EPS

Underlying earnings per ordinary share

Underlying Profit

Profit for the year after adding back special items and other gains and lossed and their resultant tax and minority interest effects

US cents
United States cents

VAL
Vedanta Aluminium Limited, a company incorporated in India

VFD
Variable frequency drive

VFJL
Vedanta Finance (Jersey) Limited, a company incorporated in Jersey

Volcan
Volcan Investments Limited, a company incorporated in the Bahamas

VRCL
Vedanta Resources Cyprus Limited, a company incorporated in Cyprus

VRFL
Vedanta Resources Finance Limited, a company incorporated in the United Kingdom

VRHL
Vedanta Resources Holdings Limited, a company incorporated in the United Kingdom

VSS
Vertical Stud Söderberg

Water Used for Primary Activities
Total new or make-up water entering the operation and used for the operation's primary activities; primary activities are those in which the operation engages to produce its product

WBCSD
World Business Council for Sustainable Development

ZCI
Zambia Copper Investment Limited, a company incorporated in Bermuda

ZCCM
ZCCM Investments Holdings plc, a company incorporated in Zambia

Zinc Business
The zinc-lead business of the Group, comprising its fully-integrated zinc-lead mining and smelting operations in India, and trading through the Hindustan Zinc Limited, a company incorporated in India